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SEMIANNUAL REPORT TO THE CONGRESS

April 1, 1986—September 30, 1986



U.S. Agency For International Development

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OVERVIEW

The Office of Inspector General (IG) continues to make substantial progress in its long-term effort to improve both internal operations and productivity resulting from audits and investigations. Progress is also being made in improving the quality of security services provided to the Agency. The AID Inspector General is tasked with the responsibility of promoting the economy and efficiency of the Agency's programs, reducing the incidence of fraud, waste and abuse, and managing the Agency's worldwide security program. The IG, as of September 30, 1986, had an authorized employment ceiling of 194.

Major accomplishments during this semiannual reporting period were:

- The Office of Investigations attained a substantial increase in administrative actions, averaging about two per week and continues to maintain a high level of convictions, averaging about one per month. The increase in administrative sanctions was the result of increased emphasis on substantive integrity issues and a renewed focus by Agency personnel and program managers on effective remedial and disciplinary actions. During the period, the Office of Investigations processed 51 administrative sanctions; obtained seven convictions; recovered \$986,891 in fines, restitutions and recoveries; and received management commitments to recover or better utilize \$830,076 in Agency funds. The Office of Investigations introduced technical and consensual monitoring equipment into its inventory of investigative techniques—techniques which have already demonstrated their value in complex fraud investigations.
- The Office of Audit issued 117 reports which identified economy and efficiency savings of \$57.4 million. These reports also identified \$37.6 million in costs that should be recovered—an increase in recommended recoveries of 85 percent over the previous reporting period.

On recommendations contained in IG audit reports, Agency management has been very successful in sustaining and obtaining corrective actions. Agency management sustained \$29.6 million or 97 percent of recommended recoveries or deobligations totaling \$30.5 million (up from 71 percent during the prior period). A total of \$28.0 million was actually recovered or deobligated during this reporting period. A total of \$14.0 million sustained by the Agency was awaiting collection. Also, as of September 30, 1986, only 59 audit recommendations remained open in excess of six months—the lowest number ever achieved at the end of a reporting period.
- The Office of Security continues to improve the level of security services and protection afforded to AID's facilities and personnel overseas. During this reporting period, special emphasis was placed on the security enhancement program overseas and the personnel security program. Twenty-six security enhancement projects are in process, as well as, the armoring of AID vehicles for selected overseas posts. In addition, upgrades in the radio equipment located in AID missions in Haiti and the Philippines

were completed this period. Funding for these actions is being provided for largely through diplomatic security supplemental appropriations made available by the Department of State.

The addition of eight contractor personnel to the Office of Security has expanded the technical capabilities of the office in terms of security engineering and design functions. This additional staff has also provided added responsiveness for AID's security installation projects. A video recording was completed for Agency personnel addressing the

correct procedures for preparing and protecting classified material. The Office of Security conducted 103 background investigations and made 608 national agency checks on both current or prospective AID employees or contractors during the reporting period.

A handwritten signature in black ink, reading "H. L. Beckington". The signature is written in a cursive style with a large initial "H" and "B".

Herbert L. Beckington
Inspector General

OFFICE OF INVESTIGATIONS

INVESTIGATIVE RESPONSIBILITY

The Inspector General's Office of Investigations (IG/I) is responsible for investigating allegations of fraud and other crimes related to the Agency's programs and operations in 70-plus countries throughout the world.

Through one U.S. and six overseas regional offices, 20 U.S. direct hire and 7 foreign national inspectors are responsible for investigations that may result in criminal prosecutions through U.S. or foreign courts, civil action through the Department of Justice or Agency administrative and disciplinary actions.

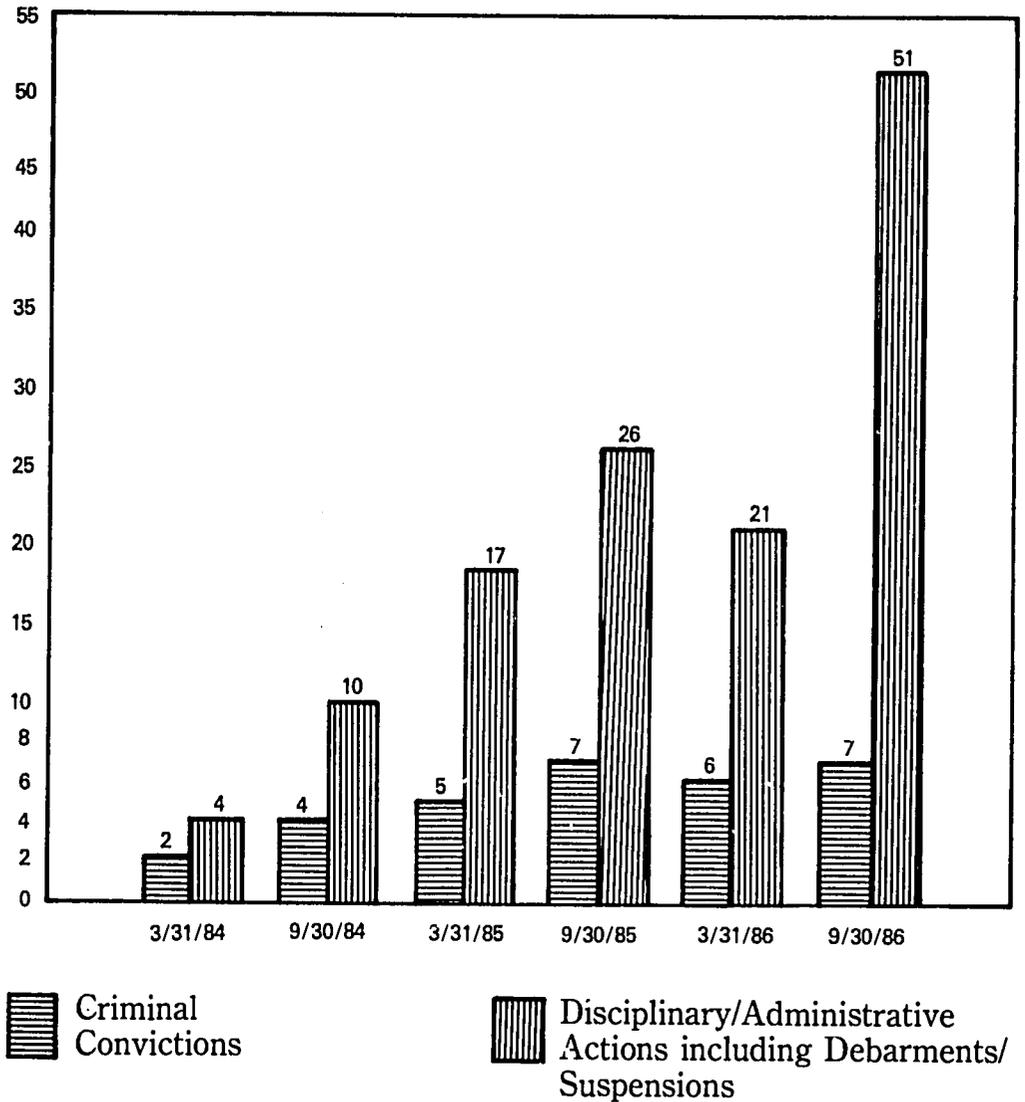
This professional cadre of investigators is responsible for investigative oversight involving some 4,750 American and foreign national direct-hire employees, as well as contractor personnel employed by about 7,000 firms and other organizations which administer over 16,000 contracts and grants worldwide. During the summer of 1986, the regional office was activated in Singapore to cover investigative operations in Asia and the Near East. This, coupled with earlier concerted recruitment, training and assignment efforts, provides a fully staffed overseas investigative complement for the first time in over five years. This resulted in an increase in significant investigative actions initiated by overseas elements.

This has been an especially productive period in terms of meaningful investigative results, particularly for the cases involving employee and supplier fraud and procurement offenses. A summary for this period included:

STATISTICAL SUMMARY

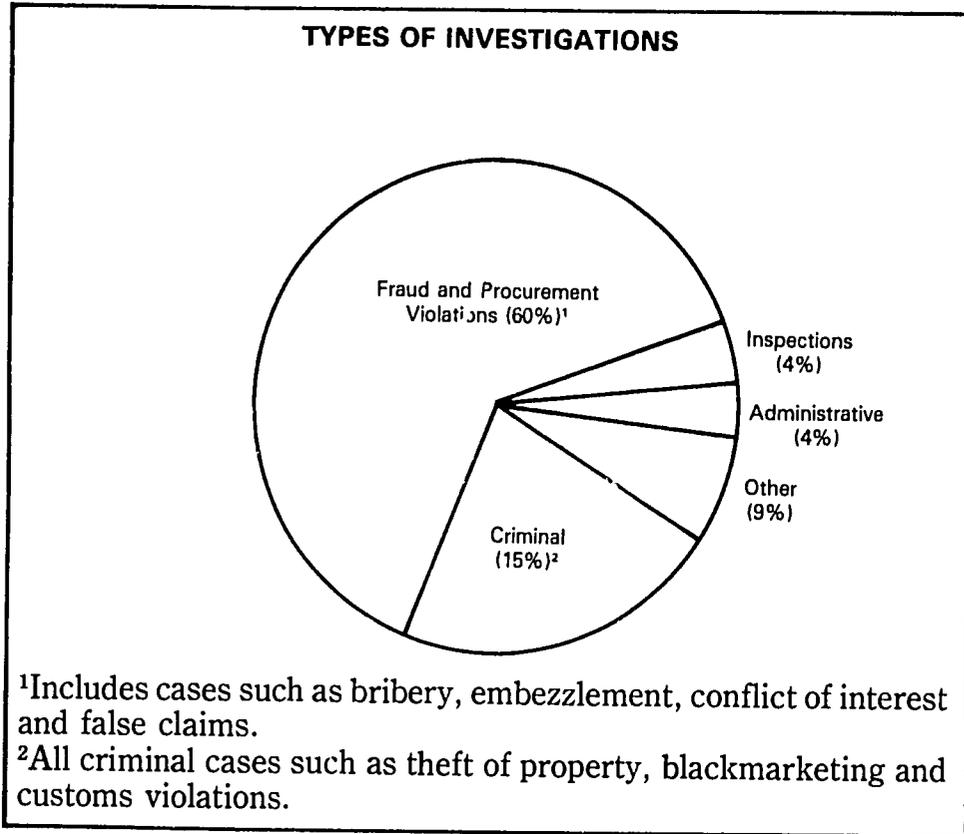
Indictments	2
Convictions	7
Individuals	5
Corporations	2
Administrative Sanctions (Termination, Demotion, Suspension or Reprimand)	45
Organizational Suspensions/Debarments	6
Fines/Restitutions/Recoveries	\$986,891
Management Commitments:	
— to recover funds	493,652
— to more efficiently use resources	336,424

INVESTIGATIVE ACTIONS Six Month Periods

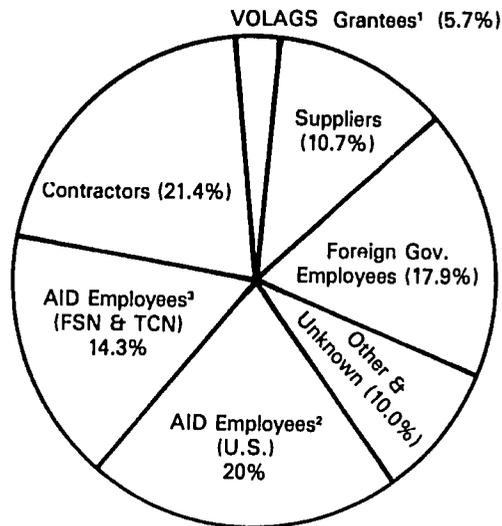


The foregoing chart shows that IG/I continues to maintain a high level of results. The number of convictions remains relatively constant, averaging about one per month. The number of administrative actions has increased substantially, averaging about two per week. This increase was the result of increased emphasis by IG/I on substantive integrity issues and a revitalized focus by Agency personnel and program managers on effective remedial and disciplinary actions.

A total of 138 allegations were received in the past six months. The charts below show the types of crimes or offenses the information received during the period related to and the principal subjects of allegations.



SUBJECTS OF ALLEGATIONS



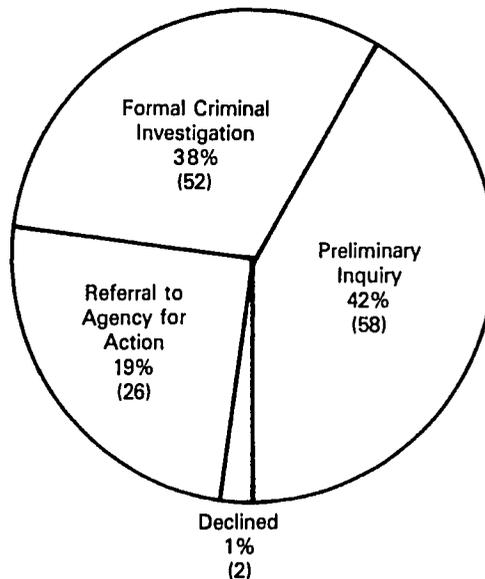
¹Includes Voluntary Agencies (VOLAG) and grantees, both foreign and domestic, which are recipients of AID funding.

²Includes U.S. direct hire employees.

³Includes Foreign Service National and Third Country National employees.

The foregoing charts show our principal types of investigations involve fraud and procurement violations most often involving AID employees or contractors. Consequently, activities involved in the procurement process continue to be an area for focused attention and concern.

ACTIONS TAKEN



Of the 138 allegations received during the past six months, 38 percent resulted in formal criminal investigations; 19 percent were referred to Agency management for administrative resolution and action; and 42 percent were referred or closed following a preliminary inquiry. There has been a conscious and continuing effort to screen and analyze allegations early in the investigative process and focus resources on those matters which pose the most serious threat to Agency programs. The results achieved, which are summarized in the following section, show this continued emphasis on "quality" investigations, as opposed to "quantity" is paying dividends.

SIGNIFICANT INVESTIGATIONS

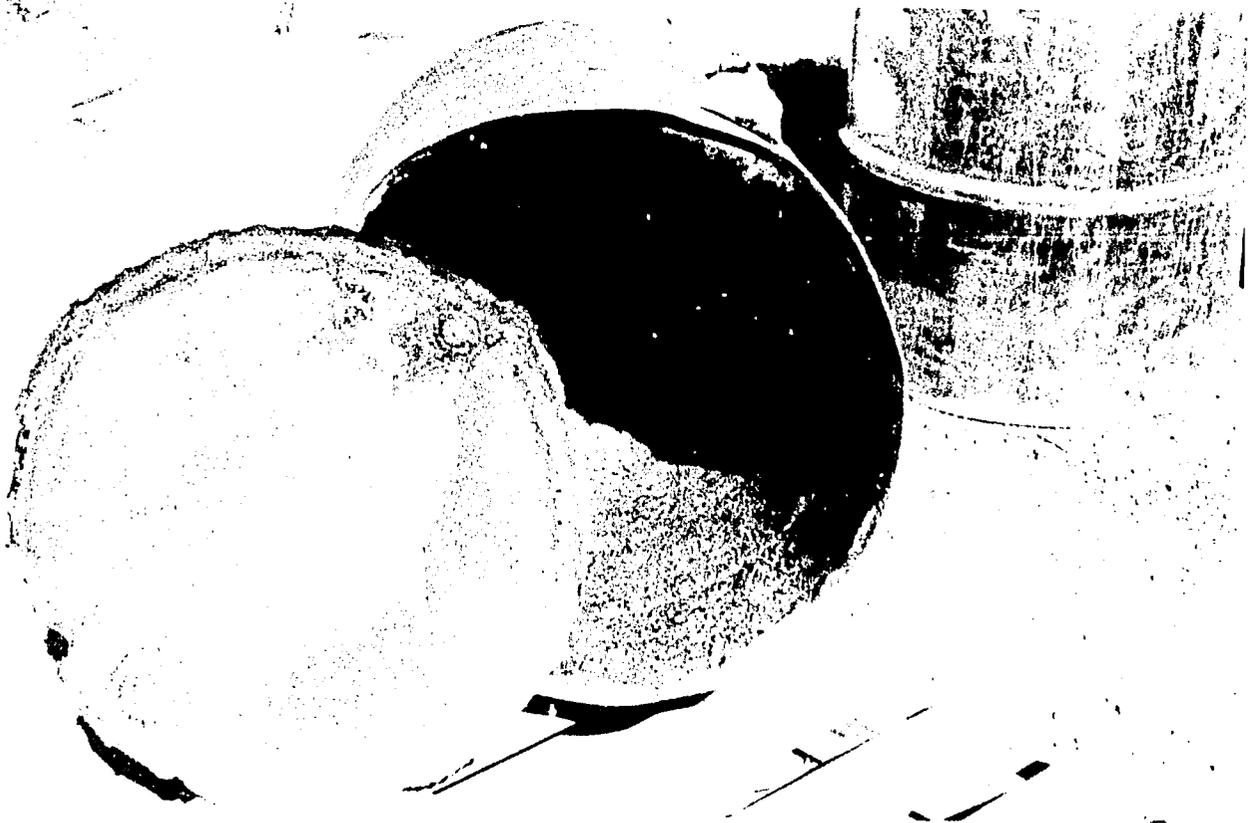
The sample of investigations described below reflects the diversity and complexity of our global efforts during this reporting period.

- In what was one of the most significant sentences ever involving an AID investigation, two New York businessmen were each sentenced on July 28, 1986, to serve 13 years in a federal prison. The case involved defrauding AID and obstructing justice in connection with \$54,000 worth of materials exported to a chemical firm in Harare, Zimbabwe.

**TWO NEW YORK
BUSINESSMEN
SENTENCED TO 13
YEARS AND FINED
\$675,400**

The executives, who were brothers, lived in New York City and were the principals of two companies in Mount Vernon, New York. The businessmen were sentenced by the U.S. District Judge, White Plains, New York and were immediately turned over to the U.S. Marshal Service to commence serving their 13-year sentences. Fines and restitution on this case totaled \$675,400. Each businessman was convicted of 27 counts, and each corporation of 26 counts of committing conspiracy, mail fraud, wire fraud, and making false statements to the U.S. Government. In addition, they were each convicted of one count of obstructing justice.

The charges grew from the AID-financed purchase of 227 fifty-five gallon drums of chemicals used in dry cleaning and degreasing that were ordered by a firm in Harare, Zimbabwe. The businessmen, instead of providing pure chemicals, shipped an unusable recycled mixture which contained highly toxic waste material. The brothers prepared and submitted false documents to AID claiming that pure chemicals had been shipped. The chemicals that arrived in Zimbabwe contained only about one percent of the chemicals ordered.



Contaminated chemicals contained one percent of solvent ordered

**AID PROCUREMENT
SPECIALIST
IMPRISONED FOR
KICK-BACK SCHEME**

- A procurement specialist for an AID Mission in Latin America was sentenced to two years' imprisonment for his part in an international conspiracy to divert hundreds of thousands of dollars from AID. The specialist rigged contracts valued at over \$2 million which had been awarded by the Mission and the Host Government. The AID employee solicited and received cash kick-backs of 10 percent of proposed contracts from suppliers.

Our investigation identified various suppliers who had paid the employee in excess of \$250,000 over a two-year period. The bid rigging resulted in contracts being overpriced by 100 to 300 percent. The employee, a citizen of Bolivia, was arrested and jailed in Miami, Florida on June 24, 1986. He was sentenced on September 25, 1986, in U.S. District Court, Southern District of Florida, to two years' imprisonment (of which 18 months were suspended), a \$25,000 fine, three years' probation and deportation. He is presently serving his sentence.

**RETIRED AID
EMPLOYEE
SENTENCED TO ONE
YEAR IN FEDERAL
PRISON**

- A retired AID Foreign Service Officer was sentenced on July 21, 1986, to one year in a federal prison for mail fraud. The fraud concerned a \$10,400 education allowance advance received while at the AID Mission in Sanaa, Yemen; false documents for lodging expenses; claimed expenses for using his own residence while on temporary duty; false statements made to AID investigators; false

**FOREIGN NATIONAL'S
EMPLOYMENT
TERMINATED FOR
CONFLICT OF
INTEREST**

- An AID foreign service national project director in a Caribbean mission was terminated as a result of our investigation. The director referred Ministry of Agriculture procurement officials to a company in which he had an undisclosed interest. AID funds were used to finance purchases with the company.

**EMPLOYEE
PROMOTION
SUSPENDED FOR
CURRENCY BLACK-
MARKETING**

- An investigation was made of the circumstances surrounding a senior AID official's payment of the equivalent of \$17,650 in local currency for shipment of his household goods from Tanzania to Sudan. He admitted circumventing U.S. Embassy regulations which limit the amount of local currency which may be exchanged to \$20,000. The employee benefited unjustly from the favorable currency rate exchange by exchanging \$20,000 worth of local currency at the Embassy and then later submitting a claim for reimbursement of his household goods shipment which he had paid for with local currency. The AID Office of Personnel issued an oral admonition and withheld his promotion to the Senior Foreign Service.

**EMPLOYEES RECEIVE
REPRIMANDS FOR
ACCEPTING
GRATUITIES**

- Three AID officers were reprimanded and actions against two others are pending for accepting gratuities from contractors. Most of the gratuities consisted of lunches, dinners, cocktails or entertainment received from contractors. The officers had an official duty to represent AID interests.

**SOMALIAN
SENTENCED TO
DEATH FOR
EMBEZZLEMENT**

- A project accountant forged five checks totaling \$5,858. The money represented counterpart funds allotted to the AID project by the Somalian Ministry of Finance. The money has not been recovered and the accountant was tried before a Somalian court in Mogadishu. He was found guilty of the theft and sentenced to death. The judge agreed to withdraw the death sentence if and when the family repaid the amount stolen. Although the family has not yet repaid the amount stolen, the death sentence has not been carried out.

**SENIOR EMPLOYEE
ATTEMPTS TO
INFLUENCE ISSUANCE
OF VISA PERMIT**

- An AID project manager, having over ten years service, improperly assisted a woman and her three children in getting visas. False documents were submitted to the U.S. Consulate documenting paternity and employment. The project manager was suspended without pay for 30 working days, his scheduled step increase revoked, and his access to classified material rescinded. He was also placed on strict probation for one year.

**NIGER EMPLOYEES
EMBEZZLE FUNDS**

- In three separate investigations, the employment of three project accountants in Niger was terminated for embezzling project funds. One accountant embezzled project petty cash and was terminated. A second accountant cashed a project check made out to himself using the funds for personal reasons. This individual made restitution for the embezzled funds. A third accountant misappropriated

documents used for a federally secured loan; failure to account for government travel funds; and use of government airline tickets for personal gain.

The officer, who retired from AID during the course of the investigation, was sentenced in Baltimore and began serving his sentence on August 18, 1986. The officer also agreed to pay restitution totaling \$11,415 for inappropriately claimed expenses.

- The Director of a New York firm was indicted in May 1986 on 32 counts including involuntary manslaughter, wire fraud, mail fraud and false statements. The indictment was the result of the firm's manufacturing of tainted antidiarrhea medication that allegedly caused the deaths of four Peruvian infants in March 1986.

**PRESIDENT OF NEW
YORK FIRM INDICTED
FOR MANSLAUGHTER**

The firm received a \$266,000 contract to provide 2.8 million packets of oral rehydrations salts to AID in Peru. Oral rehydration salts are a mixture which, when mixed with water, are used in the treatment of infants dehydrated from diarrhea and malnutrition. The indictment charged that the company misrepresented it's ability to perform the contract properly and on time, and that some of the salts shipped contained lethal concentrations of potassium, resulting in the deaths of four infants.

Federal prosecution for involuntary manslaughter, as noted in the indictment, is based on the special maritime and territorial jurisdiction of the United States. The defective oral rehydration salts were shipped in interstate and foreign commerce from the United States to Peru.

- The general manager of a firm providing security guards and other services to the U.S. Mission in Honduras was indicted in New Orleans on charges of attempting to bribe an AID auditor. A Federal grand jury in Miami indicted the manager for paying an AID auditor 8,000 Honduras Lempiras (about \$4,000) to submit a favorable AID audit report on his company. The firm had a multimillion dollar, three-year contract to provide perimeter security guards for the U.S. Mission. The original contract had expired and was being extended on a month-to-month basis. The attempted bribe occurred while the firm was preparing to bid on a follow-on contract at the time of the audit.

**HEAD OF FOREIGN
SECURITY FIRM
INDICTED**

- An AID project cashier forged checks totaling \$26,630 drawn on the Project's local bank account. The cashier falsified supporting documents to cover the embezzled funds. An international arrest warrant was issued because the suspect could not be located in Mali and reportedly took refuge in Burkino Faso.

**PROJECT
SECRETARY/CASHIER
IN MALI EMBEZZLES
\$26,630**

project funds and was terminated. Although the individual fled from Niger, partial restitution has been made by his family. The project director is attempting to recover the remainder from the family.

**OFFICIALS OF FOUR
COMPANIES IN EGYPT
FALSIFY CLAIMS**

- An investigation identified false claims related to an AID-financed project with Egypt's Suez Canal Authority. The investigation established that four U.S. suppliers had billed the Suez Canal Authority for technical services which had not been provided. Bills for Collection totaling \$157,163 have been issued to the four suppliers.

**CONTRACTOR
EMPLOYEE
EMBEZZLEMENT
CASE RESULTS IN
ADDITIONAL
RECOVERY**

- As previously reported in our September 1984 Semiannual Report, a joint investigation with the Federal Bureau of Investigation disclosed that an AID contractor's employee had embezzled approximately \$400,000 in AID funds. Subject's conviction and recovery of \$140,000 were reported earlier. The Department of Justice reported on May 29, 1986, that an additional collection had been accomplished from the AID contractor for credit to the Agency for International Development in the amount of \$211,068.

**FALSIFIED VENDORS'
INVOICES USED TO
LIQUIDATE PETTY
CASH ADVANCES**

- In Liberia, a Foreign Service employee certified that a local vendor was the sole source of supply for a particular commodity. Our investigation revealed that the vendor had neither stocked the parts nor issued the invoices to AID. The employee used another vendor to supply the invoices. The Foreign Service National and two accomplices were suspended two weeks without pay and the vendor who supplied the invoices is no longer eligible for AID business.

**INSPECTIONAL
ACTIVITIES**

- Our inspections of projects, contractors and procurement activities are designed to identify areas which are susceptible to irregularities and possible fraud. Inspections made during this reporting period identified several areas that were vulnerable and threatened program integrity. After each inspection, program officials were alerted to specific weaknesses and appropriate corrective action resulted. Two examples of this effort follow:

**DAMAGE COSTS
WITHHELD FROM
CONTRACTOR**

— In Egypt, an AID project for constructing basic community housing neighborhood units was nearing completion. The infrastructure, consisting of water, sewerage, electric cables, telephone connections, street lights, retaining walls, curbs and streets had been completed by a contractor who received a certificate of completion. An inspection of the project disclosed that another contractor damaged the infrastructure during excavation. The damage amounted to \$33,883. This amount was withheld from the contractor's payments.

— In 1965, a secretariat was formed in Bangkok, Thailand to foster regional cooperation in educational areas shared by the

**INSPECTION
DISCLOSED
UNOBLIGATED FUNDS
OF \$283,566**

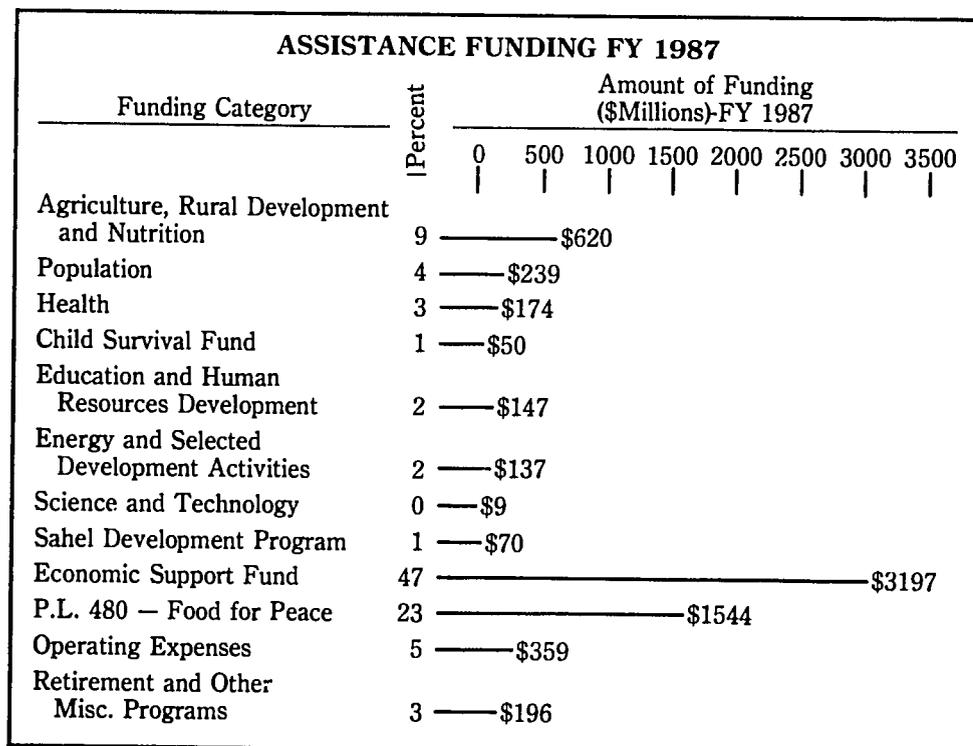
member countries. Operating under letters of authorization, over \$20 million of U.S. Government funds has been disbursed. Each letter of authorization contained the provision that all unobligated funds were to be refunded to the Agency. An inspection identified \$283,566 which had not been obligated and should have been returned to AID in 1981. Full refund of the advanced funds was made to the Agency as a result of our inspection.

OFFICE OF AUDIT

AUDIT RESPONSIBILITIES

The Office of the Assistant Inspector General for Audit is responsible for conducting audits of AID's worldwide activities. These activities assist developing countries in meeting the basic human needs of their people through sustained, broadly-based economic growth. The programs and projects funded by the Agency can generally be grouped into six major categories: Agriculture, Rural Development and Nutrition; Health; Population Planning; Education and Human Resources; Energy and Selected Development Activities; and Economic Support Fund Assistance which generally includes Cash Grants and/or Commodity Import Programs. A major program category not funded by AID is Public Law 480—Commodity Exports (PL 480). Though this program category is funded by the Department of Agriculture, AID has been assigned responsibilities for certain aspects of its administration. In addition, the IG performs audits of the Agency's missions/facilities' operations, programs/systems reviews and mandated subjects.

In fiscal year 1987, the Agency's economic assistance budget is estimated to be \$5.2 billion, of which \$2.0 billion will be provided from the Development Assistance appropriation and \$3.2 billion from the Economic Support Fund appropriation. In addition, funding for PL 480 in fiscal year 1987 is estimated at \$1.5 billion. The following bar graph illustrates the composition of this assistance:



**AUDIT
ACCOMPLISHMENTS**

During this semiannual-reporting period, the Office of Inspector General's and other governmental audit organizations' audit reports of AID programs and administration were instrumental in recovering or reprogramming significant sums of money and identifying waste, program abuse and noncompliance with established policies and regulations.

The Office of Audit issued 63 reports internally and processed 54 reports performed by non-Federal auditors or other government audit organizations during this reporting period. Also during this period, \$57.4 million in economy and efficiency savings and \$37.6 million in costs that had been incurred by the Agency and should be recovered were identified through our audit efforts.

The Inspector General's Audit Follow-up and Closure System monitored the action taken on audit reports issued during this and prior reporting periods. Highlights of Agency actions taken on Inspector General recommendations during this period follow:

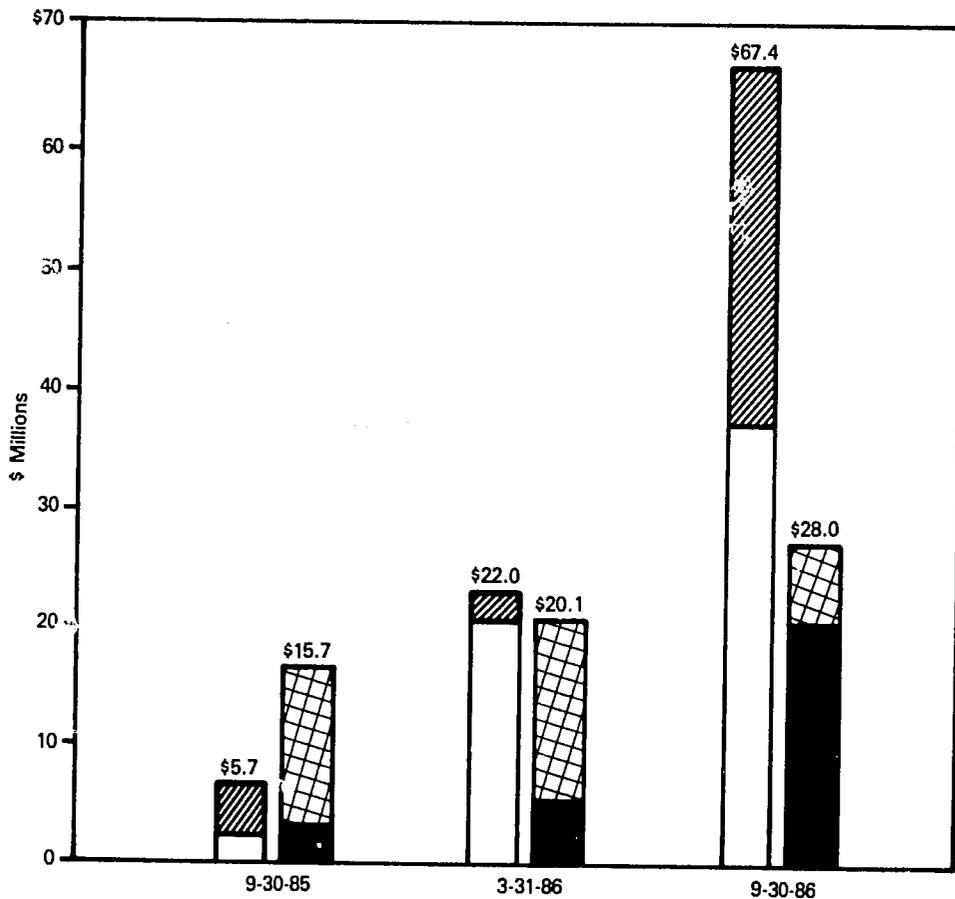
**AGENCY SUSTAINS
100 PERCENT OF
RECOMMENDED
RECOVERIES AND
DEOBLIGATIONS**

- Agency management reached determinations on \$28,928,828 in recoveries and deobligations recommended by Inspector General audit reports. Of this total, all but \$1,748 was sustained by the Agency.
- Agency management reached determinations on \$1,588,749 in recoveries and deobligations recommended by non-Federal auditors or other governmental agencies' audit reports. Of this total, \$640,557 or 40 percent was sustained by the Agency.
- A total of \$27,652,106 (Inspector General) and \$320,345 (external audit organizations) had been recovered or deobligated as a result of audit work in this and prior periods.
- As of September 30, 1986, \$15.9 million in recommended recoveries or deobligations were awaiting Agency determination, of which \$8.1 million represented recommendations in excess of six months old.
- As of September 30, 1986, \$14.0 million in recoveries had been sustained by the Agency but had not been collected. All but \$49,648 of the \$14.0 million represented recommendations in excess of six months old.

**AGENCY RECOVERS
OR DEOBLIGATES \$28
MILLION THIS
PERIOD AS A RESULT
OF AUDIT
RECOMMENDATIONS**

The following bar graph shows the total recoveries and deobligations recommended in our audit reports and the actual Agency funds recovered and deobligated based on current or past audit efforts during the last three semiannual reporting periods.

AUDIT RECOVERIES AND DEOBLIGATIONS



Semiannual Report Period Ended

- Recoveries recommended by audit reports
- Actual recoveries based on audit recommendations
- Deobligations recommended by audit reports
- Actual deobligations based on audit recommendations

REVIEW OF MAJOR MANAGEMENT SYSTEMS/PROGRAMS

REVIEWS OF THE EFFICIENCY AND EFFECTIVENESS OF MAJOR AGENCY-WIDE SYSTEMS AND PROGRAMS

The reviews of major management systems are designed to determine the efficiency and effectiveness of foreign assistance programs or the systems used to administer assistance dollars in a broad, Agency-wide context. Highlights of significant audits performed this reporting period follow:

—AID'S EVALUATION PROGRAM—

AGENCY EVALUATION PROGRAM COULD BE MORE USEFUL TO MANAGEMENT

An audit was made of AID's evaluation system to determine what benefits were being achieved from evaluations and what extent evaluation reports were achieving statutory and administrative purposes. An average of about 270 evaluations are made annually, of which about 85 percent are originated by missions at an estimated cost of about \$10 million. The audit showed that the intended purpose of evaluations was not being adequately achieved and management controls at both the mission and bureau levels needed substantial improvement. Also, a more judicious and efficient use of contractor services to make evaluations was needed.

Agency policy requires evaluations to provide an objective and rational basis for making decisions about programs and projects. However, the audit disclosed that the low quality of many evaluation reports made it difficult for AID management to use them for decision making. For example:

- Comparison of project results to those anticipated was often inadequate or entirely missing.
- Evaluation purpose and methodology were not presented or were unclear. Conclusions were not adequately supported or were difficult to locate.
- Recommendations were not supported, not readily identifiable, and often insignificant, not actionable or repetitive of action already underway.
- Lessons learned, when presented, provided little guidance to AID designers of future or follow-on projects.

These deficiencies were caused by insufficient Agency-wide guidance and management controls over evaluation. The benefits to AID from evaluations were reduced and at least \$3 million of the estimated \$10 million spent annually by AID missions did not achieve intended benefits. We recommended that nine quality standards regarding

evaluation report quality be made a specific part of Agency guidance and that these standards, along with quality control measures, be implemented by each mission at this time pending development of formal Agency guidance.

Also, the Agency has placed too much reliance on contractors to satisfy Foreign Assistance Act (FAA) requirements rather than improving internal monitoring and evaluation efforts. As a result, evaluation reports were often of low quality and were used primarily for purposes other than established by the FAA. For example, evaluations often did not compare actual project results with those anticipated, a specific objective of the FAA. These conditions occurred because Agency policy and procedures were not clear on either how the FAA requirement was to be met or how evaluations were to be conducted or monitored. Our audit estimated that the Agency could save about \$2.5 million annually through more selective use of outside contractors, while improving its internal management system.

We recommended that AID policy and procedures be amended to better control the use of contractor services, clarify requirements for internal monitoring, improve guidance for use of analytical techniques, establish guidance on implementing recommendations, and determine and report evaluation costs. (Audit Report No. 9-000-86-5, August 27, 1986)

**—INSTITUTIONAL GRANTEE PROGRAM
ADMINISTERED BY THE AID REGIONAL OFFICE
FOR CENTRAL AMERICA AND PANAMA—**

The Agency's Regional Office for Central America and Panama (ROCAP) made 16 grants to six institutions serving the region. These grants obligated funds totaling \$91.1 million for the purpose of facilitating institutional liquidity, providing technical assistance or obtaining the expertise and services of the six institutions.

**INELIGIBLE COSTS OF
\$454,000
RECOMMENDED FOR
REFUND**

The Office of the Regional Inspector General for Audit in Tegucigalpa, Honduras made an audit of these grants and found weak accounting practices, internal control deficiencies, or policy determinations that did not comply with Agency requirements. At four of the six institutional grantees reviewed, an estimated \$454,000 in ineligible costs were identified. In addition, the grantees claimed and were improperly paid by ROCAP for family subsidies, personal income taxes of employees, and reserve funds for anticipated salary increases.

The audit also showed that ROCAP's administrative policies and procedures needed updating and that two of the six grantees needed to establish administrative policies. We recommended that

administrative policies be formulated or updated as applicable and that refunds of ineligible costs be made to the Agency. (Audit Report No. 1-596-86-26, August 18, 1986)

AUDITS OF PUBLIC LAW 480—FOOD FOR PEACE PROGRAM

AGENCY'S GOAL IS TO LINK FOOD AID TO LONG-TERM ECONOMIC GROWTH IN DEVELOPING COUNTRIES

In administering the Public Law 480—Food for Peace Program, the Agency's primary objective is to ensure that food aid is provided to those countries and people that are truly in need. In order to increase the developmental impact of this Program, the Agency has established a goal of linking food aid to long-term economic growth in developing countries. Funding for this Program is estimated at \$1.7 billion for fiscal year 1986 and will provide food assistance to approximately 72 countries. Highlights of an audit performed in this area follow:

—CATHOLIC RELIEF SERVICES ADMINISTRATION OF THE PUBLIC LAW 480, TITLE II PROGRAMS IN BURKINA FASO AND KENYA AND AT NEW YORK HEADQUARTERS—

REVIEW RECOMMENDS PROCEDURAL CHANGES AND REFUNDS OF OVER \$1.1 MILLION

Catholic Relief Services (CRS) is a nonprofit voluntary agency used by AID to distribute food aid assistance to the needy, worldwide. During 1984 and 1985 CRS distributed approximately \$730 million in relief food on AID's behalf. This represents about 20 percent of AID's entire Public Law 480, Title II Program and 53 percent of the total commodities provided to voluntary agencies and the World Food Program.

In response to a number of allegations and complaints received by the AID Inspector General concerning certain aspects of CRS Public Law 480, Title II Program operations, an audit was made to determine if CRS was in compliance with prescribed regulations and exercised adequate controls over revenues from recipient fees, sales of containers and unfit food. Our audit showed that even though CRS had established a system for distributing large quantities of U.S. Government donated food commodities to undernourished people, improvements in CRS' administration and AID's oversight of the program were needed.

Specifically, the audit showed that a longstanding disagreement existed between CRS and AID over regulations governing the collection and use of recipients' contributions. CRS had made, as a matter of internal policy, the determination that AID regulations governing recipients' contributions did not apply to CRS operations and that food programs administered by CRS should be self-sustaining

where possible. As a result, CRS did not comply with AID regulations governing the Title II program, clear criteria were not established for measuring recipients' ability to pay, and instances were identified during the audit where eligible recipients either did not apply for Title II food because they had no money or were denied food because they could not pay established fees.

Since CRS was not following AID regulations related to collections, they did not request AID's review and approval of expenses paid from recipient fees and container sales. In addition, CRS improperly retained proceeds from sales of containers, spent funds from AID program grants in Kenya for unauthorized purposes, improperly retained funds from inland claims and did not promptly recover claim proceeds in Burkina Faso. Finally, the audit showed that CRS did not have good internal controls over recipient fees and inventories of food in Burkina Faso.

We made seven recommendations to correct the procedural and compliance deficiencies noted in our review and to collect approximately \$1.1 million due the Government. CRS officials have agreed to all recommendations except those concerning monetary recoveries. Resolution of these recommendations will be made by AID management officials. (Audit Report No. 0-000-86-9, September 30, 1986)

AUDITS OF AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION

Agriculture, rural development and nutrition is the Agency's largest program category, both in terms of assistance dollars and number of projects. Through September 30, 1985, the Agency had obligated \$8.5 billion for 860 active projects, of which \$5.5 billion had been expended. Projects in this category are designed to increase agricultural yields, improve diets and support agricultural research in developing countries where hunger and malnutrition are a major development problem.

**AGRICULTURE,
RURAL
DEVELOPMENT AND
NUTRITION PROGRAM
OBLIGATIONS TOTAL
\$8.5 BILLION**

Our audits in this area reviewed the integrity of AID's administration of these projects and whether improvements in the management of project activities had been accomplished. Highlights of audits performed during this reporting period follow:

—EXPORT PROMOTION FUND/REGIONAL OFFICE FOR CENTRAL AMERICA AND PANAMA—

In September 1982, AID's Regional Office for Central America and Panama (ROCAP) and the Latin American Export Bank (LAEB), a

**AGENCY LOAN FOR
\$16.9 MILLION
RECALLED**

private sector institution, signed a \$25 million loan agreement for the Export Promotion Fund Project (Project). The Project was designed to help allay the economic crisis in Central America by making loans to increase non-traditional exports from Central America and thereby reduce balance-of-payments deficits in the region.

Our audit disclosed that all LAEB loans made with AID funds through the Central Bank of Guatemala, El Salvador, and Honduras were ineligible because the loans were not made to eligible exporters as required by the loan agreement. Instead LAEB made loans to Central Banks for balance-of-payments support. The exporters identified by LAEB to ROCAP as project beneficiaries did not receive the loans.

We recommended that AID management require LAEB to reduce the outstanding AID loan by at least \$15.6 million. Agency officials reported that LAEB prepaid \$16.9 million of the loan principal plus interest to the U.S. Treasury based on our findings.

Our review also found that administrative costs charged by LAEB were overstated by \$244,000 and that approximately \$39,000 in interest income had not been properly credited to the Project's revolving funds. ROCAP management agreed to our recommendation to obtain refund or credit for the \$283,000 due the Project. (Audit Report No. 1-596-86-30, September 29, 1986)

**—MAE CHAEM WATERSHED DEVELOPMENT
PROJECT/THAILAND—**

**STRATEGY NEEDED
TO ASSURE \$21
MILLION PROJECT IS
SUSTAINED AFTER
AID TERMINATION**

The Mae Chaem Watershed Development Project in Chiang Mai Province, Thailand was to provide the minimum essential requirements for initiating and sustaining the economic development process in the Mae Chaem watershed. The Project was to increase productivity of existing cropland, develop additional cropland and provide ancillary facilities for irrigation, agricultural credit, extension and research. The Project included small scale irrigation works, land terracing, and construction and rehabilitation of roads into the area over a seven-year period ending in 1987. Project costs total \$21 million, with AID providing a \$10 million grant and the Royal Thai Government providing the remaining \$11 million.

The Foreign Assistance Act states that foreign assistance funding is provided to promote conditions enabling developing countries to achieve self-sustaining economic growth. The audit showed that one of the major goals of the Project was to have a self-sustaining

agricultural production and watershed protection system in Mae Chaem. However, sustainability may not be achieved because:

- Funding for all Interface Teams was being terminated with no alternative method to fund their essential contribution to the communities.
- The number of extension agents was being reduced from one per 400 families, as planned in the Project, to one per 1,175 families.
- Funding that was to be provided by the Thai Government for maintaining the roads which were built under the Project was inadequate. Maintenance was considered essential for erosion control and access.

Unless adequate advance preparations are made, many project achievements are unlikely to continue after AID support to the project ends. Thus, large amounts of resources and effort put into the Project will have no lasting effect.

Agency procedures require Bureaus and Missions to establish and implement systems which will inform them of a project's progress in meeting targeted goals and objectives and for measuring project results. Sufficient data was not available, however, to accurately measure this Project's results. Important Project indicators were not being collected and recorded by the Project officers. As a result, neither the Project office nor Mission management knew the extent to which Project goals and objectives were being achieved.

We recommended that the Mission develop a strategy of alternatives to increase the likelihood of project sustainability and develop and implement a system for fully measuring project results. (Audit Report No. 2-493-86-4, May 28, 1986)

—INTEGRATED REGIONAL DEVELOPMENT PROJECTED/PERU—

The Integrated Regional Development Project in Peru was undertaken to strengthen Peru's decentralized regional planning and project implementation capability at the national, departmental and municipal levels. The Project financed rural public works projects and priority subprojects in selected market towns. The Project has a budget of \$23.1 million, of which \$16.6 million was Agency funded and \$6.5 million was funded by the Peru Government.

**PROJECT SUCCESS
LIMITED BY DESIGN
WEAKNESSES. LACK
OF HOST COUNTRY
FUNDING, AND
INEFFECTIVE
MAINTENANCE
SYSTEMS**

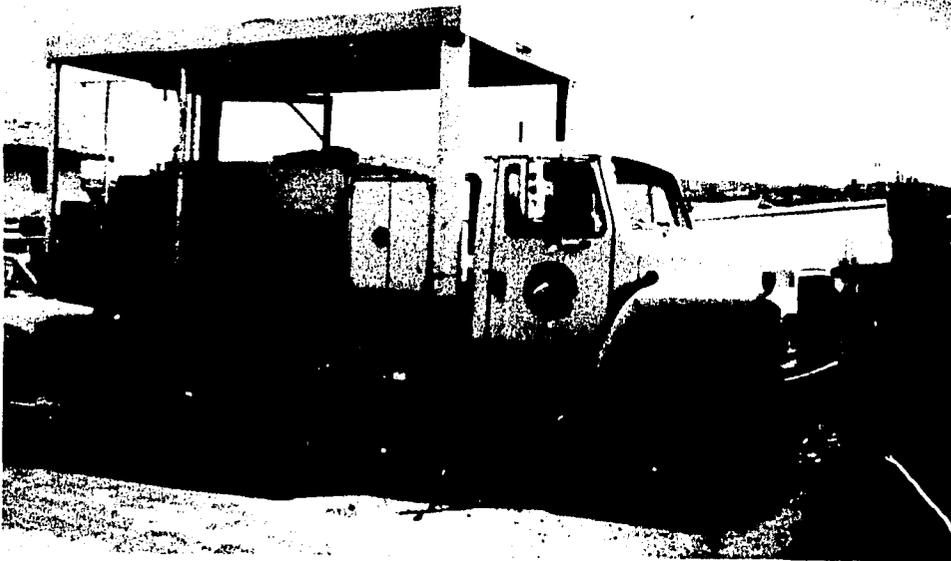
The audit showed that the Project's effectiveness was limited because of weaknesses in the design of subprojects and insufficient funding to complete several of the subprojects. The main reason for the design

failures was a lack of site visits to verify the adequacy of the design. Several rural works subprojects were not completed because Peruvian funding had not been budgeted as required by the Project agreement. Without proper design or funding the intended benefits of the subprojects will be delayed or not realized.

Our review noted that the efficiency of Project operations was inhibited due to the lack of effective systems to maintain both completed subprojects and equipment. During the inspection of subprojects, the auditors observed that certain subprojects were deteriorating due to lack of maintenance. For example, highway subprojects completed approximately one year prior to our visit had drainage ditches which were filling in, pot holes and surface buckling.



Photograph of the channel of the Iscos-Chupuro drainage system shows no maintenance is being provided the system



Project officer was unaware that this AID-financed lubrication truck was out of operation for 2½ years

Similar problems were observed in equipment maintenance. For example, a lubrication truck had not been in use for 2½ years due to a broken steering part. Maintenance programs need to be implemented to properly maintain the subprojects and allow for successful completion of the Project's goals and objectives. (Audit Report No. 1-527-86-18, June 18, 1986)

—THE SAHEL REGIONAL INTEGRATED PEST MANAGEMENT PROJECT—

In the eight Sahelian countries of West Africa, pest infestations have destroyed as much as 40 percent of crop yields in a single season. AID's long-term strategy to reduce crop losses in West Africa has focused on the introduction of integrated pest management techniques which emphasize cost effective, ecologically safe, non-chemical methods to improve farmers' crop protection practices. AID assistance was given through two regional projects: the Regional Food Crop Protection Project, which terminated in early 1985; and the Integrated Pest Management Project, which will terminate at the completion of its first phase in March 1987.

The Integrated Pest Management Project was authorized in 1977 to establish and strengthen the Sahelian countries' integrated pest management research capabilities and to produce research packages

**AGENCY NEEDS TO
EVALUATE PROGRAM
TO PROTECT ITS \$20
MILLION
INVESTMENT**

for farmers on combating high priority pests. As of September 30, 1985, AID had obligated \$20 million of an authorized \$28.8 million and had expended \$11.5 million on this Project.

The audit found that the Project made limited progress in four of its five objectives, and in achieving its overall purpose of producing research results on combatting pests for farmers. Project designers and management failed to establish a system to compare actual against anticipated Project results. For example, quantifiable interim benchmarks, goals, and timeframes to measure progress were not established. As a result, there were no means to monitor Project progress, determine Project components having the best potential for success in assisting farmers in combatting pests.

During our audit, AID management decided to terminate support for integrated pest management on a regional basis after its first phase ends in March 1987, and let individual missions decide if AID assistance for pest control activities should continue in their respective countries. Missions, however, do not have adequate and up-to-date information to make informed decisions and, therefore, the appropriate level of AID's future involvement in integrated pest management is difficult to determine. Therefore, there is little assurance that AID's \$20 million investment will be sustained through future use. We recommended that Agency management perform evaluations in each participating country and develop a plan to protect AID's investment.

The regional project manager, provided participating countries and other implementing parties excess cash advances amounting to \$2.5 million. During the course of the audit, this excess was reduced to \$1.1 million. In addition, the United Nations Food and Agriculture Organization was provided a cash advance of \$200,000 to cover a float period in excess of the maximum 90 days authorized. Poor Agency monitoring and inadequate reporting by recipients caused these problems. We recommended that Agency management liquidate remaining excess cash advances amounting to \$1.3 million. (Audit Report No. 7-625-86-8, May 14, 1986)

AUDITS OF HEALTH

The objectives of the Agency's health sector activities are to reinforce comprehensive child survival initiatives such as immunizations and prenatal screening; improve the management and logistics in implementing primary health care and environmental sanitation programs; and support biomedical research and field testing of important new technologies such as malaria vaccine. Through September 30, 1985, the Agency had obligated about \$2.4 billion for 243 health projects of which \$1.1 billion had been expended.

HEALTH PROJECTS REINFORCE CHILD SURVIVAL INITIATIVES

During this reporting period, the Regional Inspector General in Dakar, Senegal reviewed an AID project to provide a water supply system to a rural area of Burkina Faso. Highlights of this program results audit follow:

**—RURAL WATER SUPPLY
PROJECT/BURKINA FASO—**

In July 1979, AID and the Government of Burkina Faso, initiated a Rural Water Supply Project. The Project was to provide the southwestern rural population of Burkina Faso with a potable water supply system and community health education program. The Government of Burkina Faso provided \$1 million in equipment and salaries and AID made available \$13.5 million for technical assistance, commodities, training and operating costs.

**PROJECT INCREASES
POTABLE WATER
SUPPLY BUT HAS NOT
EDUCATED
VILLAGERS ON
PREVENTING WATER
CONTAMINATION**

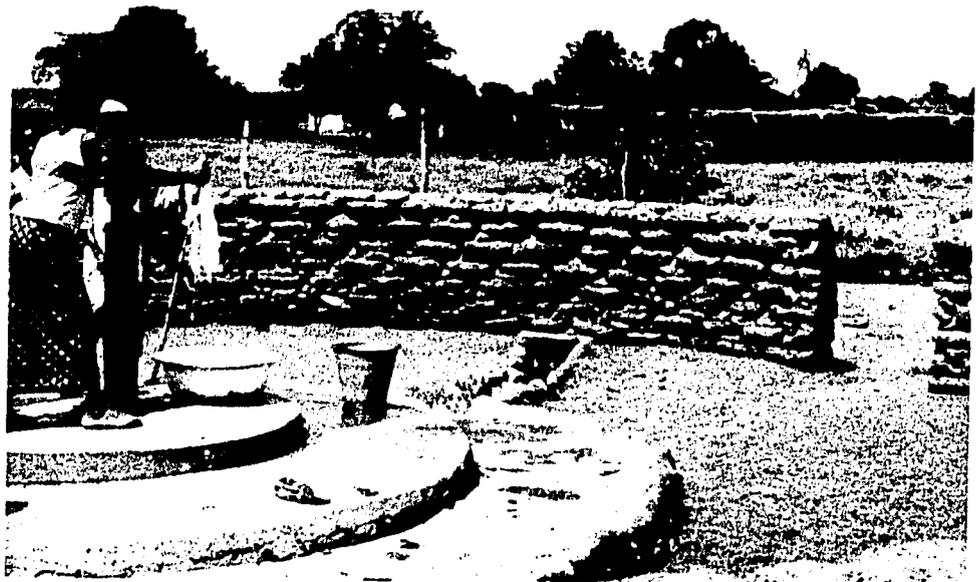
The audit found that the Rural Water Supply Project's major activity—the construction of 639 wells—contributed to a significant increase in the potable water supply. However, the health education program had not achieved its objective of convincing villagers to adopt health care practices that would prevent water contamination. Only a portion of Project wells had sanitary drainage structures. Also, the number of demonstration latrines constructed and village health committees established was less than planned.

The health education program had limited success in convincing villagers to adopt measures to prevent water contamination. This resulted from an ineffective extension program which relied on itinerant health workers. For the Project to achieve its goal of increasing potable water supplies, health workers must stress the importance of sanitation techniques and construction of latrines and drainage structures to the villagers.

The audit also disclosed that the Government of Burkina Faso was not able to assume the Project recurring costs as required by the grant agreement. Although alternative measures had been proposed and some progress is being made to meet these costs, the Government of Burkina Faso had not budgeted funds to continue the Project after AID funding ceases. As a result, there is no assurance that AID's investment in the Project will be protected. (Audit Report No. 7-686-86-7, April 18, 1986)



Animals often drink from puddles that form around unprotected wells, increasing the risk of polluted water seeping into the well through the borehole



The protected well has a drainage structure passing through an animal exclusion wall and leading to a drinking trough at a sufficient distance to protect the well from animal wastes

AUDITS OF SELECTED DEVELOPMENT ACTIVITIES

The Agency's second largest program funds 515 development activity projects with obligations totaling \$4.6 billion through September 30, 1985, of which \$2.7 billion had been expended. Projects in this category address cross-sectoral development problems. These projects are also designed to implement such Agency priorities as: promoting the private sector's role in development; policy dialogue; institution building; and technology transfer.

**AGENCY'S SELECTED
DEVELOPMENT
ACTIVITIES
PROGRAM HAS
OBLIGATIONS OF \$4.6
BILLION**

The Regional Inspector General in Cairo, Egypt identified significant problems in an AID-financed project to modernize Egypt's telecommunications network. The audit of this Project was made to determine if management capabilities had been strengthened as required by the project agreement. Highlights of this audit follow:

—TELECOMMUNICATIONS PROJECT/EGYPT—

The Agency has obligated \$242 million since 1978 for a telecommunications project designed to assist Egypt's National Telecommunications Organization (NTO) to improve and strengthen overall operations, training and management capabilities—including the installation of electronic exchanges and other plant related equipment in Cairo and Alexandria.

**BENEFITS OF \$242
MILLION PROJECT
MAY NOT BE
ACHIEVED UNLESS
CAPABILITY TO
OPERATE AND
MAINTAIN THE
SYSTEM IS IMPROVED**

The audit showed that the project was progressing satisfactorily in terms of installing modern telephone exchanges, underground cable systems and other telecommunication equipment. However, the audit also showed that improvements were needed in NTO's institutional capability to operate and maintain the system over the longer term and to achieve the training plans for improving future job performance.

A consultant from the United States was hired to advise and assist NTO to develop managerial and operational capabilities. Our review showed that many of the consultant's recommendations, as well as the recommendations of a subsequent evaluation team, to improve planning, management, operations, maintenance and training were not fully implemented. The Agency's Mission in Egypt and NTO only implemented those recommendations considered relevant to the effective implementation of the ongoing project. Thus, a large number of unresolved recommendations remained.

Mission officials recognized that NTO, like any growing utility, needs to expand its facilities, insitutional capabilities, and training program and that any future AID assistance will take these needs into consideration. We found, however, that the Mission has not established

the likely parameters of such a project. Currently, the future of such a project is questionable. We recommended that Mission management in cooperation with NTO review and assess the status and applicability of the recommendations of the consultant and the evaluation team. Also, an implementation plan and follow-up system should be established for those recommendations meriting AID assistance.

We considered the training area to be vital to ensuring future operation and maintenance of the system. Further, the consultant had assisted NTO in establishing a 5-year plan to improve job performance and prepare for further expansion and modernization. However, the planned rate of training was not being achieved. We recommended that Mission management correct the problems related to the lack of training, such as the uncompleted data-base system, poor attendance, the delayed fiber optics training, and the training of program developers. (Audit Report No. 6-263-85-5, May 11, 1986)

AUDITS OF THE AGENCY'S OPERATING EXPENSES

OPERATING EXPENSE APPROPRIATION PROVIDES FUNDS FOR ADMINISTERING THE AGENCY'S PROGRAMS

The Agency's operating expense appropriation provides funds for the administrative support of the Development Assistance, Economic Support Fund and most of the Public Law 480 Food Programs. In fiscal year 1986, AID operating expenses are estimated to total \$380 million. These expenses include the salaries and other support costs of personnel both at Washington Headquarters and at overseas missions.

Our audits of mission operating expenses are economy and efficiency reviews designed to determine whether Agency resources are managed and used properly.

In a significant audit performed this reporting period, the Regional Inspector General for Audit in Cairo, Egypt, reviewed the unliquidated obligations related to the Mission's operating expenses in Cairo. Highlights of this review follow:

—AUDIT OF THE UNLIQUIDATED OBLIGATIONS FOR OPERATING EXPENSES OF AID'S MISSION IN CAIRO—

APPROPRIATION PROVIDES FUNDS FOR ADMINISTERING THE AGENCY'S PROGRAMS

The Agency's mission controllers are responsible for certifying for AID that the annual statement of obligations submitted each year to the Office of Management and Budget consists of valid obligations as defined in Section 1311(a) of the Supplemental Appropriations Act. This Act provides that no amount shall be recorded as an obligation unless it is supported by documentary evidence showing that a valid

and binding agreement in writing has been executed, it is for a purpose authorized by law, and it was incurred before the expiration of fund availability. Mission controllers are also responsible for making periodic reviews to ascertain whether obligations are valid, current, and fully required for the purpose intended, and to take action to deobligate funds determined to be in excess of requirements.

The Regional Inspector General for Audit in Cairo, Egypt reviewed unliquidated obligations shown on the accounting records of the Agency's Mission in Cairo to determine compliance with the Supplemental Appropriations Act. As of January 31, 1986, the Mission's unliquidated obligations operating expenses totaled \$4.5 million. Of this total about \$800,000 were obligated from fiscal year 1986 funds and approximately \$3.7 million were obligated from funds that dated back to fiscal year 1978.

The audit showed that about \$2.3 million of the Mission's obligations (51 percent of the total \$4.5 million obligated by the Mission) were no longer valid, current, and fully required for operating expenses and thus did not meet the requirements of the Supplemental Appropriations Act and AID procedures.

The invalid obligations consisted of \$1.3 million in contingency funds and \$1.0 million in residual balances or inactive accounts held open for long periods without settlement. We recommended that Mission management improve oversight over the system of obligation review, discontinue the use of "contingency accounts," and deobligate excess amounts. Mission management agreed with our recommendations and initiated corrective action. (Audit Report No. 6-263-86-7, July 31, 1986)

PREAWARD REVIEWS OF CONTRACTS/GRANTS

During the last six months of fiscal year 1986, several significant preaward reviews of proposed Agency contracts and grants were issued. Preaward reviews are vitally important to the Agency because the validity of estimated costs and potential problem areas can be identified before contracts/grants are awarded. During this reporting period, we performed 16 preaward reviews. These reviews resulted in reductions of \$4.0 million in proposed costs.

**REVEAL POTENTIAL
PROBLEM AREAS
BEFORE CONTRACTS
ARE AWARDED**

NON-FEDERAL AUDITS

NON-FEDERAL AUDITS RECOMMEND \$500,000 IN COST RECOVERIES AND DEOBLIGATIONS

The Office of Audit has in place a worldwide program for using non-Federal auditors to conduct financial and compliance audits of Agency projects, contracts or grants. During this reporting period non-Federal audit reports included recommendations for the recovery of costs totaling \$373,050 and the deobligation of AID funds totaling \$122,395.

Audit offices providing oversight of the non-Federal audit activities have indicated that although audit planning and audit fieldwork of the non-Federal audit groups has been uniformly satisfactory, the narrative audit reporting aspect has had some problems. Inconsistencies within reports, errors in translation (reports are issued in both English and the host country language if appropriate), and lack of complete disclosure of audit results were the deficiencies noted most often through our review process. Of the reports issued this reporting period, only two were issued without modification required by the audit office.

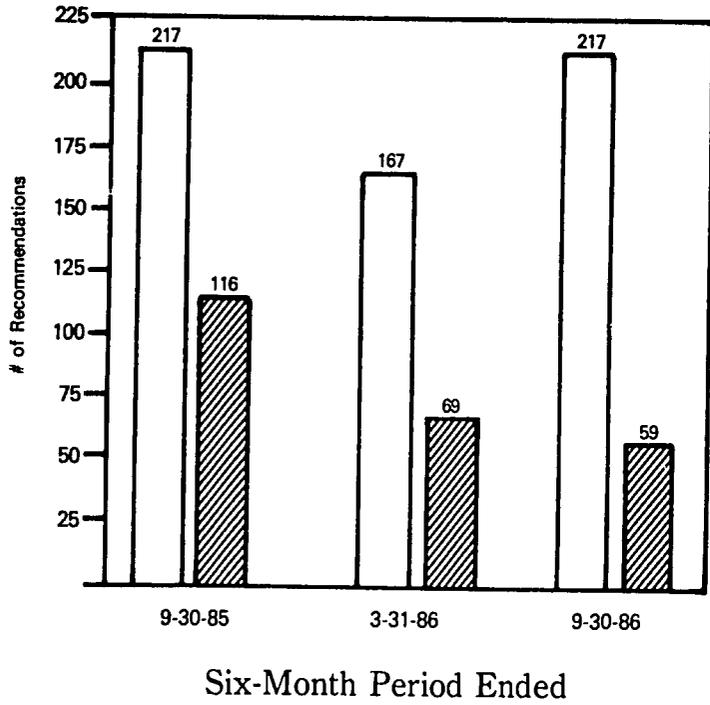
In order to improve audit reporting quality, our offices are providing guidance to the non-Federal audit groups during the audit planning and fieldwork phases, as well as feedback on the final audit report. In addition, the Washington, D.C. Audit Office is developing a standardized report format and schedules to improve the consistency and quality of non-Federal audits.

AUDIT RECOMMENDATIONS, FOLLOW-UP AND RESOLUTION

—COMPARISON OF STATUS OF OPEN RECOMMENDATIONS—

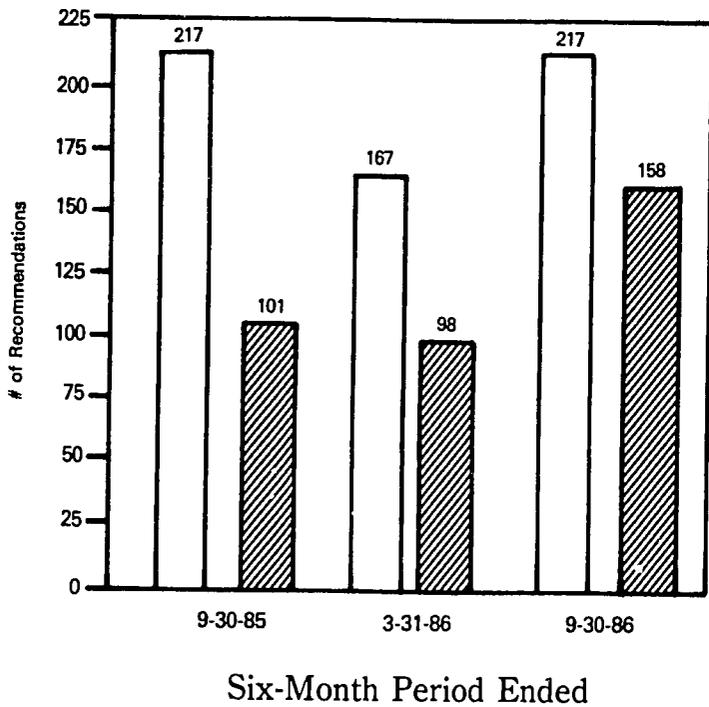
OPEN RECOMMENDA- TIONS IN EXCESS OF SIX MONTHS AT LOWEST LEVEL SINCE TRACKING BEGAN

The total number of open recommendations at the end of the reporting period increased by 30 percent (167 to 217) from the prior period. However, the number of recommendations open in excess of six months decreased by 14 percent (69 to 59) from the prior period and is at the lowest level since the IG began tracking open recommendations.



TOTAL OPEN RECOMMENDATIONS TO THOSE OPEN FOR MORE THAN SIX MONTHS

Total Open Recommendations
 Recommendations Open for More Than Six Months



TOTAL OPEN RECOMMENDATIONS TO THOSE OPEN FOR LESS THAN SIX MONTHS

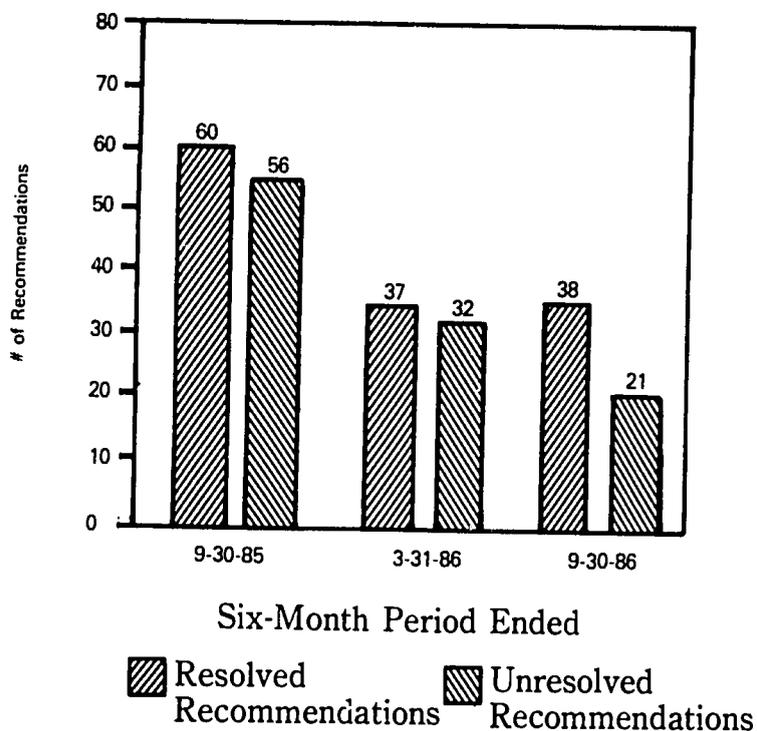
Total Open Recommendations
 Recommendations Open for Less Than Six Months

**—COMPARISON OF STATUS OF OPEN
RECOMMENDATIONS OVER SIX MONTHS OLD—**

**AGENCY COMPLIANCE
WITH OMB CIRCULAR
A-50**

Office of Management and Budget Circular A-50 requires that recommendations be resolved within six months of issuance. In this context, resolution and closure are not synonymous terms. Audit recommendations are resolved when Agency management and the IG's Office reach agreement on firm plans of action to correct the reported deficiencies. Audit recommendations are generally not closed until corrective actions have been completed. The number of IG recommendations open over six months decreased by 10 between March 31, 1986 and September 30, 1986. Violations of the A-50 requirement for resolution also decreased during this period from 32 to 21 or by 34 percent.

**STATUS OF OPEN
RECOMMENDATIONS
OVER SIX MONTHS
OLD**

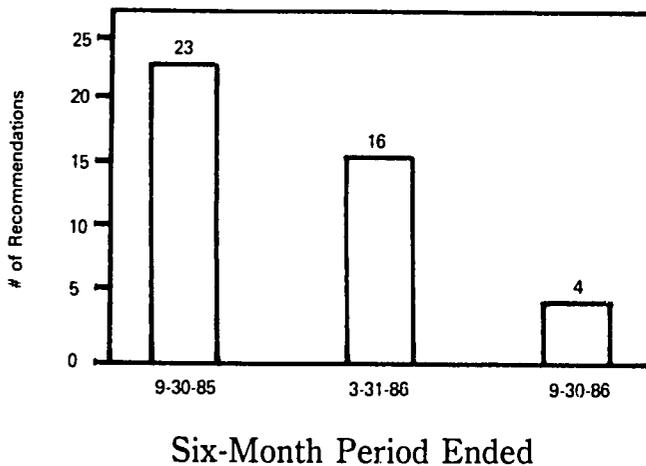


**—THE SUPPLEMENTARY BUDGET AND
RESCISSION ACT OF 1980—**

The Supplementary Budget and Rescission Act of 1980 requires that all monetary audit recommendations be resolved within six months of issuance. As the following graph shows, the number of audit recommendations in violation of this statute decreased by 75 percent from 16 to 4 over the past six months.

**AGENCY COMPLIANCE
WITH PUBLIC LAW
96-304**

**Unresolved Monetary Recommendations
Over Six Months Old**



—OTHER INSPECTOR GENERAL REQUIREMENTS—

OMB Circular A-50 mandates that each agency regularly evaluate its performance in complying with the scope and intent of audit recommendations. Consequently, follow-up on closed audit recommendations has been integrated into the audit effort of each Regional Inspector General for Audit as a means of evaluating Agency compliance with audit recommendations. In addition, for all recommendations, the IG's Office of Policy, Planning and Oversight tracks activity before, during and after resolution and closure. On occasion it is determined from information available that recommendations should be reopened. During the past six months, the Inspector General reviewed 10 closed recommendations, 3 of which had to be reopened.

**FOLLOW-UP ON
CLOSED
RECOMMENDATIONS**

OMB Circular A-50 also requires that the head of each agency or his designee arbitrate any disagreements between the audit and management functions on the timeliness and/or the nature of the agency's responses to audit recommendations. Recommendations from one audit report were referred to the Deputy Administrator for resolution during the past six months.

**REFERRALS TO THE
DEPUTY
ADMINISTRATOR**

**REVIEW OF
LEGISLATION AND
REGULATIONS**

Section 4(a)(2) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to Agency programs and operations. During the reporting period, the Inspector General reviewed the proposed amendments to the Foreign Assistance Act and proposals set forth by the President's Council on Integrity and Efficiency. Appropriate comments were provided in each instance.

**OBTAINING
REQUIRED
INFORMATION OR
ASSISTANCE**

Sections 5(a)(5) and 6(b)(2) of the Inspector General Act require the Inspector General to report instances where access to records or assistance requested was unreasonably refused, thus hindering the ability to conduct audits or investigations. During this semiannual reporting period, there were no reportable instances under these sections of the Act.

STATUS OF PREVIOUSLY HIGHLIGHTED REPORTS

—REPORTS WITH UNRESOLVED RECOMMENDATIONS AS OF SEPTEMBER 30, 1986—

- Procurement Service Agents

Procurement Service Agents (PSAs) are generally a viable means of alleviating many host country contracting problems and should be encouraged. Our review showed that greater economy and efficiency could be achieved by requiring Agency missions to negotiate PSA fees based on cost proposals, improve the selection process, assess host government capabilities before engaging the PSA, and maximize the competitive procurement of these services. The Agency is drafting new guidance for the Handbooks on the use and selection of PSAs. Agency officials stated that the process would take several months. (Audit Report No. 0-000-85-11, March 21, 1985)

**NEW GUIDANCE
CONCERNING PSA
SELECTION BEING
DRAFTED BY AGENCY**

- Closeout of Expired Contracts

Our review of 122 high-value AID-direct and host country contracts totaling \$319 million showed that contracts were not being closed out because Agency management placed little importance on this function. We recommended that the Agency establish controls to ensure that (1) closeout actions take place in a timely manner, (2) contractor performance evaluation reports are prepared, (3) a system accounting for AID-funded or -furnished property held by contractors is established, (4) contract files are not destroyed or retired until closeout procedures are complete, and (5) an inventory of both AID-direct and host country expired contracts is reconciled periodically with Agency missions. Only one of the report recommendations remains open. The Agency is modifying closeout procedures used in AID/Washington to fit the circumstances existing in the missions. (Audit Report No. 0-000-85-14, March 29, 1985)

**IMPROVEMENTS
NEEDED TO ENSURE
THE TIMELY
CLOSEOUT OF
CONTRACTS**

- Agriculture Sector Projects-RDO/Caribbean

Four of the nine active projects in the Regional Development Office/Caribbean (RDO/C) agriculture portfolio were reviewed to assess the projects' prospects for success, and selectively evaluate the efficiency of project operations, the adequacy of internal controls, and compliance with Agency requirements. The audit found that one of the Regional Agribusiness Development subprojects—a

**IMPROVEMENTS
NEEDED IN
CARIBBEAN
REGIONAL
AGRICULTURE
PROJECTS**

loan program for sugar farmers in St. Vincent—contained deficiencies in loan approvals, collateral requirements, loan repayments, and record keeping. Also, a review of the management of counterpart contributions showed that, in some cases, RDO/C project officers did not know whether required counterpart contributions had been made. We recommended that the program be suspended until appropriate control procedures are established and that RDO/C submit periodic reports on counterpart contributions to projects. The Agency is expecting an evaluation report to be completed in January 1987 and is preparing evidence that internal control procedures are in place, including counterpart contribution reports. (Audit Report No. 1-538-85-9, July 31, 1985)

- Contract Termination Claim

In compliance with legislation, a U.S. contractor which had two Agency-financed contracts with the Government of Syria, was notified by the Agency on March 9, 1984, that AID had formally adopted the contracts and both contracts were being terminated for the convenience of the Government. The contractor submitted a contract termination claim totaling \$7.9 million to AID on January 31, 1985, in settlement of the two contracts. Our review of the contractor's claim resulted in a recommendation to the Agency to accept \$1.3 million of the termination costs claimed and questioned the remaining \$6.6 million for various reasons. The Agency is still negotiating with the contractor on these questioned costs. (Audit Report No. 0-000-86-1, October 11, 1985)

- AID Participant Health and Accident Coverage Program

The AID Health and Accident Coverage Program was adopted in 1980 to cover medical costs for all AID-financed foreign participants undergoing training the U.S. Our review showed that AID had not properly managed the Program. We believe that the Agency could save approximately \$1.5 million per year in (i) medical costs related to the treatment of pre-existing conditions, (ii) claims which should be paid by other insurers, and (iii) uncollected premium payments. In addition, the Agency could recover an estimated \$250,000 from other insurers and delinquent contractors. We recommended the Agency take action to establish management systems that will (i) eliminate participants coming to the U.S. with pre-existing medical conditions; (ii) prevent claim payments when other insurers are liable; and (iii) improve internal controls in the medical payment process. Although the Agency has taken a number of steps to correct the deficiencies noted, all seven report recommendations still remain open. (Audit Report No. 9-000-86-1, November 8, 1985)

**AUDIT QUESTIONS
\$6.6 MILLION IN
CONTRACT
TERMINATION CLAIM**

**AGENCY COULD SAVE
\$1.5 MILLION
ANNUALLY IN
MEDICAL PAYMENTS**

- **AID Renewable Energy Projects**

Due to the worldwide energy crisis, the Congress, in 1977, amended the Foreign Assistance Act to fund the AID energy program. Since 1978, AID has obligated \$170 million to develop, test and demonstrate technologies in such areas as solar, wind, biogas and small-scale hydroelectric generation. However, AID undertook projects which did not always adhere to the legislative mandate in that they were (i) not integral parts of agriculture and rural development efforts, (ii) not developed and implemented in a timely manner, (iii) complex and expensive to build, use and maintain, (iv) not suited to intended users, and (v) lacking in replication planning and potential.

**THE AGENCY'S
ENERGY PROGRAM IS
NOT MEETING
LEGISLATIVE
OBJECTIVES**

We are awaiting revision of the AID Energy Policy Paper and other documents before closing the three audit recommendations. (Audit Report No. 9-000-86-3, February 21, 1986)

**—REPORTS IN WHICH RECOMMENDATIONS ARE
RESOLVED BUT ARE PENDING COMPLETION
OF CORRECTIVE ACTION AS OF
SEPTEMBER 30, 1986—**

- **Barangay Water Project/Philippines**

The Barangay Water project authorized loans of \$25.6 million and grants of \$2.5 million to provide 500 potable water systems to Philippine communities not exceeding 10,000 people. The report described the inadequate financial position of most of the cooperatives, as well as the maintenance problems and potentially serious health problems regarding water purity. Two recommendations remain open, one relating to financial and technical assistance, and another to ensuring performance of water quality testing. Procedures to ensure regular water quality testing are being included in skills retraining programs and in rehabilitation programs. (Audit Report No. 2-492-84-8, September 14, 1984)

**AGENCY ACTION
PLAN OVERDUE ON
BARANGAY WATER
PROJECT**

- **Appropriate Technology International**

While there have been improvements in Appropriate Technology International's (ATI) \$16.5 million program of developing appropriate technology for dissemination to developing countries, our review found that the cooperative agreement lacked a definition of replication, specific and measurable objectives, and a joint replication strategy for the Agency's Science and Technology (S&T) Bureau and ATI. The S&T Bureau is developing a joint strategy with ATI. (Audit Report No. 0-000-85-12, March 26, 1985)

**AGENCY PLANS TO
DEVELOP A JOINT
REPLICATION
STRATEGY**

**LOAN REPAYMENT
ISSUE NEEDS
RESOLUTION**

- Caribbean and Latin American Scholarship Program

The Agency has initiated a new \$161 million Caribbean and Latin American Scholarship Program to counteract the dramatic increase in Soviet bloc scholarship activity in Latin America and the Caribbean Region. Our review of this initiative showed that basic changes in the plans for delivering this training were essential if this goal is to be achieved. All but one of the nine recommendations made to improve both the existing training projects and the new \$161 million Caribbean and Latin American Scholarship Initiative have been closed. The one remaining issue, whether or not the loan repayment requirement should be eliminated, is still under consideration. (Audit Report No. 0-000-85-15, May 22, 1985)

- Personal Services Contracting Practices

**PERSONAL SERVICES
CONTRACTING
PRACTICES NEED
WELL-DEFINED
PROCEDURES**

A review of personal services contracts was made to determine whether the Agency had in place clearly established guidelines, procedures and regulations governing contracts for personal services, and whether missions were contracting for personal services in accordance with those guidelines. The review identified several examples of poor contracting practices including failure to withhold Federal taxes from payments to personal services contractors and other deficiencies symptomatic of an employment system in urgent need of review and corrective action. AID management has taken several steps to revise Agency regulations and report earnings of personal services contractors on appropriate forms. The Controller's Guidebook will be amended to reflect these changes. However, the revisions do not completely address all of our concerns, and we are awaiting further Agency action to close the report recommendations. (Audit Report No. 1-000-85-12, August 20, 1985)

OFFICE OF SECURITY

In addition to the audit and investigation responsibilities set forth in the Inspector General Act of 1978, the Inspector General of the Agency for International Development also has the responsibility of supervising, directing, and controlling all security activities of the programs and operations of the Agency. In accordance with this mandate, the IG's Office of Security implements the Agency's programs for physical and personnel security, as well as protection of classified information. During this reporting period, the Office of Security made significant progress in improving the quality of security services and the level of protection afforded to AID's facilities and personnel. Special emphasis was placed on the security enhancement program overseas and the personnel security program.

As in the past, the Office of Security continues to point with pride to the accomplishments of its emergency radio program. Prompted by concern for the growing costs associated with this program, the Office of Security conducted a review of equipment alternatives. The objective was to identify less expensive options without quality degradation. The Radio Program Manager identified a new radio supplier whose products cost approximately one-half that of the traditional suppliers', is quality tested, and whose synthesized system for channel selection will greatly enhance user capabilities. This equipment is now being phased into the AID radio inventory.

A NEW DIRECTION TAKEN IN OVERSEAS RADIO PROGRAM

During the past six months, three overseas trips were made by the Radio Program Manager. A trip was made to Dhaka to participate in the State Department Office of Communication's repeater/mobile radio upgrade program. Another trip was made to Haiti to review the Mission's radio requirements. The trip, prompted by the recent civil disturbances, found all AID radios to be functional. However, unilateral Department of State modifications to their Emergency Evacuation net, which covers AID, and the extended age of the AID radios prompted the Office of Security to procure and issue the new synthesized radios. In approximately a two-month period, the recommended radio upgrade for Haiti was purchased and put on line with the newly selected equipment. This represents a time savings of almost three months over the normal delivery schedules of the previous manufacturers and a cost savings of \$37,000 when compared to the previous alternatives. A further saving in time and money will be realized should the Haiti Mission be required to change frequencies in the future. With the new equipment, changing frequencies by the exchange of expensive crystals will not be necessary, since such modifications can be done quickly by computer.

**ADDITION OF
CONTRACTORS
ENHANCE SECURITY
SERVICES**

A radio visit was also made to Manila, where the Office of Security has taken the lead in promoting and coordinating a major upgrade of the existing radio system. This upgrade is being prompted by a Philippine Government requirement for frequency changes.

The recent addition of eight contractor personnel has significantly enhanced the Office of Security's capability to provide security services. These eight personnel include a Project Administrator, a Secretary, three Engineers, and three Technicians. Their addition has dramatically expanded the technical capabilities of the division in terms of security engineering and design functions. Equally important, they have provided an unparalleled responsiveness for AID's security installation projects. In their brief three-month tenure within the Office of Security, the contractors have participated in security surveys within each of the three geographical regions, and are scheduled for follow-up installation projects at all of the posts visited.

The arrival of the above-mentioned personnel is particularly significant at this time, since their presence expands the capabilities of the Inspector General's Office of Security to implement Agency responsibilities under the Omnibus Diplomatic Security and Antiterrorism Act of 1986.

Office of Security efforts have not been held in abeyance pending passage of the above noted legislation. In the past six months, AID security officers have participated in 26 security enhancement projects. These projects ranged from interim security measures for the Office of Regional Inspector General in Dakar, Senegal to major modifications and upgrades at posts such as Mogadishu, Somalia and Lima, Peru. Most of the money to fund these projects was made available by the Department of State's Bureau of Diplomatic Security under a previous allocation of the fiscal year 1985 security supplemental totaling \$4.8 million. Of this \$4.8 million, \$3.3 million has been used for physical security enhancement projects and \$1.5 million for the armoring of automobiles.

Five of the sixteen armored vehicles were delivered in July 1986. Three of the vehicles were dispatched to the AID Mission in Lima, Peru and two vehicles were sent to the AID Mission in San Salvador, El Salvador. The remaining vehicles funded by the supplemental will be assigned to other AID posts throughout the world.

NATIONAL SECURITY INFORMATION PROGRAM

Recognizing a need to expand the scope of AID's security orientation briefing program, the Office of Security has completed the production of a video recording on a new security briefing. This video will be sent to all AID Missions overseas. The briefing addresses the correct procedures for preparing and protecting classified material and emphasizes the need for effective counter-intelligence measures in an overseas environment. As a follow-on to this video presentation, the Office of Security initiated the development of a special briefing in Washington, D.C. to address the specific threat from the Hostile Intelligence Services. This briefing will also be videotaped and used overseas as part of the on-going security awareness program.

**VIDEO SECURITY
BRIEFING TO BE SENT
AID MISSIONS**

PERSONNEL SECURITY INVESTIGATIONS

During the past six months, the Office of Security completed 103 background investigations and 608 national agency checks and inquiries on new employees and contractors. These figures represent a modest increase over the previous six-month period. The Office of Security's Division of Investigations and Domestic Security is currently seeking other staff support alternatives to providing quick investigative reporting services and continues efforts to find innovative solutions. One means of achieving greater efficiency in the investigations program was the establishment of contracts with 19 additional private investigators. These additional investigators increase the part-time investigative staff to 50, provide more flexibility in case assignment, provide better geographic coverage, and reduce investigator travel costs.

EXECUTIVE MANAGEMENT STAFF

RESPONSIBILITIES OF THE EXECUTIVE MANAGEMENT STAFF

The Executive Management Staff (EMS) provides consultation and advice to the Inspector General, the Deputy Inspector General, the two Assistant Inspectors General and the Legal Counsel concerning personnel and financial management, logistical and administrative management for the Inspector General's Washington Office and the six overseas Regional Inspector General Offices.

LEGAL COUNSEL TO THE INSPECTOR GENERAL ESTABLISHED

The Inspector General has completed the process of establishing a Legal Counsel staff to the Inspector General. The Legal Counsel staff is currently comprised of three lawyers and a legal assistant. They are providing legal advice and counsel to the Inspector General and to the audit, investigative, and security staffs of the Office of the Inspector General.

ESTABLISHMENT OF THE REGIONAL INSPECTOR GENERAL OFFICE IN SINGAPORE

The Regional Inspector General Office in Singapore is now almost fully staffed and operational. Permanent office space has been leased and occupancy by IG staff is expected by mid-November 1986. This office replaced the Karachi Office which was closed in September 1985.

PROCUREMENT AUTHORITY

The Director, EMS, has been delegated authority by Agency management to award AID contracts up to \$10,000 within the framework of the Federal Acquisition Regulations (FAR) and Agency Acquisition Authority (AIFAR). This delegation of authority will greatly assist in expediting small procurement actions.

INSPECTOR GENERAL FOREIGN SERVICE EVALUATION PANELS

The Office of the Inspector General has established three independent Foreign Service Evaluation panels to review the performance evaluation files of all Foreign Service employees of the Office of the Inspector General. The panels reviewed the employment records of Inspector General employees, rated and ranked those to be considered for promotion and made recommendations for meritorious step increases. The panels also identified those employees whose performance is better than satisfactory and those whose performance is less than satisfactory. The panels convened for the first time in September 1986. In previous years, these employees competed with other Agency employees. This commingled process was criticized by the General Accounting Office as one in conflict with the independence of the Inspector General required by the Inspector General Act.

INSPECTOR GENERAL MANAGEMENT INITIATIVES

During the reporting period, the Office of Inspector General has begun or has continued with the following management initiatives.

- The Office of Policy, Planning and Oversight (PPO) has established a quality assurance program to ensure that audit work performed adheres to established Inspector General policies and procedures, meets established standards of performance, and is carried out economically, efficiently, and effectively. In carrying out this program, PPO staff evaluate the quality of audit reports and, periodically, the quality of audit planning and audit work being performed by the Inspector General's eight audit offices. All offices are scheduled to be reviewed during fiscal year 1987.
- After a comprehensive review of investigative policies and procedures, the revised investigative handbook has been sent to the editors for review and publication. The handbook provides a consolidated source for investigative policy and procedures for overseas and domestic operations.
- The Office of Investigations continued its "media outreach" program to ensure positive investigative actions received positive coverage in both internal and external news media. In conjunction with the Bureau for External Affairs, Office of Press Relations, successful investigative operations have received prominent and thorough worldwide coverage in Agency publications. Likewise, investigative and prosecution news releases issued through the Agency have been well received.
- As part of the Inspector General's continuing effort to prevent and detect fraud, we have continued to emphasize our program of briefing employees, contractors and others doing business with AID. The presentations, which reached over 1,500 individuals worldwide during the past year, focused on AID's standards of conduct and have been a cooperative undertaking between the Inspector General, the Agency's Office of General Counsel and Office of Personnel.

**OFFICE OF AUDIT
ESTABLISHES A
QUALITY ASSURANCE
PROGRAM**

**INVESTIGATIVE
HANDBOOK**

MEDIA OUTREACH

**INTEGRITY
AWARENESS
BRIEFINGS**

The briefings have been furnished at AID Offices in Washington, D.C. and overseas to entry-level orientation classes; mid-level contracting, procurement and leadership courses; and senior-level regional conferences. They have focused on ethical standards, specifically activities and conduct prohibited by federal law and AID regulation and the requirements to report suspected violations to the IG, regional offices, or the IG hotline or mailbox.

**INTEGRITY
PAMPHLET**

**DEBARMENT AND
SUSPENSION
PROCEDURES
STREAMLINED**

**TECHNICAL
INVESTIGATIVE
EQUIPMENT AND
TRAINING**

- To further emphasize a high standard of ethics, AID's integrity awareness booklet was edited and expanded to include a broader description of situations supervisors are likely to encounter and suggestions to deal with integrity issues before they develop into more serious violations or criminal offenses.
- In coordination with Agency General Counsel and procurement officials, a streamlined and systematic procedure was established for referrals from the Inspector General. The Inspector General's legal staff was made the focal point for initiating and monitoring suspension/debarment actions resulting from investigative, audit or administrative inquiries.
- The Office of Investigations instituted positive steps to modernize the approach to white collar crime situations by introducing technical and consensual electronic monitoring equipment into its inventory of investigative techniques. Standardized procedures governing authorizations and use were issued and appropriate staff training was conducted. These techniques were instrumental in two cases: one led to an arrest and indictment in a bribery case involving a U.S. contractor; the other led to an arrest and conviction of a foreign national employee involved in a massive bid-rigging and kick-back conspiracy.

OFFICE OF INSPECTOR GENERAL ORGANIZATION AND STAFFING

The Office of the AID Inspector General was established on December 16, 1980, by Public Law (PL) 96-533 which amended the Foreign Assistance Act of 1961 (FAA). On December 29, 1981, the President signed the International Security and Development Cooperation Act of 1981 which brought the Inspector General, AID, under the purview of the Inspector General Act of 1978, PL 95-452 instead of the FAA.

AUDIT AUTHORITY

The AID Inspector General heads an independent organization responsible for audit, investigation and fraud control relating to AID's programs and operations. In addition, the IG directs and supervises all Agency security activities, including the Agency's investigative and physical security programs. The IG is authorized by statute to also provide these services to the Overseas Private Investment Corporation and the International Development Cooperation Agency.

ROLE AND RESPONSIBILITIES

Pursuant to the Inspector General Act of 1978, the Inspector General conducts and supervises audits and investigations for recommending policies to promote economy, efficiency and effectiveness, and to detect and prevent fraud and abuse in the administration of programs and operations of the Agency. In this regard, the Inspector General is responsible for keeping the Administrator and the Congress fully and currently informed about problems and deficiencies in AID programs and operations, and the necessity for, and progress of, corrective actions.

ORGANIZATION AND STAFFING

The Office of the Inspector General consists of three major offices, headed by either the Deputy Inspector General or an Assistant Inspector General. These offices are the Office of Audit, Office of Investigations, and Office of Security. Reporting to their respective Assistant Inspector General are Regional Inspectors General for Audit and Regional Inspectors General for Investigations. The Regional Inspectors General have responsibility for assigned geographical areas. The current office locations and geographical responsibilities are:

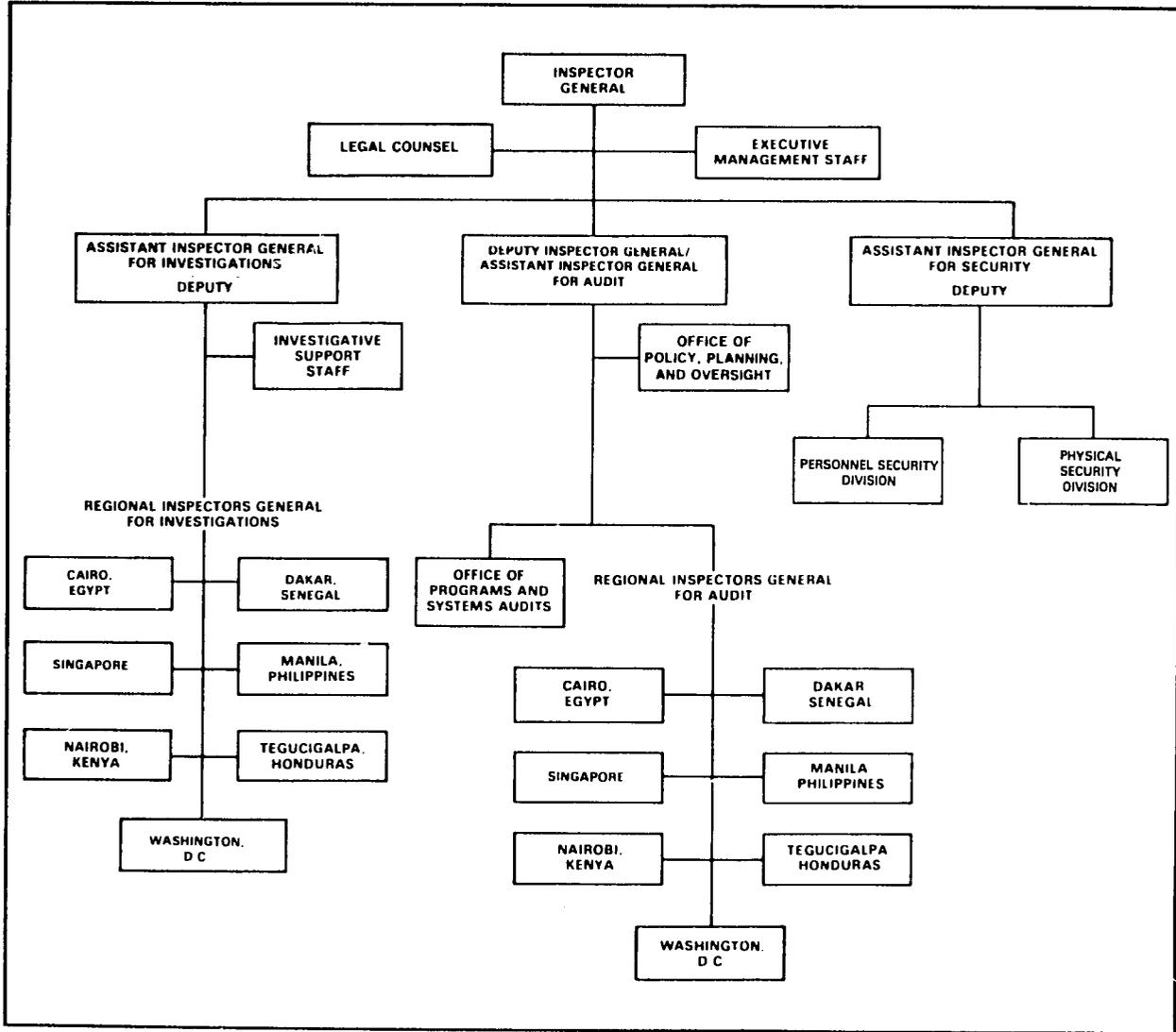
**REGIONAL
INSPECTOR GENERAL
GEOGRAPHICAL
RESPONSIBILITY**

<u>Regional Inspector General Office Location</u>	<u>Geographical Responsibility</u>
Cairo, Egypt	Egypt
Dakar, Senegal	West Africa
Manila, Philippines	East Asia
Nairobi, Kenya	North, East and South Africa and Middle East
Singapore	Near East and South Asia
Tegucigalpa, Honduras	Central America, South America and the Caribbean
Washington, D.C.	United States and Europe

Organization and staff distribution for the Office of Inspector General are on Tables 1 and 2.

OFFICE OF INSPECTOR GENERAL ORGANIZATION CHART

Table 1



INSPECTOR GENERAL STAFFING

As of September 30, 1986

Table 2

<u>Professional Staff</u>	<u>Positions</u>
Office of the Inspector General	1
Legal Counsel	3
Executive Management Staff	3
Office of Investigations:	
U.S.	24
Foreign Nationals	6
Office of Security	13
Office of Audit:	
U.S.	92
Foreign Nationals	15
Total Professional Staff	157
<u>Support Staff</u>	
U.S.	32
Foreign Nationals	5
Total Support Staff	37
Total Staff (U.S. and Foreign (National))	<u>194*</u>

*Includes full-time equivalent of part-time positions.

AUDIT REPORTS ISSUED

April 1, 1986 through September 30, 1986

INTERNAL AUDIT REPORTS

<u>Report Number</u>	<u>Date of Report</u>	<u>Report Title</u>
0-000-86-5	06/04/86	Audit of Gilbert/Commonwealth International, Inc.— Contract Termination Claim
0-000-86-6	07/30/86	Memorandum Audit Report—Review of Contractor Costs— Jeffalyn Johnson and Associates, Inc.
0-000-86-7	08/13/86	Memorandum Audit Report—Review of Contract/Grant Costs—American Public Health Association
0-000-86-8	08/11/86	Audit of AID's Compliance with Internal Revenue Service Regulations on Reporting Taxable Nonemployee Compensation
0-000-86-9	09/30/86	Audit of Catholic Relief Services Administration of PL 480, Title II Programs in Burkina Faso and Kenya and at New York Headquarters
1-522-86-11	04/08/86	Audit of Honduras Rural Water and Sanitation Systems— Project No. 522-0166
1-518-86-12	04/23/86	Audit of USAID/Ecuador's Integrated Rural Development Project No. 518-0012
1-519-86-13	04/30/86	Audit of Health and Jobs for Displaced Families— USAID/El Salvador Project No. 519-0281
1-522-86-14	05/29/86	Audit of the Honduran-American Chamber of Commerce— USAID/Honduras Project No. 522-0204
1-515-86-15	06/06/86	Audit of Central Bank of Costa Rica's Price Checking Unit
1-527-86-16	06/16/86	Audit of USAID/Peru Private Sector Agricultural Investment Promotion Project No. 527-0265
1-527-86-17	06/17/86	Audit of Local Currency Generations Under USAID/Peru Economic Support Loan No. 527-F-093
1-527-86-18	06/18/86	Audit of USAID/Peru Integrated Regional Development Project No. 527-0178
1-515-86-19	06/19/86	Audit of USAID/Costa Rica's Agrarian Settlement and Productivity Project No. 515-0148
1-515-86-20	06/20/86	Audit of USAID/Costa Rica's Management of Selected Mission Activities
1-527-86-21	07/02/86	Audit of USAID/Peru Agricultural Research, Extension and Education Project No. 527-0192
1-532-86-22	07/11/86	Audit of USAID/Jamaica Agricultural Development Foun- dation Project No. 532-0105
1-532-86-23	07/11/86	Audit of the USAID/Jamaica Agricultural Marketing Development Project No. 532-0060

INTERNAL AUDIT REPORTS (Cont'd)

Report Number	Date of Report	Report Title
1-532-86-24	07/11/86	Audit of USAID/Jamaica's Project Portfolio Pipeline
1-522-86-25	07/28/86	Audit of USAID/Honduras' Natural Resources Management Project No. 522-0168
1-596-86-26	08/18/86	Audit of ROCAP Institutional Grantees' Economy, Efficiency and Compliance
1-525-86-27	08/29/86	Audit of Investment Council of Panama Project No. 525-0239
1-525-86-28	09/04/86	Audit of USAID/Panama's Situs Excess Property Program
1-525-86-29	09/05/86	Audit of Idle United States Donated Dairy Commodities Observed in Panama
1-596-86-30	09/29/86	Audit of ROCAP Export Promotion Fund Project No. 596-0109
2-493-86-2	04/10/86	Audit of the Co-Financed Hilltribe Youth Training and Village Development Project: Grant-493-0296
2-492-86-3	04/15/86	Audit of Operating Expense, Support Costs and Functions—USAID/Philippines
2-493-86-4	05/28/86	Audit of Mae Chaem Watershed Development Project—USAID/Thailand—Project No. 4930294
2-492-86-5	06/03/86	Audit of the Philippine Bicol Integrated Area Development III Project—Project No. 492-0289
2-492-86-6	06/26/86	Pre-award Survey of the Center for Research and Communication—USAID/Philippines
2-497-86-7	07/22/86	Audit of USAID/Indonesia Private Voluntary Organization Co-Financing Program Project No. 497-0336
2-482-86-8	08/29/86	Audit of the AID/Burma Maize and Oilseeds Production Project—Project No. 482-0005
3-696-86-7	05/16/86	Audit of Rwanda Maternal Child Health/Family Planning Project—Project No. 696-0113
3-613-86-8	05/30/86	Audit of Machinery and Equipment Utilization Provided to Zimbabwe Under the Commodity Import Program and the Child Spacing and Fertility Project No. 613-0219
6-263-86-5	05/11/86	Audit of Telecommunications I, II, and III
6-263-86-6	06/30/86	Audit of PL 480 Title II Program in Egypt Managed by Catholic Relief Services
6-263-86-7	07/31/86	Audit of Unliquidated Obligations for Operating Expenses of USAID/Egypt
6-263-86-8	08/20/86	Audit Report on Outstanding Advance to USAID/Egypt's Small Farmer Production Project No. 263-0079
6-263-86-9	09/22/86	Audit of USAID/Egypt's Assessment of Host Country Contracting Capabilities

INTERNAL AUDIT REPORTS (Cont'd)

Report Number	Date of Report	Report Title
6-263-86-10	09/30/86	Audit of USAID/Egypt's Actions on Closed Recommendations of Audit Report "Closeout of Expired Contracts"
6-263-86-11	09/30/86	Audit of Production Credit Project—USAID/Egypt Project No 263-0147
7-686-86-7	04/18/86	Audit of Rural Water Supply Project—Burkina Faso
7-625-86-8	05/14/86	Audit of the Sahel Regional Integrated Pest Management Project
7-693-86-9	05/27/86	Audit of AID Assistance to Togo
7-688-86-10	09/23/86	Audit of the Manantali Resettlement Project in Mali
9-000-86-5	08/27/86	Audit of AID's Evaluation Program
9-000-86-6	09/22/86	Audit of AID's Cash Journal System
AM 86-9	05/09/86	Institute for Contemporary Studies
AM 86-10	05/12/86	Sigma One Corporation
AM 86-11	06/12/86	Consortium for Cooperation in Higher Education
AM 86-12	06/12/86	Van Leer Jerusalem Institute
AM 86-13	06/27/86	Biomedical Research Institute
AM 86-14	06/26/86	USDA, Office of Regional Inspector General for Audit
AM 86-15	07/14/86	EPE Incorporated
AM 86-16	07/15/86	The Nature Conservancy
AM 86-17	07/28/86	Construction and Industrial Development Corporation, LTD
AM 86-18	08/21/86	Institute for Resource Development, Inc.
AM 86-19	08/21/86	The Futures Group, Inc.
AM 86-20	08/29/86	Wilbur Smith and Associates, Inc.
AM 86-21	09/10/86	Salesian Society, Inc.
AM 86-22	09/18/86	Eye Care, Inc.
AM 86-23	09/29/86	Social Consultants International, Inc.
AM 86-24	09/30/86	United Schools of America

EXTERNAL AUDIT REPORTS

Non-Federal Audits

Report Number	Date of Report	Report Title
0-000-86-3-N	09/19/86	Financial and Compliance Review of Purdue University— The Government of Niger Host Country Contract
0-000-86-4-N	09/25/86	Financial and Compliance Review of Cooperative Housing Foundation
1-520-86-2-N	05/30/86	Audit of Cooperativa Agrícola Integral Union de Cuatro Pinos, R.L.—USAID/Guatemala Project No. 520-0238
1-520-86-3-N	05/30/86	Audit of Cooperativa de Consumo y Servicios Varios Flor Patzunera, R.L.—USAID/Guatemala Project No. 520-0238
1-520-86-4-N	05/30/86	Audit of Cooperativa Agrícola Integral Magdalena, R.L.— USAID/ Guatemala Project No. 520-0238
1-520-86-5-N	05/30/86	Audit of Cooperativa Agrícola Integral Los Manzaneros, R.L.—USAID/Guatemala Project No. 520-0238
7-688-86-3-N	09/26/86	Non-Federal Audit of the Mali Renewable Energy Project
7-669-86-4-N	09/29/86	Non-Federal Audit of the Liberia Rural Development Institute

Other Government Audit Agency Audits

Report Number	Date of Report	Report Title
TR 86-38	05/06/86	The Port Authority of New York and New Jersey
TR 86-39	04/11/86	Pennsylvania State University
TR 86-40	04/10/86	Wilbur Smith and Associates, Inc.
TR 86-41	04/15/86	National Association for Foreign Student Affairs
TR 86-42	04/22/86	International Institute of Education
TR 86-43	04/17/86	Consulting Group, Inc.
TR 86-44	05/05/86	North Carolina State University
TR 86-45	04/23/86	Birch and Davis Associates, Inc.
TR 86-46	04/11/86	Dresser Petroleum Engineering Services
TR 86-47	04/28/86	Indiana University
TR 86-48	04/23/86	Price, Williams and Associates
TR 86-49	05/23/86	Wilbur Smith and Associates, Inc.
TR 86-50	05/28/86	Wilbur Smith and Associates, Inc.
TR 86-51	05/13/86	University of Delaware
TR 86-52	05/29/86	Colorado State University
TR 86-53	04/30/86	University Research Corporation
TR 86-54	05/16/86	Boston University Medical School

EXTERNAL AUDIT REPORTS (Cont'd)

Report Number	Date of Report	Report Title
TR 86-55	05/20/86	Camp, Dresser and McKee, Inc.
TR 86-56	05/19/86	Roy F. Weston, Inc.
TR 86-57	06/26/86	Roy Jorgensen Associates, Inc.
TR 86-58	06/26/86	Public Administration Service
TR 86-59	05/30/86	Bangladesh Consultants, Ltd.
TR 86-60	05/29/86	Engineering and Geological Consulting Office
TR 86-61	06/26/86	Bangladesh Consultants, Ltd.
TR 86-62	06/26/86	The Center for Human Services
TR 86-63	06/30/86	Massachusetts Institute of Technology
TR 86-64	06/30/86	Fluor Engineering and Construction Group, Inc.
TR 86-65	08/15/86	University of Illinois
TR 86-66	08/15/86	University of Illinois' Closing Statement
TR 86-67	08/27/86	American Association of Collegiate Registrars and Admissions Officers
TR 86-68	08/27/86	Virginia Polytechnic Institute and State University
TR 86-69	08/27/86	Research Triangle Institute
TR 86-70	08/27/86	Overseas Education Fund, Inc.
TR 86-71	08/27/86	Fluor Engineering and Construction Group, Inc.
TR 86-72	08/29/86	Carnegie Institution of Washington
TR 86-73	08/29/86	Burns & Roe Industrial Services Corp.
TR 86-74	09/03/86	University of Hawaii
TR 86-75	09/02/86	Louis Berger International, Inc.
TR 86-76	09/12/86	Evaluation Technologies, Inc.
TR 86-77	09/15/86	Montana State University
TR 86-78	09/18/86	U.S. Department of Agriculture, Graduate School
TR 86-79	09/19/86	Research Foundation of State University of New York
TR 86-80	09/19/86	Development Management Systems, Inc.
TR 86-81	09/24/86	Centre for Development and Population Activities
TR 86-82	09/24/86	International Center for Research on Women
TR 86-83	09/25/86	University of Kansas Medical Center