

The Truth About Payment and Fiscal Integrity at USAID

Key Facts

- USAID is under [court order](#) to **immediately resume disbursement of appropriated foreign-assistance funds in connection with any foreign assistance award that was in existence as of January 19, 2025.**
- The Government has responded to the court by claiming to have found it necessary to institute a new, undocumented process for paying USAID's implementing partners, in order to ensure "payment integrity." In refusing to pay as mandated by the court, the Government defiantly asserts that **"payments will be released as they are processed through this process."**
- Eight days and counting since the court's order, none of the plaintiffs in the case that prompted the court order has been paid. USAID partners are still owed hundreds of millions of dollars for past work performed.
- While Secretary Rubio directed in a January 24 cable that payments be made for past work and for the ongoing costs of continuing projects, the Secretary's team in charge of USAID has failed to carry out his directive.

The Government's Excuses are Baseless and Contradicted by Official Published Data

- The Government has offered no evidence of fraud or improper payments.
- The veracity of Acting Deputy USAID Administrator and Defendant Pete Marocco's [sworn statement](#) that USAID "employees were unable to adequately identify basic information about specific payments, such as the programs with which specific payments were associated" should be closely examined. In the system that Marocco attacks as necessary to replace, a unique Award Number is associated with every requested payment.
- USAID's [reporting](#) under the Payment Integrity Information Act of 2019, together with numerous IG reports, shows that USAID's record with regard to improper payments is exemplary. Moreover, USAID's demonstrated fiscal responsibility goes far beyond the up-front task of ensuring payment integrity.
- During the last six fiscal years, USAID has managed \$228 billion in Congressionally appropriated funds, of which 94.4% has already been subject to external, post-expenditure audit.
- The total questioned costs amounted to \$641 million, or 0.3% of the audited total. USAID recovered 58% of those questioned costs, leaving only 0.1% of all appropriated funds as unrecoverable questioned costs.
- In so doing, USAID also undertook 568 investigations, helped secure 197 prosecutorial referrals and 50 criminal indictments, and took 387 administrative actions to punish wrongdoers and prevent future losses.
- USAID's record of payment and fiscal integrity is among the best across US Government agencies.

Impact of the Government's Excuses and Intransigence

- The impact of USAID's failure to meet basic contractual obligations is profound: thousands of contractor and non-profit staff members furloughed or terminated; subcontractors, landlords, and vendors around the world abruptly cut off from contracted funds, and billions of dollars in medicines and food aid left undistributed, in some cases unprotected.
- Banks that finance government contractors have lost confidence in U.S. Government receivables and no longer assigning full value to valid invoices on contracts signed by the Department of State and USAID. The full faith and credit of the U.S. Government is in question.
- Many USAID contractors are employee-owned ESOPs. It is not only the salaries of their employee-owners at risk from USAID's failure to pay its bills. Hundreds of millions of dollars in employee retirement savings are in jeopardy.

Remedy Required

- It has been 8 days since the court's directive. The Government needs to stop making excuses, follow the plain language of the court's order, and pay all its outstanding bills immediately.
- Members of Congress and other stakeholders must hold the executive branch to account, demanding compliance with the terms of U.S. Government contracts, the requirements of the Prompt Payment Act, and the direct mandates of the court's order.