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SEMIANNUAL REPORT TO THE CONGRESS

OCTOBER 1, 1995 - MARCH 31, 1996

INSPECTOR GENERAL

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INSPECTOR GENERAL

MISSION

To promote and preserve the effectiveness, integrity, efficiency, and security of the U.S. Agency for International Development

USAID

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U S AGENCY FOR
INTERNATIONAL
DEVELOPMENT

Office of
Inspector General

April 30, 1996

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

Dear Mr. Atwood.

Enclosed is my Semiannual Report to the Congress for the period ending March 31, 1996

USAID faces a considerable challenge in developing and implementing a new accounting system Few, if any, of the system's procedures and internal controls have been documented and none have been subjected to audit USAID's failure to meet the Office of Management and Budget's March 1, 1996 deadline for fiscal year 1995 audited financial statements is being addressed However, problems with the development and implementation of the Agency's new accounting system could result in a failure to meet the requirement of a consolidated, audited financial statement for fiscal year 1996

The OIG will continue to work with USAID management to meet the reporting requirements of the Chief Financial Officers Act and the Government Management Reform Act and to improve Agency operations.

Sincerely,

Jeffrey Rush, Jr.
Inspector General

Enclosure
As stated

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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

Reporting Requirement	Page Reference(s)
(1) Significant Problems, Abuses and Deficiencies	3-24 and 27-30
(2) Recommendations for Corrective Action	3-24
(3) Significant Prior Recommendations on Which Corrective Action Has Not Been Completed	43 (Table C)
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EXECUTIVE SUMMARY

During this six-month reporting period, the Office of Inspector General (OIG) reviewed and distributed 108 financial audit reports, issued 28 performance audit reports, initiated 38 investigations, and brought 48 investigations to closure Summary audit results include $7 1 million in questioned costs, $1 4 million in recommendations that funds be put to better use, $1 6 million in costs that management agreed to recover, and, $1 6 million in costs that management agreed to sustain Investigative results include monetary recoveries of $1,456,753, 14 referrals to the Department of Justice, 1 conviction, 2 personnel terminations, and 76 administrative referrals for action

USAID has seven accounts subject to the requirement of audited financial statements We were unable to produce audited financial statements by March 1, 1996, as required by the Office of Management and Budget USAID is currently in the process of replacing its existing non-integrated accounting systems with a new integrated financial accounting and reporting system This new system—known as "AWACS"—is crucial to USAID and its ability to improve internal management and to meet its external financial reporting requirement for fiscal year 1996 under the Government Management Reform Act The Agency did not begin to use its new accounting system in October 1995 as promised The system's development and implementation stages are being carried out simultaneously, and operational procedures and controls have yet to be documented

SIGNIFICANT ACTIVITIES — AUDITS

During this reporting period, the Office of Inspector General (OIG) reviewed and distributed 108 financial audit reports and issued 28 performance audit reports Although seven audits under the Chief Financial Officers (CFO) Act were due this period, none were issued because of delays by the U S Agency for International Development (USAID) in preparing timely financial statements The 108 financial audit reports consist of 31 Agency-contracted audits, 73 recipient-contracted audits (both types completed under contract by independent public accounting firms), and 4 audits of USAID grantees conducted by the Defense Contract Audit Agency (see Table A)

Under the Federal Acquisition Regulations and USAID's own internal policies and procedures, the Agency is required to obtain appropriate and timely audits of its contractors and grantees Under the provisions of the Inspector General Act of 1978, as amended, the Inspector General must conduct, supervise, and coordinate audits relating to the programs and operations of the Agency In carrying out this responsibility, the Inspector General oversees the quality of all financial audits completed by independent accounting firms under contract with USAID or its grant/contract recipients OIG also monitors audits of several direct government-to-government agreements, some of which are now conducted by Supreme Audit Institutions (local audit agencies of recipient countries) Recipient-contracted audits include annual organizational audits of all U S -based grantees (under our A-133 Program) and foreign-based grantees Agency-contracted audits are generally grant/contract agreement-specific audits

Performance audits issued by the OIG are conducted according to a systems-oriented approach While our audits traditionally have been "reactive", rather than "pro-active", we are now placing greater emphasis on assisting USAID in preventing problems before they occur The OIG determines whether USAID is managing for results, i e , measuring whether the Agency's programs and projects are achieving the intended results In auditing for program results, the OIG assesses whether the Agency has in place effective monitoring systems and controls for measuring program performance, in addition to reviewing the Agency's compliance with policies and procedures

The audit findings recommended that $7 1 million in questioned costs be resolved Of this amount, $5 0 million were ineligible and $2 1 million were unsupported Questioned costs are comprised of potentially ineligible expenditures which are expenditures that are not permitted by law or regulation, unnecessary or unreasonable, or not properly supported These costs are referred to the appropriate Agency official for final resolution The audits also recommended $1 4 million in deobligations, reprogramming of funds, and other actions

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that would put funds to better use [1] Agency management resolved or closed audit recommendations totaling $3 2 million by agreeing to recover $1 6 million in questioned costs and put the remaining $1 6 million to better use

The OIG'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 decisions[2] on monetary findings of $14 9 million identified in internal audit reports Of this total, $1 7 million was sustained[3] ($1 5 million in funds to be put to better use and $0 2 million in questioned costs)

- USAID officials made management decisions on monetary findings of $17 4 million identified in financial audit reports completed by independent public accountants and other governmental audit agencies Of this total, $1 4 million was sustained ($0 1 million in funds to be put to better use and $1 3 million in questioned costs)

- USAID management recovered or saved a total of $26 5 million by increasing efficient measures as a result of audit work in this and prior periods ($2 9 million from OIG internal audit reports and $23 6 million from external audit reports)

- Funds valued at $27,000 were recommended to be put to better use and $34 9 million in questioned costs had yet to be resolved by USAID management

- USAID agreed to $8 3 million in questioned costs and $16 4 million in funds recommended to be put to better use

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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

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 by management to be allowable or efficiently used

FINANCIAL AUDIT PROGRAM

The OIG's financial audit program comprises financial statement and financial-related audits of various USAID accounts and activities, contractors, enterprise funds, and grantees, as well as quality control reviews of audits done by independent public accountants A complete discussion of this and the OIG's financial-related work follows

— *Financial Statement Audits* —

Financial statement audits report whether the audited entity's financial statements present fairly the financial position, results of operations, and cash flows or changes in financial position Financial statement audits also assess the entity's internal controls and compliance with laws and regulations, although only those findings determined to be material are reported on The audit renders an opinion on the fairness of the financial statements which can be

- Unqualified—issued when no material exceptions are found,
- Qualified—issued when material exceptions are found,
- Adverse—issued when the financial statements are materially misstated, or internal controls are not adequate, or
- Disclaimed—when the auditor is unable to render an opinion due to inadequate or unattainable records which prevent the audit from being completed

Since 1991, audits of financial statements have been required for seven USAID accounts (or *entities),* under the CFO Act of 1990 Effective fiscal year 1996, the Government Management Reform Act (GMRA) requires that the individual financial statements of these entities be combined with other accounts into one consolidated financial statement encompassing all of USAID's programs and activities

A detailed discussion of USAID's compliance with these Acts follows

Chief Financial Officers Act

The CFO Act requires most major U S government agencies to submit audited financial statements of all revolving funds, trust funds, and commercial operations Under this Act, USAID is required to submit audited financial statements of seven entities' accounts and activities for fiscal year 1995 None of the seven audits were completed during this reporting period A discussion of our CFO audit activities follows

Status of Fiscal Year 1995 CFO Audits

According to guidance established by the Office of Management and Budget (OMB), USAID was required to prepare and submit audited financial statements covering its seven revolving and trust funds for fiscal year 1995, by March 1, 1996—four months earlier than the due dates of prior years To encourage agencies' compliance with this earlier due date, OMB gave notice that no requests for waivers beyond March 1 would be approved USAID established targeted dates by which it was intended that all financial data would be submitted to the OIG USAID, however, did not submit the necessary financial information to the OIG by the dates agreed to and, as a result, the audits were not completed within OMB's deadline

The Agency provided the OIG with financial statements for five of the seven entities during the reporting period The final audit reports for four of the five statements received were subsequently issued on April 1, 1996 and the remaining statement is still under review The Agency was still preparing the financial statements for the remaining two entities (Direct Loan and Micro/Small Enterprise Development Fund) as of March 31, 1996 The CFO has stated that these financial statements will be provided to the OIG in sufficient time to issue the audited statements by June 30, 1996

The following table shows the audit opinions rendered for each of USAID's entities since the inception of the CFO Act

Results of CFO Audits To Date
Fiscal Years 1991 — 1995

AUDIT ENTITY	1991	1992	1993	1994	1995
Direct Loan	—	Disclaimer	Disclaimer	Disclaimer	—
Housing Guaranty Program	Disclaimer	Unqualified	Unqualified	Unqualified	—
Micro & Small Enterprise Development Fund	Disclaimer	Unqualified	Unqualified	Unqualified	—
FSN Separation Pay Trust Fund	—	—	Unqualified	Unqualified	Unqualified*
Property Management Fund	—	—	—	Unqualified	Unqualified*
Misc U S Dollar Trust Fund	—	Disclaimer	Disclaimer	Disclaimer	Disclaimer*
Loan Guaranty to Israel	—	—	—	Unqualified	Unqualified*

* Reports issued on April 1, 1996

Working Towards Agency-Wide Financial Statements

The Agency is working towards next year's Agency-wide financial statement, however, delays in USAID's submission of the individual entity statements for fiscal year 1995 may also cause delays in the preparation of the consolidated financial statement of fiscal year 1996 The audited financial statement is due to OMB March 1, 1997

To generate the first consolidated financial statement, USAID is relying on a new integrated financial accounting system known as the AID-Worldwide Accounting and Control System (AWACS) This new system is intended to replace 11 outdated non-integrated systems currently operating in 44 USAID accounting centers worldwide Although the new system is still in the development stage, the CFO is moving forward with implementing AWACS with the intention of compiling the financial statements in time to meet the reporting deadlines The design and controls of AWACS have neither been documented nor tested

Prior audits have disclosed the Agency's existing non-integrated accounting systems to be inefficient and cumbersome They do not permit the generation of accurate, complete, or timely financial data necessary for consolidated financial statement reporting The systems, which have been cited as unauditable in several audit reports and as a material weakness in the Agency's Federal Managers' Financial Integrity Act (FMFIA) report, are not capable of compiling data in the required OMB format (i e , reporting expenditures by object class code), nor do they reflect receivable balances for USAID's guaranteed and direct loan programs Examples of problems with these existing systems, as identified in USAID's December 1994 Auditability Self-Assessment and the fiscal year 1995 FMFIA report, include

- foreign currency accounts and worldwide accounts receivable are not reflected in the general ledger,
- an effective system of accounting for non-expendable property does not exist,
- data reconciliations are not timely,
- standardized, documented financial management policies/procedures do not exist,
- the Direct Loan Program—the Agency's largest asset of approximately $14 billion—does not have an effective system of internal control (a disclaimer of opinion has been issued on its financial statements for fiscal years 1992, 1993, and 1994),
- subsidiary ledgers do not agree to the general ledger, and
- the general ledger does not balance

Not only have these non-integrated systems frequently proven incapable of generating accurate and timely financial reports, but they also contribute to USAID vulnerability to funds control violations and to waste, fraud and abuse of Agency funds

Considering this situation, the Agency's ability to meet its financial reporting requirements is clearly contingent upon the successful adoption of an integrated—and reliable—financial accounting and reporting system Unfortunately, the Agency has not yet demonstrated that AWACS is a reliable system capable of producing accurate accounting data Issues supporting this assessment include

- basic system controls and procedures do not exist,
- systemic weaknesses exist, including a lack of edit controls over data entry and duplicative functions (as observed by the OIG during the recording of transactions into AWACS), and
- the quality and quantity of documentation ranges widely and data is often either inadequate or non-existent (as asserted by staff of the Office of Financial Management)

Notwithstanding the question of AWACS's reliability, severe implementation delays further suggest that the system may not be operational in time to prepare the consolidated fiscal year 1996 financial statement Critical milestone dates for bringing the system on-line have been missed and basic internal controls are lacking Originally scheduled to be fully operational by October 1, 1995, the implementation of AWACS in Washington and in all of the Agency's 44 accounting centers worldwide has yet to take place

Planning for the Fiscal Year 1996 Agency-Wide Audit

The OIG has drafted a plan for the audit of USAID's fiscal year 1996 financial statements as required by the OMB This plan, however, is very broad in nature because the system for generating the financial statements to be audited is not yet operational All planning efforts have been further hindered by the lack of documented internal controls and procedures for the new system currently being implemented

The Agency's financial management staff have offered to provide *interim* financial statements to the OIG so that at a very minimum, the management, internal control, and automated systems intended to be used for the year-end statements can be reviewed The financial management staff have stated, however, that these interim statements would likely not be produced by the new financial management system (AWACS), nor would the statements include such major asset classes as accounts and loans receivable and property, plant, and equipment Without complete financial statements prepared by AWACS, the OIG cannot proceed with the further development of a more precise audit plan

The New Management System

According to the Agency plans, the New Management System (NMS) will be comprised of six different modules AWACS, Acquisition and Assistance, Budgeting, Operations, Personnel, and Property The OIG had planned reviews and audits of the NMS during this reporting period, however, the Agency was unable to provide the information necessary to conduct any of the reviews As with AWACS, USAID is also experiencing implementation delays in bringing the other components of the NMS on line

— *Financial-Related Audits*—

Financial-related audits differ from financial statement audits in that they are designed primarily to determine whether costs charged to the government are fair, reasonable, adequately supported, allowable, and allocable, in accordance with the terms of an agreement or government regulations These audits may also determine the adequacy of contractor's accounting systems and internal controls, and compliance with USAID's management practices, controls, functions, or systems Financial-related audits include fund or cost accountability audits (or *incurred cost* audits) and contract/grant pre-award and closeout audits

The Agency is required by the Federal Acquisition Regulations and its own internal policies and procedures to obtain appropriate and timely audits of its contractors and grantees Under the provisions of the Inspector General Act of 1978, as amended, the Inspector General determines when it is appropriate to use non-Federal auditors and takes steps to ensure their work complies with standards established by the Comptroller General

In carrying out its responsibilities under the Inspector General Act, the OIG not only oversees the audit work of non-Federal auditors (independent public accounting firms) but also Supreme Audit Institutions (generally Auditors General or their equivalent) which audit USAID grants and contracts to foreign organizations and governments

Recipient-Contracted Audits of U S -Based Grantees

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 conducted in compliance with generally accepted government auditing standards This responsibility is fulfilled by reviewing the work of the independent public accounting firms contracted for by the grantee

During this reporting period, 47 A-133 audits (for grants totaling $354 million) were completed for U S grantees receiving $1 million or more in USAID funds The OIG reviewed all the reports, and selected six reports to undergo a Quality Control Review (QCR) QCRs consist of thorough reviews of the final report and the audit working papers in order to determine compliance with generally accepted government auditing standards The six audits that reviewed grants totaling over $96 million in expenditures from USAID were found to have been done according to standards Summaries of two of these QCRs follow

Audit of Citizens Network for Foreign Affairs for the year ended December 31, 1994 — This quality control review was done in response to a complaint made by a sub-grantee on the improper disallowance of incurred costs The OIG examined the working papers supporting the audit's conclusions and determined that the costs were, in fact, appropriately disallowed while also confirming that the audit had been performed according to standards

Audit of A T International for the Year Ended December 31, 1993 — Although the OIG concluded that the auditors generally followed standards, two additional issues were identified during the OIG's review 1) inequitable allocations of indirect cost charges by the grantee, and 2) errors in allocating the grantee's cost sharing requirements Both matters were brought to the attention of Agency management and are in the process of resolution

Recipient-Contracted Audits of Foreign-Based Grantees

Recipient-contracted audit reports for foreign-based grantees are received at the regional OIG offices located overseas Similar to the OIG reviews under the A-133 program, the regional offices review final audit reports and select a sample of reports for desk reviews and quality control reviews of the audit workpapers During this reporting period, a total of 59 reports were selected from a universe of approximately 150 audit reports The 59 covered a total value of about $116 million The results of some of the more significant reports follow

Audit of the South African Legal Resources Trust for the Period April 1, 1993 to March 31, 1994 — This audit found that audited costs of almost $190,000 were not properly supported by documentary evidence USAID management agreed to review these unsupported costs and collect any amounts determined to be unallowable *(Audit Report No 3-674-96-039-R)*

Audit of Two Grants to Yayasan Wahana Lingkungan Hidup Indonesia — The audit found that the grantee's accounting system failed to account for over $267,000 of USAID funds expended during the audit period (from a total of $600,000) After reviewing the costs, USAID management verified that 99 percent of the costs had been properly spent Management also worked with the grantee to improve its accounting system and prevent similar occurrences in the future The QCR performed by the OIG verified that the audit was conducted according to standards *(Audit Report No 5-497-96-002-R)*

Agency-Contracted Audits

An Agency-contracted audit is a financial audit of a specific USAID-funded grant or contract wherein the OIG manages independent public accountants and issues the resulting audit report Agency management requests the OIG to contract for such audits upon a contracting officer's or USAID Mission Director's determination that an audit is necessary for a particular grant or contract The OIG reviews the request and makes the final determination on whether to proceed with the audit All contracts and grants funded by USAID are subject to Agency-contracted audit USAID currently has approximately 9,000 active agreements valued at approximately $23 billion During this reporting period, the OIG issued 31 Agency-contracted audits covering $87 million These audits identified $6 5 million in questioned costs, such as those described in the following report summaries

Audit of the National Bank for Development, Local Expenditures Incurred Under the Small Enterprise Credit Project (USAID/Egypt Grant)

The OIG contracted an independent public accounting firm to audit the propriety of costs incurred by the Egyptian National Bank for Development (NBD) as of October 31, 1994 The audit also evaluated NBD's internal controls and compliance with applicable laws, regulations and grant terms as necessary in forming an opinion on the NBD's Fund Accountability Statement

Of the $3,470,013 total expenditures incurred during the period, the audit identified $1,023,040 in questioned costs billed to USAID These questioned costs related to ineligible or unsupported expenditures for salaries, vehicles, office equipment and furniture, training, and other direct costs The report also noted one reportable condition in NBD's internal controls and two instances of material noncompliance Two OIG recommendations were addressed to the USAID mission in Egypt, one of them had been resolved as of the report's distribution *(Audit Report No 6-263-96-001-N)*

Audit of the Society for the Care of the Handicapped in the Gaza Strip (USAID West Bank/Gaza Cooperative Agreement/Grant)

The OIG contracted an independent public accounting firm to perform a financial audit of the Society for the Care of the Handicapped in the Gaza Strip's ("Society") expenditures of $9,110,283, as of January 31, 1995 The audit evaluated the propriety of costs incurred during this period and the Society's internal controls and compliance with applicable laws, regulations and cooperative agreement terms, as necessary in forming an opinion regarding the Society's Fund Accountability Statement

The auditors questioned $1,521,005 of costs funded by the cooperative agreement These costs related primarily to salaries, travel, equipment and furnishings, overhead, research, and other direct costs determined to be ineligible or unsupported The auditors also identified a material weakness and three reportable conditions related to the Society's internal control structure and three instances of material noncompliance with agreement terms and/or applicable laws and regulations The OIG made three recommendations for the USAID mission in Egypt to resolve the problems identified The recommendations were unresolved at the time of the report's distribution *(Audit Report No 6-294-96-006-N)*

Audit of USAID/Mozambique Contract and Host Country Contract with Enge-Rio

The OIG contracted an independent public accounting firm to audit Enge-Rio's expenditures of $5,647,614 under both contracts The purpose of the audit was to evaluate the propriety of costs incurred and to evaluate Enge-Rio's internal controls and compliance with applicable laws, regulations and grant terms, as necessary in forming an opinion regarding the Fund Accountability Statement

The auditors issued adverse opinions on Enge-Rio's Fund Accountability Statements and questioned $1,124,007 in costs billed to USAID by Enge-Rio The questioned costs related primarily to salaries, travel, benefits, indirect costs and other direct costs which were ineligible or unsupported The auditors also reported one material instance of noncompliance Two OIG recommendations were addressed to the USAID mission in Mozambique Both recommendations related to questioned costs were unresolved at the time of the OIG's review and distribution of the audit report *(Audit Report No 3-656-96-001-N)*

In addition to controlling the quality of work done by independent accounting firms, OIG staff occasionally perform financial-related audits of contractors and grantees in order to ensure the proper use of funds received under USAID's contract or grant These audits are referred to as "Incurred Cost" audits The following incurred cost audit was issued during this reporting period

Audit of Costs Incurred by the Vietnam Veterans of America Foundation (USAID Grant)

The OIG audited selected costs of a USAID grant to the Vietnam Veterans of America Foundation (VVAF) VVAF, which has received two grants from USAID, is a registered non-profit charitable organization incorporated in 1980 by combat veterans of America's war in Vietnam Its primary goals are to work towards reconciliation with the countries of Indochina, provide humanitarian assistance to war victims, and to develop educational programs aimed at the avoidance of future wars

The audit was conducted to determine whether $4,575,586 in selected costs incurred by VVAF were reasonable, allocable and allowable, in accordance with the terms of the USAID grant agreement The OIG identified $138,598 in questioned costs and determined that VVAF had not provided $500,197 of its required cost-sharing contribution USAID's decision to forego a pre-award survey and to permit VVAF significant latitude in spending USAID funds placed these funds at a higher level of risk The audit also reported weak internal controls over expenditures related to severance and contract termination pay, credit card usage, travel and procurement

The audit recommended that USAID determine the allowability of the questioned costs and recover any unallowable amounts billed to USAID under the grant, as appropriate It was also recommended that USAID ensure that VVAF improve management controls over expenditures and meet its cost-sharing requirements USAID and VVAF management generally agreed with the audit's findings and recommendations

Prior to the end of audit fieldwork, VVAF made a $34,141 billing adjustment to USAID for part of the $138,598 in questioned costs Of the remaining $104,457 being questioned, USAID's grant officer determined that $54,373 was unallowable and is pursuing recovery of these funds from VVAF USAID's grant officer also provided the OIG with evidence that VVAF has tightened management controls and has met its cost-sharing requirements Both of the recommendations were closed upon report issuance (*Audit Report No 0-000-96-001*[1])

[1] Included as a Performance Audit in Table A since this was a financial-related audit with performance aspects completed in-house by OIG staff

PERFORMANCE AUDIT PROGRAM

We issued 28 performance audit reports during the first half of fiscal year 1996 Traditionally, many of our audits have assessed Agency compliance with policies and procedures The audits issued this period focused more on program effectiveness and results Where audits have focused on identifying mistakes after they have happened, greater emphasis is now being placed on assisting USAID in preventing problems before they occur

For example, the OIG initiated a series of audits to assist the Agency in determining how effectively it manages funds available for operating expenses Specifically, these audits assessed whether millions of dollars of USAID's unexpended operating funds, obligated for specific purposes, were still needed The audits have so far identified nearly $2 million in unexpended operating funds which USAID can deobligate and use for other purposes These audits were particularly timely during a period of shrinking budgets, i e , USAID's annual appropriation of funds for fiscal year 1996 was $700 million less than fiscal year 1995 With dwindling resources, the Agency has been forced to make dramatic changes in the way it operates These audits have helped USAID mitigate, to some extent, reductions in its operating budget

The following section highlights the above audits and several other significant performance audits issued by the OIG this period

Monitoring the Private Sector Commodity Import Program in Egypt

An audit was conducted of Egypt's Private Sector Commodity Import Program (CIP) which provides $200 million foreign exchange annually for financing the importation of goods and equipment from the United States As of March 31, 1995, cumulative expenditures under this program totaled $1 2 billion The audit found that, in response to a 1994 program evaluation, USAID/Egypt had improved its commodity arrival and receipt systems The systems now provide reasonable assurance that U S -financed commodities are received and used as intended Although the ten-year project is scheduled for completion in August 1996, a follow-up CIP program has already been approved The audit made no recommendations *(Audit Report No 6-263-96-004)*

USAID's Management of Funds Available for Operating Expenses

Federal law and USAID procedures require that funds which are obligated, but not expended, be reviewed periodically to determine if they are still needed If not needed, they are to be "deobligated" so that they can be made available for other purposes The OIG initiated a series of worldwide audits to assess whether USAID reviews its unexpended

operating funds to determine whether obligations of those funds were still needed These audits were to be conducted at USAID offices in Washington and at selected overseas missions As of the end of this reporting period, audits in six overseas locations had been completed Egypt, West Bank/Gaza, Senegal, Kazakstan, Namibia, and the Regional Financial Management Center/Central and Eastern Europe (RFMC/CEE) office in Budapest, Hungary which accounted for USAID activities in ten countries

The audits identified about $1 7 million in unexpended obligations for operating expenses that were no longer needed and could be deobligated In some cases, the unneeded obligations represented a significant percentage of funds reviewed For example, in Egypt, about $930,000 (or 50 percent) of $1,850,000 million could be deobligated In Kazakstan, the controller's office was deobligating funds no longer needed, but did not make those deobligated funds available to USAID/Washington as required In Hungary, the regional accounting center had not been conducting required reviews of obligations for at least two years because all prior year disbursement transactions had not been reconciled Summary details from the audits are shown below

Recommended Deobligations of Operating Expense Funds

USAID/Office Audited	*Unexpended Obligations as of 9/30/95*	*Amounts Reviewed During Audits*	*Amounts Deobligated as a Result of Audits*
Egypt	$3,071,314	$1,850,000	$929,918 *
West Bank/Gaza	2,008,928	1,017,412	296,268
Senegal	1,847,857	512,020	107,423
Kazakstan	2,998,561	630,516	248,507
Namibia	358,681	238,057	18,876
RFMC/CEE **	3,905,003	372,077	83,728
Totals	$14,190,344	$4,620,082	$1,684,720

* *This $929 918 includes $447,273 deobligated by the Mission in November 1995, after the audit began, and $482 645 recommended for deobligation by the audit*

** *The audit of this regional accounting center included unexpended obligations for ten Central and Eastern European countries–Albania Bosnia-Herzegovina, Bulgaria Croatia, Hungary, Macedonia, Romania, Slovenia, Switzerland, and Yugoslavia*

As a result of the operating expense audits completed to date, USAID has deobligated nearly $1 7 million in unexpended operating expense obligations *(Audit Report Nos 6-263-96-006, 6-294-96-007, 7-685-96-003, 8-115-96-005, 3-673-96-004, and B-180-96-001)*

USAID's Patent Reporting, Disclosure and Procurement

USAID provides funds for research and development activities in a variety of fields These research and development activities (estimated at $342 million in fiscal year 1993) often lead to inventions and patents Under the Bayh-Dole Act, which defines patent invention rights for inventors and for the U S government, USAID has the right to receive credit for funding important technology advancements and to purchase the patented item at a cost free of royalties The Agency, however, has not established controls to ensure that its interests in technologies have been recorded or that important public rights have been safeguarded

An audit of USAID's controls over patents reported that the majority of research grant recipients did not submit invention disclosure reports to the Agency as required, nor had the government's rights to the patent filings been disclosed The audit also found that royalty information (as required by the Federal Acquisition Regulations) was not being received by the Agency Also, because USAID had not asserted the government's rights to the patented items it acquired, royalties may have been paid unnecessarily For example, the Agency had not required royalty information for any of the three contract solicitations for contraceptives totaling $17 7 million—even though the Agency spends millions of dollars in research developing new contraceptive methods and nearly $163 million annually to procure contraceptives

The future savings to USAID (as well as other federal agencies) by not paying royalties for direct commodity purchases in the future could be substantial Likewise, the potential exists for substantial savings in royalties for indirect purchases by grantees and contractors—representing a large percentage of USAID purchases Based on our recommendation for a legal opinion in this matter, USAID General Counsel concluded that patent rights should be extended to include indirect purchases by grantees and contractors

The OIG recommended that USAID develop controls to ensure that patent rights for items invented with Agency funds are identified, disclosed, and utilized to reduce the cost of procuring such items for USAID, and possibly its recipients and contractors, as well as other federal agencies Agency management agreed with the need for preventive and corrective actions in this area and agreed to resolve all issues addressed in the audit report Three of the six recommendations were resolved upon report issuance *(Audit Report No 9-000-96-001)*

P L 480 Title III Program in Mozambique

In an effort to help alleviate poverty and liberalize commodity markets in Mozambique, the United States donated over 458,000 metric tons of commodities under the P L 480 Title III Program These commodities (mostly grain), valued at $88 million, were donated to the Government of Mozambique between 1991 and 1994 on the condition that the

commodities be used to generate local currency for the purpose of funding various governmental ministries, as well as supporting private voluntary organization activities

An audit of this program found that USAID had established a system to monitor the receipt, storage, and sale of commodities as required by Agency policies and procedures, however, the following problems were reported

- poor quality commodities, subsequently determined by USAID management to be "unfit for human consumption," arrived in Mozambique, resulting in a loss of $8 million for purchase, transport and disposal costs, and

- pilferage of $1,376,378 worth of commodities occurred at Mozambique ports during the unloading of shipments—often in plain view of port security guards

USAID in Mozambique had complained about the poor quality of commodities being received and the U S Ambassador had reported that the shipments had 1) a higher moisture content than allowed under regulations, and 2) insect infestation so bad that the entire cargo and ship had to be fumigated several times A response from USAID and the U S Department of Agriculture in Washington stated the cause for this problem as the floods of the Mississippi watershed and suggested that the Mission upgrade its standard specifications for corn transports to Mozambique The Mission did so and the quality of commodities has since improved The audit made no recommendations in this area

Regarding the commodity thefts, the audit recommended that USAID condition future shipments of P L 480 Title III commodities on improvements in port security, warehouse facilities, and operating procedures for the handling of bulk grain commodities in order to minimize the opportunity for future thefts The Mission agreed and has suspended a shipment of 18,000 tons of corn (and all future shipments) until such improvements are made The Mission is also requesting that the Government of Mozambique compensate the U S government for the loss

The audit could not assess whether local currency generated from the sale of commodities was used for its intended purposes because the Mission had not assessed the reliability of the Mozambique government's accounting systems, nor had audits been performed on local currency expenditures The Mission stated that a previously scheduled assessment had been postponed due to the signing of Mozambique's UN-brokered peace accord in 1992 and the first multi-party elections in October 1994 In addition, the Government of Mozambique's principal audit agency was considered incapable of conducting the audits The OIG recommended that the Mission conduct an accountability assessment and financial audits as required If the local audit agency cannot be relied upon, independent public accounting firms or other alternative means should be pursued USAID concurred with all the recommendations and initiated corrective actions *(Audit Report No 3-656-96-003)*

Accountability of USAID Funds to Foreign-Based Grantees

In response to Congressional concerns about the accountability of USAID funds, USAID expanded its financial audit program to better ensure the accountability and proper use of funds In 1991, the Agency revised its policies to require that annual audits be conducted of foreign organizations, and in 1992, the Audit Management and Resolution Program (AMRP) was established to improve the Agency's financial audit planning, implementation and resolution systems

An audit was conducted to determine whether selected USAID central and regional bureaus were effectively implementing AMRP For the period under review, those bureaus had 65 awards with non-U S organizations, with cumulative obligations of approximately $77 million The audit objective was to determine whether the selected bureaus obtained the needed audit coverage over their foreign grantees

The audit found that USAID's central and regional bureaus generally needed to improve their monitoring and control systems relating to audit management and resolution Of six bureaus reviewed, only the Bureau for Europe and the New Independent States had established procedures which met AMRP requirements The Bureau for Humanitarian Response had taken actions which, in our opinion, satisfied some of the AMRP control objectives The remaining four bureaus—Bureau for Global Programs, Field Support and Research, Bureau for Africa, Bureau for Latin America and the Caribbean, and Bureau for Asia and the Near East—did not establish an AMRP and, therefore, lacked the required management controls to ensure audit coverage of their foreign grantees

The audit recommended that USAID determine the best way to implement its audit management and resolution responsibilities and obtain the needed audit coverage of centrally-funded foreign awards Additionally, periodic follow-up and quality control reviews were needed to ensure that the audit management system is functioning as intended, and provide any necessary training and/or orientation to employees assigned audit management responsibilities USAID management concurred with the audit findings and recommendations *(Audit Report No 9-000-96-002)*

Housing Project in Gaza

The September 1993 *Declaration of Principles* between the Palestine Liberation Organization (PLO) and Israel resulted in the transfer of controls over the West Bank and Gaza from Israel to the PLO Following that transfer, Palestinian officials recognized an immediate need for housing assistance and requested such aid from the United States The United States, through USAID, agreed to implement the Gaza Housing Project As of March 31, 1995, USAID had obligated about $12 4 million and expended about $3 1 million under this $25 5 million project A major component of the project was the construction of 192 apartments in six high-rise buildings in Gaza

The Gaza Housing Project was audited to determine whether the project had achieved the desired results The audit found that construction of the apartments was generally proceeding on schedule and in accordance with plans However, USAID needed to ensure that the completed apartments would be adequately maintained and occupied by lower-income beneficiaries, as planned The audit report recommended that USAID resolve these problems USAID agreed with the recommendations and has already initiated appropriate actions *(Audit Report No 6-294-96-001)*

Monitoring of Small Projects in Egypt

As one of the largest recipients of U S foreign aid, Egypt receives hundreds of millions of dollars appropriated by USAID in the form of large projects The Agency also finances some relatively small projects in Egypt While the OIG has historically reviewed larger projects, a recent audit was conducted to determine how well USAID monitors its smaller projects—i e , projects receiving $25 million or less Specifically, the audit determined whether USAID ensured that planned outputs and objectives were being achieved

The audit reviewed three projects with obligations totaling $35 million

- The Export Enterprise Development project was designed to increase non-traditional exports produced by Egypt's private sector
- The Small Enterprise Credit project was to provide loans to small and medium-sized enterprises
- The Technical Support for Sector Policy Reform project was to provide technical assistance to the Government of Egypt in conjunction with USAID's Sector Policy Reform program

The audit found that USAID had monitored all three projects to ensure that planned outputs and objectives were being achieved, however, USAID needed to better define a key indicator for exports generated under one project For another project, USAID had not measured a key project output (financial self-sufficiency) Finally, although USAID had monitored the third project's activities, only general, non-specific outputs and objectives for the project had been established The audit recommended that USAID resolve the problems identified for each project USAID generally agreed with the audit's findings and initiated actions to resolve these problems *(Audit Report No 6-263-96-002)*

Housing Sector Reform Project in Ukraine and Kazakstan

Historically, the housing sector throughout the New Independent States (NIS) has been characterized by shortages, inefficiencies in housing production, poor maintenance and deterioration of existing housing, severe price and allocation distortions, and massive and largely regressive subsidies USAID began its Housing Sector Reform Project in March 1992 to support the development of an improved private housing market in the NIS As of June 30, 1995, USAID had reported obligations of about $57 0 million and expenditures of about $32 2 million under this project

An audit was conducted of project activities in Ukraine and Kazakstan to assess the Agency's success in ensuring that contractors' activities were in agreement with USAID's strategic and program objectives Additionally, the audit assessed USAID's measuring and reporting system which provided project managers with accurate and timely information on progress towards achieving impact indicators and targets

The audit found that the Agency generally ensured that contractors' activities were in agreement with USAID's strategic and program objectives However, one contractor's annual work plan for fiscal year 1996 was not clearly associated with program objectives USAID's measuring and reporting system was found to have weaknesses which may diminish the Agency's effectiveness or make results difficult to achieve Needed improvements included a) linking progress reports to program indicators and targets, b) making progress reports more succinct, and c) receiving progress reports at an acceptable frequency

To assist in resolving these problems, the audit recommended that USAID ensure that contractors' annual work plans complemented the Agency's program objectives, indicators, and targets The audit also recommended that USAID link contractors' progress to work plan indicators and targets, ensure that progress reports are more succinct and submitted on a monthly basis USAID management generally concurred with the report's findings and recommendations *(Audit Report No 8-110-96-006)*

Cash Transfer Program in Egypt

Faced with increasing external debt, balance of payment deficits, and slow growth, the Government of Egypt adopted an economic and structural adjustment program in 1991, in cooperation with the International Monetary Fund and the World Bank USAID later initiated the Sector Policy Reform Program in August 1992 to complement Egypt's economic and structural adjustment program USAID's program was designed to transfer a total of $400 million to the Government of Egypt based upon its efforts to liberalize financial markets, undertake fiscal reforms, reduce controls over imports and exports, and privatize public sector enterprises As of June 1995, USAID had released $380 million of the $400 million through two cash transfer grant agreements

An audit of USAID/Egypt's cash transfer program found that USAID did not consistently document the basis for its determination that policy reforms had been implemented by the host country prior to the transfer of funds Further, USAID did not ensure that financial audits of the funds transferred were performed as required The report recommended that USAID 1) improve its documentation of the Government of Egypt's policy reforms, and 2) schedule a financial audit of the U S dollar cash transfer account in its fiscal year 1996 annual audit plan Agency management agreed with the recommendations and presented evidence that the recommendations had been implemented *(Audit Report No 6-263-96-003)*

Management of Natural Resources in Zimbabwe

In Zimbabwe, the inherent competition between people and animals for arable land is one of the key issues of wildlife management Established in 1989, USAID's Regional Natural Resources Management Project is a $49 million, ten-year effort to demonstrate that sustainable use and management of wildlife is a viable economic alternative for communities now farming marginal lands One objective of the project was to help increase local employment and income opportunities from community-managed natural resources USAID has provided $13 2 million to the Government of Zimbabwe for this project

An audit was conducted of this project to determine how USAID funds were being used and whether the Agency was properly measuring project progress and accounting for project commodities The audit found that USAID did not adequately adopt or document quantifiable indicators for measuring progress, or always ensure that project commodities were properly marked, accounted for, or used as intended The audit recommended that USAID improve its documentation and use of quantifiable indicators, improve the accounting of USAID-financed non-expendable commodities acquired or furnished under grants, require that end-use checks be performed and documented on a regular basis, and ensure that all project commodities and project sites are marked with the required USAID hand-clasp emblem The Mission generally concurred with the audits findings and recommendations The recommendations regarding end-use checks and emblem marking were resolved upon report issuance *(Audit Report No 3-613-96-001)*

Audit of the Eurasia Foundation

In 1993, USAID approved the Eurasia Foundation Project to provide sub-grants and loans which would be flexible to the changing circumstances and new opportunities in the New Independent States (NIS), and be able to respond rapidly to support economic reform and democratic institution building As of March 1995, USAID had made $27 million available to the Foundation, of which $23 million had been spent Further, the Foundation had awarded 496 sub-grants amounting to $18 6 million, most of which was spent for activities

in Russia and Ukraine An audit was conducted to determine whether USAID ensured that the Eurasia Foundation's activities had progressed towards achieving the project's objectives

The audit found that USAID had generally ensured that activities funded by the Eurasia Foundation had contributed towards achieving the project's objectives However, while most sub-grants were achieving their objectives and supporting private development and democratic institution building, several sub-grants had not addressed the long-term prospects of NIS sub-grantees or their partners Further, they had not provided sub-grantees with any new, improved skills In addition, USAID did not ensure that the activities related to the Foundation's grant were included in USAID's monitoring and reporting system Finally, there was confusion over the role of USAID missions in monitoring Foundation activities

To assist in resolving these problems, the audit report recommended that USAID

- coordinate with the Eurasia Foundation in revising the sub-grant application evaluation process so that applicants include information related to long-term sustainability,

- ensure that Foundation activities are included in the monitoring and reporting system of USAID missions located in the NIS, and

- define and document the missions' roles and responsibilities for monitoring Eurasia Foundation activities to ensure consistent and adequate coverage

USAID management of the ENI Bureau generally agreed with the audit findings and has initiated corrective actions *(Audit Report No 8-110-96-003)*

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 76 Of these, 33 were procedural and 43 were monetary—representing $29 8 million in recommended funds to be put to better use or questioned costs which management has not yet resolved

OMB Circular A-50 also mandates that each agency establish a system to ensure the prompt and proper resolution and implementation of audit recommendations 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 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 that each audit office verify whether 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 discloses that corrective action has not been fully implemented, the OIG can make a determination that the recommendation(s) be reopened Follow-up work in this period included reviews of 12 recommendations reported in seven prior audit reports One of these recommendations was reopened

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 was one significant reversal of USAID management decisions and no significant disagreements with USAID management Further, the OIG has not been denied access to any records necessary to conduct audits, investigations, or 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 Over Six Months Old With No Management Decision as of March 31, 1996*

TABLE C *Significant Audit Reports Described in Previous Semiannual Reports Without Final Action as of March 31, 1996*

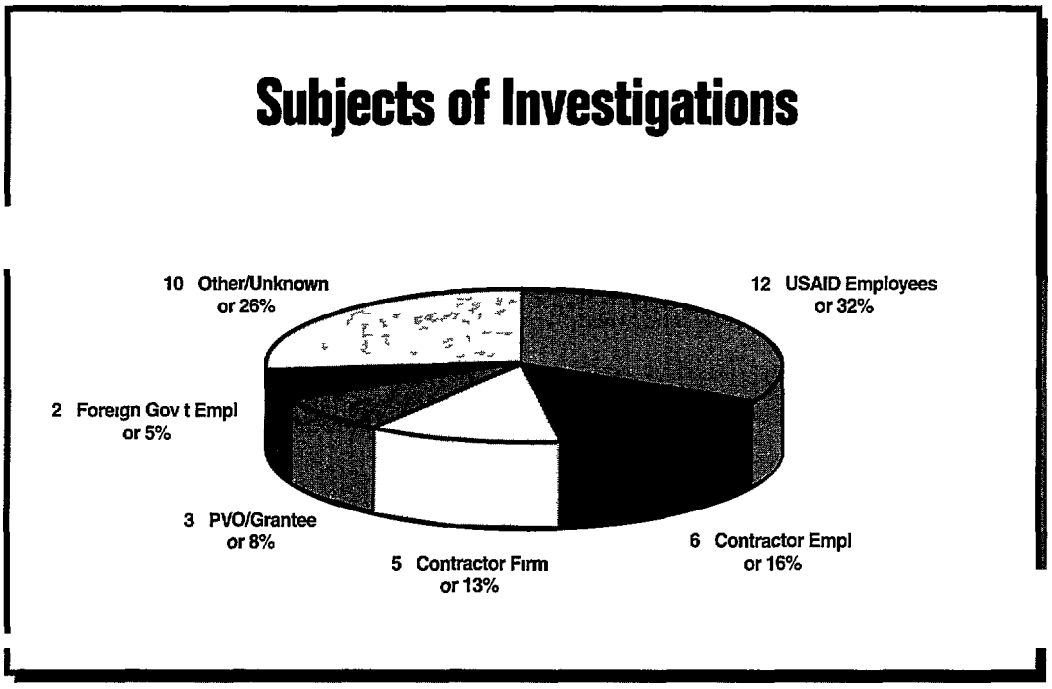
TABLE D *Reports Issued With Questioned and Unsupported Costs (October 1, 1995 through March 31, 1996)*

TABLE E *Reports Issued With Recommendations That Funds Be Put to Better Use (October 1, 1995 through March 31, 1996)*

SIGNIFICANT ACTIVITIES — INVESTIGATIONS

During this reporting period, the OIG received 135 referrals for investigation alleging various acts of waste, fraud or abuse by USAID contractors, grantees or employees Most of the referrals were made by USAID employees

Ninety-seven of the 135 allegations received were found not to warrant investigative action Thirty-one were referred to management for administrative resolution



Note PVO/Grantee includes Private Voluntary Organizations

Investigations were initiated based on 38 allegations The chart above identifies the subjects for the 38 cases that were opened this period The total inventory of open cases at the end of the reporting period was 96

During the reporting period, investigative efforts resulted in monetary recoveries of $1,456,753, one conviction, and two personnel terminations Additional details are contained in Table F of this report

INVESTIGATIONS

Our investigations result in criminal, civil or administrative actions Although the investigation of apparent criminal violations is our highest priority, in recent years, we have placed increased emphasis upon civil enforcement through the Affirmative Civil Enforcement program of the Department of Justice Devoting some of our resources to civil cases has paid high dividends in terms of financial recoveries and civil penalties

Our investigative priorities are (1) procurement and contract fraud, (2) grant and cooperative agreement fraud, and (3) serious employee misconduct and indications of misconduct by personal services contractors The following are examples of cases we completed during this period

- The USAID Mission to Egypt received a $524,140 reimbursement from an American contractor who provided defective commodities Our investigation showed that a fleet of tour buses, shipped to an Egyptian importer under the CIP financed by USAID, did not meet the contract specifications In particular, we found that the chassis of the buses could not support the specified passenger load This reimbursement represented the final settlement for the cost of buses found to be faulty The reimbursed amount will be used to finance future private sector imports (purchases) from other qualifying U S suppliers

- The USAID Mission to Jordan issued a bill of collection in the amount of $107,402 The bill was given to a U S contractor for submitting a series of false documents Our joint audit and investigation of local operating and salary expenses found that the contractor submitted false claims involving salary history, office lease payments, and the salary of a locally hired secretary The findings were presented to USAID officials and were also referred to the Public Security Directorate of the Government of Jordan A decision whether to prosecute the local Jordanian employee responsible for the actual submission of the false claims is still pending with the Jordanian authorities

- USAID recovered $70,600 from the First National Bank of South Africa This was the final settlement in a case involving a $141,200 check stolen from USAID Our investigation showed that the check was payable to the Social Development Centre, a local grantee organization, but was stolen from the payee The bank subsequently allowed a Nigerian businessman to cash the check and deposit the proceeds into his personal account By the time the theft was discovered, the businessman had withdrawn the funds from his account The USAID Mission consulted with a local attorney and sought reimbursement from the bank on the grounds that it had acted negligently

- A $400,000 settlement was reached with a USAID-funded Private Voluntary Organization (PVO) in Massachusetts This settlement resulted from the government's claim that the organization and a former USAID project officer had violated the Procurement Integrity Act (PIA) This is the first time an OIG investigation led to claims under the PIA—a federal law aimed at enforcing ethical conduct in the government contracting process Our investigation found that while the project officer was employed by USAID, the PVO negotiated and offered him employment The project officer was in charge of a multi-million dollar USAID health care project in Peru for which the PVO had submitted a bid soon after making a job offer to the project officer The final settlement satisfied the government's claims against both the PVO and the former employee

- USAID issued a $123,572 bill of collection and the local authorities in El Salvador arrested two individuals for embezzlement Our investigation in El Salvador showed that $865,000 was missing from a USAID-funded Microenterprise Development Program—a village bank project—being implemented by a Washington DC-based firm and its Salvadoran Non-Government Organization (NGO) sub-grantee The investigation showed that regional personnel of the local NGO conspired to embezzle the funds The local police arrested two of the local promoters and an arrest warrant was issued for the Regional Director who fled the country Based on our investigative findings, USAID issued the bill of collection to the primary grantee for the funds that were lost in the first credit disbursement to the local NGO The bill of collection has been paid in full by the grantee

- A $230,000 settlement was reached in response to civil action brought by the U S Attorney's Office in the middle judicial district of Florida Our investigation showed that an illegal contingency commission paid by a host country contractor caused USAID to overpay $100,000 over a two-year period Had the scheme not been discovered, USAID would have overpaid the contractor a total of $340,000 The scheme involved the concealment of a commission to a non-bona fide agent in violation of the Foreign Corrupt Practices Act The investigation revealed that the contractor destroyed original records detailing the unlawful relationship with its non-bona fide agent The investigation also uncovered a scheme to manufacture fictitious records to support the payments to the agent as "post contract award consulting fees " The settlement satisfied the government's claims in full

The following are summaries of two employee misconduct investigations completed during the reporting period

- USAID separated for cause two foreign national employees who were caught in an embezzlement scheme A surprise cash count by USAID officials in Manila, found cash shortages in the funds entrusted to the cashier and the alternate cashier A subsequent reconciliation of all accounts found that the Philippine peso equivalent of $620 was missing from funds entrusted to the cashier and $32,974 from funds entrusted to the alternate cashier During a joint investigation with the Regional Security Officer (RSO) at the American Embassy in Manila, both subjects provided statements admitting to their wrongful actions The cashier was allowed to resign in lieu of termination and made full repayment The alternate cashier was terminated for cause Local prosecution of the subjects was not deemed practical and only $863 was recovered from the two

- A *Washington Post* article reporting that a USAID official had requested Agency contractors to lobby the Congress to fight cuts in the Agency's budget levels was the subject of investigation A congressional inquiry was also received by the Agency following the publication of this article The Anti-Lobbying Act prohibits the use of Federal funds for lobbying activities An OIG investigation was conducted and coordinated with the U S Attorney for the District of Columbia The evidence found during our investigation did not support the allegations of violations of the Anti-Lobbying Act or the Anti-Lobbying Act Guidelines published by the Office of Legal Counsel of the Department of Justice

OIG HOTLINE

The OIG Hotline is staffed from 9 00 a m to 6 00 p m , eastern time, Monday through Friday During non-duty hours, telephone calls are recorded People contacting the OIG Hotline can do so anonymously or they can request confidentiality Anyone wishing to report suspected acts of 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" from inside the AIDNet and "ig=hotline%ig i%aidw@usaid gov" from outside the AIDNet (the quotes should be omitted in both addresses), or send a letter to USAID OIG/I, P O Box 12894, Rosslyn Station, Arlington, VA 22219

USAID employees, contractors, and the 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, e g , grievances, equal opportunity program, complaints, working conditions, policy dissent, etc , are referred to management and handled in accordance with USAID administrative procedures During this reporting period, the OIG received nine Hotline referrals

AUDIT REPORTS ISSUED

October 1, 1995 through March 31 1996

FINANCIAL AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings ($000 s)	Type of Findings
		— Agency-Contracted Audits —		
1 517 96-001 N	11/15/95	Audit of USAID/Dominican Republic s Loan Component of the Agribusiness Promotion Project Managed by the Fondo de Inversiones para el Desarrollo Economico for the Period July 1 1989 to June 30 1991	–	–
1 517 96-002 N	11/24/95	Audit of USAID/Dominican Republic s Family Planning Services Expansion Project Managed by the Dominican Association for Family Welfare for the Period January 1 1990 to September 30 1993	190	QC
1 532 96-003 N	11/24/95	Audit of USAID/Jamaica s Contract No 532-0800 C-00-8068 00 Managed by the Caribbean Applied Technology Centre Limited for the Period August 16 1988 to September 30 1993	69 69	QC UN
1 527 96-004-N	02/27/96	Audit of USAID/Peru s Teaching Support to the Field Epidemiology Training Program Managed by the Peruvian University Cayetano Heredia for the Period September 18 1989 to December 31 1992	129 129	QC UN
3 656-96-001 N	11/20/95	Audit of USAID/Mozambique Contract No 656-0247 C 00-9211 00 and Host Country Contract No HCC 656-90-001 with Enge Rio	1 124 222	QC UN
3 615 96-002 N	11/20/95	Audit of the Government of Kenya s Directorate of Personnel Management Component of the Kenya Human Resources Development Assistance Project No 698 0463 15	73 73	QC UN
3 615 96-003 N	01/19/96	Audit of Grant to the National Agricultural Research Project No 615 0229	25 15 15	BU QC UN
5 383 96-001 N	10/18/95	Audit of International Irrigation Management Institute s Indirect Costs	–	–
5-492 96-002 N	11/09/95	Audit of USAID/Philippines Contract with PRC Environmental Management Inc Contract No 492-0465 C 00 2147	46 44	QC UN
5-492 96-003 N	11/03/95	Audit of Arthur Andersen & Co s Contract No 492-0477-C 00 3119 00 with USAID/Philippines Under the Capital Markets Development Project	27	QC
5-492 96-004-N	12/04/95	Audit of Louis Berger International Inc s Contract Numbers 492 0420 ENG 01-8001 0 492 0452 C-00-0099-00 492 0456-C-00 2014-00 492-0444-C 00-1136-00 492-0343-C 00 1218 00 and 492-0420 C 00 2173 00 with USAID/Philippines	450	QC
5 388 96-005 N	12/12/95	Audit of USAID/Bangladesh s Grant to the Expanded Program on Immunization Managed by Bangladesh s Ministry of Health and Family Planning Under Project No 388-0071	50 45	QC UN
6-263 96-001 N	10/01/95	Audit of the National Bank for Development Local Expenditures Incurred Under the Small Enterprise Credit Project Grant No 263 0228	1 023 330	QC UN
6-263 96-002 N	10/03/95	Financial Audit of the Coptic Association for Social Care Project Implementation Letter No 32 and the Related Revenue Account Under the Comprehensive Family Planning Care Sub-Project of the Population/Family Planning II Project No 263 0144 for the Period November 1 1990 through September 30 1993	15	QC
6 263 96 003 N	10/05/95	Audit of Project Costs Incurred by the Government of Egypt s Ministry of Health Under the Child Survival Project (USAID/Egypt Project No 263 0203)	6	QC
6-263 96 004-N	10/16/95	Audit of Expenditures Incurred by the Curative Care Organization Under the Cost Recovery for Health Project (USAID/Egypt Project No 263-0170)	8 8	QC UN
6 263 96 005 N	11/16/95	Audit of Project Revenues Received and Expenditures Incurred by the Health Insurance Organization Under the Cost Recovery for Health Project (USAID/Egypt Project No 263 0170)	19 2	QC UN

BU Better Use of Funds
QC Questioned Costs
UN Unsupported Costs

TABLE A

FINANCIAL AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings ($000 s)	Type of Findings
6-294-96 006 N	11/28/95	Audit of the Society for the Care of the Handicapped in the Gaza Strip (Cooperative Agreement No HNE 0159 A 00-3049 00 and Grant No ANE 0159 G SS 9046-00)	1 521 319	QC UN
6 263 96 007 N	12/04/95	Audit of the Syndicate of Commerce Professions (USAID/Egypt Grant Agreement No 263 0102 G 00 9012-00)	4	QC
6 294 96-008 N	01/28/96	Audit of American Near East Refugee Aid/Jerusalem (USAID West Bank/Gaza Grant No ANE 0159 G SS 9048 00)	81	QC
6-263 96 009 N	02/08/96	Financial Audit of the Federation of Egyptian Industries the Energy Conservation and Environment Component of the Science and Technology for Development Project (USAID/Egypt Project No 263 0140)	–	–
6-263 96 010 N	02/29/96	Financial Audit of the Egyptian Small Enterprise Development Foundation (Cooperative Agreement No 263 0212 A 00-9064)	12 6	QC UN
6 263 96 011 N	03/05/96	Financial Audit of the International Islamic Center for Population Studies and Research Under the Population/Family Planning II Project (USAID/Egypt Project No 263 0144)	1	QC
6 263 96 012 N	03/14/96	Financial Audit of the National Population Council s Egyptian Demographic and Health Survey 2 Project Under USAID/Egypt s Population /Family Planning II Project (USAID/Egypt Project No 263-0144)	20	QC
6 263 96 013 N	03/14/96	Audit of the Local Currency Special Accounts (USAID/Egypt Grant Agreement Nos 263-0201 263 K 0620 263 K 0624 263 K 0625 263 K 0627 and 263 K 0628A)	–	–
7 655 96-001 N	10/16/95	Audit of USAID s Grant to the Government of Cape Verde Under the Export Development Services Project (No 655-0014) from September 1 1990 through March 31 1994	18 8	QC UN
7 635 96-002 N	10/24/95	Audit of USAID s Grant 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 Agricultural and Natural Resources Program (No 635 0235) from February 1 1994 through March 21 1995	21	BU
7 677 96-003 N	12/26/95	Audit of USAID s Grant to the Government of Chad Under the Agricultural Trade Policy Reform Program (No 677-0068) from August 31 1993 to June 30 1994	91 48	QC UN
7 677 96-004-N	12/28/95	Audit of USAID s Grant to the Government of Chad Under the Agricultural Trade Policy Reform Program (No 677 0068) from July 1 1994 to April 30 1995	37	QC
7 686-96-005 N	01/25/96	Audit of USAID s Contract with ECR International Under the Human Resources Development Assistance Project in Cote d Ivoire (No 686-0463) from November 16 1993 to February 28 1995	87 26	QC UN
7 686-96-006-N	03/07/96	Audit of USAID s Grant to the Agricultural Research Institute (INERA) Under the Burkina Faso Agricultural Research and Training Support Project (No 686-0270) from May 1 1993 to July 31 1995	2 1	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
		— Recipient-Contracted Audits —		
0 000 96-003 R	10/24/95	American International Health Alliance Inc	–	–
0-000 96-004-R	11/21/95	A T International	577	QC
0-000 96-005 R	11/30/95	World Vision Relief and Development Inc	–	–
0-000 96-006-R	12/19/95	Institute for Contemporary Studies	–	–
0-000-96-007 R	02/22/96	Citizens Network for Foreign Affairs	–	–
0-000-96-008 R	02/15/96	The Population Council Inc	–	–
3 615 96-001 R	10/04/95	Audit of Young Women s Christian Association for the Period from April 1 1993 to February 28 1995 Grant No 615 0236 G 00-1046	9	QC
3 674-96-002 R	10/25/95	Audit of Black Lawyers Association Legal Education Centre for the Period April 1 1993 to March 31 1994 Grant Nos 674-0305-G SS-8030 674-0301 G SS-8031 and 6-674-J02	25	QC
3 674-96-003 R	10/25/95	Audit of the Independent Examinations Board for the Period Ended December 31 1994 Grant No 674-0302 G SS 2062-02	2	BU
3 674-96-004-R	10/25/95	Audit of South African Vocational Guidance and Educational Association for the Period April 1 1993 to March 31 1994 Grant No 674-0309 G SS 1051 00	1	QC
3 674 96-005 R	10/25/95	Audit of the South African Shelter and Urban Development Support Project for the Period April 15 1993 to December 31 1994 Grant No 674-0312 G SS 3073 00	–	–
3 674-96-006-R	10/25/95	Audit of Lawyers for Human Rights for the Period November 1 1992 to December 31 1993 Grant Nos 674-0301 G SS 1032-00 674-0305 G SS 2021 674-0312 G SS 2074-00 674-0305-G SS 2103-00 674-0305 G SS 2105-00 and 674-0301 G SS-8168 00	103 42	QC UN
3 674-96-007 R	11/14/95	Audit of the Education Foundation Trust for the Period Ended March 31 1995 Grant No 674-0302 G SS 1057 03	–	–
3 615 96-008 R	11/14/95	Audit of the Kenya Management Assistance Programme for the Year Ended March 31 1995	–	–
3 674-96-009 R	11/14/95	Audit of the Media Defence Trust for the Period Ended March 31 1995 Grant No 674-0301 G SS 1012 03	–	–
3 674-96-010-R	11/14/95	Audit of Tembaletu Trust for the Year Ended December 31 1994 Grant Nos 674-0301 G SS 0024-03 and 674-0301 G SS-4169 00	–	–
3 615 96-011 R	11/14/95	Audit of Farming Systems Kenya for the Period from January 1 1993 to July 31 1994 Grant No 615 0236 G-00 0048	1	QC
3 615 96-012 R	11/14/95	Audit of Family Planning Association of Kenya for the Year Ended December 31 1994 Grant No 615-0230-G-00-3065	8	QC
3-674-96-013 R	11/14/95	Audit of the Programme for Technological Careers for the Year Ended December 31 1995 Grant No 674-0302 G SS 3104-00	–	–
3 674-96-014-R	11/16/95	Audit of Get Ahead Foundation for the Year Ended March 31 1994	37 37	QC UN
3-674-96-015 R	11/16/95	Audit of Independent Business Enrichment Centre for the Year Ended December 31 1994 Grant No 674-0303-G SS 2037-00	111	QC
3-674-96-016-R	12/05/95	Audit of the Media Training and Development Trust for the Year Ended February 28 1995 Grant No 674-0301 G SS 2052 00	29	QC
3 674-96-017 R	12/07/95	Audit of Corplan for the Period March 1 1993 to February 28 1994 Grant Nos 674-0301 G SS 2049 00 and 674-0312 G SS 3075-00	7 5	QC UN
3 674-96-018 R	12/07/95	Audit of Corplan for the Period March 1 1994 to February 28 1995 Grant Nos 674-0301-G SS 2049-00 and 674-0312-G SS 3075-00	25 5	QC UN
3-674-96-019 R	12/07/95	Audit of the Housing Consumer Protection Trust for the Period September 1 1993 to March 31 1995 Grant No 674-0312 G SS 3081-01	–	–
3 674-96-020-R	12/07/95	Audit of the Education Information Centre for the Period April 1 1993 to March 31 1994 Grant Nos 674-0309-G SS 1006-01 and 674-0309-G SS 3118-00	2	QC

BU Better Use of Funds
QC Questioned Costs
UN Unsupported Costs

TABLE A

FINANCIAL AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings ($000 s)	Type of Findings
3 674-96-021 R	12/13/95	Audit of In Service Education and Training Project (INSET) for the Year Ended March 31 1994 Grant No 674-0302 G SS 2034	1 1	QC UN
3 674-96 022 R	12/13/95	Audit of South African Vocational Guidance Association for the Year Ended March 31 1995 Grant No 674-0309-G SS 1051-00	1 1	QC UN
3 674-96 023 R	12/15/95	Audit of the Institute for Democracy in South Africa for the Period July 29, 1993 to July 31 1994 Grant No 674-0301-G SS 3103 00	–	–
3 674-96 024-R	12/15/95	Audit of the Institute for Democracy in South Africa for the Period August 31 1993 to August 31 1994 Grant No 674-0301-G SS 3146-00	–	–
3 674-96-025 R	12/15/95	Audit of the Institute for Democracy in South Africa for the Period September 27 1993 to September 30 1994 Grant No 674-0301-G SS 3147-00	–	–
3 674-96-026 R	12/15/95	Audit of the Open Learning Systems Trust for the Period March 1 1994 to February 28 1995 Grant No 674-0314-G SS 2063-03	–	–
3 645 96-027 R	12/18/95	Audit of the Family Life Association of Swaziland for the Year Ended December 31 1994 Grant Nos 645-0228 A 00-8021-00 and 645 0237 G SS 2013-00	–	–
3 674-96 028 R	12/21/95	Audit of the National Institute for Community Education Trust for the Period April 1 1994 to March 31 1995	–	–
3 674-96 029 R	12/21/95	Audit of the Co-Operative for Research and Education for the Period Ending December 31 1994, Grant No 674-0301-G SS-4154-00	–	–
3 674-96-030 R	01/16/96	Audit of the Centre for Applied Legal Studies (Community Dispute Resolution Resource Committee) for the Period Ending December 31 1993 Grant No 674-0301 G SS 2009-00	10	QC
3 674 96 031 R	01/16/96	Audit of the Centre for Applied Legal Studies (The AIDS Consortium) for the Period Ending December 31 1993 Grant No 674-0301 G SS 3017-00	–	–
3 674-96 032 R	01/17/96	Audit of the Centre for Applied Legal Studies (Constitutional Training Program) for the Period Ending December 31 1993 Grant No 674-0301 G SS 3047-00	–	–
3 615 96-033 R	01/24/96	Audit of International Federation of Women Lawyers (FIDA) Kenya Chapter for the Period Ended January 31 1994 Grant No 698 9801 G 00 1048	–	–
3 615 96-034-R	01/24/96	Audit of Federation of Kenya Employers (FKE) for the Period January 1 1994 to March 31 1995 Grant No 623-0463 A-00 2018-00	1	QC
3 674-96-035 R	01/24/96	Audit of South African Israeli Center for International Cooperation and Socio-Political Options Trust for the Period Ended February 28 1994 Grant No 674-0309 G SS 2097-01	–	–
3 674-96 036-R	01/24/96	Audit of South African Israeli Center for International Cooperation and Socio-Political Options Trust for the Period Ended February 28, 1995 Grant No 674-0309 G SS 2097-01	–	–
3 674-96 037 R	01/24/96	Audit of Israeli Center for International Cooperation and Socio-Political Options Trust for the Period Ended February 28 1994 Grant No 674-0309 G SS 2097 01	–	–
3 615 96-038 R	01/26/96	Audit of Grant to Nairobi Sheep Disease Project Under USAID/Kenya Grant Number 615 0260-G SS-00 1072 for the Period April 15 1992 to April 30, 1995	–	–
3 674-96-039 R	01/26/96	Audit of the Legal Resources Trust for the Period April 1 1993 to March 31 1994 Grant Nos 674-0312 G SS 3064-00 674-0305 G SS 1019 00 674-0305 G SS 9034 and 674-0301 G SS 7081-00	189 185	QC UN
3 674-96 040 R	01/26/96	Audit of National Institute of Public Interest Law and Research for the Period March 1 1994 to July 31 1995 Grant No 674-0305 G SS 3126	–	–
3 674-96-041 R	01/26/96	Audit of South African Black Construction Assistance Programme (SABCP) for the Year Ended February 28 1995 Grant No 674-0312-G SS 3059 00	–	–
3 674-96 042 R	01/26/96	Audit of Speak Barefoot Teachers Training Programme (SPEAK) for the Year Ended December 31, 1994, Grant No 674-0302 G SS 1056-02	1	QC
3 674-96 043 R	01/26/96	Audit of the ONS Leer Mekaar Publications for the Period Ending January 31 1995 Grant No 674-0302 G SS 3108-00	–	–

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
3-674-96 044-R	01/30/96	Audit of the Valley Trust for the Period April 1 1994 to March 31 1995 Grant No 674-0301 G SS 3040 01	2	QC
3 674-96-045 R	02/07/96	Audit of Union of Democratic University Staff Associations for the Year Ended December 31 1994 Grant No 674-0309 G SS 2028-01	–	–
3 623 96-046-R	02/07/96	Audit of the Centre for African Family Studies for the Period from August 1 1993 to December 31 1994 Grant No 623-0004-A-00 9042 00	280 16	QC UN
3 623 96-047 R	02/07/96	Audit of the Non Project Assistance to the Government of the Republic of Djibouti for the Period November 1, 1993 to April 30 1995 Grant No 603 K 602A	–	–
3 674-96-048 R	02/07/96	Audit of Israeli Center for International Cooperation and Socio-Political Options Trust for the Period Ended February 28 1995 Grant No 674-0309 G SS 2097 01	–	–
3 663 96-049 R	02/20/96	Audit of the Christian Relief and Development Association Orphaned and Displaced Children Project for the Period January 1 1994 to December 31 1994 Grant Nos GR 663 0000-G SS 0002 GR 663 0004-G SS-0005 623-0002 A-00 2108 PA 663 9 0005 and GR 663-0000-G SS 9008	–	–
3 663 96-050 R	02/20/96	Audit of the Christian Relief and Development Association Orphaned and Displaced Children Project for the Period August 28 1992 to December 31 1993 Grant Nos GR 663 0000 G SS-0002 GR 663-0004-G SS-0005 623-0002 A 00-2108 PA 663 9 0005 and GR 663-0000 G SS 9008	–	–
3-663 96-051 R	02/20/96	Audit of the Christian Relief and Development Association Orphaned and Displaced Children Project for the Period January 1 1994 to September 30 1994 Grant No GR 663-0000-G SS-00-0001 and Grant No GR 663-0004-G SS-00-0001	–	–
3 674-96-052 R	03/20/96	Audit of the National Progressive Primary Healthcare Network for the Period January 1 1993 to December 31 1993, Grant No 674-0301 G SS 1025-00	1	QC
5-497 96-001 R	10/03/95	Audit of USAID/Indonesia s Grant to the Natural Resources Management Project Managed by the Ministry of Forestry Under Project No 497-0362	–	–
5-497 96-002 R	10/13/95	Audit of USAID/Indonesia s Grants No 497 0336-G SS-8099 and No 497 0364-G SS 1081 to Yayasan Wahana Lingkungan Hidup Indonesia	267 267	QC UN
5 388 96-003 R	10/06/95	Audit of USAID/Bangladesh s Cooperative Agreement with the International Centre for Diarrhoeal Disease Research Bangladesh (ICDDR B)	101 101	QC UN
5-492 96-004-R	10/16/95	Audit of USAID/Philippines Grant to Kapwa Upliftment Foundation Inc	–	–
5-497 96-005 R	11/09/95	Audit of USAID/Indonesia s Grant No 497-0364-G-00-4053 to Yayasan Bambu Lingkungan Lestari	32 24	QC UN
5-492 96-006-R	11/13/95	Audit of USAID/Philippines Grant Agreement Nos 492-0395 G SS 1101-00 and 492 0395 G SS 1082-00 with the Victorias Milling Company Inc	–	–
5-497 96-007 R	11/17/95	Audit of USAID/Indonesia s Grant to the General Participant Training II Project Managed by BAPPENAS Under Project No 497-0328	–	–
5-492 96-008 R	12/11/95	Audit of USAID/Philippines Grant Agreement No 492-0470-G SS 3078-00 for the Mabalacat Multi Purpose Human Resource Development Center Project of the Daughters of Mary Help of Christians	– –	– –
5 386-96-009 R	12/28/95	Audit of USAID/India s Grant to the Industrial Credit & Investment Corporation of India Ltd (ICICI) PACER Agreement Under Project No 386-0494	3 3	QC UN
5 386-96-010-R	01/12/96	Audit of USAID/India s Grant to the Industrial Credit & Investment Corporation of India Ltd (ICICI) PACT Agreement Under Project No 386-0496	2 2	QC UN
5 388 96-011 R	01/12/96	Audit of USAID/Bangladesh Cooperative Agreement with the Family Planning Association of Bangladesh (FPAB)	–	–
6-263 96-001 R	10/24/95	Audit of the Egyptian Center for Economic Studies for the Period January 1 1993 to September 30, 1994 (USAID/Egypt Cooperative Agreement No 263-0230-A-00-3104-00)	–	–
7-664-96-001 R	10/26/95	Audit of the USAID s Grant (No 268-0365-G-00-3040-00) to IRSIT from September 1 1993 to January 31 1995	–	–

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

TABLE A

FINANCIAL AUDIT REPORTS

Report Number	Date of Report	Report Title	Amount of Findings ($000 s)	Type of Findings
7 641 96-002 R	12/01/95	Audit of USAID s Grant to the Noguchi Memorial Institute for Medical Research Under the Family Planning and Health Project (No 641 0118) in Ghana from January 26 1994 to January 31 1995	8	QC
7 688 96-003 R	01/03/96	Audit of USAID s Grant to the Program Coordinating Unit (PCU) Under the Policy Reform for Economic Development (PRED) Program (No 688 0245 00) from April 1 1993 to March 31 1994	–	–
		—Audits Conducted by Other Federal Agencies—		
8 TR 96-001	10/31/95	Audit of Accounting System Share Participation Foundation Budapest Hungary	–	–
8 TR 96-002	11/08/95	Audit of Accounting System Transparency International Berlin Germany	–	–
8 TR 96-003	11/17/95	Audit of Costs Incurred Under USAID Grants Medecins Sans Frontieres Paris France	10	QC
8 TR 96-004	02/09/96	Audit of Indirect Billing Rates Proposed Under USAID Grants Norwegian People s Aid Oslo Norway	–	–

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
B 180 96-001	03/22/96	Audit of RFMC/CEE s Operating Expense Unliquidated Obligations	86	BU
0-000 96-001[1]	10/03/95	Audit of Selected Costs Incurred by the Vietnam Veterans of America Foundation in Connection with Grant No 442-0002 G 00 2375 00	139 19	QC UN
3 613 96-001	11/13/95	Audit of USAID/Zimbabwe s Natural Resources Management Project	–	–
3 623 96-002	11/30/95	Audit of Quality of MACS Data at REDSO/ESA	–	–
3 656-96-003	02/09/96	Audit of USAID/Mozambique s Management of P L 480 Title III Program	–	–
3 673 96-004	03/22/96	Audit of USAID/Namibia s Management of Funds Available for Operating Expenses	25	BU
3 687 96-005	03/22/96	Audit of USAID/Madagascar s Population Activities	–	–
5 388 96-001	11/17/95	Audit of USAID/Bangladesh s Population Activities	–	–
6-294-96-001	11/21/95	Audit of the Gaza Housing Project	–	–
6-263 96-002	11/27/95	Audit of USAID/Egypt s Monitoring of Small Projects	–	–
6-263 96-003	12/12/95	Audit of USAID/Egypt s Economic Support Fund Cash Transfer Program	–	–
6-263 96-004	12/17/95	Audit of USAID/Egypt s Monitoring of the Private Sector Commodity Import Program	–	–
6-263 96-005	12/26/95	Audit of USAID/Egypt Financed Population Activities		
6-263 96-006	01/30/96	Audit of USAID/Egypt s Management of Funds Available for Operating Expenses	483	BU
6-294-96-007	03/21/96	Audit of USAID West Bank/Gaza s Management of Funds Available for Operating Expenses	308	BU
7 641 96-001	11/21/95	Audit of the Quality of MACS Data at USAID/Ghana	–	–
7 641 96-002	02/12/96	Audit of USAID/Ghana s Population Activities	–	–
7 685 96-003	03/12/96	Audit of USAID/Senegal s Management of Funds Available for Operating Expenses	237	BU
8 118 96-001	12/04/95	Audit of Russian Officer Resettlement Program under USAID Project 110 0008	–	–
8 180-96-002	12/04/95	Audit of the Private Voluntary Organization Humanitarian/Development Initiatives Project (Project No 180-0032)	–	–
8 110 96-003	12/08/95	Audit of the Eurasia Foundation Project 110 0010	–	–
8 118 96-004	02/14/96	Audit of Salaries Paid by PINO An Arthur Andersen Subcontractor Under Task Order No 7-0091 AA Contract No CCN 0005 C 00 3115-00	–	–
8 115 96-005	03/22/96	Audit of USAID/Almaty s Unliquidated Operating Expense Obligations at September 30 1995	249	BU
8 110 96-006	03/22/96	Audit of the NIS Housing Sector Reform Project in Ukraine and Kazakstan (110 0008)	–	–
9 000-96-001	12/05/95	Audit of Patent Reporting Disclosure and Procurement	–	–
9 000 96-002	12/29/95	Audit of Selected USAID Central and Regional Bureaus Management Requirements to Achieve Accountability for USAID Funds with Non U S Grantees	–	–
9 000 96 003	02/02/96	Audit of USAID s Value Engineering Program	–	–
9 000 96 004	03/21/96	Audit Recommendation Follow up Review of USAID s Compliance with Lobbying Restriction Requirements	–	–

MISCELLANEOUS REPORTS

(The following reports were not issued based on findings of OIG quality assurance reviews)

Report Number	Date of Report	Report Title	Amount of Findings ($000 s)	Type of Findings
1 523 96-001 X	12/18/95	Audit of the Silvo-Pastoral and Reforestation System Project for the Period from January 1 to December 31 1992 Comparative with the Year 1991 Administered by Centro Agrosol A C	–	–
1 511 96-002 X	12/28/95	Audit of USAID/Bolivia s Reproductive Health Services Project No 511-0568 for the Period July 26 1991 to December 31 1992 Managed by Direccion Nacional de Atencion a las Personas (DINAP)	–	–

[1] An "Incurred Cost" audit with some performance aspects which was completed internally by OIG staff

BU Better Use of Funds
QC Questioned Costs
UN Unsupported Costs

TABLE B

AUDIT REPORTS OVER SIX MONTHS OLD WITH NO MANAGEMENT DECISION
As of March 31, 1996

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
0-000-94-001 N	Development Alternatives Inc	10/29/93	The report recommended resolving $529 551 in questioned costs Of that amount $52,817 has been sustained and recovered, $434,720 not sustained, and the Agency is working to resolve the remaining $42 014	08/96
0-000-94-004	Direct Loan Program	06/30/94	Management has not corrected deficiencies IG/A/FA will follow up with FY95 audit under the CFO Act	Unknown
0-000 94-028 R	U S Export Council for Renewable Energy	05/12/94	The report recommended the Agency resolve $959,421 in questioned costs IG/A/FA is continuing to request action from USAID s Office of Procurement to close the recommendation	05/31/96
0-000-94-154-R	National Cooperative Business Association	06/07/94	The report recommended the Agency resolve $8 548 in questioned costs $4,436 has been resolved USAID's Office of Procurement is in the process of following up as to the status of the recommendation	05/31/96
0-000-94-421 R	American University of the Caribbean	09/13/94	The report recommended ASHA resolve over $2 million in construction and other costs One recommendation closed during this period ASHA submitted memo to IG/A/FA in March 1996 which is being reviewed	04/30/96
0-000 95-001 R	African American Labor Center	10/12/94	Recommended AALC submit a plan to ensure cost share is provided and accounted for in accordance with provisions of cooperative agreement USAID s Office of Procurement is in process of following up on status of recommendation	07/31/96
0-000-95-003 R	Consortium for International Development	10/17/94	The report recommended USAID/Egypt resolve $9,699 in questioned costs IG/A/FA is continuing to request action from USAID/Egypt to close the recommendation	05/31/96
0-000-95-009 R	Helen Keller International	11/10/94	The report recommended USAID/Indonesia resolve $15,924 in questioned costs Mission informed IG/A/FA it was not aware of outstanding recommendation and requested a copy of audit report on 3/15/96 IG/A/FA forwarded copy and awaits Mission action	08/31/96

TABLE B

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
0-000-95-010-R	Oceanic Institute	11/30/94	The report recommended the Agency resolve $1 666 615 in questioned costs Subsequent to the report, all but $35,161 was deemed to be allowed IG/A/FA is continuing to request action from USAID's Office of Procurement to resolve the remaining questioned costs	06/30/96
0-000-95-015 R	Family Health International	01/18/95	The report recommended the Agency set limits on direct salary charges require FHI to revise reporting on matching funds and determine why FHI does not deposit USAID advances in interest bearing accounts USAID s Office of Procurement is awaiting response from FHI prior to making final determination	08/31/96
0-000-95-019 R	Midwest Universities Consortium for International Activities	03/02/95	The report recommended USAID/Dominican Republic take action to recover duplicate payments of $17,653 reimbursed to recipient IG/A/FA is reviewing memo received in March 1996 from Mission	04/30/96
0-000-95-020-R	American International Health Alliance	03/03/95	The report recommended the Agency resolve $1 051,497 in questioned costs and improve internal controls over travel and procurement costs	04/30/96
0-000-95-025 R	Center for Human Services	04/13/95	Recommended USAID determine allowability of $11 172 in travel costs USAID's Office of Procurement is reviewing Fly America Act	04/30/96
0-000-95-032 R	Operation Independence Inc	07/31/95	Recommended USAID s Office of Procurement resolve unsupported salary expenditures and have recipient audit subrecipient costs OP has received and is reviewing information from recipient regarding recommendations	05/31/96
0-000-95-033 R	Operation Independence Inc	07/31/95	Recommended USAID s Office of Procurement direct recipient to have auditors review $3 255 in travel costs by subrecipient and $971 162 of past due cost sharing OP is following up on status of recommendations	06/30/96
0-000-95-037	Housing Guaranty Program	06/30/95	Management has not corrected deficiencies IG/A/FA will follow up with FY95 audit under the CFO Act	Unknown
0-000-95-402 R	Ludhiana Christian Medical College Board	01/04/95	The report recommended American Schools and Hospitals Abroad (ASHA) review and revise procedures and resolve $358 108 in questioned costs BHR/ASHA will submit a memo in the near future to address the audit recommendation	05/31/96
0-000-95-412 R	The Music Foundation	01/05/95	The report recommended ASHA require an audit of the $2 5 million provided under the grant IG/A/FA is processing a memo from BHR/ASHA which should resolve the recommendation	04/30/96

TABLE B

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
0-000 95-415 R	Project Orbis, Inc	02/24/95	The report recommended ASHA resolve $603 048 in questioned costs BHR/ASHA will submit a memo in the future to close the recommendation	05/31/96
0-000 95-417 R	American Thai Foundation for Education	03/07/95	The report recommended ASHA require the Foundation to submit a plan to correct internal control weaknesses and resolve $403 504 in questioned costs Work is in process by BHR/ASHA to reconcile certain accounting adjustments related to the questioned costs	09/30/96
1 521 95 001 N	International Lifeline, Inc	10/06/94	Recommended USAID/Haiti resolve $722 893 in questioned costs According to RIG/A/San Salvador responsibility was transferred from Mission to USAID s Bureau for Humanitarian Response for resolution and closure of recommendation	Unknown
3 656-95 003 N	Louis Berger International	07/31/95	Recommended USAID/Mozambique determine allowability of $184 470 in ineligible costs Mission advised RIG/A/Nairobi the recommendation was referred to USAID Contract Policy Division and a bill of collection will be issued if auditee does not supply supporting documentation	04/01/96
3 674-95 058 R	Media Training and Development Trust	05/26/95	Recommended USAID/South Africa determine allowability of ineligible costs of $8 185 Mission has not advised RIG/A/Nairobi of determination	04/30/96
3 674-95-093 R	Centre for Human Rights De Facto Discrimination in South Africa	09/07/95	Recommended USAID/South Africa determine the allowability and recover as appropriate questioned ineligible costs of $27 046 from the grantee The Mission has not advised us on any actions taken to resolve and close the recommendation	04/96
5-492-95-015	Finex Foundation	08/21/95	Recommended USAID/Philippines resolve $160 222 in questioned costs and ensure recipient provides counterpart contribution Mission is reviewing documents provided by grantee	04/01/96
5-492 95 058 R	U P Los Banos Foundation	04/19/95	Recommended USAID/Philippines resolve $16 155 in questioned costs Mission awaiting response from grantee	04/01/96
5 388 95-070-R	Audit of USAID/Bangladesh PL-480 Title III Program	07/17/95	Recommended USAID/Bangladesh resolve $15 8 million in questioned costs due to host government s noncompliance with agreement terms in monetization of PL-480 wheat Mission has provided additional information and requested closure of recommendation RIG/A/Bangkok is reviewing information	04/30/96

TABLE B

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
5 383 95-082 R	USAID/Sri Lanka PL-480 Title III Program	09/21/95	Recommended USAID/Sri Lanka resolve $5 4 million in questioned costs due to host government s noncompliance with agreement terms of PL-480 program Mission is working with Sri Lanka Auditor General to resolve recommendations	04/30/96
5-492 95-021	Audit of Exporters Confederation Inc	09/22/95	Recommended USAID/Philippines resolve $377 886 in questioned costs Mission has recovered $32 464 allowed $33 529 and is reviewing documents to resolve the remaining balance of questioned costs	Unknown
7 677 93-005 N	OFNAR/Strengthening Road Maintenance Project	04/01/93	Recommended USAID/Chad resolve $370 967 in questioned costs Recommendation was originally considered resolved based on Mission's decision to recover $360 662 Mission later changed decision pending follow-up audit RIG/A/Dakar reclassified recommendation as unresolved Responsibility transferred to USAID Regional Office when USAID/Chad Mission closed in 1995	Unknown
7 677 95-011 N	Support to Dev Ministries IV Program	04/11/95	Recommended USAID/Chad resolve $760 in questioned costs RIG/Dakar has granted REDSO/WCA until June 11 1996 as date by which this recommendation should be resolved As result of the closing of the Chad Mission and transfer of resolution responsibilities to REDSO/WCA, REDSO is now trying to locate the appropriate files in order to respond to this recommendation	06/11/96
7 674-95-017 N	Audit of USAID Grant to CILSS under Sahel Regional Institutions Project	08/04/95	Recommended USAID/Burkina Faso resolve $573,974 in questioned costs Mission provided justification and support for $467 297 Responsibility for remaining $106 677 transferred to USAID Regional Office when USAID/Burkina Faso Mission closed Regional Office stated supporting documentation sent to RIG/A/Dakar for review	Unknown
8 180-95-015	Audit of Central and Eastern Europe Enterprise Funds	08/25/95	Recommended each fund submit a statement of strategic objectives and eliminate cash buffer ENI Bureau proposed reviewing each fund by asking pertinent questions about its operations OIG will assess progress of reviews OIG and ENI agreed on approach to eliminate cash buffer in favor of cash advances based on needs	08/96
8 TR 95-016	Audit of Romanian Ministry of Agriculture s Accounting System	07/14/95	Information recently provided to RIG/A/Budapest on actions taken to implement recommendations is currently being assessed	04/96

TABLE B

REPORT NUMBER	REPORT TITLE	ISSUE DATE	CURRENT RECOMMENDATION STATUS	DESIRED DECISION TARGET DATE
8-TR-95-017	Audit of CARESBAC Bulgaria s Accounting System	08/11/95	Recipient has provided information on actions taken to correct deficiencies disclosed by audit Information is currently being reviewed by USAID s Office of Procurement RIG/A/Budapest is waiting for OP s assessment	05/96
TR 93 104	Devres, Inc	02/03/93	The report recommended USAID obtain evidence that the contractor corrected costs incorrectly posted and resubmit 1989 indirect cost rates The Office of Procurement is actively working on obtaining incurred cost audits by DCAA	09/30/96
TR 93 171	Kramer Associates Inc	03/29/93	The report recommended that the Office of Procurement resolve $36,481 in questioned costs The Office of Investigations lifted restrictions to resolve the recommendations on 3/14/96 OP will now begin addressing closure of the recommendations	06/30/96
TR-94-072	Scientex Corp	09/15/94	The report recommended USAID resolve questioned costs of $22 898 representing payments from two leases that should have been capitalized and depreciated over the life of the asset USAID s Office of Procurement expects to have the issues reviewed and will schedule a meeting with the contractor in March 1996	05/31/96
TR 95-010	Fomentco, Inc	10/20/94	The report recommended USAID/Egypt resolve $2,030 in questioned costs IG/A/FA is continuing to request action from USAID/Egypt to resolve the recommendation	07/31/96

TABLE C

SIGNIFICANT AUDIT REPORTS DESCRIBED IN PREVIOUS SEMIANNUAL REPORTS WITHOUT FINAL ACTION
As of March 31, 1996

REPORT NUMBER	REPORT TITLE	ISSUE DATE	FINAL MANAGEMENT DECISION DATE	FINAL ACTION TARGET DATE
1-000-95-006	Measuring Program Results	06/30/95	06/30/95	09/96
1-000-95-007	Measuring Project Results	06/30/95	06/30/95	09/96
3-000-95-010	Management of Host Country-Owned Local Currency	03/30/95	03/30/95	09/96
5-000-95-006	Cost Sharing & Matching Contributions	03/29/95	03/29/95	09/96
7-000-95-011	Management of Project-Funded Commodities	09/19/95	09/19/95	05/96
8-186-95-005	Energy Efficiency Activities	02/22/95	05/17/95	04/96
8-180-95-014	EPA Activities in Central & Eastern Europe	08/18/95	08/18/95	04/96
8-180-95-015	Economy & Efficiency of Central & Eastern Europe Enterprise Funds	08/25/95	Unresolved	09/96*
8-115-95-016	Privatization Activities in the Central Asian Republics	09/01/95	09/01/95	04/96
9-000-93-006	Audit of A I D 's Accounts Receivable	08/31/93	03/31/94	07/96
9-000-95-005	Management of Cash Advances to Recipient Organizations	12/15/94	12/15/94	04/96
9-000-95-009	Management of Cash Advances to Recipient Organizations	03/16/95	03/16/95	05/96

* Date indicated is expected resolution date

TABLE D

REPORTS ISSUED WITH QUESTIONED AND UNSUPPORTED COSTS
October 1, 1995 through March 31, 1996

(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 1995	92	$58 297[2 3]	$21 648[3]
Add Reports issued October 1 1995 through March 31 1996	57	$7 093[4]	$2 054
Subtotal	149	$65 390	$23 702
Less Reports with a management decision made October 1 1995 through March 31 1996	88	$30 478[5 6]	$13 528[5]
For which no management decision had been made as of March 31 1996	72	$34 912[7]	$10 174
For which no management decision was made within six months of issuance	32	$28 412	$8 448

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 $289 370 in Questioned Costs for audits performed for the IG by other federal audit agencies

3 The ending balance at September 30 1995 ($53 721 878) was increased by $4 575 607 in Questioned Costs ($4 702,073 in Unsupported Costs) to reflect increases in the amount of recommendations contained in seven reports

4 Amounts include $10 251 in Questioned Costs for audits performed for the IG by other federal audit agencies

5 Agency Officials disallowed $1 591 823 in Questioned Costs ($479 636 in Unsupported Costs) cited in 65 reports Agency Officials did not sustain $28 886 607 in Questioned Costs ($13 048 056 in Unsupported Costs) cited in 65 reports

6 Amounts include $227 961 in Questioned Costs for audits performed for the IG by other federal audit agencies

7 Amounts include $71 660 in Questioned Costs for audits performed for the IG by other federal audit agencies

TABLE E

REPORTS ISSUED WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE
October 1, 1995 through March 31, 1996

(Dollars in Thousands)

REPORTS...	NUMBER OF AUDIT REPORTS	DOLLAR VALUES
For which no management decision had been made as of October 1 1995	1	$451[1]
Add Reports issued October 1 1995 through March 31 1996	9	$1 435
Subtotal	10	$1 886
Less Reports with a management decision made October 1 1995 through March 31 1996	10	$1 859[2]
For which no management decision had been made as of March 31, 1996	2	$27
For which no management decision was made within six months of issuance	0	$0

[1] The ending balance at September 30 1995 ($300 000) was increased by $150 957 to reflect increases in the amounts of the recommendations contained in two reports

[2] Agency Officials agreed with $1 578 966 in actions cited in 10 reports and Agency Officials did not agree with $280 162 in actions cited in three reports

TABLE F

INVESTIGATIVE ACTIONS

Workload

Cases Pending (9/30/95)	106
Cases Opened	38
Cases Closed	48
Cases Pending (3/31/96)	96

Administrative

Administrative Referrals	76
Admonishments	0
Counseling	0
Debarments	0
Personnel Suspensions	0
Program Fraud Civil Remedies Act	0
Reimbursements	0
Reprimands	0
Resignations	1
Savings	0
Suspensions	0
Terminations	2
Total Administrative Actions	**79**

Criminal

Prosecutive Referrals	14
Prosecutive Declinations	7
Prosecutive Dismissals	0
Arrests	0
Indictments	0
Convictions	1
Acquittals	0
Sentences	0
Court-Ordered Fines	0
Court-Ordered Restitutions	0

Civil

Civil Recoveries	0
Complaints	0
Declinations	0
Judgements	0
Recoveries	0
Referrals	0
Settlements	1
Total Judicial Actions	**23**

Investigative Recoveries

Judicial Recoveries	$230,000
Administrative Recoveries	$1,226,753
Total Investigative Recoveries	$1,456,753

INSPECTOR GENERAL

If You are Aware of Any
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