

Opportunities Exist for Agencies to Improve Their Management of Fraud, Waste, and Abuse Risks

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What GAO Found

No area of the federal government is immune to fraud, waste, or abuse. GAO estimates that the federal government loses between \$233 billion and \$521 billion annually to fraud, based on 2018-2022 data. Delivering foreign assistance can involve specific challenges that increase fraud, waste and abuse risks, such as the presence of conflict in a country and the urgency of providing life-saving aid. GAO's work in this area has highlighted several instances of actual and potential fraud, waste, and abuse in foreign assistance in countries such as Somalia, Afghanistan, and Mexico. For example, GAO reported on a 2023 United Nations assessment in Somalia that found widespread and systemic diversion of aid, primarily cash assistance. As part of this diversion, beneficiaries reported being required or coerced into paying a significant portion of their aid to those managing the camps where the assistance was distributed, or others.

Fraud, Waste, and Abuse Definitions and Examples

FRAUD	WASTE	ABUSE
Attempting to obtain something of value through willful misrepresentation	Squandering money or resources, even if not explicitly illegal	Behaving improperly or unreasonably or misusing one's position or authority
 	 	 
<p>Inflating or falsifying project grant accomplishments</p> <p>Accepting bribes to influence the awarding of grants or contracts</p>	<p>Buying overpriced office equipment from a favored vendor</p> <p>Directing agency staff to discard computers rather than donating them, such as to local schools</p>	<p>Using an agency computer to download sexually explicit material</p> <p>Writing technical specifications or contract terms to favor a specific contractor</p>

Source: GAO data and icons. | GAO-26-108945

GAO's work has identified useful practices and controls in place to manage fraud risks at some agencies. For example, U.S. Agency for International Development's (USAID) Bureau for Humanitarian Affairs tracked all reported allegations, including fraud, across its awards and identified trends to support its oversight efforts. The Department of State and USAID also maintained processes for reviewing past performance of potential prime partners.

However, GAO also identified systematic weaknesses in agencies' efforts to manage fraud and other risks. For example, State and USAID did not require fraud awareness training, limiting assurance that their staff could identify fraud risks. State and USAID also had weaknesses in their screening and vetting of international organizations and oversight of subawardees, which increased vulnerabilities to risks, such as fraud. Further, the U.S. African Development Foundation (USADF) lacked internal policies and processes to manage fraud and other risks. Treasury officials that supported USADF contracting told GAO that USADF procurement officials also engaged in questionable practices when making foreign assistance awards, such as steering contracts to former USADF contractual employees. USADF's Director of Financial Management was later criminally charged by the Department of Justice.

Why GAO Did This Study

Foreign assistance is used to support U.S. foreign policy by providing resources to countries that policymakers have deemed to be strategically important, countries in conflict, and populations in need. The complex environments in which U.S. foreign assistance is often delivered have inherent risks for fraud, waste, and abuse. These risks must be recognized and better managed to fulfill programs and protect taxpayer dollars.

Fraud prevention is key as attempting to prosecute individuals and entities after they have committed fraud addresses a small fraction of fraudulent activity, requires significant time and resources, and returns only a portion, if anything, of what was lost. Tactics of those who commit fraud are constantly evolving. As such, agencies should strive to continuously improve anti-fraud efforts to more efficiently and effectively prevent, detect, and respond to fraud.

This statement focuses on (1) specific risks and examples of fraud, waste, and abuse associated with foreign assistance and (2) useful practices and weaknesses in fraud risk management in foreign assistance identified through past GAO work. This statement is based on a body of work of selected reports GAO published from July 2015 to January 2026 addressing fraud risk management in foreign assistance.

What GAO Recommends

Since July 2016, GAO has made at least 51 recommendations to support the management of fraud and other risks for agencies delivering foreign assistance. While agencies have implemented 22 of these recommendations, addressing the remaining 29 recommendations would improve risk management and better enable agencies to prevent fraud, waste, and abuse.