

SEMIANNUAL REPORT TO THE CONGRESS

OCTOBER 1, 1994 - MARCH 31, 1995



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U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

April 28, 1995

Inspector General

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

Dear Mr Atwood

Enclosed is my Semannual Report to the Congress for the period ending
March 31, 1995

The employees of the Office of Inspector General have participated in the
Agency's reinvention and management reform efforts. I am pleased to include a
summary of those efforts in this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Rush, Jr." with a stylized flourish at the end.

Jeffrey Rush, Jr

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INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT

The Inspector General Act of 1978, as amended, requires each Inspector General to submit semiannual reports to the Congress summarizing the activities of the office during the preceding six-month period. The twelve required reporting areas, as prescribed under Section 5(a) of the Act, are

<u>Reporting Requirement</u>	<u>Page Reference(s)</u>
(1) Significant Problems, Abuses and Deficiencies	3-26 and 29-32
(2) Recommendations for Corrective Action	3-26
(3) Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	55 (Table C)
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EXECUTIVE SUMMARY

During this six-month reporting period, the Office of Inspector General (OIG) issued 204 financial audit reports, 51 performance audit reports, opened 28 investigations and closed 25 investigations. In addition, the OIG has made efforts to work with the management of the U.S. Agency for International Development (USAID) in order to meet the requirements of the Chief Financial Officers (CFO) Act of 1990, assess the impact and challenges to be imposed under the Government Management Reform Act (GMRA) of 1994, and implement Agency-wide management reforms.

Summary audit results during this reporting period include a total of \$17.1 million in questioned costs, \$8.3 million in recommendations that funds be put to better use, \$4.3 million in costs that management agreed to recover, and \$179.5 million in costs that management agreed to sustain. Summary investigative results include 3 prosecutive referrals to the Department of Justice, 2 criminal convictions, 1 civil settlement, 8 administrative referrals, and 10 administrative sanctions.

We reviewed and made comments on the following legislative and regulatory proposals: the Inspector General Reform Act of 1994 (HR 4679), the Federal Acquisition Streamlining Act of 1994, procurement integrity regulations, the Foreign Relations Authorization Act for fiscal years 1996 and 1997, and the Agency's Premium Class Policy (USAID General Notice, dated 2/7/94).

In accordance with the Office of Management and Budget (OMB) Circular A-123 (Section 6(d)), the OIG advised the Administrator as to whether USAID's 1994 Federal Managers Financial Integrity Act (FMFIA) report reflected an accurate assessment of the Agency's internal control processes. The OIG agreed with the operational weaknesses reported by the Agency, including the two areas identified as high risk: 1) financial management system, and 2) program monitoring and oversight.

The OIG's participation in USAID management reform efforts is included in a separate section of this report.

SIGNIFICANT ACTIVITIES — AUDITS

During this reporting period, we issued a total of 255 audit reports, including 204 financial audit reports and 51 performance audit reports (see Table A)

The financial audits consisted of two CFO audits completed by OIG staff, 175 audits completed by independent public accountants, and 27 audits completed by the Defense Contract Audit Agency. The objectives of the financial audits were to provide an opinion on the entity's financial statements and to determine whether Agency funds were used as intended. CFO audits of seven USAID entities were required for fiscal year 1995. OIG staff are responsible for completing three audits while independent public accountants will complete the other four.

The OIG's performance audits of the Agency's major programs and control systems focused on determining program results. This approach is in accordance with the National Performance Review's (NPR's) recommendation to shift from a system focused on complying with rules and regulations, to a system of managing for results. The key objectives of OIG audits are to identify and analyze how the Agency allocates its resources and to determine what results were achieved.

The financial and performance audits recommended resolution of \$17.1 million in total questioned costs, of which \$7.7 million were ineligible and \$9.4 million were unsupported. Questioned costs are those costs considered to be potentially ineligible because the expenditures are for items that are not permitted by law or legislation, unnecessary or unreasonable, or not supported by adequate documentation. Questioned costs are referred to the appropriate Agency official for final resolution. The reports also recommended \$8.3 million in deobligations, reprogramming of funds, and other actions that would put funds to better use.¹ Agency management resolved or closed audit recommendations totaling \$183.8 million by agreeing to recover \$4.3 million in questioned costs and put \$179.5 million to better use.

¹ A recommendation that funds be put to better use means that funds could be used more efficiently if management officials implement the recommended action including outlay reductions, deobligation of funds, cost avoidance, unnecessary expenditure avoidance noted in pre-award reviews, and other specifically identifiable savings.

In addition to issuing audit reports, the following significant activities occurred during this reporting period

**QUALITY
CONTROL**

An external quality control review of the USAID OIG audit program was conducted by the Department of Justice OIG. This review concluded that USAID OIG has an adequate system of internal quality control, and followed established policies, procedures, and applicable auditing standards in its audit work. The review confirmed the results of the OIG's own internal quality assurance reviews. The Department of Justice also reported that the OIG's extensive policies and procedures for formulating and answering audit objectives has resulted in well organized and easily understood audit reports.

**GAO AUDIT
COORDINATION**

The OIG's responsibility under section 4(b)(2)(C) of the Inspector General Act of 1978, as amended, is to avoid duplication of effort and to ensure effective coordination and cooperation with the U.S. Comptroller General. In order to ensure this responsibility is met, the OIG works closely with the General Accounting Office (GAO) to improve audit planning and coordination.

**CORPORATE
AUDIT
TRACKING
SYSTEM**

In conjunction with USAID's Offices of Management Planning and Innovation (M/MPI), and Procurement (M/OP), the OIG is working to establish a common tracking system. This corporate audit tracking system would be used to track audit recommendations, their resolution, and implementation for all financial audits of contractors and grantees, OIG performance audits, and GAO audits. The worldwide system will allow management to track actions for which they are accountable, close out audit recommendations, and meet external reporting requirements.

The Office of Inspector General's Audit Recommendation Follow-Up and Closure System monitors actions taken in response to audit reports. A summary of USAID actions taken on Inspector General recommendations during this period follows:

- USAID officials made management decisions² on monetary findings of \$181.6 million identified in internal audit reports. Of this total, \$177.7 million was sustained³ (\$177.6 million in funds to be put to better use and \$100,000 in questioned costs).
- USAID officials made management decisions on monetary findings of \$22.9 million identified in financial audit reports completed by independent public accountants and other governmental audit agencies. Of this total, \$6.1 million was sustained (\$1.9 million in funds to be put to better use and \$4.2 million in questioned costs).
- USAID management recovered or saved a total of \$174.3 million through increased efficiencies as a result of audit work in this and prior periods (\$171.2 million from OIG internal audit reports and \$3.1 million from external audit reports).
- \$35.5 million in recommended funds to be put to better use and questioned costs were awaiting determination by USAID. Of this amount, \$20.8 million, (58.6 percent) represented recommendations over six months old.
- \$33.4 million in funds recommended to be put to better use and questioned costs were agreed to by USAID, but final action/collection had not been taken.

² To reach a management decision on a monetary finding, OIG and Agency management officials must agree on the actions to be taken and the specified amount to be recovered or saved by implementing the actions.

³ The amount of the monetary finding sustained refers to the amount for which management has agreed to issue a Bill for Collection or otherwise acknowledged the need to take action to collect questioned costs or implement cost savings. The difference between the original amount questioned and the amount sustained represents costs determined to be allowable or efficiently used.

FINANCIAL AUDITS

The OIG financial audit program includes financial statement audits, financial-related audits of Agency contractors and grantees, and reviews of external audits. The OIG financial statement audits began with loan and guaranty program statements for 1991 and will transition to audits of the Agency-wide financial statements for 1996. The Agency retains audit cognizance of some 573 profit and non-profit entities out of the approximately 922 with which it does business. Audit cognizance responsibilities are shared by the Office of Procurement and the OIG. The Office of Procurement assures the audit of some 382 non-profit firms. The OIG is responsible for the non-federal audits of some 191 for-profit contractors. Both sets of audits (for-profit and non-profit) are part of the OIG's quality control or desk review process.

Financial statement audits are made to show whether the statements fairly present the audited entity's financial position, results of operations, and cash flows or changes in financial position. The audit provides a summary judgement, called an opinion, regarding the fairness of the financial statements as an opinion. Audit opinions for financial statements may be any of the following:

- an unqualified opinion is issued when no material exceptions are found,
- a qualified opinion is issued when material exceptions are found,
- an adverse opinion is issued when the financial statements are materially misstated, or when internal controls are not adequate, or
- an opinion is disclaimed when scope limitations such as inadequate or unattainable records, prevent the audit from being completed and an opinion from being made.

Financial statement audits also include an assessment of the entity's internal controls and compliance with laws and regulations. The audit also identifies material findings. Findings are "material" when they represent significant misstatements in relationship to the subject or account as a whole.

Financial-related audits include reviews of USAID's contractors, generally to determine the allocability, allowability and reasonableness of costs charged to the Federal government. These audits may also involve determinations as to the adequacy of contractor's accounting systems and internal controls, or may focus on USAID's internal management practices, controls, functions, or systems.

The following sections provide further discussions on each type of financial audit.

— **Financial Statement Audits** —

In order to meet the financial reporting and auditing requirements under the Chief Financial Officers Act of 1990 (CFO), and the Government Management Reform Act of 1994 (GMRA), USAID must ensure that it has reliable accounting and reporting capabilities. This calls for the establishment of adequate financial management systems and controls. Such systems and controls should permit financial statements not only be readily prepared, but also to withstand audit scrutiny. The Agency must incorporate accounting and management control systems which provide an adequate audit trail supporting the information being reported.

The OIG continues to devote more resources to financial statement audits of USAID entities. Under the CFO Act, the OIG is completing audits of seven entities for fiscal year 1994 and is planning to audit the same seven entities for 1995. The OIG has begun assessing the major impact and challenges that will be imposed on Agency management and the OIG by the GMRA, which will require agency-wide audited financial statements effective for fiscal year 1996.

Chief Financial Officers Act

The CFO Act requires financial statements for revolving funds and trust funds and for entities performing substantial commercial activities. Each of these financial statements will be audited by the Inspector General or independent public accountants, as determined by the OIG. Since the implementation of the CFO Act in 1991, the number of USAID entities subject to audit has steadily increased, as shown in the following table:

USAID'S Fiscal Year CFO Audit Requirements

AUDIT ENTITY	'91	'92	'93	'94
Housing Guaranty Revolving Fund	X	X	X	X
Micro & Small Enterprise Development Fund	X	X	X	X
Direct Loans		X	X	X
Miscellaneous U S Dollar Trust Funds		X	X	X
FSN Separation Pay Trust Fund			X	X
Loan Guaranty to Israel				X
Property Management Fund				X

The table below shows the approximate account value for each of the seven USAID entities, as of September 30, 1994

AUDIT ENTITY	FISCAL YEAR 1994 ACCOUNT VALUE (in Millions)
Housing Guaranty Revolving Fund*	\$ 2,700 0
Micro & Small Enterprise Development Fund*	82 3
Direct Loans	14,600 0
Miscellaneous U S Dollar Trust Fund	5 8
Foreign Service National Separation Pay Trust Fund	5 8
Loan Guaranty to Israel*	3,600 0
Property Management Fund	3 5

*Includes value of loan guaranty

The following section provides a brief description of USAID's seven entities currently subject to audit requirements under the CFO Act

Housing Guaranty Revolving Fund — Since 1962, this program has issued guaranties to the U S private sector for providing shelter and neighborhood improvement programs in at least 40 developing countries. The program fosters urban policy reform and increases the access of low-income city residents to land, housing, and basic urban services. Municipal development bolsters local property tax revenues and services by the public and private sector. The U S government guaranty covers 100 percent of the principal and interest. In return for financing at affordable rates, foreign borrowers pay an initial charge of one percent of the loan amount and an annual fee of one-half of one percent of the unpaid principal balance. All fees and resulting earnings are held in a revolving fund account maintained by the U S Treasury.

Micro and Small Enterprise Development Fund — While the Private Sector Lending program has been phased out, the best elements of that program were re-formulated as the Micro and Small Enterprise Development Program. This program uses guaranties to build sustainable links between formal financial institutions and small businesses and micro-enterprises which lack access to formal credit markets. The Micro and Small Enterprise program, established in 1994, fosters small business credit programs and promotes improvement in the lending practices of financial institutions in developing countries. Together, these programs of direct loans and guaranties have assisted small business financing. About \$82.3 million in guaranties and \$7.7 million in direct loans were outstanding as of September 30, 1994.

Direct Loans — This entity includes all direct loans issued by USAID and its predecessor agencies (under 28 separate legislative mandates) since the inception of U S foreign economic assistance. USAID currently services nearly 2,000 loans. These loans represent the largest USAID asset and will be audited as part of the Agency-wide financial statements. Current account activity consists largely of collections with few new direct loans being made.

Miscellaneous U S Dollar Trust Fund — This fund consists largely of U S dollar deposits from foreign governments and international organizations. USAID acts as a fiduciary agent on behalf of the Fund's depositors which facilitates the execution of trust agreements both in Washington and at overseas missions. In this capacity, USAID has facilitated foreign country expenditures for training, transportation, technical assistance and other development-related services.

Foreign Service National Separation Pay Trust Fund — This trust fund was established under the Foreign Relations Authorization Act to set aside funds for compensating USAID's 6,000 foreign service national employees (FSN) upon separation from the Agency. Compensation terms vary by country with payment amounts based on length of service, rate of pay, and type of separation. While the Trust Fund operates under a decentralized management system (with transactions and accounting controlled primarily at overseas missions), annual financial statements are prepared centrally. Approximately 50 USAID offices in Washington and overseas report trust fund activity. This fund is relatively new and its financial condition is sound for liabilities incurred since 1992. Although decreasing, a large unfunded liability remains for obligations prior to 1992. These remaining liabilities will be funded as funds become available.

- **Loan Guaranties to Israel** — USAID guarantees \$10 billion in authorized loans to Israel for assisting with the settlement of immigrants. The funds are disbursed in five annual installments (of up to \$2 billion each) between 1993 and 1997. USAID involvement is primarily administrative as the U.S. Department of State has assumed responsibility for coordination of the funds with Government of Israel authorities.

Property Management Fund — This is a revolving fund used to acquire real property overseas and to deposit proceeds from sales of similar properties under the authority of Section 636(c) of the Foreign Assistance Act. The first year the Fund had substantive activity was 1994, which was also the first year for which financial statements were prepared and audited.

The following table identifies the audit opinion issued for each of the USAID entities financial statements for prior fiscal years.

Prior Fiscal Year Opinions

AUDIT ENTITY	1991	1992	1993
Housing Guaranty Revolving Fund	Disclaimer	Unqualified	Unqualified
Micro & Small Enterprise Development Fund	Disclaimer	Unqualified	Unqualified
Direct Loans	---	Disclaimer	Disclaimer
Miscellaneous U S Dollar Trust Fund	---	Disclaimer	Disclaimer
FSN Separation Pay Trust Fund	---	---	Unqualified

Fiscal year 1994 is the first year that audits will have been completed on seven USAID entities. The results of the two audits completed to date stated as follows:

Property Management Fund

The 1994 financial statements presented fairly the Fund's financial position as of September 30, 1994. The Fund lacked a system for monitoring its activities, but the OIG found no instances of non-compliance. The OIG recommended that USAID's CFO establish a quarterly reporting system to monitor the Fund's activities. The CFO agreed and the recommendation was closed subsequent to issuance of the audit report (*Audit Report No 0-000-95-005*).

FSN Separation Pay Trust Fund

The audit of the 1994 statements found the same internal control weakness and noncompliance issues as reported in 1993. The Fund lacked a centralized monitoring system and its potential separation pay liabilities were not fully funded as required by legislation. The audit made recommendations to correct these problems. The CFO agreed and the recommendations were closed subsequent to the report's issuance. It should be noted, however, that due to the anticipated strain on operating expenses resulting from the closing of 21 missions next year, management plans to commit sufficient resources to only cover expenses associated with the mission close-outs and the voluntary separation of any employee leaving the Agency during the next year (*Audit Report No 0-000-95-006*).

Progress and Problems

CFO audits contribute to the improvement of the Agency's financial accounting systems as management implements OIG recommendations. The audits discussed above exemplify programs which are capable of meeting annual financial statement reporting requirements. Improvements made in response to 1991 disclaimer opinions led to unqualified opinions for 1992 and 1993 on the financial statements of these programs. While significant improvements have been made, more remains to be accomplished.

Accountability for the Direct Loan Program—representing \$14.6 billion—continues to be a major area of concern. This program received disclaimer opinions in 1992 and 1993 as a result of significant internal control problems, and requires management's immediate attention because it will be a major account in the Agency-wide 1996 financial statements.

The Housing Guaranty fund received unqualified opinions for the last two years, although the audits continued to report a lack of adequate internal controls. Management agrees with the audit recommendation to improve documentation of its policies and procedures, however, progress has been delayed as management awaits further development of an integrated financial accounting system.

While recognizing that the audited entities represent only a small portion of USAID's budget authority (less than five percent), the OIG is working with management to prepare for the issuance of Agency-wide financial statements due next year. Consequently, the OIG is assessing its own capability to audit these statements. An assessment of the Agency's current status, made jointly by the CFO and the OIG in December 1994, showed that much needs to be done to meet the March 1, 1997, deadline. Examples of needed improvements include establishment of a General Ledger supported by detailed subsidiary records, and periodic verification of the accuracy of the General Ledger balance through interim audit procedures.

USAID's recent focus has been on the development of an integrated accounting system which management believes will satisfy the Joint Financial Management Improvement Program and the CFO Act requirements. The OIG will evaluate the Agency's progress in implementing this new system as well as compliance with the CFO Act.

— Financial-Related Audits—

The OIG is responsible for ensuring that Agency management secures appropriate and timely audits of the Agency's contractors. Audits of U S -based contractors are currently conducted by the Defense Contract Audit Agency, while audits of foreign-based contractors are generally performed by independent public accountants.

OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," requires periodic audits of U S -based grantees in order to test the fiscal integrity of financial transactions, and compliance with grant terms and conditions. The OIG is responsible for ensuring that A-133 audits are completed as required and are conducted in compliance with generally accepted government auditing standards. This responsibility is fulfilled by reviewing the work of independent public accountants contracted for this purpose, which generally consists of reviewing the final audit reports (commonly referred to as *desk reviews*), or by conducting selected detailed quality control reviews of the independent public accountants' workpapers.

PERFORMANCE AUDITS

Performance audits are conducted on the Agency's more vulnerable programs, projects and systems to determine what USAID funds were used for, whether the funds were used efficiently, and what results were achieved. The emphasis of the fiscal year 1995 audit plan reflects USAID management's concern and Congressional interest in having assistance programs achieve their intended results. "Managing for Results," as this approach is termed, coincides with the government-wide shift from strict compliance auditing to "auditing for results." Auditors assess the adequacy of monitoring and evaluation systems by focusing on whether inputs are delivered and outputs are achieved. This puts the OIG in a better position to assist managers in evaluating and improving internal control systems for a more efficient and effective government. The OIG's performance audits are also designed to help management comply with the FMFIA by focusing on the Agency's major development assistance delivery systems and the controls established for each system.

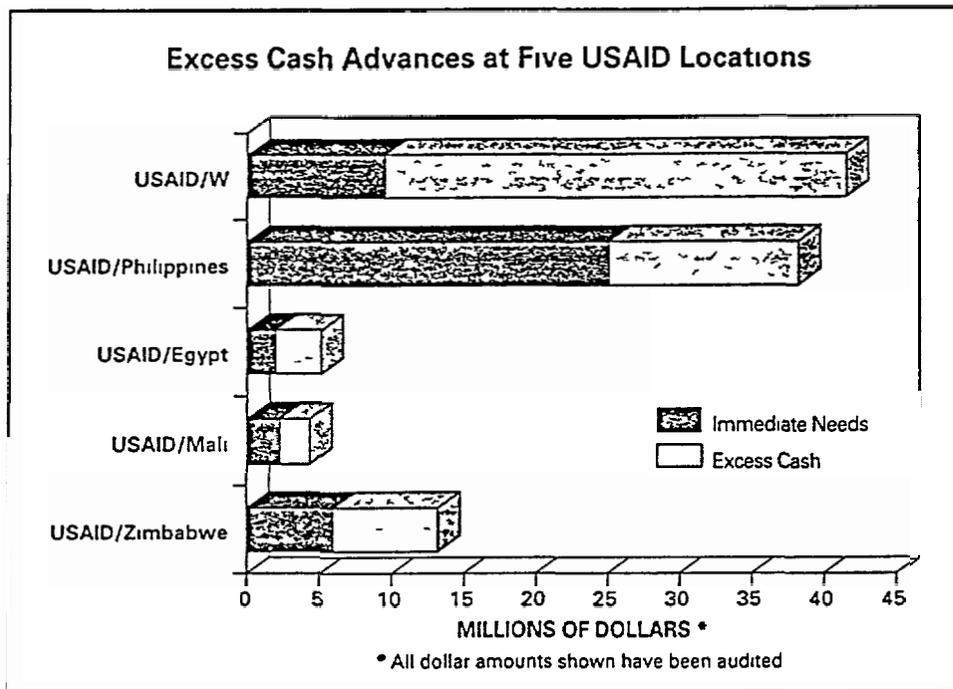
Recently the OIG has focused on worldwide performance auditing. Activities identified for comprehensive reviews are audited in several missions and regions, with a resulting summary report. These reports identify wide-spread, systemic problems which are then brought to top-level management for resolution. The purpose of this audit approach is to identify Agency-wide issues, get at the root cause of the problems, and to make recommendations to the appropriate level of management capable of changing Agency policy when needed.

The OIG identified several areas for worldwide review in its audit plan including USAID's monitoring, reporting, and evaluation system, and its management of project-funded commodities. Cross-cutting mission reviews of the Agency's systems to ensure that projects in different development sectors are monitored, reported on, and evaluated in accordance with agency guidance have been recently completed, and a summary report is being prepared. Worldwide reviews of the procurement, management and disposal of project-funded commodities are also currently underway. Recently completed theme audits include reviews of USAID's cash advance management, contractor staffing and salary awards, host country contributions, and local currency.

Management of Cash Advances

Reviews of the cash advance management at the Office of Financial Management in Washington and at five overseas missions indicate that improvements are still needed. Only one of six offices limited the amount of U.S. Treasury check advances to the immediate needs of recipient.

organizations, while none of the offices adequately monitored recipients interest earnings. Further, the Office of Financial Management USAID/Washington did not always limit letter-of-credit cash advances to immediate needs or use letters of credit in lieu of checks to fund recipients as prescribed by U S Treasury requirements. These deficiencies cost the U S Treasury an estimated \$4.5 million as a result of unnecessary interest costs and unrealized interest income. For example, the five offices below distributed cash advances of \$102.3 million—of which \$58 million is in excess of immediate cash needs.



This unnecessary distribution cost the U S Treasury an estimated \$630,000 in interest.

The Office of Financial Management developed comprehensive plans to correct these problems and identified cash advance management as a material weakness in the Agency's FMFIA report for 1994. These deficiencies, which are not limited to Washington, were also found to exist at five missions. The report summarizing our findings in both Washington and at the missions, recommends that USAID take the actions necessary to ensure that missions are also complying with cash management requirements. All recommendations were resolved upon report issuance and will be closed when appropriate actions are completed. (Audit Report Nos. 9-000-95-005 and 9-000-95-009)

USAID's Management of Contractor Staffing and Salary Awards

The Agency's management of contractor staffing salary awards was recently reviewed at seven overseas offices. The audits were conducted in response to concerns by the U.S. Congress and Agency management. Specifically, their concerns centered on whether contractors substitute personnel of lesser quality after a contract has been awarded based on the proposal of higher quality personnel. Another concern was excessive contractor salaries. Because contractor salaries represent the largest category of direct costs and is often the basis used in calculating indirect costs, the potential for improper billing is magnified.

The audits included reviews of 97 technical services contracts valued at \$255 million with 500 "key" personnel employed, 209 were included in audit tests. The results showed that USAID required the necessary approvals prior to reassigning, terminating, or substituting key personnel, therefore, most of the proposed personnel were provided as agreed to. However, salary histories of personnel at two missions had not always been obtained prior to awarding the contracts. Therefore, competitive salaries could not be guaranteed.

A report summarizing the results of these audits recommended that USAID's Office of Procurement encourage missions to review the salary histories of contract employee candidates to help ensure that salaries are justifiable. Because the Office of Procurement disagreed with this assessment and the OIG's reading of the pertinent regulations, the recommendation remains unresolved until suitable action is agreed upon. (*Audit Report No. 6-263-95-006*)

Controls Over Cost-Sharing Contributions by Host Countries

Missions have made considerable progress in implementing the Agency's guidance for monitoring host country contributions. Audits to assess controls over host country cost-sharing contributions showed that missions had implemented the systems and procedures required by the guidance, however, clarification of some of the requirements is still needed.

Audits of six overseas missions included reviews of 87 projects to be financed by \$1.7 billion in USAID funds and \$1.24 billion in contributions by host countries. The audits found that missions do not normally assign values or identify what types of "in-kind," or non-cash contributions host government agencies are expected to contribute over the life of the project. The OIG believes that without clearly identifying contributions at project

inception, it is not possible to verify that such contributions have been made to satisfy project needs. Nor is it possible to verify that host governments' contributions meet the required 25 percent minimum of total project costs. The audits also found that Agency guidance on applying exchange rates is unclear, therefore, mission accountability over contributions varied depending upon whether historical or current exchange rates had been applied. This resulted in some host countries contributing local currencies equivalent to much less than their share calculated in U S dollars, while others contributed much more, depending upon rate fluctuations.

The Agency concurred with the recommendation to revise the existing guidance and stated that a new policy would be implemented subsequent to the completion of its ongoing reengineering efforts scheduled for October 1, 1995. At that time, the Agency plans to replace existing handbooks with an automated directives system which will reflect policies and procedures for implementing the reengineered business practices, including new concepts for program management. The recommendation was resolved upon issuance of the report (*Audit Report No 5-000-95-006*).

Local Currency Accountability

The Agency has made considerable progress in improving the management of local currency generated from USAID dollar assistance activities. Reviews of seven missions showed that considerable progress has been made in controlling local currency, however, improvements are still needed. Some of the missions were still not assessing the host government's capability to account for the funds, evaluating the impact of local currency programs, or ensuring that the local currency was deposited into interest-bearing accounts and used for its intended purposes.

A summary audit report made a recommendation to the Assistant Administrator for Management to direct all missions to implement USAID's policies on depositing local currency into interest-bearing accounts, and on ensuring that the money is used for its intended purposes. Management concurred with the report's recommendations which were resolved upon final report issuance (*Audit Report No 3-000-95-010*).

Audits of the Agency's programs, projects, and internal control and financial management systems were also conducted at individual missions or Washington offices during this period. The following section includes highlights of these audits, particularly of those conducted in Eastern Europe and the New Independent States, including an audit of USAID's interagency agreements with another Federal government agency, providing technical assistance to this region.

Integration of USAID's Information Systems

The OIG has identified serious data administration problems with USAID's implementation of its Information Systems Plan (ISP). This plan was established by USAID in 1993 to solve severe information systems problems existing within the Agency. For the most part, these problems resulted from the Agency having a large number of stand-alone information systems which lacked integration. The ISP calls for replacing the Agency's current information systems (i.e. accounting, budgeting, operations, workforce, acquisitions, property, communications, and guidance) with new fully integrated systems which share data. The sharing of data is the key for the integration to be fully successful. Data will be entered at its source and then it will be available for use by all other systems. To ensure that data is usable by all systems, USAID's Office of Information Resource Management (IRM) established a set of standards to create data elements and data definitions.

The OIG found that the data standards established by the Agency were not being followed causing serious data compatibility problems at the new information systems' early stages of development. This occurred because the data administration function was assigned to an office within IRM which lacked Agency-wide authority to enforce the data standards. In addition, no other quality control system was in place to ensure these standards were followed.

The OIG believes that the ISP, if properly implemented, will go a long way in helping USAID meet the reporting requirements of the CFO Act and the GPRA, however, existing compatibility problems could undermine the very foundation of the basic systems-integration concept. To overcome these problems, the OIG recommended that USAID establish a quality control process to ensure that systems development projects under the ISP comply with data standards, and a high-level organization responsible for resolving technical problems.

USAID responded to the audit report by identifying actions taken to close both recommendations. However, the OIG does not believe that the

processes identified for establishing a quality control system will be sufficient. Therefore, the recommendation is unresolved (*Audit Report No 9-000-95-010*)

Privatization and Restructuring Activities in Russia

USAID's efforts to privatize and restructure the regulatory and commercial framework of state-owned properties in Russia were audited during this period. The Agency's Bureau for Europe and the New Independent States (ENI) is responsible for managing these activities—currently valued at \$400 million. The audit found that the Bureau had established an effective system for quickly delivering technical assistance, but had not established a system for effectively coordinating or managing the assistance. The management strategy used by the Bureau did not provide the specifications needed to effectively manage nearly one hundred activities underway in Russia. In addition, the Bureau had not used contractor work plans or progress reports to monitor the progress of activities. Furthermore, progress had been impaired by procurement restrictions and insufficient support from Russian government agencies.

The audit also found the Russian Government's reports of privatization achievements to be unreliable. For instance, the Russian Government reported the successful privatization of 16,315 medium and large enterprises, and 72,000 small-scale enterprises as of October 1994. It also reported that significant progress had been made in identifying and correcting impediments to the economic viability of the newly privatized concerns. The audit noted that these reported accomplishments over such a short time frame appeared highly significant. However, it also found that statistics in Russia could not always be considered reliable, thus, interpreting them was particularly difficult. As a result, the audit suggested that care should be used in describing program accomplishments so as not to mislead interested parties and decision makers.

The audits recommended that the ENI Bureau assign adequate staff to manage its privatization and restructuring activities and establish quantifiable indicators for measuring progress. The audits also recommended that the Bureau improve its oversight of technical assistance contractors by issuing guidance on developing contractor work plans. Specifically, the OIG suggested that contractors' progress reports be linked to work plans, procurement provisions be streamlined to allow contractors to implement activities within planned timeframes, and steps be taken to eliminate host-country customs and taxation problems hindering contractor progress.

Management agreed with the reports' findings and recommendations. Upon issuance of the final audit reports, the ENI Bureau had begun to implement a new monitoring, reporting, and evaluation system for all activities under its 13 regional NIS projects, increase staff, and address the other problems identified. (*Audit Report Nos 8-118-95-007 and 8-118-95-009*)

South Africa's Management of the Support to Tertiary Education Project

The primary purpose of the Support to Tertiary Education Project is to prepare black South Africans and selected institutions for leadership positions in a post-apartheid South Africa. An audit of the project's training program—which is essential to the project's success—found that the Mission could not determine the impact of the \$33 million spent on in-country training. Several weaknesses in the Mission's monitoring system impaired management's ability to monitor project activities. For instance

- contractor and grantee progress reports were not systematically reviewed,
- budget projections were not required before additional grant funds were obligated
- an automated system for managing participant training had been unreliable, and
- a post-training tracking system for measuring project impact had not been developed—despite a prior OIG recommendation to do so

Because of these weaknesses, USAID/South Africa could not determine whether trainees had returned to South Africa, USAID-funded training had improved job performance or employment prospects, internships helped new graduates find better jobs, or whether trainees were becoming the community leaders that the project hoped to develop. USAID/South Africa generally agreed with the audit's findings and took immediate action to carry out the report's recommendations. As a result, one recommendation was closed, seven were resolved, and only two were unresolved upon report issuance. (*Audit Report No 3-674-95-007*)

ENI Bureau's Cooperative Agreement with World Learning, Inc , for PVO Support in the NIS (Project No 110-0001)

This audit found that USAID had little success in achieving its primary purpose of enhancing the New Independent States' (NIS) nongovernment organizations' capabilities of providing humanitarian and development assistance. Under a \$25.2 million cooperative agreement, World Learning, Inc. (*World Learning*), a U.S. private voluntary organization (PVO), competitively awarded a total of \$19.2 million in sub-grants to 46 U.S. PVOs operating throughout the NIS—primarily in Russia.

The audit found that local NGOs were not always included in the activities of the sub-grantees and the likelihood that several other activities would achieve financial sustainability without USAID funding was questionable. Agency officials attributed the slow development of the capabilities of local NGOs to the hasty design of the program. The President and the U.S. Congress had placed priority on implementing assistance programs in the region as quickly as possible in an effort to demonstrate the U.S. Government's support for the political/economic changes taking place. Because of such pressures, there was little time to conduct detailed assessments of the region's needs and to design effective programs to address them.

The audit identified a number of improvements needed in such areas as program monitoring, progress reporting, evaluation and USAID oversight. For example, quarterly progress reports did not relate activities to specific objectives and progress indicators, as required, so that progress in achieving the program's purposes could be realistically monitored. Further, the audit found that USAID's oversight had been limited and that responsibilities for program oversight were unclear.

The OIG recommended that USAID, in consultation with *World Learning*, review ongoing sub-grant activities to identify those that were not developing sustainable local NGOs or were not likely to continue after sub-grant funding ends and redirect those activities or bring the sub-grants to an orderly termination. Recommendations were also made to improve program monitoring and USAID's oversight of the program. USAID concurred with the audit findings and recommendations and indicated actions have been taken or are underway to implement all recommendations. (*Audit Report No 8-110-95-008*)

The Romanian Agriculture Sector Support Program

The \$12.5 million Romanian Agriculture Sector Support Program was authorized for the purpose of facilitating the privatization and restructuring of Romania's livestock industry, improving the industry's chances for long-term survival under competitive market conditions, and supporting the acceleration of land redistribution into private hands. An audit of this program found that USAID's Bureau for Europe and the New Independent States (ENI) managed the program to ensure that agreed inputs were provided and that the planned results were achieved. The OIG, however, recommended that the ENI Bureau

- coordinate with the Government of Romania and other donors in considering uses for local currency generated by auctions of protein feed supplement towards all program goals,
- consider options for achieving the program goals of facilitating privatization and restructuring, and improving the private livestock industry's chances for long-term survival vis-a-vis the state farm sector, and
- work with the Romanian Ministry of Agriculture and Food to allocate a portion of imported animal feed supplement—imported for sale under another U.S. Government program—to the private livestock industry thereby improving the industry's chances for long-term survival.

The ENI Bureau generally agreed with the audit findings and two of the three recommendations were resolved upon report issuance. (*Report No. 8-186-95-004*)

The Department of Energy's Nuclear Safety Technical Assistance Activities in Russia and Ukraine

Under an interagency agreement USAID transferred \$35.9 million to the Department of Energy to provide technical assistance on a project aimed at improving the safety of civilian nuclear power plants in Russia and Ukraine. An audit of the activities found that project progress had been slow due to the fear of third-party liability claims in the event of a nuclear disaster. American contractors feared that if they provided plans or hardware to upgrade nuclear reactors in the former Soviet Union, they could be held liable by third parties (victims) in the event of a disaster. To alleviate their concerns, the contractors sought assurances of indemnification by the U.S.

Government before starting work on the project. Providing such indemnification, however, could conceivably have shifted liability from the contractors to USAID, since USAID was the funding agency for the project. The audit recommended that language be incorporated into interagency agreements protecting USAID from any potential third-party liability claims.

The audit also reported that improvements were needed in the Department of Energy's monitoring and management structure. For example, USAID funds could be used more efficiently by clearly defining the Russian and Ukrainian Governments' counterpart contributions. At the time of the audit, DOE was considering contracting with host country organizations to purchase goods and services necessary for the project—the same types of goods and services that the host governments themselves were expected to contribute. Although the draft contractual agreements indicated the host government implementing organizations were expected to contribute to the project, the agreements did not specify what those counterpart contributions would consist of, or what their intended values were to be. The audit recommended that USAID establish policy in this area. The OIG also recommended the need for formal work authorization for contracted project office(s) and progress indicators and milestones for each project component so that project progress and results in achieving specific objectives can be objectively measured.

USAID management maintained that the recommendations directed at program management and monitoring should be addressed to DOE. However, the U.S. Congress clearly stated in USAID's 1995 Appropriation Conference Report that when a transfer of funds for the NIS program constitutes an obligation of USAID funds, as was the case here, responsibility for programmatic and financial accountability lies with USAID. Two of the four recommendations were resolved upon report issuance. (*Audit Report No. 8-110-95-001*)

USAID/Egypt's Management of Project-Related Participant Training

USAID sponsored over 1,500 Egyptian foreign national trainees during fiscal years 1992 and 1993, costing \$16.5 million. An audit of the participant training program showed that USAID/Egypt planned and monitored project-related participant training in accordance with USAID policies and procedures, and that USAID contractors ensured that trainees met pre-departure requirements. However, the Mission did not follow up to ensure that participants filled out questionnaires upon completion of the training or received host country recognition. As a result, the Mission did not have information to evaluate the effectiveness of the participant training.

program. Although USAID/Egypt had approved a plan to strengthen follow-up and evaluate participant training in May 1994, the plan had not been implemented at the time of our audit. A recommendation to implement this plan has been resolved and should be closed upon implementation. (*Audit Report No 6-263-95-001*)

Romania Energy Efficiency Activities (Project Nos 180-0015 and 180-0030)

Under two regional energy projects, USAID approved the distribution of over \$100 million to Central and Eastern European countries—countries which had developed inefficient and sometimes hazardous energy practices under centrally-planned (Communist) systems. The OIG's review focused on the principal industrial energy efficiency activities undertaken in Romania. The audit concluded that the Bureau for Europe and the New Independent States (ENI Bureau) generally ensured that the inputs associated with these activities (costing \$4 million) were provided as agreed, and that the inputs achieved the project's goals and objectives. However, the audit questioned whether a market-based energy audit industry would be sustainable or whether it would generate the long-term energy efficiencies that USAID hoped to achieve. A recommendation was made for the ENI Bureau to evaluate the constraints to widely implementing energy efficiency activities and to determine the cost-effectiveness of continued funding of the program in Romania. Bureau officials disagreed with the audit finding and recommendation which will remain unresolved until corrective action has been agreed upon. (*Audit Report No 8-186-95-005*)

USAID/Caucasus Management of Activities Conducted by *Save the Children Federation* and Its Sub-grantees in Transcaucasia, (Project No 110-0001)

To help Transcaucasia alleviate the hardship conditions brought on by the fall of Communism—further compounded by natural disasters—USAID awarded a \$50 million cooperative agreement to *Save the Children Federation* for overseeing the distribution of U.S. emergency humanitarian relief in the region. In turn, the Federation managed this assistance through 25 sub-grants which were awarded to other American private voluntary organizations. The audit found that the assistance was successful in alleviating hardship conditions. By providing food supplements and medical care to thousands of refugees and displaced persons USAID/Caucasus through the Federation, ensured the prompt

delivery of assistance and initiation of program operations. However, USAID/Caucasus did not properly account for program results.

The Mission did not adequately oversee the Federation's management of the activities. For instance, the mission's requirements for preparing an implementation plan and reporting on program activities were not carried out. The implementation plan was to be the guide for delivering assistance and was to include indicators for measuring progress. The plan was submitted late (after a nine month extension) and did not include most of the required information yet USAID/Caucasus accepted it—deficiencies notwithstanding. In addition, USAID/Caucasus did not ensure that the anticipated results were being achieved through the sub-grantees' activities. This conclusion was reached when 75 percent of the activities audited had not been accomplished, planned timeframes had not been met, nor had targeted beneficiaries been reached.

The audit made recommendations to improve management over the Federation's implementation of program activities, including the establishment of quantifiable indicators, benchmarks, and timeframes for achieving program results. Mission management concurred with the recommendations which were resolved upon report issuance. (*Audit Report No. 8-110-95-006*)

USAID's Monitoring of Legislative Restrictions on Assistance to Azerbaijan Under Its Cooperative Agreement with *Save the Children Federation*

As part of the Freedom Support Act (Section 907), the U.S. Congress prohibited assistance to the Government of Azerbaijan until the President determines and reports to the Congress that the Government of Azerbaijan is taking demonstrable steps to cease all blockades and other offensive uses of force against Armenia and Nagorno-Karabakh. An audit of U.S. assistance being provided under a cooperative agreement between USAID and *Save the Children Federation* showed that USAID/Caucasus had not monitored this assistance to ensure compliance with Section 907. The audit disclosed that a shipment of \$1.7 million worth of medical supplies was later transferred to six government hospitals by Relief International (one of the two sub-grantees reviewed during the audit) because it had no use for the supplies. This delivery to Azerbaijan suggests a violation of Section 907. The audit recommended that the Mission review past commodity deliveries to Azerbaijan, report any Section 907 violations and improve its monitoring to ensure future compliance with Section 907 restrictions. (*Audit Report No. 8-112-95-003*)

USAID/The Gambia's Selected Programs and Internal Control Systems

Project planning inaccuracies were found when three cash transfer and assistance programs were reviewed at USAID/The Gambia. Our review of the cash transfers showed the Mission ensured that conditions were fulfilled prior to releasing program funds, carried out, and contractor personnel arrived in country as planned. However, our review of the project assistance component disclosed project progress had been delayed on the Agricultural and Natural Resources Project when \$1.8 million in grants were not made to Non-Government Organizations (NGOs), as expected. The technical assistance contractor had encountered difficulty in locating NGOs qualified to implement natural resources projects. This problem occurred as a result of inaccurate project planning. The number of NGOs capable of carrying out program objectives had been overestimated during the project's planning process. Recommendations were made to USAID to reassess the feasibility of utilizing NGOs and to modify the project agreement and technical assistance contract as necessary. The Mission agreed with the report's findings and recommendations, however, the implementation of these recommendations is in question due to the possible termination of the U.S. assistance program in The Gambia. This is the result of the July 22, 1994 Coup d'Etat in the Gambia which deposed that country's duly elected president. (Audit Report No. 7-635-95-002)

AUDIT FOLLOW-UP AND RESOLUTION

OMB Circular A-50, "Audit Follow-Up," requires that all audit recommendations be resolved within six months of report issuance. The circular defines *resolution* as the point at which agency officials and auditors agree on the course of action to be taken on an audit recommendation. Under OIG standards, the resolution of recommendations is not synonymous with recommendation closure. 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 been resolved within six months of report issuance totaled 40. Of these, 11 were procedural and 29 were monetary—representing \$21 million in recommended funds to be put to better use or questioned costs which management has not resolved.

OMB Circular A-50 also mandates that each agency establish a system to assure the prompt and proper resolution and implementation of audit recommendations. Because the OIG's standards for closing recommendations require management to take appropriate action to correct, improve, or demonstrate that action is not necessary before a recommendation is considered closed, this required evaluation is satisfied for most recommendations through the closure process. For recommendations involving monetary recoveries, the OIG's follow-up system tracks the recommendation through actual collection. Finally, for all recommendations which are closed based upon written commitments from management to take corrective actions, USAID's system of evaluating compliance with audit recommendations requires each audit office to verify whether the corrective actions were actually taken.

Ordinarily follow-up work is conducted during subsequent visits to the overseas missions or Washington offices where auditors ensure the proper implementation of recommendations which have been closed one year or longer. If subsequent verification reveals that corrective action has not been fully implemented, the OIG staff can make a determination that the recommendation(s) should be reopened. Follow-up work this period included reviews of eight recommendations reported in four prior audit reports. It was determined that none of these recommendations should be reopened.

In an effort to improve and streamline management accountability processes consistent with recommendations made by the NPR, OMB intends to carefully review existing policies governing audit follow-up, including OMB Circular A-50.

OTHER REPORTING REQUIREMENTS

The Inspector General Act of 1978 (Public Law 95-452), as amended, requires that each Inspector General's semiannual report to the U S Congress include a description and explanation of significant revisions of management decisions or significant OIG disagreements with management decisions. The Act also requires the identification of any reports made to the head of the agency describing instances where information or assistance was unreasonably refused or not provided.

During the past six months, there have been no significant revisions of USAID management decisions nor significant disagreements with USAID management. Also, the Office of Inspector General has not been denied access to any records necessary to conduct audits, investigations, and security activities.

The 1988 amendments to the Act also require the reporting of statistical information as presented in the following tables, which are included as attachments to this report.

TABLE B *Audit Reports Issued Prior to Start of Period With No Management Decision at March 31, 1995*

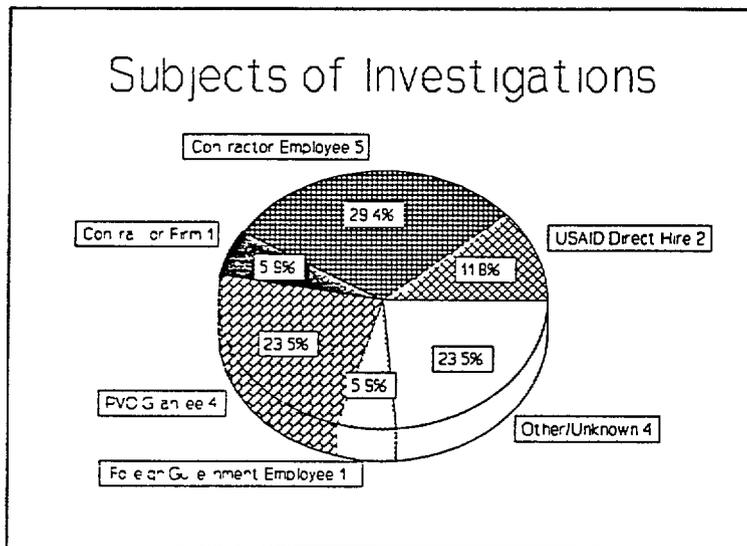
TABLE C *Significant Audit Reports Described in Previous Semiannual Reports Without Final Action at March 31, 1995*

TABLE D *Reports Issued With Questioned and Unsupported Costs (October 1, 1994 through March 31, 1995)*

TABLE E *Reports Issued With Recommendations That Funds Be Put to Better Use (October 1, 1994 through March 31, 1995)*

SIGNIFICANT ACTIVITIES — INVESTIGATIONS

During this reporting period, the OIG received 135 allegations, the majority of which alleged wrongdoing by USAID contractors, suppliers, employees or private voluntary organizations. Sources of the allegations included USAID direct-hire employees, contractor employees, OIG Audit Division, and the OIG Hotline.



All 135 allegations were evaluated, of which 52 were determined not to warrant investigative action. Preliminary inquiries were conducted on the remaining 83 allegations, of which 66 were resolved with no further action required. Seventeen allegations were added to the existing inventory of opened cases.

Note: PVO/Grantee includes Private Voluntary Organizations and Grantees, both foreign and domestic.

An OIG statistical summary of the most significant investigative activity during the period is as follows:

- 2 successful prosecutions,
- 10 Agency disciplinary actions,
- cost recoveries of \$166,504, and
- cost savings of \$4,884

Additional details are contained in Table F which is included as an attachment to this report.

PROCUREMENT INVESTIGATIONS

- An allegation received by the OIG from USAID's Office of General Counsel advised that a direct-hire employee had been engaging in procurement activities which appeared to violate criminal conflict-of-interest laws. Specifically, it was alleged that the employee personally and substantially participated in the procurement of a large quantity of motor vehicles from a major U.S. manufacturer while the employee's spouse owned stock in the respective company. The investigation revealed that the employee did in fact participate in the procurement of 101 vehicles with a value of \$931,696, on behalf of USAID/Nicaragua. As a result of the investigative findings, the employee was given an oral admonishment by the Mission for failure to disclose financial holdings as required by federal regulations.
- A civil false-claim suit was settled when a New York firm entered into a consent judgment which provided that it will pay the government \$112,300 and refrain from future participation in USAID-funded transactions. Initially detected and reported by a USAID Mission, the resulting investigation established that the firm shipped agricultural and scientific research equipment to Pakistan and falsely certified to USAID that the equipment had been made in the United States. The action on the part of the firm was in direct violation of federal regulations requiring the purchase of American-made products by USAID.

PROGRAM INVESTIGATIONS

- Over \$22 million in refugee food relief was planned for delivery to Kenya in fiscal year 1994, including 800 metric tons of vegetable oil valued at \$745,000. The vegetable oil was donated under PL 480 Title II by USAID pursuant to an agreement with the World Food Program (WFP). Under this agreement, the WFP delivers the food relief to cooperating non-governmental organizations for distribution, with USAID paying for transportation, storage and handling costs.

OIG investigators in Kenya secured the release of vegetable oil valued at \$28,000 which was being held as evidence in the trial of six people accused of stealing it as it was being delivered to a Lutheran World Federation refugee camp. The investigators petitioned the trial magistrate to release the oil which had been impounded for nine months to preclude it from

spoiling and becoming unfit for human consumption. Once released, it was delivered to the refugee camp as originally intended.

In another matter, a truck driver was arrested and charged with the theft of 30 metric tons of USAID-funded vegetable oil valued at \$46,650 after the oil disappeared while in transit from the Port of Mombasa to a Catholic Relief Services refugee camp. A joint investigation by OIG investigators and the Kenya Police found that the driver obtained his job under a false identity and then disappeared after the theft was discovered. He was arrested at his newly-purchased farm. During questioning, he confessed that he forged a delivery receipt indicating that the oil had been delivered to the refugee camp when he actually sold it to a merchant in Nairobi. The merchant is now a fugitive and is being sought by the Kenya police.

- In the last semiannual report to Congress, a matter was reported involving exceptionally large amounts of supplies being ordered from the General Services Administration. An investigation revealed that a USAID contractor's employee was submitting false orders for large quantities of film, briefcases and video cassette tapes. Over a seven-month period, the employee stole between \$40,000 and \$70,000 worth of U.S. government property by removing the ordered items from the system and selling them to merchants who receive and sell stolen goods. During this reporting period, a Washington area merchant was sentenced to four months' confinement (suspended), inactive probation for one year, and ordered to pay a fine and court costs for attempting to receive this stolen property. Charges were brought against the local merchant after a successful "sting" operation by OIG investigators.
- An investigation conducted jointly by OIG and the Defense Criminal Investigative Service resulted in a geologist employed by a USAID-funded grantee pleading guilty to a one-count felony information for theft of government property. The investigation revealed that proprietary property valued at approximately \$100 million was taken from the Defense Mapping Agency prior to the geologist coming to work for the USAID grantee. The geologist attempted to sell the proprietary data for approximately \$376,000. Subsequent to entering into the guilty plea, the geologist was sentenced to two years of supervised probation, fined \$1,000, required to perform 250 hours of community service, and ordered to pay \$3,275 in restitution.
- In response to allegations of widespread thefts from a food supply program, the OIG in concert with USAID/Bolivia and Bolivian authorities initiated an investigation. The investigation revealed, through testimony of witnesses and expert handwriting analysis, that procedures used by the private voluntary organization administering the program to monitor the

food deliveries had been compromised and that documents used to record the receipt of the food had been forged. Also, it was discovered that one of the community leaders participating in the program had paid several community members to pose as group leaders to withdraw food from the program. As a result of the investigative findings, the community leader was charged with forgery and embezzlement, and a warrant has been issued for her arrest by Bolivian Police. Twenty-two metric tons of PL-480 food valued at \$11,500 were recovered during the course of the investigation.

OIG HOTLINE

The OIG Hotline is staffed from 8:00 a.m. to 5:00 p.m., eastern time, Monday through Friday. During non-duty hours, a telephone recorder will take calls. People contacting or writing to the OIG Hotline can do so anonymously or they can request confidentiality. Anyone wishing to report suspected fraud, waste, or abuse can call the OIG Hotline at 1-800-230-6539 or 703-875-4999, send an E-mail message to IG_HOTLINE@IG_I@AIDW, or send a letter to USAID OIG/I, P.O. Box 12894, Rosslyn Station, Arlington, VA 22219.

USAID employees, contractors, and the general public can contact the Hotline to report any information involving suspected fraud, waste, abuse, bribery, conflict of interest, and violations of USAID rules and regulations. Matters that are not within the purview of the OIG, i.e., grievances, equal opportunity program complaints, working conditions, policy dissent, etc., are handled separately in accordance with USAID administrative procedures. During this reporting period, the division received 26 Hotline referrals.

MANAGEMENT REFORMS

In 1993 when the Vice President of the United States selected USAID as one of only two agencies to be a "reinvention laboratory" under the National Performance Review (NPR), the Administrator identified a general framework for major reform of the U.S. development assistance program. With the philosophy of the NPR in mind, the Administrator aimed his reform initiatives at promoting national values and interests, undertaking programs designed to achieve meaningful results, and, measuring these results against a set of clear, straightforward goals.

In part, the reform program encompasses the adoption of streamlined business practices and a new series of automated systems to strengthen programmatic and management capabilities. Now, almost two years into this effort, the Agency has shown progress towards accomplishing these reform initiatives.

The Administrator's 1993 plans for the reform of an Agency plagued with operational inefficiencies and mismanagement included very specific operational changes. Toward these efforts, he committed the Agency to fundamental reform, with the goal of transforming the Agency into a high-performance, results-driven organization that can respond effectively to global challenges. USAID would focus its development activities on its primary mission—long-term sustainable development. In order to achieve this primary mission, USAID is focusing on five strategic areas critical to sustainable development:

- Environment,
- Population and Health,
- Democracy Building,
- Broad-based Economic Growth, and
- Humanitarian Assistance and Support for Post-crisis Transitions

In addressing these strategic areas, the Administrator planned to institute the principles of the NPR by cutting bureaucratic red tape, putting customers first, empowering employees to get results, and conducting business more efficiently. He also planned to promote teamwork with USAID's "partners in development" and outlined a major management reform effort to reorganize, "rightsized" and reengineer the Agency.

Representatives of the OIG have been requested to serve on various USAID reengineering teams. For example, the Assistant Inspector General for Audit serves on the Agency's Quality Council, which is a senior management team responsible for coordinating and initiating reinvention initiatives, two senior OIG staff members serve on a Reengineering Referencing group responsible for implementing the major reforms, and other staff members participate in Operations Business Area Analysis team activities, as well as various other committees. Although the OIG has been working more with management, a sound degree of autonomy has nevertheless been maintained.

Office of Inspector General efforts have contributed to reform measures currently underway. Some of these efforts are summarized below.

1 An Agency-wide system which provides consistent and meaningful criteria for measuring program results is being developed.

Program Performance Information for Strategic Management Systems (PRISM) — In an attempt to enhance USAID's ability to measure progress in terms of program results, the Agency initiated the implementation of an agency-wide system for monitoring and reporting on program performance in 1991. This system, known as PRISM, is designed to provide better information for more effective management decision making and has been fully implemented in many overseas missions. The importance of PRISM increased when the President signed the Government Performance and Results Act (GPRA) in August 1993, which requires all federal agencies to establish systems for measuring whether their programs are meeting their intended objectives. Although GPRA does not require integration of these systems until fiscal year 1999, the National Performance Review requires all Federal agencies to immediately establish strategic objectives and performance measurement systems.

A series of audits recently completed on the implementation of PRISM showed that missions have made considerable progress in meeting the requirements for measuring results, however, the Agency still needs to ensure that specific quantifiable indicators are established and that reporting systems are in place to objectively evaluate progress through measuring project results. A summary report on the results of these audits is currently being finalized.

2 An integrated corporate system encompassing all of the core business systems—accounting, procurement, budgeting, and personnel management—is being developed.

Information System Plan — USAID is undertaking a new and aggressive effort to change the way it manages its data and information, as described in the Agency's Information Systems Plan (ISP). A primary tenet of ISP is that corporate data will be managed at the Agency level and not at the individual office (or mission) level. To facilitate the use of corporate data, the Office of Information Resource Management is developing a data warehouse, which will be a repository for data from all Agency systems.

The OIG has been working with Agency management by providing periodic feedback on ISP implementation as management control systems are being developed. The OIG assisted the Office of Information Resource Management in its efforts by conducting a series of audits to determine the accuracy of the data to be transferred into the corporate database. The reviews identified systemic weaknesses that, if not corrected, would negatively impact the integrity of the corporate database. In addition, the OIG performed an audit of the Agency's systems development efforts by reviewing the integration of USAID's information systems. The audit pointed out potential data compatibility problems across the Agency's eight functional areas that could undermine the very foundation of the ISP's systems integration concept.

Corporate Audit Tracking System — In conjunction with USAID's Office of Management Planning and Innovation and the Office of Procurement, the OIG has been working with Agency management to establish a corporate audit tracking system. This system will track audit recommendations, their resolution, and implementation for all financial audits of contractors and grantees, OIG audits, and audits by the General Accounting Office. The system will be used by management throughout the Agency to track the actions for which they are accountable, to close out the audit recommendations, and to meet external reporting requirements.

3 USAID is reengineering its basic program operation processes of assistance delivery, customer service, staff empowerment, and the rewarding of team performance and greater participation with its partners and beneficiaries

Reengineering Referencing Group — The Agency Administrator commissioned a review of USAID's operating system that many felt was overly cumbersome and extremely inefficient. To develop a vision for a reformed system, a Reengineering Reference Group of 26 people was established from various offices throughout the agency, including two representatives from the OIG, to plan the implementation of the much needed reforms.

Country Experimental Laboratories — Ten overseas Missions and two Washington Offices volunteered to serve as reengineering "experimental labs" (Philippines, Bangladesh, Guatemala, Dominican Republic, Jamaica, Senegal, Mali, Niger, Madagascar, Poland, Democracy Center, and the Reengineering Task Force) Through these experimental labs, the Agency is testing reengineering concepts that will be implemented on an Agency-wide basis—currently scheduled for October 1, 1995 Through the establishment of employee teams, the labs are testing one or more of the operations reengineering concepts The mission teams include their partners and customers in order to incorporate customer needs into their strategic objectives As the labs proceed through this process, *lessons learned* are being reported which will be evaluated prior to adapting the new system to the entire Agency

In a cooperative spirit, the OIG agreed not to audit the reengineering processes being tested by the experimental labs for one year, unless requested by USAID management Therefore, so that the OIG would not inhibit the necessary risk-taking for testing the reengineering processes, the OIG planned its fiscal year 1995 audits around these areas Notwithstanding this agreement, the OIG cannot waive its legislative mandate to review or investigate any known indications of fraud, abuse, or critical noncompliance

4 USAID's procurement processes will become more effective and efficient with greater access to contractors, improvements in ethical conduct, and increases in the economy of procurement activities

Audit Coverage of Contractors and Grantees — USAID management has worked towards improving financial accountability over its programs by increasing audit coverage of its contractors and grantees—formerly identified as a high risk area in its own FMFIA internal control assessment Accountability has been improved by including audit provisions in grant agreements which require annual audits to be contracted by foreign recipients receiving USAID grant funds of \$25,000 or more (the threshold for grants to non-U S nongovernmental organizations was increased to \$100 000 as of May 6, 1994), and by establishing an Audit Management and Resolution Program (AMRP) This program establishes a framework for the Agency's audit management responsibilities by assigning missions specific responsibility for enforcing the new audit requirements and for implementing the foreign recipient-contracted audit program

Recent OIG audits of the AMRP show that missions are taking positive and commendable steps towards implementing the program However

obstacles (such as host government restrictions and incapable local audit firms) continue to prevent some missions from attaining complete audit coverage

Commodity Procurement — USAID has instituted policies and procedures to ensure the effective procurement of project-related commodities. This includes steps to ensure that commodities meet the proper source, origin, and eligibility requirements, are promptly received and properly accounted for, are stored and protected, and, that they are used as intended.

The OIG is currently conducting several audits to review the Agency's management of commodity procurement. The results of these audits will be included in the next reporting period.

Contractor Staffing and Salary Awards — The Agency makes efforts to ensure the quality of personnel assigned by technical service contractors who significantly influence the success or failure of the Agency's programs. USAID also tries to control costs by ensuring that such contractor personnel are paid the minimum salary necessary in a competitive market.

The OIG recently issued a report summarizing the results of several audits conducted in this area. The contractors were found to have provided qualified staff at justifiable salaries, however, it was recommended that further steps be taken to ensure that contracted salaries are proper.

5 USAID is implementing major reductions in its rules, regulations and reporting requirements

Elimination of Regulations and Reporting Requirements — USAID has identified a number of Agency regulations that have been, or will be, eliminated or substantially modified and has created the Automated Directives System (ADS) which should initially reduce the current 12,000 pages of USAID's directives system by 25%.

Similarly, the OIG internal regulations are being reviewed to eliminate redundancies, simplify procedures and eliminate not less than 50 percent of existing internal management regulations that are not required by law.

The Government Performance and Results Act (GPRA) — GPRA requires agencies to develop strategic objectives, set performance goals, and report annually on actual performance compared to goals. USAID is working towards meeting these requirements. For example, at the country program level, the Agency is using its Program Performance Information System for

Strategic Management (PRISM) to monitor country program effectiveness. This is a significant first step in the process of designing an Agency-wide performance results management system which meets the criteria under GPRA. The OIG will continue to periodically review the appropriateness of management controls as they are being developed.

Chief Financial Officers Act (CFO) — In accordance with the CFO Act, the Agency designated a Chief Financial Officer in December 1994, responsible for the preparation and submission of financial statements for the Agency's revolving funds, trust funds, and entities involving substantial commercial activities. These financial statements, which are due March 31 for each preceding fiscal year, require the establishment of reliable systems for accurate reporting of the Agency's financial activity. In integrating the necessary financial systems, USAID will inherently gain better control over accountability by streamlining its reporting requirements.

Further, in accordance with the Act, the OIG has conducted or contracted for audits of the Agency's financial statements for revolving funds, trust funds, and entities involving substantial commercial activities. These audits revealed vulnerabilities in the Agency's financial systems. Management is now addressing these weaknesses in a collaborative effort with the OIG to strengthen its financial management practices and systems of internal controls.

AUDIT REPORTS ISSUED

October 1 1994 through March 31 1995

FINANCIAL AUDIT REPORTS

<u>Report Number</u>	<u>Date of Report</u>	<u>Report Title</u>	<u>Amount of Findings (\$000 s)</u>	<u>Type of Findings</u>
— Chief Financial Officers Act Audits —				
0 000 95 005	02/23/95	Audit of USAID's Property Management Fund for the Fiscal Year Ended September 30 1994	-	
0 000 95 006	02/28/95	Audit of USAID's Foreign Service National Separation Pay Trust Fund for Fiscal Year 1994	-	-
— Agency-Contracted Audits —				
0 000 95 013 N	12/09/94	Audit of RCG/Hagler Bailly Inc Direct Cost for the Period January 1 1992 to December 31 1993	122	QC
1 521 95 001 N	10/06/94	Audit of the Public Law 480 Title II Commodity Program and Support Agreements Managed by International Lifeline Inc September 6 1991 to September 30 1993	72 962 845	UN QC UN
1 538 95 002 N	02/24/95	Audit of RDO/C s St Kitts Southeast Peninsula Area Development Project Activities Managed by the Ministry of Agriculture Lands Housing and Development September 17 1986 to September 30 1993		
1 520 95 003 N	02/24/95	Audit of USAID/Guatemala's Highland Potable Water and Sanitation Project Activities Managed by the Highland Potable Water and Sanitation Project August 27 1991 to December 31 1992		
1 518 95 004 N	02/27/95	Audit of USAID/Ecuador's Child Survival and Health Project Activities Managed by the Ministry of Public Health July 14 1989 to December 31 1992		
1 522 95 005 N	03/13/95	Audit of USAID/Honduras Fiscal Year 1990 Public Law 480 Title II Monetization Program Activities Managed by CARE/Honduras and the Government of Honduras October 1 1989 to December 31 1991	117 93	QC UN
1 517 95 006 N	03/14/95	Audit of USAID/Dominican Republic's Commercial Farming Systems Project Component Managed by the Reserve Bank of the Dominican Republic August 1 1990 to July 31 1992		
1 522 95 007 N	03/14/95	Audit of USAID/Honduras Irrigation Development Project Activities Managed by the National Directorate of Water Resources September 1 1988 to December 31 1992	832 187	QC UN
3 615 95 001 N	11/15/94	Audit of the Private Enterprise Development Assistance to the Kenya National Chamber of Commerce and Industry Under USAID/Kenya Project No 615 0238 and Grant No 615 0238 G 00 8023 00	42 21	QC UN

BU Better use of funds
 QC Questioned costs
 UN Unsupported costs

FINANCIAL AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings (\$000 s)	Type of Findings
5 399 95 001 N	10/31/94	Audit of USAID/Thailand s Contract With Thai Engineering Consultants Co Ltd Contract No 442 0109 C 00 2389 00 Thailand	5	QC
5 689 95 002 N	10/31/94	Audit of USAID s Regional Development Office South Pacific s Grant to Papua New Guinea Institute of Medical Research Grant No 889 5967 G SS 7046	91 77	QC UN
5 391 95 003 N	02/10/95	Audit of USAID/Pakistan and Afghanistan s Cooperative Agreements No 306 0211 A 00 1214 00 and 306 0211 A 00 0961-00 With Mercy Corps International Pakistan	200 192	QC UN
5 367 95 004 N	01/27/95	Audit of USAID/Nepal s Contract With GEOCE Consultancy Pvt Ltd Contract No 367 0153 C 00 1025 00	10 1	QC UN
5 367 95 005 N	02/10/95	Audit of USAID/Nepal s Contract With Dr Abraham S David Contract No 367 0161 C-00 3046 00 Nepal	-	
5 388 95 006 N	02/10/95	Audit of USAID/Bangladesh s Cooperative Agreement With Micro Industries Development Assistance and Services (MIDAS) Cooperative Agreement No 388 0066 A 00 6063 Bangladesh	77 44	QC UN
5 391 95 007 N	02/10/95	Audit of USAID/Pakistan s Contract No 391 0484 C 00 1802 00 With W Woodward Pakistan (Pvt) Limited Pakistan	10	QC
5 391 95 008 N	02/28/95	Audit of Husnain Construction Company (Private) Limited s Termination Settlement Proposal Under Contract No 391 0510 C 00 3542 00 With USAID/Pakistan Pakistan	1 339 240	QC UN
5 383 95 009 N	03/08/95	Preaward Audit of Asia Foundation Sri Lanka Field Office		
5 497 95 010 N	03/10/95	Audit of USAID/Indonesia s Host Country Contract With Price Waterhouse Contract No S 3 I 33/M/90	23 21	QC UN
5 383 95 011 N	03/08/95	Audit of USAID/Sri Lanka s Cooperative Agreement No 383 0080 A PG 7040 00 With International Irrigation Management Institute Sri Lanka		
5 388 95 012 N	03/20/95	Audit of USAID/Bangladesh s Cooperative Agreement With Family Planning Association of Bangladesh (FPAB) Cooperative Agreement No 388 0050 A 00 1017	51 41	QC UN
6 263 95 001 N	10/10/94	Audit of the Ministry of Education (MOE) Local Expenditures Incurred Pursuant to Project Implementation Letter (PIL) No 9 Under the Basic Education I Project No 263 0139	571 172	QC UN
6 263 95 002 N	10/10/94	Audit of the Foreign Relations Coordination Unit of the Supreme Council of Universities Local Expenditures Incurred Pursuant to Project Implementation Letter No 12 Under the University Linkages Project No 263 0118	1 846 1 729	QC UN
6 263 95 003 N	10/10/94	Audit of the Foreign Relations Coordination Unit of the Supreme Council of Universities Local Expenditures Incurred Pursuant to Project Implementation Letter No 13 Under the University Linkages Project No 263 0118	418 386	QC UN
6 263 95 004 N	11/17/94	Audit of Dr Ahmed Abdel Warth Consulting Engineers (AAW) Subcontracts With USAID/Egypt Prime Contractors CH2M HILL— General Organization for Greater Cairo Water Supply USAID Grant No 263 0193 and Wastewater Consultants Group Alexandria Wastewater Program USAID Grant No 263 0100		
6 263 95 005 N	11/17/94	Audit of the Engineering Consultants Group (ECG) Subcontracts With USAID/Egypt Prime Contractors Metcalf & Eddy Canal Cities Water and Sewage System USAID Grant No 263 0174 and Waste Water Consultants Group - Alexandria Wastewater Project No 263 0100		

BU Better use of funds
 QC Questioned costs
 UN Unsupported costs

FINANCIAL AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings (\$000 s)	Type of Findings
6 263 95 006 N	12/04/94	Audit of the Ministry of Public Works and Water Resources on Project Implementation Letter No 83 for the Planning Studies and Models Component of the USAID/Egypt Irrigation Management Systems Project No 263 0132	17 14	QC UN
6 263 95 007 N	12/22/94	Audit of the Cooperative for American Relief Everywhere (CARE) Local Expenditures Incurred Pursuant to Grant No 263 0102-G 00 5008 00 Under the High Dam Lake Project No 263 0102	65 64	QC UN
6 263 95 008 N	12/27/94	Audit of the Water Research Center Project Implementation Letter No 90 Under the USAID/Egypt Irrigation Management Systems Project No 263 0132	28 12	QC UN
6 263 95 009 N	01/05/95	Audit of the Teaching Hospitals Organization (THO) Project Implementation Letter No 26 Under the USAID/Egypt Population and Family Planning Project No 263 0144	126 60	QC UN
6 263 95 010 N	02/02/95	Audit of the Agricultural Research Center on USAID/Egypt's National Agricultural Research Project No 263 0152 Management/New Initiatives Component Project Implementation Letters Nos M/NI 001 M/NI 003 and M/NI 008	163 32	QC UN
6 263 95 011 N	02/12/95	Audit of the Ministry of Public Works and Water Resources on Project Implementation Letter No 5 for the Professional Development Component of the USAID/Egypt Irrigation Management Systems Project No 263 0132	288 242	QC UN
6 263 95 012 N	02/16/95	Audit of the Ministry of Public Works and Water Resources Main Systems Management Component Local Expenditures Incurred Pursuant to Project Implementation Letter No 72 Under the Irrigation Management Systems Project No 263 0132	217 149	QC UN
6 263 95 013 N	02/16/95	Audit of the Ministry of Public Works and Water Resources Project Preparation Department (PPD) Local Expenditures Incurred Pursuant to Project Implementation Letter (PIL) No 3 Under the Irrigation Management Systems Project No 263 0132	20 3	QC UN
6 263 95 014 N	03/08/95	Audit of the Agricultural Research Center (ARC) Project Implementation Letters Nos SEED 003 SEED 004 and SEED 009 Related to the SEED Component of the National Agricultural Research Project (NARP) No 263 0152	42 13	QC UN
6 263 95 015 N	03/14/95	Audit of the Central Agency for Public Mobilization and Statistics (CAPMAS) Local Expenditures Incurred Pursuant to Project Implementation Letters (PILs) Nos 20 & 22 Under the Technical Cooperation and Feasibility Studies II Project No 263 0102	3	QC
6 263 95 016 N	03/15/95	Audit of the Agricultural Research Center (ARC) on Costs Incurred Under the National Agricultural Research Project No 263 0152 PILs Nos RES 09 RES 15 and RES 17	929 855	QC UN
6 263 95 017 N	03/16/95	Audit of the United Engineering and Marketing Incurred Expenditures Under Direct Contract No 263 CSO C 00 0008-00	274 263	QC UN
7 608 95 001 N	10/21/94	Audit of the Moroccan Export Insurance Company Under the Morocco Private Sector Export Promotion Project (No 608 0189) from August 1 1989 to May 20 1993	1 800	QC

BU Better use of funds
 QC Questioned costs
 UN Unsupported costs

FINANCIAL AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings (\$000 s)	Type of Findings
7 635 95 002 N	12/29/94	Audit of USAID s Grants to the Government of The Gambia Under the Financial and Private Enterprise Development Program (No 635 0232) the Financial Sector Restructuring Program (No 635 0233) and the Agncultural and Natural Resources Program (No 635 0235) from June 1 1992 through January 31 1994	1	QC
7 688 95 003 N	12/30/94	Audit of the Expenditures Made by the Project Coordinating Unit (PCU) Under the Community Health and Population Services (CHPS) Project (No 688 0248) for the Period August 27 1991 to September 30 1993	1	QC
7 698 95 004 N	03/08/95	Audit of USAID s Grant to the Nigerian Federal Ministry of Health Under the Combatting Childhood Communicable Diseases Project (No 698 0421 20) from August 1 1989 through September 30 1993	-	-
7 608 95 005 N	03/09/95	Audit of the Dollar Separate Account Under the Moroccan Privatization Sector Assistance Program (No 608 0215) from July 12 1992 to June 30 1994	-	-
7 688 95 006 N	03/17/95	Audit of the Rural Economic Institute s Expenditures Charged to the Mali Farming Systems Research and Extension Project (No 688 0232) From April 1 1989 to April 30 1993	60 38	QC UN
7 681 95 007 N	3/17/95	Audit of the Expenditures Made by the Ivorian National Family Planning Coordinating Office Under the Health and Family Planning Project (No 681 0005) from November 1992 to July 1994		
7 681 95 008 N	3/17/95	Audit of USAID s Cooperative Agreement with ESPOIR Under the Health and Family Planning Project (No 681 0005) in Cote d Ivoire from November 30 1992 to September 30 1994		
7 677 95 009 N	3/17/95	Audit of USAID s Grant to OFNAR Under the Chad Strengthening Road Maintenance Project (No 677 0050) from July 1 1991 to June 30 1993	79	QC

— Recipient-Contracted Audits —

0 000 95 001 R	10/12/94	African American Labor Center	45	QC
0 000 95 002 R	10/14/94	South East Consortium for International Development	4	QC
0 000 95 003 R	10/17/94	Consortium for International Development	10	QC
0 000 95 004 R	10/28/94	International City/County Management Association		
0 000 95 005 R		CANCELED		
0 000 95 006 R		CANCELED		
0 000 95 007 R	11/01/94	Centre for Development and Population Activities		
0 000 95 008 R	11/10/94	Adventist Development and Relief Agency International	24	QC
0 000 95 009 R	11/10/94	Helen Keller International Inc	21	QC
0 000 95 010 R	11/30/94	Oceanic Institute	47	QC
0 000 95 011 R	12/09/94	Lutheran World Relief Incorporated		
0 000 95 012 R	12/09/94	National Association of the Partners of the Americas		
0 000 95 013 R		CANCELED		
0 000 95 014 R	01/13/95	National Rural Electric Cooperative Association	3	QC
0 000 95 015 R	01/18/95	Family Health International	-	
0 000 95 016 R	01/31/95	International Foundation for Electoral Systems	67	QC
0 000 95 017 R		CANCELED		
0 000 95 018 R	02/24/95	Catholic Relief Services	95	QC
			95	UN

BU Better use of funds
 QC Questioned costs
 UN Unsupported costs

FINANCIAL AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings (\$000 s)	Type of Findings
0 000 95 019 R	03/02/95	Midwest Universities Consortium for International Activities	-	
0 000 95 020 R	03/03/95	American International Health Alliance Inc	1 051	QC
			1 045	UN
0 000 95 021 R	03/07/95	World Environment Center Inc	-	
0 000 95 022 R	03/09/95	Program for Appropriate Technology in Health (PATH)		
0 000 95 023 R	03/10/95	Winrock International Institute for Agricultural Development	--	
0 000 95 401 R	10/03/94	KW International Inc		
0 000 95 402 R	01/04/95	The Ludhiana Christian Medical College Board U.S.A. Inc	568	QC
			200	UN
0 000 95 403 R	01/04/95	The Ludhiana Christian Medical College Board U.S.A. Inc	68	QC
0 000 95 404 R	11/16/94	Salzburg Seminar in American Studies Inc		
0 000 95 405 R	11/18/94	Thessalonica Agricultural and Industrial Institute (The American Farm School)		
0 000 95 406 R	11/21/94	Anatolia College		
0 000 95 407 R	01/04/95	International College (of Beirut)	-	
0 000 95 408 R	12/06/94	Brethren in Christ World Missions		
0 000 95 409 R	12/08/94	American College of Greece		
0 000 95 410 R	12/08/94	Friends United Meeting Inc		
0 000 95 411 R	12/15/94	Feinberg Graduate School for the Weizmann Institute of Science		
0 000 95 412 R	01/05/95	The Music Foundation		
0 000 95 413 R	02/08/95	Hadassah Medical Relief Association Inc		
0 000 95 414 R	01/31/95	The Foreign Assistance Program of Sisters of Mercy of Dallas Pennsylvania Inc		
0 000 95 415 R	02/24/95	Project Orbis Inc and Affiliate	603	QC
			601	UN
0 000 95 416 R	02/28/95	American University of Beirut		
0 000 95 417 R	03/07/95	American Thai Foundation for Education	404	QC
0 000 95 418 R	03/07/95	American Friends of Maru A Pula School Inc	-	
3 615 95 001 R	10/03/94	Audit of the Chogoria Hospital Community Based Family Planning Services Project Grant No 615 0232 G 00 8017	29	QC
			27	UN
3 674 95 002 R	10/03/94	Audit of David Dixon Attorney Grant for the Year Ended February 28 1994		
3 674 95 003 R	10/07/94	Audit of Social Change Assistance Trust for the Year Ended December 31 1993		
3 674 95 004 R	10/14/94	Audit of English Language Teaching Information Centre & Eltic Education Trust for the Period Ended February 28 1994		
3 674 95 005 R	10/14/94	Audit of National Investigation into Community Education Trust		
3 674 95 006 R	10/14/94	Audit of Union of Democratic University Staff Associations		
3 674 95 007 R	10/14/94	Audit of African Research Educational Puppetry Programme		
3 674 95 008 R	10/14/94	Audit of Open Learning Systems Education Trust		
3 674 95 009 R	10/14/94	Audit of Border Early Learning Centre		
3 674 95 010 R	10/14/94	Audit of the Institute of Multi Party Democracy	2	QC
3 674 95 011 R	10/14/94	Audit of Independent Business Enrichment Centre for the Period April 26 1992 through December 31 1993	-	
3 617 95 012 R	10/26/94	Audit of the Rehabilitation of Productive Enterprises Project	3	QC

BU Better use of funds
 QC Questioned costs
 UN Unsupported costs

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Report Number	Date of Report	Report Title	Amount of Findings (\$000 s)	Type of Findings
3 674 95 013 R	11/04/94	Audit of the Programme for Technological Careers Grant No 674 0302 G SS 3104 00	-	
3 674 95 014 R	11/04/94	Audit of Independent Examinations Board Grant No 674 0302 G SS 2062 01		-
3 645 95 015 R	11/04/94	Audit of the Family Life Association of Swaziland Agreement No 645 0228 A 00 8021-00	-	-
3 674 95 016 R	11/04/94	Audit of National Training Programme in Conflict Handling for the Period May 10 1993 to February 28 1994 Grant No 674 0301 G SS 3041 00	-	
3 674 95 017 R	11/04/94	Audit of English Language Methods and Programmes Development Trust for the Year Ended June 30 1994 Grant No 674 0302 G SS 2031 00		
3 615 95 018 R	11/10/94	Audit of Young Women s Christian Association for the Period from August 15 1991 to March 31 1993	1	QC
3 623 95 019 R	11/15/94	Audit of Action Nord Sud for the Period May 25 1993 to February 28 1994 Grant No 623 2050 G 3106 00	1	UN
3 623 95 020 R	11/15/94	Audit of CIMMYT's Crop Management Research and Training Project at Egerton University for the Year Ended December 31 1993 Grant No 623 0463 G 00 2089	-	
3 663 95 021 R	11/18/94	Audit of Handicap International Ethiopia for the Period Ended June 30 1994 Grant No 663 0001 G 00 3003	1	QC
3 615 95 022 R	11/29/94	Audit of the Family Planning Association of Kenya (FPAK) USAID Grant Agreement Nos 615 0232 G 00 0045 and 615 0230 G 00 3065	1	QC
3 674 95 023 R	11/29/94	Audit of the Institute for a Democratic Alternative for South Africa (IDASA) USAID Grant No 674 0410 G 1066 00		
3 674 95 024 R	12/08/94	Audit of Media Defence Trust for the Period April 9 1991 to March 31 1993 Grant No 674 0301 G SS 1012 02		
3 674 95 025 R	12/19/94	Audit of Junior Achievements Southern Africa Experiential Programme Grant No 674 0303 G SS 1024 00		
3 612 95 026 R	12/22/94	Audit of Phwezi Foundation Sub agreement No 90 CA 612 0232 PMU 017 92		
3 674 95 027 R	12/30/94	Audit of Independent Training and Educational Centre for the Period April 1 1993 to March 31 1994 Grant No 674 0314 G SS 3036 00	1	QC
3 674 95 028 R	12/30/94	Audit of Operation Upgrade of South Africa for the Period August 1 1993 to March 31 1994 Grant No 674 0302 G SS 3110 00	22	QC
3 698 95 029 R	12/30/94	Audit of the International Commission of Jurists (Kenya Section) for the Period Ended June 30 1993 Grant No 698 9801 G 00 1039	8	UN
3 623 95 030 R	12/30/94	Audit of the Centre for African Family Studies (CAFS) for the Year Ended December 31 1993 Cooperative Agreement No 623 0004 A 00 9042 00	2	QC
3 674 95 031 R	12/30/94	Audit of DML and Associates for the Period Ended October 26 1994 Grant No GA 674 0301 G SS 4041	1	UN
3 674 95 032 R	01/12/95	Audit of Natal Youth Publishing Project for the Period January 1 1993 to February 28 1994 Grant No 674 0305 G SS 3024 01	7	QC
3 674 95 033 R	01/12/95	Audit of Ikemeleng Remedial Education Centre for the Period Ended March 31 1994 Grant No 674-0302 G SS 3049 00	1	UN
3 674 95 034 R	01/23/95	Audit of the Valley Trust for the Period Ended March 31 1994 Grant Agreement No 674 0301 G SS 3040 00	1	QC
3 674 95 035 R	01/25/95	Audit of Tembaletu Trust for the Period Ended December 31 1993 Grant No 674 0301 G SS 0024 03		
3 674 95 036 R	01/25/95	Audit of Independent Projects Trust for the Period Ended December 31 1993 Grant No 674 0301 G SS 3154 00	-	

BU Better use of funds
QC Questioned costs
U\ Unsupported costs

FINANCIAL AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings (\$000 s)	Type of Findings
3 674 95 037 R	02/07/95	Audit of the Education Foundation Trust for the Period Ended March 31 1994 Grant No 674-0302-G SS 1057-02	3	QC
3 674 95 038 R	02/09/95	Audit of Junior Achievement Southern Africa for the Period Ended December 31 1993 Grant No 674 0303 G SS 1024 00	3	UN
3 278 95 039 R	02/28/95	Audit of the American Center of Oriental Research for the Period Ended June 30 1993		
3 615 95 040 R	03/08/95	Audit of the National Cooperative Housing Union for the Period Ended June 30 1993	-	
3 663 95 041 R	03/08/95	Audit of Medecins Du Monde Ethiopia for the Period From September 30 1993 to March 31 1994	-	
5 492 95 001 R	10/14/94	Audit of USAID/Philippines Grants to Victorias Milling Company Inc	3	QC
5 493 95 002 R	10/14/94	Audit of USAID/Thailand s Co operative Agreement No 493 0345 A 0056 00 With the Federation of Thai Industries	1	UN
5 367 95 003 R	10/25/94	Audit of USAID/Nepal s Grant No 367 0280 G SS 0208 00 to Women s Legal Service Project of Service for Unprivileged Section of Society	-	
5 383 95 004 R	10/25/94	Audit of USAID/Sri Lanka s Cooperative Agreement No DC 383 0109 A 00 3413 With the International Irrigation Management Institute		
5 383 95 005 R	11/21/94	Audit of USAID/Sri Lanka s Grant to the Centre for the Study of Human Rights		
5 386 95 006 R	11/21/94	Audit of USAID/India s Grant No 386 0499 G 00 1299 With the Indian Society of Health Administrators		
5 497 95 007 R	12/30/94	Audit of USAID/Indonesia s Grant No 497 0364 G SS 1104 00 With Yayasan Ema Mata Dalam Ba Progresso	12	QC
5 386 95 008 R	12/30/94	Audit of USAID/India s Grant No 386 0515 G 00 2168 00 to the Federation of Indian Chambers of Commerce and Industry	31	QC
5 492 95 009 R	12/30/94	Audit of USAID/Philippines Grant Nos 492 0419 G SS 0096 492 0419 G SS 1111 and 492 0419 G SS 2124 With Philippine Business for Social Progress	24	UN
5 492 95 010 R	01/05/95	Audit of USAID/Philippines Grant Nos 492 0419 G SS 0029 492 0419 G SS 1199 and 492 0419 G SS 1062 With Tulay sa Pag unlad Inc	58	QC
5 388 95 011 R	01/06/95	Audit of USAID/Bangladesh s Co operative Agreement No 388 0071 A 00 9109 03 With the Family Planning Association of Bangladesh		
5 386 95 012 R	01/05/95	Audit of USAID/India s Grant No 386 0515 G 00 1146 00 to National Institute of Urban Affairs		
5 492 95 013 R	01/10/95	Audit of USAID/Philippines Grant Nos 492 0436 A 00 1108 00 968 2059 G SS 2167 492 0388 G SS 2015 00 and 492 0419 G SS 1213 00 With Philippine Business for Social Progress	2	QC
5 391 95 014 R	01/13/95	Audit of USAID/Pakistan s Grant Under PIL 40 of the Population Welfare Project to the Non Governmental Organizations Coordinating Council (NGOCC)	622	QC
			524	UN

BU Better use of funds
QC Questioned costs
UN Unsupported costs

FINANCIAL AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings (\$000 s)	Type of Findings
5 492 95 015 R	01/11/95	Audit of USAID/Philippines Grant No 492 0419 G SS 2091 00 With In Touch Foundation Inc	-	-
5 492 95 016 R	03/10/95	Audit of USAID/Philippines Grant No 492 0395 G SS 0105 00 With Aboitiz & Company Inc	8	QC
5 391 95 017 R	01/20/95	Audit of USAID/Pakistan s Grant Under PIL 29 for the Private Sector Power Project No 391 0494	122	QC
5 391 95 018 R	01/17/95	Audit of USAID/Pakistan s Grant Under PIL 59 A B & C for the Energy Planning and Development Project No 391 0478	106	UN
5 391 95 019 R	01/20/95	Audit of USAID/Pakistan s Grant Under PIL 46 of the Population Welfare Project to the Non Governmental Organizations Coordinating Council (NGOCC)	312	QC
5 391 95 020 R	02/03/95	Audit of USAID/Pakistan s Grant Under PIL 52 of the Population Welfare Project to the Non Governmental Organizations Coordinating Council (NGOCC)	119	UN
5 391 95 021 R	01/24/95	Audit of USAID/Pakistan s Grant Under PIL Nos 81 81A F 158 301 & 319 of the Irrigation System Management Research Project No 391 0467	171	QC
5 386 95 022 R	01/25/95	Audit of USAID/India s Grant to the Industrial Credit & Investment Corporation of India Ltd (PACT Division)	154	UN
5 386 95 023 R	01/25/95	Audit of USAID/India s Grant to the Industrial Credit & Investment Corporation of India Ltd (PACER Division)	7	QC
5 492 95 024 R	01/26/95	Audit of USAID/Philippines Grant Nos 492 0419 G SS 0164 00 492 0419 G SS 1197 00 492 0419 G SS 1240 00 492 0419 G SS 9021 00 492 0419 G SS 9112 00 492 0388 G SS 2018 00 & 499 0002 G SS 3122 00 With Ramon Aboitiz Foundation Inc	4	UN
5 492 95 025 R	01/26/95	Audit of USAID/Philippines Grant Nos 492 0419 G SS 0062 00 492 0419 G SS 1066 00 492 0419 G SS 9063 00 & 492 0419 G SS 2111 00 With Negros Economic Development Foundation Inc	36	QC
5 492 95 026 R	01/27/95	Audit of USAID/Philippines Grant No 492 0419 G SS 0122 00 With Microlink Philippines Inc	35	UN
5 492 95 027 R	01/27/95	Audit of USAID/Philippines Grant Nos 492 0419 G SS 1083 00 492 0419 G SS 1086 00 492 0419 G SS 2029 00 492 0470 G SS 3112 00 492 0395 G SS 3049 492 0395 G SS 3090 With Jaime V Ongpin Foundation Inc	36	QC
5 492 95 028 R		CANCELED	36	UN
5 492 95 029 R	02/08/95	Audit of USAID/Nepal Grant No 367 0159 G 00 2279 00 With United Mission to Nepal		
5 492 95 030 R	02/15/95	Audit of USAID/Philippines Grant Nos 492 0419 G SS 0134 00 & 492 0419 G SS 1095 00 With Notre Dame Educational Association		
5 492 95 031 R	02/17/95	Audit of USAID/Philippines Grant to Pilipinas Shell Foundation Inc		
5 492 95 032 R	02/15/95	Audit of USAID/Philippines Grant No 492 0395 G SS 2103 00 With Asia Rattan Manufacturing Co Inc		
5 492 95 033 R	02/17/95	Audit of USAID/Philippines Grant Nos 492 0419 G SS 0102 00 & 492 0388 G SS 2019 00 With Kauswagan Sa Timogang Mindanaw Foundation Inc		
5 492 95 034 R	02/27/95	Audit of USAID/Philippines Cooperative Agreement With Foundation for Resource Linkage and Development Inc		
5 492 95 035 R	02/27/95	Audit of USAID/Philippines Grants to Kapwa Upliftment Foundation Inc		

BU Better use of funds
 QC Questioned costs
 UN Unsupported costs

FINANCIAL AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings (\$000 s)	Type of Findings
5 492 95 036 R	02/27/95	Audit of USAID/Philippines Grant to Andres Soriano Corporation	--	-
5 497 95 037 R	03/01/95	Audit of USAID/Indonesia Grant Agreement With National Family Planning Coordination Board	106	QC
5 497 95 038 R	03/01/95	Audit of USAID/Indonesia Grant Agreement With the Bureau of Planning of the Ministry of Health	43	UN
5 391 95 039 R	03/03/95	Audit of USAID/Pakistan s Grants Under PIL 81 81B 81E and 320 of the Irrigation System Management Project to the Water and Power Development Authority	498	QC
5 383 95 040 R	02/28/95	Audit of USAID/Sri Lanka PVO Co Financing II Project No 383 0101 Grant No 5 With Central Council of Social Services Sri Lanka	31	UN
5 383 95 041 R	03/01/95	Audit of USAID/Sri Lanka PVO Co Financing II Project No 383 0101 Grant No 5 With Central Council of Social Services - Sri Lanka		
5 391 95 042 R	03/09/95	Audit of USAID/Pakistan s Grant No 391 0474 G 00 9512 00 to the National Management Foundation (NMF)	15	BU
5 391 95 043 R	03/09/95	Audit of USAID/Pakistan s Grants Under PIL 81(A) to (F) 240 and 240A of the Lower Indus Management and Reclamation Research Project to the Water and Power Development Authority (WAPDA)	76	QC
5 383 95 044 R	03/10/95	Audit of USAID/Sri Lanka Project No 383 0101 With Welfare Society for the School of the Mentally Subnormal Child	10	UN
5 391 95 045 R	03/13/95	Audit of USAID/Pakistan s Grant Under PIL 38 of the Population Welfare Project to the Ministry of Population Welfare (MPW)	256	QC
5 492 95 046 R	03/20/95	Audit of USAID/Philippines Grant to Philippine Exporters Confederation Inc	159	UN
5 492 95 047 R	03/20/95	Audit of USAID/Philippines Grants to Development of People s Foundation Inc	57	QC
5 383 95 048 R	03/21/95	Audit of USAID/Sri Lanka s Grant Agreement with Samata Sarana	38	UN
5 492 95 049 R	03/24/95	Audit of USAID/Philippines Grant No 492 0419 G SS 1180 00 With AVala Foundation Inc		
7 6SS 95 001 R	10/07/94	Audit of USAID s Grant to the Directorate of Public Health Family and Community Health Division (DPH DSFC) Under the Integrated Family Health Services Project in Malu (No 688 0227) from July 1 1991 to September 30 1993		
7 688 95 002 R	03/13/95	Audit of the Strengthening Research Planning and Research on Commodities (SPARC) Project No 688 0250 from January 1 1993 to February 28 1994	11	QC
			2	UN
-Audits Conducted by Other Federal Agencies-				
TR 95 001	10/13/94	Logical Technical Services Corporation	6	QC
TR 95 002	10/13/94	Tropical Research and Development Inc		
TR 95 003	10/13/94	PADCO Incorporated	6	QC
TR 95 004	10/13/94	Associates in Rural Development Incorporated	-	
TR 95 005	10/18/94	Creative Associates International Inc	-	
TR 95 006	10/18/94	ENCORP	-	
TR 95 007	10/20/94	Maria Elena Torano Associates (META) Incorporated		

BU Better use of funds
QC Questioned costs
UN Unsupported costs

FINANCIAL AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings (\$000 s)	Type of Findings
TR 95 008	10/20/94	Synetics Incorporated	-	
TR 95 009	10/20/94	Development Technologies Incorporated	9	QC
TR 95 010	10/20/94	Fomentco Incorporated	2	QC
TR 95 011	10/26/94	John Snow Incorporated	74	QC
TR 95 012	10/26/94	Arthur D Little Inc		
TR 95 013	10/26/94	PSI Marketing Associates Inc		
TR 95 014	10/26/94	International Resources Group Ltd	44	QC
TR 95 015	11/30/94	Labat Anderson Incorporated		
TR 95 016	01/26/95	The United States Export Council for Renewable Energy (US/ECRE)		
8 TR 95 001	10/03/94	World Bank Project Management Unit Ministry of Agriculture and Food Tirana Albania		
8 TR 95 002	10/03/94	Land Tenure Center Project Management Unit Tirana Albania		-
8 TR 95 003	11/09/94	International Foundation for Mother and Child Health Care Moscow		
8 TR 95 004	11/09/94	Russian Privatization Center Moscow Russia		
8 TR 95 005	11/09/94	Moscow Disabled Persons Club Moscow Russia		
8 TR 95 006	11/28/94	Moscow Charity House Moscow Russia		
8 TR 95 007	11/28/94	International Women s Center Moscow Russia		
8 TR 95 008	12/06/94	Interlegal Moscow Russia		
8 TR 95 009	12/14/94	International Committee for Economic Reform and Cooperation Bonn Germany		
8 TR 95 010	02/10/95	International Committee for Economic Reform and Cooperation Bonn Germany		
8 TR 95 011	02/22/95	Feed the Children Reading United Kingdom		

BU Better use of funds
QC Questioned costs
UN Unsupported costs

PERFORMANCE AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings (\$000 s)	Type of Findings
0 000 95 017	03/08/95	Audit of Internm Billings to USAID by Financial Markets International Inc Under Contract No 110 0005 C 00 4010 00	-	
1 525 95 001	11/29/94	Audit of USAID/Panama s Systems for Measuring Program and Project Results	--	
1 525 95 002	11/30/94	Audit of USAID/Panama s Monitoring and Evaluation of Project Activties	-	
1 519 95 003	12/21/94	Audit of USAID/El Salvador s Management of Cash Advances to Recipient Organizations	4 539	BU
3 612 95 001	11/07/94	Audit of USAID/Malawi s Accountability of Project Related Commodities During an Emergency Evacuation	-	
3 611 95 002	11/10/94	Audit of USAID/Zambia s Accountability of Project Related Commodities During an Emergency Evacuation	-	
3 623 95 003	11/16/94	Audit of REDSO/ESA s Management of Contractor Staffing and Salaries	-	
3 617 95 004	11/18/94	Audit of USAID/Uganda s Accountability of Project Related Commodities During an Emergency Evacuation	-	
3 611 95 005	12/09/94	Audit of USAID/Zambia s Management of Project Commodities	-	
3 613 95 006	01/13/95	Audit of USAID/Zimbabwe s Management of Cash Advances to Recipient Organizations	31	QC
3 674 95 007	03/17/95	Audit of USAID/South Africa s Management of the Support to Tertiary Education Project	-	
3 615 95 008	03/17/95	Audit of the Quality of MACS Data at USAID/Kenya	-	-
3 000 95 009	03/24/95	Status Report on USAID s Implementation of the Audit Management and Resolution Program (AMRP)	-	
3 000 95 010	03/30/95	Audit of Selected USAID Missions Management of Host Country Owned Local Currency	-	
5 497 95 001	11/25/94	Audit of USAID/Indonesia s Monitoring Reporting and Evaluation Systems	-	
5 493 95 002	12/21/94	Audit of the Quality of MACS Data at USAID/Thailand RSM/EA	-	
5 492 95 003	01/13/95	Information on the Local Overhead Rate of Dillingham Construction Inc Under Its Contract With USAID/Philippines	-	
5 367 95 004	03/14/95	Audit of the Quality of MACS Data at USAID/Nepal	-	
5 388 95 005	03/15/95	Audit of USAID/Bangladesh s Management of Project Funded Commodities	-	-
5 000 95 006	03/29/95	Worldwide Audit of USAID Controls Over Cost Sharing and Matching Contributions by Host Countries	-	
6 263 95 001	11/29/94	Audit of USAID/Egypt s Management of Project Related Participant Training	-	
6 263 95 002	01/19/95	Audit of USAID/Egypt s Management of Cash Advances to Recipient Organizations	239	BU
6 263 95 003	01/31/95	Audit of USAID/Egypt Commodities Procured for Power Projects	-	
6 263 95 004	02/09/95	Audit of the Quality of MACS Data at USAID/Egypt	-	
6 263 95 005	02/27/95	Audit of USAID/Egypt Contractor Staffing and Salaries	194	QC
6 263 95 006	03/16/95	Audit of USAID s Management of Contractor Staffing and Salaries	-	
7 683 95 001	10/21/94	Audit of USAID s Management of Project Funded Commodities in Niger	-	
7 635 95 002	11/28/94	Audit of USAID/The Gambia s Selected Programs and Internal Control Systems	-	
7 685 95 003	12/01/94	Audit of the Quality of MACS Data at USAID/Senegal	-	
7 624 95 004	02/13/95	Audit of USAID/Regional Economic Development Services Office for West and Central Africa s Contractor Staffing and Salary Awards	-	
7 688 95 005	02/17/95	Audit of the Quality of MACS Data at USAID/Mali	-	

BU Better use of funds
 QC Questioned costs
 L\ Unsupported costs

PERFORMANCE AUDIT REPORTS

<u>Report Number</u>	<u>Date of Report</u>	<u>Report Title</u>	<u>Amount of Findings (\$000 s)</u>	<u>Type of Findings</u>
8 110 95 001	10/07/94	Audit of the Department of Energy s Nuclear Safety Technical Assistance Activities in Russia and Ukraine	-	
8 000 95 002	11/28/94	Audit of the ENI Bureau s Monitoring Reporting and Evaluation System		
8 112 95 003	01/23/95	Audit of USAID s Monitoring of Legislative Restrictions on Assistance to Azerbaijan Under Its Cooperative Agreement With Save the Children Federation		-
8 186 95 004	01/31/95	Audit of the Romanian Agriculture Sector Support Program (Project Nos 180 0024 and 180 0048)		
8 186 95 005	02/22/95	Audit of Romania Energy Efficiency Activities (Project Nos 180 0015 and 180 0030)		
8 110 95 006	02/28/95	Audit of USAID/Caucasus Management of Activities Conducted by Save the Children Federation and Its Sub grantees in the Transcaucasia Project No 110 0001		
8 118 95 007	03/10/95	Audit of Selected Privatization and Restructuring Activities in Russia (Project No 110 0005)		
8 110 95 008	03/10/95	Audit of the ENI Bureau s Cooperative Agreement With World Learning Inc for Support to Non Governmental Organizations in the New Independent States of the Former Soviet Union		
8 118 95 009	03/17/95	Audit of ENI Bureau s Strategy for Managing Its Privatization and Restructuring Activities in Russia		
9 527 95 001	10/31/94	Audit of the Quality of MACS Data at USAID/Peru		
9 518 95 002	10/31/94	Audit of the Quality of MACS Data at USAID/Ecuador		
9 524 95 003	11/23/94	Audit of the Quality of MACS Data at USAID/Nicaragua		
9 511 95 004	11/30/94	Audit of the Quality of MACS Data at USAID/Bolivia		
9 000 95 005	12/15/94	Audit of USAID/Washington s Management of Cash Advances to Recipient Organizations	3 498	BU
9 000 95 006	02/03/95	Audit of USAID s Compliance With the Lobbying Restriction Requirements in 31 U S C 1352		
9 612 95 007	02/21/95	Audit of the Quality of MACS Data at USAID/Malawi		
9 000 95 008	02/28/95	Information on the Bureau for Global Programs Field Support and Research s Practices for Measuring Program Progress		
9 000 95 009	03/16/95	Worldwide Audit of USAID s Management of Cash Advances to Recipient Organizations		
9 000 95 010	03/17/95	Audit of the Integration of USAID s Information System		
9 000 95 011	03/17/95	Audit of the Bureau for Humanitarian Response s System for Measuring Program Results		

BU Better use of funds
QC Questioned costs
LN Unsupported costs

MISCELLANEOUS

<u>Report Number</u>	<u>Date of Report</u>	<u>Report Title</u>	<u>Amount of Findings (\$000 s)</u>	<u>Type of Findings</u>
1 522 95 001 Q	12/14/94	Audit of Project No 522 0334 Rural Roads Maintenance Managed by the Secretariat for Communications Public Works and Transportation from January 1 1993 to July 31 1994	-	-
1 520 95 002 Q	12/14/94	Audit of the Tropical Agriculture Research and Training Center s Indirect Cost Rate for the Year Ended December 31 1992	-	-
1 519 95 003 Q	02/22/95	USAID/El Salvador s Training for Productivity and Competitiveness Project Managed by the Business Foundation for Educational Development for the Year Ended December 31 1993	--	-
95 8 QCR 001	10/20/94	Quality Control Review of the Non Federal Audit of the Polish American Enterprise Fund s FY 1993 Financial Statements	-	-
95 8 QCR 002	10/20/94	Quality Control Review of the Non Federal Audit of the Bulgarian American Enterprise Fund s FY 1993 Financial Statements	-	-
95 8 QCR 003	10/21/94	Quality Control Review of the Non Federal Audit of the Czech/Slovak American Enterprise Fund s FY 1993 Financial Statements	-	-
95 8 QCR 004	11/15/94	Quality Control Review of the Non Federal Audit of Hungarian American Enterprise Fund s FY 1993 Financial Statements	-	-

BU Better use of funds
 QC Questioned costs
 U\ Unsupported costs

**AUDIT REPORTS ISSUED PRIOR TO START OF PERIOD
WITH NO MANAGEMENT DECISION
AT March 31, 1995**

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
0 000 93 001 N	Audit of Louis Berger International Inc Federal Contracts - July 1 1986 to July 31 1991	09/13/93	The report recommended resolving \$508 161 in questioned costs Contracting officers from various USAID offices are working to resolve the remaining \$16 000 in questioned costs	08/95
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	07/95
0 000 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	09/95
0 000 94 001 N	Development Alternatives Inc	10/29/93	The report recommended resolving \$529 551 in questioned costs The Agency is working to resolve the remaining \$453 000 in questioned costs	04/95
0 000 94 004	Direct Loan Program	06/30/94	Management expects to have deficiencies corrected by September 30 1995	09/95
0 000 94 023 R	Pathfinder International	10/22/93	The report recommended the Agency resolve \$6 595 in questioned costs The Agency has resolved \$4 125 and is in the process of resolving \$2 470	09/95
0 000 94 064 R	American Institute for Free Labor Development	01/07/94	The report recommended resolving \$300 000 in questioned costs The Agency is working with the audited institute to resolve the report recommendations	09/95
0 000 94 114 R	AFRICARE	04/08/94	The report recommended the Agency resolve \$49 426 in questioned related to costs which the grant limitation The Agency is working to resolve the recommendation	06/95
0 000 94 150 R	Partners in Economic Reform Inc	08/26/94	The report recommended the Agency determine if expenditures are allowable allocable and reasonable and ensure USAID is reimbursed for unallowable costs Request for closure was requested on 2/15/95 however documentation was insufficient to close	05/95
0 000 94 154 R	National Cooperative Business Association	06/07/94	The report recommended the Agency resolve \$8 548 in questioned costs The Agency is in the process of preparing a letter to the contractor	07/95

TABLE B

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
0 000 94 165 R	African American Institute	07/22/94	The report recommended the Agency identify unauthorized payments made to the Institute for graduate tuition and recover amounts considered to unallowable Background material is reviewed at this time	06/95
0 000 94 421 R	American University of the Caribbean	09/13/94	The report recommended ASHA determine the allowability of \$2 152 760 in construction and others costs in accordance with various grants	09/95
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 resolve about \$674 000 in discrepancies identified by the audit USAID/Kenya contracted for additional audits and financial reviews to assist in determining allowability of costs	04/95
3 632 94 044 R	Audit of Lesotho Ministry of Agriculture Cooperatives and Marketing	06/22/94	The report recommended that the Agency resolve \$12 977 in unsupported costs Mission officials are working with the auditee to determine the allowability of the remaining unsupported costs	05/95
5 438 94 009	Audit of Cash Transfer Program/Energy Sector Project	03/31/94	The report recommended that the Agency adopt several internal control techniques to improve overall program performance The Asia Bureau is working on a resolution to resolve the recommendation	04/95
6 263 94 016 N	Human Resources and Development Cooperative Project	06/27/94	The report recommended that the Mission resolve questioned costs of 142 840 The Mission is working on resolving the recommendation	06/95
7 677 93 009 N	Audit of the National Cereals 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	Unknown
7 664 93 009	Audit of USAID/Tunisia s Participant Training Program	09/21/93	USAID/Tunisia has referred the matter of the 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	Unknown
9 000 92 010	Audit of the Master Disbursing Account	09/02/92	The report recommended that the Agency correct fund control violations that have occurred in the master disbursing account This recommendation concerns a potential deobligation of funds the Agency is waiting to be informed of the amount of funds to be deobligated	06/95

TABLE B

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
9 000 94 011	Audit of Family Health International	07/29/94	The report required the grant officer to resolve \$1 287 314 in questioned costs The grant officer submitted a discussion draft which was not accepted because some of the accepted questioned cost were unallowable therefore the recommendation is unresolved until a decision is made on the disposition of questioned costs	05/95
TR 90 078	BCI Geonetics International	06/06/90	The report recommended the Agency recover from New Transcentury Foundation \$60 850 in ineligible subcontract billings made by BCI Geonetics International The Agency is awaiting settlement with the contractor	09/95
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	07/95
TR 93 104	Devres Inc	02/03/93	The report recommended that the Office of Procurement obtain evidence that the contractor corrected costs incorrectly posted and resubmitted 1989 indirect cost rates To date the Agency has not made a final management decision	07/95
TR 93 171	Kramer Associates Inc	03/29/93	The report recommended that the Office of Procurement resolve \$36 481 in questioned costs The Agency is awaiting a reply from the contractor	06/95
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 The Procurement Office is working with contractor to resolve the audit issues	06/95
TR 94 062	Construction Control Services Corporation	06/21/94	The report recommended that the Agency resolve \$253 367 in questioned costs The Agency is working to resolve these costs	08/95
TR 94 071	STV Group Inc	09/15/94	The report recommended that USAID/Pakistan resolve \$27 209 in questioned costs	06/95
TR 94 072	Scientex Corporation	09/15/94	The report recommended the Agency resolve questioned costs of \$23 000 in questioned costs representing payments from two leases that should have been capitalized and depreciated over the life of the asset	07/95

**SIGNIFICANT AUDIT REPORTS DESCRIBED IN PREVIOUS
SEMIANNUAL REPORTS WITHOUT FINAL ACTION
AT March 31, 1995**

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	05/95
9 000 93 004	Audit of the Office of Procurement s Management of the Award and Administration of Technical Services Contracts	3/31/93	09/21/93	04/95
9 000 93 006	Audit of A I D s Accounts Receivable	08/31/93	03/31/94	06/95
3 663 94 006	Audit of Management of PL 480 Title II Regular Programs	03/18/94	09/15/94	05/95
5 492 94 017	Audit of USAID/Philippines Management of Cash Advances to Recipient Organizations	08/31/94	12/19/94	06/95
6 263 94 006	Audit of USAID/Egypt s Management of Host Country Owned Local Currency	06/05/94	09/30/94	06/95
6 26 94 008	Audit of the Operation and Maintenance of USAID/Egypt Water and Wastewater Projects	08/30/94	08/30/94	05/95
8 110 94 014	Audit of Activities to Improve Crop Storage Systems in the New Independent States	08/31/94	08/31/94	04/95
9 000 94 012	Audit of USAID s Policies and Procedures Over USAID/Jordan s Private Sector Commodity Import Program	07/29/94	07/29/94	05/95

REPORTS ISSUED WITH QUESTIONED AND UNSUPPORTED COSTS
October 1, 1994 through March 31, 1995

(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 1994	82	\$41 240 ^{2 3}	\$14 902 ²
Add Reports issued October 1 1994 through March 31 1995	90	\$17 108 ⁴	\$9 378
Subtotal	172	\$58 348	\$24 280
Less Reports with a management decision made October 1 1994 through March 31 1995	97	\$23 489 ^{5 6}	\$13 659 ^{5 6}
For which no management decision had been made as of March 31 1995	90	\$34 859 ⁷	\$10 621
For which no management decision was made within six months of issuance	21	\$20 129	\$2 806

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

² Amounts include \$5 893 236 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 1994 (\$41 095 251) was increased by \$145 188 in Questioned Costs to reflect increases in the amount of recommendations contained in seven reports

⁴ Amounts include \$142 111 in Questioned Costs for audits performed for the IG by other federal audit agencies

⁵ Agency Officials disallowed \$4 315 171 in Questioned Costs (\$1 780 345 in Unsupported Costs) cited in 70 reports Agency Officials did not sustain \$19 174 055 in Questioned Costs (\$11 878 390 in Unsupported Costs) cited in 73 reports

⁶ Amounts include \$5 434 835 in Questioned Costs (\$5 013 550 in Unsupported Costs) for audits performed for the IG by other federal audit agencies

Amounts include \$600 512 in Questioned Costs for audits performed for the IG by other federal audit agencies

**REPORTS ISSUED WITH RECOMMENDATIONS THAT
FUNDS BE PUT TO BETTER USE
October 1, 1994 through March 31, 1995**

(Dollars in Thousands)

REPORTS ..	NUMBER OF AUDIT REPORTS	DOLLAR VALUES
For which no management decision had been made as of October 1 1994	13	\$173 392 ¹
Add Reports issued October 1 1994 through March 31 1995	6	\$8 292
Subtotal	19	\$181 684
Less Reports with a management decision made October 1 1994 through March 31 1995	20	\$181 012 ²
For which no management decision had been made as of March 31 1995	4	\$672
For which no management decision was made within six months of issuance	3	\$657

¹ The ending balance at September 30 1994 (\$3 620 516) was increased by \$169 771 141 to reflect increases in the amounts of the recommendations contained in six reports

² Agency Officials agreed with \$179 450 662 in actions cited in 11 reports and Agency Officials did not agree with \$1 561 255 in actions cited in seven reports

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