



## Office of Inspector General United States Department of State

AUD-GEER-24-16

Office of Audits

May 2024

# **(U) Audit of the Department of State's Humanitarian Response to the Ukraine Crisis**

GLOBAL EMERGENCIES AND EMERGING RISKS



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

AUD-GEER-24-16

## **(U) What OIG Audited**

(U) On February 24, 2022, Russia launched a full-scale invasion of Ukraine, causing hundreds of thousands of people to flee their homes in search of safety. As a result, 17.6 million people were in urgent need of humanitarian assistance as of February 2024, with 6 million refugees recorded in Europe. The Department of State (Department) had obligated \$862.2 million to assist humanitarian efforts in support of Ukraine as of February 2024.

(U) The Office of Inspector General (OIG) conducted this audit to determine whether (1) the Department's humanitarian assistance response to the Ukraine crisis was implemented in accordance with Department policies, guidance, and award terms and conditions and (2) the intended objectives were achieved. To conduct this audit, OIG reviewed four voluntary contributions awarded by the Bureau of Population, Refugees, and Migration (PRM) in FY 2022 to three public international organizations (PIO) with a collective value of \$431.7 million.

## **(U) What OIG Recommends**

(U) OIG is making nine recommendations that are intended to improve PRM's risk assessment process and the monitoring of these awards. Based on PRM's response to a draft of this report, OIG considers the nine recommendations resolved, pending further action. A synopsis of management's comments on the recommendation offered and OIG's reply follow each recommendation in the Audit Results section of this report. PRM's response is reprinted in its entirety in Appendix C. A summary of PRM's technical comments with OIG's replies is presented in Appendix D.

**(U) May 2024**

**(U) OFFICE OF AUDITS**

(U) GLOBAL EMERGENCIES AND EMERGING RISKS

**(U) Audit of the Department of State's Humanitarian Response to the Ukraine Crisis**

## **(U) What OIG Found**

(U) Although PRM developed terms and conditions for the voluntary contributions used to support the humanitarian assistance response to Russia's full-scale invasion of Ukraine, OIG found that the terms and conditions did not include measurable objectives, which is strongly recommended in Department guidance as a result of a previous OIG audit. OIG found that absent specific, measurable objectives or corresponding performance indicators, PRM was not positioned to track progress toward intended program results. PRM did not include such measures, at least in part, because Department guidance for voluntary contributions does not include the same award terms and conditions requirements as for other types of federal assistance awards. OIG also found that, although PRM completed a monitoring plan for the voluntary contributions, this plan did not detail specific monitoring activities to be performed and was not tied to PRM's risk assessment for the awards as required by Department guidance. Although PRM conducted monitoring activities, it did not track progress against measurable objectives and performance indicators for the awards. Therefore, OIG was limited to broadly assessing alignment of PIO activities against PIO appeals for assistance. The award activities implemented generally aligned with the appeals for which they were awarded, but OIG could not independently determine whether these activities were achieving intended objectives.

(U) OIG found that PRM implemented internal controls to manage risk and developed best practices to guide the risk assessment process. PRM completed the required risk assessment for the voluntary contributions awarded; however, the risk assessment did not consistently include risk ratings for the risks identified, nor did it explicitly account for risks identified by the PIOs. OIG also found that PRM did not consistently develop mitigation measures for the risks identified as required or plans to ensure that mitigation measures identified by the PIOs were implemented in line with best practices. The shortcomings occurred, at least in part, because PRM did not have risk management officials reviewing the risk assessments at the time. Accounting for all identified risks is necessary for developing appropriate risk mitigation plans and guiding PRM award monitoring specific to those risks.

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## (U) OBJECTIVE

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(U) The Office of Inspector General (OIG) conducted this audit to determine whether (1) the Department of State (Department) humanitarian assistance response to the Ukraine crisis was implemented in accordance with Department policies, guidance, and award terms and conditions and (2) the intended objectives were achieved.

## (U) BACKGROUND

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(U) Russia's war of aggression against Ukraine is the largest armed conflict in Europe since World War II and has had deep and wide-ranging consequences. Russia's intense military escalation has resulted in loss of life, injuries, and mass movement of civilian populations. People have fled their homes in search of safety, and many have been displaced multiple times by the ongoing fighting. As a result, 17.6 million people were in urgent need of humanitarian assistance as of February 2024.<sup>1</sup> In four supplemental appropriations—March, May, September, and December 2022—the Department received \$3.3 billion for its humanitarian assistance response to the situation in Ukraine and other refugee crises.<sup>2</sup> Of this amount, the Department had obligated \$862.2 million for the Ukraine crisis as of February 2024. The goal of the Department's humanitarian assistance is to "save lives, alleviate human suffering, provide protection, and reduce the physical, social, and economic impact of rapid and slow-onset humanitarian emergencies" and is "provided on the basis of need and grounded in principles of humanity, neutrality, impartiality, and independence."<sup>3</sup> According to the administration, humanitarian assistance to Ukraine is intended to provide critical resources to address food security needs and provide lifesaving aid to people displaced by or otherwise impacted by the war in Ukraine.<sup>4</sup>

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<sup>1</sup> (U) United Nations, Office for the Coordination of Humanitarian Affairs, "Ukraine Situation Report," February 12, 2024, page 1.

<sup>2</sup> (U) Consolidated Appropriations Act, 2022, Public Law 117-103, Division N – Ukraine Supplemental Appropriations Act, 2022, March 15, 2022; Additional Ukraine Supplemental Appropriations Act, 2022, Public Law 117-128, May 21, 2022; Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023, Public Law 117-180, Division B – Ukraine Supplemental Appropriations Act, 2023, September 30, 2022; and Consolidated Appropriations Act, 2023, Public Law 117-328, Division M – Additional Ukraine Supplemental Appropriations Act, 2023, December 29, 2022.

<sup>3</sup> (U) 2 Foreign Affairs Manual 061.2, "Humanitarian Assistance." Note: The quoted language was updated during the audit, in October 2022. The prior language was reflective of the current language.

<sup>4</sup> (U) The White House, FACT SHEET: White House Calls on Congress To Provide Additional Support for Ukraine, April 28, 2022.

## **(U) Bureau of Population, Refugees, and Migration**

(U) The Bureau of Population, Refugees, and Migration (PRM) is one of the designated U.S. government leads for the coordination of foreign disaster response.<sup>5</sup> PRM leads the Department's response to humanitarian crises and its efforts to provide protection to refugees. PRM has the lead responsibility in the U.S. government for providing assistance to refugees.<sup>6</sup> According to PRM, its goals are to "[s]ave lives, ease suffering, and promote human dignity through efficient and effective humanitarian assistance;" "[p]romote and provide durable and interim solutions for populations of concern through U.S. assistance, resettlement, and collaboration with the international community; and "[a]dvocate for the protection of vulnerable populations and exert leadership in the international community."<sup>7</sup>

### ***(U) Providing Humanitarian Assistance***

(U) PRM provides humanitarian assistance through grants, cooperative agreements, and voluntary contributions. Grants are to be used when the principal purpose is the transfer of money, property, or services to accomplish a public purpose of support or stimulation authorized by federal statute. Cooperative agreements are assistance awards that provide funding to organizations to implement a specific project or support an existing program or activity. Voluntary contributions are a form of discretionary financial assistance provided to "[d]irectly support the activities of the organization, or [s]ustain the general budget and operations of the organization."<sup>8</sup> According to PRM officials, "Using a voluntary contribution allows PRM to leverage the existing internal controls and performance framework of [international organization] partners to efficiently pool funds from multiple donors so assistance is deployed quickly and responsibly." In the humanitarian assistance response to Ukraine, PRM almost exclusively used voluntary contributions in order to rapidly deliver funds to public international organizations (PIO)<sup>9</sup> that were responding to the crisis. PIOs use public "appeals" to request funding and contributions from PRM and other donors in support of their responses to humanitarian crises. The content of the appeals varies from PIO to PIO and may be specific or generalized (see Finding A of this report for additional details).

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<sup>5</sup> (U) 2 Foreign Affairs Manual 061.1, "International Humanitarian Crises," defines a foreign disaster as an act of nature (such as a flood, drought, tsunami, hurricane, earthquake, volcanic eruption, or epidemic) or an intentional or unintentional human action (such as violence, civil strife, or explosion) that is, or threatens to be, of sufficient severity and magnitude to overwhelm the ability of the host nation to respond. Note: The quoted language was updated during the audit, in October 2022. The prior language was reflective of the current language.

<sup>6</sup> (U) 2 Foreign Affairs Manual 066.3a, "Department of State." Note: The quoted language was updated during the audit, in October 2022. The prior language was reflective of the current language.

<sup>7</sup> (U) PRM, "Functional Bureau Strategy," January 2022, page 1.

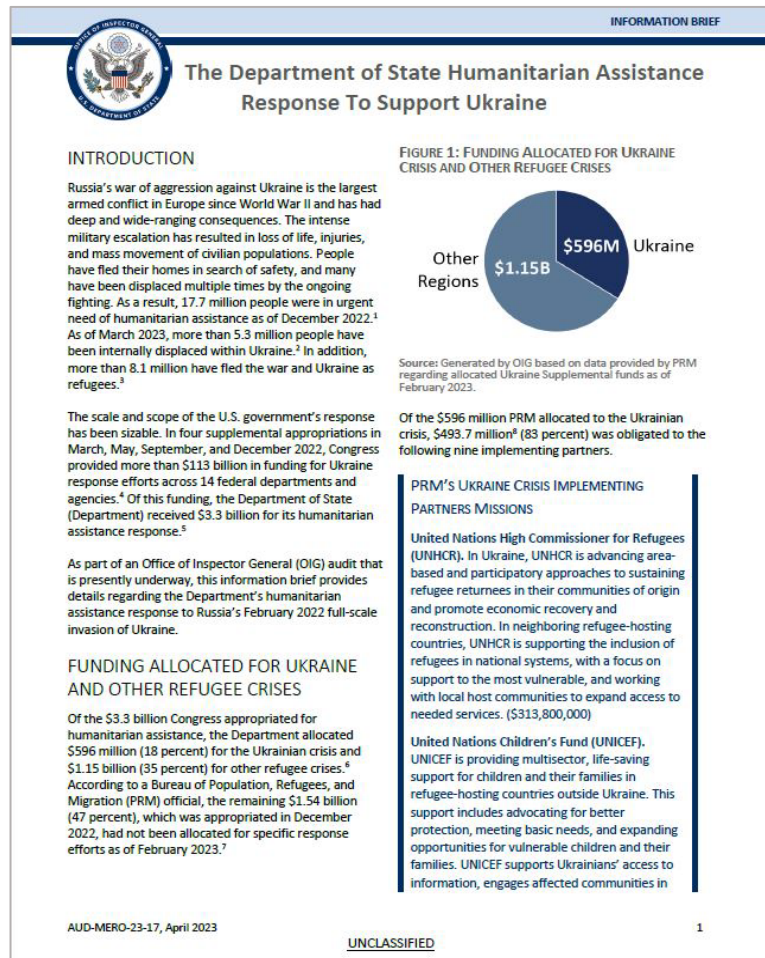
<sup>8</sup> (U) Federal Assistance Directive, "Chapter 3: Federal Award Requirements," K.2. Voluntary Contributions, Version 6, October 2021, page 117.

<sup>9</sup> (U) 22 United States Code (U.S.C.) § 288, defines PIO as "a public international organization in which the United States participates pursuant to any treaty or under the authority of any Act of Congress authorizing such participation or making an appropriation for such participation . . . ."

## **(U) Ukraine Response-Related Assistance**

(U) Of the \$3.3 billion Congress appropriated to the Department in supplemental appropriations associated with the humanitarian assistance response to Ukraine, the Department obligated \$862.2 million (26 percent) for the Ukrainian crisis. Specifically, PRM issued 18 voluntary contributions, valued at \$853.8 million, to eight PIOs and one cooperative agreement valued at \$8.3 million, to a nongovernmental organization—Catholic Relief Services.<sup>10,11</sup> The eight PIOs are as follows:

- (U) United Nations High Commissioner for Refugees (UNHCR)
- (U) United Nations Children’s Fund (UNICEF)
- (U) International Organization for Migration (IOM)
- (U) World Health Organization
- (U) International Federation of Red Cross and Red Crescent Societies
- (U) UN Population Fund
- (U) UN Women
- (U) Undisclosed implementing partner<sup>12</sup>



**(U) Figure 1:** Information Brief: *The Department of State Humanitarian Assistance Response To Support Ukraine* (Source: AUD-MERO-23-17, April 2023.)

(U) Of the total amount awarded to these implementing partners,<sup>13</sup> as of February 2024, \$794.1 million (92 percent) had been expended within 13 countries: Ukraine, Poland, Moldova, Romania, Slovak Republic, Hungary, Czechia, Bulgaria, Belarus, Lithuania, Latvia, Estonia, and Turkey. This aid is

<sup>10</sup> (U) A nongovernmental organization is an institution that operates independently of any government, typically one whose purpose is to address a social or political issue.

<sup>11</sup> (U) The exact figure obligated for the response was \$862,166,254 as of February 2024. Of this amount, \$853,843,462 was awarded to PIOs via voluntary contributions and \$8,322,792 was awarded to a nongovernmental organization via cooperative agreement.

<sup>12</sup> (U) According to PRM, the undisclosed implementing partner would like to remain anonymous in an effort to preserve its operational space. Therefore, the Department and OIG have agreed not to disclose its name.

<sup>13</sup> (U) The term “implementing partners” is used in this report when referring to both PIOs and the nongovernmental organization involved in the humanitarian assistance response.



used to assist with protection, including mental health and psychosocial support, child protection, and the prevention and mitigation of gender-based violence; emergency health care and the provision of medical supplies, high thermal blankets, bedding, and other core-relief items such as hygiene kits; safe drinking water; cash and voucher assistance; livelihoods and legal assistance; shelter materials; and other accommodation support. In April 2023, OIG issued the information brief *The Department of State Humanitarian Assistance Response To Support Ukraine* (AUD-MERO-23-17, April 2023), which described these areas of assistance in greater detail (see Figure 1).

#### **(U) PRM Voluntary Contributions Selected for OIG Review**

(U) OIG selected four voluntary contributions collectively valued at \$431.7 million to review, which represented 87 percent of PRM’s funding to support the humanitarian response to the Ukraine crisis at the time.<sup>14</sup> PRM awarded two voluntary contributions to UNHCR for \$186.3 million and \$127.5 million, and one each to UNICEF for \$81.2 million, and IOM for \$36.7 million. Table 1 summarizes the four voluntary contributions OIG selected for review in this audit.

**(U) Table 1: Voluntary Contributions OIG Selected for Reviewed**

<b>(U) PIO</b>	<b>(U) Award Number(s)</b>	<b>(U) Award Value</b>
(U) UNHCR	SPRMCO22VC0065	\$186,300,000
	SPRMCO22VC0034	\$127,500,000
(U) UNICEF	SPRMCO22VC0058	\$81,200,000
(U) IOM	SPRMCO22VC0047	\$36,700,000
<b>(U) Total</b>		<b>\$431,700,000</b>

**(U) Source:** Generated by OIG from data provided by PRM regarding Ukraine Supplemental funds obligated to the Ukraine crisis. Award values shown are as of February 2023.

#### **(U) Applicable Guidance**

(U) The U.S. Government Accountability Office’s *Standards for Internal Control in the Federal Government* sets internal control standards for federal entities. Specifically, they state that an effective internal control system includes considerations of risk assessment, control activities, information, communication, and monitoring.<sup>15</sup> Risk assessment and monitoring are the internal control standards applicable to this audit.

(U) The Office of U.S. Foreign Assistance Resources and the Bureau of Budget and Planning published the Program Design and Performance Management Toolkit to help Department personnel better manage projects and programs. According to the Program Design and Performance Management Toolkit, objectives are “statements of the condition(s) or state(s)

<sup>14</sup> (U) In FY2022 PRM obligated \$493.7 million to nine implementing partners for the Department’s humanitarian assistance response to Russia’s February 2022 full-scale invasion of Ukraine. See Appendix A, “Purpose, Scope, and Methodology,” for details of OIG’s sample.

<sup>15</sup> (U) U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government*, pages 7-8 (GAO-14-704G, September 2014).

the program is expected to achieve within the timeframe and resources of the program”<sup>16</sup> that should be specific in describing “the desired result in concrete and clear terms such that anyone reading it should interpret it in the same way.”<sup>17</sup> The objectives should also be measurable so that they “[c]an be evaluated . . . against some standard such that it is possible to know when the objective is met.”<sup>18</sup> The Toolkit also offers guidance and tools for developing monitoring plans. It states that performance indicators are used to monitor progress and include output indicators, which measure the direct results of program activities, as well as outcome indicators, which are focused on change and measure the extent to which a program objective is being achieved.<sup>19</sup>

(U) The Federal Assistance Directive (FAD) establishes internal guidance, policies, and procedures for all domestic and overseas bureaus, offices, and posts within the Department administering federal financial assistance, including voluntary contributions. The FAD states that while voluntary contributions “may advance specific activities and goals of the U.S. Government, the central purpose of the award is to enable the organization to carry out its activities.”<sup>20</sup> The FAD further states that the Grants Officer or authorized signatory must complete a written risk assessment and monitoring plan and that monitoring of voluntary contributions is mandatory to “determine whether [f]ederal funds are being used for the intended objectives.”<sup>21</sup> Lastly, the FAD states that while many of the terms and conditions of awards are not applicable to voluntary contributions, where “applicable,” and “appropriate,” “it is strongly recommended” that the awarding bureau incorporate additional controls such as identifying measurable objectives and requiring periodic progress and financial reporting, among other requirements.<sup>22</sup>

(SBU) PRM’s (b) (5) requires the (b) (5) when PRM awards funding. It states that the (b) (5) Additionally, PRM created and distributed its “Risk Management Best Practices” in March 2022<sup>23</sup> to “advance PRM’s [enterprise risk management] approach by assisting PRM personnel in applying risk management principles to the Bureau’s existing processes.”<sup>24</sup> The “Risk Management Best

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<sup>16</sup> (U) U.S. Department of State, “Program Design and Performance Management Toolkit,” September 2019, page 26.

<sup>17</sup> (U) Ibid.

<sup>18</sup> (U) Ibid.

<sup>19</sup> (U) Ibid., pages 44-45.

<sup>20</sup> (U) FAD, Chapter 3, “Federal Award Requirements,” K. Assistance to Foreign Public Entities including Public International Organizations (PIOs), K.2 Voluntary Contributions, October 2021, page 117.

<sup>21</sup> (U) Ibid., pages 118-119.

<sup>22</sup> (U) Ibid., page 118.

<sup>23</sup> (U) Although the Risk Management Best Practices states that it was updated in May 2022, according to comments received from PRM officials on a draft of this report (see Appendix C), the document was “created and shared” with PRM staff in March 2022.

<sup>24</sup> (U) PRM, “Risk Management Best Practices,” Section I: Introduction, page 2.



Practices” document outlines a step-by-step process for identifying and assessing risks, determining risk magnitude, developing mitigation measures, and monitoring risks.

(U) PRM’s decision to rely extensively on voluntary contributions for its Ukraine response rather than other award mechanisms such as grants or cooperative agreements affected management and oversight requirements for the awards. This is because other pertinent Department guidance differentiates between requirements for voluntary contributions and those for grants and cooperative agreements. Table 2 outlines the key award management and oversight requirements for Department personnel administering voluntary contributions, grants, and cooperative agreements.

**(U) Table 2: Key Features of Funding Mechanisms**

	<b>(U) Voluntary Contributions</b>	<b>(U) Grants<sup>a</sup> and Cooperative Agreements<sup>b</sup></b>
<b>(U) Purpose</b>	Directly support the activities of the organization or sustain the general budget and operations.	Implement a specific project or support an existing program or activity of the organization.
<b>(U) Risk Assessment &amp; Mitigation</b>	Must be completed according to Bureau procedure. Completion of the Department’s risk assessment worksheet is not required.	Must complete the Department’s risk assessment worksheet.
<b>(U) Defining Objectives and Performance Measures</b>	May advance specific activities and goals of the U.S. government, but the central purpose is to enable the organization to carry out its activities. Should identify and include measurable objectives where applicable and appropriate.	Must clearly communicate specific program goals, objectives, indicators, or expected outcomes.
<b>(U) Monitoring</b>	Required to determine whether funds are being used for the intended objectives; extent and type of monitoring depends on the risk assessment.	Recipient should report on progress against established performance indicators.
<b>(U) Monitoring Plan</b>	Must be completed according to Bureau procedure. Completion of the Department’s monitoring plan worksheet is not required.	Must complete the Department’s monitoring plan worksheet.
<b>(U) Performance and Financial Reporting</b>	Not required.	Required.
<b>(U) Terms &amp; Conditions</b>	Not required, but certain standard terms and conditions are strongly recommended where applicable and appropriate.	Must be issued with the Department’s standard terms and conditions.

<sup>a</sup> (U) Grants are different from cooperative agreements because they do not require substantial involvement from the Department. Examples of substantial involvement include the following: (1) active collaboration with the recipient in the implementation of the award; (2) review and approval of one stage of work before another can begin; (3) joint preparation or presentation of results with the recipient; (4) involvement in the selection of participants or program venues; and (5) specific programmatic oversight in the award beyond normal monitoring.

<sup>b</sup> (U) The FAD outlines different requirements specific to cooperative agreements to foreign public entities, including PIOs.

**(U) Source:** Generated by OIG based on analysis of the Department’s FAD, Version 6.2, October 2021.

## (U) AUDIT RESULTS

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### **(U) Finding A: Assessment of the Extent to Which Humanitarian Assistance Has Achieved Objectives Is Limited by Lack of Specific, Measurable Terms in Voluntary Contributions**

(U) Although PRM developed terms and conditions for the voluntary contributions used to support the humanitarian assistance response to Russia's full-scale invasion of Ukraine, OIG found that the terms and conditions did not include measurable objectives as recommended in Department guidance as a result of a previous OIG audit. OIG found that absent specific, measurable objectives or corresponding performance indicators, PRM was not positioned to track progress toward intended program results. PRM did not include such measures, at least in part, because Department guidance for voluntary contributions does not include the same award terms and conditions requirements as for other types of federal assistance awards. OIG also found that although PRM completed a monitoring plan for the voluntary contributions, this plan did not detail specific monitoring activities to be performed and was not tied to PRM's risk assessment for the awards as required in Department guidance. Although PRM conducted monitoring activities, it did not track progress against measurable objectives and performance indicators for the awards. Therefore, OIG was limited to broadly assessing alignment of PIO activities against PIO appeals for assistance. The award activities generally aligned with the appeals for which they were awarded, but OIG could not independently determine whether these activities were achieving intended objectives.

#### ***(U) PRM Did Not Define and Incorporate Specific, Measurable Objectives in Award Terms and Conditions***

(U) For voluntary contributions, the FAD states that the funds may advance specific activities and goals of the U.S. government, and notes that the central purpose of the award is to enable the organizations to carry out their activities.<sup>25</sup> Although the FAD states that many of the Department's standard award terms and conditions<sup>26</sup> do not specifically apply to voluntary contributions, it strongly recommends that they be incorporated into the award documents as applicable and appropriate. Specifically, the FAD states that, "where applicable and appropriate, it is strongly recommended that," voluntary contribution terms and conditions "should identify and include measurable objectives."<sup>27</sup> Moreover, *Standards for Internal Control in the Federal Government* states that management should define objectives in measurable terms so that performance toward achieving those objectives can be assessed and that measurable objectives should be "stated in a quantitative or qualitative form that permits reasonably consistent measurement."<sup>28</sup> According to Principle 6 of *Standards for Internal*

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<sup>25</sup> (U) FAD, Chapter 3, "Federal Award Requirements," K.2 Voluntary Contributions, October 2021, page 117.

<sup>26</sup> (U) Award terms and conditions is a document included in accompanying the notice of award containing provisions recipients must comply with when implementing a federal assistance award.

<sup>27</sup> (U) FAD, "Chapter 3: Federal Award Requirements," K.2. Voluntary Contributions, page 118.

<sup>28</sup> (U) GAO-14-704G, September 2014, page 35.

*Control in the Federal Government*, “Management defines objectives in specific and measurable terms to enable the design of internal control for related risks. Specific terms are fully and clearly set forth so that they can be easily understood. Measurable terms allow for the assessment of performance toward achieving objectives.”<sup>29</sup> This involves clearly defining what is to be achieved, who is to achieve it, how it will be achieved, and the time frames for achievement.

(U) OIG found that although PRM issued the four voluntary contributions with award terms and conditions, none included measurable objectives as recommended by the FAD. Because PRM did not develop and incorporate measurable objectives for success in its award documentation, OIG could not determine whether the awards met their intended objectives. The terms and conditions of the awards OIG reviewed simply stated that the funds were to support the respective 2022 appeals developed by the PIOs. In its June 2022 funding memorandum, PRM wrote that its assistance would enable the PIOs to carry out the activities stated in their respective appeals for assistance but did not include specific and measurable objectives. For example, PRM wrote that UNHCR’s planned objectives in Ukraine included “[m]ulti-purpose cash assistance, where possible” and “[p]rotection monitoring, including the dissemination of information on legal assistance, psychosocial support, and social support services.” OIG found that none of the objectives described the desired result “such that anyone reading it should interpret it in the same way,” nor allowed for evaluation against a standard, in accordance with the Department’s Program Design and Performance Management Toolkit.<sup>30</sup>

(U) A PRM official stated that developing measurable objectives would not be appropriate when using voluntary contributions because this type of funding is usually used to allow for flexibility in addressing the needs that arise from emergency situations and that Congress allows PRM to use voluntary contributions so that the PIOs can get the funding quickly and can use the funding as they deem appropriate to meet priorities. However, the FAD does not preclude the use of measurable objectives for voluntary contributions. Rather, it strongly recommends the use of such objectives.

(U) In a previous audit, OIG found that PRM broadly defined objectives for its engagement with its PIO partners in its organizational strategy documents.<sup>31</sup> However, during that audit, OIG did not specifically look at whether bureaus defined measurable objectives in award terms and conditions because it was not required or recommended by the FAD at that time. OIG subsequently recommended the Bureau of Administration, Office of Procurement Executive update the guidance in the FAD to require specific, measurable objectives to be identified in voluntary contribution award documents. As a result, the FAD was updated in October 2021, to state that “where applicable and appropriate, it is strongly recommended that” the terms and conditions of voluntary contribution documents “should identify and include measurable

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<sup>29</sup> (U) Ibid.

<sup>30</sup> (U) U.S. Department of State, “Program Design and Performance Management Toolkit,” September 2019, page 26.

<sup>31</sup> (U) OIG, *Audit of the Department of State’s Risk Assessments and Monitoring of Voluntary Contributions to Public International Organizations* (AUD-MERO-21-18, March 2021).

objectives.”<sup>32</sup> In accordance with this change to Department guidance, which was in effect for the scope of this audit, OIG assessed whether the terms and conditions of PRM’s voluntary contributions for humanitarian assistance to support Ukraine included measurable objectives.

(U) PRM’s intent to use voluntary contributions to rapidly distribute funds and to provide PIOs flexibility in addressing emergencies should not have prevented it from developing measurable objectives for these contributions. In fact, the PIOs themselves established metrics to measure the success of their response. PRM could use these PIO-established metrics as a basis for measurable objectives to be included in the terms and conditions of the award. These PIO-established metrics are reported on in PIO situation reports, which are discussed later in this finding.

(U) Given the amount of financial assistance that PRM is providing in support of Ukraine (\$862.2 million obligated as of February 2024), along with the administration’s commitment to safeguard humanitarian assistance resources,<sup>33</sup> incorporating additional requirements into the terms and conditions of the voluntary contributions would help PRM measure the success of the awards. For example, rather than specifying only the amount of funds PRM will provide toward the respective appeals and the countries of performance, PRM could identify its objective(s) in providing the assistance along with the performance indicators it will use to measure success. PRM could then include reporting requirements against the objective(s) and indicator(s) in its terms and conditions. For example, when OIG requested that PRM provide its identified objectives for the humanitarian assistance awards via UNHCR, PRM wrote the following:

*To provide protection services and urgent humanitarian assistance to [internally displaced persons] and refugees from Ukraine, third country nationals – including those in need of international protection and others who want to return to their countries of origin – other persons in need, and impacted host communities; and to put in place mid- to long-term opportunities for [internally displaced persons’] and refugees’ socioeconomic inclusion and support to host communities, which will be aligned with other relevant sustainable development plans, where in place.*

(U) However, this objective, and any associated indicators measuring progress toward this objective, were not explicitly stated in the award terms and conditions. In addition, although some PIO appeals included targets for the assistance to be provided, PRM did not specify which, if any, it would use to measure the success of its contributions.

(U) The use of specific, measurable objectives is an expected internal control standard that serves as the foundation for performance assessment and risk management. Without specific, measurable objectives and corresponding performance indicators, PRM is not positioned to effectively track progress toward intended program results for hundreds of millions of dollars in federal assistance awards. Furthermore, until such objectives are developed and incorporated into award terms and conditions, PRM is missing an opportunity to measure the success of its

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<sup>32</sup> (U) FAD, “Chapter 3: Federal Award Requirements,” K.2. Voluntary Contributions, page 118.

<sup>33</sup> (U) The White House, “Fact Sheet: Implementing the United States Strategy on Countering Corruption: Accomplishments and Renewed Commitment in the Year of Action,” March 29, 2023.

voluntary contributions, which will inform its response to subsequent crises. Therefore, OIG is offering the following recommendation:

**Recommendation 1:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement criteria for incorporating specific, measurable objectives and performance indicators into the award terms and conditions for voluntary contributions to enable measurement of the success of voluntary contributions awarded to public international organizations.

**(U) Management Response:** PRM concurred with the recommendation, stating that it “will explore the use of criteria for incorporating specific, measurable objectives into award terms and conditions for voluntary contributions in a manner consistent with the principles of shared governance and oversight inherent to the [international organization] and voluntary contribution framework.”

**(U) OIG Reply:** On the basis of PRM’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM has developed and implemented criteria for incorporating specific, measurable objectives and performance indicators into the award terms and conditions for voluntary contributions to enable measurement of the success of voluntary contributions awarded to PIOs.

***(U) PRM Developed a Monitoring Plan but Did Not Identify Specific Monitoring Activities To Be Performed or Tie the Monitoring Plan to its Risk Assessment***

(SBU) The FAD states that the Grants Officer or authorized signatory must complete a written monitoring plan when awarding voluntary contributions.<sup>34</sup> Furthermore, it states that the monitoring plan should detail the specific monitoring activities that will be performed, such as site visits, and must be tied to the risk assessment.<sup>35</sup> The FAD also states that the process must be completed in accordance with bureau procedures.<sup>36</sup> Similar to the FAD, (b) (5)

that the (b) (5) [REDACTED] It states [REDACTED]

Specifically, PRM documented its decisions to fund the PIOs in February,

**(U) FUNDING MEMORANDA**

(U) PRM's funding decisions related to the Ukraine humanitarian response in 2022 were documented in four formal funding memoranda. The memorandum completed in June 2022 included a monitoring plan and a risk assessment reviewing categories of risk.

<sup>34</sup> (U) FAD, “Chapter 3: Federal Award Requirements,” K.2. Voluntary Contributions, page 118.

<sup>35</sup> (U) FAD, “Chapter 2: Pre-Federal Award Requirements,” O. Develop A Monitoring plan, page 80.

<sup>36</sup> (U) FAD, “Chapter 3: Federal Award Requirements,” K.2. Voluntary Contributions, page 119.

37 ~~(SBU)~~ (b) (5)

March, and June 2022 funding memoranda, which also included its monitoring plans for all four voluntary contributions.<sup>38</sup> Despite multiple places of performance and the diversity of activities involved, OIG found that the June funding memorandum included only one monitoring plan to cover the voluntary contributions awarded to UNHCR, UNICEF, and IOM. The June monitoring plan included general monitoring activities, stating, for example, that the Regional Refugee Coordinator<sup>39</sup> “will communicate and engage with PRM partners in Europe,” and noted that PRM deployed additional staff for the immediate response to “help manage the refugee response and coordinate humanitarian assistance between the [U.S. government], the host government, and international humanitarian organizations.” Additionally, in the event that in-person monitoring is not possible, PRM’s monitoring plan states that the Regional Refugee Coordinator will continue monitoring virtually from Warsaw, Poland.

*(U) Monitoring Plan Did Not Detail Planned Monitoring Activities*

~~(SBU)~~ PRM’s monitoring plan for the awards did not meet all Department and bureau requirements for such plans. It did not detail specific monitoring activities, such as (b) (5), that would be performed. Moreover, it did not contain related information such as (b) (5)

[REDACTED] all of which are required by (b) (5) [REDACTED]<sup>40</sup>

*(U) PRM's Monitoring Plan Was Not Tied to the Risk Assessment*

~~(SBU)~~ In addition, the monitoring plan was not tied to PRM’s risk assessment for these awards as required by the FAD, which states that “[t]he plan should consider the level of risk, [and] any risk mitigation measures. . . .”<sup>41</sup> In its risk assessment, PRM identified several risks related to the provision of humanitarian assistance, such as (b) (5), (b) (7)(F)

[REDACTED], which are discussed in Finding B of this report. However, PRM did not explicitly address how identified risks would impact the monitoring plan. Incorporating and considering the risks reported in PRM’s risk assessment should inform and guide monitoring activities specific to those risks. OIG found that without accounting for the risks identified in the risk assessment in the monitoring plan, PRM had limited assurance that its monitoring efforts would mitigate those risks.<sup>42</sup>

(U) Without detailing the monitoring activities to be performed and tying the monitoring plan to the risk assessment, PRM is missing important opportunities to assess award recipients’

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<sup>38</sup> (U) Although three funding memoranda pertained to PRM’s PIO implementers, the monitoring plans in each of the memoranda repeated the same general information with only minor changes. Although OIG evaluated all three, OIG focused its review on the June monitoring plan, which was the most recent at the time of OIG’s audit.

<sup>39</sup> (U) A Regional Refugee Coordinator is assigned to select U.S. embassies and supports the activities of PRM.

<sup>40</sup> ~~(SBU)~~ (b) (5)

<sup>41</sup> (U) FAD, “Chapter 2: Pre-Federal Award Requirements,” O. Developing a Monitoring Plan, page 80.

<sup>42</sup> (U) PRM’s Risk Assessment is discussed in detail later in this report.



performance and ensure that identified risks are monitored. Therefore, OIG is offering the following recommendations:

**Recommendation 2:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration identify specific monitoring activities to be performed for the voluntary contributions provided for the humanitarian assistance response to Russia's full-scale invasion of Ukraine and incorporate the identified monitoring activities into its monitoring plan.

**(U) Management Response:** PRM concurred with the recommendation, stating that, since 2022, it has identified, implemented, and incorporated specific monitoring activities into its monitoring plan for the humanitarian assistance response to Russia's full-scale invasion of Ukraine and will continue to do so.

**(U) OIG Reply:** On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. Although PRM indicated that it has identified and incorporated specific monitoring activities into its monitoring plan since 2022, OIG found that selected awards implemented in 2022 did not detail specific monitoring activities. For example, the monitoring plan for the June 2022 funding memorandum did not detail planned site visits or timelines for implementation. This recommendation will be closed when OIG receives documentation demonstrating that PRM identified specific monitoring activities to be performed for the voluntary contributions provided for the humanitarian assistance response to Russia's full-scale invasion of Ukraine and incorporated the identified monitoring activities into its monitoring plan.

**Recommendation 3:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration tie its monitoring plan for the voluntary contributions provided for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to its risk assessment.

**(U) Management Response:** PRM concurred with the recommendation, stating that it has tied its monitoring plan to its risk assessment associated with the humanitarian assistance response to Russia's full-scale invasion of Ukraine, will continue to do so, and will explore ways to strengthen such ties in future awards.

**(U) OIG Reply:** On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. Although PRM indicated that it has tied its monitoring plan to its risk assessment associated with the humanitarian assistance response to Russia's full-scale invasion of Ukraine, OIG found that PRM's monitoring plan for the June 2022 funding memorandum was not tied to its risk assessment. For example, PRM's risk assessment identified IT risks related to Russia's disinformation campaigns against the humanitarian community, but its monitoring plan did not explicitly address how this identified risk would be monitored. This recommendation will be closed when OIG receives supporting

documentation demonstrating that PRM tied its monitoring plan for the voluntary contributions provided for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to its risk assessment.

***(U) PRM Conducted Monitoring Activities but Did Not Track Progress Against Measurable Objectives and Performance Indicators in Award Documentation***

~~(SBU)~~ According to the Program Design and Performance Management Toolkit, monitoring is “[a]n ongoing system of gathering information and tracking performance to assess progress against established goals and objectives.”<sup>43</sup> The FAD states that “[m]onitoring of all Department assistance awards, including voluntary contributions, is mandatory to determine whether [f]ederal funds are being used for the intended objectives.”<sup>44</sup> Although PRM monitored the implementation of the voluntary contributions provided to UNHCR, UNICEF, and IOM at the headquarters, program, and field level, OIG found that PRM's monitoring was constrained by the lack of specific, measurable objectives or performance indicators established by the bureau. Specifically, PRM monitored the PIOs through meetings, phone calls, and e-mails with PIO officials, reviewing PIO situation reports and audit reports, and conducting site visits to observe PIO activities in the field, but it is unclear how these activities provided assurance that PRM's contributions were achieving their intended objectives when the objectives were not defined in a measurable way in the award documentation. ~~(b) (5)~~

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***(U) PRM Monitoring Relied on Institutional Relationships with PIOs, Monitoring of PIO Situation Reports, and Direct Monitoring at the Field Level***

(U) Specifically, PRM relied on its institutional relationships with the PIOs, PIO situation reports, and field monitoring and reporting by PRM's Regional Refugee Coordinators on the ground to track progress related to the voluntary contributions instead of using specific goals and objectives established by the bureau. PRM officials described longstanding institutional relationships at the headquarters level with the PIOs. PRM officials told OIG that they regularly meet with UNHCR and IOM leadership at their governing bodies' meetings, in which PRM

<sup>43</sup> (U) U.S. Department of State, “Program Design and Performance Management Toolkit,” September 2019, page F-3.

<sup>44</sup> (U) FAD, “Chapter 3: Federal Award Requirements,” K.2. Voluntary Contributions, pages 118-119.

<sup>45</sup> (U) A nongovernmental organization is an institution that operates independently of any government, typically one whose purpose is to address a social or political issue.

<sup>46</sup> ~~(SBU)~~ ~~(b) (5)~~

actively participated, to discuss global program implementation and other issues.<sup>47</sup> In particular, PRM is the U.S. government lead for engagement with UNHCR and IOM.<sup>48</sup> In that role to support its institutional relationship, PRM completed organizational strategies for its engagement with UNHCR and IOM. However, these strategies outlined objectives at the global level—such as “[s]trengthen oversight and management functions within IOM”—and are not specific to individual voluntary contributions in response to emergency humanitarian appeals.

(U) PRM officials in Washington, DC, and at the U.S. Mission to the United Nations in Geneva, Switzerland, stated that, at the program level, they communicated regularly with PIO officials in person and through e-mails and phone calls, and they reviewed situation reports to identify areas of potential concern. The situation reports are published online and described the status of the PIOs’ humanitarian assistance response in support of Ukraine. For example, in a January 2023 situation report, UNHCR documented that as of the end of 2022 in Ukraine “987,300 people received cash assistance from UNHCR to support their basic needs, out of a target of 1.08 million people.” In addition, it reported “149,200 people received shelter support through interventions in collective centres and damaged homes, out of a target of 140,000 people.”<sup>49</sup>

(U) PRM officials said they reviewed both situation and end-of-year reports provided by the PIOs and that these reports are the primary means for them to monitor PIO performance. The situation reports include status updates from implementing partners, but according to PRM officials, partners are not required to include specific, measurable objectives. PRM officials also stated they did not verify whether PIOs were on track to meet their own identified targets. For example, one official told OIG, “when it comes to specific numerical targets, PRM has never worked at that micro level for voluntary contributions. That is just not the way PRM does funding.” The official further stated PRM “is not the supervisor of UNHCR . . .” In addition, PRM officials noted that PRM’s voluntary contributions are combined with the contributions from other donor countries, limiting the ability to trace PRM’s voluntary contributions to specific humanitarian assistance activities in a given country.

(U) Department guidance in the Program Design and Performance Management Toolkit states that performance indicators, such as output and outcome performance indicators, are used to monitor progress and measure the results of the program.<sup>50</sup> Output indicators measure the direct results of activities, while outcome indicators focus on change in the short-term or long-

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<sup>47</sup> (U) PRM also completed a Framework for Cooperation with UNHCR which outlined shared goals and priorities, oversight and monitoring responsibilities, and requirements for communication and reporting, among other actions. The Framework identified focal areas for action by UNHCR such as: (1) expanding its donor base to achieve greater responsibility-sharing; (2) implementing reforms to increase efficiency and effectiveness for its persons of concern; and (3) mitigating risk of fraud, sexual exploitation and abuse, and misconduct.

<sup>48</sup> (U) According to PRM, the Department’s Bureau of International Organization Affairs is the lead for the U.S. government for engagement with UNICEF.

<sup>49</sup> (U) UNHCR Regional Bureau for Europe, *Ukraine Situation Flash Update #38*, January 16, 2023, page 2.

<sup>50</sup> (U) U.S. Department of State, “Program Design and Performance Management Toolkit,” September 2019, pages 44-45.

term.<sup>51</sup> These indicators monitor progress and measure actual results compared to expected results, and the extent to which an objective is being achieved.<sup>52</sup> OIG found that PRM's June 2022 monitoring plan for the voluntary contributions to UNHCR, UNICEF, and IOM did not include any output or outcome indicators. OIG further found that PIO appeals established targets that could have served as performance indicators. For example, UNICEF's April 2022 appeal included specific targets for education of refugee children outside Ukraine: "463,600 children accessing formal or non-formal education, including early learning."<sup>53</sup> In September 2022, UNICEF reported, "[o]ver 320,000 Ukraine's refugee children have been able to access education outside of Ukraine."<sup>54</sup> However, PRM did not incorporate these targets into its monitoring plan that could have been used to track the extent to which individual PIOs were making progress against them. Absent this kind of additional specificity in PRM's monitoring plan, PRM has limited assurance that its contributions are being used to achieve intended objectives.

(U) At the field level, PRM Regional Refugee Coordinators monitored activities on the ground by having regular meetings with the PIO staff in-country and conducting site visits. The Regional Refugee Coordinators documented the results of meetings and observations in weekly activity reports and cables. OIG reviewed a sample of four weekly activity reports issued from September to November 2022 and found that they were detailed and contained information on the number of Ukrainian refugees in Europe; the key challenges facing these refugees; the capacity of other countries in Europe to support refugees; and the PIO's implementation of activities in Poland, Moldova, and Ukraine. However, the weekly reports that OIG reviewed did not provide information in a consistent format, nor did they explicitly measure progress against the metrics established in the PIO appeals. From February 2022 to August 2023, PRM deployed 36 personnel to monitor the bureau's humanitarian assistance for the Ukraine response. Of the 36 personnel deployed, 30 served in the role of Regional Refugee Coordinator. Other officials included PRM's Assistant Secretary, who traveled to Poland and Moldova in April 2022, as well as other officials from PRM's Front Office and Office of Admissions. The average duration for each deployment was 42 days. Specifically, PRM deployed: 16 personnel to Moldova; 14 personnel to Poland; 4 personnel to Romania; 4 personnel to Slovakia; 3 personnel to Hungary; 3 personnel to Belgium; 2 personnel to Germany; and 1 person to Turkey.<sup>55</sup>

(U) In addition, PRM obtained and reviewed audit reports of its implementer's programs. For example, PRM provided OIG an internal audit report of UNHCR conducted by the UN Office of

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<sup>51</sup> (U) An example of an output indicator provided in the Program Design and Performance Management Toolkit is the "[n]umber of contacts made to news outlets about a public awareness campaign." An example of a short-term outcome indicator is "[c]hange in public's knowledge of clean energy." An example of a long-term outcome indicator is "[p]ercent decrease in air-quality related disease." U.S. Department of State, "Program Design and Performance Management Toolkit," September 2019, page 45.

<sup>52</sup> (U) Ibid., page F-3.

<sup>53</sup> (U) UNICEF, Humanitarian Action for Children, "Ukraine and Refugee Outflow," April 2022, page 5.

<sup>54</sup> (U) UNICEF, Europe and Central Asia (ECA) Regional Office Report, "6 months of war in Ukraine," September 2022, page 8.

<sup>55</sup> (U) Some personnel deployed to multiple countries.

Internal Oversight Services in 2022, as well as the financial report and audited financial statements of the voluntary funds administered by UNHCR in 2021 by the UN Board of Auditors. The Board of Auditors found that the financial statements presented fairly, “in all material respects, the financial position of the voluntary funds administered”<sup>56</sup> by UNHCR.

(U) In monitoring award activity, PRM relied on its institutional relationships with the PIOs, the PIOs own monitoring and reporting systems, and the observations and reporting of PRM’s Regional Refugee Coordinators in the field. Although it conducted these monitoring activities, PRM could not effectively assess whether award activities were achieving intended objectives without specific, measurable objectives established by the bureau for the awards. Therefore, OIG is offering the following recommendation:

**Recommendation 4:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration develop and incorporate output and outcome performance indicators into its monitoring plan to assess progress against the established objectives of its voluntary contributions awarded to public international organizations for the humanitarian assistance response to Russia’s full-scale invasion of Ukraine as appropriate following implementation of Recommendation 1.

**(U) Management Response:** PRM concurred with the recommendation, stating that, in consultation with its partners, it will consider applying criteria established in response to Recommendation 1 to its monitoring plan for international organizations providing humanitarian assistance in response to Russia’s full-scale invasion of Ukraine.

**(U) OIG Reply:** On the basis of PRM’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that, following the implementation of Recommendation 1, PRM developed and incorporated output and outcome performance indicators into its monitoring plan to assess progress against the established objectives of its voluntary contributions awarded to PIOs for the humanitarian assistance response to Russia’s full-scale invasion of Ukraine as appropriate.

#### ***(U) Award Activities OIG Observed Generally Aligned With the PIOs’ Appeals***

(U) Without specific, measurable objectives established in the award terms to assess against, OIG reviewed general alignment of PIO activities with the PIOs’ respective appeals. OIG observed UNHCR, UNICEF, and IOM’s award implementation in Moldova and Poland and found that the activities observed generally aligned with the appeals for which they were awarded.<sup>57</sup> However, OIG could not independently determine whether these activities were achieving intended objectives for the awards.

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<sup>56</sup> (U) United Nations, “Voluntary funds administered by the United Nations High Commissioner for Refugees Financial Report and audited financial statements for the year ended 31 December 2021,” page 8.

<sup>57</sup> (U) See Appendix B for additional OIG observations.

(U) In awarding the voluntary contribution to UNHCR, the terms and conditions of the award stated that the funding was “for activities as outlined in the Revised April Supplementary Appeal.”<sup>58</sup> The initial intended scope of OIG’s observations for UNHCR was its activities in Ukraine.<sup>59</sup> However, because of security restrictions at the time of our fieldwork, OIG was unable to travel to Ukraine to observe these activities firsthand. Therefore, OIG observed UNHCR activities that occurred simultaneously while observing UNICEF and IOM in Poland and Moldova. For example, in February 2023, OIG traveled to a border crossing point at Palanca, Moldova, and observed UNHCR implementing award activities. At this site, shown in Figures 2 and 3, UNHCR provided emergency kits with items such as blankets, hygiene items, baby items, and sleeping mats to Ukrainian refugees arriving from Ukraine.<sup>60</sup> As of August 2023, UNHCR reported that it had provided protection services to 13,994 refugees at this border crossing location. In addition, UNHCR reported that it had distributed 14,388 non-food items such as blankets, sleeping bags, and warm clothing at the Palanca border crossing point. This activity aligned with a planned award activity in UNHCR’s appeal, which broadly characterized its objective to “support establishment/improvement of temporary reception and/or transit facilities.”<sup>61</sup>



**(U) Figures 2 and 3:** UNHCR tent at the border crossing that provides emergency kits to Ukrainian refugees in Palanca, Moldova. **(Source:** OIG photographs taken on February 9, 2023.)

(U) In awarding the voluntary contribution to UNICEF, the terms and conditions of the award state that the funding is “for activities in Poland outlined in the Revised April 2022 Humanitarian Action for Children Ukraine Crisis appeal.”<sup>62</sup> On January 31, 2023, OIG traveled to Warsaw, Poland, and observed UNICEF’s work at the Spynka Center there. The Spynka Center,

<sup>58</sup> (U) U.S. Department of State, “Award Specifics for PIOs,” Award No. SPRMCO22VC0065-A002, page 1.

<sup>59</sup> (U) See Appendix A for details of OIG’s sample.

<sup>60</sup> (U) Because of the security environment, OIG was not able to travel to Ukraine. Therefore, OIG observed only one implementing activity for UNHCR while in Moldova.

<sup>61</sup> (U) UNHCR, “Ukraine Situation Supplementary Appeal 2022,” March 2022.

<sup>62</sup> (U) U.S. Department of State, “Award Specifics for PIOS,” Award No. SPRMCO22VC0058.



shown in Figure 4, provides daycare services, learning, and psychological support for children between 3 to 5 years of age. According to UNICEF, there are 75 Spynkas in Poland, which had 16,903 children registered as of August 2023. This activity aligned with UNICEF's appeal objective "to provide children access to mental health, psychological support, and formal or non-formal education, including early education."<sup>63</sup>



**(U) Figure 4:** Children playing at a UNICEF-funded Spynka Center that provided daycare services and psychological services in Warsaw, Poland. **(Source:** OIG photograph taken on January 31, 2023.)



**(U) Figure 5:** Ukrainian beauty salon owners who received an IOM-funded livelihood microgrant in Comrat, Moldova. **(Source:** OIG photograph taken on February 10, 2023.)

(U) Lastly, in awarding the voluntary contribution to IOM, the terms and conditions of the award stated that the funding was "in support of activities outlined in the March 1, 2022, IOM Flash Appeal for Ukraine and Neighboring Countries."<sup>64</sup> On February 10, 2023, OIG traveled to Comrat, Moldova, and met two Ukrainian refugee sisters, shown in Figure 5, who opened a beauty salon with training and funds they had received from IOM. According to IOM, as of August 2023, IOM had provided 27 microgrants to Ukrainian refugees. This activity aligned with IOM's planned activity in its appeal "to provide sustenance grants to population in need."<sup>65</sup>

### **(U) Finding B: PRM Took Steps To Comply with Risk Assessment Requirements, but Aspects of the Risk Assessment Process Needed Improvement**

(U) OIG found that PRM implemented internal controls to manage risk and developed best practices to guide the risk assessment process for federal assistance awards. PRM completed the required risk assessment for the voluntary contributions awarded, however, the risk assessment did not consistently include risk ratings for the risks identified, nor did it explicitly account for risks identified by the PIOs. OIG also found that PRM did not consistently develop mitigation measures for the risks identified as required or plans to ensure that mitigation

<sup>63</sup> (U) UNICEF, "Humanitarian Action for Children 2022," April 2022.

<sup>64</sup> (U) U.S. Department of State "Award Specifics for PIOs," Award No. SPRMCO22VC0047, page 1.

<sup>65</sup> (U) IOM, "IOM Flash Appeal-Ukraine and Neighboring Countries," April 2022.

measures identified by the PIOs were implemented in line with best practices. The shortcomings occurred, at least in part, because PRM did not have risk management officials reviewing the risk assessments at the time. Accounting for all identified risks is necessary for developing appropriate risk mitigation plans and guiding PRM award monitoring specific to those risks.

***(U) PRM Developed Risk Management Best Practices To Guide the Risk Assessment Process***

(U) In February 2022, the Department issued an enterprise risk management framework in the Foreign Affairs Manual, which stated that all Department employees are “expected to identify, evaluate, and mitigate any substantial risks to their objectives.”<sup>66</sup> PRM created and distributed its “Risk Management Best Practices” in March 2022 to “advance PRM’s [enterprise risk management] approach by assisting PRM personnel in applying risk management principles to the [b]ureau’s existing processes.”<sup>67</sup> According to the “Risk Management Best Practices,” PRM’s approach to risk management “emphasizes clear assessment, responsible mitigation, thorough monitoring, and making appropriate adjustments throughout the program cycle.”<sup>68</sup> The “Risk Management Best Practices” document describes the Department’s risk principles and PRM’s risk management strategy, and it outlines a step-by-step process for identifying and assessing risks, determining risk magnitude, developing mitigation measures, and monitoring risks. It also references seven categories of risk that were first established in PRM’s Risk Management Strategy in 2017.<sup>69</sup> Specifically, PRM personnel should consider the following categories when assessing risks: (1) legal, (2) fiduciary, (3) reputational, (4) safety, (5) security, (6) information technology, and (7) operational.

~~(SBU)~~ The FAD states that the Grants Officer or authorized signatory must complete a written risk assessment when awarding voluntary contributions.<sup>70</sup> OIG found that PRM met the FAD requirement by completing the required risk assessment for the assistance it provided to UNHCR, UNICEF, and IOM.<sup>71</sup> Specifically, in an attachment to the June 2022 funding memorandum, PRM completed one risk assessment covering the voluntary contributions to the PIOs, which addressed the seven categories of risk recommended at both the regional and the country levels. PRM also described its risk mitigation efforts for UNHCR, UNICEF, IOM, and other PIOs in general terms, as well as the PIOs’ own efforts. Additionally, PRM discussed the risk of fraud related to the humanitarian assistance activities described in the funding memorandum. Specifically, PRM determined that (b) (5), (b) (7)(F)

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<sup>66</sup> (U) 2 Foreign Affairs Manual 031a, “Department Risk Management Policy.”

<sup>67</sup> (U) PRM, “Risk Management Best Practices,” “Section I: Introduction,” page 2.

<sup>68</sup> (U) Ibid.

<sup>69</sup> (U) PRM, FY 2017 Risk Management Strategy PPRC, (2017-PRP-07).

<sup>70</sup> (U) FAD, “Chapter 3: Federal Award Requirements,” K.2. Voluntary Contributions, page 118.

<sup>71</sup> (U) PRM personnel completed the risk assessment as part of a funding memorandum written within the bureau’s Policy and Program Review Committee process. According to PRM, the bureau established the Policy and Program Review Committee in 1986 to provide a systematic process for the establishment of policies and allocation of program resources in accordance with those policies, as well as to provide a record of its decision-making process.

(b) (5), (b) (7)(F)

<sup>72</sup> According to PRM, its “Risk Management Best Practices” and funding memoranda are “critical components of the [b]ureau’s approach to documenting our due diligence in assessing risk prior to the issuance of funding awards.”<sup>73</sup>

***(U) Aspects of the Risk Assessment Process Needed Improvement***

(U) Although PRM completed a risk assessment in accordance with the FAD, OIG identified aspects of the risk assessment process that could be improved. Specifically, PRM’s risk assessment did not explicitly acknowledge or discuss how PRM officials considered or accounted for the risks PIOs identified in their own risk assessments, consistently assess the magnitude of the risks identified, develop mitigation measures for the specific categories of risks PRM identified, or plan to ensure that PIOs’ identified mitigation measures were implemented.

***(U) PRM Did Not Explicitly Account for PIOs’ Identified Risks in its Risk Assessment***

(U) The FAD states that all bureaus, offices, and posts involved in awarding federal financial assistance must take a proactive approach to detecting potential risks and mitigating the impact prior to making an award and throughout the award lifecycle. The FAD further states that risk identification is intended to identify potential problems including programmatic, organizational, and concerns specific to the country or region.<sup>74</sup> Additionally, PRM’s “Risk Management Best Practices” issued in March 2022 states that PRM personnel “should review the risks identified by partner agencies”<sup>75</sup> and that “program officers should strive to correlate quantifiable values from partner risk assessments to PRM’s quantified standards.”<sup>76</sup> However, despite guidance outlined in both the FAD and PRM’s Risk Management Best Practices, OIG found that PRM did not explicitly account for risks identified by UNHCR, UNICEF, and IOM in its June 2022 risk assessment.<sup>77</sup>

(U) In a response to a draft of this report, PRM officials highlighted the importance of independently assessing risk from the perspective of the U.S. government and not relying on, but rather being informed by, the assessment of risks identified by implementing partners. PRM officials stated that PRM’s longstanding guidance is that its staff should analyze risks as presented by implementing partners, using judgment and the lens of U.S. foreign policy objectives as well as Department regulations and guidelines to determine PRM’s own

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<sup>72</sup> (SBU) (b) (5)

<sup>73</sup> (U) PRM, “Risk Management Best Practices,” “Risk Assessment in Funding PPRCs,” page 15.

<sup>74</sup> (U) FAD, “Chapter 2: Pre-Federal Award Requirements,” K. Conduct a Risk Assessment, pages 60-61.

<sup>75</sup> (U) PRM, “Risk Management Best Practices,” “Identifying Risks,” page 5.

<sup>76</sup> (U) Ibid., “Determining Risk Magnitude,” page 7.

<sup>77</sup> (U) Although three funding memoranda pertaining to PRM’s PIO implementers included risk assessments, OIG focused its review on the risk assessment in the June 2022 funding memorandum, which should have incorporated the guidance of PRM’s “Risk Management Best Practices,” and was the most recent at the time of OIG’s audit. OIG also reviewed the risk assessments in the February and March 2022 funding memoranda, which mainly assessed the risk of terrorist financing posed by the recommended funding actions.

assessment of risk, independent from that of its implementing partners. Although this is a reasonable approach, OIG found no evidence that PRM officials accounted for or considered the risks identified by UNHCR, UNICEF, and IOM in its June 2022 risk assessment. For example, in their risk assessments, the PIOs all identified inadequate emergency preparedness and response as a risk in providing humanitarian assistance. In addition, UNHCR also identified new sub-partners' ability or capacity to implement activities as a risk, and UNICEF Poland officials identified the potential for sexual exploitation and abuse when working with new partners as a risk. However, when reviewing PRM's risk assessment included with the June 2022 funding memorandum, OIG did not find references to these risks or evidence that they were considered. In fact, when OIG noted the absence of PIO-identified risks in PRM's risk assessment, a PRM official stated, "[PRM] does not feel the need to take in all risk that partners have identified because PRM knows the partners are taking those risks into account." The same official acknowledged there is space for PRM to improve on this issue. Although OIG understands that the PIOs identified risks and developed related mitigation measures,<sup>78</sup> it is important that PRM explicitly account for the PIO-identified risks in its own risk assessment to guide PRM's monitoring efforts toward those risks. Without doing so, PRM's monitoring may not detect instances in which PIO mitigation measures have not been appropriately implemented. Therefore, OIG is offering the following recommendation:

**Recommendation 5:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration update its policies and procedures to require that PRM officials explicitly account for risks identified by implementing partners, including public international organizations, in its risk assessments to inform the development and implementation of appropriate risk mitigation measures and to guide PRM's efforts to monitor those risks.

**(U) Management Response:** PRM concurred with the intent of the recommendation, stating that in FY 2024 it developed a risk assessment template that includes a section on "Partner Risk Mitigation" focused on "residual risks." PRM also stated that a key tenant of PRM's approach to risk management is to independently assess risk from the perspective of the U.S. government, an exercise informed by, but not reliant on implementing partners' assessments of risk. Additionally, PRM stated that staff is required to review risk assessments provided by partners when considering funding applications and that PRM staff must complete organizational risk assessments of key partners to better understand their partners' broader risk management and mitigation policies and practices. Finally, PRM noted that once these reviews are completed, staff may seek additional information, as needed, to inform more in-depth assessment and management of risk, including in specific regions or countries.

**(U) OIG Reply:** On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. PRM's description of the risk assessments template, including the section on "Partner Risk Mitigation" introduced in FY 2024, appears to meet the intent of the

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<sup>78</sup> (U) Mitigation measures are discussed in more detail later in the finding.

recommendation. This recommendation will be closed when OIG receives documentation, such as the new FY 2024 template, that demonstrates PRM has updated its procedures to require PRM officials to explicitly account for risks identified by implementing partners, including PIOs, in its risk assessments to inform the development and implementation of appropriate risk mitigation measures and to guide PRM's efforts to monitor those risks.

*(U) PRM Did Not Consistently Assess the Magnitude of Risks*

(U) According to the *Standards for Internal Control in the Federal Government*, "Management estimates the significance of the identified risks to assess their effect on achieving defined objectives at both the entity and transaction levels. Management estimates the significance of a risk by considering the magnitude of impact, likelihood of occurrence, and nature of the risk."<sup>79</sup> OIG found that, although PRM's risk assessment addressed the seven categories of risk established in its FY 2017 Risk Management Strategy and reiterated in its March 2022 "Risk Management Best Practices" guidance, it did not consistently determine the magnitude of the risks as recommended.

(U) According to PRM's "Risk Management Best Practices," personnel should use a risk assessment matrix to determine whether the risk magnitude is high (H), medium-high (MH), medium (M), or low (L) for all risks identified. Consistent with federal internal control standards, the magnitude of a risk is determined by assessing its likelihood and impact: high risks have a high likelihood of occurrence and impact, and low risks have a low likelihood of occurrence and impact. High likelihood of occurrence is defined as a condition or action that could occur daily or nearly daily. Low likelihood of occurrence is defined as a condition or action that is a once in 10-year event. Examples of high impact risks include loss of life of a humanitarian partner, material support in any amount to terrorist organizations or individuals, or direct loss of more than \$10,000. Low impact risk examples include staff illness or injury resulting in less than 7 days of missed work; theft or loss of \$500 to \$1,000 in resources, property, or equipment; or a budget variance of less than 10 percent. A high-risk magnitude results in expected program termination if the risk materializes, while a low-risk magnitude will result in losses that do not largely impact programming.<sup>80</sup> Table 3 shows the matrix PRM developed to assess the magnitude of identified risks.

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<sup>79</sup> (U) GAO-14-704G, September 2014, page 38.

<sup>80</sup> (U) PRM, "Risk Management Best Practices," "Determining Risk Magnitude," pages 7-8.

**(U) Table 3: Risk Matrix PRM Developed To Assess the Magnitude of Risks**

		Likelihood				
		Frequent	Likely	Occasional	Seldom	Unlikely
Impact	Critical	<b>H</b> High Impact/ High Frequency	<b>H</b> High Impact/ Medium-High Frequency	<b>H</b> High Impact/ Medium Frequency	<b>MH</b> High Impact/ Medium-Low Frequency	<b>M</b> High Impact/ High Frequency
	Severe	<b>H</b> Medium-High Impact/High Frequency	<b>MH</b> Medium-High Impact/ Medium-High Frequency	<b>MH</b> Medium-High Impact/High Frequency	<b>M</b> Medium-High Impact/ Medium-Low Frequency	<b>L</b> Medium-High Impact/Low Frequency
	Moderate	<b>MH</b> Medium Impact/High Frequency	<b>M</b> Medium Impact/ Medium-High Frequency	<b>M</b> Medium Impact/ Medium Frequency	<b>L</b> Medium Impact/ Medium-Low Frequency	<b>L</b> Medium Impact/ Low Frequency
	Minor	<b>M</b> Low Impact/ High Frequency	<b>L</b> Low Impact/ Medium-High Frequency	<b>L</b> Low Impact/ Medium Frequency	<b>L</b> Low Impact/ Medium-Low Frequency	<b>L</b> Low Impact/ Low Frequency

**Risk Magnitude: H-High MH-Medium-High M-Medium L-Low**

**(U) Source:** Adapted by OIG from PRM’s “Risk Management Best Practices.”

~~(SBU)~~ In reviewing the portion of PRM’s June 2022 risk assessment related to region-specific risks, OIG noted that PRM assessed the magnitude of four risks categories: (b) (5). However, PRM did not assess the magnitude of other risk categories: (b) (5).<sup>81</sup> (b) (5) —all of which are critically important in the context of the ongoing war. Similarly, for risks associated with aiding neighboring countries, PRM did not assess the magnitude of (b) (5). Without consistently assessing risk magnitude, management cannot determine the severity of the risk described, its potential impact on programming, or the appropriate level of risk monitoring. Therefore, OIG is offering the following recommendation:

**Recommendation 6:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration update its risk assessment for the humanitarian assistance response to Russia’s full-scale invasion of Ukraine to ensure that risk magnitude is consistently assessed for all risks identified.

<sup>81</sup> ~~(SBU)~~ Although economic risk was not one of the seven identified categories in PRM’s guidance, the risk assessment reviewed (b) (5), (b) (7)(F).



**(U) Management Response:** PRM concurred with the recommendation, stating that it “will update its risk assessment for the humanitarian response to Russia’s war on Ukraine to specify risk magnitude for all risks identified.”

**(U) OIG Reply:** On the basis of PRM’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM updated its risk assessment for the humanitarian assistance response to Russia’s full-scale invasion of Ukraine to ensure that risk magnitude is consistently assessed for all risks identified.

*(U) PRM Did Not Consistently Develop Mitigation Measures for the Risks Identified or Plans To Ensure That PIO-Identified Mitigation Measures Were Implemented*

~~(SBU)~~ The FAD states that in addition to risk identification, a risk assessment should also include risk mitigation. Specifically, depending on the type and degree of risk identified, bureaus should mitigate risks through additional oversight activities or specific award conditions.<sup>82</sup> PRM’s “Risk Management Best Practices” also states that once a risk has been identified and the risk magnitude has been assessed, controls should be identified to determine how to respond to the risk. “Controls are derived from one of four risk response categories—avoidance/prevention, mitigation, transfer, and acceptance.”<sup>83</sup> Mitigation measures are controls that are designed to reduce the impact or likelihood of the identified risk. If the controls do not decrease the magnitude of the risk, personnel should review and determine “whether the control is suitable or whether the activity is worth the potential risk.”<sup>84</sup> In reviewing PRM’s June 2022 risk assessment, (b) (5), the risk assessment described only general mitigation measures. However, OIG found that the general mitigation measures did not directly correspond to the identified categories of risk across the region or to specific country risks that PRM had identified.

(U) The PIOs also identified risks and corresponding mitigation measures that were not explicitly accounted for in PRM’s risk assessment. For example, as noted previously, the PIOs all identified inadequate emergency preparedness and response as a risk in providing humanitarian assistance. In addition, UNHCR also identified new subpartners’ ability or capacity to implement activities as a risk. According to UNHCR, to mitigate these risks, it deployed additional staff and supplies to the region to enhance emergency preparedness and response and provided capacity-building training to new subpartners. IOM reported deploying staff from its emergency roster to mitigate the risk of inadequate emergency preparedness and response. UNICEF Poland officials identified the potential for sexual exploitation and abuse when working

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<sup>82</sup> (U) FAD, “Chapter 2: Pre-Federal Award Requirements,” K. Conduct a Risk Assessment, pages 60-61, 64.

<sup>83</sup> (U) PRM, “Risk Management Best Practices,” “Developing Risk Controls and Reassessing Risk,” page 9.

<sup>84</sup> (U) Ibid.

with new partners as a risk. To mitigate the risk, UNICEF officials met with senior management of its civil society partners and conducted a protection from sexual exploitation and abuse assessment for all civil society partners in Poland. However, because these PIO-identified risks and mitigation measures were not explicitly accounted for in PRM's risk assessment, its ability to guide monitoring efforts were limited. Had the mitigation measures been included in PRM's assessment, it could have focused efforts to help, for example, assess the effectiveness of the PIO's mitigation measures in addressing identified risks.

~~(SBU)~~ PRM officials told OIG that these PIO-identified risks and the associated mitigation measures were not accounted for in PRM's risk assessment because PRM relies on the PIOs to address them independently. For example, one PRM official said that the bureau relies on the PIOs to address risks on their own; he stated that the PIOs do "a very large risk analysis and have their own auditors. . . . [and] a large part of PRM's relationship with these organizations is built on trust and [the PIOs'] expertise." OIG reviewed PRM's organizational strategies for UNHCR and IOM to evaluate PRM's reliance on the PIOs.<sup>85</sup> In the Organizational Strategy for UNHCR, PRM wrote that UNHCR ~~(b) (5)~~

~~(b) (5)~~ For example, PRM noted that UNHCR completes annual risk reviews.<sup>86</sup> In the Organizational Strategy for IOM, PRM assessed that IOM has "initiated work on foundational issues, most notably risk management and had developed an updated risk strategy that includes descriptions of roles and responsibilities of its oversight staff. . . . [and] several formal and informal mechanisms in place to minimize the risk of fraud."<sup>87</sup> Although the UNHCR and IOM organizational strategies include information about risks and mitigation, because they are written at a global-level, PRM does not have assurance regarding the effectiveness of the PIOs' risk mitigation measures for the appeals for the humanitarian assistance response to Russia's full-scale invasion of Ukraine. In addition, PRM's organizational strategies are only for UNHCR and IOM and do not account for other PIOs for which it provides funding.

(U) PRM must have mitigation measures that are specific to the risks it identifies for the awards including country specific risks to enable appropriate monitoring of those risks. Moreover, by not independently documenting the PIO-identified risks and mitigation measures in its own risk assessment, PRM is not positioned to monitor and determine whether the PIOs were implementing mitigation measures or determine whether the measures are effective. The combination of these missing mitigation measures increases the chances that PRM's monitoring

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<sup>85</sup> (U) As described in Finding A of this report, because of its role as the U.S. government lead for engagement with UNHCR and IOM, PRM prepared organizational strategies for these PIOs—at a global level—in which it assessed the PIOs' risk management policies and procedures. According to PRM, it did not have an organizational strategy for UNICEF at the time of this audit because it was not the lead for U.S. government engagement with UNICEF. However, in comments provided in response to a draft of this report, PRM indicated that it has since developed an organizational strategy for UNICEF.

<sup>86</sup> (U) PRM Organizational Strategy PPRC, FY 2022-2023 Strategy for United Nations High Commissioner for Refugees, 2022-MCE-01, page 16.

<sup>87</sup> (U) PRM Organizational Strategy PPRC, FY 2021-2022 Organizational Strategy for IOM, 2021-MCE-03, page 14.

will be ineffective and funding may be wasted because of risks that are not adequately mitigated. Therefore, OIG is offering the following recommendations:

**Recommendation 7:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration update its risk assessment for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to ensure that specific mitigation measures are developed for the risks the bureau identified, including regional and country-specific risks.

**(U) Management Response:** PRM concurred with the recommendation, stating that it will update its risk assessment to include specific mitigation measures for identified risks related to the humanitarian response to Russia's war on Ukraine.

**(U) OIG Reply:** On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM updated its risk assessment for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to ensure that specific mitigation measures are developed for the risks the bureau identified, including regional and country-specific risks.

**Recommendation 8:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration update its risk assessment for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to reflect public international organizations' planned mitigation measures and the steps the bureau will take to ensure that these mitigation measures are being implemented as planned.

**(U) Management Response:** PRM concurred with the recommendation, stating that its FY 2023 risk assessment included international organizations' planned mitigation measures. PRM also stated that it will include specific monitoring activities to ensure these mitigation measures are implemented as planned and are included in the relevant monitoring plans for FY 2024.

**(U) OIG Reply:** On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM updated its risk assessment for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to reflect PIOs' planned mitigation measures and the steps the bureau will take to ensure that these mitigation measures are being implemented as planned.

***(U) PRM Did Not Formally Define Responsibilities for Risk Assessment Reviews in PRM Guidance***

(U) The shortcomings related to risk assessment and mitigation occurred, at least in part, because PRM did not have risk management officials reviewing and providing expertise on the June 2022 risk assessment for the Ukraine humanitarian assistance response. Instead, a PRM official told OIG that they developed the risk assessment based on existing PRM guidance but acknowledged that they were limited by the fact that the personnel responsible for this work were not risk subject matter experts.

(U) *Standards for Internal Control in the Federal Government* lists risk management as a component of an effective internal control system. One principle under this component states that “[m]anagement should identify, analyze, and respond to risks related to achieving the defined objectives.”<sup>88</sup> Without a full and independent review of all risks identified by a subject matter expert, PRM did not have assurance that risks were being appropriately assessed and mitigated. Furthermore, when considering PRM officials’ failure to explicitly account for PIOs’ identified risks in its own risk assessment, consistently assess risk magnitude, and develop appropriate mitigation measures, the consequences could be severe in the context of providing humanitarian assistance to those impacted by Russia’s war in Ukraine, particularly in relation to safety, security, and economic risks. For example, in Ukraine, failure to mitigate safety and security risks could result in the injury or death of humanitarian partner staff as a result of missile strikes. An absence of mitigation measures related to economic risks could threaten the ability of humanitarian partners to meet the needs of refugees.

(U) According to PRM officials, PRM has since hired a risk management official who is now reviewing and providing expert advice on risk assessments when PRM responds to the PIOs’ appeals for funding. Although the hiring of this official is a positive development, PRM has not outlined this official’s responsibilities in its “Risk Management Best Practices.” In the absence of formally defining the risk official’s responsibilities or specifying their input as a required step for writing risk assessments in its best practices, PRM has limited assurance that risks will be consistently identified, risk magnitude will be assessed, and appropriate mitigation measures will be developed. In addition, PRM’s February 2021 Risk Management Strategy proposed the “establishment of a cross-office team responsible for risk management. . . [that] would provide consistent guidance. . . [and] serve as a source of risk management expertise for program officers. . .”<sup>89</sup> Therefore, to further enhance PRM’s risk management process, OIG is offering the following recommendation:

**Recommendation 9:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration formally define the responsibilities of risk management officials in its “Risk

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<sup>88</sup> (U) GAO-14-704G, September 2014, page 37.

<sup>89</sup> (U) PRM, Policy and Program Review Committee (PPRC) FY 2021-FY2022 Strategy for Risk Management (2021-PRP-07), February 2021, page 8.

Management Best Practices,” and specify their input as a required step in the risk assessment development process.

**(U) Management Response:** PRM concurred with the recommendation, stating that, since 2023, it has specified the role of the “Bureau’s Strategy, Risk, and Learning team” in reviewing and clearing risk assessments in required templates and other relevant standard operating procedures. PRM also stated that it will update its “Risk Management Best Practices” to provide similar clarification on the role of the team.

**(U) OIG Reply:** On the basis of PRM’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM formally defined the responsibilities of risk management officials in its “Risk Management Best Practices” and specified their input as a required step in the risk assessment development process.

## (U) RECOMMENDATIONS

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**Recommendation 1:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement criteria for incorporating specific, measurable objectives and performance indicators into the award terms and conditions for voluntary contributions to enable measurement of the success of voluntary contributions awarded to public international organizations.

**Recommendation 2:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration identify specific monitoring activities to be performed for the voluntary contributions provided for the humanitarian assistance response to Russia's full-scale invasion of Ukraine and incorporate the identified monitoring activities into its monitoring plan.

**Recommendation 3:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration tie its monitoring plan for the voluntary contributions provided for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to its risk assessment.

**Recommendation 4:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration develop and incorporate output and outcome performance indicators into its monitoring plan to assess progress against the established objectives of its voluntary contributions awarded to public international organizations for the humanitarian assistance response to Russia's full-scale invasion of Ukraine as appropriate following implementation of Recommendation 1.

**Recommendation 5:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration update its policies and procedures to require that PRM officials explicitly account for risks identified by implementing partners, including public international organizations, in its risk assessments to inform the development and implementation of appropriate risk mitigation measures and to guide PRM's efforts to monitor those risks.

**Recommendation 6:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration update its risk assessment for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to ensure that risk magnitude is consistently assessed for all risks identified.

**Recommendation 7:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration update its risk assessment for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to ensure that specific mitigation measures are developed for the risks the bureau identified, including regional and country-specific risks.

**Recommendation 8:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration update its risk assessment for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to reflect public international organizations' planned mitigation measures and the steps the bureau will take to ensure that these mitigation measures are being implemented as planned.



**Recommendation 9:** (U) OIG recommends that the Bureau of Population, Refugees, and Migration formally define the responsibilities of risk management officials in its “Risk Management Best Practices,” and specify their input as a required step in the risk assessment development process.

## (U) APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

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(U) The Office of Inspector General (OIG) conducted this audit to determine whether (1) the Department of State (Department) humanitarian assistance response to the *Ukraine crisis* was implemented in accordance with Department policies, guidance, and award terms and conditions and (2) the intended objectives were achieved.

(U) OIG conducted this audit from September 2022 to March 2024 from the U.S. Consulate General Frankfurt, Germany, with audit fieldwork in Poland, Moldova, and Switzerland. OIG conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.<sup>1</sup>

(U) To obtain background information, including criteria, OIG reviewed the Government Accountability Office's *Standards for Internal Controls in the Federal Government*, the Code of Federal Regulations, the Federal Assistance Directive, the Foreign Affairs Manual, the Foreign Affairs Handbook, and Bureau of Population, Refugees, and Migration's (PRM) standard operating procedures. OIG interviewed officials from PRM, the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), and the International Organization for Migration (IOM). To assess the implementation of humanitarian assistance to Ukraine, OIG reviewed four voluntary contributions awarded by PRM.

### (U) Data Reliability

(U) OIG used computer-processed data to determine the universe of PRM-funded humanitarian assistance to Ukraine. PRM provided OIG a Microsoft Excel spreadsheet containing information on the awards that were implemented in Ukraine using funds provided by the Ukraine Supplemental Appropriations Act, 2022, and the Additional Ukraine Supplemental Appropriations Act, 2022, for FY 2022 as of August 2022.<sup>2</sup> OIG verified the completeness of the information provided by searching the Department's State Assistance Management System.<sup>3</sup> Specifically, OIG compared the data provided by PRM with data it obtained from the State Assistance Management System to determine whether the award dollar amounts, award numbers, and implementers matched. OIG further verified that data elements were consistent and were within the designed ranges and that the relationship of data elements to one another were logical. OIG also searched USASpending.gov and ForeignAssistance.gov to ensure that no

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<sup>1</sup> (U) OIG also issued an accompanying information brief on the Department's humanitarian assistance to Ukraine: *The Department of State Humanitarian Assistance Response To Support Ukraine* (AUD-MERO-23-17, April 2023).

<sup>2</sup> (U) Consolidated Appropriations Act, 2022, Public Law 117-103, Division N – Ukraine Supplemental Appropriations Act, 2022, March 15, 2022, and Additional Ukraine Supplemental Appropriations Act, 2022, Public Law 117-128, May 21, 2022.

<sup>3</sup> (U) The State Assistance Management System is the Department's official award file for all Federal financial assistance.

awards were omitted from the list. However, OIG was not able to verify data on USASpending.gov or ForeignAssistance.gov for completeness because awards marked sensitive were not uploaded to these databases. PRM did this to ensure the confidentiality and safety of recipients. Nevertheless, OIG's communication with PRM, the implementers, and review of data from the State Assistance Management System led OIG to conclude that the data were sufficiently reliable for the purposes of this audit.

## **(U) Work Related to Internal Control**

(U) OIG considered several factors, including the subject matter of the audit engagement, to determine whether internal control was significant to the audit objective. Based on its consideration, OIG determined that internal control was significant for this audit. OIG then considered the components of internal control and the underlying principles included in the *Standards for Internal Control in the Federal Government*<sup>4</sup> to identify internal controls that were significant to the audit objectives.

(U) For this audit, OIG concluded that two of five internal control components from the *Standards for Internal Control in the Federal Government* – Risk Assessment and Monitoring – were significant to the audit objectives. The Risk Assessment component assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses. The Monitoring component relates to activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews. OIG also concluded that six of the principles related to the selected components were significant to the audit objectives as described in Table A.1.

### **(U) Table A.1: Internal Control Components and Principles Identified as Significant**

<b>(U) Components</b>	<b>(U) Principles</b>
(U) Risk Assessment	• Principle 6 – Management should define objectives clearly to enable the identification of risks and define risk tolerances.
	• Principle 7 – Management should identify, analyze, and respond to risks related to achieving the defined objectives.
	• Principle 8 – Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
	• Principle 9 – Management should identify, analyze, and respond to significant changes that could impact the internal control system.
(U) Monitoring	• Principle 16 – Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
	• Principle 17 – Management should remediate identified internal control deficiencies on a timely basis.

**(U) Source:** OIG generated from an analysis of internal control components and principles from the Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014).

<sup>4</sup> (U) Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014).

(U) OIG interviewed Department officials, performed process walkthroughs, and reviewed documents and policies to obtain an understanding of internal controls related to the components and principals identified as significant for this audit. OIG also performed procedures to assess the design and implementation of key internal controls. Specifically,

(U) With respect to risk assessment, OIG did the following:

- (U) Obtained the risk assessment for the four voluntary contributions to determine whether risk assessments were developed in accordance with Department guidance.
- (U) Reviewed any supporting documentation the Department obtained to conduct the risk assessments.
- (U) Reviewed the risk assessments to determine whether fraud risk was assessed.
- (U) Reviewed documentation to determine whether PRM completed follow-up risk assessment(s), as needed, and whether the level of risk had changed.
- (U) Reviewed the risk assessment to determine whether the risks were appropriately designated.
- (U) Reviewed the risk assessment to determine whether compensating controls were developed to mitigate risk.
- (U) Reviewed and analyzed PRM's standard operating procedures for the development and execution of risk assessments and risk mitigation.

(U) With respect to monitoring, OIG did the following:

- (U) Obtained and reviewed monitoring plans for four voluntary contributions to determine whether they included performance and financial monitoring.
- (U) Obtained and reviewed the terms and conditions for the four voluntary contributions to determine whether they included requirements for performance and financial monitoring.
- (U) Identified agreed-upon metrics and objectives established by PRM to measure the progress of awards.
- (U) Reviewed the selected award files to determine whether evaluations of award performance were occurring and were documented.
- (U) Conducted site visits at the implementer's places of performance to determine whether evidence existed to support the performance of programs against the stated goals and objectives.
- (U) Reviewed and analyzed PRM's standard operating procedures for the development and implementation of monitoring activities.

(U) Internal control deficiencies identified during the audit that are significant within the context of the audit objective are presented in the Audit Results section of this report.

## (U) Sampling Methodology

(U) In FY 2022, PRM obligated \$493.7 million as part of its humanitarian assistance response to Russia's full-scale invasion of Ukraine. The funding was provided via 10 awards to 9 implementing partners. (OIG concluded the completeness of the data as stated previously.) To select the specific awards for review, OIG used the data PRM provided that showed that UNHCR, UNICEF, and IOM received four of the highest-value awards. Collectively, these four awards totaled \$431.7 million of the \$493.7 million (or 87 percent) PRM obligated in FY 2022 as part of its response to the Ukraine crisis. Because these four awards made up almost all of PRM's obligations at the time, OIG judgmentally selected them for review.

(U) To determine the location of fieldwork, OIG also relied on the data that PRM provided. The data showed that most of the funding was obligated for programs in Ukraine, Poland, and Moldova. PRM's funding was also used to support programs in Romania, Slovak Republic, Hungary, Czechia, Bulgaria, and Belarus. But because the majority of the programs were being implemented in Ukraine, Poland, and Moldova, OIG selected these countries to make site visits.

(U) Table A.2 provides information on the four voluntary contributions that OIG reviewed.

### (U) Table A.2 Voluntary Contributions OIG Selected for Review

(U) Award	(U) Implementer	(U) Audit Fieldwork	(U) Award Value
(U) SPRMCO22VC0065	UNHCR	Ukraine	\$186,300,000
(U) SPRMCO22VC0034	UNHCR	Ukraine	\$127,500,000
(U) SPRMCO22VC0058	UNICEF	Poland	\$81,200,000
(U) SPRMCO22VC0047	IOM	Moldova	\$36,700,000
<b>Total</b>			<b>\$431,700,000</b>

(U) **Source:** Generated by OIG from data provided by PRM regarding Ukraine Supplemental funds obligated to the Ukrainian crisis. Award values are as of February 2023.

## (U) Prior Office of Inspector General Reports

### (U) *The Department of State Humanitarian Assistance Response To Support Ukraine (AUD-MERO-23-17, April 2023).*

(U) In the information brief, OIG reported the details regarding the Department's humanitarian assistance response to Russia's February 2022 full-scale invasion of Ukraine. Specifically, PRM issued nine voluntary contributions, valued at \$485.4 million, to eight public international organizations and one cooperative agreement, valued at \$8.3 million, to a nongovernmental organization. These implementing partners work in a variety of areas of assistance such as food security, education, and health to name a few. As of February 2023, \$415.2 million (84 percent) had been expended in nine countries: Ukraine, Poland, Moldova, Romania, Slovak Republic, Hungary, Czechia, Bulgaria, and Belarus.

***(U) Audit of the Department of State's Risk Assessments and Monitoring of Voluntary Contributions to Public International Organizations (AUD-MERO-21-18, March 2021).***

(U) OIG reported that the Department's processes for identifying, assessing, and responding to risks before awarding funds to public international organizations needed improvement. Specifically, OIG reported that the Department's processes for monitoring voluntary contributions did not adhere to the standards and principles in the *Standards for Internal Control in the Federal Government*. The noted exceptions were PRM; Arms Control, Verification, and Compliance; and the Bureau of International Organization Affairs, which independently established an Internal control environment that required monitoring activities to be documented. OIG made four recommendations to the Bureau of Administration, Office of the Procurement Executive, to improve the Department's ability to assess risks and monitor voluntary contributions awarded to public international organizations. All four recommendations have been implemented and closed.

***(U) Audit of Humanitarian Assistance Cooperative Agreements Supporting Internally Displaced Persons in Iraq (AUD-MERO-19-20, March 2019).***

(U) OIG reported that PRM generally complied with federal requirements, Department guidance, and award terms and conditions for monitoring the five cooperative agreements OIG reviewed. Specifically, OIG reported that PRM generally established award budgets by cost categories and reviewed the recipients' quarterly financial reports as required. However, OIG found that PRM's practice of asking the award recipient to select the expenditures for PRM to review was ineffective in identifying unallowable and unsupported costs. OIG made three recommendations to help ensure that PRM award recipients in Iraq used funds awarded through cooperative agreements as intended. All three recommendations have been implemented and closed.

***(U) Audit of Foreign Assistance for Internally Displaced Persons in Iraq (AUD-MERO-18-56, August 2018).***

(U) OIG reported that PRM's monitoring of five selected voluntary contributions generally complied with federal and Department requirements. However, the award files reviewed needed improvement. Specifically, the award files did not contain all required documents such as the funding approval memorandum. OIG also reported that PRM's Assistant Secretary approved the funding memorandum, but that responsibility was formally assigned to the Director of the Office of U.S. Foreign Assistance Resources. OIG made three recommendations to assist PRM in improving its documentation of award files and clarify current delegations of authority over approvals for funding voluntary contributions under the Migration and Refugee Assistance Act of 1962. All three recommendations have been implemented and closed.

***(U) Audit of Humanitarian Assistance to South Sudan (AUD-MERO-18-48, July 2018).***

(U) OIG reported that for the cooperative agreements that PRM awarded, there were instances in which the implementing partners deviated from the approved budget plan and misapplied expenses. This deficiency occurred, in part, because PRM did not implement procedures to verify that award recipients were complying with approved budget plans or obtaining permission to deviate from the approved budget plans. For the voluntary contributions that PRM awarded, PRM's risk assessments and monitoring were consistent with federal and Department requirements. OIG made one recommendation intended to improve PRM's



monitoring of cooperative agreements awarded in support of South Sudanese internally displaced persons and refugees. The recommendation has been implemented and closed.

***(U) Inspection of the Bureau of Population, Refugees, and Migration (ISP-I-17-10, February 2017).***

(U) OIG reported that an increase in workload placed stress on bureau personnel at operations at all levels. PRM established standard operating procedures and systematic mechanisms to engage, monitor, and evaluate the effectiveness of the international organizations it funds. As a result of unclear communication about policy priorities, bureau employees were uncertain about how to prioritize their work to meet bureau strategic goals most effectively. PRM had been hampered by the lack of a staffing plan to address its expanded workload. As humanitarian crises grew more complex and protracted, close coordination between bureau humanitarian and U.S. Agency for International Development programs became imperative to make more efficient use of resources and improve outcomes for refugee populations. PRM developed generally effective internal control policies and procedures to manage grants and cooperative agreements. PRM's 2015 annual statement of assurance on management controls did not include formal assessments of contract management, IT security, and refugee admissions. OIG made 11 recommendations to address staffing planning, communication, contract management, monitoring and evaluation, human resources, and purchase card internal controls. All the recommendations have been implemented and closed.

## (U) APPENDIX B: OIG OBSERVATIONS OF THE PUBLIC INTERNATIONAL ORGANIZATIONS' IMPLEMENTING OF AWARD ACTIVITIES DURING FIELD WORK PHASE OF THE AUDIT

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### **(U) United Nations High Commissioner for Refugees (UNHCR)**

(U) In May 2022 and December 2022, the Bureau of Population, Refugees, and Migration (PRM) awarded two voluntary contributions to UNHCR for \$127.5 million and \$186.3 million respectively. According to PRM, in Ukraine, UNHCR is advancing area-based and participatory approaches to sustaining refugee returnees in their communities of origin and promoting



**(U) Figure B.1:** UNHCR support center for war-affected families. (Source: UNHCR, February 2023.)

economic recovery and reconstruction. In neighboring refugee-hosting countries, UNHCR is supporting the inclusion of refugees in national systems, with a focus on support to the most vulnerable, and working with local host communities to expand access to needed services. Figure B.1 shows a UNHCR-funded support center for war-affected families in Dnipropetrovsk Oblast, Ukraine.

### **(U) United Nations Children's Fund (UNICEF)**

(U) In August 2022, PRM awarded a voluntary contribution to UNICEF for \$81.2 million. According to PRM, UNICEF is providing multisector, life-saving support for children and their families in refugee-hosting countries outside Ukraine. This support includes advocating for better protection, meeting basic needs, and expanding opportunities for vulnerable children and their families. UNICEF supports Ukrainians' access to information, engages affected communities in response design and delivery, facilitates social cohesion between refugee and host communities, and ensures accountability mechanisms for a dignified, people-centered response. UNICEF reinforces inclusion and the prevention of discrimination, including for children with disabilities, Roma,<sup>1</sup> and third-country nationals.

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<sup>1</sup> (U) According to the European Commission, the umbrella term Roma "encompasses diverse groups, including Roma, Sinti, Kale, Romanichels, Boyash/Rudari, Ashkali, Egyptians, Yenish, Dom, Lom, Rom and Abdal, as well as Traveler populations (gens du voyage, Gypsies, Camminanti, etc.)."

(U) In January 2023, Office of Inspector General (OIG) traveled to Warsaw, Krakow, and Lublin, Poland, to observe the implementation of UNICEF's award activities. OIG observed the following activities:



(U) Early Childhood Development Center, shown in Figure B.2, provides services such as psychological assistance and Polish language classes. According to the center's Director, "over 20,000 children have benefited from the services offered." In addition, the Center has a computer lab with 120 seats used for remote learning.

**(U) Figure B.2:** UNICEF Early Childhood Development Center in Warsaw, Poland. (Source: OIG photograph taken on January 31, 2023.)

(U) Blue Dot Center in the Krakow Central Train Station, Poland, is shown in Figures B.3, B.4, and B.5.<sup>2</sup> According to UNICEF, this Blue Dot Center "is a transit destination for Ukrainian refugees who want to move on to the European Union or to settle in Krakow, Poland." It provides refugees with information on their rights, with a special focus on children, families, and the elderly, and it also offers psychological first aid.



**(U) Figures B.3, B.4, and B.5:** UNICEF Blue Dot in the Central Train Station in Krakow, Poland, which provides refugees with information on their rights, psychological first aid, and food. (Source: OIG photograph taken on February 2, 2023.)

<sup>2</sup> (U) Blue Dots are set up in locations where refugees arrive at border crossings and along anticipated routes of major refugee flows. The services offered at Blue Dots are the identification and referral of children at risk, to mental health and psychosocial support, legal aid, and information and advice desks.



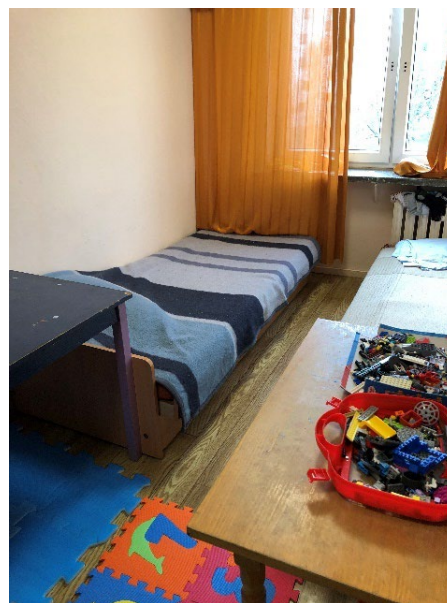
(U) Spilno hub in Lublin, Poland provides support such as Polish classes, legal advice, therapy, art classes, and technology classes.<sup>3</sup> During OIG's visit, the Director underscored the need to promote social cohesion for everyone in the community.

(U) Ophthalmology Clinic in Lublin, Poland, provides ophthalmology services and Ukrainian doctors with second opinions. OIG observed optical equipment, shown in Figure B.6, purchased with the financial support of UNICEF.

(U) The Refugee Accommodation Center in Lublin, Poland, shown in Figure B.7 and B.8, housed 56 Ukrainian refugees who were receiving medical treatment. For example, OIG personnel met a Ukrainian mother and two children who had been receiving treatment for their eyes that had been injured in Ukraine because of bombing debris during the war. The center has 40 rooms with double beds and provides three catered meals a day.



**(U) Figure B.6:** UNICEF Ophthalmology Clinic equipment in Lublin, Poland. **(Source:** OIG photograph taken on February 1, 2023.)



**(U) Figures B.7 and B.8:** UNICEF Refugee Accommodation Center in Lublin, Poland. **(Source:** OIG photograph taken on February 1, 2023.)

<sup>3</sup> (U) A Spilno Center is multipurpose center for out-of-school children that gives displaced parents the chance to take a break while professional teachers and psychologists conduct master classes and play developmental games with the children.

**(U) International Organization for Migration (IOM)**

(U) In November 2022, PRM awarded a voluntary contribution to IOM for \$36.7 million. According to PRM, IOM seeks to meet the needs and promote the rights, dignity, and well-being of crisis-affected people in Ukraine's neighboring countries—Hungary, Moldova, Poland, Romania, and Slovakia—as well as other states providing refuge to Ukrainians and third-country nationals through principled humanitarian action.

(U) In February 2023, OIG traveled to Palanca, Chişinău, Dubasari, Gagauzia, and Comrat, Moldova to observe the implementation of IOM's award activities. OIG observed the following activities:



**(U) Figure B.9:** Border Point in Palanca, Moldova.  
(Source: OIG photograph taken on February 9, 2023.)

(U) Border point in Palanca, Moldova, shown in Figure B.9, at the height of the refugee crisis, had more than 12,000 people coming through this border point in 24 hours. The Head of International Cooperation Director said that 28 working stations were processing people during the initial refugee crisis. However, the Border point, as of February 2023, had the

capacity to open 39 working stations during a surge because of newly acquired equipment purchased with IOM funding.

(U) IOM warehouse, shown in Figure B.10, where nonfood items such as coats, blankets, and pillows are stored for Ukrainian refugees in Moldova. In addition, hygiene and winterization kits are stored there in case of an emergency or surges.



**(U) Figure B.10:** IOM Warehouse in Chisinau, Moldova. (Source: OIG photograph taken on February 8, 2023.)



(U) Ministry of Health Hospital, shown in Figure B.11, in Chişinău, Moldova provides predeparture healthcare checks to refugees to determine whether they are healthy enough to travel in accordance with the physical criteria of their destinations such as European Union countries, Canada or the United States. According to a Ministry of Health Hospital official, they



**(U) Figure B.11:** IOM-funded pre-departure health check at the Ministry of Health Hospital, Chisinau, Moldova. (Source: OIG photograph taken on February 8, 2023.)

began offering this service in March or April 2022 and had completed more than 2,000 examinations as of February 2023.

(U) Mental Health Community Center in Chişinău. The Mental Health Center specializes in hospitalizations, addiction recovery programs, and severe mental health disorders.

(U) Regional Rehabilitation Center for Victims of Domestic Violence in Gagauzia, Moldova entered into a service agreement with IOM to provide services such as shelter, legal, and psychological counseling. At the time of OIG's visit, the center had 15 Ukrainian women and children who were survivors of domestic violence. According to IOM, 130 Ukrainians have been assisted by this project.

(U) A Ukrainian refugee's apartment in Chisinau, Moldova, who is the recipient of IOM's rental assistance program. She migrated to Moldova in September 2022 with her daughter and son, of which the latter has special needs. She was able to rent the apartment with IOM's rental assistance program.

(U) Playground in Dubasari, Moldova, shown in Figure B.12. The park is being built next to a refugee accommodation center. According to IOM, the playground is being built to promote social cohesion within the community.



**(U) Figure B.12:** IOM-funded playground in Dubasari, Moldova. (Source: OIG photograph taken on February 10, 2023.)



(U) Information Center, shown in Figure B.13. The Information Center, located inside a municipality building in Comrat, Moldova, provides useful information about assistance available to refugees, third-country nationals, and host communities in support of their needs. For example, the Information Center provides information for services such as rental and legal services. According to IOM, on average between 20 to 30 people a day stop by the Information Center to obtain information.



**(U) Figure B.13:** IOM-funded information center in Comrat, Moldova. (Source: OIG photograph taken on February 9, 2023.)

## (U) APPENDIX C: BUREAU OF POPULATION, REFUGEES, AND MIGRATION RESPONSE

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United States Department of State  
*Bureau of Population, Refugees, and Migration*  
Washington, D.C. 20520

May 6, 2024

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**MEMORANDUM**

**TO:** OIG/AUD – Gayle Voshell, Acting

**FROM:** PRM – Julieta Valls Noyes 

**SUBJECT:** Draft Report on *Audit of the Department of State's Humanitarian Response to the Ukraine Crisis*

Thank you for the opportunity to provide comments on and respond to the recommendations of the subject draft report. PRM remains committed to ensuring effective management, monitoring, and risk analysis of our assistance programs as an essential part of award management. We appreciate OIG's recommendations and are committed to continuing to improve PRM's assistance programs in all areas including by implementing the recommendations of this audit to further strengthen our management and oversight performance. We have also included comments on specific sections of the report in the attachment to this letter.

Before addressing the audit recommendations, it is important to frame PRM's oversight efforts within this historic humanitarian response. When Russia launched its full-scale invasion of Ukraine on February 24, 2022, it prompted one of the largest, fastest, and most complex mass displacements of people in modern history and Europe's largest refugee crisis in Europe since World War Two. Within a mere two months, more than eight million people had fled Ukraine, another eight million were displaced internally, millions of homes were destroyed, and thousands of civilians were killed.

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Faced with an unprecedented challenge, PRM and international partners responded with extraordinary speed and scale. PRM issued its first awards to support this response on February 24, just hours after Russian missiles began raining down on Kyiv, providing \$25.6 million to UNHCR and another IO partner to respond to immediate needs inside Ukraine. Over the course of the next three weeks, as the scale of the refugee crisis in neighboring countries became clear, PRM rapidly responded to the UN's first emergency Ukraine Regional Refugee Response Plan with \$177.7 million in assistance on March 14 (18 days after the invasion) to UNHCR, IOM, UNICEF, WHO, and UNFPA for their response in host countries, as well as additional funding to UNHCR for their work inside Ukraine. PRM also provided an additional \$8.3 million to Catholic Relief Services on March 9 (13 days after the invasion) to fill immediate gaps in Moldova, which, as Europe's poorest country, faced serious challenges meeting the needs of the hundreds of thousands of people from Ukraine crossing its borders. Three months later, as Ukrainian forces pushed Russian forces back east, and partners were able to survey the extent of the needs in Ukraine and neighboring countries, PRM responded again with another \$287.7 million in assistance on June 10 to UNHCR, IOM, UNICEF, WHO, UNFPA, IFRC, and UN Women. In total, PRM programmed nearly \$500 million in humanitarian assistance between February and June 2022 to respond to Russia's full-scale invasion of Ukraine. **In all cases, PRM complied with Department requirements and regulations on monitoring, internal controls, and risk management of voluntary contributions to implementing partners. PRM's awards had an immediate, tangible, and positive humanitarian impact and furthered U.S. foreign policy objectives by meeting the stated objectives and goals of our IO partners.**

Specifically, building off the generosity and support from host communities and governments in refugee hosting countries, as well as the catalytic impact PRM funding had on the response of other donors, the United States and our partners galvanized a comprehensive response to severe and urgent humanitarian needs. The international humanitarian community averted the creation of refugee camps along the Ukrainian border or tent cities in urban areas, instead, establishing organized registration systems for new arrivals and providing them with critical assistance such as housing, cash, food, and protection. From March to December 2022, the Ukraine Regional Refugee Response Plan reached nearly 1.8 million refugees with critical assistance and protection, including more than one million refugees with basic household

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items, nearly 900,000 people with cash assistance, nearly 360,000 children with protection support, and nearly 330,000 people with mental health and psychosocial support.

I saw this response firsthand when I traveled to Moldova and Poland on my first trip as PRM Assistant Secretary in April 2022 and was amazed at the scale and efficiency of the response our partners had mobilized in just a little over a month, with registration centers and support facilities at border points and in major cities. It was also clear that the Moldovan and Polish host communities I met, particularly along Ukraine's borders, were able to maintain their resiliency and welcome millions of their neighbors fleeing Russia's aggression because of the speed and strength of the international support behind them. Inside Ukraine, UNHCR was also rapidly scaling up its response to meet the needs of IDPs and other conflict-affected people in Ukraine. Between February and December 2022, with PRM support, UNHCR reached nearly 1.8 million people with essential food and basic household items, nearly 990,000 people with cash assistance, and more than 1.1 million people with protection assistance.

The OIG focused its review of PRM's work exclusively through the lens of the audited award agreements, but as such, the audit fails to capture the full range of PRM's oversight practices, which the OIG itself praised in its March 2021 OIG audit of the Department of State's Risk Assessments and Monitoring of Voluntary Contributions to Public International Organizations (AUD-MERO-21-18). At that time, the OIG that found PRM "went beyond Department policy and applied Green Book standards for the purpose of providing reasonable assurance...that risks were identified, assessed, and responded to before awarding funds" (AUD-MERO-21-18, Highlights) as well as that "PRM designed control activities and documented results in accordance with Green Book standards and principles." (AUD-MERO-21-18, page 13).

In response to the Ukraine crisis, PRM monitored award performance with a rapidly deployed field presence that allowed in-depth engagement with partners and oversight of partner activities. In the weeks following Russia's full-scale invasion, PRM deployed 30 personnel to serve rotationally as Refugee Coordinators in five different neighboring countries: Poland, Moldova, Romania, Slovakia, and Hungary. This was in addition to our permanent Kyiv Regional Refugee Coordinator (who relocated to Warsaw, Poland, following her

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evacuation from Kyiv). In Poland and Moldova alone, PRM staff conducted more than 25 in-person site visits and partner meetings in FY 2022, as well as several virtual site visits and meetings with partners based inside Ukraine. They reported this information back to Washington via weekly reports from field staff, which often included 20-30 specific, detailed updates on partner activities, meetings, or performance, complemented by close reviews of PRM-funded programs and activities and extensive headquarters-level partner engagement by staff based in Washington and Geneva. This surge in PRM field staffing, increased oversight through direct site visits and field observations, frequent monitoring and partner engagement through meetings, phone calls, emails, and review of situation and audit reports, assured us that our international organization (IO) partners' activities aligned fully with the multi-donor humanitarian appeals for which they were awarded. We are pleased the OIG subsequently confirmed that conclusion in this report.

Moreover, PRM engaged regularly via headquarters and the governing bodies of the IOs we fund. I personally met with the High Commissioner for Refugees, the Director General of the International Organization for Migration, and others to discuss these issues. Our engagements built on partnership agreements and frameworks that provide for oversight far beyond what is crafted in specific award terms and conditions.

For example, PRM (representing the U.S. Government) plays a significant role in the strategic planning process of the UN Refugee Agency (UNHCR). PRM is a member of UNHCR's Executive Committee and, as such, consults with UNHCR and other member states before approving the agency's budget, strategic goals, and global standards; receives and reviews accounts of program and financial performance in annual appeals, reports, and financial audits conducted in accordance with International Public Sector Accounting Standards (IPSAS); and negotiates and tracks PRM frameworks of cooperation with UNHCR that include mutual priorities and performance indicators and targets. In Geneva, PRM engages daily with UNHCR as well as other Geneva-based IOs on the entire range of humanitarian issues – which since 2022 have prominently included the humanitarian response to Russia's war on Ukraine.

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This broad array of IO oversight and engagement is the foundation for PRM's use of voluntary contribution authority, laid out in the Migration and Refugee Assistance Act of 1962, which authorizes the President (as delegated to the Assistant Secretary for PRM) to provide "contributions to the activities of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate...and to other relevant international organizations." State Department policy recognizes the multilateral nature of international organizations and respects their independence by accepting that each IO will adhere to its established rules, regulations, policies, and procedures. Using a voluntary contribution allows PRM to leverage the existing internal controls and performance framework of IO partners to efficiently pool funds from multiple donors so assistance is deployed quickly and responsibly. PRM voluntary contributions best serve USG interests when used to build a multilateral coalition of donors to expand funding beyond the PRM contribution to achieve common goals that complement and support USG policy objectives. Each dollar contributed by PRM helps generate contributions from other countries.

I hope this framing is useful to OIG in understanding the context in which PRM provides voluntary contributions to our partners, just as the OIG report was helpful for PRM to review its practices. Consistent with our longstanding practice of continually improving our monitoring and risk management processes, PRM plans to apply this report's findings and recommendations to further strengthen our management and monitoring of humanitarian assistance response to Russia's invasion of Ukraine and other humanitarian responses. We will continue to assess where exceeding Department policy and regulatory requirements will improve award oversight and further USG interests. We appreciate the efforts of the OIG team that developed these recommendations.

Attachments:

1. Recommendations and Responses.
2. Comments on Audit Report

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**Response to the Draft Report, *Audit of Department of State's Humanitarian Response to the Ukraine Crisis***

**Recommendations and Responses**

**Recommendation 1.** (U) OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement criteria for incorporating specific, measurable objectives and performance indicators into the award terms and conditions for voluntary contributions to enable measurement of the success of voluntary contributions awarded to public international organizations.

**PRM Response:** (U) Concur. PRM will explore the use of criteria for incorporating specific, measurable objectives into award terms and conditions for voluntary contributions in a manner consistent with the principles of shared governance and oversight inherent to the IO and voluntary contribution framework.

**Recommendation 2.** (U) OIG recommends that the Bureau of Population, Refugees, and Migration identify specific monitoring activities to be performed for the voluntary contributions provided for the humanitarian assistance response to Russia's full-scale invasion of Ukraine and incorporate the identified monitoring activities into its monitoring plan.

**PRM Response:** (U) Concur. Since 2022, PRM has identified, implemented, and incorporated into its monitoring plan specific monitoring activities to oversee its humanitarian assistance response to Russia's war on Ukraine, including its humanitarian assistance as provided via voluntary contributions, and will continue to do so in future humanitarian assistance awards in the Ukraine regional response.

**Recommendation 3.** (U) OIG recommends that the Bureau of Population, Refugees, and Migration tie its monitoring plan for the voluntary contributions provided for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to its risk assessment.

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**PRM Response:** (U) Concur. PRM has tied its monitoring plan for voluntary contributions provided for the humanitarian assistance response to Russia's war on Ukraine to its risk assessment and will continue to do so, and will explore ways to strengthen such ties, in future humanitarian assistance awards in the Ukraine regional response.

**Recommendation 4.** (U) OIG recommends that the Bureau of Population, Refugees, and Migration develop and incorporate output and outcome performance indicators into its monitoring plan to assess progress against the established objectives of its voluntary contributions awarded to public international organizations for the humanitarian assistance response to Russia's full-scale invasion of Ukraine as appropriate following implementation of Recommendation 1.

**PRM Response:** (U) Concur. Following PRM's implementation of Recommendation 1 to develop criteria for incorporating specific, measurable objectives and performance indicators into the award terms and conditions for voluntary contributions, as appropriate, and in consultation with our IO partners receiving multi-donor contributions, PRM will consider applying such criteria to its monitoring plan for international organizations for the humanitarian assistance response to Russia's full-scale invasion of Ukraine.

**Recommendation 5.** (U) OIG recommends that the Bureau of Population, Refugees, and Migration update its policies and procedures to require that PRM officials explicitly account for risks identified by implementing partners, including public international organizations, in its risk assessments to inform the development and implementation of appropriate risk mitigation measures and to guide PRM's efforts to monitor those risks.

**PRM Response:** (U) Concur. PRM concurs with the intent of this recommendation. The Bureau has developed and introduced in FY 2024 a template for risk assessments that includes a section on "Partner Risk Mitigation," with a focus on residual risks (the level of risk that remains after PRM and our partners have applied all prudent risk mitigation measures), whether "owned" by PRM or its partners. It is important to note that a key tenet of PRM risk management, which is consistent with PRM's oversight responsibilities, is to independently assess risk from the perspective of the U.S.

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government and not rely on, but rather be informed by the assessment of risks as identified by implementing partners. Donors' and implementing partners' assessment of risk may differ, and PRM's longstanding guidance is that PRM staff should analyze risks as presented by implementing partners, using judgment and the lens of U.S. foreign policy objectives as well as Department regulations and guidelines to determine PRM's own assessment of risk, independent from that of its implementing partners. PRM staff are required to review risk assessments provided by NGO partners when considering funding applications. For voluntary contributions to its IO partners, PRM staff complete organizational risk assessments of key IO partners to understand these partners' broader risk management and mitigation policies and practices; this analysis informs PRM's assessment of risks related to its humanitarian assistance to IOs via voluntary contributions in specific countries or regions. PRM may then seek further information as needed to inform more in-depth assessment and management of risk, including in specific countries or regions. This information may be provided on a bilateral or multilateral basis and often forms part of an ongoing discussion with PRM and the IO, throughout the lifecycle of the award and not limited to the pre-award risk assessment.

**Recommendation 6.** (U) OIG recommends that the Bureau of Population, Refugees, and Migration update its risk assessment for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to ensure that risk magnitude is consistently assessed for all risks identified.

**PRM Response:** (U) Concur. PRM's will update its risk assessment for the humanitarian response to Russia's war on Ukraine to specify risk magnitude for all risks identified.

**Recommendation 7.** (U) OIG recommends that the Bureau of Population, Refugees, and Migration update its risk assessment for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to ensure that specific mitigation measures are developed for the risks the bureau identified, including regional and country-specific risks.

**PRM Response:** (U) Concur. PRM will update its risk assessment for the humanitarian response to Russia's war on Ukraine to include specific mitigation measures for identified risks, including regional and country-specific risks.

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**Recommendation 8.** (U) OIG recommends that the Bureau of Population, Refugees, and Migration update its risk assessment for the humanitarian assistance response to Russia's full-scale invasion of Ukraine to reflect public international organizations planned mitigation measures and the steps the bureau will take to ensure that these mitigation measures are being implemented as planned.

**PRM Response:** (U) Concur. PRM's FY 2023 risk assessment for the humanitarian response to Russia's war on Ukraine reflects IO's planned mitigation measures. PRM will include specific monitoring activities to ensure these mitigation measures are implemented as planned and are included in the relevant monitoring plan(s) for FY 2024.

**Recommendation 9.** (U) OIG recommends that the Bureau of Population, Refugees, and Migration formally define the responsibilities of risk management officials in its "Risk Management Best Practices," and specify their input as a required step in the risk assessment development process.

**PRM Response:** (U) Concur. Since 2023, PRM has specified in required templates and other relevant standard operating procedures the role of the Bureau's Strategy, Risk, and Learning team in reviewing and clearing risk assessments. PRM will update its "Risk Management Best Practices" to provide similar clarification.

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**PRM Comments on Draft Report, *Audit of Department of State's Humanitarian Response to the Ukraine Crisis***

The following are comments concerning the specified sections of the report:

- Highlights, Page 2. The report states "Although PRM conducted monitoring activities, it did not track progress against measurable objectives and performance indicators for the awards." PRM tracked overall performance of awardee against the appeal. A more accurate statement would be "Although PRM conducted monitoring activities, measurable objectives and performance indicators were not included in the award agreement."
- Background, Page 1. The report states "...the Department received \$3.3 billion for its humanitarian assistance response." PRM notes not all supplemental funding was for Ukraine. A more accurate statement would be "...the Department received \$3.3 billion for its humanitarian assistance response of which more than \$862 million was used for the Ukraine response as of December 31, 2023."
- Applicable Guidance, Page 5. The report states "Additionally, PRM updated its "Risk Management Best Practices" in May 2022..." PRM notes the document referenced was *created and shared* with PRM staff on March 30, 2022. As this was the inaugural edition of the risk best practices document, there was no update in May 2022.
- Finding A, Page 7. The report states "Although PRM conducted monitoring activities, it did not track progress against measurable objectives and performance indicators for the awards." PRM tracked performance against the objectives identified as part of the multi-donor appeal. A more accurate statement would be "Although PRM conducted monitoring activities, measurable objectives and performance indicators were not included in the award agreement itself."

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- Finding A, Page 8. The report states "Because PRM did not develop and incorporate measurable objectives for success in its award documentation, OIG could not determine whether the awards met their intended objectives." PRM tracked performance against the multi-donor appeal and conducted extensive oversight and monitoring. A more accurate statement would be "Because PRM did not develop and incorporate measurable objectives for success in its award documentation, OIG could not rely on the award documentation to determine whether awards met their intended objectives."
- Finding A, Page 9. The report states "PRM could use these PIO-established metrics as a basis for measurable objectives to be included in the terms and conditions of the award." While not in the award document, PRM currently uses these metrics to measure and track performance of IO partners using multi-donor funds. A more accurate statement would be "PRM could use these PIO-established metrics as a basis for measurable objectives to be included in the terms and conditions of the award, and PRM reported to the OIG that it currently uses these metrics as a basis to monitor performance outside the defined terms and conditions of the award."
- Finding A, Page 9. The report states "Without specific, measurable objectives and corresponding performance indicators, PRM is not positioned to effectively track progress toward intended program results for hundreds of millions of dollars in federal assistance awards." PRM has and continues to monitor performance using IO established metrics for use of multi-donor funds against appeal objectives. A more accurate statement would be "While PRM reported that it monitored its PIO contributions using information outlined in appeal documents and other reporting, without specific, measurable objectives and corresponding performance indicators in the award terms and conditions, OIG assesses PRM is not positioned to utilize the award agreement itself to effectively track progress toward intended program results for hundreds of millions of dollars in federal assistance awards."

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- Finding A, Page 10, Footnote 31. The FAD page number for this information is page 117.
- Finding A, Page 12. The report states "...it is unclear how these activities provided assurance that PRM's contributions were achieving their intended objectives when the objectives were not defined in a measurable way in the award documentation." PRM tracked performance against the multi-donor appeal and conducted extensive oversight and monitoring. A more accurate statement would be "... the OIG could not use the award documentation to provide assurance that contributions were achieving their intended objectives because the objectives were not defined in the award documentation."
- Finding A, Page 13. The report states "PRM officials noted that its voluntary contributions are combined with the contributions from other donor countries, limiting the ability to trace PRM's voluntary contributions to specific humanitarian assistance activities in a given country. For example, a PRM official stated, "UNHCR would not be able to tell PRM exactly which medical supplies were purchased with [U.S. government] money."" This representation omits the full context of Department policy and the USG administrative framework for voluntary contributions. Department policy recognizes the multilateral nature of international organizations and respects their independence by accepting that each IO will adhere to their established rules, regulations, policies and procedures. Using a voluntary contribution allows PRM to leverage the existing internal controls and performance framework of IO partners to efficiently pool funds from multiple donors so assistance is deployed quickly and responsibly. PRM engages closely with partners to ensure oversight and governance of award activities as well as successful performance of appeal goals, objectives, indicators and outcomes, above and beyond what is required by policy.

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- Finding A, Page 14. The report states “The Regional Refugee Coordinators documented the results of meetings and observations in weekly activity reports and cables.” PRM notes these reports were often extensive. The OIG report fails to account for how these reports and cables addressed partner performance and supported the tracking of award objectives. Over the course of at least 30 reports and cables related to programming in Ukraine, Poland, and Moldova in FY 2022, PRM documented engagement with its partners, identifying challenges and mitigation measures as partners scaled their response, reporting successes and impacts of their programming, and outlining our iterative engagement with partners to raise concerns and address implementation issues.
- Finding B, Page 17. The report states “PRM updated its “Risk Management Best Practices” in May 2022...” but the document was created and shared with PRM staff on March 30, 2022. This was not an update but the inaugural edition of the risk best practices document. There was no update in May 2022.
- Finding B, Page 19. The report states “...PRM explicitly account for the PIO-identified risks in its own risk assessment...” PRM also reiterates the importance of independently assessing risk from the perspective of the U.S. government and not rely on but rather be informed by the assessment of risks as identified by implementing partners. Donors’ and implementing partners’ assessment of risk may differ, and PRM’s longstanding guidance is that PRM staff should analyze risks as presented by implementing partners, using judgment and the lens of U.S. foreign policy objectives as well as Department regulations and guidelines to determine PRM’s own assessment of risk, independent from that of its implementing partners. The result of this approach is that not all PIO-identified risks will be explicitly identified in the PRM risk assessment.

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- Finding B, Page 19, Footnote 71. The report states “...PRM’s “Risk Management Best Practices” was not published until May 2022.” However, the document was created and shared with PRM staff on March 30, 2022. This was not an update but the inaugural edition of the risk best practices document. There was no update in May 2022.
- Finding B, Page 22. The report states “PRM’s organizational strategies are only for UNHCR and IOM and do not account for other PIOs for which it provides funding.” This characterization is inaccurate. PRM has organizational strategies for other IO partners, including UNICEF. In addition, in all instances in which PRM provides funding to IOs, PRM documents appropriate risk assessment and other oversight processes.
- Finding B, Page 23. The report states “...PRM did not have risk management officials reviewing and providing expertise on the June 2022 risk assessment for the Ukraine humanitarian assistance response.” While PRM did not have *dedicated* risk management officials, risk assessments were reviewed by staff from offices representing various equities and expertise, including risk management.
- Finding B, Page 23. The report states “Furthermore, when considering PRM officials’ failure to explicitly account for PIOs’ identified risks in its own risk assessment, consistently assess risk magnitude, and develop appropriate mitigation measures, the consequences could be severe in the context of providing humanitarian assistance to those impacted by Russia’s war in Ukraine, particularly in relation to safety, security, and economic risks.” PRM also reiterates the importance of independently assessing risk from the perspective of the U.S. government and not rely on but rather be informed by the assessment of risks as identified by implementing partners. Donors’ and implementing partners’ assessment of risk may differ, and PRM’s longstanding guidance is that PRM staff should analyze risks as presented by implementing partners, using judgment and the lens of U.S. foreign policy objectives as well as Department regulations and guidelines to determine PRM’s own assessment of risk, independent from that of its implementing

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partners. This result of this approach is that not all PIO-identified risks will be explicitly identified in the PRM risk assessment.

- Finding B, Page 24. The report states "According to PRM officials, PRM has since hired a risk management official who is now reviewing and providing expert advice on all risk assessments when PRM responds to the PIOs' appeals for funding." PRM requires appropriate staff review of risk assessments. A more accurate statement would be "According to PRM officials, PRM has since hired additional staff dedicated to risk management who reviews and provides expert advice on risk assessments when PRM responds to the PIOs' appeals for funding."

UNCLASSIFIED

## (U) APPENDIX D: OIG REPLY TO TECHNICAL COMMENTS FROM THE BUREAU OF POPULATION, REFUGEES, AND MIGRATION

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(U) In addition to responding to the recommendations offered in a draft of this report, the Bureau of Population, Refugees, and Migration (PRM) provided technical comments regarding the audit findings that did not directly relate to the Office of Inspector General's (OIG) recommendations (see Appendix C). The paragraphs that follow summarize the comments and OIG's reply to each.

**(U) PRM Comment:** PRM noted that in several places OIG's draft report stated that PRM did not track progress against measurable objectives and performance indicators for the awards. PRM stated that it tracked overall performance of awardees against the appeal and asked the report to be modified in those instances.

**(U) OIG Reply:** In response to PRM's comment, OIG added information to the final audit report about PRM's monitoring efforts including its reviews of the public international organizations' (PIO) situation and end-of-year reports. Specifically, PRM officials stated that these reports include status updates from PIO partners. OIG elaborated on the types of information included in these reports in the final audit report. However, PRM officials also stated that these reports are not required to include specific, measurable objectives, and multiple PRM officials stated that they do not attempt to verify whether the PIOs are on track to achieve the metrics established in the appeals. For example, a Regional Refugee Coordinator stated that PIO partners are "self-validating" and PRM takes their word that humanitarian aid is going to people who are actually in need. Furthermore, as noted in the report, OIG found that PRM's monitoring plan did not indicate whether or how PRM would track overall performance of the awardee against the appeal(s). Finally, when providing technical comments on this report, PRM did not provide any additional supporting documentation as evidence of its efforts to track performance against the objectives identified as part of the multi-donor appeal. Other than the changes noted, OIG did not make additional changes in response to this comment.

**(U) PRM Comment:** PRM noted that OIG's draft report stated that "the Department received \$3.3 billion for its humanitarian assistance response." PRM clarified that not all supplemental funding was for Ukraine. According to PRM, it would be more accurate to state, "the Department received \$3.3 billion for its humanitarian assistance response, of which more than \$862 million was used for the Ukraine response as of December 31, 2023."

**(U) OIG Reply:** OIG agreed with PRM's clarification. OIG edited the final audit report to clarify that not all supplemental funds were used for the humanitarian response to Ukraine.

**(U) PRM Comment:** PRM noted that OIG's draft report stated in several locations that PRM updated its "Risk Management Best Practices" document in May 2022. PRM clarified that the document was "created and shared with PRM staff on March 30, 2022." PRM also stated that there was no update in May 2022.



**(U) OIG Reply:** OIG modified the report in response to PRM’s comment. All references to PRM’s “Risk Management Best Practices” were changed to state that the document was created and distributed in March 2022. However, OIG notes that the document’s table of contents page states that it was “updated May 2022.”

**(U) PRM Comment:** PRM noted that OIG’s draft report stated that “PRM could use these PIO-established metrics as a basis for measurable objectives to be included in the terms and conditions of the award” and “Without specific, measurable objectives and corresponding performance indicators, PRM is not positioned to effectively track progress toward intended program results for hundreds of millions of dollars in federal assistance awards.” PRM stated that it currently uses these metrics to measure and track performance of international organization partners using multi-donor funds.

**(U) OIG Reply:** During the audit, OIG found no evidence that PRM uses PIO-established metrics to measure and track performance of PIO partners. Multiple PRM officials stated that they did not verify whether the PIOs were on track to achieve the metrics established in appeals. For example, one PRM Program Officer stated that PRM does not monitor PIOs at the micro level and that the appeals are written “on the fly” by the PIOs. The official also explained that PRM does not look at every bullet of an appeal because “PRM is not the supervisor of the PIOs.” Notably, PRM officials did not indicate in the monitoring plan what, if any, PIO-established metrics they would use as a basis to monitor performance. Finally, when providing technical comments to this report, PRM did not provide any supporting documentation as evidence of its efforts to use PIO metrics as a basis to monitor performance. As a result, OIG did not make any changes to the final audit report in response to this comment.

**(U) PRM Comment:** According to PRM, a footnote in the draft audit report stating that “The FAD states that the Grants Officer or authorized signatory must complete a written monitoring plan when awarding voluntary contributions,” included the incorrect page number.

**(U) OIG Reply:** OIG confirmed that the page number included in the footnote cited was correct based on the version of the Federal Assistance Directive cited throughout this report (Version 6.2, October 2021). OIG did not make any changes to the final report based on this comment.

**(U) PRM Comment:** PRM noted that OIG’s draft report stated, “PRM officials noted that its voluntary contributions are combined with the contributions from other donor countries, limiting the ability to trace PRM’s voluntary contributions to specific humanitarian assistance activities in a given country. For example, a PRM official stated, ‘[United Nations High Commissioner for Refugees] would not be able to tell PRM exactly which medical supplies were purchased with [U.S. government] money.’” According to PRM’s response, “[t]his representation omits the full context of Department policy and the [U.S. government] administrative framework for voluntary contributions. Department policy recognizes the multilateral nature of international organizations and respects their independence by accepting that each [international organization] will adhere to their established rules, regulations, policies and procedures. Using a voluntary contribution allows PRM to leverage the existing internal



controls and performance framework of IO partners to efficiently pool funds from multiple donors so assistance is deployed quickly and responsibly. PRM engages closely with partners to ensure oversight and governance of award activities as well as successful performance of appeal goals, objectives, indicators and outcomes, above and beyond what is required by policy.”

**(U) OIG Reply:** OIG understands the U.S. government’s framework for voluntary contributions and acknowledges that the voluntary contributions used in the humanitarian response to Ukraine were intended to rapidly deliver funds to the PIOs responsible for responding to the crisis. OIG addresses this point in the report. However, in response to PRM’s comments, OIG inserted additional information in the Background section of the final audit report regarding PRM’s viewpoints about the benefits of using voluntary contributions. OIG also removed the quotation cited in PRM’s response from the Audit Results section of the final audit report.

**(U) PRM Comment:** PRM noted that OIG’s draft report stated that “The Regional Refugee Coordinators documented the results of meetings and observations in weekly activity reports and cables.” According to PRM, these reports were often extensive, and OIG failed to account for how these reports and cables addressed partner performance and supported the tracking of award objectives. Furthermore, PRM stated, “Over the course of at least 30 reports and cables related to programming in Ukraine, Poland, and Moldova in FY 2022, PRM documented engagement with its partners, identifying challenges and mitigation measures as partners scaled their response, reporting successes and impacts of their programming, and outlining our iterative engagement with partners to raise concerns and address implementation issues.”

**(U) OIG Reply:** OIG reviewed cables and a sample of four weekly activity reports. These reports supported OIG’s finding that PRM conducted monitoring activities. In response to PRM’s comment, OIG acknowledged that weekly activity reports were detailed and elaborated on the types of information included in these reports. However, OIG did not find that these reports contained information that could be used to track progress against stated award objectives. As a result, OIG did not make any additional changes to the final audit report in response to this comment.

**(U) PRM Comment:** PRM noted that OIG’s draft report stated in several places that PRM did not account for PIO-identified risks in PRM’s risk assessments. According to PRM, it “also reiterates the importance of independently assessing risk from the perspective of the U.S. government and not rely on but rather be informed by the assessment of risks as identified by implementing partners. Donors’ and implementing partners’ assessment of risk may differ, and PRM’s longstanding guidance is that PRM staff should analyze risks as presented by implementing partners, using judgment and the lens of U.S. foreign policy objectives as well as Department regulations and guidelines to determine PRM’s own assessment of risk, independent from that of its implementing partners. The result of this approach is that not all PIO-identified risks will be explicitly identified in the PRM risk assessment.”

**(U) OIG Reply:** OIG agrees that it is important PRM's for risk assessment to "be informed by the assessment of risks as identified by implementing partners." OIG also acknowledges that PRM should analyze risks using judgment. Accordingly, OIG added information on PRM's stated position to the final audit report. However, OIG found no evidence that PRM officials accounted for or considered the risks identified by the selected international organizations in its June 2022 risk assessment. For example, the PIOs identified inadequate emergency preparedness and response as a risk to providing humanitarian assistance. In addition, the United Nations High Commissioner for Refugees (UNHCR) identified new sub-partners' ability or capacity to implement activities as a risk, and United Nations Children's Fund (UNICEF) Poland officials identified the potential for sexual exploitation and abuse when working with new partners. However, PRM's risk assessment included with the June 2022 funding memorandum did not include references to these risks or evidence that they were considered. Moreover, when OIG noted the absence of PIO-identified risks in PRM's risk assessment, a PRM official stated, "[PRM] does not feel the need to take in all risk that partners have identified because PRM knows the partners are taking those risks into account." Other than the changes noted, OIG did not make additional changes in response to this comment.

**(U) PRM Comment:** PRM noted that OIG's draft report stated that "PRM's organizational strategies are only for UNHCR and [International Organization for Migration] and do not account for other PIOs for which it provides funding." According to PRM, "This characterization is inaccurate. PRM has organizational strategies for other [international organization] partners, including UNICEF. In addition, in all instances in which PRM provides funding to [international organizations], PRM documents appropriate risk assessment and other oversight processes."

**(U) OIG Reply:** During the audit, PRM officials stated that PRM was not the lead for the U.S. government's relationship with UNICEF and, therefore, did not have an organizational strategy for UNICEF. According to PRM, an organizational strategy for UNICEF has now been developed. OIG added a footnote to provide this information in the final audit report.

**(U) PRM Comment:** PRM noted that OIG's draft report stated that "PRM did not have risk management officials reviewing and providing expertise on the June 2022 risk assessment for the Ukraine humanitarian assistance response." According to PRM, "While PRM did not have *dedicated* risk management officials, risk assessments were reviewed by staff from offices representing various equities and expertise, including risk management."

**(U) OIG Reply:** OIG reiterates its finding that the official responsible for completing the risk assessment stated that they were not a subject matter expert and that the risk assessment in question was not subject to review by staff with risk management expertise at the time. Additionally, when providing technical comments to this report, PRM did not provide supporting documentation demonstrating that the risk assessment in question was previously reviewed by staff with risk management expertise. As a result, OIG did not make any changes to the final report based on this comment.

**(U) PRM Comment:** PRM noted that OIG's draft report stated, "According to PRM officials, PRM has since hired a risk management official who is now reviewing and providing expert advice on all risk assessments when PRM responds to the PIOs' appeals for funding." PRM also stated that it "requires appropriate staff review of risk assessments." PRM suggested that it would be more accurate to state, "According to PRM officials, PRM has since hired additional staff dedicated to risk management who [review] and [provide] expert advice on risk assessments when PRM responds to the PIOs' appeals for funding."

**(U) OIG Reply:** OIG reiterates its finding that the official responsible for completing the risk assessment stated that they were not a subject matter expert and that the risk assessment in question was not subject to review by *any* staff with risk management expertise at the time. Additionally, when providing technical comments to this report, PRM did not provide supporting documentation as evidence that the risk assessment in question was reviewed by staff with risk management expertise. As a result, OIG did not make any changes to the final report in response to this comment.

## (U) ABBREVIATIONS

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FAD	Federal Assistance Directive
IOM	International Organization for Migration
OIG	Office of Inspector General
PIO	public international organization
PRM	Bureau of Population, Refugees, and Migration
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund

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