

UNCLASSIFIED



Office of Inspector General
United States Department of State

AUD-AOQC-21-32

Office of Audits

June 2021

Management Assistance Report: Support From the Under Secretary for Management Is Needed To Facilitate the Closure of Open Office of Audits Recommendations

MANAGEMENT ASSISTANCE REPORT

UNCLASSIFIED

CONTENTS

OBJECTIVE	2
BACKGROUND	2
Responsibilities of the Under Secretary for Management and the Audit Follow-Up Process ...	2
RESULTS.....	3
Reports With Open Recommendations Awaiting Final Action and Closure	4
CONCLUSION.....	14
RECOMMENDATIONS	16
APPENDIX A: Under Secretary for Management Response	17
OIG AUDIT TEAM MEMBERS.....	19

Summary of Review

The purpose of this Management Assistance Report is to facilitate the closure of open, unclassified Office of Audits recommendations with significantly overdue compliance responses by bringing them to the attention of the Under Secretary for Management (Under Secretary). As of May 6, 2021, 15 unclassified Office of Audits report recommendations—made to 4 Department of State (Department) entities that have not responded to Office of Inspector General (OIG) inquiries concerning the status of actions to implement those recommendations—remain open, and a response from the Department entity was overdue by 150 days or more.¹

The recommendations concern deficiencies related to the Department’s travel card program; Special Needs Education Allowance (SNEA) voucher approval; mechanisms to track the total number and cost of physical security projects in Kabul, Afghanistan; inadequate financial reporting for assistance to the Philippines; inaccurate and incomplete oversight of countering violent extremism (CVE) programs; and noncompliance with the Foreign Affairs Manual (FAM) for aircraft valuation.

According to the FAM, the Under Secretary, as the Department’s audit follow-up official, is responsible for ensuring that timely responses are made to all OIG recommendations and that, regardless of implementation responsibilities, corrective actions are taken.² Therefore, OIG provides monthly reports on open OIG recommendations to the Under Secretary.

To facilitate closing the remaining 15 outstanding recommendations, OIG made 2 recommendations to the Under Secretary. Based on management’s response to a draft of this report, OIG considers one recommendation to the Under Secretary closed and the other resolved, pending further action. OIG will close the open recommendation to the Under Secretary when it receives evidence that justifies the closure of each recommendation discussed in this report. A synopsis of management’s comments to the recommendations offered and OIG’s reply follow each recommendation in the Conclusion section of this report. Management’s response to a draft of this report is reprinted in its entirety in Appendix A. In addition, after issuing a draft of this report, OIG received responses from the 4 bureaus responsible for the 15 recommendations³ discussed in this report. On the basis of those responses and the documentation provided, OIG was able to close 4 of 15 recommendations.

¹ These 15 recommendations from 6 reports reflect only those open, unclassified recommendations with responses that are overdue for 150 days or more. (See Table 1.)

² 1 FAM 044.1(10), “Responsibilities.”

³ Of the 15 recommendations, 4 have been closed with the issuance of this report. Specifically, the closed recommendations include: AUD-FM-20-33, Recommendation 9 to the Bureau of the Comptroller and Global Financial Services; AUD-FM-20-33, Recommendation 12 to the Bureau of Medical Services; and AUD-MERO-19-39, Recommendations 11 and 13 to the Bureau of Counterterrorism and Countering Violent Extremism.

OBJECTIVE

The purpose of this Management Assistance Report is to facilitate the closure of open, unclassified Office of Audits recommendations with significantly overdue compliance responses by bringing them to the attention of the Under Secretary.

BACKGROUND

Responsibilities of the Under Secretary for Management and the Audit Follow-Up Process

The Under Secretary serves as the Department's representative on the President's Management Council and is the Department official responsible for implementing the President's Management Agenda. Moreover, the Under Secretary is the Secretary's principal advisor on management issues and is designated the Department's audit follow-up official. In this role, the Under Secretary serves to ensure (a) timely responses are made to all OIG recommendations, regardless of implementation responsibilities, (b) disagreements are resolved, and (c) corrective actions are taken.⁴

Office of Management and Budget Circular A-50 requires each agency to ensure that systems are in place to promptly and properly resolve and implement audit recommendations, including written corrective actions plans, when appropriate.⁵ Similarly, the FAM establishes Department policies for audit resolution, follow-up, and closure.⁶

OIG considers a recommendation unresolved, resolved, or closed based on actions that the Department has taken or plans to take in response to the recommendation. A recommendation is considered unresolved if the Department has not taken action to address the recommendation or the action proposed does not meet the intent of the recommendation offered. A recommendation is considered resolved when the Department agrees to implement it and has begun—but has not yet completed—actions to fully implement it. Open recommendations include both unresolved and resolved recommendations. A recommendation is considered closed when the Department has completed actions necessary to address the intent of the recommendation and has provided OIG evidence demonstrating that no additional action is required.

Upon issuance of the draft report, OIG allows bureaus 14 days to provide their official written response. When issuing a final audit report, OIG instructs action entities, responsible bureaus, and overseas posts to provide OIG with a written response for each recommendation within 30 calendar days from the date of the transmittal memorandum or letter accompanying the final report. OIG requires that each response to the final report include a management decision indicating agreement or disagreement with the recommended action.

⁴ Ibid.

⁵ Office of Management and Budget Circular A-50 Revised, "Audit Followup" (September 29, 1982).

⁶ 1 FAM 056, "Audit and Inspection Recommendation Compliance."

When agreement is reached, the response should include corrective actions taken or planned, as well as actual or target dates for completion. When disagreement is expressed, the response should include reasons for the disagreement and any alternative proposals for corrective action. OIG reviews the responses and any supporting documentation and replies to the action entity. After the initial response, updates on corrective actions and responses to subsequent OIG correspondence are typically required within 30 to 90 days, depending on the complexity of the recommendation. This process continues until the action entity completes corrective actions that fully address the intent of the recommendation and provides OIG with documentary evidence of the completed actions. At that time, OIG verifies the actions, closes the recommendation, and notifies the action entity that no further action is required.

In accordance with the Inspector General Act of 1978, as amended,⁷ OIG is required semiannually to provide Congress with a summary of each OIG report issued for which no management decision was made during the previous 6-month period and no agency comment was returned within 60 days of providing the report to agency. Heads of agencies are required to report to Congress on significant recommendations from previous semiannual reports on which final action has not been completed.

The 15 recommendations in this report concern deficiencies related to the Department's travel card program, SNEA voucher approval, mechanisms to track the total number and cost of physical security projects in Kabul, inadequate financial reporting for assistance to the Philippines, inaccurate and incomplete oversight of CVE programs, and noncompliance with the FAM for aircraft valuation.

RESULTS

As of May 6, 2021, 15 unclassified Office of Audits report recommendations—made in 6 reports to 4 Department entities that have not responded to OIG inquiries concerning the status of actions to implement those recommendations—remain open.⁸ In each instance, a response from the Department entity is overdue by 150 days or more. Without current information on the status of implementation efforts regarding these open recommendations, OIG has no assurance that corrective actions are underway or have been completed. Each open recommendation addresses a deficiency within the Department, its resources, and its programs.

The 15 recommendations are directed to the Bureau of the Comptroller and Global Financial Services (CGFS), the Bureau of Medical Services (MED), the Bureau of Counterterrorism and Countering Violent Extremism (CT), and Bureau of South and Central Asian Affairs (SCA). Table 1

⁷ 5 U.S.C. App. § 5 (1978).

⁸ After issuing a draft of this report, OIG received responses and documentation from the Bureau of the Comptroller and Global Financial Services, the Bureau of Medical Services, and the Bureau of Counterterrorism and Countering Violent Extremism that warranted the closure of 4 of the 15 recommendations discussed in this report.

lists the Department entity that has not responded to OIG inquiries regarding the implementation status of the recommendation, the corresponding report number, the number of recommendations requiring a response, the response due date, and the number of days the response is overdue (as of May 6, 2021).

Table 1: Department Entities With Significantly Overdue Responses to OIG as of May 6, 2021

Department Entity	Report Number	Number of Recommendations	Response Due Date	Days Overdue
CGFS	AUD-CGI-20-37	2	7/24/2020	286
CGFS	AUD-FM-20-33	3	7/24/2020	286
MED	AUD-FM-20-33	2	10/21/2020	197
CGFS	AUD-MERO-19-40	1	3/12/2020	420
CT	AUD-MERO-19-39	3	9/24/2020	224
SCA	AUD-MERO-19-27	1	7/16/2020	294
CGFS	AUD-SI-18-59	3	9/14/2020	234
Total		15		

Source: OIG generated using audit compliance data as May 6, 2021.

Reports With Open Recommendations Awaiting Final Action and Closure

AUD-CGI-20-37 – Management Assistance Report: Department of State Guidance Does Not Comply With Federal Travel Regulations

Report Details: The Federal Travel Regulation (FTR), 41 Code of Federal Regulations (C.F.R), Chapters 300–304, implements statutory requirements and executive branch policies for travel by Federal civilian employees and others authorized to travel at Government expense. In this June 2020 report, OIG reported that the Federal Travel Regulation was modified in September 2016, removing some of the exemptions that were previously allowed and that relevant sections in the Department’s FAM and Foreign Affairs Handbook had not been updated since 2014. OIG made two recommendations to the responsible Bureau.

Compliance Activities: CGFS has not provided an official response to either the draft⁹ or final report.¹⁰ It has been more than 9 months since the report was issued without any indication that CGFS is taking action regarding the unresolved recommendations. OIG requested an update by July 24, 2020, and as of May 6, 2021, OIG has not received a response from CGFS.

CGFS’s Open Recommendations From AUD-CGI-20-37 and the Corresponding Status

Recommendation 1: OIG recommends that that the Bureau of the Comptroller and Global Financial Services update the Foreign Affairs Manual to reflect the requirements and exemptions found in the Federal Travel Regulation, 41 Code of Federal Regulations §§ 301-51.1, 301-51.2, 301-51.3, and 301-51.4.

⁹ The draft report was issued on April 22, 2020.

¹⁰ The final report was issued on June 24, 2020.

Status (May 6, 2021): Unresolved. OIG requests that CGFS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, CGFS provided OIG with a status update, including milestones for implementation.

Present Status: Resolved, pending further action.

Recommendation 2: OIG recommends that the Bureau of the Comptroller and Global Financial Services update the Foreign Affairs Handbook to reflect the requirements and exemptions found in the Federal Travel Regulation, 41 Code of Federal Regulations, §§ 301-51.1, 301-51.2, 301-51.3, and 301-51.4.

Status (May 6, 2021): Unresolved. OIG requests that CGFS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, CGFS provided OIG with a status update, including milestones for implementation.

Present Status: Resolved, pending further action.

AUD-FM-20-33 – Audit of Selected Internal Controls for the Special Needs Education Allowance

Report Details: In this June 2020 report, OIG reported that the Department had not created a centralized SNEA voucher approval process flow, nor had it provided SNEA-related accounting procedures to appropriate officials. The FAM requires all transactions entered into accounting records to be coded in a standardized manner and for financial management supervisors to ensure the use of appropriate codes. Despite the FAM requirement, CGFS did not establish a budget object code for SNEA; rather, SNEA was recorded as part of the “Dependent Education Allowance” budget object code. Without the timely communication of policies and procedures regarding proper and consistent tracking and recording of SNEA obligations and expenditures, posts will continue to haphazardly track SNEA. As a result, the Department will remain unable to determine how much SNEA costs and will not have reasonable assurance that financial information related to SNEA is accurate. OIG made 15 recommendations to 4 responsible bureaus and offices.¹¹

Compliance Activities: CGFS has not provided OIG with a status update or documentation to support closing the three recommendations made in this report, and its response is overdue. In

¹¹ The other 12 recommendations in this report remain open but are considered resolved, pending further action.

addition, CGFS has not provided an update on planned or implemented corrective actions since the report was issued.¹² Although OIG requested an update by July 24, 2020, as of May 6, 2021, OIG has not received a response from CGFS.

CGFS's Open Recommendations From AUD-FM-20-33 and the Corresponding Status

Recommendation 7: OIG recommends that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of Medical Services, develop and implement a centralized review and payment process for Special Needs Education Allowance reimbursement claims. At a minimum, the process should require review of appropriate documentation to validate that a Special Needs Education Allowance expenditure claim was appropriate and in compliance with Department policy.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that CGFS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, CGFS provided documentation demonstrating that it had taken steps to implement the recommendation; however, actions for final implementation had not been completed.

Present Status: Resolved, pending further action.

Recommendation 8: OIG recommends that the Bureau of the Comptroller and Global Financial Services incorporate in the Foreign Affairs Manual or the Foreign Affairs Handbook required use of a Special Needs Education Allowance project code or a budget object code to record expenditures in the Department's financial management system.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that CGFS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, CGFS provided documentation demonstrating that it had taken steps to implement the recommendation; however, actions for final implementation had not been completed.

Present Status: Resolved, pending further action.

Recommendation 9: OIG recommends that OIG recommends that the Bureau of the Comptroller and Global Financial Services establish and disseminate instructions to posts on

¹² The final report was issued on June 24, 2020.

the proper use of the Special Needs Education Allowance project code or budget object code (referenced in Recommendation 8) to accurately track expenditures in the Department's financial management system.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that CGFS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, CGFS provided OIG with evidence that it had completed actions to justify closing the recommendation.

Present Status: Closed, no further action required.

AUD-FM-20-33 – Audit of Selected Internal Controls for the Special Needs Education Allowance

Report Details: OIG noted that greater attention to the design and implementation of bureau-specific policies and procedures in the administration of SNEA is needed. Specifically, OIG reported that MED had not established formal policies and procedures to guide Office of Child and Family Programs in administering SNEA. In addition, OIG stated that MED should establish policies and procedures to document and analyze trends in SNEA applications. Furthermore, OIG reported that the methodology used by the analysts at the Bureau of Administration, Deputy Assistant Secretary for Operations, Office of Allowances, for setting the SNEA rates was inexact and that the Office of Allowances analysts did not consistently review the SNEA rates annually, in accordance with the Office of Allowances policy. Without effective bureau-specific policies and procedures to guide the administration of SNEA and the establishment of accurate SNEA rates, SNEA rates may be inflated, which may lead to posts and regional bureaus incorrectly budgeting SNEA-related expenditures. OIG made 15 recommendations to 4 responsible bureaus and offices.¹³

Compliance Activities: MED has not provided OIG with a status update or documentation to support closing two recommendations made in this report, and its response is overdue. MED provided one update¹⁴ on planned corrective actions since the report was issued.¹⁵ Although OIG requested an update by October 21, 2020,¹⁶ as of May 6, 2021, OIG has not received a response from MED.

¹³ The other 13 recommendations in this report remain open but are considered resolved, pending further action.

¹⁴ Record email 20 MDA 29706 dated July 20, 2020.

¹⁵ This report was issued on June 24, 2020.

¹⁶ Record email 20 MDA 29758 dated July 21, 2020.

MED's Open Recommendations From AUD-FM-20-33 and the Corresponding Status

Recommendation 12: OIG recommends that the Bureau of Medical Services develop and implement internal policies and procedures to guide and document the processes followed to review and authorize Special Needs Education Allowance applications.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that MED either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, MED provided OIG with evidence that it had completed actions to justify closing this recommendation.

Present Status: Closed, no further action required.

Recommendation 13: OIG recommends that the Bureau of Medical Services develop and implement internal policies and procedures to guide the effective use of eMED to document the Special Needs Education Allowance application status. The policies and procedures should ensure accurate, real-time data are available to appropriate Department of State officials.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that MED either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, MED provided a status update and milestones for implementing the recommendation; however, actions for final implementation had not been completed.

Present Status: Resolved, pending further action.

AUD-MERO-19-40 – Audit of the Execution of Security-Related Construction Projects at U.S. Embassy Kabul, Afghanistan

Report Details: In this September 2019 report, OIG reported that the Department does not have an effective mechanism in place to track the total number and cost of physical security projects in Kabul. The absence of this information is important because, without it, Embassy Kabul's planning efforts are further limited, including its ability to effectively prioritize projects and properly allocate resources to address needed physical security upgrades. OIG made 13 recommendations to 4 responsible bureaus and post.¹⁷

¹⁷ For the other 12 recommendations in this report, 9 are closed and 3 remain open and are considered resolved, pending further action.

Compliance Activities: CGFS has not provided OIG with a status update or documentation to support closing one recommendation made to it in this report, and the response is overdue. OIG notes that the Bureau has not provided a response since the final report¹⁸ was issued. OIG requested updates from CGFS on three separate occasions.¹⁹ However, as of May 6, 2021, OIG has not received a response.

CGFS's Open Recommendation From AUD-MERO-19-40 and the Corresponding Status

Recommendation 12: OIG recommends that the Bureau of the Comptroller and Global Financial Services evaluate and report on the feasibility of establishing an appropriate function code or sub-object code in both the Global Financial Management System and Regional Financial Management System that will allow the Department to discretely track all physical security upgrade projects and expenditures and, if determined to be feasible, establish the appropriate function or sub-object code.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that CGFS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion. In the last response to CGFS, OIG stated that if the bureau does not respond within the requested timeframe, OIG will consider changing the status of this recommendation from resolved to unresolved and raising this issue to the Under Secretary.

After receiving a draft of this report, CGFS responded stating that it had implemented the recommendation. However, CGFS did not provide OIG documentation that would justify closing the recommendation. OIG therefore requests that CGFS provide such information.

Present Status: Resolved, pending further action.

AUD-MERO-19-39 – Audit of Monitoring and Evaluating Department of State Foreign Assistance in the Philippines

Report Details: OIG reported that although CT generally conducted financial monitoring for its funded awards, deficiencies with some elements of financial monitoring require improvement. Specifically, CT did not require the Bureau of Diplomatic Security to submit financial reports for the two bureau transfers; allowed the Department of Justice to fund the Resident Legal Advisor position contrary to Federal appropriations law; and did not require approval for adjustments to the budget. As a result, OIG questioned \$102,256 spent under the award. CT stated that these conditions occurred because it lacked the staff to ensure compliance with the execution of funds, did not perform its own financial reviews and instead relied on the Department of

¹⁸ The final report was issued on September 20, 2019.

¹⁹ OIG emails dated May 22, 2020; July 22, 2020; and Record email 21 MDA 6851 dated February 17, 2021.

Justice to liquidate funds appropriately, and misinterpreted the budget procedures outlined in the Interagency Agreement. OIG made 28 recommendations to 5 responsible bureaus and offices.²⁰

Compliance Activities: CT has not provided OIG with documentation to support closing the three recommendations made in this report, and its response is overdue. CT provided two updates²¹ on planned corrective actions since the report was issued.²² Although OIG requested an update by September 24, 2020,²³ as of May 6, 2021, OIG has not received a response from CT.

CT's Open Recommendations From AUD-MERO-19-39 and the Corresponding Status

Recommendation 11: OIG recommends that the Bureau of Counterterrorism and Countering Violent Extremism require the Department of Justice to pay the salary of the Resident Legal Advisor in a manner that reflects the actual amount of time spent working on CT's behalf on the Resident Legal Advisor Program.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that CT either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, CT provided OIG with evidence that it had completed actions to justify closing the recommendation.

Present Status: Closed, no further action required.

Recommendation 13: OIG recommends that the Bureau of Counterterrorism and Countering Violent Extremism document its reviews of quarterly financial reports and obtain, review, and document supporting financial documentation for the Resident Legal Advisor Program for reconciliation purposes, in accordance with Procurement Information Bulletin No 2014-05.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that CT either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

²⁰ Of the other 25 recommendations in this report, 24 are closed and 1 remains open and is considered resolved, pending further action.

²¹ Record email 20 MDA 9168 dated February 25, 2020, and Record email 20 MDA 20246 dated May 12, 2020.

²² The final report was issued September 20, 2019.

²³ Record email 20 MDA 31796 dated August 12, 2020.

After receiving a draft of this report, CT provided OIG with evidence that it had completed actions to justify closing the recommendation.

Present Status: Closed, no further action required.

Recommendation 15: OIG recommends that the Bureau of Counterterrorism and Countering Violent Extremism develop and implement procedures to verify that all award recipients comply with approved budget plans or obtain permission via formal amendments or written agreements to deviate from approved budget plans.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that CT either provide evidence demonstrating that it has taken actions that justify closing the recommendation—such as evidence that procedures have been implemented to verify that all award recipients comply with approved budget plans—or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, CT provided documentation demonstrating that it had implemented procedures to address the recommendation; however, those procedures have not been codified. OIG will close this recommendation when CT provides evidence that the procedures have been codified and executed as recommended.

Present Status: Resolved, pending further action.

AUD-MERO-19-27 – Audit of the Department of State Implementation of Policies Intended To Counter Violent Extremism

Report Details: In this June 2019 report, OIG reported that the Department updated its goals and objectives in the 2016 Joint Strategy on CVE; however, the Bureau of Near Eastern Affairs and SCA joint regional strategies were not updated to incorporate the changes. The FAM requires that strategic plans undergo regular reviews and be updated to respond to changing priorities. This lack of alignment of goals and objectives hinders the Department’s ability to measure results of CVE, identify best practices that could be replicated, or abandon ineffective efforts that do not advance CVE goals and objectives. Furthermore, unless mission and bureau strategies are aligned to the Department’s strategy, the Department and its bureaus cannot fully evaluate whether the foreign policy outcome for CVE was effective. OIG made nine recommendations to five responsible bureaus and offices.²⁴

Compliance Activities: SCA has not provided OIG with documentation to support closing the one recommendation made in this report, and its response is overdue. SCA provided one update²⁵

²⁴ Of the other eight recommendations in this report, one is closed and seven remain open and are considered resolved, pending further action.

²⁵ SCA, memorandum dated July 31, 2019.

on planned corrective actions since the report was issued.²⁶ Although OIG requested an update by July 16, 2020,²⁷ as of May 6, 2021, OIG has not received a response from SCA.

SCA's Open Recommendation From AUD-MERO-19-27 and the Corresponding Status

Recommendation 3: OIG recommends that the Bureau of South and Central Asian Affairs develop and implement standard operating procedures to align its regional strategy objectives, sub-objectives, and performance indicators for countering violent extremism with Department of State and Bureau of Counterterrorism and Countering Violent Extremism strategies, goals, and objectives.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that SCA either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, SCA provided a status update and milestones for implementing the recommendation; however, actions for final implementation had not been completed.

Present Status: Resolved, pending further action.

AUD-SI-18-59 – Audit of the Department of State's Administration of its Aviation Program

Report Details: In this September 2018 report, OIG reported that the initial valuation of aircraft was not always recorded in compliance with the FAM, the costs of major refurbishments were not properly reported, and inactive aircraft were marked as active, which affected depreciation. These issues occurred, in part, because of a lack of adequate policies and procedures. Because the Department does not maintain sufficient accountability for its assets, the aviation program may be at significant risk for fraud, waste, and abuse. OIG made 25 recommendations to 7 responsible bureaus, posts, and offices.²⁸

Compliance Activities: CGFS has not provided OIG with documentation to support closing the three recommendations made in this report, and its response is overdue. This report was issued September 25, 2018. CGFS has provided three updates²⁹ on planned or implemented corrective actions since the report was issued. Although OIG requested an update by September 14, 2020,³⁰ as of May 6, 2021, OIG has not received a response from CGFS.

²⁶ The final report was issued June 26, 2019.

²⁷ OIG email dated June 25, 2020.

²⁸ Of the other 22 recommendations in this report, 18 are closed and 4 remain open and are considered resolved, pending further action.

²⁹ CGFS, emails dated March 14, 2019; September 30, 2019; and May 15, 2020.

³⁰ Record email 20 MDA 24880 dated June 17, 2020.

CGFS's Open Recommendations From AUD-SI-18-59 and the Corresponding Status

Recommendation 13: OIG recommends that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, develop updated formal policies, procedures, and implementing guidance to ensure that Department of State aviation assets, including assets donated by other agencies, are accurately valued when initially obtained and the correct value is recorded in the accounting system.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that CGFS either provide additional evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, CGFS provided a status update. However, CGFS did not provide updated milestones for implementing the recommendation. OIG requests that CGFS provide such information so that OIG can efficiently track implementation.

Present Status: Resolved, pending further action.

Recommendation 14: OIG recommends that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, develop policies, procedures, and implementing guidance to update the valuation of an aircraft after undergoing other-than-routine maintenance, including both programmed depot maintenance and phase maintenance.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that CGFS either provide additional evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, CGFS provided a status update. However, CGFS did not provide updated milestones for implementing the recommendation. OIG requests that CGFS provide such information so that OIG can efficiently track implementation.

Present Status: Resolved, pending further action.

Recommendation 15: OIG recommends that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, develop and implement policies, procedures, and implementing guidance to determine when an aircraft should be considered "In Service" and "Not in Service" and to update the status of the aircraft in the Integrated Logistics Management System.

Status (May 6, 2021): Resolved, Pending Further Action. OIG requests that CGFS either provide additional evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, CGFS provided a status update. However, CGFS did not provide updated milestones for implementing the recommendation. OIG requests that CGFS provide such information so that OIG can efficiently track implementation.

Present Status: Resolved, pending further action.

CONCLUSION

OIG prepared this report in accordance with its audit compliance and follow-up responsibilities as stated in Office of Management and Budget Circular A-50 and 1 FAM 056, "Audit and Inspection Recommendation Compliance." OIG believes the evidence presented provides a reasonable basis for the findings and conclusions made in this report and trusts that this Management Assistance Report will be useful in completing the actions necessary to justify closing the open recommendations identified in this report.

OIG offers recommendations within its reports to address the root causes of challenges identified and tracks the status of recommendations to verify that corrective actions have been taken to implement agreed-upon findings and recommendations. Compliance follow-up is an integral part of good management and a shared responsibility of both the Department and OIG.

Without current information on the status of implementation efforts regarding the 15 open recommendations, OIG has no assurance that corrective actions are being taken or have been completed. Each open recommendation addresses a deficiency within the Department, its resources, and its programs.

The Under Secretary, as the Department's audit follow-up official, ensures that timely responses are provided for all OIG recommendations and planned corrective actions are completed. OIG requests that the Under Secretary intervene and monitor the status of corrective actions for the 15 recommendations referenced in this report until each has been implemented and closed.

To facilitate the closing of open recommendations, OIG is making the following recommendations to the Under Secretary.

Recommendation 1: OIG recommends that the Under Secretary for Management (a) direct all Department entities responsible for implementing the recommendations identified in this report to provide OIG, within 30 days of the issuance of this report, with a status update, including evidence of actions taken, descriptions of actions planned or still to be completed,

and estimated milestones for implementation for each recommendation and (b) verify that each entity has responded as directed.

Management Response: The Department concurred with this recommendation. The bureaus with overdue recommendations discussed in this report were notified that they needed to provide OIG with a compliance update within 30 days from the date of OIG's report. As of May 26, 2021, CGFS, MED, SCA, and CT have sent in compliance updates. The Bureau of Near Eastern Affairs is currently drafting a compliance update with the intent to submit it to OIG by the assigned due date. The Department respectfully requests OIG to close this recommendation.

OIG Reply: On the basis of the Under Secretary's actions to address the open recommendations discussed in this report, OIG considers this recommendation closed, and no further action is required.

Recommendation 2: OIG recommends that the Under Secretary for Management verify periodically, but no less than quarterly, that those entities with recommendations that have yet to be implemented and closed are providing status updates and responses to OIG in a timely manner, as required.

Management Response: The Department concurred with this recommendation. I [the Acting Under Secretary for Management] have delegated the periodic follow-up to the Office of Strategy and Solutions (M/SS), which will engage actively with bureaus to ensure they provide the cited updates and will keep me apprised of any unjustified delays in action. Should M/SS encounter difficulty in obtaining timely responses, I will address the matter directly with bureau leaders to resolve the issue.

OIG Reply: On the basis of the Under Secretary's response, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts evidence demonstrating that the Office of the Under Secretary for Management has verified periodically, but no less than quarterly, that those entities with open recommendations have provided status updates to OIG in a timely manner. OIG will close this recommendation when it receives evidence that justifies the closure of each recommendation discussed in this report.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Under Secretary for Management (a) direct all Department entities responsible for implementing the recommendations identified in this report to provide OIG, within 30 days of the issuance of this report, with a status update, including evidence of actions taken, descriptions of actions planned or still to be completed, and estimated milestones for implementation for each recommendation and (b) verify that each entity has responded as directed.

Recommendation 2: OIG recommends that the Under Secretary for Management verify periodically, but no less than quarterly, that those entities with recommendations that have yet to be implemented and closed are providing status updates and responses to OIG in a timely manner, as required.

APPENDIX A: UNDER SECRETARY FOR MANAGEMENT RESPONSE



United States Department of State

Washington, D.C. 20520

UNCLASSIFIED

May 26, 2021

TO: OIG/AUD – Stephanie Hwang (Acting)

FROM: Acting Under Secretary for Management (M) – Carol Z. Perez

SUBJECT: Response to OIG draft *Management Assistance Report: Support From the Under Secretary for Management Is Needed To Facilitate the Closure of Open Office of Audits Recommendations*

Thank you for the opportunity to review the draft OIG Management Assistance Report: *Support From the Under Secretary for Management Is Needed To Facilitate the Closure of Open Office of Audits Recommendations* (AUD-AOQC-21-XX). The following comments respond to recommendations 1 and 2.

OIG Recommendation 1: OIG recommends that the Under Secretary for Management (a) direct all Department entities responsible for implementing the recommendations identified in this report to provide OIG, within 30 days of the issuance of this report, with a status update, including evidence of actions taken, descriptions of actions planned or still to be completed, and estimated milestones for implementation for each recommendation and (b) verify that each entity has responded as directed.

Management Response: The Department concurs with this recommendation. The bureaus with overdue recommendations discussed in this report were notified to provide OIG with a compliance update within 30-days from the date of OIG's report. As of May 26, 2021, CGFS, MED, SCA and CT have sent in compliance updates. NEA is currently drafting a compliance update with the intent to submit to OIG by the

UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

assigned due date. The Department respectfully requests OIG to close this recommendation.

Recommendation 2: OIG recommends that the Under Secretary for Management verify periodically, but no less than quarterly, that those entities with recommendations that have yet to be implemented and closed are providing status updates and responses to OIG in a timely manner, as required.

Management Response: The Department concurs with this recommendation. I have delegated the periodic follow-up to the Office of Strategy and Solutions (M/SS), who will engage actively with bureaus to ensure they provide the cited updates and will keep me apprised of any unjustified delays in action. Should M/SS encounter difficulty in obtaining timely responses, I will address the matter directly with bureau leaders to resolve the issue.

The point of contact for this memorandum is Erin Schroeder, at schroedere@state.gov or 312-618-0838

UNCLASSIFIED

OIG AUDIT TEAM MEMBERS

Christopher Yu, Supervisory Auditor
Audit Operations, Quality, and Compliance Division
Office of Audits

Cristina Ward, Senior Auditor
Audit Operations, Quality, and Compliance Division
Office of Audits

UNCLASSIFIED



HELP FIGHT
FRAUD, WASTE, AND ABUSE

1-800-409-9926

[Stateoig.gov/HOTLINE](https://stateoig.gov/HOTLINE)

If you fear reprisal, contact the
OIG Whistleblower Coordinator to learn more about your rights.
WPEAOmbuds@stateoig.gov

UNCLASSIFIED