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Inspection of the Bureau of Democracy, Human Rights, and Labor's Foreign Assistance Program Management

DOMESTIC OPERATIONS AND SPECIAL REPORTS

October 2018
OFFICE OF INSPECTIONS
Domestic Operations and Special Reports

Inspection of the Bureau of Democracy, Human Rights, and
Labor's Foreign Assistance Program Management

What OIG Found

- The Bureau of Democracy, Human Rights, and Labor took steps to strengthen internal controls as bureau-managed assistance funds nearly doubled since 2013. However, 11 of 26 direct-hire positions in the Office of Global Programming, which manages the bureau's foreign assistance, were vacant at the time of the inspection.
- The bureau did not update risk assessments and monitoring plans annually for 7 of the 13 grant files reviewed during the inspection. Moreover, the bureau did not systematically conduct and document site visits in accordance with monitoring plans.
- The Bureau of Democracy, Human Rights, and Labor returned \$6.6 million in canceled funds to the U.S. Treasury in FY 2016 and FY 2017, despite having a statutory reclassification authority to extend the period of availability for most foreign assistance appropriations.
- Expenditures on the bureau's foreign assistance grants were not accurately recorded in the Department of State's financial system, creating the potential for violations of the Anti-Deficiency Act.
- Spotlight on Success: Through an innovative program, the Bureau of Democracy, Human Rights, and Labor delivered financial compliance training to its grant recipients.

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What OIG Inspected

OIG inspected the Bureau of Democracy, Human Rights, and Labor's foreign assistance program management.

What OIG Recommended

OIG made 6 recommendations to improve the Bureau of Democracy, Human Rights, and Labor's management of foreign assistance, including recommendations to strengthen grants management and improve the bureau's financial management practices related to foreign assistance.

In its comments on the draft report, the Bureau of Democracy, Human Rights, and Labor concurred with all 6 recommendations. OIG considers all 6 recommendations resolved. The bureau's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.

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CONTEXT

OIG inspected the Bureau of Democracy, Human Rights, and Labor's (DRL) foreign assistance program management, consistent with Section 209 of the Foreign Service Act.¹ This report should be read in conjunction with the related unclassified inspection report of the bureau,² which addresses strategic planning and staffing issues, some of which pertain to the foreign assistance operations discussed in this report.

Background

DRL promotes human rights and democracy through foreign assistance programs managed by its Office of Global Programming. The bureau manages more than 450 multi-year awards to approximately 380 nongovernmental organizations focused on supporting human rights partners, journalists, and individuals. DRL's programs include rapid response mechanisms to facilitate protection of human rights activists and other individuals at imminent risk of arrest, torture, or extrajudicial killing. In addition, DRL has long-term programs intended to improve human rights in recipient countries. The bureau also manages funds appropriated for the National Endowment for Democracy, a nongovernmental organization created in 1983 by the National Endowment for Democracy Act.³ Although this funding is a large part of DRL's total foreign assistance, OIG did not review the National Endowment for Democracy funds during this inspection because they were recently the subject of an OIG audit.⁴

Table 1: DRL-Managed Foreign Assistance Allotments in FY 2017 (\$ thousands)^a

Funding Type	Total Amount
National Endowment for Democracy ^b	\$170,000
Human Rights and Democracy Fund	\$89,845
Economic Support Fund	\$66,140
Economic Support Fund – Overseas Contingency Operations	\$51,317
Assistance for Europe, Eurasia, and Central Asia	\$17,808
Unconditional Gift Fund	\$6,160
International Narcotics Control and Law Enforcement	\$701
Total	\$401,971

Source: Generated by OIG from data provided by DRL.

^a Table includes all foreign assistance funds allotted regardless of the fiscal year in which funds were appropriated.

^b Funding appropriated for the National Endowment for Democracy is allotted to DRL and provided to the Endowment via an annual grant.

¹ See Appendix A.

² OIG, *Inspection of the Bureau of Democracy, Human Rights, and Labor* (ISP-I-19-11, October 2018).

³ Public Law (P.L.) 98-164, 97 Stat. 1039 (1983), codified as 22 U.S. Code (U.S.C.) §§ 4411-4416.

⁴ OIG, *Audit of the National Endowment for Democracy and Its Core Institutes' Use of Grants Funds During FYs 2015 and 2016* (AUD-FM-18-24, January 2018).

As shown in Table 1 above, DRL was responsible for managing \$401.9 million in foreign assistance funds in FY 2017. OIG notes that bureau funding for the Human Rights and Democracy Fund⁵ and Economic Support Fund⁶ nearly doubled between 2013 and 2018. Much of the growth occurred in the Human Rights and Democracy Fund because Congress appropriated funding in excess of the administration's budget requests for the fund in each of the past five fiscal years. Most recently, the Consolidated Appropriations Act, 2018,⁷ appropriated \$150.4 million for the Human Rights and Democracy Fund, three times the amount the administration requested. Appendix E provides an overview of DRL-managed foreign assistance funds and accounts.

Foreign Assistance Management Structure

DRL centralized its management of foreign assistance funding in 2010 in its Office of Global Programming. At the time of the inspection, a director and two deputies led the office, which had 26 direct-hire positions and 31 contractors. In addition, the Bureau of Administration's Office of Acquisitions Management provided five grants officers, four of whom were embedded in DRL, to help administer the bureau's Federal assistance awards. Finally, the Office of the Executive Director is a shared administrative office that supports both DRL and the Bureau of Oceans and International Environmental and Scientific Affairs. The latter bureau formally supervises the Executive Director. The Office of the Executive Director is responsible for financial management tasks associated with DRL's administration of foreign assistance. Appendix D of this report discusses foreign assistance roles and responsibilities.

STRATEGIC OVERSIGHT OF FOREIGN ASSISTANCE

Friction Related to Assistance Programs Sometimes Occurred

DRL's responsibility for integrating democracy, human rights, and labor affairs into U.S. foreign policy⁸ required it to engage in dialogue with regional bureaus and embassies on sensitive human rights issues, a role that sometimes places it in conflict with these organizations when their views on policy issues differ. These frictions, particularly as they related to communications practices, also affected DRL-managed foreign assistance programs. Employees of regional bureaus and embassies said that, in some cases, DRL failed to share sufficient information about sensitive democracy and governance programs taking place in their region or country. In advance of the inspection, OIG surveyed embassies on their interactions with DRL. Of the embassies that responded,⁹ fewer than half of respondents (31 out of 64) agreed or strongly

⁵ 22 U.S.C. § 2151n-2(a) established the Human Rights and Democracy Fund and charged the Assistant Secretary of State for Democracy, Human Rights, and Labor with administering the fund.

⁶ DRL receives Economic Support Fund and Assistance for Europe, Eurasia, and Central Asia funding to administer democracy and governance activities in specific countries or geographic regions.

⁷ P.L. 115-141.

⁸ 1 Foreign Affairs Manual 511.1(2).

⁹ Ninety-three embassies responded to the survey, but "N/A" responses to particular questions were not included in the summary counts.

agreed that their embassy had visibility into DRL's foreign assistance activities taking place in their country. Twelve of 57 respondents disagreed or strongly disagreed that DRL effectively coordinated with the embassy on grant recipient selection. Within DRL, employees outside the Office of Global Programming told OIG that they sometimes lacked information about DRL's assistance programs, which hampered their ability to represent the bureau's equities.

DRL employees in the Office of Global Programming told OIG that protecting sensitive information about grant recipients' activities was a critical concern that limited what information could be routinely shared with embassies. Namely, DRL employees told OIG they needed to restrict sensitive information because some grant recipients had been placed at personal risk after embassies inappropriately shared information about them with host governments or the public. DRL foreign assistance programs operate in 128 countries, including in locations where human rights activists face significant risk of arbitrary arrest, disappearance, or torture. In 2013, for example, the Egyptian government strongly objected to democracy assistance programs and arrested employees of U.S.-funded nongovernmental organizations, 43 of whom were subsequently convicted. Apart from the sensitivity of information related to grant recipients, DRL employees cited other issues that contributed to coordination challenges. For example, because of staffing turnover at embassies, DRL employees said that incoming officers assigned to embassies were often unaware of decisions made by their predecessors. Additionally, DRL employees said that some embassies were reluctant to prioritize human rights issues over other bilateral issues, especially in countries where human rights issues are politically sensitive.

Even acknowledging concerns by DRL regarding the sensitivity of certain information, such considerations must be balanced with requirements to keep chiefs of mission fully and currently informed. As stated in 1 Foreign Affairs Manual (FAM) 013.2h(6), chiefs of mission have a responsibility to direct and supervise the implementation of all foreign assistance programs authorized by the Foreign Assistance Act.¹⁰ In addition, the Foreign Service Act of 1980¹¹ requires that chiefs of mission be kept fully and currently informed with respect to all activities and operations of the U.S. Government within their country of assignment.

During the inspection, DRL took steps to enhance coordination with embassies and regional bureaus. For example, DRL issued a cable to all diplomatic and consular posts that provided an overview of DRL foreign assistance programs and a list of DRL points of contact to facilitate improved coordination.¹² The bureau also formalized standard operating procedures with all regional bureaus to clarify the process for involving regional bureaus and posts in the solicitation and review of DRL grant proposals. In light of these actions, OIG did not make a recommendation.

¹⁰ The Foreign Assistance Act of 1961 (P.L. 87-195), as amended, is the authorizing legislation for most Department foreign assistance, while 22 U.S.C. § 2151n-2(a) establishes the Human Rights and Democracy Fund and charges DRL's Assistant Secretary with administering the fund. Appropriations for the fund rely on the Foreign Assistance Act of 1961's authorization for activities to promote democracy.

¹¹ See 22 U.S.C. § 3927(a)(2).

¹² Cable 18 STATE 46052, "DRL Foreign Assistance: A Management Overview," May 11, 2018.

PROGRAM MANAGEMENT

OIG found that DRL took positive steps to strengthen internal controls as the bureau's foreign assistance portfolio grew. For example, DRL established standard operating procedures for its foreign assistance programs, provided regular training opportunities for staff in the Office of Global Programming, developed a database to track monitoring of grants and cooperative agreements, and established a dedicated team to improve monitoring and evaluation of DRL's foreign assistance programs. The bureau also employed strong risk management practices to protect grant recipients from arrest or persecution and safeguard U.S. Government programmatic investments. Despite these efforts, OIG found that staffing vacancies and an insufficient number of supervisory staff in DRL's Office of Global Programming impeded the bureau's ability to manage its foreign assistance funding.

Staffing Vacancies and Office Structure Hindered Program Management

Growth in DRL's foreign assistance funding created challenges as the bureau sought to appropriately staff and organize itself to manage an increasingly complex program portfolio, which included management of funds on behalf of other international donors and work in new program areas. Even as DRL's foreign assistance funding increased substantially, 11 of the 26 Civil Service positions in DRL's Office of Global Programming were vacant at the time of OIG's inspection. Partly in response to an OIG audit,¹³ which identified concerns about DRL's reliance on third-party contractors for grants administration and oversight functions, DRL funded additional direct-hire positions to serve as grants officer representatives (GOR) on DRL foreign assistance awards.¹⁴ Several of these positions became vacant in 2016 and 2017 as a result of staff departures. However, previous bureau leadership, and later, the Department of State (Department)-wide hiring freeze,¹⁵ prevented DRL from filling the vacant GOR positions. Although the Department ended the hiring freeze in May 2018, DRL told OIG that it may still be unable to fill any of the vacant Civil Service positions because of a Department policy limiting all Civil Service hiring to December 2017 levels.

DRL employees consistently told OIG that the office lacked sufficient staff to manage approximately 450 active awards. To address the staffing vacancies, DRL assigned additional grants administration responsibilities to its 12 remaining GORs. As a result, each GOR managed an average of 31 awards with an average value of \$39.3 million. In at least one case, a DRL GOR was formally responsible for awards in a portfolio for which she had no day-to-day involvement. Employees and external partners interviewed by OIG said that staffing vacancies in DRL resulted

¹³ OIG, *Audit of Department of State Oversight Responsibilities, Selection, and Training of Grants Officer Representatives* (AUD-CG-15-33, June 2015).

¹⁴ DRL in 2014 and 2016 funded 24 of the 26 direct-hire positions in the Office of Global Programming. At the time of the inspection, 23 of the office's direct-hire positions were GORs.

¹⁵ The Office of Management and Budget first announced a Government-wide hiring freeze on January 23, 2017. While most positions were frozen and could not be filled if vacant, the Secretary approved specific exemptions to the hiring freeze to ensure the Department was able to meet critical needs. The Secretary lifted the hiring freeze in May 2018.

in reduced oversight of foreign assistance grants and increased the likelihood of DRL's third-party contractors performing inherently governmental functions, as defined in Federal Acquisition Regulation Subpart 7.503.

In addition, staff in the Office of Global Programming told OIG that the office's leadership structure, which included a director and two deputies as the sole supervisory positions, was insufficient for an organization of 57 employees and contractors. For example, staff reported delays obtaining guidance or approvals from office supervisors on routine matters, which they attributed to the supervisors' demanding workload. Furthermore, OIG determined that the office leadership's workload prevented supervisors from monitoring compliance with established internal controls, contributing to the grants management deficiencies described below. As noted in 1 FAM 014.5d, an overly wide span of control hinders management's ability to make informed supervisory decisions. OIG advised the bureau to consult with counterparts in other Department bureaus that manage foreign assistance as it considers making staffing and organizational changes to address the program management risk posed by the lack of sufficient staff. OIG is not making a recommendation because, as described in the main inspection report,¹⁶ DRL formed a working group on staffing and requested assistance from the Bureau of Human Resources to address staffing and organizational issues across the bureau.

GRANTS MANAGEMENT

OIG reviewed files for 13 DRL grants and cooperative agreements¹⁷ funded in FY 2015 and FY 2016, with a total award value of \$143 million.¹⁸ Based on this review, OIG found that DRL generally documented its pre-award and award activities. However, OIG identified deficiencies related to risk assessments, monitoring plans, and site visits, as described below.

Risk Assessments and Monitoring Plans Not Updated Annually

Although the bureau completed required risk assessments and monitoring plans, the documents were not updated on an annual basis in 7 of the 13 grant files reviewed, as required by Department guidance. Although the bureau's standard operating procedures for grants management included this requirement, the bureau did not develop a process to ensure accountability and compliance. In addition, employees told OIG that a focus on the pre-award and award processes, in order to obligate foreign assistance funds prior to their expiration, reduced the time available for post-award program management and oversight duties. Standards in the Department's Federal Assistance Directive, Chapter 2-K and Chapter 2-O¹⁹

¹⁶ OIG, ISP-I-19-11, October 2018.

¹⁷ See Appendix C for a list of reviewed grants and cooperative agreements.

¹⁸ See Appendix A for further details on OIG's sampling methodology. Because DRL tracks its foreign assistance by active project rather than by grant number, OIG is unable to report on the total number of grants funded in FY 2015 and FY 2016.

¹⁹ The Federal Assistance Directive, dated October 2017, requires that a risk assessment be performed annually for agreements with a period of performance longer than 12 months. The annual risk assessment must be documented and monitoring plans must be modified to reflect any changes to the level of risk for the agreement.

require consistent monitoring of assistance awards, including reviewing annually any changes in the scope, schedule, or costs of a grant and updating the established risk assessment and monitoring plan. Failure to conduct appropriate grants oversight results in a lack of internal controls and exposes the Department to significant financial risk.

Recommendation 1: The Bureau of Democracy, Human Rights, and Labor should implement quality control procedures to regularly update risk assessments and monitoring plans in accordance with the Federal Assistance Directive. (Action: DRL)

Site Visits Not Conducted According to Monitoring Plans

DRL did not systematically conduct and document site visits in accordance with monitoring plans. Travel records for the Office of Global Programming show that GORs did not conduct all of the site visits set out in the monitoring plans for 9 of the 13 grants reviewed; fewer than half of the planned visits were conducted for six of those grants. Furthermore, six of these nine award files lacked any documentation of site visits, making it impossible for OIG to determine whether these visits served as a useful monitoring tool. In the other seven files, some of the documentation was informal or only recorded the trip agenda without providing an evaluation of the recipient's performance. Although the bureau instituted procedures to require completed site visit reports before it approved additional staff travel, supervisors did not systematically monitor site visit documentation. According to the Department's Federal Assistance Directive, Chapter 4-D.5, site visits should include the review and evaluation of recipient records, accomplishments, organizational procedure, and financial control systems, interviews, and technical assistance as necessary. In addition, these activities must be adequately documented in the official grant file. Without conducting and documenting site visits, awards are exposed to an elevated risk of waste, fraud, and mismanagement.

Recommendation 2: The Bureau of Democracy, Human Rights, and Labor should implement quality control procedures to plan, conduct, and document site visits in accordance with grant monitoring plans and the Federal Assistance Directive. (Action: DRL)

Spotlight on Success: Financial Compliance Training Assists Grant Recipients

DRL developed an innovative program to deliver financial compliance training to grant recipients. To promote better understanding of Federal financial processes outlined in 2 Code of Federal Regulations (CFR) 200, DRL sponsors annual training sessions focused on financial compliance that have included more than 30 DRL grant recipients with operations in 15 countries. DRL's training provider also visits individual grant recipients to conduct financial reviews and provide technical assistance to improve grant recipients' financial operations. DRL staff said that this training helped improve grant recipients' compliance with Federal financial standards. OIG has consistently identified financial management deficiencies among grant recipients, such as unsupported or unallowable costs and incomplete financial reporting, in its

previous oversight work,²⁰ making this training valuable to address a key grants management risk area.

Grants Support Responsibilities Not Defined

DRL did not negotiate a service level agreement to establish performance goals, timeframes, and responsibilities for grants support delivered by the Bureau of Administration's Office of Acquisitions Management (AQM). In FY 2016 and FY 2017, DRL paid \$4.1 million in fees²¹ for AQM to issue and manage grants and cooperative agreements in support of DRL's foreign assistance programs. AQM embedded grants officers in DRL office space, a step that DRL employees told OIG improved communication and customer service. However, DRL staff expressed concern that the five grants officers AQM assigned to DRL were insufficient to handle the bureau's workload, contributing to delays processing award actions and limiting the grants officers' ability to travel to conduct site visits. AQM told OIG it was unable to fill its own staff vacancies because of the Department's hiring freeze and that DRL, in any event, had sufficient support.

Although DRL previously drafted a service level agreement for grants support provided by AQM, the agreement was never finalized, in part, due to staff departures. The Government Accountability Office's *Standards for Internal Control in the Federal Government*²² requires Federal managers to communicate assigned responsibilities and expectations of competence that will enable a service organization to perform its internal control responsibilities. Such a service level would moreover clearly define the appropriate level of service, which, in turn, would help clarify the appropriate number of grants officers to perform necessary work. Conversely, without a clear framework for performance goals and mutual responsibilities, DRL was at risk of being unable to properly manage its grants and cooperative agreements.

Recommendation 3: The Bureau of Democracy, Human Rights, and Labor, in coordination with the Bureau of Administration, should finalize a service level agreement clarifying the Bureau of Administration's responsibilities for grants support. (Action: DRL, in coordination with A)

Gains Made on Performance Metrics and Evaluation

DRL made progress in implementing recent provisions in 2 CFR § 200.301 requiring that Federal awards have clear performance goals, indicators, and milestones. This progress positioned the

²⁰ OIG, *Audit of Department of State Grants and Cooperative Agreements Awarded to Kennesaw State University* (AUD-SI-17-43, June 2017); *Audit of Atlas Service Corps, Inc., Grant Expenditures and Program Income* (AUD-CGI-17-32, March 2017); and *Audit of the Bureau of Political-Military Affairs Federal Assistance Awards* (AUD-SI-16-49, September 216).

²¹ As a Working Capital Fund shared services provider, AQM charges a 1.25 percent fee on the total value of all procurement and grants actions it processes.

²² Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014), section 5.05.

bureau well to satisfy forthcoming Department policies²³ on foreign assistance performance evaluation. DRL programs focus on the promotion of human rights, democracy, and accountability for governance and labor—activities for which performance metrics are difficult to develop. To overcome this challenge, DRL’s monitoring and evaluation unit developed 58 custom performance indicators specific to four program teams to track measurable, outcome-based indicators and goals, consistent with 2 CFR § 200.301 requirements. As of the end of this inspection, 42 of the indicators had been used in a total of 83 grants. DRL also budgeted \$2.78 million in FY 2018 to conduct evaluation projects, four of which are performance and impact evaluations for existing DRL programs.²⁴ The remaining projects are sector evaluations²⁵ to inform DRL’s evaluation strategy and development of effective performance metrics. The monitoring and evaluation unit planned to use the evaluation results to develop indicators for use throughout the office, allowing the bureau to more effectively measure program outcomes.

FINANCIAL MANAGEMENT

Uneven Use of Reclassification Authority Resulted in Funds Returned to Treasury

OIG found that DRL returned \$3.5 million and \$3.1 million in canceled²⁶ funds to the U.S. Treasury in FY 2016 and FY 2017, respectively, despite having a statutory reclassification authority to extend the period of availability for most foreign assistance appropriations. At the time of the inspection, OIG estimated that the bureau was on track to return a similar amount at the end of FY 2018. Reclassification, however, can minimize or eliminate the need to return foreign assistance funds to the Treasury. For example, \$2.7 million of the returned funds from FY

²³ The Department issued a Program and Project Design, Monitoring, and Evaluation Policy in November 2017 (2 FAM 1820) that identifies best practices and establishes requirements to improve the design, monitoring, evaluation, and analyses of programs, including foreign assistance. Bureaus and offices with program management responsibilities have until May 31, 2019, to establish monitoring and evaluation plans that identify relevant indicators and opportunities for evaluation.

²⁴ As noted in the *Guidance for the Design, Monitoring and Evaluation Policy at the Department of State* and the Department’s *Program Design and Performance Management Toolkit*, performance evaluations examine a project’s implementation, inputs, outputs, and likely outcomes. Outputs are the results of the activities, and activities are based on the planned program inputs. Outcomes are the intermediate and long-term results of the outputs. Performance evaluations may reveal whether programs were effectively managed or provided planned goods and services in a timely fashion, as well as whether they met targets and were cost effective. Impact evaluations measure the change in an outcome that is attributable to a defined intervention. They are based on models of cause and effect and require a credible and rigorously defined comparison group to control for factors other than the intervention that might account for the observed change.

²⁵ According to the *Guidance for the Design, Monitoring and Evaluation Policy at the Department of State*, sector evaluations examine the performance and outcomes of major projects and programs in a sector or sub-sector to develop general findings, conclusions, and recommendations. Bureaus can conduct sector evaluations at country, regional, or global levels.

²⁶ Appropriations expire if unobligated at the end of their period of availability. Consistent with 31 U.S.C. § 1552, the account is canceled on September 30th of the 5th fiscal year after the period of availability for obligation ends and any unexpended balances are returned to the Treasury general fund.

2016 and FY 2017 was for the Human Rights and Democracy Fund and could have been used for additional programs that advance bureau goals in those areas.

OIG determined that DRL did not fully use its reclassification authority because it lacked a process to systematically identify and reclassify canceling foreign assistance funds, particularly those on unexpired grants and cooperative agreements. Decisions about whether to reclassify funds were delegated to individual DRL staff members, who made ad hoc determinations whether the available balances merited the complex paperwork necessary to reclassify the funds. In addition, DRL staff told OIG they were hesitant to use the reclassification authority for bilateral assistance accounts because funds could be reallocated to other Department bureaus or offices during the reclassification process. DRL's lack of a process with clearly defined standards to address this issue is inconsistent with guidance in 4 FAM 084.2, which states that allotments should be managed to provide for effective and efficient funds management in carrying out the intent of Congress. In the absence of a systematic process to reclassify canceling funds, the bureau is unable to make full use of its foreign assistance resources.

Recommendation 4: The Bureau of Democracy, Human Rights, and Labor should implement a process to identify and reclassify foreign assistance funds before they cancel that includes a review of obligations on unexpired awards. (Action: DRL)

Grants Payments Not Properly Recorded in Department Financial System

OIG found that expenditures on DRL's foreign assistance grants were not accurately recorded in the Department's financial system due to limitations with the system used to pay grant recipients. The Department uses the Payment Management System, a Department of Health and Human Services system, to disburse funds to domestic grant recipients.²⁷ However, this system generally is unable to attribute payments to specific obligations in the Department's financial system when the awards involve multiple appropriations. This is a significant limitation, because DRL's grants and cooperative agreements are often funded with multiple appropriations, each having a distinct purpose and time restrictions.²⁸

For example, DRL awarded a \$4.69 million cooperative agreement to prevent gender-based violence in September 2017.²⁹ The award was funded using Economic Support Fund and Human Rights and Democracy Fund appropriations from multiple fiscal years, including reclassified funds from previous fiscal years. The cooperative agreement benefitted multiple special notification countries,³⁰ including Afghanistan, Cuba, Honduras, Iraq, Pakistan, and Syria.

²⁷ Consistent with 4 FAM 616b, the Department uses the Payment Management System to make payments to grant and cooperative agreement recipients via electronic funds transfers.

²⁸ 31 U.S.C. § 1301(a) specifies that appropriations shall be applied only to the objects for which the appropriations were made, while 31 U.S.C. § 1502(a) states that an appropriation that is limited for obligation to a definite period is available only for payment of expenses incurred during the period of availability or to complete contracts obligated within the period of availability.

²⁹ Award number S-LMAQM-17-CA-1232.

³⁰ Congress typically includes language in Section 7015(f) of the annual appropriations act that requires the Department to notify Congress prior to obligating or expending assistance funds for specific countries.

Moreover, \$1.5 million of the funding was transferred from the Bureau of Western Hemisphere Affairs and notification provided to Congress for activities in support of the U.S. Strategy for Engagement in Central America. At the time of OIG's inspection, the recipient had expended \$596,423 of the funding made available under the cooperative agreement. The recipient's quarterly reporting reflected programmatic activities in Central America, East Asia, Eastern Europe, the Middle East and North Africa, and West Africa. However, because of the Payment Management System's inability to fully integrate with the Department's financial system, all of the expenditures were billed against funds obligated for the work in Central America.

As stated in 4 FAM 217a, bureaus must accurately record all financial transactions, consistent with Department policy and applicable accounting principles. Furthermore, the Anti-Deficiency Act³¹ requires that appropriated funds only be expended on the purpose for which they were appropriated. For example, because the Central America funds discussed above were not intended to be used in other regions, payment irregularities in this instance could potentially constitute a violation of the Anti-Deficiency Act. The limitations of the Payment Management System affect multiple Department offices that administer Federal assistance.³² Without measures to ensure that expenditure data for grants is accurately reflected in the Department's financial system, DRL operates at increased risk of violating the Anti-Deficiency Act.

Recommendation 5: The Bureau of Democracy, Human Rights, and Labor should modify its grants processes to accurately record expenditures in the Department's financial system. (Action: DRL)

Recommendation 6: The Bureau of Democracy, Human Rights, and Labor, in coordination with the Bureau of the Comptroller and Global Financial Services and the Office of the Legal Adviser, should determine whether grants payment irregularities identified for award number S-LMAQM-17-CA-1232 constitute a violation of the Anti-Deficiency Act and, if so, report the violation. (Action: DRL, in coordination with CGFS and L)

Bureau Lacked Guidelines on Use of Cost Amendments

DRL lacked consistent guidelines on the use of cost amendments for its grants and cooperative agreements. A cost amendment is a change to an award made by the grants officer to increase the U.S. Government's share of the cost of the award.³³ DRL employees told OIG that the office did not follow consistent practices when using cost amendments instead of full and open competition for awards. For example, some of DRL's program teams conducted annual competitions to award new grants and cooperative agreements, while other program teams used cost amendments to add funds to existing awards. The Department's Federal Assistance Directive Chapter 2-F.2 permits the use of cost amendments to expand or continue activities for

³¹ See 31 U.S.C. § 1341.

³² OIG identified at least one bureau that has developed a process to ensure that its financial transactions for grants and cooperative agreements are accurately recorded in the Department's financial system, despite the limitations of the Payment Management System.

³³ Procedures applicable to cost amendments are discussed in the Federal Assistance Directive, Chapter F.2.

multi-year activities, but also states that the grants officer should consider re-competing such awards. DRL staff said they sometimes relied on cost amendments to eliminate the need for labor-intensive open competitions. Failure to establish guidelines on the use of cost amendments results in non-standard practices across the organization and potentially limits full and open competition. Moreover, DRL's use of cost amendments contributed to complexities in managing grant funds and the closeout process. OIG advised DRL to update its standard operating procedures for grants to include guidelines on the use of cost amendments for grants and cooperative agreements.

RECOMMENDATIONS

OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to the Bureau of Democracy, Human Rights, and Labor. The bureau's complete response can be found in Appendix B. The Department also provided technical comments that OIG incorporated, as appropriate, into the report.

Recommendation 1: The Bureau of Democracy, Human Rights, and Labor should implement quality control procedures to regularly update risk assessments and monitoring plans in accordance with the Federal Assistance Directive. (Action: DRL)

Management Response: In its October 19, 2018, response, the Bureau of Democracy, Human Rights, and Labor concurred with this recommendation. The bureau noted a target compliance date of December 31, 2018.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of quality control procedures to update risk assessments and monitoring plans in accordance with the Federal Assistance Directive.

Recommendation 2: The Bureau of Democracy, Human Rights, and Labor should implement quality control procedures to plan, conduct, and document site visits in accordance with grant monitoring plans and the Federal Assistance Directive. (Action: DRL)

Management Response: In its October 19, 2018, response, the Bureau of Democracy, Human Rights, and Labor concurred with this recommendation. The bureau noted a target compliance date of December 31, 2018.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of quality control procedures to plan, conduct, and document site visits in accordance with grant monitoring plans and the Federal Assistance Directive.

Recommendation 3: The Bureau of Democracy, Human Rights, and Labor, in coordination with the Bureau of Administration, should finalize a service level agreement clarifying the Bureau of Administration's responsibilities for grants support. (Action: DRL, in coordination with A)

Management Response: In its October 19, 2018, response, the Bureau of Democracy, Human Rights, and Labor concurred with this recommendation. The bureau noted a target compliance date of April 15, 2019.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the service level agreement clarifying the Bureau of Administration's responsibilities for grants support.

Recommendation 4: The Bureau of Democracy, Human Rights, and Labor should implement a process to identify and reclassify foreign assistance funds before they cancel that includes a review of obligations on unexpired awards. (Action: DRL)

Management Response: In its October 19, 2018, response, the Bureau of Democracy, Human Rights, and Labor concurred with this recommendation. The bureau noted a target compliance date of December 31, 2018.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of a process to identify and reclassify foreign assistance funds before they cancel that includes a review of obligations on unexpired awards.

Recommendation 5: The Bureau of Democracy, Human Rights, and Labor should modify its grants processes to accurately record expenditures in the Department's financial system. (Action: DRL)

Management Response: In its October 19, 2018, response, the Bureau of Democracy, Human Rights, and Labor concurred with this recommendation. The bureau noted that it was unable, on its own, to identify feasible modifications to its grants processes to more accurately record expenditures in the Department's financial system, but that it will work with internal and external stakeholders in looking for enterprise-wide solutions. DRL also noted that the bureau works closely with grantees to ensure that expenditures are accurately reflected in the bureau's financial records.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Democracy, Human Rights, and Labor has modified its grants processes to ensure that expenditures are accurately recorded in the Department's financial system.

Recommendation 6: The Bureau of Democracy, Human Rights, and Labor, in coordination with the Bureau of the Comptroller and Global Financial Services and the Office of the Legal Adviser, should determine whether grants payment irregularities identified for award number S-LMAQM-17-CA-1232 constitute a violation of the Anti-Deficiency Act and, if so, report the violation. (Action: DRL, in coordination with CGFS and L)

Management Response: In its October 19, 2018, response, the Bureau of Democracy, Human Rights, and Labor concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation, cleared by the Office of the Legal Adviser, clarifying whether the grants payment irregularities constitute a violation of the Anti-Deficiency Act.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted between March 19 and July 30, 2018, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department and the Broadcasting Board of Governors.

Objectives and Scope

The Office of Inspections provides the Secretary of State, the Chairman of Broadcasting Board of Governors, and Congress with systematic and independent evaluations of the operations of the Department and BBG. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

Methodology

In conducting inspections, OIG uses a risk-based approach to prepare for each inspection; reviews, circulates, and compiles the results of survey instruments, as appropriate; conducts interviews with Department and on-site personnel; observes daily operations; and reviews the substance of the report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG uses professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated to develop findings, conclusions, and actionable recommendations.

For this inspection, OIG reviewed 13 Bureau of Democracy, Human Rights, and Labor grants and cooperative agreements that were awarded or amended to add additional funds in FY 2015 and FY 2016. Projects were selected using a risk-based scoring methodology that incorporated the value of the project, security risk, corruption risk, and whether the associated grant or cooperative agreement was competitively awarded. On the basis of the project risk scoring, OIG selected the top 13 awards by value. The 13 grants and cooperative agreement totaled \$143,400,870. Appendix C lists the grants and cooperative agreements included in OIG's review.

APPENDIX B: MANAGEMENT RESPONSE



United States Department of State

*Bureau of Democracy, Human Rights,
and Labor*

Washington, D.C. 20520-7827

October 19, 2018

UNCLASSIFIED
MEMORANDUM

TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: DRL – Michael G. Kozak, Senior Bureau Official

SUBJECT: Response to Draft OIG Report – Inspection of the Bureau of Democracy, Human Rights, and Labor’s Foreign Assistance Program Management

The Bureau of Democracy, Human Rights, and Labor (DRL) has reviewed the draft OIG Inspection report, and appreciates the recommendations offered and the opportunity to respond. We provide the following comments in response to the recommendations provided by OIG:

OIG Recommendation 1: The Bureau of Democracy, Human Rights, and Labor should implement quality control procedures to regularly update risk assessments and monitoring plans in accordance with the Federal Assistance Directive. (Action: DRL)

Management Response: DRL accepts this recommendation. DRL’s Office of Global Programming (DRL/GP) will reinforce implementation of our Standard Operating Procedures (SOPs) which require annual updates to risk assessments and accordingly updates to monitoring plans, in alignment with the Federal Assistance Directive. DRL/GP supervisors will do so during our regular quarterly status checks of quarterly grant reviews with each program team to ensure that risk assessments and monitoring plans are up to date. We will ensure that by the beginning of the fourth quarter of each fiscal year that these annual updates are complete for all active awards. DRL/GP supervisors will specifically review with each program team in May and June of each year, in advance of the fourth quarter, to check each award file to ensure that the risk assessments are updated per the annual requirement, and corresponding monitoring plans as needed. DRL will incorporate these documents into the DRL Performance Analysis Tool Database, where supervisors can review and check to ensure completion. We will update our SOPs to include this timeline regarding supervisor reviews of these documents. We will provide our updated SOPs to the OIG by December 31, 2018, after a review with the Bureau of Administration’s Office of the Procurement Executive (A/OPE).

As noted in the OIG report, DRL/GP's three-supervisor management structure does not provide sufficient oversight for all the office's direct hire full-time employees (FTE) and contract staff. When DRL/GP is rightsized with FTEs, additional supervisory positions will be created to allow for an office reorganization in order to have an efficient and effective chain of supervision and adequate oversight, which would help to ensure enforcement of the OIG's recommendations. In the meantime, DRL/GP intends to reclassify a number of current positions into supervisory Team Leads to confer them the authority to perform such oversight duties.

OIG Recommendation 2: The Bureau of Democracy, Human Rights, and Labor should implement quality control procedures to plan, conduct, and document site visits in accordance with grant monitoring plans and the Federal Assistance Directive. (Action: DRL)

Management Response: DRL accepts this recommendation. DRL/GP will reinforce implementation of our existing SOPs which detail how to plan, conduct, and document site visits in accordance with monitoring plans and the Federal Assistance Directive (FAD). We will review with staff during our annual staff trainings on the proper procedures for planning, conducting, and documenting site visits. In our SOPs and our trainings, we will highlight that site visits built into grant monitoring plans should be designed to be realistic and feasible, and based on the risk assessment for the program and in accordance with the FAD. Monitoring plans, and thus frequency of site visits, will be adjusted in accordance with any changes to the annual updates to risk assessments. Supervisors will enforce documentation of site visits, utilizing Department and DRL approved site visit formats, through enforcing that trip reports from prior trips are submitted and filed prior to approving future monitoring trips. Supervisors will enforce this by requesting the prior trip report be attached to travel intent forms and/or at a minimum the file links to the trip report be included in travel intent forms, and supervisors will review those prior trip reports before approving travel. Site visit follow ups, with the GORs and/or the GO, the grantee, and other relevant stakeholders, will be conducted within 30 days of the visit.

We will update our SOPs, staff training materials, and travel intent forms (signed by supervisors) to incorporate these additional procedural details. We will provide our updated SOPs and associated documents to the OIG by December 31, 2018, after a review with A/OPE.

OIG Recommendation 3: The Bureau of Democracy, Human Rights, and Labor, in coordination with the Bureau of Administration, should finalize a service level agreement clarifying the Bureau of Administration's responsibilities for grants support. (Action: DRL, in coordination with A)

Management Response: DRL accepts this recommendation and agrees with the OIG's assessment of the need to finalize a service level agreement with A bureau to clarify the Office of Acquisitions Management's (A/LM/AQM) responsibilities, services, and timelines for grant's actions in support of DRL. DRL/GP will revisit its earlier draft version of a service level agreement with AQM, and will update the draft and aim to finalize an agreement with A bureau within the next six months. DRL/GP aims to submit a finalized agreement to the OIG no later than April 15, 2019. This responsibility will be assigned to one of DRL/GP's deputy directors.

OIG Recommendation 4: The Bureau of Democracy, Human Rights, and Labor should implement a process to identify and reclassify foreign assistance funds before they cancel that includes a review of obligations on unexpired awards. (Action: DRL)

Management Response: DRL accepts this recommendation. DRL/GP will reinforce in its SOPs and regular staff trainings the process for identifying and reclassifying foreign assistance funds before they cancel (also known as the de-obligation and re-obligation process, or “de-ob/re-ob” in short). We will review and submit requests for reclassifying canceling foreign assistance funds no later than March of each year. We will update our SOPs to clearly indicate this timeline for when we must submit de-ob/re-ob requests; as noted earlier, we will provide our updated SOPs and associated documents to the OIG by December 31, 2018, after review with A/OPE.

DRL/GP will incorporate a training for staff on close outs to ensure that all teams have an understanding of how and when to perform close outs. Management will also have teams perform “close out” days once a quarter.

In addition, to facilitate this process of reclassifying foreign assistance funds before they cancel, DRL/GP is funding 50% of a third-party contractor position in DRL’s shared Executive Office with the Bureau of Oceans and International Environmental and Scientific Affairs (OES-DRL/EX). The two offices are working to ensure that the incumbent has frequent face-to-face contact with the DRL/GP staff to ensure the de-ob/re-ob process is initiated and completed in a timely manner.

Over the course of FY18, DRL/GP—working closely with OES-DRL/EX on its process for identifying and reclassifying 13/18 foreign assistance funds before they canceled, and before FY18 closed—was able to successfully de-obligate and re-obligate approximately \$1 million of canceling foreign assistance funds. DRL/GP identified canceling foreign assistance funds months in advance of the end of the fiscal year. The respective DRL/GP teams drafted and cleared the de-ob/re-ob memos and then submitted them to OES-DRL/EX for final processing. In FY18, DRL/GP submitted four de-ob/re-ob memos representing a cumulative total of \$1.088 million in canceling foreign assistance funds to OES-DRL/EX in July 2018; OES-DRL/EX submitted and processed the de-ob/re-ob requests in September 2018, leading to the successful reclassification of approximately \$980,000 of canceling funds.

OIG Recommendation 5: The Bureau of Democracy, Human Rights, and Labor should modify its grants processes to accurately record expenditures in the Department’s financial system. (Action: DRL)

Management Response: DRL accepts this recommendation, but notes that the deficiencies identified by the OIG are out of DRL’s own control to technically modify the grants process to more accurately record expenditures in the Department’s financial system. DRL fully recognizes the need to accurately record expenditures in the Department’s financial systems and will work with internal and external stakeholders in looking for enterprise-wide solutions.

DRL has taken several steps in an attempt to address this issue. DRL/GP consulted the Bureau of the Comptroller and Global Financial Services’ Office of Federal Assistance Financial

Management (CGFS/FAFM), which is the Department's liaison with the Department of Health and Human Services (HHS), the owner of the Payment Management System (PMS). CGFS/FAFM has raised this issue of how PMS tracks draw-downs and funding allocations with HHS before. While HHS has recognized the issue, HHS has not committed to making any changes to PMS at this time. DRL/GP also consulted with the SAMS Domestic Team to discuss the possibility of treating each obligation within an award as a separate award. This is still being tested and DRL/GP will follow up with the SAMS Domestic team on the progress. Even if this were a viable approach going forward, it would not address awards that have already been issued.

DRL sometimes funds programs from multiple obligations (also referred to as fiscal lines), for which each fiscal line is identified with different fiscal data. While each fiscal line is delineated in the award agreement itself, grantees are unable to draw down against specific fiscal lines when they request draw-downs in PMS, which is managed by HHS. As noted by the OIG, this is the payment system used by the entire Department of State to pay almost all recipients of the Department's foreign assistance and the majority of DRL's recipients. As of now, the grantees draw down funds on the subaccount award level, which does not take into account individual obligations within each award. The system then selects in order, based on the alphanumerical sequence of the obligation number, which obligation the drawdowns are recorded against.

DRL/GP works closely with the grantee to ensure that expenditures are accurately recorded in DRL's financial records. For example, on the Federal Cash Transaction Report (FCTR) that grantees manually complete each quarter, grantees that have awards funded with multiple fiscal lines are able to manually record on each quarter's FCTR how much was specifically drawn down against each fiscal line. DRL/GP and AQM review each quarterly report; however, the FCTR does not feed into how expenditures are tracked in PMS. Thus, while a grant is active, DRL/GP does not have a technical way to ensure accurate recording in the Department's financial system when there are multiple fiscal lines in a single award. However, during an award's closeout, DRL/GP is able to ensure that the Department's financial system does accurately record the expenditures once the award is complete. If there are any remaining funds once the award has ended, DRL/GP works with the grantee to ensure that the drawdowns properly reflect the reported disbursement for each obligation. If it does not, we can then request from HHS, via CGFS/FAFM, that manual adjustments be made to specific fiscal lines as necessary (i.e. change either the obligated and/or drawdown amounts).

OIG Recommendation 6: The Bureau of Democracy, Human Rights, and Labor, in coordination with the Bureau of the Comptroller and Global Financial Services and the Office of the Legal Adviser, should determine whether grants payment irregularities identified for award number S-LMAQM-17-CA-1232 constitute a violation of the Anti-Deficiency Act and, if so, report the violation. (Action: DRL, in coordination with CGFS and L)

Management Response: DRL accepts this recommendation. In the case of the cooperative agreement, S-LMAQM-17-CA-1232, DRL/GP will continue to work with OES-DRL/EX and CGFS/FAFM to investigate the possibility of manually adjusting the official record to ensure all financial accounting is correct. Additionally, DRL/GP consulted with CGFS/FAFM and L regarding this issue, and based on those consultations, DRL assesses that there are appropriate controls and monitoring in place to mitigate against possible Anti-Deficiency Act violations.

DRL also points out that the following text may benefit from further elaboration.

Page 6, last paragraph, first three sentences:

“DRL developed an innovative program to deliver financial compliance training to grant recipients. To promote better understanding of Federal financial processes, DRL funded a training session focused on financial compliance that included more than 30 DRL grant recipients with operations in 15 countries. Subsequently, DRL's training provider visited a grant recipient to conduct financial training and planned to conduct a second visit later in 2018.”

DRL recommends replacing the above three sentences with the below language, which provides additional clarifying information:

DRL developed an innovative program to deliver financial management training to grantees' finance staff focusing on USG grant regulations stated in 2 CFR 200. The training was first delivered in 2015 and has continued annually since then; grantees regularly express appreciation for the training opportunity and DRL/GP has seen significant improvement in grantees' compliance with the regulations due to strengthened internal controls, improved processes and procedures and, ultimately, stronger institutions. Both prime recipients and sub grantees have attended the annual trainings, including a Spanish-language training to ensure the needs of smaller and foreign-based organizations are also met. DRL's training provider also conducts financial reviews and provides technical assistance to individual grantee organizations to more formally review their internal controls and offers best practices for improvement.

The point of contact for this memorandum is Anne Tsai Bennett, Deputy Director, DRL/GP.

APPENDIX C: OIG SAMPLE OF GRANTS AND COOPERATIVE AGREEMENTS

Award Number	Total Value
S-LMAQM-11-CA-0605	\$26,171,440
S-LMAQM-13-GR-1011	\$20,508,137
S-LMAQM-16-CA-1067	\$18,896,131
S-LMAQM-13-CA-1043	\$12,887,683
S-LMAQM-11-GR-0574	\$11,011,812
S-LMAQM-16-CA-1033	\$10,610,580
S-LMAQM-14-CA-1119	\$9,879,278
S-LMAQM-15-CA-1026	\$8,961,877
S-LMAQM-13-CA-1168	\$7,129,294
S-LMAQM-15-GR-1220	\$4,941,090
S-LMAQM-13-GR-1173	\$4,600,000
S-LMAQM-15-GR-1129	\$4,000,000
S-LMAQM-11-GR-0575	\$3,803,548
Total	\$143,400,870

Source: OIG

APPENDIX D: FOREIGN ASSISTANCE ROLES AND RESPONSIBILITIES

Table D1: Key Foreign Assistance Offices

Bureau/Office	Description
Office of Acquisitions Management within the Bureau of Administration, Office of Logistics Management	Provides a full range of professional procurement and grants services such as acquisition planning and contract administration. The contracting officers and grants officer(s) who support the Bureau of Democracy, Human Rights, and Labor (DRL) work in this office.
DRL's Office of Global Programming	Designs, evaluates, implements, and monitors DRL's democracy promotion and human rights programs. The office is charged with administering the Human Rights and Democracy Fund, as well as other programs and earmarks managed by DRL.
Office of U.S. Foreign Assistance Resources	Coordinates foreign assistance resources for the Department of State and the U.S. Agency for International Development. DRL coordinates with this office to develop its foreign assistance program budgets.
Office of the Procurement Executive within the Bureau of Administration	Establishes acquisition and federal assistance policy for the Department, provides overall policy and Department management procedures for the acquisition and federal assistance systems, and is responsible for appointing contracting officers and grants officers as well as contracting officer's representatives and grants officer representatives.

Source: OIG

Table D2: Key Foreign Assistance Positions

Position	Description
Grants Officer	The grants officer is authorized, through a certificate of appointment issued by the Office of the Procurement Executive, to award, amend, and terminate a Federal assistance agreement. The grants officer is responsible for exercising prudent management over assistance funds. The grants officers supporting DRL work for the Office of Acquisitions Management. However, most are co-located with DRL staff.
Grants Officer Representative (GOR)	Upon award, Department policy states that the grants officer shall designate a GOR for all grant awards exceeding \$100,000. The GOR is certified by the Office of the Procurement Executive and designated, in writing, by the grants officer to oversee certain aspects of a specific assistance agreement from the award's inception through close-out. The GOR assists the grants officer with ensuring that the Department exercises prudent management and oversight of the award through the monitoring and evaluation of the recipient's performance. GORs for DRL's foreign assistance awards work in DRL's Office of Global Programming.

Source: OIG

APPENDIX E: DRL-MANAGED FOREIGN ASSISTANCE ACCOUNTS

Funding Account	Description
Assistance for Europe, Eurasia, and Central Asia	Supports programs to foster the democratic and economic transitions of the countries of southeastern Europe and the independent states that emerged from the dissolution of the Soviet Union, as well as related efforts to address social sector reform and combat transnational threats in these countries.
Economic Support Fund	Advances U.S. political and strategic goals in countries of special importance to U.S. foreign policy using economic assistance.
Human Rights and Democracy Fund	Supports defenders of human rights, assists the victims of human rights violations, responds to human rights emergencies, and promotes and encourages the growth of democracy, including through support for nongovernmental organizations in foreign countries.
International Narcotics Control and Law Enforcement Program	Provides assistance to foreign countries and international organizations to develop and implement policies and programs that strengthen institutional law enforcement and judicial capabilities, counter drug flows, combat transnational crime, establish and maintain the rule of law and for other counternarcotic and anticrime purposes.
National Endowment for Democracy	Funds activities described in the National Endowment for Democracy Act (P.L. 98-164, title V, §502). Consistent with the Act, DRL provides an annual grant to the Endowment which enables it to carry out its statutory mission.
Unconditional Gift Fund	Enables the Department to accept and use funds in furtherance of the Foreign Assistance Act. DRL uses contributions from foreign governments and private foundations for several of its programs.

Source: OIG

ABBREVIATIONS

AQM	Office of Acquisitions Management
CFR	Code of Federal Regulations
DRL	Bureau of Democracy, Human Rights, and Labor
FAM	Foreign Affairs Manual
GOR	Grants Officer Representative

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