



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-21-18

What OIG Audited

Public International Organizations (PIO) are organizations with which the U.S. partners pursuant to a treaty or legislation authorizing its participation, or organizations determined to be PIOs by the Department of State (Department), Office of the Legal Adviser. The Department provides financial assistance to PIOs through voluntary contributions to advance U.S. strategic goals on a variety of national security and humanitarian issues.

The Office of Inspector General (OIG) conducted this audit to determine whether the Department's policies, guidance, and processes for voluntary contributions ensure that (1) risks are identified, assessed, and responded to before providing funds to PIOs and that (2) funds are monitored to achieve award objectives. To perform the audit, OIG reviewed 21 voluntary contributions, valued at \$4.7 billion, that were issued to PIOs in FYs 2018 and 2019 and were administered by eight Department bureaus.

What OIG Recommends

OIG made four recommendations to the Bureau of Administration, Office of the Procurement Executive (A/OPE), to improve the Department's ability to assess risks and monitor voluntary contributions awarded to PIOs. On the basis of A/OPE's response to a draft of this report, OIG considers all four recommendations resolved, pending further action. A synopsis of A/OPE's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. Comments received from Department bureaus are reprinted in Appendices C through E, and OIG's reply to the general comments offered are presented in Appendices F and G.

March 2021

OFFICE OF AUDITS

MIDDLE EAST REGION OPERATIONS

Audit of the Department of State's Risk Assessments and Monitoring of Voluntary Contributions to Public International Organizations

What OIG Found

OIG found that the Department's processes for identifying, assessing, and responding to risks before awarding funds to PIOs need improvement to align with the requirements outlined in the *Standards for Internal Control in the Federal Government* (Green Book). Specifically, OIG found that six of eight Department bureaus failed to formulate specific, measurable objectives for voluntary contributions and assess risk prior to award issuance in accordance with Green Book standards. This occurred, in part, because the Department's current policies and guidance for voluntary contributions do not reflect Green Book standards and principles. The two exceptions, the Bureau of Population, Refugees, and Migration (PRM) and Arms Control, Verification, and Compliance (AVC), went beyond Department policy and applied Green Book standards for the purpose of providing reasonable assurance to stakeholders that risks were identified, assessed, and responded to before awarding funds. By not following the standards for internal control outlined in the Green Book, the Department does not have adequate assurance that risks associated with the voluntary contributions were considered and acted upon prior to awarding taxpayer funds.

OIG also found that the Department's processes for monitoring voluntary contributions did not adhere to Green Book standards and principles. Specifically, OIG found that five of eight bureaus failed to consistently document their monitoring activities and could not demonstrate that award objectives were being actively monitored. Like the deficiencies noted with identifying and responding to risks, this occurred because Department policies and guidance do not require bureaus to document monitoring activities in accordance with Green Book standards. The noted exceptions were PRM, AVC, and the Bureau of International Organization Affairs, which independently established an internal control environment that required monitoring activities be documented. The lack of documentation is contrary to the standards in the Green Book and provides inadequate assurance that taxpayer funds were monitored to achieve objectives.