

# GAO@100 Highlights

Highlights of [GAO-21-335](#), a report to congressional requesters

## Why GAO Did This Study

In 2007 the U.S. and Mexico partnered under the Mérida Initiative to counter threats from Mexican criminal organizations, including drug cartels. The U.S. has provided Mexican security forces with technical support and equipment to strengthen Mexico's justice system and reduce corruption.

GAO was asked to review fraud risk management and vetting under the Mérida Initiative. This report examines, among other things, (1) the extent to which State and USAID have conducted fraud risk assessments for their programs under Mérida; (2) the extent to which State and USAID have controls to prevent, detect, and respond to fraud for these programs; and (3) the extent to which State has vetted recipients of U.S. assistance under Mérida. GAO reviewed documentation and data from U.S. agencies and interviewed U.S. agency officials at Embassy Mexico City and in Washington, D.C.

## What GAO Recommends

GAO recommends that State establish a time frame to complete a fraud risk assessment, implement an antifraud strategy, require staff to attend fraud awareness training, and assess and respond to the risk that Mexican non-security personnel in sensitive positions with security concerns are participating in programs. GAO also recommends that USAID complete a fraud risk assessment, implement an antifraud strategy, and require staff to attend fraud awareness training. State and USAID concurred with GAO's recommendations.

View [GAO-21-335](#). For more information, contact Chelsea Kenney at 202-512-2964 or [kenneyc@gao.gov](mailto:kenneyc@gao.gov).

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## U.S. ASSISTANCE TO MEXICO

### State and USAID Should Strengthen Risk Management for Programs under the Mérida Initiative

## What GAO Found

The U.S. has spent about \$3 billion in assistance to Mexico under the Mérida Initiative, a partnership created to help reduce violence in Mexico and mitigate effects of the drug trade. Programs under the Mérida Initiative involve a risk that U.S. assistance could be provided to individuals or organizations involved in contract fraud, human rights abuses, drug trafficking, or other crimes. However, the primary agencies behind these programs—the Department of State (State) and the U.S. Agency for International Development (USAID)—have not fully assessed the potential risks of fraud in their Mérida programs. Completing a fraud risk assessment is a key part of GAO's *A Framework for Managing Fraud Risks in Federal Programs* (Fraud Risk Framework), which agencies are required by Office of Management and Budget policy to follow. State has taken some initial steps, such as identifying potential fraud schemes that could pose risks to its Mérida programs, but has not established a time frame for completing its assessment. USAID has not yet started to conduct such an assessment, although officials said they plan to issue guidance that would direct staff to do so. Completing fraud risk assessments for their programs under the Mérida Initiative would better position State and USAID to fully mitigate any vulnerabilities to fraud.

State and USAID have some fraud controls for their Mérida programs, such as employee background checks and fraud hotlines. However, neither agency currently has an effective antifraud strategy—that is, one that reflects key elements of the Fraud Risk Framework and is important for communicating staff roles and responsibilities. State has issued an administrative notice, which outlines some initial steps to assess fraud risk; however, this notice does not meet the requirements of an effective antifraud strategy. USAID officials said they are in the process of developing an antifraud strategy for the entire agency. However, USAID officials were unable to demonstrate how the agency-wide strategy would include all key elements of a strategy tailored to USAID's program under the Mérida Initiative. Further, both agencies do not have mandatory fraud awareness training, without which their Mérida programs could be vulnerable to unnecessary fraud risks.

State vetted all Mexican security personnel and selected non-security personnel holding sensitive positions, such as judges and prosecutors, scheduled to participate in Mérida programs for human rights violations and other disqualifying crimes. However, after May 2017, Embassy Mexico City substantially scaled down vetting of Mexican non-security personnel holding sensitive positions. Embassy officials stated that before scaling down the practice they did not assess and respond to the risk that non-security personnel in sensitive positions with security concerns could then participate in Mérida programs. Without risk assessment and response efforts, State lacks reasonable assurance that non-security personnel in sensitive positions with security concerns are not participating in U.S.-funded Mérida programs.

This is a public version of a report that GAO issued in November 2020. Information that State deemed sensitive has been omitted.