



OIG

Office of Inspector General

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Office of Inspections

October 2017

Inspection of the Bureau of African Affairs' Foreign Assistance Program Management

BUREAU OF AFRICAN AFFAIRS



OIG HIGHLIGHTS

ISP-I-18-02

What OIG Inspected

OIG inspected the Bureau of African Affairs from April 12 to May 12, 2017.

What OIG Recommended

OIG made 10 recommendations to improve the Bureau of African Affairs' management of foreign assistance programs, including recommendations to consolidate duplicative administrative functions, standardize foreign assistance business processes, and improve risk management.

In its comments on the draft report, the Bureau of African Affairs concurred with all 10 recommendations. OIG considers the 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 responses are reprinted in their entirety in Appendix B.

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October 2017

OFFICE OF INSPECTIONS

Bureau of African Affairs

Inspection of the Bureau of African Affairs' Foreign Assistance Program Management

What OIG Found

- The Bureau of African Affairs led or participated in at least 25 distinct political, security, and economic initiatives on the continent, which created a complex planning and program management environment.
- The bureau had not conducted a strategic review of its foreign assistance programs to reduce administrative fragmentation and duplication among offices and ensure that programs were clearly aligned with current policy priorities.
- The bureau returned \$4.96 million in canceled foreign assistance funds to the U.S. Department of the Treasury in FY 2016 despite having statutory authority to extend the period of availability for most foreign assistance appropriations.
- The bureau had not established policy and procedures for identifying, assessing, and mitigating terrorist financing risks for its programs in countries where terrorist organizations, such as Al-Shabaab and Boko Haram, operate.
- The bureau continued payments to Somali National Army units during two periods of several months each—one in 2014 and another spanning 2016 and 2017—despite a lapse in Leahy human rights vetting approvals.
- Ten of 12 award files reviewed in this inspection did not include all required grants officer representative evaluation reports.

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CONTEXT

Background

OIG evaluated the Bureau of African Affairs' (AF) 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 of the bureau.²

AF coordinated policy decisions for more than \$8 billion in FY 2016 foreign assistance funding for the Department of State (Department) and other agencies.³ It directly managed more than \$369 million of foreign assistance funds in FY 2016, as shown in Table 1, and awarded 84 foreign assistance contracts, grants, cooperative agreements, and interagency reimbursable agreements. The bureau's foreign assistance funding priorities reflected its four strategic goals: strengthening democratic institutions; spurring sustained economic growth; advancing peace and security; and promoting opportunity and economic development.

Table 1: AF-Managed Foreign Assistance Allotments in FY 2016^a

Funding Type	Total Amount
Conflict Stabilization Operations	\$30,000
Democracy Fund	\$9,478
Economic Support Fund	\$22,393,200
Global Health and Child Survival	\$45,793,483
Global HIV/AIDS Initiative	\$892,923
Nonproliferation, Anti-Terrorism, Demining and Related Programs	\$1,421,000
Peacekeeping Operations	\$298,680,157
Total	\$369,220,241

Source: Generated by OIG from data provided by AF.

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

Foreign Assistance Management Structure

AF's management of foreign assistance was decentralized. Four offices, each reporting to a different deputy assistant secretary or equivalent, played roles in managing foreign assistance programs, as shown in Figure 1:

- The Office of Economic and Regional Affairs is responsible for the bureau's strategic planning and budgeting functions and manages its non-security assistance programs.

¹ See Appendix A.

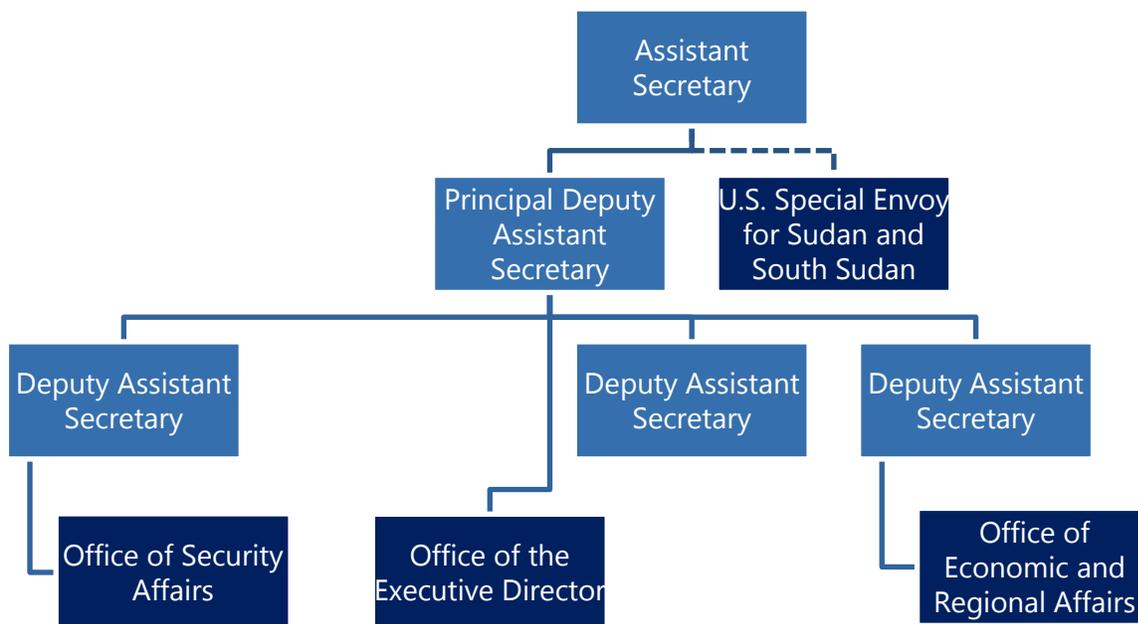
² OIG, *Inspection of the Bureau of African Affairs* (ISP-I-18-01, October 2017).

³ The Foreign Assistance Act of 1961 vests primary responsibility in the Secretary of State for directing and leading all U.S. Government foreign assistance. See 22 U.S.C. § 2382(c). As described in 1 Foreign Affairs Manual (FAM) 112, assistant secretaries for regional bureaus are responsible for the general conduct of foreign relations with the countries in their bureaus and assist the Secretary in providing direction, coordination, and supervision of interdepartmental activities of the U.S. Government in their respective regions.

- The Office of Security Affairs (AF/SA) is responsible for AF’s security policy coordination and manages security assistance programs.
- The Office of the U.S. Special Envoy for Sudan and South Sudan manages both security and non-security assistance activities in its countries of responsibility.
- The Office of the Executive Director executes financial management responsibilities for bureau-managed foreign assistance.

Appendix D of this report provides a list of AF’s foreign assistance programs. Appendix E discusses foreign assistance roles and responsibilities. Appendix F provides an overview of AF-managed foreign assistance funds and accounts.

Figure 1: AF Offices Responsible for Management of Foreign Assistance Resources



Source: Generated by OIG from data provided by AF.

STRATEGIC OVERSIGHT OF FOREIGN ASSISTANCE

Bureau Lacked Strategic Review of Foreign Assistance Programs

The bureau had not conducted a foreign assistance program strategic review to reduce administrative fragmentation and duplication among offices and ensure that programs were clearly aligned with current policy priorities. Bureau employees consistently told OIG they were unclear about how the bureau’s strategic planning priorities related to country-specific and regional foreign assistance priorities.

AF led or participated in at least 25 distinct political, security, and economic initiatives on the continent, which created a complex planning and program management environment. AF initiated at least 8 security-related programs since 1994, as shown in Figure 2, and more than 83 percent of bureau-managed foreign assistance funding involved security assistance. In May 2017, the Department identified two programs for termination—the Security Governance Initiative and the African Peacekeeping Rapid Response Partnership—citing as a reason a desire to focus resources on other programs.⁴

Figure 2: Timeline of Major Security Assistance Programs in Africa

1996	Africa Crisis Response Initiative
2004	African Contingency Operations Training and Assistance
2005	Trans-Sahara Counterterrorism Partnership
2009	Africa Conflict and Stabilization Border Security Program
	Partnership for Regional East Africa Counterterrorism
2010	Africa Maritime Security Initiative
2013	African Military Education Program
2014	Security Governance Initiative

Source: Generated by OIG.

AF senior leadership told OIG that its foreign assistance programs provided a flexible tool to respond rapidly to policy needs. They also said that AF directly managed its programs, rather than assigning them to functional bureaus,⁵ to ensure that policy and funding priorities important to the bureau received sufficient attention.

Although AF prepared standard strategic planning documents required by the Bureau of Budget and Planning and the Office of U.S. Foreign Assistance, OIG did not find evidence that it had instituted regular program reviews across the bureau as part of strategic planning processes to assess whether programs met current policy needs. As described in 18 Foreign Affairs Manual (FAM) 101.4-3(b), however, senior bureau leaders must initiate regular reviews to assess programs against bureau-level objectives and ensure alignment of policy, planning, resources, and program decision-making. Further, Department guidance requires that strategic reviews be conducted at least annually.⁶ Although bureau leadership said that policy priorities originating in

⁴ FY 2018 Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs.

⁵ 1 FAM 100 describes responsibilities of geographic bureaus, while 1 FAM 400 and 1 FAM 500 describe responsibilities for political, economic, social, and scientific functional bureaus. Geographic bureaus and functional bureaus both implement foreign assistance programs.

⁶ Cable 2016 State 122756, "Implementation of Strategic Progress Reviews, New Managing for Results Website, and Program Design and Performance Management Toolkit," November 15, 2016.

other bureaus and initiatives developed outside the Department complicated their strategic planning efforts, complex external priorities provide a further reason to ensure such reviews occur. Without a strategic review of its foreign assistance programs, AF risks wasting funds on programs with outdated goals and failing to achieve coherent results that link programs to policy across the bureau.

Recommendation 1: The Bureau of African Affairs should undertake a review of its foreign assistance programs to align policy, planning, resources, and program decision-making. (Action: AF)

Bureau Lacked Consistent Executive-Level Foreign Assistance Oversight and Coordination

The bureau's decentralized foreign assistance program management structure inhibited effective executive-level program oversight necessary to ensure programs met AF policy goals and complied with applicable Federal regulations and Department guidance. For example, AF did not have a senior-level forum to standardize program management and policies across offices. Instead, four deputy assistant secretaries or equivalents oversaw four different offices responsible for foreign assistance program management with little coordination among offices. As described in 1 FAM 014.1a(2), and 1 FAM 014.1b(1) and (3), Department operations should be organized to support efficient operations, meet Department priorities, and improve internal management. Without coordinated senior-level leadership focused on foreign assistance program management, programs lacked consistent direction and oversight, inhibiting AF's ability to ensure effective management across offices. OIG notes that the bureau's vacant Senior Executive Service deputy assistant secretary position could provide such oversight.

Recommendation 2: The Bureau of African Affairs should strengthen oversight of foreign assistance program offices by realigning responsibilities to provide coordinated senior-level leadership over foreign assistance program management. (Action: AF)

PROGRAM MANAGEMENT

AF lacked the business processes, organizational structure, and knowledge management systems necessary to effectively manage its foreign assistance programs. Previous OIG audits⁷ and internal Department reviews identified some of these challenges and concluded that they contributed to duplication and fragmentation of administrative functions and unclear alignment between programs and strategic policy priorities. For example, a 2015 organizational assessment completed by an external consultant cited staffing shortfalls and organizational inefficiencies as impediments to effective program management. An internal review by the Bureau of

⁷ OIG, *Audit of the Administration and Oversight of Contracts and Grants Within the Bureau of African Affairs* (OIG-AUD-CG-14-31, August 2014); *Audit of Department of State Selection and Positioning of Contracting Officer's Representatives* (AUD-CG-14-07, January 2014).

Administration stated that high staff turnover, a lack of standard operating procedures, and insufficient funding and resources for program monitoring contributed to deficiencies in managing Federal financial assistance.⁸ In response to OIG audits and internal assessments, the bureau established five Civil Service positions,⁹ contracted monitoring and evaluation support for select foreign assistance programs, and developed two standard operating procedures. However, the bureau deployed planning, monitoring and evaluation, and procurement resources unevenly and ineffectively, as described below.

OIG discussed with the bureau possible options to reduce administrative duplication and fragmentation. These included transferring implementation of foreign assistance program management functions to the Bureau of Political-Military Affairs or other functional bureaus, which have established institutional capacity for program management; consolidating foreign assistance program management functions in a single AF office; or reorganizing internally to increase administrative efficiencies. Because of an ongoing Department-wide review to increase the efficiency, effectiveness, and accountability of operations across the agency,¹⁰ however, OIG limited recommendations in this report to internal steps the bureau could take to improve program management within the current institutional framework.

Lack of Documented Processes Hindered Program Management and Internal Controls

AF generally had not documented core foreign assistance business processes related to project planning, funds management, human resources, contract and grants management, monitoring and evaluation, and risk management. The bureau lacked program management documentation—such as handbooks, manuals, and standard operating procedures—for all but one of its major programs. It also lacked documented procedures for administrative functions, such as funds management and invoice reviews, although such processes are essential to internal controls. Partly in response to the two OIG audits,¹¹ AF developed standard operating procedures for contracting officer's representative duties and for grants management. However, AF employees told OIG they were unaware of these two standard operating procedures or did not find them useful. AF's grants management standard operating procedures, for example, referred to out-of-date guidance. The bureau's decentralized foreign assistance structure contributed to a lack of documentation. These deficiencies are inconsistent with the Government

⁸ Department-provided Federal financial assistance includes grants, cooperative agreements, awards to individuals, property grants, and grants or other funding agreements with foreign public entities as well as assessed and voluntary contributions to public international organizations. The Foreign Assistance Act of 1961 allows the use of Federal financial assistance mechanisms, including grants, to deliver foreign assistance authorized under the Act. See 22 U.S.C. § 2395(b).

⁹ Although AF established five new positions with foreign assistance-related responsibilities, it was able to fill only one, in part because of the Department's hiring freeze. This is discussed in more detail in the section on staffing shortfalls.

¹⁰ This review is in response to Executive Order 13781, Comprehensive Plan for Reorganizing the Executive Branch March 13, 2017, which required agencies to submit proposed reorganization plans.

¹¹ OIG, AUD-CG-14-31, August 2014, and AUD-CG-14-07, January 2014.

Accountability Office's *Standards for Internal Control in the Federal Government*,¹² which state that as part of internal control systems design, management should define objectives in specific and measurable terms to enable identification, analysis, and response to risks related to achieving those objectives. Without documented business processes, bureau programs do not meet these standards and, accordingly, are at an elevated risk of waste, fraud, and mismanagement.

Recommendation 3: The Bureau of African Affairs should document its foreign assistance business processes, including administrative responsibilities and internal control procedures for project planning, funds management, human resources, contract and grants management, and risk management. (Action: AF)

Administrative Duplication and Fragmentation Caused Inefficiencies

AF's organizational structure created inefficiencies and prevented the bureau from maximizing the impact of its foreign assistance programs. For example, OIG found that the bureau established three monitoring and evaluation¹³ teams within AF/SA, but these teams were unable to offer services to other AF/SA units or other bureau offices administering foreign assistance. In addition, OIG found the bureau's five foreign assistance procurement units failed to work together to achieve cost efficiencies. OIG also identified other administrative functions that were not structured to promote efficient use of resources, described below.

Monitoring and Evaluation Support Not Deployed Consistently

AF did not deploy monitoring and evaluation resources effectively to across the bureau. OIG identified three units within AF/SA staffed by 12 third-party contractors who conducted site visits and performed certain monitoring and evaluation functions for some but not all bureau-managed programs. Bureau staff in offices that did not have assigned monitoring and evaluation support told OIG they needed such assistance to improve program monitoring. AF's third-party contractors were not used for all programs where their services could enhance monitoring and evaluation capacity because their contracts were associated with specific programs. For example, a contractor paid with funds for the Trans Sahara Counterterrorism Partnership could only monitor and evaluate that program.¹⁴ OIG advised the bureau to pursue alternatives that could permit it to expand monitoring and evaluation capabilities while still

¹² Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014), section OV2.17.

¹³ Monitoring is an essential function that tracks progress against established goals and indicators of performance. Evaluation is the systematic collection and analysis of information about the characteristics and outcomes of programs, projects, and processes as a basis to guide decision-making on current and future activities.

¹⁴ As described in 31 U.S.C. § 1301(a), public funds must be used only for the purpose for which they were appropriated. To ensure funds were expended lawfully, AF funded monitoring and evaluation for programs based on appropriation source. However, AF had not developed mechanisms to address programs funded by multiple appropriations, limiting its ability to deploy limited monitoring and evaluation resources effectively.

meeting requirements in 31 U.S.C. § 1301(a) regarding use of appropriated funds.¹⁵ Increased bureau-wide monitoring and evaluation capabilities could enhance program effectiveness and oversight.

Procurement Units Did Not Coordinate Systematically to Achieve Cost Efficiencies

OIG found that five units and offices conducted similar procurement functions, but failed to systematically work together to achieve cost efficiencies. For example, one program purchased 30,000 pairs of boots at a bulk purchase price of \$28 per pair, while another program purchased 120 pairs of boots with similar specifications and paid \$110 per pair because it did not receive a bulk purchase price. AF employees told OIG they were not always aware that they could use existing contract vehicles to meet procurement goals. A 2016 OIG audit found that the Department has missed opportunities to leverage its buying power through strategic sourcing to consolidate spending and reduce administrative duplication.¹⁶ In this same audit, OIG recommended that the Bureau of Administration formally establish a strategic sourcing program and establish performance measures for Department contracting activities to measure strategic sourcing progress. Consolidating AF procurement functions in a single administrative office could help identify repeat purchases, realize cost savings, and gain contract efficiencies through bulk purchase pricing.

Site Visit Inspections and Invoice Reviews Were Not Coordinated Effectively

OIG identified other administrative functions that were not structured to promote efficient use of resources. For example, AF/SA spent \$324,647 in travel funds in FY 2016 but did not have a consolidated travel calendar to coordinate contract and grant site visits across programs. AF/SA funded contracts and grants that supported the Security Governance Initiative, the Trans Sahara Counterterrorism Partnership, and the African Contingency Operations Training and Assistance programs. However, AF also conducted separate site visits for each of these programs, an approach that potentially wasted travel funds. Consolidation of these site visits could make better use of travel budgets, reduce costs, and increase the bureau's ability to monitor programs.

In addition, AF/SA employed a third-party contractor to review contract invoices before submitting them to contracting officer's representatives (COR) for review. The invoice review checked for mathematical errors, duplicate costs, correct contract line item number designation, and availability of funds. However, the contractor did not review contract invoices for the African Contingency Operations Training Assistance program or for offices outside AF/SA because bureau management had not tasked the contractor with these responsibilities. This type of

¹⁵ For example, to enable increased flexibility in use of monitoring and evaluation resources, AF could request a base transfer of foreign assistance funding to the Diplomatic and Consular Programs account, modify how future foreign assistance funds are notified to Congress, or amend contracts to include multiple funding sources for monitoring and evaluation.

¹⁶ OIG, *Audit of Department of State Strategic Sourcing Efforts* (AUD-FM-16-47, September 2016).

review, supplemented by direct-hire oversight, would benefit all bureau-managed programs by strengthening internal controls and improving reporting on assistance expenditures.

A 2014 OIG audit¹⁷ identified deficiencies in AF's contract and grant administration. Specifically, the audit identified deficiencies in contract oversight, including a lack of procedures to ensure continuous COR designation, improper use of site monitors, and a lack of quality assurance surveillance plans for contracts. The audit also identified missing grants monitoring plans, inadequate review of award recipient quarterly financial and program reports, failure to identify high-risk recipients, and non-performance of site visits as key concerns. The audit identified as a common root cause of these deficiencies a lack of comprehensive oversight and processes to ensure that Federal laws and Department guidance had been implemented. In this inspection, OIG concluded that while AF made some progress in improving contract and grants oversight, as discussed later in this report, the bureau's decentralized structure inhibited the development of uniform administrative processes and contributed to administrative duplication. As stated in 1 FAM 014.5(a), organizational layers should be limited to the minimum number consistent with effective span of control and performance of mission. Moreover, the Office of Management and Budget requires¹⁸ agencies, as part of preparing their agency reform plans, to assess activities with the goal of improving organizational efficiency and effectiveness. Without administrative consolidation, the bureau risks wasting funds and not achieving program objectives.

Recommendation 4: The Bureau of African Affairs should identify duplicative and fragmented administrative functions related to monitoring and evaluation, invoice reviews, and procurement, and consolidate functions to improve program efficiency.
(Action: AF)

Funds Control Processes Insufficient to Identify Canceled Funds

OIG estimated that AF returned \$4.96 million in canceled¹⁹ foreign assistance funds to the U.S. Department of the Treasury in FY 2016 despite having statutory authority to extend the period of availability for most foreign assistance appropriations using a process called reclassification. If used fully, reclassification can minimize or eliminate the need to return foreign assistance funds to the Treasury, allowing for more efficient use of funding. For example, AF in FY 2017 returned \$984,702 in Economic Support Fund monies, some of which could have been repurposed for additional grants or community-based projects under the Ambassadors' Special Self Help

¹⁷ AUD-CG-14-31, August 2014.

¹⁸ Office of Management and Budget Memorandum M-17-22, "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce," (April 22, 2017) states, "Agencies should develop an analytical framework that looks at the alignment of agency activities with the mission and role of the agency and the performance of individual functions. This framework should result in appropriate proposals in four categories: eliminate activities, restructure or merge, improve organizational efficiency and effectiveness, and workforce management."

¹⁹ 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.

Program. Staff in several offices and bureaus²⁰ have roles in reclassifying funds. Although foreign assistance staff were aware of their ability to reclassify funds, AF lacked a bureau-wide process for identifying funds eligible to be reclassified. Moreover, staff cited the complex reclassification process and their inability to ensure that reclassified funds would be retained by AF as disincentives for using the authority. The lack of a process 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 particular, without a process to reclassify foreign assistance funds before they cancel, the bureau cannot make full use of resources available for programs.

Recommendation 5: The Bureau of African Affairs should develop a bureau-wide process to reclassify foreign assistance funds before the funds cancel. (Action: AF)

Bureau Lacked Reliable Mechanisms to Track Foreign Assistance

The bureau lacked reliable mechanisms—such as spreadsheets or an internal knowledge management system—to track financial and program data related to its foreign assistance programs. OIG found that AF could not readily produce a country-specific summary of programs it managed. For one security assistance project, AF could not definitively determine how funds were used and which military unit benefited from those funds. AF/SA's monitoring and evaluation teams also lacked records from previous projects, which impeded their ability to track program results.

OIG consistently has found that the Department lacks the IT systems necessary to track and report foreign assistance data.²¹ In 2015, OIG issued a recommendation that the Department develop a comprehensive plan to address foreign assistance tracking and reporting requirements, a recommendation with which the Department concurred. In a 2017 compliance follow-up review, OIG found that the Department had made limited progress in implementing the recommendation and strengthened and reissued it.²² In the absence of a Department-wide system that meets this need, bureaus with responsibilities for managing foreign assistance must still manually track and manage their programs to comply with internal control standards. The *Standards for Control in the Federal Government*²³ states that an effective internal control structure requires data from reliable internal and external sources for program monitoring.

OIG found that AF started using a knowledge management system in 2015 to track activities related to the Trans Sahara Counterterrorism Partnership and the Partnership for Regional East

²⁰ AF/SA; AF's Offices of Economic and Regional Affairs, the Executive Director, and the U.S. Special Envoy for Sudan and South Sudan; and the Office of Acquisitions Management within the Bureau of Administration Office of Logistics Management.

²¹ OIG, *Management Assistance Report – Department Financial Systems are Insufficient to Track and Report of Foreign Assistance Funds* (ISP-I-15-14, February 26, 2015).

²² OIG, *Compliance Follow Up Review: Department of State Still Unable to Accurately Track and Report on Foreign Assistance Funds* (ISP-C-17-27, June 2017).

²³ GAO-14-704G, September 2014.

Africa Counterterrorism. Although the system improved AF's ability to manage those two programs, the bureau's decentralized management of foreign assistance limited its ability to apply this system to all of its programs. U.S. Government stakeholders told OIG that the bureau's inability to provide comprehensive funding and program results for security assistance impeded their ability to allocate funds and understand the full scope of U.S. security assistance in Africa. The lack of a tracking mechanism for all AF foreign assistance programs also precluded bureau leadership from implementing effective internal controls, providing an accurate accounting of its foreign assistance programs, and monitoring and evaluating its programs effectively.

Recommendation 6: The Bureau of African Affairs should implement mechanisms to track information on foreign assistance programs and provide financial and program reports to the bureau's senior leadership on core program management responsibilities. (Action: AF)

Direct-Hire Staffing Shortfalls Remain a Challenge to Program Management

AF identified direct-hire staffing shortfalls as an impediment to program management. The external consultant evaluation and Bureau of Administration assessment, discussed previously, concluded that AF did not have enough direct-hire employees to manage the volume of foreign assistance it administers. In addition, a 2014 OIG audit of the Department's selection and positioning of CORs²⁴ found that AF's staffing issues hindered the bureau's ability to effectively manage contracts. The audit also found that the bureau's CORs were not located in African countries to oversee contractor performance and that CORs relied to a significant extent on the assistance of third-party contractors to fulfill their delegated contract oversight responsibilities. The audit recommended the bureau not use contractors to perform contract administration and oversight tasks to mitigate their risk of performing inherently governmental functions, as defined in Federal Acquisition Regulation, Subpart 7.5. The bureau tried to hire five additional staff based on these OIG recommendations and bureau assessments, but it filled only one position, in part because of the Department-wide hiring freeze.

RISK MANAGEMENT

AF foreign assistance programs operate in politically unstable countries, including those at high risk for political violence, corruption, and terrorism. AF used contractors and grant recipients to implement many of its foreign assistance programs. The Department requires foreign assistance managers to take appropriate steps²⁵ to mitigate risk in these environments. In addition to the Department's Risk Management Policy in 2 FAM 031, contracting activities in countries designated as critical environments are subject to the enhanced risk assessment and risk

²⁴ AUD-CG-14-07, January 2014.

²⁵ For example, contract and grant recipients must be checked against the System for Award Management, which contains information on parties that are excluded from receiving Federal awards. The Department reports information on recipient performance through the Federal Awardee Performance and Integrity Information System. The Department also requires offices managing federal assistance to incorporate risk management into their standard operating procedures and conduct risk assessments prior to the award of grants and cooperative agreements.

mitigation procedures outlined in 14 FAM 240. In FY 2017, the Department added Somalia and Mali to the list of designated critical contracting environment countries, which requires the bureau to apply these enhanced procedures to new contract awards.

Terrorism Risk Management Practices Needed Improvement

Bureau Lacked Terrorist Financing Risk Management Policy and Procedures

The bureau had not established policies and procedures for identifying, assessing, and mitigating terrorist financing risks for its programs in countries where terrorist organizations, such as Al-Shabaab and Boko Haram, operate. For example, as part of broader efforts to promote stability in Somalia, AF managed a program to provide cash stipends to support 6,509 members of the Somali National Army. AF obligated more than \$65.6 million for stipend-related activities between 2010 and May 2017. Other AF-funded activities also present terrorist financing risks. For example, AF sponsored projects to prevent vulnerable communities from being radicalized by terrorists and to disarm and demobilize ex-combatants in regional conflicts. AF staff acknowledged that these activities pose heightened security risks to the implementers performing the work and raise the prospect that assistance could be diverted or inadvertently provided to individuals and organizations with ties to terrorist organizations.

OIG previously found that terrorist financing risks for foreign assistance programs can be significant.²⁶ AF staff told OIG they believed Leahy vetting²⁷ and required pre-award checks for contracts and grants were sufficient to mitigate terrorist financing risk. However, the bureau had not assessed the costs and benefits of additional controls—such as individual name-check vetting or enhanced monitoring—that may be appropriate for particularly high-risk countries like Somalia. In addition, some bureau staff were unfamiliar with guidance issued by the Department on terrorist financing risk management. AF senior leadership told OIG that the existing Department guidance was insufficiently detailed to provide a clear framework for assessing and mitigating terrorist financing risk. Pending issuance of updated standards, a 2008 memo from the then-Deputy Secretary²⁸ requires bureaus to assess counterterrorism risks and consider possible mitigation techniques. In addition, the Department's Risk Management Policy requires employees to identify, evaluate, integrate, and mitigate any substantial risks to their objectives as part of an institutional framework to protect people, property, resources, information, and interests. Without a risk management policy and procedures, AF operates at increased risk that it could inadvertently finance terrorist activities.

²⁶ For example, a 2017 OIG audit of the Department's vetting processes for non-lethal assistance to Syria found that vetting identified derogatory information on 8 percent of the individuals vetted. Ultimately, 18 percent of those cases were deemed ineligible for U.S. Government assistance, for reasons related to terrorism, human rights abuses, and drug offenses. See OIG, *Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance* (AUD-MERO-17-01, November 2016).

²⁷ The Leahy Amendment to the Foreign Assistance Act of 1961 prohibits the Department of State from furnishing assistance to foreign security forces if the Department receives credible information that such forces have committed gross violations of human rights. 22 U.S.C. § 2378d.

²⁸ Memorandum from Deputy Secretary John D. Negroponte, February 26, 2008, "State and USAID Funding and the Risks of Terrorist Financing."

Recommendation 7: The Bureau of African Affairs should implement risk management policies and procedures for foreign assistance that incorporate measures to further reduce the likelihood that foreign assistance will inadvertently finance terrorist activities. (Action: AF)

Bureau Did Not Comply with Kenya Counterterrorism Vetting Pilot Program

AF did not comply with Department guidance to vet contractors and grant recipients operating in Kenya under the Department's now-concluded counterterrorism pilot vetting program. Although Kenya awards required vetting, AF did not submit four contracts and grants that were subject to the pilot program's requirements to the Bureau of Administration.²⁹ AF was unaware of the requirement to vet recipients for this program. OIG did not issue a recommendation because the pilot program concluded in February 2017.

Leahy Vetting Approvals Lapsed for Somali National Army Grant

As part of the stipend program described above, AF funded units of the Somali National Army even though Leahy vetting approvals had lapsed. OIG identified two periods of several months each—one in 2014 and another spanning 2016 and 2017—in which Leahy vetting approvals expired but Somali National Army units continued to receive payments. AF received updated Leahy vetting approvals following the 2014 lapse and, as of May 2017, was in the process of re-vetting the units to enable continued stipend payments. Although the Department's Leahy Vetting Guide states that approvals are valid for one year, AF lacked a process to ensure that Leahy vetting was updated annually for security assistance activities that provide support on a continuing basis. Moreover, when assistance is provided without conducting the required vetting, the Leahy Vetting Guide directs the Department to document the incident and identify corrective measures to prevent future recurrence. AF did not comply with this provision following the lapses described above. Furnishing security assistance without conducting Leahy vetting raises the risk that funds could be provided to individuals who have committed gross violations of human rights or are otherwise ineligible for assistance.

Recommendation 8: The Bureau of African Affairs, in coordination with the Bureau of Democracy, Human Rights and Labor and U.S. Mission to Somalia, should document its provision of assistance to Somali National Army units with lapsed Leahy vetting and identify corrective measures to prevent recurrence. (Action: AF, in coordination with DRL and U.S. Mission to Somalia)

²⁹ Although the pilot vetting program ended in February 2017 the Department maintains an office capable of conducting name-check vetting for Afghanistan, the Near East Regional Democracy program, Syria, and West Bank/Gaza.

Federal Financial Assistance Risk Assessments Ineffective

OIG found that all 12 grant files reviewed³⁰ included a completed risk assessment. However, none were designated as high risk, even though they included places of performance such as Somalia, the Central African Republic, Sudan, and South Sudan.³¹ OIG found that the Department's template for risk assessments was insufficient to accurately categorize AF-specific risks. While the place of performance is not the sole driver of risk, operating in complex, high-threat environments requires additional bureau oversight to ensure that the recipient performs the award in accordance with the statement of work and that risks are adequately identified and mitigated. Risks such as security threats to implementer personnel can significantly impede effective program implementation. OIG found that these risks, in fact, materialized. For example, in one case, the grants officer suspended some performance activities because of a deteriorating security situation. AF also reported that another of its grant recipients had been threatened by a transnational terrorist organization. A grant for cash payments in Somalia received only a medium terrorism risk rating, while a grant to a new recipient in conflict areas of Sudan was rated low for institutional and terrorism risk, even though the recipient later reported significant operational problems that impeded its ability to perform according to the grant agreement. Despite these significant operational risks, no award received a high-risk rating, and none was rated high for terrorism risk during pre-award reviews. Accurate identification of these institutional or terrorism risk could have assisted the bureau in developing mitigation plans tailored to address foreseeable risks that the programs faced.

OIG also found that the bureau did not update risk assessment and monitoring plans on an annual basis for the seven awards with performance periods longer than one year, as required by the Department's Federal Assistance Policy Directive.³² For example, AF extended the period of performance for one award for a second year and added an additional \$1 million in funding—more than double the initial award—without an updated risk assessment. OIG determined that questionable risk assessment practices occurred because the bureau had not issued clear guidance on Federal financial assistance risk management. The 2017 Federal Assistance Directive requires that bureaus involved in awarding Federal financial assistance proactively work to detect early warning signs of risk and to mitigate adverse effects on programs. Without clear

³⁰ OIG selected 12 federal assistance awards (totaling \$48.5 million) and 11 contracts (totaling \$191.5 million) for further review as part of the inspection. See Appendix A for the selection methodology used.

³¹ The Department designates Somalia, the Central African Republic, Sudan, and South Sudan as high-threat, high-risk posts.

³² All grants and cooperative agreements awarded on or after March 13, 2015 are required to update the risk assessment and monitoring plan annually to account for, document, and monitor any new risks or changes in scope, schedule, or costs, pursuant to the Federal Assistance Policy Directive section 2.03-A. "Risk Management" and section 3.01-A. "Monitoring Plan." Foreign Assistance grants are subject to the Department's Federal Assistance Policy Directive (issued March 2015, revised January 2016) and the Procedural Guide for Grants and Cooperative Agreements to Non-Federal Entities Not Recognized as Foreign Public Entities (issued December 2015). The Department's Office of the Procurement Executive consolidated these two documents into the updated Federal Assistance Directive on May 20, 2017.

guidance, the bureau risks not identifying significant operational conditions that could impede program operations and jeopardize the security of grant recipient personnel.

Recommendation 9: The Bureau of African Affairs, in coordination with the Bureau of Administration, should develop a customized risk assessment template for Federal financial assistance to accurately assess and mitigate risks specific to programs in Africa. (Action: AF, in coordination with A)

CONTRACT AND GRANTS MANAGEMENT

OIG's August 2014 audit³³ and other internal and external reviews identified significant contract and grants management deficiencies in AF's foreign assistance programs. In response, AF made some improvements to contract and grants management. OIG found that AF, in general, incorporated risk assessments, monitoring plans, grants officer representative (GOR) designation letters, and financial audit reports in award files reviewed, as required.³⁴ However, OIG identified deficiencies related to GOR report completion, as described below.

Grants Officer Representative Reports Not Completed

OIG found that 10 of 12 award files reviewed did not include all required GOR evaluation reports. One \$6 million grant, awarded in September 2015, did not include any GOR evaluation reports. Another grant file only included notes that provided high-level information related to key meetings and lacked any assessment of the recipient's performance. Employees told OIG they did not always have time to update files or complete GOR evaluation reports in a timely manner. They also said they did not believe their managers fully understood the time required to monitor assistance awards and maintain files. In addition, employees told OIG that a focus on policy work reduced the time available for program management duties, which contributed to insufficient oversight. Department standards on Federal financial assistance, however, consistently require monitoring of assistance awards, including through performance progress and financial reports.³⁵ This monitoring generally is documented through GOR evaluation reports that assess the recipient's performance against the award's objectives and goals and identify any areas of concern or improvement. As OIG previously reported in its Management Alert on Grants Management Deficiencies,³⁶ failure to maintain appropriate grants oversight results in an unacceptable lack of internal control and exposes the Department to significant financial risk. In short, notwithstanding the time required to monitor effectively, failure to

³³ OIG, AUD-CG-14-31, August 2014.

³⁴ While improvements were made, OIG still identified four files that did not have a GOR designation letter for a short portion of the award's performance, three files that did not include a monitoring plan, three files that did not include a monitoring and evaluation plan, and one file that did not include a financial audit.

³⁵ Grants Policy Directive 42 applied to four grants OIG reviewed with an award date prior to March 13, 2015. It requires monitoring to ensure that programmatic and financial responsibility has been adhered to and that intended goals have been accomplished. The Foreign Assistance Policy Directive applied to eight grants OIG reviewed with an award date on or after March 13, 2015, but before May 20, 2017. Chapter 3.01 requires that bureaus carefully review program and financial reports to detect fraud and potential problems.

³⁶ OIG, *Management Alert – Grants Management Deficiencies* (MA-14-03, September 26, 2014).

engage in such oversight can lead to the misuse or misappropriation of grant funds, the failure to meet grant program objectives, or the inability to use unobligated grant funds before they expire.

Recommendation 10: The Bureau of African Affairs should complete required monitoring and evaluation reports, as specified in individual Federal assistance monitoring plans.
(Action: AF)

Contracting Officer's Representative Files Contained Most Required Documents

OIG reviewed 11 COR files, covering \$191.5 million in foreign assistance funds, to determine whether the files included the COR designation letter, a list of contract administration functions not delegated to the COR, and the documentation for COR actions taken in accordance with the delegation of authority. OIG found that eight files included the required COR designation letter. The contracting officer issued new letters for the current CORs of the other three contracts after OIG identified the discrepancy. OIG also found that in 76 of 237 invoices reviewed, an individual other than the designated COR signed invoices, although in all cases these individuals also were certified CORs. Department guidance in 14 Foreign Affairs Handbook -2 H-142 permits individuals other than the COR of record to approve contract invoices. However, designating alternate CORs would help ensure that AF invoice approvers have sufficient knowledge of the contract for which they are approving payments.

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 African Affairs. The bureau's complete responses can be found in Appendix B.

Recommendation 1: The Bureau of African Affairs should undertake a review of its foreign assistance programs to align policy, planning, resources, and program decision-making. (Action: AF)

Management Response: In its October 10, 2017, response, the Bureau of African Affairs concurred with this recommendation. The bureau noted it would convoke an annual Principal Deputy Assistant Secretary-led strategic review of bureau-managed foreign assistance programs to assess whether programs meet current policy needs.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the review of the foreign assistance programs.

Recommendation 2: The Bureau of African Affairs should strengthen oversight of foreign assistance program offices by realigning responsibilities to provide coordinated senior-level leadership over foreign assistance program management. (Action: AF)

Management Response: In its October 10, 2017, response, the Bureau of African Affairs concurred with this recommendation. The bureau noted it would institute a regular review process of all foreign assistance programming. Additionally, the bureau created two new positions with program review responsibilities that were unfilled due to the Department hiring freeze and three grants-related positions and a Civil Service Deputy Assistant Secretary position that remain to be recruited.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of strengthened oversight of foreign assistance programs.

Recommendation 3: The Bureau of African Affairs should document its foreign assistance business processes, including administrative responsibilities and internal control procedures for project planning, funds management, human resources, contract and grants management, and risk management. (Action: AF)

Management Response: In its October 10, 2017, response, the Bureau of African Affairs concurred with this recommendation. The bureau noted it created new full-time Civil Service positions in 2016 to improve oversight, but the process was interrupted by the Department hiring freeze.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of its foreign assistance business process.

Recommendation 4: The Bureau of African Affairs should identify duplicative and fragmented administrative functions related to monitoring and evaluation, invoice reviews, and procurement, and consolidate functions to improve program efficiency. (Action: AF)

Management Response: In its October 10, 2017, response, the Bureau of African Affairs concurred with this recommendation. The bureau noted it created new full-time Civil Service positions in 2016 to improve oversight, but the process was interrupted by the Department hiring freeze.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the identification and consolidation of duplicative functions.

Recommendation 5: The Bureau of African Affairs should develop a bureau-wide process to reclassify foreign assistance funds before the funds cancel. (Action: AF)

Management Response: In its October 10, 2017, response, the Bureau of African Affairs concurred with this recommendation. The bureau noted that this was an administrative accounting issue that applies to every fund dispersing entity in the Department and Federal Government. In the absence of an automated, centrally run system, the bureau will initiate a standard operating procedure to manually identify foreign assistance funds before they cancel and reclassify them.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of a process to reclassify foreign assistance before they cancel.

Recommendation 6: The Bureau of African Affairs should implement mechanisms to track information on foreign assistance programs and provide financial and program reports to the bureau's senior leadership on core program management responsibilities. (Action: AF)

Management Response: In its October 10, 2017, response, the Bureau of African Affairs concurred with this recommendation. The bureau noted it created new full time Civil Service positions in 2016 to improve oversight, but the process was interrupted by the Department hiring freeze.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of financial and program reports on core program management responsibilities.

Recommendation 7: The Bureau of African Affairs should implement risk management policies and procedures for foreign assistance that incorporate measures to further reduce the likelihood that foreign assistance will inadvertently finance terrorist activities. (Action: AF)

Management Response: In its October 10, 2017, response, the Bureau of African Affairs concurred with this recommendation. The bureau noted it would draft a written policy document within 60 days of this response and once approved would distribute to all Contract Officer Representatives and Grant Officer Representatives.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the risk management policy.

Recommendation 8: The Bureau of African Affairs, in coordination with the Bureau of Democracy, Human Rights and Labor and U.S. Mission to Somalia, should document its provision of assistance to Somali National Army units with lapsed Leahy vetting and identify corrective measures to prevent recurrence. (Action: AF, in coordination with DRL and U.S. Mission to Somalia)

Management Response: In its October 10, 2017, response, the Bureau of African Affairs noted that it began undertaking steps to address the issue in May 2017 and formally documented the provision of assistance to units with lapsed Leahy vetting and identify corrective measures to prevent recurrence in an information memo, dated September 28, 2017.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the information memo.

Recommendation 9: The Bureau of African Affairs, in coordination with the Bureau of Administration, should develop a customized risk assessment template for Federal financial assistance to accurately assess and mitigate risks specific to programs in Africa. (Action: AF, in coordination with A)

Management Response: In its October 10, 2017, response, the Bureau of African Affairs concurred with this recommendation. The bureau noted that it, in coordination with the Bureau of Administration and other regional bureaus, would develop a customized risk template for bureau-managed Federal financial assistance programs.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the customized risk assessment template.

Recommendation 10: The Bureau of African Affairs should complete required monitoring and evaluation reports, as specified in individual Federal assistance monitoring plans. (Action: AF)

Management Response: In its October 10, 2017, response, the Bureau of African Affairs concurred with this recommendation. The bureau noted that it would implement reforms to ensure the required reports are completed. Additionally, it created new full time Civil Service positions in 2016 to improve oversight, but the process was interrupted by the Department hiring freeze. In the interim, the bureau will require program managers to submit monitoring and evaluation reports on a quarterly basis.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the monitoring and evaluation reports.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted 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 the Broadcasting Board of Governors, and Congress with systematic and independent evaluations of the operations of the Department and the Broadcasting Board of Governors. 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 instances 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 pertinent records; as appropriate, circulates, reviews, and compiles the results of survey instruments; conducts onsite interviews; and reviews the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities 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 11 contracts and 12 grants or cooperative agreements awarded during FY 2014 or FY 2015. They were selected using risk-based scoring that incorporated the type of contract or award, place of performance, total value, type of funding, and program. The 11 contracts totaled \$191,489,172 and represented 37 percent of all contracts funds awarded during FY 2014 and FY 2015. The 12 grants or cooperative agreements totaled \$48,529,118 and represented 94 percent of all grant and cooperative agreement funds awarded

during FY 2014 and FY 2015. Table C1 in Appendix C lists the contracts and Table C2 lists the grants and cooperative agreements included in OIG's review.

APPENDIX B: MANAGEMENT RESPONSES



United States Department of State

Washington, D.C. 20520

UNCLASSIFIED

October 10, 2017

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

FROM: Bureau of African Affairs – Donald Yamamoto, Acting Assistant Secretary

SUBJECT: Response to Draft OIG Report – Inspection of the Bureau of African Affairs’
Foreign Assistance Program Management

The Bureau of African Affairs (AF) has reviewed the draft OIG Inspection report. We provide the following comments in response to the recommendations provided by OIG:

Recommendation 1: The Bureau of African Affairs should undertake a review of its foreign assistance programs to align policy, planning, resources, and program decision-making. (Action: AF)

Management Response: The Bureau of African Affairs accepts the recommendation. Drawing upon existing strategic planning processes and documents required by the Bureau of Budget and Planning and the Office of U.S. Foreign Assistance Resources, the Bureau’s Front Office (FO) will convoke an annual Principal Deputy Assistant Secretary (PDAS)-led strategic review of Bureau-managed foreign assistance programs to assess whether programs meet current policy needs.

Recommendation 2: The Bureau of African Affairs should strengthen oversight of foreign assistance program offices by realigning responsibilities to provide coordinated senior-level leadership over foreign assistance program management. (Action: AF)

Management Response: The Bureau of African Affairs accepts the recommendation and will institute a regular review process, led by the PDAS, of all foreign assistance programming. The Bureau recognized the need for additional oversight capacity in 2015 and purchased FTE for a new Bureau Evaluation Coordinator position in AF/ERA and one for oversight and coordination of grant and procurement activities in AF/EX. These positions will undertake ongoing program review, and staff the FO review process. The current hiring freeze has not allowed filling of those positions. AF takes the opportunity to note that in addition to these two positions an additional three grant related positions, as well as a Civil Service (CS) Deputy Assistant Secretary position which could have assistance oversight duties, all created in 2016, remain to be recruited.

Recommendation 3: The Bureau of African Affairs should document its foreign assistance business processes, including administrative responsibilities and internal control procedures for project planning, funds management, human resources, contract and grants management, and risk management. (Action: AF)

Management Response: The Bureau of African Affairs accepts the recommendation and plans to document its foreign assistance business processes, including administrative responsibilities and internal control procedures for project planning, funds management, human resources, contract and grants management, and risk management. In order to improve oversight and in response to a 2015 internal study, AF created new full time CS positions (i.e., Bureau Evaluation Coordinator and the Grant/Contract Management Coordinator) in 2016 and was in the process of filling them when interrupted by the hiring freeze.

Recommendation 4: The Bureau of African Affairs should identify duplicative and fragmented administrative functions related to monitoring and evaluation, invoice reviews, and procurement, and consolidate functions to improve program efficiency. (Action: AF)

Management Response: The Bureau of African Affairs accepts the recommendation and plans to identify duplicative and fragmented administrative functions related to monitoring and evaluation, invoice reviews, and procurement, and explore options to consolidate functions to improve program efficiency. In order to improve oversight and in response to a 2015 internal study, AF created new full time CS positions (i.e., Bureau Evaluation Coordinator and the Grant/Contract Management Coordinator) in 2016 and was in the process of filling them when interrupted by the hiring freeze.

Recommendation 5: The Bureau of African Affairs should develop a bureau-wide process to reclassify foreign assistance funds before the funds cancel. (Action: AF)

- **Management Response:** The Bureau of African Affairs accepts the recommendation, while noting that as this is an administrative accounting issue that applies to every fund dispersing entity in the Department and Federal government, an automated, centrally run electronic system should be created to alert managers when fund disbursement needs to be addressed. In the absence of such a system, AF will undertake to initiate a bureau wide standard operating procedure to manually identify, well in advance of the end of the FY any funds held by the bureau that are subject to this in a given year. We note that for FY 2017, the Bureau returned to the traditional obligation rate of prior years in the PKO accounts with the successful obligation of all of nearly 400 million dollars in PKO funding.

Recommendation 6: The Bureau of African Affairs should implement mechanisms to track information on foreign assistance programs and provide financial and program reports to the Bureau's senior leadership on core program management responsibilities. (Action: AF)

Management Response: The Bureau of African Affairs accepts the recommendation. In order to improve oversight and in response to a 2015 internal study, AF created new full time CS positions (i.e., Bureau Evaluation Coordinator and the Grant/Contract Management Coordinator) in 2016 and was in the process of filling them when interrupted by the hiring freeze.

Recommendation 7: The Bureau of African Affairs should implement risk management policies and procedures for foreign assistance that incorporate measures to further reduce the likelihood that foreign assistance will inadvertently finance terrorist activities. (Action: AF)

Management Response: The Bureau of African Affairs accepts the recommendation, and agrees that standardized policies and procedures are required to govern foreign assistance contracts, grants, and cooperative agreements in high-risk areas. AF will develop a draft written policy document within 60 days of this response. Once approved, this policy will be distributed to all Contract Officer Representatives CORs and Grant Officer Representatives GORs, and AF will furnish a copy to the OIG to enable closure of this recommendation.

Recommendation 8: The Bureau of African Affairs, in coordination with the Bureau of Democracy, Human Rights and Labor and Embassy Mogadishu, Somalia, should document its provision of assistance to Somali National Army units with lapsed Leahy vetting and identify corrective measures to prevent recurrence. (Action: AF, in coordination with DRL and Embassy Mogadishu)

Management Response: The Bureau of African Affairs has already undertaken the required steps to address this issue, and believes that recommendation eight can be removed in the draft version of the OIG report as a result. The Bureau, in coordination with the Bureau of Democracy, Human Rights and Labor and Embassy Mogadishu began taking steps in May to address the issue when it was flagged by the OIG. The Bureau responded in accordance with Department policy which dictates that the Department formally document via an information memo the provision of assistance to units with lapsed Leahy vetting and identify corrective measures to prevent recurrence. This memo, dated September 28, 2017, has already fulfilled the OIG recommendation (see attached).

Recommendation 9: The Bureau of African Affairs, in coordination with the Bureau of Administration, should develop a customized risk assessment template for Federal financial assistance to accurately assess and mitigate risks specific to programs in Africa. (Action: AF, in coordination with A)

Management Response: The Bureau of African Affairs accepts the recommendation. In coordination with the Bureau of Administration and in consultation with other State Department regional bureaus (e.g., Bureau of Near Eastern Affairs), the Bureau of African Affairs will develop a customized risk assessment template for Bureau-managed Federal financial assistance programs

Recommendation 10: The Bureau of African Affairs should complete required monitoring and evaluation reports, as specified in individual Federal assistance monitoring plans. (Action: AF)

Management Response: The Bureau of African Affairs accepts the recommendation and will implement reforms to ensure the required monitoring and evaluation reports are completed. In order to improve oversight and in response to a 2015 internal study, AF created new full time CS positions (i.e., Bureau Evaluation Coordinator and the Grant/Contract Management Coordinator) in 2016 and was in the process of filling them when the hiring freeze was implemented. In the

interim, AF office leadership whose staff manage foreign assistance programs will require program managers report to them on a quarterly basis on the completion of their reporting requirements.

APPENDIX C: SAMPLE CONTRACTS, AGREEMENTS

Table C1: Contract Sample, FY 2014 to FY 2015

Title	Place of Performance	Total Value
Equipment Support to Troop/Police Contributing Countries to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic	Central African Republic	\$91,133,064
Equipment Support for African Union Mission in Somalia and the Somali National Army	Somalia	\$23,568,141
Africa Peacekeeping Program II Cessation of Hostilities in South Sudan/Monitoring and Verification Mechanism	Sudan	\$28,481,616
Peacekeeping Operations Pre-deployment Training in Uganda	Uganda	\$16,292,199
Security Sector Reform Advisor in Democratic Republic of Congo	Democratic Republic of Congo	\$694,637
Peacekeeping Operations Pre-deployment Training in Togo and Burkina Faso	Togo and Burkina Faso	\$15,256,109
Armed Forces Niger Capability Enhancement	Niger	\$2,401,940
Trans Sahara Counterterrorism Partnership/Partnership for Regional East Africa Counterterrorism Monitoring and Evaluation Specialists	United States	\$3,591,747
Somalia Operations and Maintenance Support	Somalia	\$2,819,585
Security sector advisors to Democratic Republic of Congo and Central African Republic	Democratic Republic of Congo and Central African Republic	\$3,471,103
Peacekeeping Operations Pre-deployment training for African Union Mission in Somalia Headquarters	Kenya	\$3,779,031
Total		\$191,489,172

Source: OIG generated based upon contract sample.

Table C2: Assistance Award Sample, FY 2014 to FY 2015

Title	Place of Performance	Total Value
Stipends for the Somali National Army	Somalia	\$33,358,719
Political Party Training	Sudan	\$1,692,570
Investigative Assistance to Support the African Union Commission of Inquiry on South Sudan	South Sudan	\$335,519
Suuqa: The Marketplace-Building Countering Violent Extremism in Somalia	Somalia	\$1,858,292
Sudan Political Platform Capacity Building	Sudan	\$2,123,950
Economic Community of West African States, Early Warning Directorate Capability and Capacity Development	Western Africa	\$6,021,507
Strengthening Community Resiliency Against al-Shabaab and Other Fighting Forces	Somalia	\$495,049

Title	Place of Performance	Total Value
Youth Excellence on Stage Academy Sudan	Sudan	\$220,331
Reinvigorating Civil Society in Communities	Sudan and South Sudan	\$234,935
Empowering Women as Key Partners in Building Peaceful and Resilient Communities in Sudan	Sudan	\$589,164
Central African Republic Supporting Women to Build Peace	Central African Republic	\$304,799
Access to Information	Sudan	\$1,294,283
Total		\$48,529,118

Source: OIG generated based upon grants and cooperative agreement sample.

APPENDIX D: FOREIGN ASSISTANCE PROGRAMS

The Bureau of African Affairs' Office of Economic and Regional Affairs (AF/ERA), Office of Security Affairs (AF/SA), and Office of the U.S. Special Envoy for Sudan and South Sudan (USSESSS) manage a number of foreign assistance programs in Africa. Many of these programs are coordinated or jointly managed with other Department bureaus and offices. This table provides a list of major foreign assistance programs that support U.S. foreign policy goals in Africa.

Table D: Key AF Foreign Assistance Programs

Program	Description
AF/SA Bilateral and Regional Programs	Provides security related assistance to African countries on a bilateral or regional basis.
Africa Conflict and Stabilization Border Security	Addresses and stabilizes regional crises in areas such as the Great Lakes region in Central Africa, the Mano River region in West Africa, and the Horn of Africa.
Africa Contingency Operations Training and Assistance	Improves African ability to respond quickly to crises by providing selected militaries with the training and equipment required to execute humanitarian or peace support operations. Once trained, forces can be deployed into multinational units to conduct operations under auspices of the African Union, the United Nations, or regional security organizations. The Africa Contingency Operations Training and Assistance program falls under the Global Peacekeeping Initiative, which seeks to build sustainable, self-sufficient training capacity in partner countries. The program also seeks to provide support (including equipment and technical assistance) to enable countries to deploy to United Nations and regional peace operations.
Africa Maritime Security Initiative	Provides regional maritime security training in Africa and provide modest training equipment.
Africa Military Education Program	Supports long-term military professionalization efforts, including efforts in African military schools.
Africa Regional Democracy Fund	Builds legislative capacity, supports elections and related processes, and develops early warning, monitoring, investigating, and reporting of human rights violations.
African Peacekeeping Rapid Response Partnership	Builds international peacekeeping capacity and promotes regional security operations so that African partner nations can execute their own internal security responsibilities and provide support for African Union/United Nations sponsored-peace operations in Africa.
Ambassadors' Special Self Help Program	Provides support, directly through U.S. Embassies, to community groups and provides assistance to small community projects. These are generally awarded and managed by each embassy.
Economic and Regional Programs	A number of programs coordinated by AF/ERA with Department stakeholders and overseas missions support efforts addressing: <ul style="list-style-type: none"> • Climate Change and Renewable Energy; • Natural Resources Conversation; • Combating Wildlife Trafficking; • Marine Resources Management;

Program	Description
	<ul style="list-style-type: none"> • Coastal Zone Management and Conservation; • Science and Technology Partnerships; • Human Rights; • POWER Africa; • Global Investments and Partnerships in Africa (including the President's Emergency Program for AIDS Relief); • Trade Africa; and • Anti-Trafficking in Persons Programs.
Partnership for Regional East Africa Counterterrorism	Builds the capacity and cooperation of military, law enforcement, and civilian actors across East Africa to counter terrorism in a comprehensive fashion using law enforcement, military, and development resources to achieve strategic objectives.
Security Governance Initiative	Emphasizes a comprehensive approach to improving security sector governance and capacity in Africa, and was launched in six countries (Ghana, Kenya, Mali, Niger, Nigeria, and Tunisia). The Security Governance Initiative seeks to partner with governments to develop whole-of-government strategies and exchange information to address shared security challenges.
Trans Sahara Counterterrorism Partnership	Assists partners in West and North Africa to increase their immediate and long-term capabilities to address terrorist threats and prevent the spread of violent extremism. It builds long-term capacities to contain and marginalize terrorist organizations and facilitation networks; disrupts efforts to recruit, train, and provision terrorists and extremists; counters efforts to establish safe havens for terrorist organizations; and frustrates extremist attempts to influence populations potentially vulnerable to radicalization.
USSESS Bilateral Programs	Provides security and non-security related assistance to Sudan and South Sudan.

Source: Chart generated by OIG.

Note: This table may not include all foreign assistance programs with which AF is involved.

APPENDIX E: FOREIGN ASSISTANCE ROLES AND RESPONSIBILITIES

Table E1: Key Foreign Assistance Offices

Bureau/Office	Description
Bureau of Budget and Planning	Responsible for preparing and submitting the Department's budget requests, managing the Department's operational resource requirements, and ensuring that operational planning and performance management is synchronized with the Department's resource requirements. This office also coordinates with the Office of U.S. Foreign Assistance Resources in developing policies, plans, and programs to achieve foreign policy goals.
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) that support the Bureau of African Affairs (AF) work under this office.
AF's Office of the Executive Director	Provides administrative support to AF's 53 posts and 10 domestic offices. It is responsible for processing and disbursement of foreign assistance funds.
AF's Office of Economic and Regional Affairs (AF/ERA)	Responsible for a diverse set of items, including bureau strategic planning and budgeting, multilateral diplomacy, foreign assistance policy planning and program management.
Office of U.S. Foreign Assistance Resources	Coordinates foreign assistance resources for the Department of State and the U.S. Agency for International Development. AF coordinates directly with this office to develop its foreign assistance program budgets.
AF's Office of Security Affairs (AF/SA)	Supports the development of an Africa that is more stable with security and justice institutions that are more professional, accountable, and democratic. Its programs include efforts to prevent terrorism and other transnational threats, conflict prevention, peacekeeping, security sector reform, and efforts to stop animal poaching.
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.
U.S. Special Envoy for Sudan and South Sudan (USSESSS)	Reports to the Secretary and now falls under AF programming. It seeks to end the ongoing internal conflicts in Sudan and South Sudan and assists with development, justice, human rights, and political concerns in both countries.

Source: Chart generated by OIG.

Table E2: Key Foreign Assistance Positions

Position	Description
Bureau Evaluation Coordinator	Each bureau and office must identify a point of contact with decision making authority to serve as the Bureau Evaluation Coordinator to ensure that the evaluation function is fully operational and integrated into the planning and decision making process. He or she will serve as the main point of contact in the bureau on evaluation and will interact with the Bureau of Budget and Planning and the Office of U.S. Foreign Assistance Resources on the bureau's evaluation efforts.
Contracting Officer	The contracting officer is the U.S. Government's authorized agent for dealing with contractors and has sole authority to solicit proposals, negotiate, award, administer, modify, or terminate contracts and make related determinations and findings on behalf of the U.S. Government. He or she performs duties at the request of the requirements office and relies on that office for technical advice concerning the supplies or services being acquired. The contracting officers supporting AF work for the Office of Acquisitions Management.
Contracting Officer's Representative (COR)	A contracting officer may designate technically qualified personnel as CORs to be the contracting officer's authorized representatives to assist in the administration of contracts. CORs are responsible for oversight, inspection, and acceptance of goods, services, and construction. The COR has no authority to make any commitments or changes that affect price, quality, quantity, delivery, or other terms and conditions of the contract. A COR must be a U.S. Government employee unless the Office of the Procurement Executive has approved alternate procedures (for example, has allowed personal services contractors to serve as CORs). The COR generally works for AF/SA, AF/ERA, or USSESS.
Grants Officer	The grants officer is authorized by 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 AF work for the Office of Acquisitions Management unless the award is managed at an overseas mission.
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. The GORs generally work for AF/SA, AF/ERA, or USSESS unless the award is managed at an overseas mission.

Source: Chart generated by OIG.

APPENDIX F: AF-MANAGED FOREIGN ASSISTANCE FUNDS AND ACCOUNTS

Table F1: AF-Managed Foreign Assistance Allotment, FY 2016^a

Funding Type	Total Allotment
Conflict Stabilization Operations	\$30,000
Democracy Fund	\$9,478
Economic Support Fund	\$22,393,200
Global Health and Child Survival	\$46,686,406
Global HIV/AIDS Initiative	\$892,923
Nonproliferation, Anti-Terrorism, Demining and Related Programs	\$1,421,000
Peacekeeping Operations	\$298,680,157
Total	\$369,220,241

Source: OIG analysis from Bureau of African Affairs data.

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

Table F2: Foreign Assistance Funding Categories

Funding Category	Description
Conflict Stabilization Operations	Support, maintain, mobilize, and deploy a civilian response corps and for related reconstruction and stabilization assistance to prevent or respond to conflict or civil strife in foreign countries or regions or to enable transition from such strife.
Democracy Fund	Supports democratization programs run by the Bureau of Democracy, Human Rights and Labor and U.S. Agency for International Development's (USAID) Office of Democracy and Governance.
Economic Support Fund	Invests in partnerships that support ending extreme poverty and promote resilient, democratic, prosperous, and secure societies around the world.
Global Health and Child Survival	Health-related foreign assistance programs managed by the Department and USAID, including HIV/AIDS, malaria, and tuberculosis programs. This account has replaced the Global HIV/AIDS initiative account.
International Narcotics Control and Law Enforcement Program	Provide 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.
Nonproliferation, Anti-terrorism, Demining and Related (NADR) Programs	Contribute to certain organizations supporting nonproliferation and provide assistance for nonproliferation, demining, antiterrorism, export control assistance, and other related activities.
Peacekeeping Operations	Support multilateral peacekeeping and regional stability operations that are not funded through the United Nations. Funds also address key gaps in capabilities to enable countries and regional organizations to participate in peacekeeping, humanitarian operations, and counterterrorism operations and to reform security forces in the aftermath of conflict.

Source: Chart generated by OIG.

ABBREVIATIONS

AF	Bureau of African Affairs
AF/SA	Office of Security Affairs
COR	Contracting Officer's Representative
FAM	Foreign Affairs Manual
GOR	Grants Officer Representative

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