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April 4, 2019

Ambassador Mark Green
Administrator
U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523

Priority Open Recommendations: U.S. Agency for International Development

Dear Ambassador Green:

The purpose of this letter is to provide an update on the overall status of the U.S. Agency for International Development's (USAID) implementation of GAO's recommendations and to call your personal attention to open recommendations that should be given high priority.¹ In November 2018, we reported on a government-wide basis that 77 percent of our recommendations made in fiscal year 2014 had been closed as implemented.² USAID's recommendation implementation rate for the same time frame was 85 percent. As of March 2019, USAID had 15 open recommendations. Fully implementing these open recommendations could significantly improve USAID's operations.

Since our February 2018 letter, USAID has implemented three of our eight open priority recommendations. These three recommendations stemmed from our work reviewing U.S. humanitarian assistance programs in Syria. We believe these efforts have improved USAID's financial oversight of U.S. humanitarian assistance programs in Syria and mitigated the risk of fraud by third-party monitoring organizations.

USAID has five open priority recommendations remaining from those we identified in our February 2018 letter. (See the enclosure.) We ask your continued attention on these remaining recommendations. We are not adding any new priority recommendations this year.

USAID's five open priority recommendations fall into the following major area.

Management and Oversight of Food Aid Projects:

Three of the five recommendations are from March 2014 and involve the repositioning of food aid that, when implemented, could help USAID meet its goal of reducing delivery time frames in a cost-effective manner. For example, USAID needs to complete its development of a repositioning tracking system, which would enable USAID to monitor and assess costs associated with prepositioned food aid shipments. USAID concurred with these three recommendations and reported that it is developing a repositioning tracking system that will address all three.

¹Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operations, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or fragmentation, overlap, or duplication issue.

²GAO, *Performance and Accountability Report: Fiscal Year 2018*, [GAO-19-1SP](#) (Washington, D.C.: November 2018).

The other two open priority recommendations, from March 2017, could help enhance oversight of partners' costs associated with implementing or supporting development and emergency food aid. USAID concurred with these recommendations. It reported that it has conducted two financial reviews and added a performance reporting requirement to its development award template. However, USAID still needs to collect complete and consistent monitoring data and implement ongoing, targeted financial reviews of development and emergency food aid projects.

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In March, we also issued our biennial update to our high-risk program, which identifies government operations with greater vulnerability to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.³ Our high-risk program has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical service to the public.

Several government-wide high-risk areas have direct implications for USAID and its operations, including (1) enhancing the government-wide security clearance process, (2) ensuring the cybersecurity of the nation, (3) improving management of information technology acquisitions and operations, and (4) better managing federal real property. We urge your attention to the government-wide high-risk issues as they relate to USAID. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, the Office of Management and Budget, and the leadership and staff in agencies, including within USAID.

Copies of this report are being sent to the Director of the Office of Management and Budget and appropriate congressional committees; the Committees on Appropriations, the Budget, and Homeland Security and Governmental Affairs, United States Senate; and the Committees on Appropriations, the Budget, and Oversight and Reform, House of Representatives. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

I appreciate USAID's continued commitment to these important issues. If you have any questions or would like to discuss any of the issues outlined in this letter, please do not hesitate to contact me or Jason Bair, Acting Director, International Affairs and Trade, at bairj@gao.gov or (202) 512-6881. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Our teams will continue to coordinate with your staff on all of the 15 open recommendations. Thank you for your attention to these matters.

Sincerely yours,



Gene L. Dodaro
Comptroller General
of the United States
Enclosure

³GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: March 2019).

Enclosure -- Priority Open Recommendations to the U.S. Agency for International Development (USAID)

Management and Oversight of Food Aid Projects

International Food Aid: Prepositioning Speeds Delivery of Emergency Aid, but Additional Monitoring of Time Frames and Costs Is Needed. [GAO-14-277](#). Washington, D.C.: March 5, 2014.

Recommendation: To strengthen USAID's ability to help ensure that its food aid prepositioning program meets the goal of reducing delivery time frames in a cost-effective manner, the USAID Administrator should systematically collect, and ensure the reliability and validity of, data on delivery time frames for all emergency food aid shipments, including prepositioned food aid shipments.

Actions Needed: USAID concurred with this recommendation. Because its initial efforts to develop a prepositioning tracking program did not lead to a viable program, USAID said it is focusing on developing a system that incorporates commercial platforms. To implement this recommendation, USAID needs to complete its development of a prepositioning tracking system.

Recommendation: To strengthen USAID's ability to help ensure that its food aid prepositioning program meets the goal of reducing delivery time frames in a cost-effective manner, the USAID Administrator should systematically monitor and assess data on delivery time frames for prepositioned food aid shipments.

Actions Needed: USAID concurred with this recommendation. In 2017, USAID noted that the prepositioning tracking system under development would monitor and assess data on delivery time frames for prepositioned food aid shipments. However, USAID has yet to complete its development of a prepositioning tracking system.

Recommendation: To strengthen USAID's ability to help ensure that its food aid prepositioning program meets the goal of reducing delivery time frames in a cost-effective manner, the USAID Administrator should systematically monitor and assess costs associated with commodity procurement, shipping, and storage for prepositioned food aid shipments.

Actions Needed: USAID concurred with this recommendation. In 2017, USAID noted that the prepositioning tracking system under development would monitor and assess costs associated with commodity procurement, shipping, and storage for prepositioned food aid shipments. However, USAID has yet to complete its development of a prepositioning tracking system.

Managing Director: Thomas Melito

Contact information: melitot@gao.gov or 202-512-9601

International Food Assistance: USAID Has Controls for Implementation and Support Costs but Should Strengthen Financial Oversight. [GAO-17-224](#). Washington, D.C.: March 9, 2017.

Recommendation: To enhance USAID's financial oversight of implementing partners' spending to implement and support Title II development and emergency projects, the USAID Administrator should develop, document, and implement a process for periodically conducting systematic, targeted financial reviews of Title II development and emergency projects. Such reviews should include efforts to verify that actual costs incurred for these projects align with planned budgets.

Actions Needed: USAID concurred with this recommendation. Although officials told us that USAID conducted two financial reviews of Title II development and emergency projects in 2018, USAID needs to implement a process for periodically conducting these reviews to fully implement this recommendation.

Recommendation: To enhance USAID's financial oversight of implementing partners' spending to implement and support Title II development and emergency projects, the USAID Administrator should take steps to ensure that it collects complete and consistent monitoring data from implementing partners for Title II development and emergency projects on the use of 202(e) funding for cash transfers, food vouchers, and local and regional procurement as well as data on the use of Title II funding for internal transportation, storage, and handling (ITSH) costs, in accordance with established requirements.

Actions Needed: USAID concurred with this recommendation. In response, USAID informed us that it had added a performance reporting requirement to its Food for Peace development award template, and also developed a new World Food Program emergency award template with reporting requirements for monitoring data on cash transfers, food vouchers, and local and regional procurement activities. However, USAID still needs to provide evidence that it collects complete and consistent monitoring data from implementing partners for Title II projects, in accordance with established requirements.

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