U.S. Agency for International Development

Office of Inspector General

Strategic Plan 2004 - 2009

Statement of the Inspector General

With great pleasure, I present the Office of Inspector General's strategic plan for fiscal years 2004 through 2009. Our plan consolidates needed audit and investigative activities into a single document that articulates our goals and objectives for work over the next six years at the United States USAID for International Development (USAID), the African Development Foundation, and the Inter-American Foundation. The plan is supplemented by our annual plan for FY 2004 that lays out in detail our proactive investigative program and planned audit activities.

This strategic plan recognizes and allows for changes resulting from new directions established for these three organizations by Congress and the Administration. New laws and new priorities will require us to conduct a periodic assessment of our plans, and we will make changes as appropriate.

Our overriding goal is to support management in the delivery of their programs. We do this through our audit and investigative activities and through our day-to-day operational interactions by advising management on program risks and the need for associated internal controls for protecting and promoting the most effective and efficient program delivery. In performing our duties, we work very closely with the organizations' management and staff as well as with members of Congress and their staffs to understand their particular interests and to provide them with information that they can use in developing and administer the organizations' programs and activities.

We can do this because we have a professional and well-trained staff operating under the professional standards mandated by law and promulgated by the Comptroller General of the United States as well as under the professional standards developed by the President's Council on Integrity and Efficiency. Under these standards, our audit operations are subject to receiving an external peer review performed by another independent inspector general's office. Our most recent review, completed in 2001, reported that our operations meet the professional standards in all respects. Beginning in FY 2003, our investigations operations will also be subject to a peer review by another independent inspector general's office.

In addition, and most important, we can serve the organization's management and Congress by providing them with timely recommendations, suggestions, and advice that they can depend on because of the independence that the Inspector General Act of 1978 provides. The Act creates an independent inspector general by requiring the Inspector General to report both to the head of the respective organization and to Congress, keeping both fully informed on problems identified during the course of our work. We accomplish this task through our regular reporting processes, including our audit and investigation reports and our semiannual reports to Congress, and through frequent briefings of both organization management and members of Congress and their staffs.

For several years, the OIG has concentrated its efforts on a number of USAID "management challenges." The management challenges are in human capital, procurement, financial management, information technology management, and managing for results. As a result of our focus on the management challenges, we developed standards for success to guide the OIG and USAID management in addressing the management challenges.

The standards come from such sources as the Office of Management and Budget (OMB) circulars, legislation (GPRA, GMRA, FFMIA, FISMA, etc.), USAID policy documents and

notices, and USAID administration priorities. They were developed with the intent that, by meeting the standards, USAID will be on a solid track to addressing its major challenges and the OIG will thereby have accomplished its objectives.

We have had extensive discussions with the USAID Administrator and USAID managers about the standards for success. We sought and received concurrence on the major management challenges as well as on the standards for success so that we were working in unison toward the same goal, a more efficient and effective USAID. In addition, we have shared our standards for success with officials of the OMB and congressional staff to ensure that they meet the needs of all of our customers.

We have just completed our first year utilizing the standards for success approach and are now in the process of analyzing the results. We will publish those results in a separate document during the 1st quarter of 2004.

Our goal through our cooperative approach is to assist the organization's management by providing solid information and recommendations for solutions to problems as they carry out their day-to-day business.

Everett L. Mosley
Inspector General

U.S. Agency for International Development

Office of Inspector General

Strategic Plan

2004 - 2009

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Authority and Responsibility

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 Inspector General under the purview of the Inspector General Act of 1978. The OIG assumed audit and investigative oversight of the African Development Foundation (ADF) and the Inter-American Foundation (IAF) in 1999 in accordance with Public Law 106-113.

The Inspector General Act of 1978 (IG Act), as amended, authorizes the Inspector General to conduct and supervise audits and investigations. As a result of this work, the OIG (1) promotes economy, efficiency, and effectiveness and (2) detects and prevents fraud, waste, and abuse in the programs and operations. The Inspector General is responsible for keeping the head of the respective organization and Congress fully informed of the results of audits and investigations related to the organization's programs and operations, as well as the necessity for, and progress of, corrective actions.

Mission

The mission of the OIG is to contribute to and support integrity, efficiency, and effectiveness in all activities of USAID, ADF, and IAF.

Values

In accomplishing our mission, we are committed to the following:

Integrity. Strive to display character, decency, and honor in everything we do; work openly and fairly with our colleagues and partners; show respect for one another; maintain independence to ensure objectivity and impartiality; and accept responsibility for our actions.

Excellence. Strive to produce work that has distinction, merit, quality, and a positive effect; work efficiently with highly trained people who enjoy equal opportunities to excel; deliver products that are accurate, timely, complete, concise, and meaningful; and present work in a way that is most useful to those who are responsible for implementing the organization's goals and objectives.

Teamwork. Work with USAID, ADF, and IAF management to understand their program objectives; team with the three organizations, demonstrating and encouraging integrity and achieving excellence; understand the entire OIG program and its effect on the organizations' programs; help management find solutions to problems; and remember that our success is measured in part by the success of our colleagues and partners.

OIG General Goals and Objectives

The goal of the OIG is to ensure that USAID, ADF, and IAF operate effectively, efficiently, and with integrity. To meet its goal, the OIG team will focus on determining whether the three organizations clearly define the value and costs of their work; adequately measure performance and results; achieve the desired results at the lowest reasonable cost; and, maintain a high level of organizational and employee integrity.

Strategic Goals and Objectives

The OIG's mission and values were developed as part of a business process improvement project that took place in 1995. That process produced a strategic framework that provides a method for implementation planning and that defines when specific objectives will be achieved and what

plans need to be implemented to reach those objectives.

Pursuant to that strategic framework, the OIG's mission and values reflect its overarching philosophy that the OIG provides decision-makers with reliable information that will enable them to make timely and informed decisions regarding their programs and operations.

General Strategy for USAID

On the basis of the overarching philosophy described in the mission and values statements, the OIG developed its strategic goals and objectives. They are driven by legislative mandates, USAID goals, the greatest challenges facing USAID, and the activities identified as having high risks of fraud, waste, and abuse. Each strategic goal has accompanying objectives and performance measures that describe what we expect to accomplish and the measurements we will use to determine if we are achieving our objectives.

Strategic Goal 1: Keep the Administrator and Congress fully informed on the status of USAID's administration and operations and the need for and progress of corrective actions.

Objective: Provide timely reports and briefings to the Administrator and Congress on the major challenges identified by audits and investigations.

General Service Approach

In accordance with the Inspector General Act of 1978, the OIG will keep both the Administrator and Congress informed on the status of significant OIG audit and investigative activities, problems, and issues.

Performance Measures

- Prepare and submit the semiannual report to Congress as required.
- Periodically brief the Administrator and key USAID officials on critical problem issues identified by OIG audits and investigations.
- Periodically brief key congressional staff on the status of significant OIG audit and investigative activities, problems, and issues identified by these efforts and the necessity for and progress of corrective actions being taken by USAID.
- Distribute audit and other appropriate reports to USAID management and congressional staff in a timely manner.

STANDARD FOR SUCCESS
Provide prompt notification to the Administrator and Congress on issues of significant importance impacting USAID operations in accordance with the Inspector General Act of 1978

Strategic Goal 2: Promote improvements in the way that USAID manages for results.

Objective 2.1: Provide timely, high-quality services that contribute to improvements in USAID's processes for planning, monitoring, and reporting on program activities and integrating performance information into budget decision-making.

General Service Approach

Audits will be conducted of USAID's strategic plan, congressional budget justification, and annual reporting process as well as of key program areas, such as food aid, democracy, health, education, agriculture, and disaster assistance, to ensure that USAID has an effective system for managing for results and that budget preparation is being linked directly to performance outcomes.

Performance Measures

- Develop multiyear strategies for promoting improvements in strategic management and program management processes critical to the achievement of USAID strategic goals.
- Develop annual plans that target issues and topics of significant interest to stakeholders.
- Undertake audits in the areas of strategic management and program management.
- Provide recommendations for improving USAID strategic management and program management processes, identify questioned costs, and identify opportunities to put funds to better use.
- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.
- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS
USAID has a process of strategic planning, program execution, and reporting that includes the following: 1. A new strategic plan every three years setting out a course of action and accomplishments covering a period of at least five years 2. An annual performance plan that sets annual goals with measurable target levels of performance 3. An annual performance report that compares actual performance with annual goals. [GPRA, OMB Circular A-11]
"Management's Discussion and Analysis," (MD&A) part of USAID's annual financial statements contains meaningful performance information addressing the extent to which programs are achieving their intended objectives. [OMB Bulletin Nos. 97-01, 01-02]
USAID systematically applies performance data to budget decisions and can demonstrate how program results inform budget decisions. Budget processes are efficient and enhance operational efficiency. [OMB Scorecard]
USAID-funded food aid is provided to intended beneficiaries, and USAID accurately tracks and reports on this aid. OMB Scorecard, Administration priority]

Training is provided in a cost-effective manner to USAID-funded participants, who use their increased skills in their country of origin. [Administration priority]
USAID can adequately monitor and report on activities not covered by a country strategy. [Administration priority]
USAID has a performance-measurement process that verifies and validates the reliability of data in the annual reports of individual operating units. [GPRA, USAID notice dated 12/5/01]
USAID provides quick, reliable, and economic program and administrative services to field missions. [Administration priority]
USAID ensures the security of its employees and implementing partners. [Administration priority]
USAID implements effective and accountable programs that facilitate conflict resolution and transition to and consolidation of democracy. [Administration priority]
USAID reduces the HIV transmission rate and the effect of HIV/AIDS on developing countries. [Administration priority]
USAID ensures that Child Survival and Health funds are used in accordance with federal laws and achieve desired results.
USAID maintains appropriate controls over global development alliances to ensure accountability for USAID funds and achieve desired results. [Administration priority]
USAID basic education programs result in increased literacy. [Administration priority]
USAID-sponsored agricultural business programs result in increased production and increased incomes [Administration priority]
USAID provides rapid, appropriate responses to requests for disaster assistance. [Administration priority]

Objective 2.2: Provide timely, high-quality services that contribute to improvements in USAID's processes for awarding and administering contracts and grants.

General Service Approach

Audits will be conducted to support USAID in achieving its procurement-related performance goals and to ensure that USAID conforms to Office of Federal Procurement Policy directives and noted best practices. Audit and investigation work also will be directed toward ensuring that contractors and grantees meet applicable integrity standards.

Performance Measures

- Develop multiyear strategies for promoting increased efficiency in USAID procurement processes.
- Develop annual plans that target issues and topics of significant interest to stakeholders.
- Undertake audits of USAID procurement processes.
- Provide recommendations improving USAID procurement processes, identifying questioned costs, and identifying opportunities to put funds to better use.
- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.
- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS
Cognizant Technical Officers (CTO's) are effective participants in the procurement process. [OFPP Best Practices USAID Performance Goal 3.2.1]
USAID's management of service contracts improves USAID operations and programs. [OFPP Policy Letter 93-1]
USAID follows procedures for using performance-based contracting where applicable to achieve or exceed OMB targeted goals. [OFPP Policy Letter 91-2 USAID Performance Goal 3.1.2]
USAID ensures consistent application of Acquisition and Assistance procurement policies and procedures. [OFPP]
USAID ensures increased competitiveness and access to procurement opportunities for U.S. small businesses. [OFPP]

USAID adopts practices that enable it to manage its procurement workload efficiently. [USAID Performance Goal 3.1.1]
USAID's internal evaluations of its contracting systems are sufficient and complete to ensure accurate reporting of system compliance and integrity.
USAID identifies and implements applications for on-line procurement. [OFPP OMB Scorecard USAID Performance Goal 3.1.3]
USAID ensures that contractors and grantees meet applicable integrity standards.

Objective 2.3: Provide timely, high-quality services that contribute to better management of USAID activities that address significant, often unplanned, conditions or engender intense congressional interest.

General Service Approach

The OIG will partner with USAID to ensure adequate audit and investigative oversight of activities of intense USAID and congressional interest, particularly as evidenced by congressional requests for special OIG oversight, and of significant unplanned activities, such as large-scale disaster assistance.

Performance Measures

- Undertake audits of significant USAID programs.
- Provide recommendations for improving USAID's management of audited activities, identifying questioned costs, and identifying opportunities to put funds to better use.
- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.
- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS

USAID achieves effective use of, and accountability for, resources in implementing humanitarian and relief programs as well as other emergency and unforeseen activities.

Implicit in [OMB October 30, 2001, Memorandum and President's Management Agenda]

USAID achieves efficient and economical delivery of desired results in executing significant, unforeseen activities.

Implicit in [OMB October 30, 2001, Memorandum and President's Management Agenda]

Strategic Goal 3: Promote improvements in the way that USAID manages its human capital.

Objective: Provide timely, high-quality services that contribute to the acquisition and development of a workforce whose number, skills, and deployment meet USAID needs; strategies for succession planning and leadership continuity; and strategies that integrate workforce planning into the USAID's budget and strategic plans.

General Service Approach

Audits will be conducted to ensure that USAID manages its human capital effectively while conforming to OMB and Office of Personnel Management management initiatives and goals.

Performance Measures

- Develop multiyear strategies for addressing issues related to USAID's management of its human capital.
- Develop annual plans that target issues and topics of significant interest to stakeholders.
- Undertake audits in the area of human capital management.
- Provide recommendations for improving USAID's human capital management, identifying questioned costs, and identifying opportunities to put funds to better use.
- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.
- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS
No skill-gap deficiencies exist in mission-critical positions. [OMB-Management Initiative USAID-Performance Goal 2.1 OPM Scorecard/Strategic Competency Goal]
Human capital strategy is consistent with OPM's "Human Capital Scorecard." [OMB-Management Initiative OPM Scorecard]
Human capital strategy is integrated into the budget and strategic plans. [OMB-Management Initiative OPM Scorecard / Strategic Alignment Goal]
USAID strategically uses existing personnel flexibilities, tools, and technology. [OMB-Management Initiative OPM Scorecard]
USAID implements effective succession plans. [OMB-Management Initiative OPM Scorecard / Leadership Goal]
USAID sustains a high-performing workforce that is continually improving in productivity. [OMB-Management Initiative OPM Scorecard / Leadership and Performance Culture Goals]
Human capital strategy complies with standards for internal accountability systems to ensure effective merit-based human resource management. [OMB-Management Initiative Executive Order 13197]
USAID employees maintain high standards of honesty and integrity. [OPM Scorecard / Leadership Goal]

Strategic Goal 4: Promote improvements in USAID's accounting for and reporting on financial and program activities and in protecting information.

Objective 4.1: Provide timely, high-quality services that assist USAID in improving its financial systems that contribute to preparation of reliable and useful information managers can use to manage USAID.

General Service Approach

Annual audits will be conducted of USAID's consolidated financial statements in accordance with the Government Management Reform Act and OMB implementing guidance.

Performance Measures

- Develop multiyear strategies for promoting improvements in USAID's financial systems.

- Develop annual plans that target issues and topics of significant interest to stakeholders.
- Conduct annual audits of USAID financial statements.
- Provide recommendations for improving USAID's financial management systems, identifying questioned costs, and identifying opportunities to put funds to better use.
- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.
- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS
USAID has financial management systems that substantially meet federal financial management system requirements and applicable accounting standards. They includes a financial management system that does the following: 1. Complies with the Joint Financial Management Improvement Program 2. Processes transactions in accordance with the Standard General Ledger. 3. Complies with federal accounting standards. [Government Management Reform Act of 1994] [OMB Scorecard] [Federal Financial Management Improvement Act of 1996]
USAID provides accurate and timely interim financial information. [OMB Bulletin 01-09]
USAID has integrated financial and performance management systems supporting day-to-day operations for both Washington and Overseas Accounting Stations. [OMB Scorecard]
USAID accurately posts all financial transactions on a timely schedule. [Government Management Reform Act of 1994]
USAID performs timely reconciliation of financial data. [GAO Internal Control Guidance]

Objective 4.2: Provide timely, high-quality services to assist USAID in ensuring proper accountability of funds provided to contractors, grantees, and host governments.

General Service Approach

The OIG will oversee financial audits of USAID contractors and grantees performed by the Defense Contract Audit Agency or independent public accounting firms to ensure that such audits meet USAID's needs and conform to applicable auditing standards.

Performance Measures

- Develop multiyear strategies for assisting USAID in ensuring proper accountability of funds provided to contractors, grantees, and host governments.
- Develop annual plans that target issues and topics of significant interest to stakeholders.
- Conduct audits of USAID missions' compliance with identifying their audit universe and ensuring that required audits are completed.
- Perform quality-control reviews of OMB Circular A-133 Enterprise Fund, and Agency-and recipient-contracted audits to ensure that audits comply with government auditing standards.
- Provide recommendations for improving accountability for funds provided to contractors, grantees, and host governments, identifying questioned costs, and identifying opportunities to put funds to better use.
- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.
- Follow up on a sample of recommendations resulting from OMB Circular A-133 Enterprise Fund, and Agency-and recipient-contracted audits, which have final action, to ensure that proper actions were taken.

STANDARDS FOR SUCCESS
Enhance accountability of U.S.-based grantees and contractors. [OMB Circular No. A-133] [Single Audit Act] [Federal Acquisition Regulations]
Enhance accountability of non-U.S.-based grantees and contractors. [ADS 591] [Federal Acquisition Regulations]
Enhance accountability of USAID's Enterprise Funds. [Support for Eastern European Democracy Act of 1989]

USAID obtains contractor, grantee, and host country audits that meet standards and provide assurance that financial information is reliable.

[Support for Eastern European Democracy Act of 1989]
[OMB Circular No. A-133]

Objective 4.3: Provide timely, high-quality services that will promote improvements in the creation of systems and information technology IT infrastructures that are able to leverage capital investments, provide blueprints for IT solutions, and share data and information within USAID and with its customers.

General Service Approach

Audits will be conducted to ensure that USAID's major information systems acquisitions are managed properly in accordance with applicable laws and OMB guidance. In addition, audits will be conducted of USAID's efforts to implement presidential e-government initiatives.

Performance Measures

- Develop multiyear strategies for promoting improvements in USAID's information systems.
- Develop annual plans that target issues and topics of significant interest to stakeholders.
- Conduct audits of information systems being developed or implemented by USAID.
- Provide recommendations that will enhance information systems development, identify questioned costs, and identify opportunities for putting funds to better use.
- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.
- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS
USAID attains full compliance with Clinger-Cohen Act of 1996. For example, the Act requires but is not limited to the following: 1. Capital planning and investment control. 2. Performance-based and results-based management of information resources. 3. Assignment of responsibilities within the USAID for managing of IT.
USAID's major system investments comply with OMB Circular A-11 (Exhibit 53, Form 300). For example, the circular requires but is not limited to the following: 1. Submitting to OMB, for all major system investments, a business case that complies with the circular's provision. 2. Planning, budgeting, and acquisition of capital assets. (For example, IT investment should include the basis for selection of investment; principles of financing; and strategies for strengthening accountability for achieving project cost, schedule, and performance goals.)
On average, all major IT projects operate within 90 percent of Form 300 cost, schedule, and performance targets. (Per OMB Circular A-11, Exhibit 53, Form 300)
E-government and Government Paperwork Elimination Act (GPEA) implementation must show departmentwide progress or participation in multi agency initiative in the following areas: • Citizen one-stop service delivery integrated through www.firstgov.gov, cross-agency call centers, and offices or service centers. [OMB Scorecard] • Minimizing of burden on business by reusing data previously collected or using ebXML or other open standards to receive transmissions. [OMB Scorecard] • Obtaining productivity improvements by implementing customer-relationship management, supply chain management, enterprise resource management, or knowledge-management best practices. [President's Management Agenda—Expanding E-Government: OMB Scorecard]

Objective 4.4: Provide timely, high-quality services that will contribute to the development, promotion, and monitoring of security awareness and processes for protecting USAID's critical information systems from loss, misuse, and unauthorized access or modification.

General Service Approach

Audits will be conducted of USAID's information security management to ensure compliance with applicable laws and OMB guidance and thus help keep its critical information secure.

Performance Measures

- Develop multiyear strategies for improving USAID's information system security.
- Develop annual plans that target issues and topics of significant interest to stakeholders.
- Conduct audits of information security.
- Provide recommendations for improving information security, identifying questioned costs, and identifying opportunities to put funds to better use.
- Achieve management agreement and plans for corrective action or management improvement on at least 90 percent of audit recommendations within six months of report issuance.
- Follow up on a sample of previous recommendations to ensure that they have been implemented effectively.

STANDARDS FOR SUCCESS

The security of USAID's information systems fully complies with federal requirements specifically, the Federal Information Security Management Act of 2002.

1. Annual agency reviews
2. Annual Inspector General or independent evaluations.
3. Annual OMB reports to Congress that summarize the Inspector General and agency reports.
4. Annual agency performance plan that describes time periods for implementing the agency-wide security program.
5. Agency incorporation of security practices throughout life cycle of all systems.

The Act also requires agencies to do the following:

1. Develop policy and procedures that are based on a continuous risk management cycle.
2. Implement controls that assess information security risk.
3. Continually monitor and evaluate policy and control effectiveness.

The Computer Security Act of 1987: For example, the Act requires but is not limited to the following:

1. Identification of sensitive systems.

2. Security plans and privacy for federal computer systems and federal computer system security training.

OMB Circular A-130, Appendix III: For example, the circular requires but is not limited to establishing an automated information security program and management structure that includes controls for access (passwords, intrusion detection, antivirus software, and system-protection devices), application software development, system software (operating systems and related utilities), segregation of duties, and contingency planning.

Strategic Goal 5: Preserve and protect USAID program and employee integrity.

Objective 5.1: Investigate allegations of fraud, waste, and abuse in USAID's programs and operations.

General Service Approach

Investigations will be conducted concerning allegations of fraud, waste, and abuse, prioritizing cases involving major fraud in USAID's programs and operations. In addition, investigations will make referrals as appropriate and report all criminal, civil, and administrative actions.

Performance Measures

- Measure the number of allegations addressed by OIG investigations.
- Measure the number of criminal, civil, and administrative actions and the amounts of fines, recoveries, and restitutions.

STANDARDS FOR SUCCESS
USAID maintains the highest possible level of program integrity.
USAID reduces fraud in major programs and contracts.

Objective 5.2: Prevent fraud, waste, and abuse in USAID programs.

General Service Approach

The OIG will conduct training in fraud awareness to alert employees, contractors, and grantees about fraudulent schemes and practices. Furthermore, the OIG will promote the Hotline as a tool for reporting fraud, waste, and abuse. Finally, the OIG will recommend action for systemic improvements as necessary and work with USAID to correct weaknesses in programs and operations. As deemed necessary, the OIG also will conduct risk assessments of programs to develop appropriate strategies for audit coverage.

Performance Measures

- Conduct fraud awareness training, briefings, or presentations annually.
- Record the number of recipients of fraud awareness training and identify their responsibility for USAID programs.
- Promote the Hotline through OIG publications, Internet publications, and USAIDwide exposure.
- Report recommendations for systemic improvements.

STANDARDS FOR SUCCESS
USAID proactively prevents fraud in its programs and operations.
USAID corrects identified systemic problems.
USAID is able to identify potential threats and vulnerabilities of programs and operations before major problems develop.
USAID employees, contractors, grantees, and others are aware of procedures for reporting fraud, waste, and abuse.

Objective 5.3: Preserve USAID employee integrity by investigating and completing investigations of employee integrity efficiently and expeditiously.

General Service Approach

Investigation of allegations of personnel misconduct will be resolved efficiently and expeditiously to preserve USAID employee integrity.

Performance Measures

- Complete all employee integrity investigations referred to OIG within 120 days of receipt of the allegation.

STANDARDS FOR SUCCESS
USAID maintains the highest possible level of personnel integrity.
USAID has an expeditious process for resolving personnel integrity issues.

General Strategy for ADF and IAF

The ADF began field operations in 1984 and provides grants directly to community groups in Africa. Its budget in FY 2003 was approximately $18.7 million. The IAF was established in 1969. With a budget of about $16.2 million in FY 2003, it provides development grants directly to local organizations in Latin America and the Caribbean. Both foundations are U.S. Government corporations. The OIG assumed audit and investigative oversight of the foundations in 1999.

The cornerstone of the OIG's strategy for maintaining effective oversight of foundation operations lies in the OIG's annual audit of each foundation's organizationwide financial statements. The audits will help to identify areas for more in-depth audits and investigations as circumstances warrant. The OIG also will periodically review the foundations' implementation of their financial audit programs over their grantees.

Performance audits also will play an integral role in maintaining foundation accountability. After initially identifying relevant management controls at both organizations, the OIG plans to perform risk assessments of selected foundation operations. Such operations could include, for example, foundation procurement and human capital management. The assessments will help identify potential program and operational vulnerabilities that will become the subject of OIG performance audits. The scheduling of resulting performance audits will depend on both the gravity of a particular vulnerability and the availability of OIG audit resources. Further, the OIG has disseminated information to the foundations and has conducted employee briefings on the OIG Hotline. Foundation employees and others can contact the OIG Hotline or OIG investigators to report their accountability concerns. Finally, the OIG will, at all times, remain responsive to congressional concerns about the foundations' operations.

Crosscutting Functions

An important element in carrying out our audit and investigative work is our collaboration with other organizations.

We consult other organizations to consider the work they have performed, seek opportunities for joint work, and obtain additional information that will affect our planning.

External Consultations

General Accounting Office

The IG Act requires coordination with the General Accounting Office (GAO) to prevent duplication and ensure effective coordination and cooperation. The OIG has assigned a liaison to serve as the principal contact with GAO. The liaison is responsible for keeping the OIG advised on GAO's relevant audit work and reports, which are used for OIG planning. Consultation and coordination are undertaken in planning annual audits.

Defense Contract Audit Agency

The Defense Contract Audit Agency (DCAA) performs audits, reviews, and preaward surveys as requested by the USAID. The OIG funds these efforts and works with DCAA and USAID to ensure that the work meets USAID's needs.

State Department

The State Department is responsible for developing a strategic plan for international affairs agencies of the U.S. Government. Beginning within the year 2000, USAID aligned its strategic plan within this framework. Overseas planning and coordination among foreign affairs agencies have increased with the preparation of a "Mission Performance Plan" that reflects the national interests set forth in *U.S. Strategic Plan of International Affairs*.

The inspectors general of USAID and the State Department, along with their senior staffs, meet quarterly to discuss issues of mutual interest in the foreign affairs environment. In the last year, discussions have been under way to explore areas where joint audit work might be performed.

Other Agencies

Several other federal agencies have interests and activities in the foreign affairs community. For example, the Department of Agriculture obtains food commodities for USAID's P.L. 480 food distribution programs and manages USAID's payroll activities. The Department of Health and Human Services, the Federal Emergency Management USAID, the Environmental Protection USAID, and others, including the Department of State, receive funds through USAID to help manage foreign assistance and disaster assistance activities. We coordinate with each USAID's OIG in planning and carrying out our annual audits and investigations.

Factors Affecting OIG Audit and Investigative Activities

The OIG faces several factors, some of which are beyond its control, and that could affect its ability to achieve its goals and objectives. For example, the OIG has no implementation authority and only makes recommendations to USAID on the basis of audit and investigative findings. USAID is not obligated to accept any of the OIG's recommendations. The OIG's recommendations, along with USAID's responses, are included in OIG audit reports and summarized in the semiannual report to Congress. In addition, factors both internal and external to USAID affect the OIG's ability to accomplish its work.

USAID's Internal Environment

The high-risk environment of USAID's internal operations has been documented by the OIG in audit reports and by GAO in its recent High Risk series (GAO-01-263, High Risk Series). USAID has made progress but still does not have accurate and reliable performance data and integrated information management systems. The financial accounting system does not fully meet government standards.

Human capital issues have not been addressed successfully despite long-standing recognition of the problem. For example, the staffing challenges that USAID faces make it difficult for USAID's procurement workforce to maintain the appropriate levels of contract administration for ensuring the continuation of sound business practices. As a result, USAID could be vulnerable to higher contract costs, delays in contract awards, an increased number of bid projects, and costly contract modifications and revisions.

USAID continues to have problems developing performance measurements and reporting systems that meet internal and external reporting requirements, including the requirements of the Government Performance and Results Act of 1993.

These internal USAID factors pose significant challenges in our audit and investigative work. Because of the inability to rely on USAID's information systems, for example, our auditors must increase the amount of testing required for our audits, thereby increasing the cost and time required for them.

USAID's High-Risk External Environment

USAID operates in more than 100 countries. The working environment is complex, given the differences in language, law, and standards of accountability. Further, both Congress and the Administration set the priorities for USAID's overseas activity.

Besides the inherent difficulties in operating in an overseas environment, USAID is faced with implementing programs in countries susceptible to corruption. According to the World Bank, corruption—the abuse of public office for private gain—is a global problem that exists in varying degrees. Transparency International publishes its corruption-perception index, rating countries surveyed on a scale from 10 (most corrupt) to 0 (high-corrupt). Of 102 countries rated for 2002, 70 countries were perceived as being corrupt, after receiving a rating below 5. USAID has been providing assistance to 54 of those countries.

In carrying out their audits and investigations, OIG staff must be aware of these vulnerabilities and factor the high-risk environment into designing audit and investigative strategies.

Congressional and Stakeholder Consultations

Understanding the views of our customers and ensuring that the views are addressed in conducting our work is vital to the overall success of OIG operations. Traditionally, we have worked with both USAID officials and Congress in soliciting comments on our planned work. Managers in our audit and investigation offices hold discussions with USAID managers and congressional staff members when developing the OIG annual plan. The discussions have helped us to focus our limited resources on issues of greatest USAID, congressional, and taxpayer concern. In preparing this plan, we also held meetings with the OIG at the Department of State to discuss the issues related to the Foreign Affairs Strategic Plan. The information gained from the meetings was used to update the description of

our environment. Meetings also have been held with management of ADF and IAF.

To facilitate exchanges between OIG staff and the customers for our work, the OIG held a week-long planning conference. The conference was designed to involve participation from all the units within the OIG and gave representatives from both headquarters and field offices an opportunity to meet and discuss issues that affect audits and investigations.

Professional staff from key Hill appropriations and authorizing committees participated, as did officials from the Department of State and GAO. Management officials from USAID bureaus discussed their programs and vulnerabilities and where the OIG already is of assistance or could be in the future. The Vice Chair of the President's Council on Integrity and Efficiency addressed issues of common interest among offices of inspectors general. Senior officials of ADF and IAF also presented information on risk, vulnerabilities, and audit and investigative activities.

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The Strategic Plan is available on the internet at www.usaid.gov/oig