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What is Corruption?





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Corruption



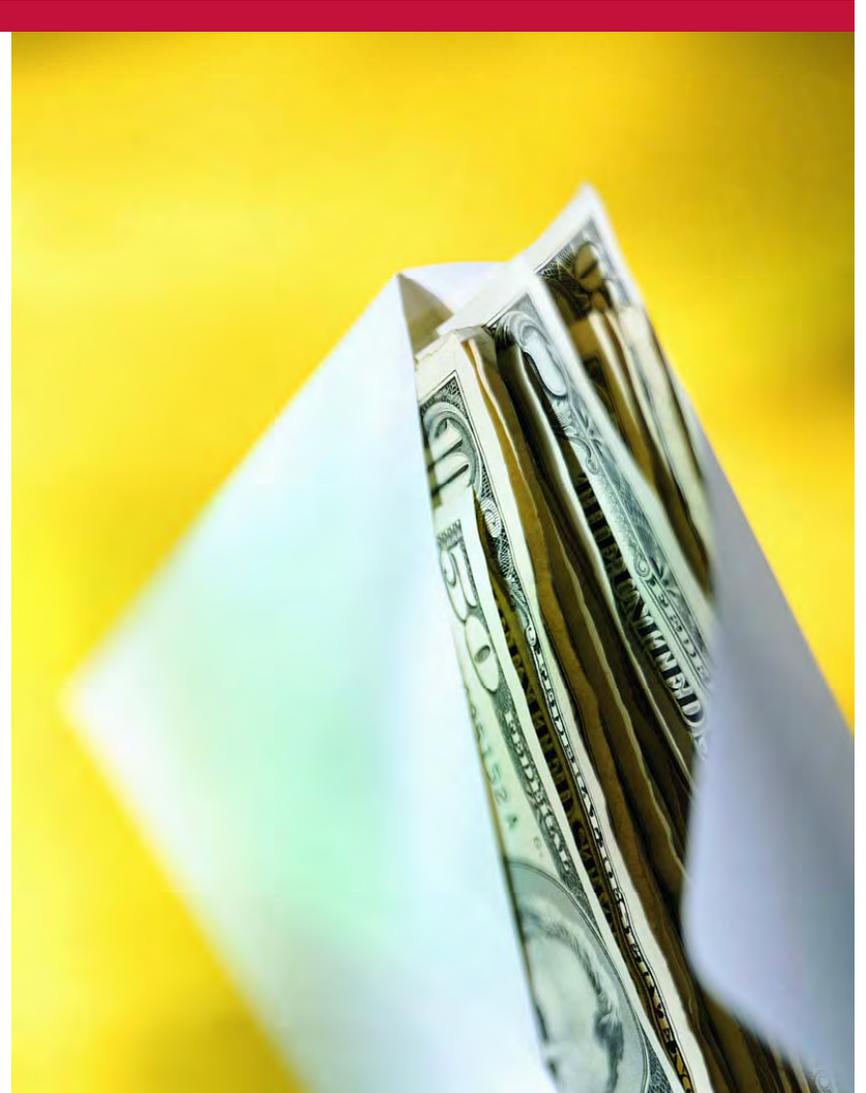
Corruption is the abuse of public position for private benefit or for the benefit of an individual or group to whom one owes allegiance.



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Government Corruption

- Conflicts of Interest
- Improper Influence
- Politicization
- Revolving Door





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How do USG Ethics Rules
Address a Financial Conflict of
Interest ?



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Conflicting Financial Interests

- **USG employees may NOT participate in an official capacity**
- **In a “Particular Matter”**
- **That could affect “their Financial Interests”**





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“Particular Matter”

Something that involves deliberation, decision, or action, and that is focused on the interests of specific persons, or a discrete and identifiable class of persons

Examples:

contract

claim

application





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“Financial Interests” includes:

- Your spouse and minor children
- Your general partner
- Organization - if you are serving, with or without compensation, as officer, director, trustee, general partner, or employee
- Any individual or organization with
 - whom you are negotiating or have an arrangement for future employment





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Consider Appearances

- An employee should not participate in a particular matter when
- The matter is likely to have a direct and predictable effect on the financial interest of a member of his/her household or a person with whom the employee has a covered relationship, and
- The employee determines that a reasonable person would question the employee's impartiality in the matter



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Impartiality:

USG employees may not work on a particular matter if:

- members of your household, relatives, or friends
- people you do or seek to do business with
- organizations in which you actively participate
- organizations that employ your family, or
- organizations you worked for in the last year
- are a party or represent a party to the matter, or
- have financial interests affected by the matter
- And a reasonable person with knowledge of the relevant facts would question your impartiality



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How does USAID assure financial oversight and audit?



- Audit of US Organizations
- Audit of Foreign Organizations and Host Government Entities
- Other Audits and Surveys



Why Does USAID Need Oversight?

- To ensure that U.S. Government funds are used for their intended purpose
- Regardless of the audit requirements USAID retains the right to conduct a financial review, require an audit, or otherwise ensure adequate accountability of recipient organizations



Audit of U.S. Organizations - Nonprofit

- Expenditures of \$500,000 or more during recipient's fiscal year
- Audit report submitted to the Federal Audit Clearinghouse within 9 months after the end of the period audited.



Audit of U.S. Organizations – For-profit

- Annually, USAID/W assesses risk of all U.S. for profit organizations to determine when org should be audited
- Incurred cost audit – auditors examine direct and indirect costs to determine allowability and recommend the indirect cost rate.



Audit of Foreign Organizations & Host Government Entities - Nonprofit

- Expenditures of \$300,000 or more during recipient's fiscal year
- Audit by OIG-approved local accounting firm and based on **OIG Guidelines** for Financial Audits contracted by recipients
- Audit report must be issued by auditing firm within 9 months following end of audited period



Audit of Foreign Organizations & Host Government Entities – For Profit

- Agency-contracted audit (ACA)
- USAID contracts and pays for the audit
- The RIG monitors and reviews draft and final audit reports



Close Out Audits

- Required for all awards (contract or grant) in excess of \$500,000
- USAID Contracting Officer determines need for a close-out audit for awards less than \$500,000
- For profit - the annual incurred cost audit fulfills requirement
- Nonprofit - RCA conducted in accordance with OIG Guidelines is an acceptable close-out audit



Pre-Award Audits & Surveys

- Pre-award audit – determines reasonableness, allowability, and allocability of proposed costs
- Pre-award survey scope
 - Adequacy of internal controls
 - Institutional capacity
 - Accountability
 - Potential high risk areas



Pre-Award Audits & Surveys

- Required for contracts in excess of \$500,000
- For grants, required if recipient has not received federal award in the last five years
- Depending on the outcome, the AO can make the award, not make the award or award with “special award conditions”



Post-Award Review

- Review of an entity's financial policies, procedures, systems and controls to determine acceptability of financial management of USAID funds.
- Objectives
 - Compliance with agreement terms and conditions
 - Adequacy of internal controls
 - Allowable, allocable and reasonable costs



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How does USAID assure partner compliance?



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COPP

C - COMPLIANCE
and
O - OVERSIGHT
of
P - PARTNER
P - PERFORMANCE





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In an effort to further protect the integrity of our foreign assistance programs and taxpayer funds entrusted in USAID, the *Compliance and Oversight of Partner Performance (COPP)* has been created.

This was done after conducting careful organizational surveys of more than eight federal agencies, we found that the best way forward for our agency was to establish an independent unit devoted solely to partner compliance and performance oversight. In 2010, the establishment of a separate division to be housed within USAID's OAA was approved that will refer cases directly to the Senior Procurement Executive, who would hold delegation of authority to suspend or debar.



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The Institution of *COPP*

COPP will consist of an *eight* (8) person team as well as a member of the USAID General Counsel office, bringing together procurement, legal, audit and investigatory skills. This Team will 1) strengthen our decision-making processes through dedicated staff, 2) enhance overall procedures to find and manage cases of waste, fraud, and abuse more effectively; and 3) communicate decisions more quickly.



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COPP *will:*

- Track trends in partner performance (CPARS)
- Track compliance with U.S. federal regulations by partner organizations or individuals working directly with USAID
- Take suspension and/or debarment actions against firms, organizations, and/or individuals as necessary
- Elevate contractor or grantee self-disclosure reports of organizational or compliance issues [(FAR 52.203-13) Contractor Code of Business Ethics and Conduct)]
- Manage corrective actions with partner entities



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In Partnership with the OIG:



COPP will work closely with the *Office of the Inspector General* in order to achieve its goals on issues of reports of potential allegations of fraud and abuse.

COPP will manage alleged reports of non-compliance or ethical concerns associated with USAID development partners.



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The COPP Division will work closely with other federal government agencies and international organizations to share information and best practices.





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Resource: EPLS

COMPLIANCE
Checkup

Before awarding a procurement, check the **Excluded Parties Listing System (EPLS) to ensure that the entity or individual is eligible to receive U.S. federal awards.**

<http://www.epls.gov>

This World Wide Web site is provided as a public service by General Services Administration (GSA) for the purpose of efficiently and conveniently disseminating information on parties that are excluded from receiving Federal contracts, certain subcontracts, and certain Federal financial and nonfinancial assistance and benefits, pursuant to the provisions of 31 U.S.C. 6101, note, E.O. 12549, E.O. 12689, 48 CFR 9.404, and each agency's codification of the Common Rule for Nonprocurement suspension and debarment.



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COPP - Your New Resource

The COPP Division has a website available at [usaid.gov/compliance](https://www.usaid.gov/compliance).

There is a general email address for submissions to the COPP Division at compliance@usaid.gov.

The Division is also in the process of setting up a hotline for calls.

Questions can be addressed to Jeffrey A. Nedoroscik,
M/OAA/COPP Division Chief



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