Report to the Chairman, Committee on Foreign Affairs, House of Representatives

April 2024

FOREIGN ASSISTANCE

USAID Should Strengthen Risk Management in Conflict Zones

Accessible Version

GAO-24-106192

GAO Highlights

April 2024

FOREIGN ASSISTANCE

USAID Should Strengthen Risk Management in Conflict Zones

Why GAO Did This Study

In 2023, USAID obligated about $26 billion to assist 19 countries experiencing violent conflict. Limitations on USAID's ability to directly oversee its assistance in conflict-affected areas increase the risk of misuse or diversion. USAID has documented its commitment to protect the integrity of foreign assistance, steward taxpayer funds, and manage risks of fraud and corruption.

GAO was asked to review USAID's risk management in conflict zones. This report evaluates the extent to which USAID has processes for assessing risks to assistance delivery in conflict zones; controls to prevent and detect such risks; and mechanisms for sharing lessons learned about risk management in conflict zones.

GAO reviewed documents and interviewed agency officials. GAO also conducted site visits and reviewed a sample of USAID-funded awards for Nigeria, Somalia, and Ukraine. GAO based its selection of these countries on factors such as the prevalence of conflict. In addition, GAO compared USAID's processes and controls to guidance for fraud risk management in federal programs, USAID policies and guidance, and standards for internal control in the federal government.

What GAO Recommends

GAO is making nine recommendations to USAID, including that it comprehensively assess and document fraud risks, provide guidance on third-party monitoring of risks, and develop a mechanism for systematically sharing risk-related lessons learned for use in conflict zones. USAID concurred with these recommendations.

What GAO Found

The U.S. Agency for International Development (USAID) has standard processes to assess risks to its delivery of assistance in countries worldwide. In countries affected by violent conflict, factors such as attacks on aid facilities can complicate delivery of assistance. Certain USAID processes target specific types of risk, including fiduciary risks such as fraud, counterterrorism- or sanctions-related risks, and security risks. However, GAO found that, contrary to leading practices, USAID did not comprehensively assess or document, in fraud risk profiles, the relevant

fraud risks affecting its assistance in the three conflict-affected countries GAO selected for its review—Nigeria, Somalia, and Ukraine. As a result, USAID cannot ensure it has identified and is mitigating all relevant fraud risks in these countries.

Funding Obligated by Selected USAID Bureaus and Missions, Fiscal Year 2023

Nigeria	Somalia	Ukraine
$730M	**$955M**	**$2,016M**

Source: ForeignAssistance.gov and U.S. Agency for International Development (USAID) officials (data); GAO (maps). | GAO-24-106192

Accessible Data for Funding Obligated by Selected USAID Bureaus and Missions, Fiscal Year 2023

Country	Funding obligation (dollars in millions)
Nigeria	730
Somalia	955
Ukraine	2016

Source: ForeignAssistance.gov and U.S. Agency for International Development (USAID) officials (data); GAO (maps). I GA0-24-106192

Note: Selected bureaus are the Bureau for Humanitarian Assistance and the Bureau for Conflict Prevention and Stabilization. Amounts shown have been rounded to the nearest million.

USAID bureaus and missions providing assistance overseas have controls to prevent and detect fiduciary, counterterrorism- or sanctions-related, and security risks, but their ability to conduct direct oversight in conflict zones is limited. Therefore, they rely largely on remote techniques, such as third-party monitoring for oversight. However, an absence of guidance for using third-party monitoring to detect risks has led to varying use and knowledge of this method. In addition, while the Nigeria and Ukraine missions conduct financial reviews to detect fiduciary risks, the Somalia mission has not. Additional oversight in conflict zones would strengthen USAID's ability to detect risks of misuse or diversion.

USAID's Bureaus for Humanitarian Assistance and for Conflict Prevention and Stabilization have formal mechanisms to share lessons learned about risk management in conflict zones, but USAID does not have such a mechanism for its missions in conflict-affected countries. The bureaus share

these lessons through risk-focused groups, among other means. USAID missions primarily identify lessons learned from staff's prior experiences in conflict zones. Without a mechanism to systematically share lessons learned across conflict zones, conflict-affected missions will not benefit from valuable practices employed in other conflict zones and may unnecessarily make or repeat mistakes.

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Abbreviations	
ADS	Automated Directives System
ARPM	Audit, Risk, and Performance Management Division
BHA	Bureau for Humanitarian Assistance
CPS	Bureau for Conflict Prevention and Stabilization
NGO	nongovernmental organization
OIG	Office of Inspector General
OTI	Office of Transition Initiatives
PIO	public international organization
TPM	third-party monitoring
UN	United Nations
URICA	Uniform Risk and Internal Control Assessment
USAID	U.S. Agency for International Development

April 30, 2024

The Honorable Michael McCaul
Chairman
Committee on Foreign Affairs
House of Representatives

Dear Mr. Chairman:

In 2023, the U.S. Agency for International Development (USAID) obligated more than $26 billion to assist 19 countries that were experiencing violent conflict.[1] However, many factors complicate USAID's delivery of assistance to people living in conflict zones. For example, a dangerous operating environment can limit agency personnel's access to certain geographic areas, which can result in USAID managing its assistance remotely. Lack of in-person oversight, in turn, increases the risk that assistance will be misused or diverted through fraud or other means, potentially benefitting terrorists or other hostile actors.

We have previously reported on the challenges of delivering U.S. assistance in countries experiencing conflict, such as in Syria, Yemen, and Afghanistan. For example, in July 2016, we reported that USAID and its implementing partners could do more to assess the risk of fraud and improve financial oversight for humanitarian assistance in Syria.[2] Although USAID implemented our recommendations regarding its delivery of assistance in Syria, the agency faces similar challenges and operating environments in many other countries experiencing conflict.

USAID's *Anti-Corruption Policy*, published in December 2022, documents the agency's commitment to protect the integrity of foreign assistance, steward taxpayer funds, and manage the risks of fraud and corruption in the use of these funds. Moreover, the USAID Office of Inspector General

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[1]The World Bank, which compiles a list of fragile and conflict-affected situations each year, identified these 19 countries as affected by violent conflict in fiscal year 2024. See World Bank, "Classification of Fragile and Conflict-Affected Situations," accessed Nov. 28, 2023, https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations.

[2]GAO, *Syria Humanitarian Assistance: Some Risks of Providing Aid inside Syria Assessed, but U.S. Agencies Could Improve Fraud Oversight,* GAO-16-629 (Washington, D.C.: July 2016).

(OIG) reported in November 2023 that ensuring U.S. taxpayer funds are used effectively, efficiently, and for their intended purposes is one of the agency's top management challenges for fiscal year 2024.[3] The OIG report states that the diversion of humanitarian aid, including cash assistance, and other supplies, deprives vulnerable populations of vital assistance and can prolong conflicts by diverting aid to combatants or terrorist organizations.

You asked us to examine USAID's risk management for delivery of its assistance in conflict zones. This report examines the extent to which USAID has (1) processes for assessing risks to the delivery of assistance in conflict zones, (2) controls to prevent risks to the delivery of assistance in conflict zones, (3) controls to detect risks to the delivery of assistance in conflict zones, and (4) mechanisms for sharing lessons learned about risk management in conflict zones.

To examine the extent to which USAID has processes to assess, and controls to prevent and detect, risks to the delivery of assistance in conflict zones, we focused our analysis on processes and controls it used to manage fiduciary, counterterrorism- or sanctions-related, and security risks.[4] We compared, as applicable, these processes and controls to USAID guidance; guidance for fraud risk management in federal programs;[5] and standards for internal control related to risk assessment, control activities, and communicating internally.[6] We did not evaluate the comprehensiveness of the processes' content or the effectiveness of the controls.

To examine the extent to which USAID has mechanisms for sharing lessons learned about risk management in conflict zones, we reviewed agency documentation of such lessons learned and interviewed agency officials. We analyzed information from these sources about the extent to

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[3]U.S. Agency for International Development, Office of Inspector General, *Top Management Challenges Facing USAID in Fiscal Year 2024* (Washington, D.C.: Nov. 16, 2023).

[4]We focused on fiduciary risks, counterterrorism- or sanctions-related risks, and security risks because these risk types are relevant to the diversion or obstruction of U.S assistance.

[5]GAO, *A Framework for Managing Fraud Risks in Federal Programs,* GAO-15-593SP (Washington, D.C.: July 2015).

[6]GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014).

which USAID has shared relevant lessons learned from conflict zones and incorporated such lessons into its risk management processes. We compared USAID's methods for sharing lessons learned to USAID guidance on collaboration and learning.[7]

To inform each of our objectives, we selected three countries—Nigeria, Somalia, and Ukraine—on the basis of several factors, such as the prevalence of conflict. We also selected a nongeneralizable sample of 30 awards to provide assistance in these countries, managed by USAID's Bureau for Humanitarian Assistance (BHA); Bureau for Conflict Prevention and Stabilization (CPS); or Nigeria, Somalia, or Ukraine missions. We reviewed documentation for these awards, and we conducted site visits to meet with agency officials overseeing assistance in the selected countries and with representatives of all implementing partners for the selected awards (i.e., the organizations implementing the awards). See appendix I for additional details of our scope and methodology.

We conducted this performance audit from August 2022 to April 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

USAID Bureaus And Missions Providing Assistance in Conflict Zones

USAID provides assistance to conflict zones through both functional bureaus, including BHA and CPS, and country missions. More specifically:

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[7]U.S. Agency for International Development, Automated Directives System (ADS) Chapter 201: *Program Cycle Operational Policy* (revised May 22, 2023).

BHA. BHA provides life-saving humanitarian assistance—including food, health, nutrition, protection, shelter, and water, sanitation, and hygiene services—to the most vulnerable and hardest-to-reach people. BHA operates response teams to address emergencies or humanitarian crises, including teams in Nigeria, Somalia, and Ukraine.[8]

CPS. CPS leads USAID's peace-building efforts by addressing state fragility, stability, conflict and violence prevention, and political transitions. CPS's Office of Transition Initiatives (CPS/OTI) supports U.S. foreign policy objectives by providing rapid, short-term assistance targeted to support political transition and stabilization needs to help local partners advance peace and democracy. CPS/OTI currently operates in one of the three selected countries, Ukraine.

Missions. Each USAID mission carries out assistance programs, including those related to economic growth, health, education, and governance programs, in its respective country or region. The following describes the Nigeria, Somalia, and Ukraine missions' locations and operating postures as of March 2024:

- The Nigeria mission is located in the country's capital, Abuja. However, in October 2022, the Department of State authorized the departure of certain U.S. government workers at the embassy and ordered the departure of family members of U.S. government employees from Abuja due to a heightened risk of terrorist attacks. As a result, several foreign service officers operated remotely from Washington, D.C., for 3 months.

- The Somalia mission is located in the U.S. embassy in Nairobi, Kenya, because security conditions in Somalia do not allow for an in-country mission.[9]

- The Ukraine mission is located in Kyiv. However, because of security conditions in Ukraine, the number of people permitted to work in Kyiv

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[8]BHA forms response teams to respond to particular emergencies or humanitarian crises. A response can be country based or region based, depending on the situation it is addressing, and the teams can take several forms, depending on the characteristics and severity of the emergency or crisis. As of May 2023, BHA was operating a humanitarian assistance response technical team in Nigeria; a response team in Somalia, with additional staff in Kenya; and a disaster assistance response team in Ukraine.

[9]Although most Somalia mission staff members are based in Nairobi, Kenya, three are based in Mogadishu, Somalia: the mission director, BHA's senior humanitarian advisor, and a project development officer. According to USAID officials, staff in Mogadishu are primarily confined to the areas near the airport.

at a given time has been limited to varying extents since Russia's full-scale invasion in February 2022. As a result, many mission staff worked remotely from other locations through the summer of 2023.[10]

Figure 1 shows the total amounts that BHA, CPS, and the three missions reported obligating for assistance in Nigeria, Somalia, and Ukraine in fiscal year 2023.

Figure 1: Selected USAID Bureaus' and Missions' Reported Funding Obligations for Nigeria, Somalia, and Ukraine, Fiscal Year 2023
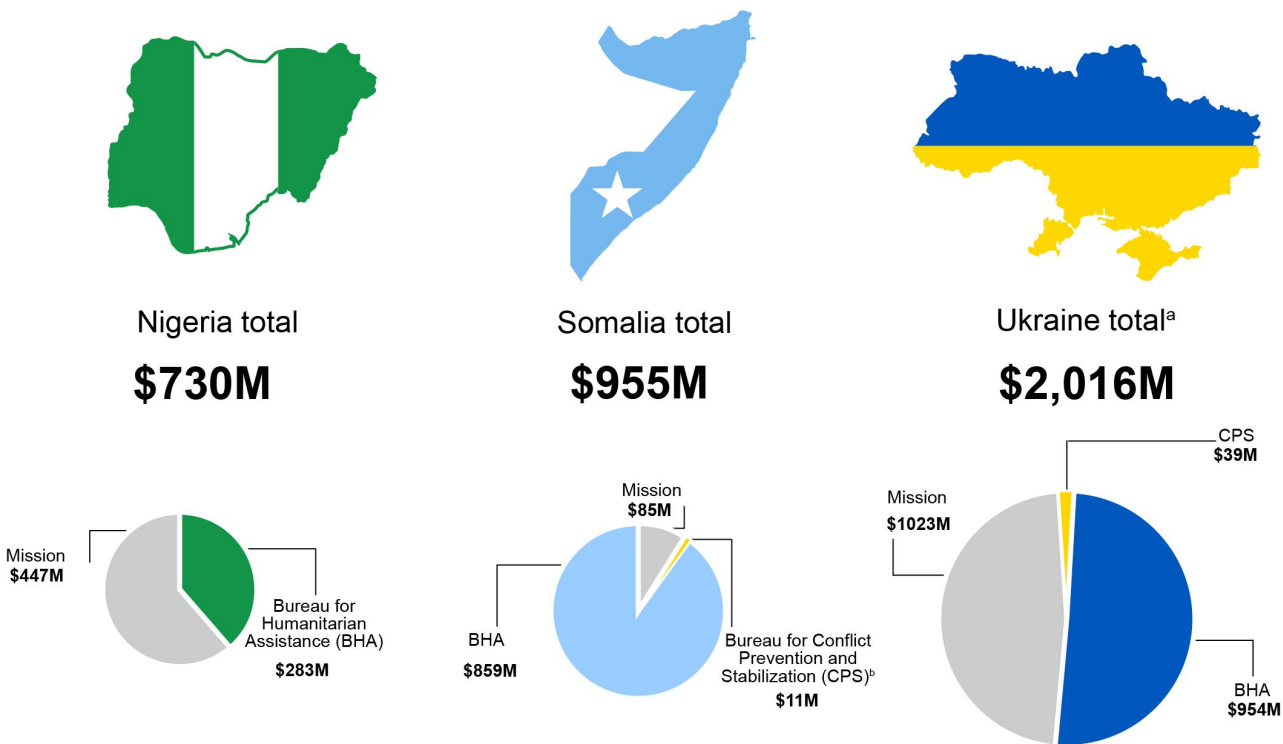
Source: ForeignAssistance.gov and U.S. Agency for International Development (USAID) officials (data); GAO (maps). | GAO-24-106192

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[10]According to USAID, as of July 1, 2023, all Foreign Service national embassy staff were required to report back to Kyiv for regular duty. Since then, telework has no longer been permitted from other locations around Europe. Officials stated that in the summer of 2023, the embassy in Kyiv limited U.S. direct-hire staff to 170, and USAID had an average of about 10 officers at the embassy. As of February 2024, the Kyiv embassy's limit on U.S. direct-hire staff had reverted to the full 215 positions, with no restrictions on the number of USAID staff, and USAID had 35 direct-hire staff at the embassy, according to USAID.

Accessible Data for Figure 1: Selected USAID Bureaus' and Missions' Reported Funding Obligations for Nigeria, Somalia, and Ukraine, Fiscal Year 2023

Country	Funding obligation (dollars in millions)
Nigeria	730
Somalia	955
Ukraine	2016[a]

Country	Bureau or mission	Funding obligation (dollars in millions)
Nigeria	Mission	447
Nigeria	Bureau for Humanitarian Assistance (BHA)	283
Somalia	BHA	859
Somalia	Mission	85
Somalia	Bureau for Conflict Prevention and Stabilization (CPS)[b]	11
Ukraine	Mission	1023
Ukraine	CPS	39
Ukraine	BHA	954

Source: ForeignAssistance.gov and U.S. Agency for International Development (USAID) officials (data); GAO (maps). I GAO-24-106192

Note: Amounts shown have been rounded to the nearest million.

[a]The amount shown for Ukraine does not include $14.4 billion of direct budget support that USAID reported providing to Ukraine through the World Bank in fiscal year 2023. We are conducting a separate audit of the direct budget support the U.S. government has provided to Ukraine.

[b]Although CPS funds two awards in Somalia aimed at conflict mitigation and reconciliation, CPS's Office of Transition Initiatives does not manage a country program in Somalia.

Elevated Risks to Delivery of Assistance in Conflict Zones

Delivery of USAID assistance in conflict zones may involve a variety of elevated risks.[11] For example, higher levels of fiduciary, counterterrorism- or sanctions-related, and security risks can increase the likelihood that assistance will be diverted or obstructed.

- **Fiduciary risks** include events or circumstances that could contribute to the inefficient use and control of resources, according to USAID. The agency's definition of fiduciary risk includes the risks of corruption; fraud; waste, abuse, loss, mismanagement, or unauthorized use of U.S. government funds, property, or other assets; and conflicts of interest. For fraud risk in particular, USAID's guidance identifies the risk of both financial and nonfinancial fraud, such as fraudulent financial reporting, fraudulent nonfinancial reporting, asset misappropriation, and other illegal acts. Fiduciary risks, including the risk of fraud, may be elevated in conflict zones because of increased barriers to monitoring and decreased capacity to absorb assistance in the area.

- **Counterterrorism- or sanctions-related risks** include events or circumstances that could result in the provision of assistance or benefits to terrorist organizations or to sanctioned entities or individuals in violation of U.S. law, regulation, or executive order.[12] Counterterrorism- or sanctions-related risks may be elevated in conflict zones owing to the presence of terrorists or sanctioned entities contributing to the conflict.

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[11]USAID defines *risk* as the effect of uncertainty on its objectives. According to USAID, this definition recognizes that risk can present potential negative outcomes or potential opportunities that can either threaten or enhance the likelihood of achieving a set of objectives. Using this definition, USAID emphasizes the importance of a continual weighing of risks against performance, cost, and short- and long-term benefit. See U.S. Agency for International Development, ADS Chapter 596: *Management's Responsibility for Enterprise Risk Management and Internal Control* (revised Mar. 9, 2023); U.S. Agency for International Development, ADS Chapter 596mad: *USAID Risk Appetite Statement: A Mandatory Reference for ADS 596* (revised Aug. 22, 2022).

[12]USAID's Risk Appetite Statement defines legal risks as events or circumstances that could, among other things, potentially compromise compliance with U.S. law, regulation, or executive orders. Therefore, the risk of providing support or assistance to terrorists or sanctioned entities or individuals in violation of U.S laws or executive orders is a subset of USAID's definition of legal risk. We recognize that the presence of terrorists or other sanctioned entities or individuals could also present additional types of risks. For purposes of this report, we are focusing on the legal risks associated with potentially providing assistance to these entities.

- **Security risks** include events or circumstances that could compromise the security of staff, partners, property, information, data, funding resources, or facilities, according to USAID. Increased security risks can make safeguarding of aid resources more difficult and can inhibit movement and distribution of assistance. Security risks may be elevated in conflict zones as a result of violence in the area, targeting of aid facilities, and rapidly changing operating environments.

USAID's Risk Appetite Statement guides the agency's activities regarding the levels and types of risks the agency can accept to fulfill its mission. According to the statement, USAID assigns a low risk appetite to fiduciary risks, legal risks—which include those related to counterterrorism or sanctions—and security risks. That is, USAID acts to avoid such risks or to minimize or eliminate their likelihood or impact, because it has determined that the potential costs are intolerable.[13]

Conflict in Nigeria, Somalia, and Ukraine

Our three selected countries, Nigeria, Somalia, and Ukraine, face various stages and types of conflict.

Nigeria

In Nigeria, ethnic–religious conflicts, piracy, drug and arms trafficking, armed banditry, corruption, and misrule have generated serious social, economic, and security challenges that have undermined the Nigerian state's authority and legitimacy. In northern Nigeria, Islamist extremist violence, committed by designated terrorist groups Boko Haram and ISIS–West Africa, and the corresponding response of state security forces have led to an estimated 40,000 deaths, mostly of civilians, since the early 2010s and contributed to a severe humanitarian crisis. Having surpassed Boko Haram in size and capacity since 2016, ISIS–West Africa regularly attacks military facilities in northeast Nigeria, killing soldiers and looting materiel, and funds itself through raiding, kidnappings for ransom, and taxation of local populations and commerce.

In northwest and central Nigeria, an escalation of disputes between herders and farmers has fueled wider ethno-religious violence, mass

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[13]The Risk Appetite Statement rates USAID's appetite for various categories of risk as "low," "medium," or "high" to support the USAID workforce with discussions and decision making on often competing and complex calculations.

abductions for ransom, and emergent Islamist extremist activity. In the southeast, conflict between security forces and armed separatists has killed hundreds since 2020, with a spike in violence surrounding the 2023 elections. The deterioration of security conditions in Nigeria over the past decade has strained the country's military and police, and perpetrators of violence often evade arrest or prosecution.

Moreover, widespread and complex corruption in Nigeria has affected the country's political, economic, security, and humanitarian sectors, among others. For example, instances of graft, fraud, and extortion in Nigeria's humanitarian sector have negatively affected the ongoing humanitarian response. Transparency International's Corruption Perceptions Index ranked Nigeria as 145th of 180 countries in 2023.[14]

Somalia

Conflict in Somalia primarily relates to attacks by the terrorist group al-Shabaab (an al-Qaeda-affiliated insurgency and U.S.-designated foreign terrorist organization) and to military operations and conflicts between various clans. Al-Shabaab took control of Somalia's capital city, Mogadishu, and much of southern Somalia in 2006 after years of a power vacuum following the fall of Somalia's government in 1991. Although African Union forces have since reclaimed some of this territory from al-Shabaab, the group continues to control parts of the country. Al-Shabaab earns revenue through taxes and extortion assessed both in areas it controls and in government-controlled areas, including Mogadishu. It regularly attacks Somali government–controlled areas, seeking to undermine confidence in the government and its security measures. Al-Shabaab also targets African Union forces and civilians, and its attacks have collaterally affected aid workers. The resulting insecurity hinders humanitarian access.

Corruption—pervasive in Somalia—can manifest as gross public financial mismanagement, large-scale misappropriation of public and donor funds, unethical and professional negligence, and concealment of resource flows, according to Transparency International. In September 2023, the European Union temporarily suspended payments to the United Nations

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[14]A ranking of 1 indicates the lowest level of perceived public sector corruption and 180 the highest. The Corruption Perceptions Index for 2023 scores Nigeria's perceived level of public sector corruption as 25 of 100, where 0 means "highly corrupt" and 100 means "very clean." See Transparency International, "Corruption Perceptions Index," accessed Jan. 31, 2024, https://www.transparency.org/en/cpi/2023.

(UN) World Food Programme in Somalia after a UN assessment found widespread extortion of internally displaced persons. Specifically, the assessment found that gatekeepers (e.g., camp managers or landowners), members of the security forces, and humanitarian workers had coerced these aid recipients into relinquishing part of the food or cash they had received.[15] Transparency International's Corruption Perceptions Index ranked Somalia as 180th of 180 countries—that is, with the highest level of perceived public sector corruption—in 2023.[16]

Ukraine

Conflict in Ukraine has been ongoing since 2014, when the government of Russia deployed forces to the southeastern Crimea region and incorporated the region into the Russian Federation. Since March 2014, fighting in Ukraine's eastern oblasts (i.e., administrative regions), particularly Donetsk and Luhansk, has caused large-scale population displacement and widespread damage to infrastructure. On February 24, 2022, the government of Russia began a full-scale war against Ukraine, mobilizing hundreds of thousands of military forces as well as heavy weaponry to launch widespread attacks. The U.S. has imposed numerous sanctions against various Russian entities following Russia's hostile actions towards Ukraine.

The Russian government's February 2022 invasion marked a major escalation of its conflict in Ukraine. Russian government forces have targeted civilian population centers far from the front line with intensified aerial strikes. For example, Russian military strikes on Ukraine's power systems and heating network have threatened Ukrainians' access to heat, power, and water in winter. Subsequently, according to the UN, the estimated number of people needing humanitarian assistance in Ukraine

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[15]Gatekeepers are people or structures that control access to something, such as information or services. For example, in Somalia, gatekeepers can be government officials, landowners, camp managers, or clan leaders who regulate potential beneficiaries'—such as internally displaced persons'—access to assistance. See Eryk Bryld et al., *Engaging the Gatekeepers: Using Informal Governance Resources in Mogadishu* (Somalia Accountability Programme, June 2017).

[16]Transparency International's Corruption Perceptions Index for 2023 scores Somalia's perceived level of public sector corruption as 11 of 100, where 0 means "highly corrupt" and 100 means "very clean."

rose dramatically, from 3.4 million in 2021 to more than 17.6 million in 2023.[17]

The Ukrainian government made combating corruption a central focus of its reform agenda after violent protests resulted in the ouster of the country's president in 2014.[18] Despite anticorruption reforms in the intervening years, as well as U.S. support for Ukraine's anti-corruption efforts, corruption remains a concern. The U.S. government's 2023 Integrated Country Strategy for Ukraine notes that the invasion, the resulting implementation of martial law, and the expected post-war recovery all create opportunities for illicit enterprise and corruption. The strategy calls for the government of Ukraine to implement anticorruption reforms, particularly of the energy sector.[19] Additionally, the strategy states that, because the volume of assistance flowing to Ukraine is high, Ukraine should have transparent and accountable financial systems and democratic institutions with judicial and prosecutorial systems that can properly investigate and prosecute corruption. Perceptions of corruption in Ukraine remain high, with Transparency International's Corruption Perceptions Index ranking Ukraine as 104th of 180 countries in 2023.[20]

USAID Uses Agencywide Processes to Assess Risks in Conflict Zones but Does Not Follow Leading Practices for Fraud Risks

USAID has several agencywide processes for assessing any type of mission- or bureau-level risks in countries where it provides assistance, including countries experiencing conflict. USAID also has processes or tools for assessing specific types of risks, such as fiduciary,

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[17]United Nations Office for the Coordination of Humanitarian Affairs, *Humanitarian Needs Overview: Ukraine. Humanitarian Programme Cycle 2021* (Feb. 2021); *Humanitarian Needs Overview: Ukraine. Humanitarian Programme Cycle 2023* (Dec. 2023).

[18]See Congressional Research Service, *Ukraine: Background, Conflict with Russia, and U.S. Policy*, no. R45008 (updated Oct. 5, 2021).

[19]The 2023 Integrated Country Strategy for Ukraine notes that deoligarchization, particularly of the energy and mining sectors, is integral for Ukrainian reconstruction, because the oligarchs who rose after Ukraine's independence from the former Soviet Union fueled a system of corruption and anti-democratic trends.

[20]Transparency International's Corruption Perceptions Index for 2023 scores Ukraine's perceived level of public sector corruption as 36 of 100, where 0 means "highly corrupt" and 100 means "very clean."

counterterrorism- or sanctions-related, or security risks. However, contrary to leading practices for managing fraud risk in federal programs, USAID bureaus and missions did not comprehensively assess fraud risks that could affect their programs or develop comprehensive fraud risk profiles for Nigeria, Somalia, and Ukraine. As a result, they cannot ensure they are addressing the full range of fraud risks specific to their programs and country contexts. Table 1 summarizes USAID's risk assessment processes.

Risk Assessment

Standards for Internal Control in the Federal Government (GAO-14-704G) calls for federal entities to identify risks throughout the entity to provide a basis for analyzing risks.

Risk assessment is the identification and analysis of risks related to achieving the defined objectives to form a basis for designing risk responses. Risk assessments should involve (1) identifying risks associated with achieving program objectives; (2) analyzing those risks to determine their significance, likelihood of occurrence, and impact; and (3) determining actions or controls to mitigate the risks.

Source: GAO. | GAO-24-106192

Table 1: Summary of USAID Risk Assessment Processes

Risk assessment tool	Level of assessment	Description	Types of risk assessed
Annual risk profile	Bureau/mission	Bureaus and missions use risk profiles to identify, analyze, and manage risks in relation to achievement of strategic objectives, as a mechanism to share information with leadership about the major risks they face.	Any type of risks (including fiduciary, counterterrorism- or sanctions-related, and security)
Uniform risk and internal control assessment (URICA)	Bureau/mission	USAID uses Uniform Risk and Internal Control Assessments (URICA) to identify risks and associated controls, calculate a risk priority and internal control deficiency, and allow management to determine the significance of the deficiency	Any type of risks (including fiduciary, counterterrorism- or sanctions-related, and security)
Preaward assessments[a]	Award	USAID policy and federal acquisition regulations require USAID to assess risks posed by potential award recipients prior to awarding grants, cooperative agreements, or contracts.	Primarily fiduciary
Risk-based assessments	Bureau/mission or award	USAID bureaus and missions conduct risk-based assessments to assess the likelihood that funds, goods, and services could intentionally or inadvertently benefit terrorists or sanctioned entities or individuals.	Counterterrorism- or sanctions-related
Regional Security Office security assessments	Mission	The U.S. Embassy's Regional Security Office in each country conducts security assessments for all proposed USAID travel to or within the country, which includes evaluating risks related to the proposed travel as well as potential risk mitigation measures.	Security

Source: GAO review of USAID documents. | GAO-24-106192

[a]Preaward assessments can take various forms, such as a preaward risk assessment or preaward responsibility determination, depending on factors such as the type of award and the type of recipient.

USAID Has Processes to Assess Mission- or Bureau-Level Risks

USAID has two standard agencywide processes—annual risk profiles and internal control assessments—that are used to assess any type of risk to the delivery of assistance at the bureau or mission level, as we found in the three selected countries.

<u>Annual Risk Profiles</u>

Bureaus and missions must submit annual risk profiles, which are designed to identify and assess significant risks to achieving strategic objectives. USAID guidance for preparing the profiles states that risks must be analyzed for their possible effects. This analysis includes estimating the risks' significance, assessing the likelihood of their occurrence and their likely impact, and deciding how to manage the risks and what actions must be taken.[21] To develop the profiles, bureaus and missions look across all categories of risk, including any fiduciary, counterterrorism- or sanctions-related, or security risks. According to USAID guidance, bureaus and missions should generally focus on five to seven key risks affecting strategic objectives, to elevate for higher management's consideration through the risk profile.[22]

BHA, CPS, and the three selected missions submitted risk profiles for 2023.[23] Our review of the three missions' 2023 risk profiles showed that each mission assessed a range of risks, including fiduciary, counterterrorism- or sanctions-related, or security risks, as significant to achieving their objectives. For example, the Ukraine mission's risk profile included the fiduciary risk that the significant influx of resources for recovery and reconstruction could increase opportunities for corruption or diminish commitment to reforms. The Nigeria mission's risk profile included the risk that insecurity in areas where USAID works may negatively impact service delivery and programmatic outcomes.

Uniform Risk and Internal Control Assessments (URICA)

Each USAID bureau and mission must conduct an internal control assessment, which includes completing the URICA tool.[24] According to USAID guidance, the purpose of this exercise is to assess and prioritize bureau- and mission-level risks and related internal controls and to decide whether any deficiencies identified have a pervasive effect on the

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[21]U.S. Agency for International Development, ADS Chapter 596.

[22]U.S. Agency for International Development, *Enterprise Risk Management: Risk Profile Implementation Guidance for Fiscal Year 2023* (Feb. 14, 2023).

[23]BHA and CPS complete bureau-level risk profiles rather than country-level profiles.

[24]Missions conduct these internal control assessments to demonstrate compliance with the requirements of the Federal Managers Financial Integrity Act of 1982 and to support the USAID Administrator's annual Statement of Assurance, published in USAID's Agency Financial Report. See U.S. Agency for International Development, ADS Chapter 596.

organization. Risks identified through the URICA are internal control risks that threaten objectives related to the efficient and effective operations of internal business processes and capabilities, reliability of reporting, and compliance with laws and regulations. These risks could include fiduciary, counterterrorism- or sanctions-related, and security risks, among others. Once risks are identified, management uses the URICA to assess the risk, based on inputs such as the likelihood of the event, the magnitude of impact, the effectiveness of controls, and documented testing. Assessments that identify control deficiencies also must describe action plans to address identified risks.

The Nigeria, Somalia, and Ukraine missions each conducted an internal control assessment in 2023. Our review of mission documents found that each mission's assessment identified multiple risks, including some fiduciary, counterterrorism- or sanctions-related, or security risks, many of which related to fraud awareness or anticorruption. For example, USAID Somalia's fiscal year 2023 URICA identified and assessed whether key duties and responsibilities were divided or segregated among different people to decrease the chance of fraud, waste, or abuse.

USAID Has Several Additional Processes to Assess Specific Types of Risks

In addition to requiring broad bureau- and mission-wide risk assessments, USAID has processes to help assess specific types of risk, including fiduciary, counterterrorism- or sanctions-related, and security risks, as we found in the three selected countries.

Fiduciary Risks

USAID uses preaward assessments to identify and assess award-level fiduciary risks associated with potential implementing partners, including those in conflict zones. USAID policy and federal regulations require that USAID conduct a preaward assessment of award applicants. The assessment required differs on the basis of factors such as type of award and type of recipient. Table 2 summarizes selected preaward assessment processes that USAID uses for awards in all countries, including those experiencing conflict.

Table 2: Summary of Selected USAID Preaward Assessment Processes

Risk assessment tool	Description
Preaward risk assessment (for cooperative agreements and grants to nongovernmental organizations	USAID guidance stipulates that before awarding grants or cooperative agreements, staff must conduct a preaward risk assessment of award applicants. This assessment is based on factors such as the organization's financial management capacity, prior performance history, and existing level of controls. If risk cannot be adequately assessed, such that a prospective recipient's capacity to perform financially or programmatically is uncertain, USAID guidance requires a formal preaward survey to be conducted.[a]
Pre-award responsibility determination (for contracts)	Federal acquisition regulations require USAID to make a positive determination of responsibility before awarding a contract to a prospective contractor. In making that determination, USAID must ensure that the potential awardee has sufficient operational and accounting controls, has a satisfactory record of integrity and business ethics, and is eligible to receive an award under applicable laws and regulations, among other things.
Organizational capacity review (for public international organizations)	USAID's Bureau for Planning, Learning, and Resource Management conducts organizational capacity reviews of public international organizations (PIO)—that is, high-level assessments of whether a PIO is capable of adequately safeguarding USAID resources. Because these assessments inform USAID funding decisions, each OCR must be supported by substantive due diligence and highlight any significant concerns, considerations, or risks that should be taken into account in working with the PIO.

Source: GAO review of USAID documents and statements by agency officials. | GAO-24-106192:

[a]A preaward survey is an evaluation of a prospective recipient's ability to perform under a government sponsored agreement. Such surveys are normally limited to assessing the adequacy of a potential recipient's accounting system in accumulating cost information or financial capability to perform under a prospective award. Surveys may also encompass technical, production, and quality assurance considerations.

We found that USAID conducted preaward assessments for all 30 selected awards we reviewed. Each partner received a positive risk assessment or a positive risk determination, as appropriate, signifying that the proposed partner met necessary qualifications to receive the award.

Counterterrorism- or Sanctions-Related Risks

USAID bureaus and missions conduct counterterrorism- or sanctions-related risk-based assessments to assess the likelihood that funds, goods, and services could intentionally or inadvertently benefit terrorists or sanctioned entities or individuals. According to USAID's Office of Security, the bureau or mission conducting a risk-based assessment may determine the format or process it will use for the assessment but must perform such an assessment at least annually.[25] Guidance issued by the Department of State calls for USAID bureaus and missions to identify

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[25]The Ukraine mission conducts risk-based assessments at the award level—a standard operating practice throughout USAID's Europe and Eurasia Bureau, according to USAID officials. BHA, CPS, and the Nigeria and Somalia missions all conduct country-level assessments.

risks of terrorists', sanctioned entities', or their supporters' benefiting from USAID assistance.[26] The assessments are to address various factors, including the project's urgency and foreign policy importance, resource considerations, and legal requirements.

We found that the risk-based assessments completed by BHA and the missions in the three selected countries and by CPS in Ukraine identified and assessed, in varying levels of detail, the likelihood of counterterrorism- or sanctions-related risks and identified ways to mitigate them. For example, BHA's 2023 assessment for Somalia identified a risk that sanctioned groups, particularly al-Shabaab, would benefit from humanitarian assistance in Somalia. The assessment also identified both portfolio-level and context-specific mitigation measures, such as requiring awardees to exercise enhanced due diligence of subpartners.[27]

In addition to conducting the country-level risk-based assessment, the Nigeria mission produces a sanctioned-group memo for activities in high-risk areas. This memo provides a detailed analysis of the sanctions-related risks and mitigation steps required for those activities. Similarly, BHA in Nigeria and Somalia conducts award-level analysis to assess the extent to which implementing partners have measures in place to mitigate the risk that assistance will be used to benefit sanctioned entities or individuals, including foreign terrorist organizations.

<u>Security Risks</u>

To assess security risks related to staff travel, bureaus and missions review security information and security risk assessments they receive from various sources, including their respective embassies' Regional Security Office.[28] USAID officials told us that regional security officers

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[26]Department of State, "Terrorism Finance: Guidance for Risk-Based Assessment," Memorandum to USAID Administrator, Under Secretaries, Assistant Secretaries, and Assistance Coordinators (Feb. 26, 2008).

[27]For purposes of this report, portfolio refers to a mission's or Washington operating unit's strategy or its overall projects or activities.

[28]According to USAID guidance, USAID workforce members assigned overseas fall under the authority of the chief of mission. Therefore, risk management approaches are affected by the Overseas Security Policy Board security standards, the Regional Security Office, and USAID's participation in Emergency Action Committees chaired by each chief of mission. U.S. Agency for International Development, ADS Chapter 596mad: *USAID Risk Appetite Statement*. The chief of mission is the principal officer in charge of a U.S. diplomatic mission or a U.S. office abroad.

provide ongoing security information to the bureaus and missions, including security briefings, information on current threats, and assessments of security risks to USAID employees. The Regional Security Office in each country also conducts security assessments for all proposed USAID travel to or within the country, which includes evaluating risks related to the proposed travel as well as potential risk mitigation measures.

In Nigeria and Somalia, the missions and BHA work with third-party security organizations that assist the agency and its partners in identifying and analyzing security risks throughout each country. These organizations provide USAID and its partners with security assessments as well as real-time information about security incidents, among other services. Specifically, the Nigeria mission has contracted with an organization to carry out a partner liaison security operation, and officials in the Ukraine mission reported that they are in the process of setting up such an organization.[29] In addition, BHA in Nigeria and Somalia funds a nongovernmental organization (NGO) that provides security assessments and information to all humanitarian NGOs registered for its services in each country.[30] USAID officials stated that they encourage their NGO partners to register for these services. USAID also reported receiving information about security risks from other external parties, such as its implementing partners.

USAID Has Not Comprehensively Assessed and Documented Fraud Risks in the Three Countries

Although USAID has various processes for assessing risks, including fraud risks, it has not conducted comprehensive program-level fraud risk assessments covering relevant fraud risks or subsequently developed comprehensive fraud risk profiles specific to Nigeria, Somalia, or Ukraine. As a result, it cannot ensure that it is taking steps to mitigate all relevant fraud risks in these countries.

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[29]According to USAID documents, a partner liaison security office is a tool to enhance communication between USAID's implementing partners regarding publicly available security information to help implementing partners better manage and mitigate their respective security concerns.

[30]As a result of our work with BHA and the mission in Somalia, BHA is also sharing this NGO's security assessments with the Somalia mission.

Tailoring fraud risk assessments to the specific operating environment is important because the prevalence or likelihood of certain fraud risks may vary for each country. USAID officials and implementing partner representatives we interviewed in the selected countries highlighted different types of fraud risks as significant. For example, Nigeria mission officials noted that the mission uses a number of local partners that may not have the same capacity and controls as large international implementing partners. Somalia mission officials and partner representatives noted the presence of gatekeepers and possible illegal "taxes." Ukraine mission officials and partners noted the presence of oligarchs possibly seeking to unlawfully benefit from foreign assistance.

A Framework for Managing Fraud Risks in Federal Programs, known as the Fraud Risk Framework, states that leading practices for managing fraud include planning regular fraud risk assessments and assessing risks to determine a fraud risk profile at the program level.[31] USAID guidance defines *program* as a mission's entire portfolio, or an entire technical sector portfolio, under a country's development strategy. For Washington operating units and other operating units that do not have a country development strategy, *program* generally refers to a set of projects or activities that support a higher-level objective or goal.[32]

Although USAID assesses fraud risks as part of several bureau-, mission-, or award-level assessments, we found that none of the missions in our three selected countries have comprehensively assessed fraud risks facing their programs or developed fraud risk profiles, as the Fraud Risk Framework calls for. Mission officials told us that they assess fraud risks through each mission's annual risk profile, annual internal control assessments, and preaward assessments of potential partners. However, these processes have limitations that may prevent the missions from

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[31]GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP (Washington, D.C.: July 2015). The Payment Integrity Information Act of 2019 requires the Office of Management and Budget (OMB) to maintain guidelines for agencies to establish financial and administrative controls to identify and assess fraud risks, and that incorporate leading practices detailed in GAO's Fraud Risk Framework. These practices include (1) tailoring the fraud risk assessment to the program and involving relevant stakeholders; (2) assessing the likelihood and impact of fraud risks and determining risk tolerance; and (3) examining the suitability of existing controls, prioritizing residual risks, and documenting a fraud risk profile. The framework also states that managers should determine where fraud can occur and the types of internal and external fraud risks the program faces, such as fraud related to financial reporting, misappropriation of assets, corruption, and nonfinancial forms of fraud.

[32]U.S. Agency for International Development, ADS Chapter 201.

assessing the types of fraud risks specific to each country's operating environment. Specifically:

- The annual risk profile is intended to identify the most significant risks to achieving the mission's objectives. As a result, it may not identify or assess all types of internal and external fraud risks or fraud risk factors that might be present in the country. For example, the risk profile for Somalia identified several fraud risks related to terrorists but did not discuss any fraud risks associated with other actors, such as gatekeepers, government officials, or beneficiaries.

- The annual internal control assessments evaluate controls and risks internally but do not examine fraud risks relevant to the missions' specific external operating environments.

- The preaward assessments help USAID to assess fraud risks related to prospective partners by verifying that the partners have proper controls in place. However, the assessments do not call for identifying or assessing fraud risks specific to the country, and any risks identified through the preaward assessments are not documented in a fraud risk profile.

Similarly, CPS/OTI has not performed a comprehensive fraud risk assessment or prepared a fraud risk profile for Ukraine. CPS/OTI officials told us they monitor for fraud, waste, and abuse as part of their standard activity checks and balances in Ukraine. However, efforts to monitor for fraud, while helpful for detecting potential fraud, do not constitute an assessment of fraud risks.

BHA has not yet comprehensively assessed fraud risks in the three selected countries but, according to officials, plans to develop response risk profiles that will include assessments of fraud risks in all high-risk countries.[33] In August 2023, BHA updated its fraud risk management framework to require its response teams in high-risk countries, including Nigeria, Somalia, and Ukraine, to conduct their own response-level fraud risk assessments and create fraud risk profiles. BHA proposed a phased approach to initiate these response risk profiles between 2023 and 2025.

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[33]In 2021, BHA created a bureauwide fraud risk profile as a subset of its overall Engagement Risk Management profile, according to BHA's Fraud Risk Management Framework. The framework states that BHA's Fraud Risk Profile is a prioritized inventory of fraud risks faced by BHA worldwide and includes information such as the likelihood and impact of the risk as well as associated risk treatments. For individual awards, officials reported using BHA's preaward assessment of partners, as well as partners' own risk assessments, to help assess fraud risks in the three selected countries.

In November 2023, BHA provided us with a fraud risk profile for its Ukraine response that, according to the officials, was based on a response-level fraud risk assessment. However, the Ukraine fraud risk profile identified only two fraud risks—one related to local partners' capacity and the other related to appropriate messaging and documentation on risk management, oversight, and accountability. The profile did not include risks such as corruption or possible diversion by oligarchs because, according to officials, BHA's response risk profiles are intended primarily to document risks that it can mitigate. The profile also did not include other relevant fraud risks that the USAID OIG previously identified for the Ukraine response.[34] As a result, we do not consider BHA's Ukraine 2023 fraud risk profile to meet leading practices for managing fraud risks in federal programs, since it does not comprehensively assess relevant fraud risks. BHA officials told us in March 2024 that the bureau expected to identify fraud-related risks and assess proposed treatments of those risks in the context of their country-specific risk profiles for Nigeria and Somalia by 2025.

USAID's Anti-Fraud Plan, released in 2021, states the need for USAID to plan regular fraud risk assessments and assess risks to determine a risk profile.[35] Guidance for implementing the Anti-Fraud Plan includes instructions to bureaus and missions for conducting fraud risk assessments.[36] The guidance also notes that the creation of a risk profile offers a method for systematic identification and documentation of risks. However, neither the Anti-Fraud Plan nor the guidance for implementing it requires that bureaus and missions conduct these fraud risk assessments and document the results in fraud risk profiles, in accordance with best practices for managing fraud risks in federal programs.[37]

In March 2024, we recommended that USAID ensure its guidance requires regular fraud risk assessments for its programs as well as

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[34]U.S. Agency for International Development, Office of the Inspector General, *Advisory Notice: Key Considerations to Inform USAID's Response in Ukraine* (July 22, 2022).

[35]U.S. Agency for International Development, *Anti-Fraud Plan* (February 2021).

[36]U.S. Agency for International Development, *Anti-Fraud Field Guide: Implementing the USAID Anti-Fraud Plan. An Additional Help for ADS Chapter 596* (Dec. 13, 2022).

[37]USAID guidance also states that when preparing risk profiles, bureaus and missions must evaluate fraud risk and use a risk-based approach to design and implement financial and administrative control activities in order to mitigate identified fraud risks. However, the guidance does not require a program-specific fraud risk assessment or development of a fraud risk profile. See U.S. Agency for International Development, "ADS Chapter 596."

documentation of program-specific fraud risk profiles in accordance with leading practices in the Fraud Risk Framework.[38] USAID concurred with this recommendation and stated that it plans to amend agencywide policy to include these requirements. USAID did not specify when these revisions will be completed or when the amended policy will become operational for bureaus and missions.

Given the magnitude of assistance USAID provides in the three selected countries and the heightened risks associated with insecurity in these conflict zones, it is imperative that BHA, CPS, and the missions in Nigeria, Somalia, and Ukraine begin immediately to comprehensively assess and document fraud risks that could affect their programs in those countries. Without comprehensive fraud risk assessments and fraud risk profiles, BHA, CPS and the three missions cannot ensure they are aware of, and taking appropriate actions to mitigate, all fraud risks to their assistance.

USAID Uses Several Agencywide Controls and Also Relies on Partners to Prevent Risks in Conflict Zones

USAID Has Several Controls to Prevent Specific Risks and Takes Steps to Ensure Partners Have Controls

USAID has several agency-wide preventive controls that bureaus and missions can implement to address fiduciary, counterterrorism- or sanctions-related, and security risks, as we found in Nigeria, Somalia, and Ukraine. The bureaus and missions in these countries also have additional controls to address such risks. USAID also takes steps to ensure that its partners have proper preventive controls to address identified risks.

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[38]See GAO, *Central America: USAID Should Strengthen Staffing and Fraud Risk Management for Initiative Addressing Migration to the U.S.*, GAO-24-106232 (Washington, D.C.: Mar. 14, 2024).

Preventive Controls in Risk Management

Standards for Internal Control in the Federal Government (GAO-14-704G) calls for entities to design control activities that address identified risks, including control activities that are preventive.

Preventive control activities prevent an entity from failing to address a risk.

Source: GAO. | GAO-24-106192

Fiduciary Controls

USAID has some preventive controls that bureaus and missions implement to reduce fiduciary risks, as we observed in our selected countries. These controls are designed to address fiduciary risks by ensuring that partners have the needed fiduciary controls before award implementation begins. Specifically, USAID uses award provisions to outline control requirements related to fiduciary risks (see table 3).

Table 3: Examples of Award Provisions to Prevent Fiduciary Risks in Selected Awards in Nigeria, Somalia, and Ukraine

Category	Award provision	Description	Number of selected awards with provision
Grants to and cooperative agreements with nongovernmental organizations (NGO)	Award provision on fraud disclosure	NGOs must disclose to the agreement officer and USAID's Office of Inspector General (OIG) all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the award.	15 of 15 awards
Grants to and cooperative agreements with nongovernmental organizations (NGO)	Award provision on whistleblower protections	NGOs must inform their employees of their whistleblower rights.	15 of 15 awards
Grants to and cooperative agreements with nongovernmental organizations (NGO)	Award provision on conflict of interest	NGOs must maintain written standards of conduct covering conflicts of interest and must disclose any conflict of interest within 10 calendar days of discovery.	15 of 15 awards
Contracts with NGOs	Award provision on contractor code of business ethics and conduct	The contractor must disclose violations involving fraud, conflict of interest, bribery or gratuity violations to the USAID contracting officer and USAID OIG.a	8 of 8 awards
Contracts with NGOs	Award provision on whistleblower protections	The contractor shall inform its employees of employee whistleblower rights and protections.	8 of 8 awards
Contracts with NGOs	Award provision on conflict of interest	The contractor must immediately disclose to USAID's contracting officer information about any conflicts of interest with respect to the award.	8 of 8 awards
Cost-type agreements with public international organizations (PIO)b	Award provision on fraud disclosure	USAID and the PIO agree to take all necessary precautions to avoid and address fraud, corruption, and other prohibited conduct. In addition, the PIO agrees that it has established a mechanism for complete and comprehensive reporting of such conduct, to include informing the USAID OIG of such conduct.	6 of 6 awardsc

Source: GAO analysis of U.S. Agency for International Development (USAID) documents. | GAO-24-106192-

aThis award provision is only required for contracts with an estimated valued over $5,000,000 and a performance period of 120 days or more.

bUnder a cost-type PIO agreement, payment is made by reimbursement or advance of funds for specific costs, or categories of costs, of goods and services.

cWe reviewed six of the seven PIO awards in our sample for this provision; the remaining PIO award was a project contribution. Project contribution agreements can include different language than cost-type agreements. For this project contribution, the award included a requirement for the awardee to take all appropriate measures to prevent fraudulent, corrupt, and other such activities in connection with the award. If the awardee opened an investigation into such activities, it was required to inform USAID of the investigation's outcome.

Bureau and mission officials in our selected countries stated that they periodically remind partners that award provisions require the partners to disclose violations such as fraud.

Bureaus and missions can also implement controls to improve prevention of fiduciary risks and partners' controls in response to changing risks, among other factors. Bureau and mission officials in our selected countries discussed the following examples of these controls:

- **Applying additional award agreement terms**. USAID can apply additional terms to award agreements as necessary to address fiduciary risks specific to their operating context. Somalia mission officials discussed adding more terms of substantial involvement to cooperative agreements than missions that are not located in a conflict zone might include.[39] For example, the officials explained that they have the authority under one of their awards to halt implementation if they perceive risks. In addition, the Nigeria mission required implementing partners for certain locally implemented awards to hire a compliance officer to help build an internal compliance system and fulfill USAID's requirements and compliance requests, according to mission officials.

- **Requiring risk plans**. USAID bureaus and missions can require partners to submit risk management plans. For example, BHA requires implementing partners to submit a risk assessment and management plan as part of the application process for new awards and award modification requests. In this plan, the implementing partner must demonstrate that it has assessed the risks of fraud, waste, abuse, and other misuses of U.S. government resources associated with the proposed activities. For example, the plan for a BHA partner in Somalia included a discussion of the partner's policies and mitigation steps regarding fraud, internal audits, whistleblower protections, code of conduct, and diversion of aid, among other things. BHA reviews these assessments and may ask the applicant to provide more details before the bureau will approve the application. The USAID mission in Somalia also requires implementing partners to prepare and submit risk management plans, according to officials.

- **Addressing internal control deficiencies**. USAID can work with partners to address identified internal control deficiencies. For

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[39]According to USAID guidance, substantial involvement means involvement between USAID and the recipient that goes beyond normal award administration and technical assistance. U.S. Agency for International Development, ADS Chapter 303: *Grants and Cooperative Agreements to Non-Government Organizations* (revised July 1, 2022).

example, after a Somalia mission partner reported and confirmed instances of fraudulent invoices, the mission requested that the partner revise its plan for conducting due diligence to address related internal control gaps.

- **Tracking program irregularities**. BHA globally tracks program irregularities, such as fraud, waste, and abuse and food commodity loss. BHA guidance also encourages each response and geographic team to maintain its own program irregularity trackers, which BHA teams maintain in our three selected countries. BHA uses these trackers to track completion of the incident reporting process, confirm that mitigating actions are taken, and look for trends in risks to inform partners. This process aligns with the leading practice of using data analytics to inform fraud risk management.[40]

Fraud awareness training is another control to address fiduciary risks—specifically, risks related to potential fraud. However, we previously reported that USAID does not have a policy or guidance requiring mandatory fraud awareness training or the tracking of attendance in accordance with leading practices in our Fraud Risk Framework.[41] As a result, USAID does not uniformly offer or require this training. For example, as of February 2024, BHA required all staff to attend online annual fraud awareness training facilitated by the OIG. Similarly, the Nigeria and Ukraine missions require their staff to attend in-person OIG fraud awareness training but did not track staff's attendance or have access to the OIG's staff attendance trackers for this training, according to officials. Somalia mission officials stated that they do not provide periodic training dedicated to fraud.

In March 2024, we recommended USAID ensure that agency guidance requires the regular provision of, and tracking of participation in, mandatory fraud awareness training for all staff and implementing partner

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[40]GAO, *Fraud Risk Management: Key Areas for Federal Agency and Congressional Action*, GAO-23-106567 (Washington, D.C.: Apr. 13, 2023); and *Fraud Risk Management: OMB Should Improve Guidelines and Working-Group Efforts to Support Agencies' Implementation of the Fraud Reduction and Data Analytics Act*, GAO-19-34 (Washington, D.C.: Dec. 4, 2018).

[41]GAO-24-106232. The Fraud Risk Framework states that it is a leading practice for agencies to require all employees to attend antifraud training on an ongoing basis and maintain records to track compliance. Furthermore, agencies should provide training to stakeholders with responsibility for implementing aspects of the program, including contractors and other external entities. See GAO-15-593SP. USAID's Anti-Fraud Plan and its Anti-Fraud Field Guide both emphasize the importance of fraud training.

representatives involved in administering USAID's foreign assistance.[42] USAID concurred with this recommendation and stated that it plans to work with the OIG and other potential training partners to implement it.

Counterterrorism- or Sanctions-Related Controls

USAID has several preaward preventive controls to address the risk that funding or assistance will be provided to terrorists or sanctioned entities or individuals, as we observed in our selected countries. For example, USAID conducts due diligence during preaward assessments for awards to NGOs to verify that the applicant or recipient does not appear on the Office of Foreign Assets Control's sanctions lists or the UN Security Council's Consolidated List.[43] USAID documents this verification in the negotiation memo for the award. All of our selected awards to NGOs (23 of 23) had negotiation memos documenting this due diligence verification.

USAID's controls also include award provisions and clauses to ensure that assistance does not benefit terrorists or sanctioned entities (see table 4).

Table 4: Examples of USAID's Award Provisions and Clauses to Address Counterterrorism- or Sanctions-Related Risks

Category	Award provisions and clauses	Description	Use in selected awards in Nigeria, Somalia, and Ukraine
Grants to, and cooperative agreements with, nongovernmental organizations (NGO)	Award provision on sanctioned entities	USAID's award provisions for grants to, and cooperative agreements with, NGOs include a clause stating that the recipient will not engage in transactions with or provide resources or support to sanctioned individuals or entities.	All selected grants to, and cooperative agreements with, NGOs (15 of 15) contained a sanctioned entities provision.

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[42]GAO-24-106232.

[43]USAID's guidance, which provides policies and procedures on agreements with PIOs, does not include a requirement for USAID to verify that PIOs do not appear on these lists. See U.S. Agency for International Development, ADS Chapter 308: *Agreements with Public International Organizations* (revised June 15, 2021). According to USAID officials, the agency would be informed of any proposal to sanction a PIO through its role on the National Security Council. Officials also said that sanctioned UN organizations would not appear on the UN's Consolidated List.

Category	Award provisions and clauses	Description	Use in selected awards in Nigeria, Somalia, and Ukraine
Contracts with NGOs	Clause on terrorism financing	USAID's contracts include a clause that explains that executive orders and U.S. law prohibit transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It also reminds contractors that it is their legal responsibility to ensure compliance with these executive orders and laws.	All selected contracts to NGOs (8 of 8) contained this terrorism financing clause.
Agreements with public international organizations (PIO)	Award provision on terrorist financing	USAID's awards to PIOs include a provision against terrorist financing.	All selected awards to PIOs (7 of 7) contained a provision against terrorist financing.

Source: GAO analysis of USAID documents and interviews with USAID officials. | GAO-24-106192-

None of the USAID officials and partner representatives we spoke with in Nigeria, Somalia, and Ukraine reported being aware of any instances of diversion to sanctioned individuals or entities during implementation of these awards.

USAID also has enhanced vetting measures through partner vetting programs and heightened risk vetting, which use nonpublic information in addition to the public information used for due diligence.[44]

- A **partner vetting program** vets all partners in the respective country against public and nonpublic information to determine a recipient's eligibility for an award. Bureaus submit applications to initiate a partner vetting program. To determine whether to initiate such a program, USAID's senior agency vetting official reviews the application and the Office of Security's assessment of the country-level risk of diversion to terrorists and their supporters or affiliates.[45]

- **Heightened risk vetting** is vetting of one or more awards, programs, projects, or activities in a location where USAID does not maintain a partner vetting program. Bureaus likewise apply to initiate heightened risk vetting. Once an application is approved, USAID uses the same information sources as the partner vetting program to determine award eligibility, according to USAID officials.

BHA, CPS, and the regional bureaus for the missions in Nigeria, Somalia, and Ukraine have not requested to initiate partner vetting programs or

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[44]See U.S. Agency for International Development, ADS Chapter 319: *Partner Vetting* (revised Jan. 15, 2021).

[45]As of February 2024, USAID was conducting partner vetting programs in the West Bank and Gaza, Yemen, Iraq, Pakistan, Lebanon, Syria, and Afghanistan.

heightened risk vetting for their country programs or awards. Specifically, according to officials, they did not request partner vetting programs or heightened risk vetting because they already conduct the required due diligence against public lists and because they consider the risk of terrorist activity to be low, in Ukraine, or localized, in Nigeria and Somalia.

USAID bureaus and missions can implement additional controls when appropriate, such as special provisions in their awards, to further address risks related to diversion. For example, BHA in Nigeria has added a provision to awards in northeast Nigeria, prohibiting assistance under the awards from being provided to individuals the partner knows to be former affiliates of Boko Haram and ISIS–West Africa without prior approval from the official responsible for award oversight. According to the Somalia mission's risk profile, the mission includes a provision in all appropriate awards that requires extra due diligence to prevent the diversion of assistance to excluded organizations. For example, one partner's due diligence plan discussed the processes and sources the partner would use to conduct due diligence screening of potential subpartners as well as actions it would take if this screening revealed any concerns.

Bureaus and missions also took additional steps to prevent counterterrorism- or sanctions-related risks by ensuring partners had the needed controls to manage risks through reviews of partners' plans, such as risk management plans. For example, for proposed activities in high-risk environments, including Nigeria, Somalia, and Ukraine, BHA partners must demonstrate through the risk assessment management plan that they have additional controls in place to address the risk of violating U.S. sanctions. BHA's feedback on the plans is intended to ensure that partners have the necessary controls in place. For example, BHA asked a partner in Somalia to provide more information about how it would prevent sanctioned entities from interfering with activities and diverting commodities during transport. After reviewing the plans, BHA creates an award-specific sanctions risk management determination memo documenting that the partner's risk mitigation measures reasonably address sanctions risks.

Security Controls

USAID has several preventive controls that bureaus and missions may implement to reduce security risks for its partners as they deliver assistance, as we found in our selected countries (see table 5). These controls are designed to prevent USAID assistance from being targeted

for diversion by bad actors as well as to protect the personal safety of implementing partners and beneficiaries.

Table 5: Examples of USAID's Preventive Controls to Address Security Risks

Control	Description	Use in selected countries and awards
Marking waivers	USAID may waive in whole or in part the required marking of USAID-funded programs and program assets with the agency's logo if it determines that the marking would pose compelling political, safety, or security concerns or have an adverse effect in the cooperating country.[a]	USAID bureaus and missions granted marking waivers for several of our selected awards as part of the award agreement. Nongovernmental organizations can request waivers during award implementation.
Masking partner information	USAID limits the public sharing of partner names, faces, or specific operating locations to protect partner security.	USAID officials in Nigeria and Somalia reported masking partner information. For example, BHA officials in Somalia said that USAID could discuss a security incident experienced by one of its partners in a certain area but that it would not share the partner's name or exact location with others.
Geographic or programmatic flexibility	USAID allows geographic or programmatic flexibility in award language, adjusting the assistance delivery location and date and the type of assistance to be provided.	USAID officials and implementing partner representatives in the selected countries discussed the importance of building flexibility into award agreements. As an example, a Nigeria mission award agreement specified that the activity "will be implemented in the geographic areas specified…while maintaining the agility to rapidly make implementing shifts."
Pausing or stopping implementation	USAID pauses or stops implementation when security risks demand it.	USAID officials responsible for oversight said that partners may be permitted to pause or stop award implementation when necessary. For example, USAID allowed partners in Nigeria to pause implementation around the 2023 elections in response to heightened political tension and risk of violence.

Source: GAO analysis of U.S. Agency for International Development (USAID) documents and interviews. | GAO-24-106192

[a]For PIOs, USAID marking requirements apply only if USAID is the sole donor funding a specific PIO program, project, or activity or if USAID or other bilateral donors have negotiated marking privileges. U.S. Agency for International Development, ADS Chapter 320: *Branding and Marking* (revised Mar. 15, 2022).

USAID bureaus and missions in Nigeria, Somalia, and Ukraine can also have additional controls to prevent security risks, such as targeting implementation to safer areas and tracking security incidents. For example, according to BHA officials in Nigeria, BHA may wait to commence operations in areas of Nigeria that were recently liberated from organized armed group control, which may still be insecure. The Somalia mission has designated a geographic focal zone of government-controlled areas where it asks partners to work to prevent security and other risks. Also, BHA in our selected countries and the Nigeria mission track security incidents associated with their awards. According to the officials, tracking security incidents allows them to understand the influence of security on partner performance and whether additional controls may be needed.

We found that USAID bureaus and missions in our selected countries have taken steps to ensure partners develop and implement their own preventive security controls. For example, BHA, CPS/OTI, and the Nigeria and Somalia missions require that certain NGO partners develop security plans (see table 6). As of May 2023, the Ukraine mission did not require its NGO partners to develop security plans. While partners may have independently developed such plans, USAID did not require their submission or review them. According to officials, the Ukraine mission began incorporating requirements for security plans in its current and new awards in August 2023.

Table 6: Selected USAID Bureaus and Missions Security Plan Requirements for Selected Nongovernmental Organization (NGO) Partners in Nigeria, Somalia, and Ukraine

Bureau or mission	Security plan requirement for selected NGO partners	Selected NGO awards with security plans submitted to USAID[a]
Bureau for Humanitarian Assistance	Required	8 of 8 awards
Bureau for Conflict Prevention and Stabilization, Office of Transition Initiatives	Required	1 of 1 award
Nigeria mission	Required	6 of 6 awards
Somalia mission	Required	3 of 3 awards
Ukraine mission	Not required[b]	0 of 5 awards

Source: GAO analysis of U.S. Agency for International Development (USAID) documents and interviews. | GAO-24-106192

[a]NGO awards represent 23 of 30 of the awards we reviewed in our three selected countries.

[b]As of May 2023, the USAID Ukraine mission did not require security plans. However, in August 2023, according to officials, the mission began incorporating requirements for security plans in current and new awards, pending the hiring of a USAID security specialist. As of January 2024, the mission had hired and onboarded a security specialist who would begin reviewing partners' security plans after completing training.

In addition, two of the selected missions either require or are planning to require PIO partners to develop security plans.[46] The Nigeria mission requires all partners, including PIOs, to develop security plans, according to mission officials. In March 2024, Ukraine mission officials said that they were in the process of incorporating this requirement into the mission's existing PIO award. BHA and Somalia mission officials explained that they do not require their PIO partners to develop security plans. According to these officials, PIOs in the countries where the officials work typically have highly developed security plans, policies, and procedures

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[46]According to USAID guidance, award agreements with PIOs may include special or additional conditions (e.g., requiring a security plan). U.S. Agency for International Development, ADS 308.

and have significant resources to protect the security of staff and operations. For example, the UN Department of Safety and Security provides security expertise to ensure the safety and security of personnel and assets of UN programs and activities.

Partners use security plans to establish security-related policies and protocols for travel, crisis response, incident reporting, and contingency plans, among other things. For example, a Somalia mission partner's security plan discussed the lockdown procedures to use during times of unrest and also discussed continuity planning for implementation, such as planning for working from home or using alternate office locations. When bureaus and missions receive security plans, the officials responsible for award oversight review and provide feedback to partners but do not implicitly or explicitly approve them, according to officials. The Nigeria mission has a security officer who helps conduct these reviews and provide feedback, which implementing partner representatives told us they had found helpful.

In Nigeria and Somalia, the missions and BHA also work with security organizations to assist USAID and its partners to manage security risks. In addition to conducting security assessments, these organizations provide security reports and analysis, training, and other services that assist partners with their security controls. For example, representatives from the partner liaison security operation in Nigeria stated that they provide templates of security plans to help partners plan to mitigate security risks during implementation and a personal safety training for partners' staff. In addition, the NGO security organization that receives funding from BHA in Nigeria and Somalia also provides security information and training to registered humanitarian NGOs, including any that are BHA partners. Implementing partner representatives we spoke with in Nigeria and Somalia told us that they valued the information these security organizations provide.

USAID Relies Primarily on Partners to Prevent Risks during Award Implementation

USAID relies primarily on partners' own controls to prevent risks, including fiduciary, counterterrorism- or sanctions-related, and security risks, during award implementation. According to USAID guidance and officials, the agency conducts most of its risk assessment and prevention before making awards. Implementing partners manage most day-to-day risk prevention while implementing the awards.

Partners implementing selected awards in our selected countries have a variety of controls that they use, when applicable, to prevent fiduciary, counterterrorism- or sanctions-related, and security risks (see fig. 2).

Figure 2: Examples of USAID Implementing Partners' Controls to Manage Fiduciary, Counterterrorism- or Sanctions-Related, and Security Risks in Nigeria, Somalia, and Ukraine

Source: GAO analysis of interviews with U.S. Agency for International Development (USAID) implementing partners; nexusby/stock.adobe.com, chocostar/stock.adobe.com, GAO (icons) | GAO-24-106192

Implementing partners use these and other controls, such as those required by award provisions and other USAID requirements, to manage risk during implementation. For example, in December 2023, the USAID OIG reported on several instances of conflicts of interest in USAID's Ukraine response that implementing partners had discovered while conducting required oversight of subawardees.[47] By performing due diligence and oversight of subawardees' activities, partners can manage conflicts of interest that otherwise may lead to corruption and other fraudulent uses of taxpayer dollars.

Although USAID may comment on these controls during its preaward activities, including preaward assessments and reviews of risk management and security plans, it determined that its role during award implementation is primarily to conduct oversight to ensure that partners are using these controls effectively.

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[47]U.S. Agency for International Development, Office of Inspector General, *Conflicts of Interest in USAID's Ukraine Response (*December 2023).

USAID Has Some Controls to Detect Risks during Award Implementation in Conflict Zones but Has Limited Direct Oversight

USAID has some controls to detect fiduciary, counterterrorism- or sanctions-related, and security risks during award implementation, but its use of these controls is limited by the difficulty of conducting direct oversight in conflict zones. Because USAID is often unable to conduct regular site visits in conflict-affected areas, it instead detects risks through communication with partners, financial oversight, and remote monitoring, including third-party monitoring. However, we found that the Somalia mission, unlike the Nigeria and Ukraine missions, does not conduct financial reviews. In addition, USAID lacks sufficient guidance on using remote monitoring controls to detect risks in conflict zones. As a result, USAID may fail to detect some risks, increasing the chance that its aid could be diverted.

Detective Controls in Risk Management

Standards for Internal Control in the Federal Government (GAO-14-704G) calls for entities to design control activities that address identified risks, including control activities that are detective.

A detective control activity discovers when an entity is not achieving an objective or addressing a risk before the entity's operation has concluded and corrects the actions so that the entity achieves the objective or addresses the risk.

Source: GAO. | GAO-24-106192

USAID Uses Communication with Partners to Help Detect Risks

Because the presence of conflict limits its ability to conduct direct oversight, USAID uses communication with its partners, among other controls, as a means of detecting risks during award implementation in the three selected countries. In particular, the Somalia mission primarily operates remotely, and the Ukraine mission primarily operated remotely from February 2022 to July 2023. However, officials in Somalia and Ukraine stated that even when in the respective countries, their movements have been restricted.[48] Similarly, although the Nigeria mission

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[48]In December 2023, U.S. agencies established site selection guidelines for in-person, U.S. direct-hire monitoring and evaluation efforts conducted in Ukraine. Given security concerns and limited movement, these agencies agreed to prioritize site selection based on strategic criteria to enhance the effectiveness of monitoring and evaluation.

operates in country, officials said that volatile security conditions throughout the country make it difficult to obtain approval for site visits from the Department of State regional security officer. Partners in the selected countries also said they were often unable to safely access their own implementation sites in certain areas.

As a result, USAID uses the following forms of communication with partners to help detect risks:

- **Formal reports**. Our review of selected awards in Nigeria, Somalia, and Ukraine found that the award agreements required periodic reporting, such as quarterly or semiannual reporting. This reporting provides financial information, which USAID can review for any inconsistencies. The reporting also provides information related to risks faced during the reporting period, such as any security challenges. Our review of reports for the selected awards in Ukraine found that they discussed the ways in which security risks posed by the Russian invasion had affected implementation, such as by causing the implementing partners to pause activities and relocate staff.

- **Informal reports**. To remain informed about implementation despite the difficult operating environment, USAID officials in the selected countries can request that partners provide informal reporting more frequently than the formal reporting required under the award agreement, according to officials. Our review of award documentation and interviews with USAID officials and implementing partner representatives found that the implementing partners for all 10 selected awards in Nigeria, nine of the 10 selected awards in Somalia, and all 10 selected awards in Ukraine provided additional informal reporting, such as emailed weekly updates. In addition to including program updates, these informal reports may address any issues partners are experiencing, such as changing security situations or operational contexts, according to officials.

- **Regular meetings**. USAID officials in the selected countries described holding regularly scheduled meetings with implementing partners where they discuss award implementation as well as any challenges or risks facing the award. For example, USAID officials in Nigeria said they discussed the heightened political tension and threat of violence related to the 2023 election season and the risks these posed to partner security. USAID officials in Somalia said regular meetings are also a forum to discuss the partners' implementation of their risk mitigation plans and to answer any questions.

- **Informal check-ins**. USAID officials responsible for award oversight in the selected countries explained that they informally check in with partners through email, phone calls, and text messages that may address risk-related topics. USAID officials in Ukraine described increasing contact with partners after the Russian invasion to discuss security risks.

USAID Nigeria and Ukraine Missions Conduct Financial Reviews, but the Somalia Mission Does Not

USAID conducts some financial oversight of awards to detect fiduciary risks; however, unlike the Nigeria and Ukraine missions, the Somalia mission does not conduct financial reviews. USAID provides financial oversight during award implementation through requirements in award agreements and routine monitoring. For example, USAID reviews partners' financial information in their quarterly financial reports, in their periodic award progress reports, and during its regular meetings with partners. Further, partners may be subject to audit requirements, depending on the organization and amount of funding provided.[49]

In addition, the Nigeria and Ukraine missions conduct financial reviews, using several risk-based criteria to select awards for review.[50] According to these missions, the scope and focus of financial reviews vary. For example, the missions might review a partner's accounting and record keeping, such as payment verifications; internal control procedures; or compliance with the award agreement. Because the missions do not have

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[49]USAID guidance, in accordance with 2 C.F.R. § 200.501, states that U.S. and foreign nonprofit organizations that expend $750,000 or more in federal funding in their fiscal year must have an annual audit conducted of those funds. U.S. and foreign nonprofit organizations expending less than $750,000 in their fiscal year are exempt from this audit requirement. However, USAID remains responsible for ensuring accountability for the funding it provides. For all for-profit organizations, USAID must conduct a risk assessment at least annually to determine whether the organizations should be audited. U.S. Agency for International Development, ADS Chapter 591: *Financial Audits of USAID Contractors, Recipients, and Host Government Entities* (revised Aug. 6, 2021).

[50]According to BHA officials in the selected countries, the bureau uses preaward processes, quarterly financial reports, and required audits to provide financial oversight of its awards. According to BHA, the duration of its awards is generally 12 months or less, in contrast to missions' multiyear awards. CPS/OTI officials in Ukraine told us that, in addition to reviewing partners' quarterly reports and pipeline submissions in advance of obligations, they also review partners' monthly vouchers and conduct financial reviews at the subaward level to bolster financial oversight of the bureau's awards.

the resources to review every award, both missions take a risk-based approach to selecting awards for financial reviews each year. Specifically:

- Mission officials in Nigeria told us that the mission began using a risk-based approach in 2023 to help prioritize financial reviews. The mission determines a risk rating of low, medium, high, or critical for each award. It bases these ratings on factors such as the amount of funding; the implementation location; the number and value of subawards; any prior audit findings; and information from USAID staff. The mission uses these risk ratings to determine the timing and type of financial reviews, with higher-risk awards considered higher priority for review. According to officials, this risk-based approach allows them to direct resources to riskier awards, given that the mission does not have capacity to conduct financial reviews of all awards. To amplify its capacity, the Nigeria mission also awarded a blanket purchase agreement for audit firms to assist with financial reviews.

- Mission officials in Ukraine told us that the mission selects up to 10 organizations each year for financial reviews. The mission bases the selection on factors such as special conditions in awards, any instances of noncompliance with USAID policies or local legislation, funding amounts, award duration, whether the organization is subject to any required annual audits, and information from USAID staff, according to officials. The mission assigns a priority of low, medium, or high to the planned reviews. The mission's financial review schedule for fiscal year 2023 included six local organizations. According to officials, they have also previously conducted reviews of U.S.-based organizations. The Ukraine mission currently conducts its financial reviews remotely.

In contrast, according to Somalia mission officials, the mission does not conduct financial reviews. Officials told us that the mission cannot conduct such reviews because audit firms are unable to visit partners in Somalia to review financial documentation. The officials said the mission relies instead on audits performed by the mission's implementing partners, which consist of U.S.-based organizations and PIOs. According to the officials, the fiduciary risks associated with such partners are minimal compared with risks associated with local organizations that may have less financial management capacity.

However, the Ukraine mission has demonstrated that financial reviews can be conducted remotely. Moreover, awards to U.S.-based organizations and PIOs are subject to fiduciary risks, as a recent UN

investigation of diversion of humanitarian aid in Somalia found (see text box).

Post-Delivery Food Aid Diversion in Somalia
In July 2023, a UN assessment in Somalia found widespread and systemic diversion of aid, primarily cash assistance. For example, internally displaced beneficiaries reported being required to pay or coerced into paying camp managers or other individuals a significant portion—usually in cash—of the aid they had received.
In response to this and diversion schemes identified in other countries, USAID's Bureau for Humanitarian Assistance established a program oversight working group to address diversion risks globally. Efforts under this working group include (1) undertaking focus group discussions to identify lessons learned from Somalia and other such diversion schemes, (2) reviewing staffing levels and guidance for addressing diversion risks, (3) improving the effectiveness of third-party monitoring, and (4) engaging with UN and nongovernmental organization partners on addressing diversion.

Source: United Nations (UN) and U.S. Agency for International Development (USAID) documents and officials. | GAO-24-106192

USAID guidance states that USAID retains the right to conduct a financial review, require an audit, or otherwise ensure adequate accountability of recipient organizations.[51] In addition, standards for internal control in the federal government call for control activities that can include reviews by management at the activity-level to achieve objectives and respond to risk.[52] According to Nigeria mission officials, although financial reviews are not required by USAID policy, such reviews are a common practice to ensure financial accountability.

Conducting additional financial oversight of its awards would strengthen the USAID's Somalia mission's ability to detect fiduciary risks, thereby reducing the risk that assistance will be misused or diverted.

USAID Does Not Have Sufficient Guidance on Using Third-Party and Other Remote Monitoring for Risk Detection

USAID guidance requires oversight of awards, including through site visits, but allows for the use of remote methods in nonpermissive

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[51]U.S. Agency for International Development, *ADS* Chapter 591.

[52]GAO-14-704G.

environments, such as conflict zones.[53] To support this requirement, the missions and BHA in the three selected countries use third-party monitoring (TPM)—that is, the collection of performance monitoring or contextual data by an entity other than USAID or the implementing partner directly involved in the work. However, BHA and the missions varied in their use and knowledge of TPM to detect fiduciary, counterterrorism- or sanctions-related, and security risks, and USAID agencywide guidance on TPM does not address the use of TPM to detect these risks in conflict zones. Moreover, USAID lacks agencywide guidance on additional remote monitoring methods that could be used to detect risks.

Third-Party Monitoring

BHA and the missions in Nigeria, Somalia, and Ukraine use TPM to some extent to compensate for their limited ability to meet the site visit requirement through in-person monitoring. BHA and the Nigeria and Somalia missions have TPM contracts for awards throughout their portfolios. The Ukraine mission began piloting TPM for two of its awards, with site visits starting in spring 2023. In November 2023, the Ukraine mission modified its contract to expand TPM across its portfolio. CPS/OTI officials said that the bureau does not conduct TPM in Ukraine because it considers its current level of oversight of its implementing partner—which the bureau achieves by colocating CPS/OTI staff with the partner's staff—to be sufficient.

TPM can be useful for detecting potential risks through site visits, according to some officials and contractors. The TPM contracts in the selected countries are focused on performance management and were not designed explicitly for risk detection, according to USAID officials and TPM contractor representatives. However, the contractors in the three selected countries used questionnaires that could detect fiduciary and security risks. For example:

- **Fiduciary risks**. Site visit questionnaires used under five of the six TPM contracts we reviewed included questions that could detect possible instances of fraud, waste, abuse, or corruption in a variety of

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[53]USAID guidance requires that operating units perform site visits, generally at least every 6 months for each activity, to provide oversight over awards, inspect implementation progress and deliverables, verify monitoring data, and learn from implementation. In nonpermissive environments, missions may use remote methods to conduct site visits. See U.S. Agency for International Development, ADS Chapter 201.

ways. For example, some of the questionnaires included questions for beneficiaries, such as whether anyone had demanded payment for assistance. Questionnaires used under five contracts also included questions aimed at the partners' practices to manage fiduciary risk, such as how the partners selected the beneficiaries and whether they maintained distribution registers.

- **Security risks**. Questionnaires used for site visits conducted under five of the six TPM contracts we reviewed included questions related in various ways to physical security. For example, some contractors' questionnaires included questions aimed at beneficiaries, such as whether beneficiaries felt safe at distribution sites. One contractor's questionnaires also asked about security concerns, such as visibly damaged infrastructure. In addition, a representative of that contractor told us of having visually inspected security at distribution sites.

The contractors' questionnaires did not address counterterrorism- or sanctions-related risks. However, one contractor explained that TPM could serve as a counterterrorism- or sanctions-related check through, for example, confirmation of partners' or beneficiaries' identities.

When they discover significant risks, the contractors for the six TPM contracts we reviewed notify USAID immediately or by including the risk-related findings in site visit reports, according to USAID officials and contractor representatives. Representatives of five of the six contractors said they have systems to flag issues such as potential fraud or corruption. For example, a representative of the TPM contractor for BHA in Nigeria explained that it must report any "red flags," or significant concerns, to BHA within 24 hours. Although the contractors would not investigate these matters, USAID can conduct further follow-up using this information.

However, we found that awareness of approaches to using TPM contracts to detect risks varied among the bureaus and selected missions. For example, BHA officials in Somalia said they had learned from the bureau's previous TPM contract to include detection methods for program irregularities in questionnaires for its current contract. In contrast, according to Ukraine mission officials and a representative of the contractor in Ukraine, the mission was not familiar with TPM before its pilot, in contrast to other missions where the contractor had previously worked. As a result, the contractor explained to Ukraine mission officials the available services and the potential usefulness of TPM in the country's environment—for example, to verify that supplies reached their intended destination. Ukraine mission officials stated that they would

benefit from clearer guidance on TPM, including the level of monitoring the agency would consider sufficient.

USAID does not have agencywide guidance for using TPM to detect fiduciary, counterterrorism- or sanctions-related, or security risks. USAID's Bureau for Planning, Learning, and Resource Management has provided agencywide guidance as well as an online training on the use of TPM in nonpermissive environments.[54] However, the guidance does not discuss how bureaus and missions can incorporate monitoring to detect fiduciary, counterterrorism- or sanctions-related, or security risks into the scope of work of TPM contracts. Individual bureaus and missions may have TPM guidance, but it is not available or applicable agencywide. For example, BHA has guidance on the role of TPM specifically for detecting diversion of assistance. Moreover, as of February 2024, the Ukraine mission was in the process of developing TPM guidance following its TPM pilot, according to officials.

According to standards for internal control in the federal government, entities should design and implement control activities with guidance from management.[55] Moreover, entities should communicate information that enables staff to address risks—for example, providing quality guidance on control activities such as TPM to detect risks in nonpermissive environments. Providing guidance on incorporating monitoring of fiduciary, counterterrorism- or sanctions-related, and security risks into TPM contracts would help bureaus and missions ensure adequate oversight to detect such risks during award implementation in conflict zones.[56]

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[54]When this guidance was released, the bureau was called the Bureau for Policy, Planning, and Learning. The guidance discusses, among other things, the role of TPM service providers as well as good practices for designing a TPM system. See U.S. Agency for International Development, "Discussion Note: Third-Party Monitoring in Non-Permissive Environments." v. 2 (August 2021), https://usaidlearninglab.org/system/files/resource/files/dn_thirdpartymonitoring-npe_final2021_2.pdf.

[55]GAO-14-704G.

[56]We have previously reported on similar topics related to using TPM in Syria, given the security-related challenges affecting USAID's in-person monitoring and financial oversight there. Specifically, in 2016, we recommended that USAID take steps to strengthen TPM contractors' ability to identify and document potential incidents of fraud. Although USAID implemented our recommendations for Syria, such challenges persist in other conflict zones where USAID works. See GAO-16-629.

Additional Remote Monitoring

Although TPM is a resource for addressing restricted access in nonpermissive environments, it does not fully replace USAID's monitoring responsibilities, according to USAID's TPM guidance.[57] In particular, we found that TPM contractors do not conduct site visits for all bureaus and mission awards in the selected countries. As a result, additional remote monitoring controls are needed to provide oversight when USAID cannot conduct in-person site visits. To address such gaps, USAID's TPM guidance calls for the use of other "creative solutions" to monitor awards in nonpermissive environments.

Some officials we spoke with cited examples of remote monitoring. For example, one official responsible for award oversight in Nigeria described using several approaches to verify that an implementing partner's training had taken place as the partner reported, including making phone calls to a training venue or participants and watching a recording of the training. This official also received a partner's approval to hold quarterly meetings with it and its subpartners to discuss award implementation and any risks. In addition, an official responsible for award oversight in Ukraine described reaching out to an implementing partner's local staff and to research organizations to triangulate the award's outcomes. Other officials we spoke with acknowledged that they should provide more remote monitoring to detect risks.

Although USAID guidance cites the need to use creative solutions for remote monitoring, USAID has not provided specific agencywide guidance on using monitoring methods other than TPM for missions operating in nonpermissive environments. BHA has guidance on monitoring in nonpermissive environments that includes examples of remote monitoring methods. For instance, BHA's guidance lists increased communication with partners, subpartners, and other stakeholders to triangulate activity outcomes and using technology (e.g., audio and videoconferencing capabilities) for virtual site visits and other oversight. However, BHA's guidance is not broadly available to all bureaus and missions and was not based on an agency-wide review of other methods that bureaus and missions across the agency might have used.

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[57]U.S. Agency for International Development, Discussion Note: *Third-Party Monitoring in Non-Permissive Environments*.

According to standards for internal control in the federal government, entities should design and implement control activities with guidance from management.[58] Moreover, entities should communicate information that enables staff to address risks—for example, by providing quality guidance on control activities such as remote monitoring controls to detect risks in nonpermissive environments.

TPM and other methods of remote monitoring have the potential to be more fully used for the detection of fiduciary, counterterrorism- or sanctions-related, and security risks, provided that bureaus and missions are aware of options for conducting it. More comprehensive, agencywide guidance on methods for using TPM and other remote monitoring methods to detect fiduciary, counterterrorism- or sanctions-related, and security risks would help USAID bureaus and missions ensure that they implement all appropriate available controls to mitigate potential misuse or diversion of assistance.

BHA and CPS Have Mechanisms to Share Risk-Related Lessons Learned, but Missions Do Not

BHA Shares Lessons through Bureau-Wide Mechanisms

BHA has several methods for sharing risk-related lessons learned, including through its Audit, Risk, and Performance Management division (ARPM). ARPM uses the following mechanisms to share risk-related lessons throughout the bureau:

- **Overseeing implementing partner performance related to fraud risk**. According to BHA's Fraud Risk Management Framework, if ARPM consistently sees an implementing partner with poor fraud risk management across multiple awards, it uses that knowledge to engage relevant stakeholders, including staff responsible for award oversight as well as the bureau's general counsel, to address the issues. Likewise, if ARPM observes a partner implementing excellent

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[58]GAO-14-704G.

fraud risk management practices, ARPM encourages other partners to adopt similar practices. Similarly, ARPM maintains a central tracker of all allegations, including fraud, that are reported across all countries where BHA operates. ARPM uses this information to identify trends and support BHA staff overseeing awards.

- **Creating related guidance**. ARPM updates BHA's internal risk-related guidance on the basis of lessons learned and in response to OIG findings. For example, according to BHA officials, ARPM updates guidance on reporting and documenting program irregularities in BHA-funded awards on the basis of any relevant lessons learned. A USAID Somalia official told us that during a previous assignment in Afghanistan, she frequently referred to ARPM's guidance on reporting program irregularities and found it helpful. According to the official, the guidance provided detailed instructions for responding to issues such as counterterrorism- or sanctions-related incidents and commodity loss. ARPM also led BHA's creation of its fraud risk management framework in response to a 2021 USAID OIG investigation of its Syria activities.[59]

- **Holding regular risk management meetings**. BHA officials told us that they share lessons on high-risk environments through regular ARPM risk management and advisory team meetings. A BHA staff member in Somalia told us that she attended weekly risk management advisor meetings to learn how issues including diversion were being managed in various countries.

BHA also identifies and shares lessons by distributing insights, obtained from regular evaluation processes, among its staff worldwide. For example, BHA conducts after-action reviews of each of its major responses. During these reviews, it analyzes any significant accomplishments, issues, and lessons learned, including those related to risk management, and formulates recommendations for its future responses.

In addition, BHA provides periodic reviews of major issues identified by its after-action reviews and recommended actions to address those issues. Drawing on these reviews and lessons learned from past responses, it also provides briefings, when appropriate, to Response Leaders on major themes and common issues specific to the types of disaster their upcoming response assignments will address. BHA may also conduct a

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[59]U.S. Agency for International Development, Office of Inspector General, *Weaknesses in Oversight of USAID's Syria Response Point to the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance*, 8-000-21-001-P (March 2021).

"Hot Wash," a limited version of an after-action review, for any of its programs or responses. Officials managing assistance in Ukraine told us they reviewed the findings of Hot Washes from other parts of Europe to identify any lessons that might be applicable to Ukraine.

Finally, BHA officials told us that staff responsible for award oversight can informally identify lessons by seeking guidance from staff who have worked on similar types of awards in similar environments. According to the officials, staff based in Washington, D.C., frequently seek insights about potential risks from field colleagues when planning future awards in different contexts. BHA officials told us that field staff, in turn, might seek the advice and prior work experience of their Washington-based colleagues when determining how to resolve an issue. A BHA official in Somalia also described acquiring valuable information about managing activities in that country from shadowing and conversing with an experienced colleague.

CPS/OTI Shares Lessons across Conflict Zones through a Global Team and Incorporates Them into Requirements

CPS/OTI relies on a centralized team—the Global Knowledge Management team—and staff's prior experiences to share lessons across its various country programs, according to CPS officials. These officials stated that the Global Knowledge Management team is responsible for identifying and sharing lessons through systematic reviews of CPS/OTI's programmatic and operational practices and by working with the office's country programs to document innovative practices.

The Global Knowledge Management team develops tool kits, practice notes, and other lessons learned documents that are shared within CPS/OTI. According to officials, many of these documents convey best practices regarding risk assessment and mitigation. For example, officials told us that the team has shared practice notes on risk mitigation lessons from CPS/OTI's Pakistan program, including lessons learned about setting up and effectively utilizing independent monitoring and evaluation units to help ensure assistance was being used as intended and not diverted. The Global Knowledge Management team also facilitates intentional program-to-program and peer-to-peer learning through periodic events and maintains accessible platforms (e.g., databases, websites, and other content management tools) through which knowledge and learning can be shared across CPS/OTI.

In addition, CPS/OTI shares lessons learned from other conflict zones by incorporating them into its programming model and management systems to assess and mitigate risk. According to officials, examples of such lessons include the risk-mitigating benefits of awarding grants under contract for small-scale activities, with an average grant size of $60,000 across all OTI country programs and providing in-kind assistance rather than cash-based assistance to local organizations.

CPS/OTI officials reported that staff also often informally transfer best practices or lessons learned from conflict environments to staff of other programs in such environments. For example, officials told us that after the outbreak of conflict in Sudan, officials of CPS/OTI's Ukraine program participated in meetings with the Sudan program to provide advice on processes and physical security issues, including processing of requests for emergency approvals and completion of evacuation authorizations. Similarly, CPS/OTI officials reported sharing a risk mitigation document, developed by CPS/OTI in Syria to help mitigate the risk of benefitting sanctioned entities, with other CPS/OTI programs in environments where designated terrorist organizations operate.

Mission Staff Share Limited Lessons across Conflict Zones but Have No Mechanism for Wider Sharing

Nigeria, Somalia, and Ukraine mission staff reported some sharing of risk-related lessons. However, USAID lacks a dedicated mechanism for its missions to systematically share lessons learned about managing risk in conflict zones.

USAID officials reported some instances of lesson sharing among the selected missions and other USAID bureaus, offices, or missions. For example:

- A Nigeria mission staff member responsible for award oversight reported that insights provided by BHA and CPS/OTI staff who had been based in Nigeria helped them learn to conduct weekly partner check-ins and remote monitoring for awards in high-risk areas.

- Somalia mission officials told us that technical teams within the mission can reach out to teams in other African countries to gain insights from their experiences. For example, the Resilience Team conducts a regional call with various African missions every month to share information, including lessons learned. Similarly, Nigeria mission staff told us that they were aware of a network of contracting

officers in African countries who were sharing lessons from conflict zones through white papers they circulated among themselves.

- Ukraine mission officials told us about hearing from other staff at the mission that the Ethiopia mission had a process for rapidly pivoting activities during a crisis. The Ukraine mission adopted this expedited review process, known as the Stoplight Review Process, for modifying awards in conflict zones after the Ethiopia mission shared documentation and best practices about the process with the Ukraine mission.

HQ-based offices can also share risk-related lessons learned with USAID missions. For example:

- Nigeria mission officials told us that, at the suggestion of USAID's Office of Security, the mission studied the Afghanistan and Kenya missions' mechanisms for partner liaison security operations in order to create such a mechanism. In addition, according to officials, the Nigeria mission has advised the Mali and Burkina Faso missions on the creation of a partner liaison security operation mechanism.

- Somalia mission officials told us that contracting officers can seek advice from Office of Acquisition and Assistance resources such as a Forum and Policy mailbox based in Washington, D.C.

In addition, staff at the missions for our three selected countries reported using their own previous work experience in other conflict zones to identify risk-related lessons. Staff in the Somalia and Nigeria missions also told us that USAID personnel's rotation among different posts allows those with previous experience in conflict zones to share perspectives on the risks that mission staff must negotiate in a conflict-affected country.

Although the selected missions share lessons informally or through certain HQ-based offices, they lack a mechanism for wider, consistent, and more focused sharing of risk-related lessons learned across conflict zones. For example, informally learning from staffs' prior experiences does not uniformly or consistently connect missions to the overall body of risk-related lessons that USAID's conflict-affected missions have learned. The circulation of white papers among contracting officers may be limited to a specific region or technical office and is not focused on identifying or sharing lessons on effective risk management applicable across conflict zones. In addition, we found that missions may not be using or aware of risk mitigation measures employed by other missions or bureaus that are facing similar risks. For example, only BHA and the Nigeria mission officials mentioned using certain risk mitigation tools, such as—tracking

program irregularities and assessing the impact of security incidents on award implementation, respectively.

USAID guidance calls for an intentional, systematic, and resourced approach to organizational learning and adaptive management.[60] According to the guidance, such an approach includes coordinating efforts within missions and among partners and other development actors to share learning with country stakeholders and other USAID bureaus and missions in order to extend each mission's influence and impact beyond its program funding. The guidance also states that USAID staff should identify, share, and apply knowledge gained from a variety of sources.

Absent a mechanism for systematically communicating lessons learned about effective risk management measures across USAID, missions in conflict zones are likely to be unaware of such measures. For example, a Ukraine mission official told us that prior to the Russian invasion, Ukraine mission staff lacked expertise in emergencies, which led to some confusion during the early stages of the conflict. Further, that official, who had worked at missions in other conflict zones, said that each mission had seemed to start from scratch, developing its response without drawing on previous USAID experiences.

While all conflicts are different, some risks are common across conflict zones. Without awareness of measures that other conflict-affected missions have found helpful, missions in conflict zones may also lack awareness of how best to manage risks and improve oversight of U.S. assistance in those operating environments. This, in turn, may increase the chance of negative outcomes such as repetition of mistakes and diversion of aid through fraud or corruption.

Conclusions

USAID bureaus and missions that provide assistance in countries experiencing conflict face a challenging operating environment, which heightens risks such as diversion of assistance through fraud and corruption. To manage risk in these and other countries, USAID implements several measures, including risk assessments and preventive and detective controls.

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[60]USAID guidance refers to this approach as "Collaborating, Learning, and Adapting." See U.S. Agency for International Development, ADS Chapter 201.

However, USAID bureaus and missions have not conducted comprehensive fraud risk assessments or developed comprehensive fraud risk profiles for Nigeria, Somalia, and Ukraine, the three conflict-affected countries we selected for our review. Although USAID concurred with our March 2024 recommendation that it require these steps agencywide, it did not specify a timeline for taking corrective action.[61] BHA recently began requiring response-level fraud assessments in high-risk countries. Yet its fraud risk profile for Ukraine is not comprehensive and, according to officials, BHA may not complete these steps for Nigeria and Somalia until 2025. To safeguard the large amounts of assistance USAID provides in the three countries, it is imperative that BHA, CPS/OTI, and the missions take immediate steps to comprehensively assess and document relevant fraud risks.

Although USAID has controls to prevent risks, prevention of all risks is not possible, increasing the importance of USAID's oversight of its partners while they are implementing assistance in conflict zones. Without conducting financial reviews of implementing partners' financial records, the Somalia mission may fail to detect fiduciary risks, including fraud. In addition, USAID does not have agencywide guidance for using TPM or other remote monitoring methods to detect fiduciary, counterterrorism-or sanctions-related, or security risks. Additional guidance would provide bureaus and missions opportunities to strengthen their oversight of these risks.

Finally, while all conflicts are different, some risks are common across conflict zones. Because USAID lacks a mechanism for systematically sharing lessons learned about risk management in conflict zones, missions operating in such areas lack awareness of mistakes made by other conflict-affected missions and measures taken to enhance their ability to manage risks and improve oversight. As a result, missions in conflict zones may repeat the same mistakes, increasing the chance of negative outcomes such as the diversion of aid through fraud or corruption.

Recommendations for Executive Action

We are making the following nine recommendations to USAID:

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[61]GAO-24-106232.

The USAID Administrator should ensure that BHA conducts comprehensive assessments of fraud risks relevant to its responses in Nigeria, Somalia, and Ukraine and develops response-specific fraud risk profiles based on those assessments. (Recommendation 1)

The USAID Administrator should ensure that CPS conducts a comprehensive assessment of fraud risks relevant to its program in Ukraine and develops a program-specific fraud risk profile based on that assessment. (Recommendation 2)

The USAID Administrator should ensure that the USAID Nigeria mission conducts comprehensive assessments of fraud risks relevant to its programs and develops program-specific fraud risk profiles based on those assessments. (Recommendation 3)

The USAID Administrator should ensure that the USAID Somalia mission conducts comprehensive assessments of fraud risks relevant to its programs and develops program-specific fraud risk profiles based on those assessments. (Recommendation 4)

The USAID Administrator should ensure that the USAID Ukraine mission conducts comprehensive assessments of fraud risks relevant to its programs and develops program-specific fraud risk profiles based on those assessments. (Recommendation 5)

The USAID Administrator should ensure that the USAID Somalia mission develops a risk-based process for conducting financial reviews. (Recommendation 6)

The USAID Administrator should ensure that the Assistant to the Administrator of the Bureau for Planning, Learning, and Resource Management updates its third-party monitoring guidance to incorporate methods for detecting fiduciary, counterterrorism- or sanctions-related, and security risks into third-party monitoring contracts. (Recommendation 7)

The USAID Administrator should ensure that the Assistant to the Administrator of the Bureau for Planning, Learning, and Resource Management creates guidance based on a review of available remote monitoring tools for USAID missions to detect fiduciary, counterterrorism- or sanctions-related, and security risks in nonpermissive environments. (Recommendation 8)

The USAID Administrator should develop a mechanism for systematically sharing lessons learned among conflict-affected missions related to the management of risks that are common across conflict zones. (Recommendation 9)

Agency Comments

We provided a draft of this report to USAID for review and comment. USAID provided formal comments, which we have reproduced in appendix II. In its comments, USAID concurred with our recommendations and described its initial plans to implement them. USAID also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Administrator of USAID, and other interested parties. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-4409 or lovegrayerl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

Sincerely yours,

Latesha Love-Grayer
Director, International Affairs and Trade

Appendix I: Objectives, Scope, and Methodology

This report examines USAID's management of risks affecting the delivery of its assistance in conflict zones. Specifically, we reviewed the extent to which USAID has (1) processes for assessing risks to the delivery of assistance in conflict zones, (2) controls to prevent risks to the delivery of assistance in conflict zones, (3) controls to detect risks to the delivery of assistance in conflict zones, and (4) mechanisms for sharing lessons learned about risk management in conflict zones.

We selected three countries—Nigeria, Somalia, and Ukraine—to examine USAID's processes for managing risks and for sharing risk-related lessons learned. We based our selection of these countries on the following criteria: (1) the presence of conflict as identified by the 2022 Global Peace Index and the World Banks's Fragile and Conflicted Affected Situations lists for 2020 through 2023; (2) the presence of sanctioned entities, including terrorists, based on USAID's Bureau for Humanitarian Assistance's (BHA) list of high-risk environments as of November 2022; (3) receipt of more than $300 million in USAID assistance in fiscal years 2021 through 2022; and (4) additional contextual information about the USAID mission in each country, such as whether the mission was operating remotely.

We also selected a nongeneralizable sample of awards managed by BHA, the Bureau for Conflict Prevention and Stabilization's (CPS) Office of Transition Initiatives (OTI), and the missions in each country.[1] In selecting awards, we sought to ensure variety in the types of award, implementing organization, and assistance provided and in the levels of funding. We used additional information from the missions to ensure we selected relevant awards. Specifically, for Nigeria, we used information identifying activities that were affected by conflict, and for Ukraine, we used information about the physical location of the implementing partners for the awards. We selected the following numbers of awards for each country based on USAID data:

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[1]CPS/OTI operates in one of the three selected countries, Ukraine.

- 10 awards for **Nigeria**, including four awarded by BHA and six awarded by the mission;

- 10 awards for **Somalia**, including six awarded by BHA and four awarded by the mission; and

- 10 awards for **Ukraine**, including three awarded by BHA, one awarded by CPS/OTI, and six awarded by the mission.

We reviewed documentation for each selected award, including the award agreements, any modifications, and award approval documentation. We also interviewed agency officials responsible for the selected awards and the partners implementing them. We conducted these interviews primarily during in-person site visits to Abuja, Nigeria; Nairobi, Kenya (for Somalia awards); and Warsaw and Rzeszow, Poland (for Ukraine awards). We also interviewed officials from BHA, CPS, and USAID's Bureaus for Africa and Europe and Eurasia in Washington, D.C. In addition, we interviewed BHA and CPS officials and mission staff for Nigeria, Somalia, and Ukraine.

To examine the extent to which USAID has processes for assessing risks to the delivery of assistance in conflict zones, we focused our analysis on processes that were used to assess fiduciary, counterterrorism- or sanctions-related, and security risks in our selected countries and for selected awards.[2] We also reviewed USAID's agencywide guidance regarding enterprise risk management.[3] Further, we reviewed agencywide guidance on conducting assessments, including annual risk profiles,

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[2]We focused on fiduciary, counterterrorism- or sanctions-related, and security risks because they are relevant to the diversion or obstruction of US assistance. USAID's Risk Appetite Statement identifies fiduciary, legal, and security risks as the categories of risk for which the agency has the lowest appetite. USAID's definition of fiduciary risk includes fraud. USAID's definition of legal risk include compliance with U.S. law, regulation, or executive order; therefore, it includes the risk of violating these or other legal or regulatory requirements by providing support or assistance to terrorists or sanctioned entities or individuals. U.S. Agency for International Development, Automated Directives System (ADS) Chapter 596mad: *USAID Risk Appetite Statement: A Mandatory Reference for ADS Chapter 596* (revised Aug. 22, 2022).

[3]U.S. Agency for International Development, ADS Chapter 596: *Management's Responsibility for Enterprise Risk Management and Internal Control* (revised Mar. 9, 2023).

internal control reviews, risk-based assessments, and preaward
assessments.[4]

We reviewed completed risk assessments for our selected countries and
awards to identify the processes that were used to assess risks. We
reviewed these processes to determine the extent to which they identified
risks; assessed the likelihood and impact of risks; and provided a
response to mitigate the risks, in accordance with principle 7 of *Standards
for Internal Control in the Federal Government* on risk assessment[5] and
guidance for fraud risk management in federal programs.[6] We did not
evaluate the assessments' content for comprehensiveness. We also
interviewed all implementing partners for our selected awards about their
processes for assessing the risks to the delivery of assistance at the
award level. We did not evaluate the partners' processes for assessing
risks or the content of the partners' assessments.

To examine the extent to which USAID has controls for preventing risks to
the delivery of assistance in conflict zones, we focused our analysis on
processes it used to prevent fiduciary, counterterrorism- or sanctions-
related, and security risks in our selected countries and for selected
awards. We reviewed USAID agencywide guidance on preaward
requirements and award provisions to determine the controls USAID has
to prevent risks.[7] We reviewed these preventive controls, such as
preaward due diligence and provisions in award agreements, to
determine whether they were designed to address assessed risks in
accordance with principle 10 of *Standards for Internal Control in the
Federal Government*[8] as well as leading practices for fraud risk

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[4]Department of State, "Terrorism Finance: Guidance for Risk-Based Assessment,"
Memorandum to USAID Administrator, Under Secretaries, and Assistance Coordinators
(Feb. 26, 2008); U.S. Agency for International Development, ADS Chapter 303: *Grants
and Cooperative Agreements to Non-Governmental Organizations* (revised July 1, 2022);
ADS Chapter 308: *Agreements with Public International Organizations* (revised June 15,
2021); 48 C.F.R. Subpart 9.1.

[5]GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G
(Washington, D.C.: September 2014).

[6]GAO, *A Framework for Managing Fraud Risks in Federal Programs,* GAO-15-593SP
(Washington, D.C.: July 2015).

[7]U.S. Agency for International Development, ADS Chapter 201: *Program Cycle
Operational Policy* (revised May 22, 2023); ADS Chapter 303; ADS Chapter 308.

[8]GAO-14-704G.

management.[9] We also compared these controls to USAID guidance and award documentation to ensure USAID implemented them as the guidance requires. We did not test or assess the effectiveness of these controls.

To examine the extent to which USAID has controls for detecting risks to the delivery of assistance in conflict zones, we focused our analysis on processes it used to detect fiduciary, counterterrorism- or sanctions-related, and security risks in our selected countries and for selected awards. We reviewed USAID agency-wide guidance on program monitoring and financial oversight to identify USAID controls for detecting risks, such as communication with partners, site visits, and financial reviews and audits.[10] We reviewed these controls to determine whether they were designed to detect assessed risks and were communicated internally, in accordance with principles 10 and 14 of *Standards for Internal Control in the Federal Government*.[11] We also reviewed mission and award documentation describing the implementation of these controls in the selected countries and compared it to USAID guidance to determine any gaps. We did not test or assess the effectiveness of these controls. In addition, we did not independently investigate the extent to which fraud, corruption, diversion to terrorists or sanctioned entities, or other prohibited conduct actually occurred.

To examine the extent to which USAID has mechanisms for sharing lessons learned in conflict zones, we reviewed agency documentation of lessons learned from conflict zones and interviewed BHA, CPS, and mission officials in Washington, D.C., and in our selected countries about how they identify, incorporate, and share risk-related lessons learned across conflict-affected countries. We also asked them to identify specific risk-related lessons learned from other conflict-affected countries that they had incorporated into their risk-management processes. We compared the methods used by the relevant bureaus and missions for sharing lessons learned to USAID guidance on collaboration, learning, and adapting.[12] We relied on the USAID officials to identify relevant

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[9]GAO-15-593SP.

[10]U.S. Agency for International Development, ADS Chapter 201; ADS Chapter 591: *Financial Audits of USAID Contractors, Recipients, and Host Government Entities* (revised Aug. 6, 2021).

[11]GAO-14-704G.

[12]U.S. Agency for International Development, ADS Chapter 201.

lessons learned related to conflict zones that they had incorporated into their risk management processes. We did not independently identify all relevant risk-related lessons learned across various conflict zones.

We conducted this performance audit from August 2022 to April 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the U.S. Agency for International Development

Latesha Love-Grayer   04/18/2024
Director
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20226

Re: USAID Should Strengthen Risk Management in Conflict Zones (GAO-24-106192)

Dear Director Love-Grayer:

I am pleased to provide the formal response of the U.S. Agency for International
Development (USAID) to the draft report produced by the U.S. Government Accountability
Office (GAO) titled, *USAID Should Strengthen Risk Management in Conflict Zones*
(GAO-24-106192).

USAID welcomes GAO's independent review and is committed to assessing and
mitigating risk in all its programs, including those in conflict zones. USAID concurs with GAO's
recommendations that USAID bureaus and missions conduct comprehensive fraud risk
assessments, that USAID update guidance for third-party monitoring and remote monitoring
tools, and that bureaus and missions systematically share lessons learned related to the
management of risks common across conflict zones. We agree that these efforts will help the
agency ensure that our assistance reaches those for whom it is intended.

The GAO assessment for this report covered USAID assistance in Nigeria, Somalia, and
Ukraine and examined USAID processes and controls to assess, prevent, and detect risks to the
delivery of assistance in conflict zones. USAID respects its role as a steward of the resources
given to it by the American people, and prioritizes risk assessment and mitigation tools that
ensure USAID is able to effectively pursue its strategic humanitarian and development
objectives while also safeguarding U.S. taxpayer funds.

Regarding fraud risk, GAO recommended that USAID Bureaus for Humanitarian
Assistance (BHA) and Conflict Prevention and Stabilization (CPS) and Missions in Ukraine,
Nigeria, and Somalia conduct comprehensive assessments of fraud risk and develop
response-specific fraud risk profiles based on these assessments. In some cases, bureaus and
missions have already begun developing these profiles. USAID's Bureaus for Humanitarian
Assistance (BHA); Conflict Prevention and Stabilization (CPS), Management (M), Planning,
Learning, and Resource Management (PLR), and Ukraine, Nigeria, and Somalia missions commit
to conducting all such assessments and profiles as guided by the USAID Anti-Fraud Plan and the
Framework for Managing Fraud Risks in Federal Programs (GAO-15-593SP).

Regarding guidance, GAO recommended that USAID update guidance related to detecting fiduciary, counterterrorism or sanctions-related and security risks, including a review of available remote monitoring tools to detect these risks. USAID's Bureau for Management; Bureau for Planning, Learning, and Resource Management; and Office of Security will work to update this guidance and assess opportunities to consider incorporating it into Agency policy and design of relevant contracts, as appropriate.

Regarding lessons learned, GAO recommended that the USAID Administrator develop a mechanism for systematically sharing lessons learned among conflict-affected missions related to the management of risks that are common across conflict zones. USAID will coordinate across multiple bureaus to develop a mechanism for systematically sharing these lessons.

I am transmitting this letter and the enclosed comments from USAID for inclusion in the GAO's final report. Thank you for the opportunity to respond to the draft report, and for the courtesies extended by your staff while conducting this engagement. We appreciate the opportunity to participate in the complete and thorough evaluation of our assistance in conflict zones.

Sincerely,

Colleen R. Allen

Colleen R. Allen
Assistant Administrator
Bureau for Management

Enclosure: a/s

COMMENTS BY USAID ON THE DRAFT REPORT PRODUCED BY THE GAO, *USAID Should
Strengthen Risk Management in Conflict Zones* **(GAO-24-106192)**

The U.S. Agency for International Development (USAID) would like to thank the U.S.
Government Accountability Office (GAO) for the opportunity to respond to this draft report.
We appreciate the extensive work of the GAO engagement team, and the specific findings that
will help USAID achieve greater effectiveness in risk assessment and mitigation in conflict zones.
USAID would like to offer additional insights, context, and suggestions related to the nine
recommendations for action on the Agency's behalf:

Recommendation 1: The USAID Administrator should ensure that BHA conducts comprehensive
assessments of fraud risks relevant to its responses in Nigeria, Somalia, and Ukraine and
develops response-specific fraud risk profiles based on those assessments.

USAID Response: USAID concurs with the recommendation. In August 2023, BHA initiated the
process of developing comprehensive response risk profiles for countries identified by BHA as
"high-risk," including an assessment of context-specific fraud risks. BHA plans to complete these
profiles using a phased approach and has begun its assessment of fraud risk in Ukraine. BHA
plans to prioritize risk profiles with fraud risk assessments for Ukraine, Nigeria and Somalia.

Recommendation 2: The USAID Administrator should ensure that CPS conducts comprehensive
assessments of fraud risks relevant to its program in Ukraine and develops program-specific
fraud risk profiles based on those assessments.

USAID Response: USAID concurs with the recommendation. CPS's Office of Transition Initiatives
(OTI) program in Ukraine maintains a comprehensive system to monitor for fraud, waste, and
abuse as part of the program's activity cycle that is tailored to the program's localized approach
and evolving context. CPS will conduct a comprehensive assessment of fraud risk and develop a
risk profile relevant to the program's context and implementation.

Recommendation 3: The USAID Administrator should ensure that the USAID Nigeria mission
conducts comprehensive assessments of fraud risks relevant to its programs and develops
program-specific fraud risk profiles based on those assessments.

USAID Response: USAID concurs with the recommendation. The USAID Nigeria Mission has
already implemented a risk-based approach to activity management which assesses various
categories of risk including security, programmatic and fiduciary risk. We acknowledge that
fiduciary risk involves risk for fraud, waste, and abuse and will enhance the Mission's risk
management program to assess these risks more closely at the activity level. The Mission will
collaborate with the Agency's CFO to identify best practices for conducting comprehensive
assessments of fraud risks and develop program-specific fraud risk profiles as guided by the
USAID Anti-Fraud Plan and the Framework for Managing Fraud Risks in Federal Programs
(GAO-15-593SP), as applicable.

Recommendation 4: The USAID Administrator should ensure that the USAID Somalia mission conducts comprehensive assessments of fraud risks relevant to its programs and develops program- specific fraud risk profiles based on those assessments.

USAID Response: USAID concurs with this recommendation. The USAID Somalia Mission has developed and implemented several processes to mitigate risks during the activity design and implementation phase. The USAID Somalia Mission will conduct comprehensive assessments of fraud risks and develop program-specific fraud risk profiles as guided by the USAID Anti-Fraud Plan and the Framework for Managing Fraud Risks in Federal Programs (GAO-15-593SP), as applicable. The mission will also consider engaging with and learning from other missions that are working in conflict zones.

Recommendation 5: The USAID Administrator should ensure that the USAID Ukraine mission conducts comprehensive assessments of fraud risks relevant to its programs and develops program- specific fraud risk profiles based on those assessments.

USAID Response: USAID concurs with this recommendation. USAID Ukraine mission's Management Council on Risk and Internal Control implements the Agency's Enterprise Risk Management processes as required. The USAID Ukraine Mission will conduct comprehensive assessments of fraud risks and develop program-specific fraud risk profiles as guided by the USAID Anti-Fraud Plan and the Framework for Managing Fraud Risks in Federal Programs (GAO-15-593SP), as applicable.

Recommendation 6: The USAID Administrator should ensure that the USAID Somalia mission develops a risk-based process for conducting financial reviews.

USAID Response: USAID concurs with this recommendation. The USAID Somalia mission has previously relied on audits performed by the mission's implementing partners, which consist of U.S.-based organizations and PIOs. The Controller office however has over several years established processes and tools for conducting risk based financial reviews, and will provide the necessary support to Somalia mission in ensuring all the requested financial reviews are conducted. The mission will also consider engaging with and learning from other missions and donors working in conflict zones on effective financial oversight and monitoring practices for awards managed by PIOs or organizations not subjected to the USAID annual audit requirements.

Recommendation 7: The USAID Administrator should ensure that the Assistant to the Administrator of the Bureau for Planning, Learning, and Resource Management updates its third-party monitoring guidance to incorporate methods for detecting fiduciary, counterterrorism- or sanctions-related, and security risks into third-party monitoring contracts.

USAID Response: USAID concurs with the recommendation. PLR will work with USAID's Bureau for Management and USAID's Office of Security to consolidate and update third-party

monitoring guidance and assess opportunities to consider incorporating into Agency policy and design of relevant contracts, as appropriate.

Recommendation 8: The USAID Administrator should ensure that the Assistant to the Administrator of the Bureau for Policy, Planning, and Learning creates guidance based on a review of available remote monitoring tools for USAID missions to detect fiduciary, counterterrorism- or sanctions-related, and security risks in nonpermissive environments.

USAID Response: USAID concurs with the recommendation and will update guidance based on a review of available remote monitoring tools for USAID missions to detect fiduciary, counterterrorism, or sanctions-related and security risks in nonpermissive environments. USAID will also work with USAID's Bureau for Management and USAID's Office of Security to ensure that such guidance is created and shared throughout the Agency.

Recommendation 9: The USAID Administrator should develop a mechanism for systematically sharing lessons learned among conflict-affected missions related to the management of risks that are common across conflict zones.

USAID Response: USAID concurs with the recommendation. Relevant USAID Bureaus, including CPS, PLR, M, and Regional Bureaus will coordinate to develop a mechanism for systematically share lessons learned among conflict-affected missions related to the management of risks that are common across conflict zones.

Accessible Text for Appendix II: Comments from the U.S. Agency for International Development

04/18/2024

Latesha Love-Grayer
Director
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20226

Re: USAID Should Strengthen Risk Management in Conflict Zones (GAO-24-106192)

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USAID welcomes GAO's independent review and is committed to assessing and mitigating risk in all its programs, including those in conflict zones. USAID concurs with GAO's recommendations that USAID bureaus and missions conduct comprehensive fraud risk assessments, that USAID update guidance for third-party monitoring and remote monitoring tools, and that bureaus and missions systematically share lessons learned related to the management of risks common across conflict zones. We agree that these efforts will help the agency ensure that our assistance reaches those for whom it is intended.

The GAO assessment for this report covered USAID assistance in Nigeria, Somalia, and Ukraine and examined USAID processes and controls to assess, prevent, and detect risks to the delivery of assistance in conflict zones. USAID respects its role as a steward of the resources given to it by the American people, and prioritizes risk assessment and mitigation tools that ensure USAID is able to effectively pursue its strategic humanitarian and development objectives while also safeguarding U.S. taxpayer funds.

Regarding fraud risk, GAO recommended that USAID Bureaus for Humanitarian Assistance (BHA) and Conflict Prevention and Stabilization (CPS) and Missions in Ukraine, Nigeria, and Somalia conduct comprehensive assessments of fraud risk and develop response-specific fraud risk profiles based on these assessments. In some cases, bureaus and missions have already begun developing these profiles. USAID's Bureaus for Humanitarian Assistance (BHA); Conflict Prevention and Stabilization (CPS), Management (M), Planning, Learning, and Resource Management (PLR), and Ukraine, Nigeria, and Somalia missions commit to conducting all such assessments and profiles as guided by the USAID Anti-Fraud Plan and the Framework for Managing Fraud Risks in Federal Programs (GAO-15-593SP).

Regarding guidance, GAO recommended that USAID update guidance related to detecting fiduciary, counterterrorism or sanctions-related and security risks, including a review of available remote monitoring tools to detect these risks. USAID's Bureau for Management; Bureau for Planning, Learning, and Resource Management; and Office of Security will work to update this guidance and assess opportunities to consider incorporating it into Agency policy and design of relevant contracts, as appropriate.

Regarding lessons learned, GAO recommended that the USAID Administrator develop a mechanism for systematically sharing lessons learned among conflict-affected missions related to the management of risks that are common across conflict zones. USAID will coordinate across multiple bureaus to develop a mechanism for systematically sharing these lessons.

I am transmitting this letter and the enclosed comments from USAID for inclusion in the GAO's final report. Thank you for the opportunity to respond to the draft report, and for the courtesies extended by your staff while conducting this engagement. We appreciate the opportunity to participate in the complete and thorough evaluation of our assistance in conflict zones.

Sincerely,

Colleen R. Allen
Assistant Administrator
Bureau for Management

Enclosure: a/s

COMMENTS BY USAID ON THE DRAFT REPORT PRODUCED BY THE GAO, USAID Should Strengthen Risk Management in Conflict Zones (GAO-24-106192)

The U.S. Agency for International Development (USAID) would like to thank the U.S. Government Accountability Office (GAO) for the opportunity to respond to this draft report. We appreciate the extensive work of the GAO engagement team, and the specific findings that will help USAID achieve greater effectiveness in risk assessment and mitigation in conflict zones. USAID would like to offer additional insights, context, and suggestions related to the nine recommendations for action on the Agency's behalf:

Recommendation 1: The USAID Administrator should ensure that BHA conducts comprehensive assessments of fraud risks relevant to its responses in Nigeria, Somalia, and Ukraine and develops response-specific fraud risk profiles based on those assessments.

USAID Response: USAID concurs with the recommendation. In August 2023, BHA initiated the process of developing comprehensive response risk profiles for countries identified by BHA as "high-risk," including an assessment of context-specific fraud risks. BHA plans to complete these profiles using a phased approach and has begun its assessment of fraud risk in Ukraine. BHA plans to prioritize risk profiles with fraud risk assessments for Ukraine, Nigeria and Somalia.

Recommendation 2: The USAID Administrator should ensure that CPS conducts comprehensive assessments of fraud risks relevant to its program in Ukraine and develops program-specific fraud risk profiles based on those assessments.

USAID Response: USAID concurs with the recommendation. CPS's Office of Transition Initiatives (OTI) program in Ukraine maintains a comprehensive system to monitor for fraud, waste, and abuse as part of the program's activity cycle that is tailored to the program's localized approach and evolving context. CPS will conduct a comprehensive assessment of fraud risk and develop a risk profile relevant to the program's context and implementation.

Recommendation 3: The USAID Administrator should ensure that the USAID Nigeria mission conducts comprehensive assessments of fraud risks relevant to its programs and develops program-specific fraud risk profiles based on those assessments.

USAID Response: USAID concurs with the recommendation. The USAID Nigeria Mission has already implemented a risk-based approach to activity management which assesses various categories of risk including security, programmatic and fiduciary risk. We acknowledge that fiduciary risk involves risk for fraud, waste, and abuse and will enhance the Mission's risk management program to assess these risks more closely at the activity level. The Mission will collaborate with the Agency's CFO to identify best practices for conducting comprehensive assessments of fraud

risks and develop program-specific fraud risk profiles as guided by the USAID Anti-Fraud Plan and the Framework for Managing Fraud Risks in Federal Programs (GAO-15-593SP), as applicable.

Recommendation 4: The USAID Administrator should ensure that the USAID Somalia mission conducts comprehensive assessments of fraud risks relevant to its programs and develops program- specific fraud risk profiles based on those assessments.

USAID Response: USAID concurs with this recommendation. The USAID Somalia Mission has developed and implemented several processes to mitigate risks during the activity design and implementation phase. The USAID Somalia Mission will conduct comprehensive assessments of fraud risks and develop program-specific fraud risk profiles as guided by the USAID Anti-Fraud Plan and the Framework for Managing Fraud Risks in Federal Programs (GAO-15-593SP), as applicable. The mission will also consider engaging with and learning from other missions that are working in conflict zones.

Recommendation 5: The USAID Administrator should ensure that the USAID Ukraine mission conducts comprehensive assessments of fraud risks relevant to its programs and develops program- specific fraud risk profiles based on those assessments.

USAID Response: USAID concurs with this recommendation. USAID Ukraine mission's Management Council on Risk and Internal Control implements the Agency's Enterprise Risk Management processes as required. The USAID Ukraine Mission will conduct comprehensive assessments of fraud risks and develop program-specific fraud risk profiles as guided by the USAID Anti-Fraud Plan and the Framework for Managing Fraud Risks in Federal Programs (GAO-15-593SP), as applicable.

Recommendation 6: The USAID Administrator should ensure that the USAID Somalia mission develops a risk-based process for conducting financial reviews.

USAID Response: USAID concurs with this recommendation. The USAID Somalia mission has previously relied on audits performed by the mission's implementing partners, which consist of U.S.-based organizations and PIOs. The Controller office however has over several years established processes and tools for conducting risk based financial reviews, and will provide the necessary support to Somalia mission in ensuring all the requested financial reviews are conducted. The mission will also consider engaging with and learning from other missions and donors working in conflict zones on effective financial oversight and monitoring practices for awards

managed by PIOs or organizations not subjected to the USAID annual audit requirements.

Recommendation 7: The USAID Administrator should ensure that the Assistant to the Administrator of the Bureau for Planning, Learning, and Resource Management updates its third-party monitoring guidance to incorporate methods for detecting fiduciary, counterterrorism- or sanctions-related, and security risks into third-party monitoring contracts.

USAID Response: USAID concurs with the recommendation. PLR will work with USAID's Bureau for Management and USAID's Office of Security to consolidate and update third-party monitoring guidance and assess opportunities to consider incorporating into Agency policy and design of relevant contracts, as appropriate.

Recommendation 8: The USAID Administrator should ensure that the Assistant to the Administrator of the Bureau for Policy, Planning, and Learning creates guidance based on a review of available remote monitoring tools for USAID missions to detect fiduciary, counterterrorism- or sanctions-related, and security risks in nonpermissive environments.

USAID Response: USAID concurs with the recommendation and will update guidance based on a review of available remote monitoring tools for USAID missions to detect fiduciary, counterterrorism, or sanctions-related and security risks in nonpermissive environments. USAID will also work with USAID's Bureau for Management and USAID's Office of Security to ensure that such guidance is created and shared throughout the Agency.

Recommendation 9: The USAID Administrator should develop a mechanism for systematically sharing lessons learned among conflict-affected missions related to the management of risks that are common across conflict zones.

USAID Response: USAID concurs with the recommendation. Relevant USAID Bureaus, including CPS, PLR, M, and Regional Bureaus will coordinate to develop a mechanism for systematically share lessons learned among conflict-affected missions related to the management of risks that are common across conflict zones.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Latesha Love-Grayer, (202) 512-4409 or lovegrayerl@gao.gov

Staff Acknowledgments

Heather Latta (Assistant Director), Michael Maslowski (Analyst in Charge), Rianna Jansen, Angélica Castillo, Seto Bagdoyan, Irina Carnevale, Viola Chow, Jake Detweiler, Bahareh Etemadian, Tonita Gillich, Julie Hirshen, John Karikari, Reid Lowe, Terry Richardson, Emily Weisenberger, Alexander Welsh, and Judith Williams made key contributions to this report.

GAO's Mission

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