

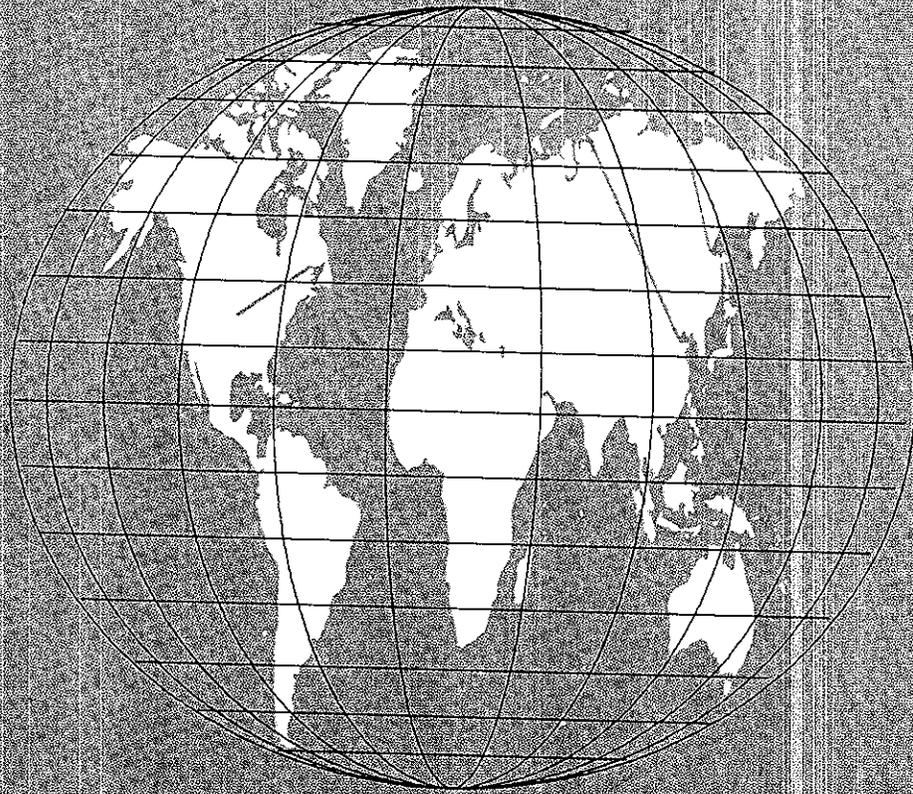
PD-ABU-116

USAID

OFFICE OF INSPECTOR GENERAL

ANNUAL PLAN

For Fiscal Year 1997



U.S. Agency for
International Development



MISSION

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

USAID



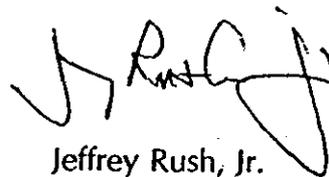
FOREWORD

This is the Office of Inspector General's (OIG) Annual Plan for fiscal year 1997. It describes our plans for conducting audits, investigations, and security operations within the U.S. Agency for International Development (USAID) during fiscal year 1997—the first year of our newly developed Five-Year Strategic Plan.

This Annual Plan emphasizes the importance of an effective partnership between USAID and the OIG. As reflected in our mission statement, we believe that our audit, investigative, and security services are vital to promoting and preserving the effectiveness, integrity, efficiency, and security of USAID programs. Accordingly, this plan outlines our goals for fiscal year 1997 as they relate to those four objective areas—effectiveness, integrity, efficiency, and security. This format is consistent with the OIG's *business strategy* as outlined in our current Five-Year Strategic Plan

USAID's vision for a reengineered foreign aid program is built upon a strategy for development that redefined the Agency's mission. USAID believes that the key to development is broad-based economic growth sustained by parallel progress in democratic reforms, environmental stewardship, and manageable population growth, and is concentrating its efforts in those developmental areas. In addition, USAID maintains an over-riding concern for humanitarian assistance in the event of unanticipated disasters or civil conflicts. As a result of USAID's redefined mission, we plan to focus our resources on helping USAID achieve results in those broad strategic areas.

While this plan is comprehensive, it is flexible enough to deal with unexpected issues that will inevitably arise during the year. In preparing this plan, we have solicited ideas and suggestions from the Congress as well as Agency managers and will continue to be as responsive as possible when either requires assistance from the OIG.



Jeffrey Rush, Jr.
Inspector General

U.S. Agency for
International Development

Office of Inspector General

Annual Plan

for Fiscal Year 1997



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OFFICE OF INSPECTOR GENERAL MISSION, GOALS, AND PERFORMANCE MEASURES

The following mission statement, goals, and general performance measures reflect the OIG's operational direction for fiscal year 1997 and its continuing commitment to ensuring USAID's success.

The mission of the Office of Inspector General is to promote and preserve the effectiveness, integrity, efficiency, and security of the U.S. Agency for International Development.

In accomplishing our mission, the OIG Team will show commitment to :

Partnership by striving to understand development; work with USAID to promote development; understand the entire OIG program and its impact on development; help management find solutions to problems; and remember that our success is measured by the success of our colleagues and partners.

Integrity by striving to display character, decency, and honor in everything we do; work openly and fairly with our colleagues and partners; acknowledge what works and what doesn't; show respect for one another; maintain quiet independence to ensure objectivity and impartiality; and accept responsibility for our own actions.

Excellence by striving to produce work that has distinction, merit, quality, and impact; work efficiently with highly trained people who enjoy equal opportunities to excel; deliver products which are accurate, timely, complete, concise, and meaningful; and present work in a way which is most useful to responsible officials.

Goals and Performance Measures

The goals of the OIG flow from our mission statement. Each goal, articulated below, has accompanying performance measures that describe what we expect to accomplish. This concept of goals and related performance measures is what drives the specific work to be accomplished in 1997 and for the duration of the OIG's current Five-Year Strategic Plan.

Performance measures for goals are a means to assess the long-term OIG impact on USAID operations. It is obviously a very difficult task to measure OIG impact—especially since we have no line authority over USAID management. However, it is essential that we be in a position to demonstrate whether we are successfully carrying out our legislative mandate and our mission in partnership with USAID management.

Since our legislative mandate, as reflected in our mission statement, is to promote and preserve USAID's Effectiveness, Integrity, Efficiency and Security, our challenge is to show, over a long period of time, whether USAID is improving or declining in these areas.

Historically, the OIG community has focused many of its performance measures on the amount of questioned costs, funds put a better use, or improved procedures. The following performance measures for our goals include the concept of these measures but also add balance by showing USAID's progress, or lack thereof, in reaching positive goals which flow from our mission statement and the IG Act.

Goal#1: The OIG and USAID management will work as partners to promote and preserve USAID's **effectiveness**.

Measures: The OIG and USAID management contribute to USAID's effectiveness as demonstrated by the extent that USAID:

- has measurable performance targets;
- has adequate systems which report performance;
- achieves or is on schedule to achieve performance targets;
- changes strategies when performance targets are not met; and
- makes positive, systemic operational changes in the way it does business as a result of investigative and audit efforts.

Goal #2: The OIG and USAID management will work as partners to promote and preserve USAID's **integrity**.

Measures: The OIG and USAID management contribute to USAID's integrity as demonstrated by the extent that USAID:

- has personnel whose integrity has been favorably assessed in accordance with national policy;
- has personnel cleared for access to classified national security information whose integrity has been favorably reassessed on the five year anniversary of their initial background investigation;

- has zero instances of espionage or deliberate compromises of national security information;
- has accurate and reliable financial systems, files and records and available underlying supporting evidence;
- identifies and resolves material internal control weaknesses in financial management practices;
- identifies and resolves instances of noncompliance with applicable laws and regulations;
- identifies funds owed to USAID and ensures payment of debts owed by USAID;
- makes measurable progress toward reliable financial reporting by both USAID and its external recipients;
- has employees, foreign service nationals, and contractors with sufficient knowledge to identify possible integrity problems in USAID programs or operations;
- has employees, foreign service nationals, and contractors who identify integrity problems on a timely basis and take steps to address them; and
- takes appropriate action based on investigative and audit findings.

Goal #3: The OIG and USAID management will work as partners to promote and preserve USAID's **efficiency**.

Measures: The OIG and USAID management contribute to USAID's efficiency as demonstrated by the extent that USAID:

- links costs to results;
- has systems which accurately report costs and results;
- has demonstrated success in decreasing costs relative to results; and
- changes strategies when results diminish relative to costs.

Goal #4: The OIG and USAID management will work as partners to promote and preserve USAID's security.

Measures: The OIG and USAID management contribute to USAID's security as demonstrated by the extent that USAID:

- has personnel who protect, handle, transmit and store classified national security and other sensitive information in accordance with national policy and Agency requirements;
- meets physical security national standards for operations and facilities overseas and in the United States;
- has zero unauthorized penetrations of property installed with physical security systems; and
- has zero successful attacks against personnel or property under the security cognizance of USAID.

Congressional Relations

The OIG considers the U.S. Congress to be one of its primary customers and the maintenance of effective working relations with Congress to be one of its primary goals. The OIG will, therefore, strive to reinforce its working relationship with the Congress and Congressional staffs. Procedures will be continually refined to ensure that interested members of Congress receive OIG work products in the most timely and effective manner possible. The OIG and its component organizational units will maintain an ongoing dialogue with Congressional staffs to ensure that Congress is immediately informed of ongoing OIG activity, and that the OIG is devoting adequate resources to areas of particular Congressional interest.

OFFICE OF INSPECTOR GENERAL AUTHORITY, RESPONSIBILITIES AND OPERATIONS

The USAID Office of Inspector General (OIG) was established on December 16, 1980 by Public Law 96-533 which amended the Foreign Assistance Act of 1961. On December 29, 1981, the President signed the International Security and Development Cooperation Act of 1981, bringing the USAID OIG under the provisions of the Inspector General Act of 1978, as amended.

The USAID Inspector General (IG) heads an organization responsible for audits and investigations relating to USAID's programs and operations. In addition, the IG directs and supervises all USAID security activities. The OIG is authorized by statute to also provide services to the International Development Cooperation Agency.

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

The OIG has four major operations, each headed by an Assistant Inspector General (AIG): Audit, Investigations, Security, and Legal Counsel and Management.

Audit

The Assistant Inspector General for Audit (AIG/A) is responsible for supervising auditing activities relating to USAID's worldwide foreign assistance programs and Agency operations. Auditing activities include both financial and performance audits of USAID programs.

a. What Is An Audit?

An audit is the examination of records or accounts to check their accuracy. However, ensuring accurate records is only part of a complex process of making our government accountable to the public. The concept is summarized in the 1994 revision to Government Auditing Standards:

"Officials and employees who manage [government] programs need to render an account of their activities to the public. While not always specified by law, this accountability concept is inherent in the governing process of this nation."

"Public officials, legislators, and citizens want and need to know whether government funds are handled properly and in compliance with laws and regulations. They also want and need to know whether government organizations, programs, and services are achieving their purposes and whether these organizations are operating economically and efficiently."

In addition to these ideas of accountability to the public, audits can be used by USAID managers to improve their performance. Just as the public relies on USAID managers to implement effective and efficient foreign assistance programs, USAID managers and others must rely on the quality of the audit work performed by the OIG. All audit work performed and supervised by the USAID OIG is conducted in strict accordance with standards specified by the Comptroller General and the American Institute of Certified Public Accountants.

The OIG carries out or supervises two types of audits:

1. *Performance audits* are objective and systematic examinations of evidence for the purpose of providing an independent assessment of the performance of government organizations, programs, activities, or functions.

2. *Financial audits* can be either audits of financial statements or financial related audits. Financial statement audits provide reasonable assurance about whether the financial statements of an audited entity (e.g., a grantee or contractor) present fairly the financial position, results of operations, and cash flows in conformity with generally accepted accounting principals. Such audits include those of USAID's consolidated annual financial statements required under the Government Management Reform Act. Financial related audits include determining whether (1) financial information is presented in accordance with established or stated criteria, (2) the entity has adhered to specific financial compliance requirements, or (3) the entity's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve the control objectives. Such audits can include, *inter alia*, segments of internal controls and compliance with laws and regulations, and fraud allegations.

b. Audit Strategies and Priorities

This year, the OIG plans to carry out performance and financial audits designed to both assist the Agency in maintaining and improving its effectiveness, integrity, efficiency and security and help to keep Congress, the public, and other concerned parties informed about USAID operations. In addition, the OIG will look to new and innovative approaches to quickly examining and reporting upon various aspects of USAID operations. We expect these efforts to be both self-initiated and, to the greatest possible extent, responsive to Legislative and Executive Branch expressions of interest. Specific activities designed to advance this strategy are detailed elsewhere in this Plan.

c. Audit Objectives, Scope, and Methodology

Objectives define the purpose of the review and provide the focus for developing significant issues. Audit objectives can be thought of as questions about a program or operation that the auditors are trying to answer. They determine the type of audit to be conducted and are key to a successful and meaningful audit. Scope is the boundary of the audit and addresses such things as the period to be covered and the number of locations included in the review. Methodology relates to the data gathering and analytical methods that the audits use to answer the questions posed in the objectives.

d. Audit Universe

Defining the audit universe is key to audit planning. The size and nature of the Agency's programs provide a basis for prioritizing audit work and allocating audit resources.

For fiscal year 1997, USAID will be conducting foreign assistance programs in four major regions of the world—Africa, Asia and the Near East, Europe and the New Independent States, and Latin American and the Caribbean. Audit resources will be allocated to cover those programs.

Information on actual foreign assistance is currently available only in the traditional geographical and program area format. Although this information does not specifically match the Agency's new strategic objective format, it does provide a useful insight to the size of the programs and the audit universe. According to USAID's fiscal year 1997 Congressional Presentation, the Agency expects to obligate nearly \$6.8 billion in appropriated funds for USAID-provided assistance during fiscal year 1996 (see table below).

**Fiscal Year 1996 Operating Year Budget (estimated obligations)
for the Major USAID Programs**

Assistance Summary	Development Assistance	Economic Support Funds	SAI/NIS	PL480 Titles II & III	Totals
Africa	\$718,519,000	\$12,200,000		\$374,121,000	\$1,104,840,000
Asia and Near East	276,528,000	2,308,267,000		163,002,000	2,747,797,000
Europe and NIS	4,486,000	77,526,000	\$1,521,177,000	49,812,000	1,653,001,000
Latin America and Caribbean	277,225,000	125,883,000		146,831,000	549,939,000
Central PL480				137,334,000	137,334,000
Global Programs	454,637,000	7,044,000			461,681,000
BHR	71,988,000				71,988,000
Disaster Assistance	204,825,000				204,825,000
Housing Credit	4,000,000				4,000,000
Housing Guarantee	64,000,000				64,000,000
Operating Expenses	530,716,000				530,716,000
Adjustments	(401,187,000)	(207,792,000)	(383,305,000)		(992,284,000)
Other	163,627,000	36,472,000	25,128,000		362,561,000
Total USAID	\$2,369,364,000	\$2,359,600,000	\$1,163,000,000	\$871,100,000	\$6,763,064,000

Investigations

The Assistant Inspector General for Investigations is responsible for supervising the performance of investigative activities relating to USAID programs and operations. Investigations of criminal, civil, and administrative violations cover all facets of USAID's worldwide operations.

a. What is an Investigation?

An investigation is an authorized inquiry to gather the necessary facts to resolve allegations of potential violations of rules, regulations, or laws pertaining to the programs and operations of USAID. Section 4(a) of the Inspector General Act of 1978 (Public Law 95-452), as amended, authorizes the OIG to provide policy direction for and to conduct, supervise, and coordinate investigations relating to the programs and operations of USAID. The Act also authorizes the OIG to recommend policies for, and to conduct, supervise, or coordinate other activities carried out or financed by USAID for the purpose of promoting economy and efficiency or preventing and detecting fraud and abuse in the administration of the Agency's programs and operations.

Further, Section 6(a)(1) of the Inspector General Act authorizes the OIG to undertake investigations. OIG Special Agents are trained in criminal investigations and federal law enforcement, as well as in USAID policies and program regulations. They focus their investigative efforts upon identifying and resolving allegations of fraud in USAID projects and programs. When warranted, OIG investigators are deputized as Federal Marshals on a case by case basis in order to be granted arrest powers and be able to execute search warrants. The OIG has administrative subpoena authority and its investigators are authorized to administer oaths and perform other enforcement duties in accordance with U.S. laws and regulations.

When an allegation or complaint received by the OIG is deemed to have sufficient basis or substance to warrant an inquiry, it will be investigated as follows:

1. **Criminal Investigations:** The primary focus of criminal investigations is a potential violation of Federal law. Section 4(d) of the Inspector General Act directs the Inspector General to report expeditiously to the Attorney General whenever there are reasonable grounds to believe there has been a violation of Federal criminal law.

Accordingly, when OIG criminal investigators identify potential violations of Federal criminal law, they consult with the Department of Justice (DOJ) early in the investigative process. They subsequently work closely with DOJ to expediently bring the matter to closure. These type of investigations usually result in criminal sentences such as jail terms and fines.

2. Civil Investigations: Civil matters may be addressed during the criminal investigations or as the sole focus of investigative proceedings. These inquiries usually focus on violations of the civil fraud and false claims statutes such as the False Claim Act, the Program Fraud Civil Remedies Act, and the Procurement Integrity Act.

In recent years, the DOJ has placed increased emphasis upon civil enforcement through its Affirmative Civil Enforcement (ACE) program because the investment of investigative resources in civil cases has paid high dividends in terms of financial recoveries and civil penalties. For example, the False Claims Act provides for treble damages (based on the Federal funds involved), plus a forfeiture of \$5,000 to \$10,000 per false claim.

3. Administrative Investigations: Administrative investigations are conducted when the nature of the acts committed or the alleged infractions involve potential violations of Federal rules or regulations. After the administrative investigations has been completed, the findings are referred to USAID officials for review and corrective action. Agency actions may involve oral reprimands, dismissal with prejudice, appropriate collection initiatives or debarments and suspensions.

b. Investigative Strategies and Priorities

The principal goal of OIG investigations is to work in partnership with the Agency to protect and maintain the integrity of USAID's programs and operations. Our investigative approach is based on gathering evidence regarding allegations of fraud or misconduct and to provide our investigative findings to Agency decision makers and/or the Department of Justice (DOJ). In meeting this goal, we will ensure that our investigations are conducted and reported in an independent, competent, and impartial manner.

In carrying out this mandate, OIG investigates allegations received from a wide range of sources of information, including, but not limited to: the public, USAID employees and program participants, the OIG Hotline, audit referrals, other law enforcement agencies, the U.S. Department of Justice, other Federal agencies, Congressional inquiries, and spin-off inquiries from other investigations.

In support of its goal of ensuring integrity in USAID programs we will focus a significant proportion of our investigative resources on resolving allegations of contract and procurement fraud. Vulnerabilities in these areas have potentially serious consequences and, if left unchecked, could have serious impact on the integrity of USAID's programs.

USAID currently employs¹ more than 3,324 direct hire employees and more than 5,047 personal services contractors (PSCs) at over one hundred duty stations worldwide. In its ongoing contacts with USAID personnel, the OIG will promote integrity awareness among USAID employees in order to minimize and proactively reduce serious employee misconduct matters.

c. Inspector General Hotline

The OIG maintains a Hotline to facilitate the receipt of complaints and allegations. Although the Hotline is staffed by Investigations, when complaints involving OIG audit or security issues are received, they are referred to the appropriate officials on the OIG audit and security staffs.

The OIG Hotline has a central toll-free telephone number, a postal mailbox, and an electronic mailbox address. Any of these avenues can be used to lodge a complaint with the OIG or report alleged acts of misconduct by USAID employees. Callers to the OIG Hotline may choose to remain anonymous or may request that the OIG keep their identities confidential.

¹Employment figures are from USAID World-Wide Staffing Pattern Report dated June 30, 1996. Total direct hire employees include foreign service and third country nationals.

Security

The Assistant Inspector General for Security is responsible for supervising the performance of security activities relating to USAID programs and activities. These programs, which support USAID facilities and operations in approximately 90 countries, are derived from legislation, executive orders, national security directives, and other national-level policies. Program responsibilities include physical security of USAID employees and facilities, personal security investigations, information security, and inspection/assistance activities.

a. What is the OIG Security Program?

Section 8a of the IG Act of 1978, as amended in 1981, states that the Inspector General for the Agency for International Development

"shall supervise, direct, and control all security activities relating to the programs and operation of that Agency, subject to the supervision of the Administrator of that Agency."

This initial security responsibility was expanded to include the International Development Cooperation Agency (IDCA) which included, the Overseas Private Investment Corporation (OPIC) and the Trade Development Agency (TDA). The composition of IDCA has changed but OIG Security remains linked to OPIC and TDA through statute and/or agreement. The OIG Security operates with two full divisions.

Physical Security The Physical Security Division supports USAID Management in its worldwide responsibility for ensuring the physical protection of National Security Information. The Division also provides state of the art physical counter-measures against terrorism, espionage, sabotage, and crimes directed against the entire USAID community.

Overseas, physical security is accomplished through a program designed to provide a 24-hour security umbrella for USAID employees and their dependents. USAID facilities are surveyed by Division personnel who make recommendations for appropriate security procedures and equipment based on criteria and standards developed by the Overseas Security Policy Board. The Division procures the necessary equipment and supervises its installation. For protection of employees in transit, armored vehicles are procured and provided at higher threat posts. The final link in this security chain is the provision of radios and related communications equipment for residences, vehicles, and offices.

Domestically, the Physical Security Division coordinates closely with management offices associated with the oversight of the numerous annexes in which USAID is housed, the resident bureaus and, as necessary, local police jurisdictions. Particularly noteworthy among current projects is extensive interagency coordination on security requirements for the proposed USAID headquarters known as the Federal Triangle Building. This unit leads the OIG's effort to ensure that "USAID's people are safe from harm." Its professional associates are charged with the protection of USAID employees, dependents, and facilities from acts of terrorism and violence.

Information and Personnel Security The Information and Personnel Security Division supports USAID management in its worldwide responsibility for ensuring the procedural protection of national security information. This division also provides investigative support in the hiring of new employees, and conducts special investigations aimed at detecting and neutralizing the effects of terrorism, espionage, and other national security related matters directed against the USAID community.

The division adjudicates the results of non-criminal national security investigations to determine whether a security clearance should be granted, denied, or withdrawn, and administers the procedural due process protection afforded to employees. This unit leads the OIG's efforts to ensure that "USAID's national security information is safe from unauthorized disclosure" and shares the goal that "USAID people have high integrity." This division is staffed by 16 direct-hire employees and augmented by 50 contract investigators.

Organizational functions include the conduct of background investigations to determine the loyalty, suitability, and security eligibility of employees, applicants, and contractors; complaint-type investigations including counterintelligence and counterterrorism investigations; security clearance adjudications; computer security; issuance of ID cards; and information security. Information security includes maintenance of the Classified Document Center and administration of the Security Violations Program. Domestically, extensive coordination is required with the Office of Human Resources, Information Resource Management, and the Office of Procurement.

b. Security Strategies and Priorities

Security office planning for the coming fiscal year, and the years that follow, will be based, as always, on the realities of legislation, regulation and executive guidance. When we couple these realities with the information provided by our customers, we are able to build our plans for the future. By using the hierarchy of rules and the calculus of mandatory, obligatory and discretionary actions, we will refine the process once again.

For fiscal year 1997, we plan to continue to make maximum use of the personnel assigned to the OIG security operations while expanding the training and skill development base

for all personnel to accomplish affirmative action goals. In light of announced plans by the USAID Administrator and expected budget reductions, we are prepared for a reduction in the Investigative Program and related activities (adjudications), with an increase in information security and domestic physical security challenges.

The Information Security program will receive special emphasis in fiscal year 1997, with additional resources dedicated to expanding the program scope. For fiscal year 1997, we plan to continue implementation of the Executive Order 12958 standards for Information Security programs by increasing the number of individual and group briefings and training sessions to insure understanding and adherence to national Security Information requirements by agency personnel. Likewise, in keeping with the Administrator's direction to insure all employees are familiar with the proper usage of electronic mail systems and other electronic communications systems, we will expand the program begun in fiscal year 1996 to provide guidance on the proper creation, storage and transmission of sensitive and classified information.

The Physical Security program for fiscal year 1997 will be driven by USAID field planning for opening, closing and moving of overseas offices, and by increased Domestic Security initiatives and concerns. Overseas physical security projects will be implemented based on an operational calculus which considers the threat to USAID resources, the numbers of personnel at a location, and the program involved. The Domestic Security program will continue to implement the security standards and requirements identified in the June 1995 Department of Justice (DOJ) Report which resulted from studies conducted after the Oklahoma City bombing of the Murrah Federal Building. The DOJ report calls for additional security systems at all USAID locations in the Washington D. C. area. This will be a multi-year effort, and is based on the threat level of each USAID location. To accomplish this year's increased activity, this program will be augmented by additional personnel resources from within the Security operation.

The Background Investigations Program for fiscal year 1997 is expected to see minor reductions in activity because of reduced hiring by the USAID, through implementation of new investigative and adjudicative standards associated with Executive Order 12968, and by activation of contractor clearances resulting from Executive Order 12829 agreements. The new-hire initial clearance investigative efforts are expected to decline because of reductions in the numbers of newly hired employees across the USAID. The Security Policy Board (SPB) directives associated with Executive Order 12968 permit extension of periodic re-investigations times for Secret and Confidential clearance holders, thereby reducing the re-investigation workload. The third initiative impacting on the background investigative program is the implementation of Executive Order 12829 procedures, which allow for Defense Industrial Security Contract Office (DISCO) clearances to be accepted by USAID for those institutional contractors requiring access to National Security Information. This program, was brought about by the initiation of a Memorandum of Understanding between the Department of Defense and USAID in fiscal year 1996.

The USAID worldwide security mission is accomplished by a small General Schedule workforce based in Washington. Because the unit is at full authorized strength, personal advancement is accomplished through merit promotion into positions as they become vacant. This does not mean; however, that the unit does not have a number of initiatives and programs designed to identify and encourage outstanding performers to broaden their skills and develop a wider base of security experience. One of these programs is to convert a significant percentage of diverse skills within the operation to Security Specialist 0080 positions. The unit will use details, internal training opportunities and internal re-assignments to strengthen the Information Security and Domestic Physical Security Programs while expanding the experience base of personnel resources.

Another program within the Security unit is designed to support the principals of diversity and recognition commensurate with performance in the workplace. The managers and supervisors of IG/SEC will undertake several initiatives during fiscal year 1997 to continue to develop and improve the skills and enhance the training of the women and minority members on the security staff. The most significant of these initiatives is the cross-training of GS-12 and GS-13 Security Professionals and Investigators in the Security program disciplines and the detail (and eventual conversion) of GS-12 and GS-13 Electronic Technicians into security program positions. The goal of this initiative is to broaden the skill base for all these employees and make them more competitive for supervisory and management positions.

Legal Counsel & Management

The Legal Counsel and the Deputy Counsel/Assistant Inspector General for Management provide advice and assistance to the Inspector General and the other Assistant Inspectors General on legal, administrative, financial, and personnel matters. They are directly responsible for personnel, budgetary, contract, logistic, information resource management and coordinating administrative activities for the OIG's Washington, D.C. and overseas regional offices.

OFFICE OF INSPECTOR GENERAL STAFFING

The Office of Inspector General has an authorized OMB staffing ceiling for fiscal year 1997 of 230 full-time equivalent (FTE) positions. The FTEs are to be allocated among the OIG operating and administrative units as depicted in the staffing table and organizational chart shown below.

Office of Inspector General Staffing

Office	Authorized FTEs
IG	6
Audit	127
Investigations	30
Security	35
Legal Counsel & Management	32
Totals	230

WORKING WITH AGENCY MANAGEMENT TO PROMOTE AND PRESERVE USAID'S EFFECTIVENESS

USAID OIG will work with Agency management to help ensure that:

- the effects of USAID operations, and the cost of those operations, are clearly defined,
- USAID activities achieve their desired effects, and
- USAID can clearly communicate the results of its operations to all concerned parties.

(A) Audit Activities

USAID AIG for Audit will work with Agency management to help ensure that USAID moves to effectively implement its development strategies and to restructure itself to meet future contingencies. During this fiscal year, we plan to do this by auditing, examining, and otherwise providing critical review of USAID's :

- progress towards implementing selected Agency strategic objectives, particularly through its work with private voluntary and other nongovernmental organizations, contractors and host government agencies.
- implementation of the Government Performance and Results Act of 1993.
- success in reengineering Agency systems and procedures.

The OIG plans to achieve this result through the following activities.

1. Audit of USAID-Funded Sustainable Democracy Activities

This audit is designed to examine USAID's progress in implementing its "Building Democracy" strategic objective. The Agency has invested over \$269 million per year over the last six years towards this objective. To most effectively use our audit resources, we will focus upon the Agency's efforts to increase development of politically active civil societies, a subcategory under this objective. The Agency has directed about 35 percent

of its total funding for "Democracy Building" toward this subcategory. Designed to be Agency-wide in scope, this audit will determine whether USAID developed measurable performance targets and effective reporting mechanisms, and is progressing satisfactorily toward achieving those targets. It should also help Agency managers gauge their progress toward implementing elements of the Government Performance and Results Act of 1993.

2. Audit of USAID-Funded Natural Resources Management and Biodiversity Activities

This audit is designed to examine USAID's progress in implementing its strategic objective of "Protecting the Environment". USAID has invested over \$500 million per year over the last four years towards this objective. To most effectively use our audit resources, we will focus upon the Agency's efforts to promote biodiversity and natural resource management, two subcategories under this objective. The Agency has directed about 30 per cent of its total funding for "Protecting the Environment" toward these subcategories. Designed to be Agency-wide in scope, this audit will determine whether USAID developed measurable performance targets and effective reporting mechanisms, and is progressing satisfactorily toward achieving those targets. It should also help Agency managers gauge their progress toward implementing elements of the Government Performance and Results Act of 1993.

3. Audit of USAID's Activities in Nonpresence Countries

As of March 1996, USAID was funding activities in 41 countries which did not have bilateral missions. Unliquidated obligations for those activities totalled \$230 million. USAID attempts to implement its activities in those countries through a host of private and nongovernmental organizations, contractors and host government agencies. It attempts to monitor those activities through staff assigned to regional centers, Washington bureaus, and/or nearby missions. Designed to be Agency-wide in scope, this audit will ask whether USAID developed effective systems to monitor such activities and accurately report progress towards intended results. As USAID's in-country presence diminishes around the world, greater reliance will continue to be placed upon private and host government organizations to implement USAID programs. This audit will help Agency managers effectively refocus Agency oversight procedures.

4. Audit of Technical Assistance Contractor Performance Under Asia and Near East Missions' Strategic Objectives

This audit is designed to examine USAID/Philippine's progress in developing and implementing systems to oversee the work of technical assistance contractors

implementing projects under the mission's "Building Democracy" strategic objective. This is the second of two related audits undertaken by the OIG's regional office in Bangkok. The audits were specifically requested by USAID/Philippines' management to measure USAID's success in developing contractor oversight systems in the Asia and Near East region. Field work for a similar audit in Indonesia is expected to be completed in fiscal year 1996. In addition to examining the mission's oversight and monitoring systems, this audit will also attempt to determine whether technical assistance contractors are effectively producing measurable results in furtherance of this strategic objective. While directly assisting USAID/Philippine's management, we expect that this audit will also provide information relevant to the OIG's planned Agency-wide audit of USAID-funded sustainable democracy activities.

5. Audit Survey of USAID's Economic Growth Activities

One of USAID's five strategic objectives is the encouraging of broad-based economic growth. The Agency hopes to achieve this objective by devoting resources to: encouraging local markets and exports; promoting microenterprises and small businesses; enhancing food security; and sponsoring vocational, technical and general education programs. This survey is part of the OIG's effort to systematically audit, on an Agency-wide basis, USAID's efforts to address each of its five objectives. It will form the basis for a possible Agency-wide audit in upcoming fiscal years. The survey will lead to a multi-year audit plan for reviewing USAID's strategy for promoting economic growth, and identify specific functional and geographical locations for directing future audit efforts.

6. Audit Survey of USAID's Health/Child Survival Activities

One of USAID's five strategic objectives is the stabilization of world population and protection of human health. A primary component of that objective is the Agency's attempt to foster a sustainable reduction in child mortality. USAID hopes to achieve this reduction by devoting resources to: developing new and/or improved child health care approaches and technologies; transferring technology and skill to build local child health capacity; improving the host country environment for the expansion and adoption of child health services; and expanding the availability, quality, and use of child health services. This survey is part of the OIG's effort to systematically audit, on an Agency-wide basis, USAID's efforts to address each of its five objectives. It will form the basis for a possible Agency-wide audit in upcoming fiscal years. The survey will lead to an audit plan for reviewing USAID's attempt to address child mortality under its strategy for stabilizing world population and protecting human health and identify specific functional and geographical locations for directing future audit efforts.

7. Review of USAID's Bosnia Support Program

During fiscal year 1996, Congress appropriated \$198 million for the first year funding of USAID's economic revitalization program in Bosnia and Herzegovina. USAID's major programs are: (1) the Municipal Infrastructure and Services Program, a planned 4 ½ year, \$182 million balance-of-payment initiative intended to finance the reconstruction of community infrastructure; and (2) the Bosnia Reconstruction Finance Facility Program, a planned 4 ½ year, \$278 million program intended to provide financial support to the commercial and industrial sectors in support of post war reconstruction and revitalization. The later program is intended to increase sustainable employment of the general population, refugees and demobilized soldiers.

Because of the high risk and vulnerabilities associated with these two USAID Bosnia programs, the OIG's Budapest office plans to contract with an independent public accounting firm to provide on-going audit coverage of both programs. The independent public accounting firm, working under the supervision of our Budapest staff, will test the internal controls established for the programs, perform end-use checks as needed, attest to the fairness of fund accountability statements prepared for the programs, and report on the audit results.

8. Audit Activity on USAID's Pilot Agency Activities Under the Government Performance and Results Act of 1993

Drawing upon results of its audits of USAID-funded sustainable democracy and natural resources management and biodiversity activities (see above) and other sources, as appropriate, the OIG will report on USAID's overall progress toward compliance with Government Performance and Results Act of 1993.

9. Survey of USAID's Reengineering Activities

The OIG will survey USAID reengineering activities by conducting a series of limited-scope reviews culminating in a series of status reports to Agency management addressing the Agency's reengineering efforts. Possible subjects for review include, but are not limited to Agency project/program design and monitoring systems, and improvements in contract award and management systems. We plan to summarize the results of our reengineering reviews every six months in the OIG's Semiannual Report to the Congress. While unique to this effort, this reporting method will enable us to more quickly disseminate our survey results to Agency management, Congress, and other interested parties.

(B) Investigative Activities

Our goal is to implement an investigative program that supports the USAID's foreign assistance objectives by focusing a significant proportion of its investigative resources upon potential contract and procurement fraud. Vulnerabilities in these areas have potentially serious consequences and if left unchecked, they may become serious obstacles to USAID's effectiveness.

Contracts: As of June 1996, USAID had 2,313 contracts worldwide including definite and indefinite quantity contracts, blanket purchase agreements, purchase orders, personal services contracts, etc. These various types of contracts were awarded by both USAID/Washington and overseas USAID procurement officers and involved the procurement of goods and services valued at approximately \$5.80 billion.

Grants & Cooperative Agreements: USAID had 1,466 grants & cooperative agreements worldwide as of June 1996. These awards were made by both USAID/Washington and overseas USAID grant officers and were valued at \$7.44 billion.

In order to meet this goal we must manage the OIG/I operations effectively and efficiently in an environment of diminishing resources. Accordingly, we will develop and implement policies and procedures to ensure the most effective and appropriate use of OIG resources in support of USAID's objectives. Specifically, we intend to better coordinate investigative matters with the USAID Bureaus and Missions by implementing the following initiatives:

- Clearly articulate the issues involved in administrative investigations in order to enable the cognizant USAID managers to take corrective action in a timely fashion.
- Closely work with USAID officials in handling and disposing matters that do not warrant full criminal investigation.
- When necessary, explain the administrative process that is required to bring such matters to a satisfactory resolution.
- Initiate customer surveys and focus groups to fine tune our investigative support services.

(C) Security Activities

USAID operates in some of the most dangerous places on earth. A pivotal value of USAID is to have an "effect" on the factors which impede the improvement of the human condition

in the developing world. OIG Security is committed to the proposition, as developed by Mazlo (Need Hierarchy) and McClelland (Need for Achievement), that people cannot be effective if they are concerned for their own safety and security or that of their family members. Accordingly, OIG Security will:

- Insure that USAID people are who they say they are and possess the necessary attributes of character and integrity expected of the world's leading Development/Humanitarian Assistance Agency.
- Provide a safe place for USAID to work in Washington, D.C.
- Design and implement programs which contribute to the security of USAID missions (people), office facilities and residences overseas.
- Provide communications and armored vehicle programs which permit USAID employees to conduct field program activity without concern for personal safety.

WORKING WITH AGENCY MANAGEMENT TO PROMOTE AND PRESERVE USAID'S INTEGRITY

USAID OIG will work with Agency management to help ensure that USAID:

- has high organizational integrity, and
- people have high personal integrity.

(A) Audit Activities

USAID AIG for audit will work with Agency management to help ensure that the Agency maintains adequate accountability over its resources while developing and implementing accurate and comprehensive management and accounting information systems. During this fiscal year, we plan to do this by auditing, examining, and otherwise providing critical review of USAID's:

- implementation of the Government Management Reform Act (GMRA) of 1994.
- oversight of USAID's foreign and domestic grants and contracts.
- development and implementation of its "New Management System".
- management of current information technology.
- reporting under the Federal Managers' Financial Integrity Act of 1982.

The OIG plans to achieve this result through the following activities.

1. Audits of USAID's Existing and Proposed New Management Systems

The OIG will continue to review and provide immediate feedback to Agency management on its implementation of the New Management System (NMS). This system, when completed, is expected to replace USAID's numerous current accounting, monitoring, reporting and management information systems. The OIG will review the development

of the system of internal controls for the NMS, and work with Agency managers to first assess the risk associated with various aspects of the system, then implement a system of controls that reduces the risk of running the system to an acceptable level. The OIG will provide periodic reports throughout the year addressing system development and implementation status. The OIG will audit USAID's general computer controls for the computer "platforms" which operate the NMS. The OIG will determine and report upon Agency success in performing risk assessments, establishing control objectives and documenting general computer controls. The OIG will also determine whether a) controls met applicable standards and are logical, applicable and reasonably complete, and b) control techniques are likely to be effective and efficient in accomplishing their internal control objectives. The OIG will also audit and report upon the Agency's financial and acquisition computer applications controls. Such controls are incorporated directly into individual computer applications to give reasonable assurance that data input, processing and output are carried out efficiently and accurately.

2. Audit of USAID's Consolidated Annual Financial Statements Under the Government Management Reform Act (GMRA)

Beginning in fiscal year 1996, GMRA requires Executive Branch agencies to complete audited financial statements each year covering all accounts and associated activities of the agencies. These financial statements must be prepared in accordance with OMB Bulletin No. 94-01, and must include:

- an overview of the Agency.
- the financial statements and related footnotes, including a statement of financial position, statement of operations and changes in net position, and statement of budget and actual expenses.
- supplemental financial and management information.

The corresponding audit must comply with scope and procedures set forth in OMB Bulletin No. 93-06. The OIG will audit USAID's financial statements under the auspices of GMRA. Audit activity will, of course, be dependent upon USAID management's provision of auditable statements, produced in a timely manner.

3. Financial Audits of USAID's U.S.-based Grantees

USAID's U.S.-based grantees have been audited by U.S.-based auditing firms under the provisions of OMB Circular A-133. The 1996 amendments to the Single Audit Act now bring the provisions of OMB Circular A-133 under law and we have designed our program to cover financial audits of U.S.-based grantees to carryout the requirements of the Act.

Under this program, all USAID grantees receiving a minimum threshold level of U.S. Government funding must undergo a scheduled audit. These audits, among other things, identify unallowable expenses charged to U.S. Government grants. This program is USAID's principal tool for maintaining financial accountability over U.S.-based grantees. OIG will desk review and perform work paper reviews of a sample of such reports to ensure maintenance of acceptable quality levels.

4. Financial Audits of USAID's Foreign-based Grantees

OMB Circular A-133, as a U.S. requirement, does not apply to non-U.S. grant recipients. However, USAID, through standard provisions in individual grant agreements, has applied the standards of OMB Circular A-133 to foreign-based grantees. USAID's foreign-based grantees receiving a minimum threshold level of USAID funding undergo annual financial audits performed by either local auditing firms or host country Supreme Audit Institutions. These audits, among other things, identify unallowable expenses charged to USAID grants. This program, which was reviewed and agreed upon by OMB and GAO, is USAID's principal tool for maintaining financial accountability over its foreign-based grantees. OIG will desk review and perform work paper reviews of a sample of such reports produced under this "Foreign Recipient-contracted Audit Program" to ensure maintenance of acceptable quality levels. At its discretion, OIG will also perform Agency-contracted financial audits of any USAID grant determined to be at high risk, including grants falling under any of the other financial audit programs discussed herein.

5. Financial Audits of USAID's U.S.-based Contractors

U.S.-based contractors receiving USAID funds are typically audited by the Defense Contract Audit Agency (DCAA). These audits, among other things, identify unallowable expenses charged to USAID contracts. This program is USAID's principal tool for maintaining financial accountability over its U.S.-based contractors.

6. Financial Audits of USAID's Foreign-based Contractors

USAID uses a number of control tools to maintain accountability over its non-U.S. contractors, including Agency controller reviews, financial reviews performed by non-U.S. auditing firms, and financial audits performed by OIG. OIG will provide financial audit coverage of non-U.S. contractors under its Agency-contracted Financial Audit Program. Under this program, the OIG contracts with independent public accounting firms to perform audits of specific USAID contracts under direct OIG supervision. Given resource limitations and the numerous alternate methods of maintaining adequate accountability over these contracts, the OIG will perform financial audits of such contracts only upon its determination that a high risk situation exists in respect to a particular contract (e.g.,

indications of fraud or misuse of USAID funds). At its discretion, OIG will also perform Agency-contracted financial audits of any USAID contract determined to be at high risk, including contracts falling under any of the other financial audit programs discussed herein.

7. Review of Foreign Grantee Financial Audit Coverage

In response to Congressional concerns that USAID was not providing adequate audit coverage of its grants and contracts, particularly its awards to non-U.S. grantees, the Agency instituted the Foreign Recipient-contracted Audit Program in the early 1990's. Under this program, non-U.S. grantees receiving a minimum threshold level of USAID funding must undergo annual financial audit. This program is similar to, and is patterned upon, the OMB Circular A-133 program which requires periodic financial audits of U.S. grantees. The program calls for the Agency to place applicable audit provisions in its grant agreements and monitor grantee report submission. In addition, USAID policy and procedures require that the Agency periodically audit its contracts with non-U.S. commercial contractors. In compliance with the 1988 IG Act, as amended, the OIG will perform an Agency-wide review of USAID's audit coverage of both its non-U.S. grantees and its non-U.S. contractors .

8. Survey of USAID's Audit Coverage of Contracts, Grants and Cooperative Agreements

USAID is required by the Federal Acquisition Regulations, Office of Management and Budget requirements, and its own internal policies and procedures to obtain appropriate and timely audits of its contractors and grantees. The Agency currently has approximately 9,000 active awards, valued at over \$20 billion, in place. The OIG will review the Agency's grant and contract universe to determine whether appropriate audit requirements are included in its awards and whether audits are being performed as called for by those requirements.

9. Coordinating the Training and Oversight of Supreme Audit Institutions (SAIs)

Many developing countries have established national internal audit agencies (generally known as Supreme Audit Institutions), such as an Office of the Auditor General, to help maintain government accountability. USAID plans to utilize these organizations' services to audit USAID bilateral grant assistance agreements if the organizations can meet rigorous organizational and auditing standards. For the past several years, the OIG has been working with SAIs in countries receiving U.S. development assistance to upgrade their capabilities. OIG auditors have worked closely with SAIs throughout Latin America, Asia, Africa and the Middle East teaching their staffs "how to audit USAID funds". During this year, OIG plans to work with USAID management in the development of SAIs.

10. Quality Control of Agency Compliance with Reporting Requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA)

USAID annually provides to OMB a status report of the Agency's internal control environment under the terms of FMFIA. The OIG will analyze current and past reports through audits and/or reviews to determine the Agency's progress toward correcting material internal control deficiencies identified in the reports.

(B) Investigative Activities

USAID OIG's investigations office will work with Agency managers and the Department of Justice (DOJ) to maintain the highest levels of program and personnel integrity within the Agency and to resolve issues which come to light during investigations. During this fiscal year, we plan to do this by:

- maintaining early and continuing contact and coordination with DOJ to pursue criminal and civil prosecutions,
- clearly articulating the issues involved in administrative investigations in order to enable the cognizant USAID managers to take corrective action in a timely fashion,
- closely working with USAID officials in handling and disposing of matters that do not warrant investigation by OIG but may require follow up by USAID management, and
- participating in customer surveys and focus groups to identify how to make our investigative products more useful to Agency officials.

The OIG plans to achieve this result by supporting the work of the USAID geographic bureaus through the following activities.

1. Europe and the New Independent States

USAID programs in Europe and the New Independent States (NIS) are the most recently established of USAID's foreign assistance programs. They are generally administered from Washington with small overseas mission staffs. For fiscal year 1996, USAID has budgeted approximately \$1.5 billion in Freedom Support Act (FSA) and Support for Eastern European Democracy (SEED) Act funds for Central/Eastern Europe and the NIS. We anticipate that the number of investigations in this region will increase as the program grows. USAID

managers in Europe and in the NIS countries indicate their most significant concerns relate to the vulnerability of the contracting and procurement processes—areas of primary focus for the OIG.

2. Asia & Near East

The USAID programs in this region have traditionally been characterized by large host country programs. For fiscal year 1996, USAID has budgeted approximately \$2.7 billion in Development Assistance and Economic Fund Support for this region. Ensuring the integrity of the annual \$815 million foreign assistance program to Egypt will remain a priority for the investigative staff. An analysis of prior year's investigative workloads for this region indicates that the major part of investigative time and other resources will be devoted to investigations of Commodity Import Program procurements and large USAID-funded host country contracts.

3. Africa, Latin America & the Caribbean

USAID's assistance programs for the Africa region can be described as the more traditional bilateral programs. For fiscal year 1996, USAID budgeted approximately \$1.030 billion in development and P.L. 480 assistance. USAID programs in the region are experiencing major changes in the allocation of resources. Overall funding levels are declining and greater emphasis is being placed upon countries in southern and eastern Africa, especially, South Africa and Ethiopia. Other countries with significant funding are Mozambique, Uganda, and Ghana. In addition, USAID offices are being closed in a number of countries, especially in north and West Africa. Analysis of prior-year investigative workloads within the African region reflects a significant proportion of allegations involved employee misconduct, primarily in the areas of embezzlement and theft. Given the reduction in USAID programs and in order to provide a more efficient coverage for the region, we anticipate moving our investigative positions in Nairobi, Kenya to Dakar, Senegal and Pretoria, South Africa.

For fiscal year 1996, USAID budgeted approximately \$654.1 million for development and P.L. 480 assistance in the Latin American & Caribbean region. This region continues to be affected by a reallocation of foreign assistance resources that began several years ago. The major recipients of assistance in the region are Peru, Bolivia, and Haiti. As a result, the OIG expects that these three countries will require the larger share of investigative services, with continued but perhaps decreasing demand for such services by the USAID missions in Central America whose programs have diminished. Analysis of prior-year investigative workloads within this region reflects that allegations of embezzlements and procurement-related kickbacks may require a large percentage of our investigative resources.

(C) Security Activities

USAID OIG's security office will work with Agency management to help ensure that the Agency employees and contractors maintain the highest possible level of personal integrity. During this fiscal year, we plan to do this by both imparting relevant security information to Agency employees and contractors, and ensuring that Agency employees and contractors meet required personal security standards.

The OIG plans to achieve this result through the following activities.

1. The OIG-Security Activity will conduct five overseas briefing/inspection trips using experts in Information and Personnel Security (including Counterintelligence). In accordance with Executive Orders 12958 and 12968, agencies will establish and maintain security training and self-inspection programs which include briefings tailored to operational requirements. The training is required by the Orders to provide information on personnel security, protection afforded classified national security information, and contact reporting criteria.
2. Based on current USAID projections, the OIG Office of Security anticipates conducting about 1,600 investigations on US Direct Hire employees and USAID contractors during fiscal year 1997 in support of this goal.

WORKING WITH AGENCY MANAGEMENT TO PROMOTE AND PRESERVE USAID'S EFFICIENCY

USAID OIG will work with Agency management to help ensure that USAID operates in the most efficient possible manner to:

- link costs to results,
- develop and operate systems which accurately report costs and results,
- decrease costs relative to results, and
- produce desired effects with high efficiency and at low cost.

(A) Audit Activities

USAID AIG for Audit will work with Agency management to help ensure that the Agency is efficiently managing increasingly scarce resources. During this fiscal year we plan to do this by auditing, examining, and otherwise providing critical review of the efficiency of various aspects of the Agency's operations.

The OIG plans to achieve this result through the following activities.

1. Audit of Agency Program-related Unliquidated Obligations

U.S. law and Treasury regulations require that USAID annually review its unliquidated obligations. Diminishing operating and program budgets further mandate that unliquidated obligations be reduced to the absolute minimum required for prudent fiscal management. In fiscal year 1996, the OIG audited the Agency's review and certification of about \$95 million in operating expense obligations resulting in deobligations of more than \$2 million in unused operating expense funds. A similar audit of program-related obligations in fiscal year 1992 resulted in deobligations of more than \$100 million. These audits indicate that a closer Agency review of its unliquidated operating expense obligations would result in the release of tens of millions of dollars in unused funds. OIG will perform an audit of USAID's program-related unliquidated obligations in fiscal year 1997. Identification and

release of any unneeded monies would allow USAID to more efficiently use its scarce program resources.

2. Audit of Mission Closures in Eastern and Central Europe

The Administrator recently announced his plans to phase-out all USAID missions/offices in Central and Eastern Europe (CEE) by the year 2000. It is extremely important that close-outs be carefully planned and executed as millions of dollars of government property are involved, as well as the sustainability of the development programs USAID has implemented since the collapse of the former Soviet Union. We believe that this audit, if done as mission closures begin, could provide a valuable service to a specific USAID mission as well as ENI Bureau managers in Washington. The early detection of problem areas regarding disposal of assets or managing the program as personnel are reduced could provide valuable lessons learned for missions which have not yet begun the closure process.

3. Audit of USAID/West Bank and Gaza's Payment Process

Obligations for the USAID/West Bank and Gaza program were \$80 million for fiscal year 1995—with obligations for upcoming years planned at about \$75 million per annum. There have been no audits done of the payments process at USAID/West Bank and Gaza as the Mission only opened in Tel Aviv in August 1994 and the accounting function for the program was transferred to Tel Aviv from Amman (USAID/Jordan) on October 1, 1995. During our audit of unliquidated obligations at USAID/West Bank and Gaza in January 1996, we noted several factors which suggest that the payment process should be examined. Considering these risk factors, the size of the program, and the fact that the accounting function will have been located in Tel Aviv for one full year as of October 1, 1996, early 1997 would be an effective time to examine how well the Mission is managing the payment process.

(B) Investigative Activities

Our goal is to carry out an investigative program that supports the USAID's foreign assistance objectives. By focusing our investigative resources on maintaining and improving the Agency's integrity and effectiveness, we will be greatly contributing to enhancing its operational efficiency in the delivery of foreign assistance.

(C) Security Activities

The OIG is committed to the security, safety and integrity of USAID, and will endeavor to provide security equal to the "best in business" using the best security business practices.

OIG will:

- Provide the Personnel Security Investigative services mandated by Executive Order, thoroughly, professionally and expeditiously to insure that the critical mission of USAID is not interrupted by a "process".
- Provide a safe place for USAID to work in Washington, D.C., using the best security business practices.
- Design and implement programs which contribute to the security of USAID missions (people), office facilities and residences overseas using all available means to insure that security standards are met while USAID production is not impeded.
- Provide communications and armored vehicle programs which permit USAID employees to conduct field program activity confident in the adequacy of the security being afforded. Sound business practices will be used consistent with security practices and where innovation and technological security/communications advances are made, the advances will be shared with our USAID partners for other applications.

WORKING WITH AGENCY MANAGEMENT TO PROMOTE AND PRESERVE USAID'S SECURITY

USAID OIG will work with Agency management to help ensure that USAID's:

- people are safe from harm; and
- national security and other sensitive information is safe from unauthorized disclosure.

(A) Audit Activities

The AIG for Audit helps ensure USAID's security by incorporating reviews of internal controls in all financial and performance audits. These reviews may include assessments of controls to safeguard funds, equipment, and other USAID-funded commodities, as well as controls relating to computer security and protection of proprietary information. Without effective security measures, the overall effectiveness of USAID's programs may not be maximized.

(B) Investigative Activities

In supporting USAID's foreign assistance objectives, our investigative resources will monitor Public Law 480 and other commodity shipments in order to ensure that these programs remain secure. When security issues arise in these or other areas, we will undertake appropriate investigative actions in order to expeditiously identify any systemic vulnerabilities and work closely with Agency management in an attempt to quickly eliminate such threats.

(C) Security Activities

OIG-Security will work with Agency management to ensure that USAID's employees and contractors work and, where appropriate, live in a safe and secure environment. This is the primary focus of virtually all OIG-Security activity.

The OIG plans to achieve this result through the following activities.

1. Information Security Experts will conduct five overseas training/inspection trips to assess and review the handling, transmission and storage of classified information.
2. Following training and guidance provided by Information Security Experts, Physical Security Experts will conduct a continuous assessment of the handling, transmission and storage of classified information on all overseas trips.
3. Information Security Experts will personally brief every new US Direct Hire employee of USAID on the proper handling, transmission and storage of classified information.
4. Every individual granted access to USAID national security information will be provided training in the proper handling, transmission and storage of Classified information and "Sensitive But Unclassified" information.
5. OIG Security will conduct 15 Physical Security Projects, 15 Communications Projects, 2 Residential Security Projects and 3 Armored Vehicle Projects overseas during fiscal year 1997 distributed as follows:

Africa Six physical security, seven communications, one residential security projects throughout the region. The projects will include:

- construction of perimeter walls
- construction of public access control systems
- installation of shatter resistant window film
- installation of new equipment to accommodate different frequency spectrum
- installation of communications systems in newly acquired buildings

Asia/Near East

Five physical security, four communications and two armored vehicle projects throughout the region. The projects will include:

- construction of public access control systems
- replacement of outdated security equipment
- installation of shatter resistant window film
- installation of new equipment to accommodate different frequency spectrum
- replacement of vehicle radios to operate on new frequencies
- assistance with the purchasing and/or armoring of security vehicles

Europe and
Newly Independent
States

Two physical, and one residential security projects throughout the region. The projects will include:

- conducting security surveys
- designing projects
- constructing public access control systems
- installing shatter resistant window film
- installing new communications equipment

Latin America and
Caribbean:

Two physical security, three communication and one armored vehicle projects throughout the region. The projects will include:

- conducting security surveys
- designing projects
- replacing outdated equipment
- conducting communications surveys
- installing new communications equipment to accommodate change to a new frequency spectrum.
- assisting with the purchasing and/or armoring of security vehicles

6. OIG-Security's Domestic Physical Security Staff will oversee and manage all security requirements for the planned office relocation of USAID headquarters staff.

AUDIT PLAN SUMMARY

The following is a listing of the OIG's audits and audit-related activities planned for fiscal year 1997.

Audits of USAID's Existing and Proposed New Management Systems

Audit of USAID's Consolidated Annual Financial Statements Under the Government Management Reform Act (GMRA)

Audit of USAID-Funded Sustainable Democracy Activities

Audit of USAID-Funded Natural Resources Management and Biodiversity Activities

Audit of USAID's Activities in Nonpresence Countries

Audit of Agency Program-Related Unliquidated Obligations

Audit of USAID's Pilot Agency Activities Under the Government Performance and Results Act of 1993

Financial Audits of USAID's U.S.-based Grantees

Financial Audits of USAID's Foreign-based Grantees

Financial Audits of USAID's U.S.-based Contractors

Financial Audits of USAID's Foreign-based Contractors

Review of Foreign Grantee Financial Audit Coverage

Audit of Technical Assistance Contractor Performance Under Asia and Near East Missions' Strategic Objectives

Audit of Mission Closures in Eastern and Central Europe

Audit of USAID's Bosnia Support Program

Audit of USAID/West Bank and Gaza's Payment Process

Audit of USAID/Senegal's PVO/NGO Strengthening Activities

Audit of USAID/Mali's Health and Population Activities

Survey of USAID's Economic Growth Activities

Survey of USAID's Health/Child Survival Activities

Survey of USAID's Reengineering Activities

Coordinating the Training and Oversight of Supreme Audit Institutions (SAIs)

Quality Control of Agency Compliance with Reporting Requirements of the Federal Managers' Financial Integrity Act of 1982 (FMFIA)

USAID STRATEGIES FOR DEVELOPMENT

In March 1994, the Administrator published Strategies for Sustainable Development which redefined the USAID mission and created a plan to achieve it. That document presented USAID's vision for a reengineered foreign aid program to be achieved through broad strategies that the Agency feels will provide a more appropriate focus on development activities.

USAID believes that the key to development is broad-based economic growth which is sustained by parallel progress in *democratic reforms, environmental stewardship, and manageable population growth*. In addition, USAID maintains an over-riding concern for humanitarian assistance in the event of unanticipated disasters or civil conflicts.

USAID plans to employ various operational methods in all its development efforts: support for sustainable and participatory development, an emphasis on partnerships, and the use of integrated approaches to promoting development. USAID will concentrate its resources in three types of countries: those where USAID can provide an integrated package of development, those that have experienced a recent national crisis, and finally those where aid to the non-governmental sector may facilitate development. The success of foreign aid is determined by its impact upon developing nations. USAID will measure its results by asking whether projects and programs achieved predefined, measurable objectives.

USAID's goals, as described in Strategies for Sustainable Development, are described below in more detail.

Encouraging broad-based economic growth: USAID plans to promote broad-based, sustainable growth by addressing the factors that enhance the capacity for growth and by working to remove the obstacles that stand in the way of individual opportunity. The Agency will concentrate on (1) strengthening markets, (2) expanding access to employment and opportunities for small businesses, and (3) investing in people by building human skills and capacities.

In general, USAID proposes to approach broad-based growth by encouraging widespread individual participation, developing institutions, and supporting only those efforts that are sustainable. USAID envisions that markets will be strengthened through policy and institutional reforms that improve their efficiency and performance. Investments in people will come primarily through improvements in basic health, education, and training. Finally, expanding access and opportunity will be provided by microenterprise lending, agricultural technology for small-holder

farmers, policy and institutional interventions, and ensuring that these efforts benefit the poor, women, and disadvantaged groups.

Building democracy: USAID's strategic objective for building democracy envisions a transition to and consolidation of democratic regimes throughout the world. Democracy is viewed as essential to sustainable development. USAID's program will focus on problem areas such as human rights abuses, disenfranchisement of certain population sectors (women, minorities, ethnic divisions), corruption, and elections.

The specific programs implemented by USAID will depend on the political, social, and economic situation of the countries assisted. In general, USAID programs will assist with constitutional mechanisms, free and open elections, independent media, and organizations that increase government accountability.

Protecting the environment: USAID has stated that it will pursue two strategic goals. The first is to reduce long-term threats to the global environment, particularly loss of biodiversity and climate change. The second is to promote sustainable economic growth locally, nationally, and regionally by addressing environmental, economic, and developmental practices that impede development or are unsustainable. USAID will strengthen its own institutional capacity to ensure that Agency projects are environmentally sound.

Stabilizing world population and protecting human health: USAID believes that population and health goals are mutually reinforcing. Over the next decade, USAID plans to contribute to the global health goal of reducing maternal mortality rates by 50 percent, child mortality rates by 33 percent, and the rate of new HIV infections by 15 percent. To achieve these goals, USAID will concentrate its efforts in countries that contribute most to global population and health problems and countries where population and health conditions impede sustainable development. The USAID program will also direct resources towards supporting voluntary family planning and education for girls and women.

Providing humanitarian assistance and aiding post-crisis transition: USAID will provide humanitarian assistance to people in need regardless of the politics of their government. USAID will focus on disaster prevention, preparedness, and mitigation; timely delivery of disaster relief; preservation of basic institutions of civil government during disaster and crisis; and building and reinforcing local capacity to deal with disasters and their aftermath.



If You are Aware of Any
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Write to:

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if requested in your
Email message.)

Caller can be Anonymous