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Office of Inspector General
United States Department of State

ISP-I-21-32

Office of Inspections

September 2021

Inspection of the Bureau of Administration, Office of Overseas Schools

DOMESTIC OPERATIONS

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HIGHLIGHTS

Office of Inspector General
United States Department of State

ISP-I-21-32

What OIG Inspected

OIG inspected the Office of Overseas Schools, located under the Directorate of Operations in the Bureau of Administration.

What OIG Recommends

OIG made 6 recommendations to the Bureau of Administration.

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

September 2021

OFFICE OF INSPECTIONS

DOMESTIC OPERATIONS

Inspection of the Bureau of Administration, Office of Overseas Schools

What OIG Found

- Department of State and other stakeholders described the office as effective in supporting overseas schools attended by the dependents of U.S. Government employees.
- The Office of Overseas Schools responded to the impact of the COVID-19 pandemic by increasing grant funding to overseas schools to mitigate risks caused by the pandemic.
- A lack of standard operating procedures contributed to some operational deficiencies and internal controls weaknesses.
- The office did not follow Department requirements to monitor grants and review unliquidated obligations. More than \$3 million could be put to better use if the office improved its review of unliquidated obligations.
- Spotlight on Success: The Office of Overseas Schools' partnership with private sector companies and foundations through the Overseas Schools Advisory Council resulted in important innovations in international education.

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CONTEXT

The Office of Overseas Schools, Directorate of Operations, Bureau of Administration (A/OPR/OS) was established in 1964¹ to consolidate educational programs operated by the Department, the U.S. Agency for International Development, and the then-U.S. Information Agency.² As stated in 1 Foreign Affairs Manual (FAM) 213.4, the office is responsible for meeting the educational needs of dependent children of U.S. Government employees assigned abroad under chief of mission authority. A/OPR/OS also establishes policy, develops programs, conducts long-range planning, and provides guidance and assistance for U.S. schools abroad.

Because many overseas schools do not meet U.S. educational standards, employees may face hardships such as separated tours, requirements to home school or send children to boarding schools, and an inability to obtain services for children with special needs. Inadequate schools also create barriers to recruiting and retaining Foreign Service employees. As described in a recent Government Accountability Office audit,³ Department staffing shortfalls at overseas posts can heighten security risks, disrupt post operations, and create excessive workloads. In this context, A/OPR/OS' services help address key morale and employee recruitment and retention concerns for Department and other agency employees worldwide.

The office assists 193 private and non-profit overseas schools attended by the dependents of U.S. Government employees. It provides approximately \$12 million annually in educational grants to Department-assisted schools in 135 countries.⁴ These educational grants support recruitment of U.S.-trained specialized staff, such as administrators and special-needs teachers, staff development, and procurement of instructional materials and student services. The office also provides grants for security upgrades at overseas schools through Bureau of Overseas Buildings Operations (OBO)-funded grants. Since 2003, A/OPR/OS has awarded more than \$122 million in OBO-funded grants.

The office has two primary goals: (1) to provide quality education for dependent children of U.S. Government employees overseas; and (2) to increase mutual understanding between the United States and other countries by demonstrating American educational principles and methods overseas. An important sub-goal is to assist overseas missions in assessing the quality of educational opportunities for dependent children and in developing educational programs and viable options for dependent children when there are no such facilities available.

¹ The Office of Overseas Schools derives its authority from three laws: Section 29 of the Foreign Service Act of 1980; Section 636(c) and (d) of the Foreign Assistance Act of 1961; and Section 102(b)(3) of the Mutual Educational and Cultural Exchange Act of 1961, as amended.

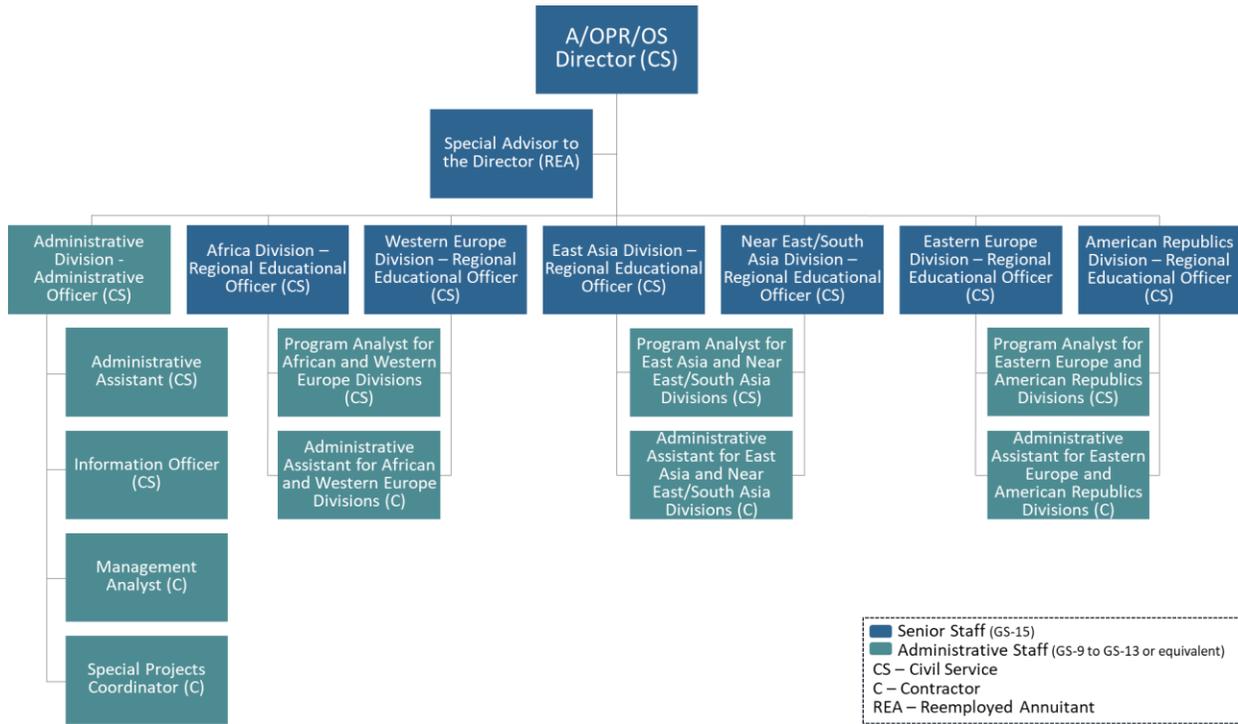
² The U.S. Information Agency merged with the Department in 1999.

³ Government Accountability Office, *Department of State Integrated Action Plan Could Enhance Efforts to Reduce Persistent Overseas Foreign Service Vacancies* (GAO-19-220, March 2019).

⁴ In FY 2020, the office received additional funding of approximately \$7 million due to the COVID-19 pandemic. This is discussed in the Operational Effectiveness section of this report.

At the time of the inspection, A/OPR/OS staff consisted of 13 Civil Service employees, 5 third-party contractors, and one part-time re-employed annuitant. The office’s organization chart is shown in Figure 1, below.

Figure 1: Office of Overseas Schools Organization Chart^a



^a As of October 28, 2020.

Source: OIG, generated from information obtained from the Office of Overseas Schools.

OIG evaluated the office’s operational effectiveness, Federal assistance, and internal controls consistent with Section 209 of the Foreign Service Act of 1980.⁵

OPERATIONAL EFFECTIVENESS

OIG assessed the office’s operational effectiveness on the basis of surveys of overseas school administrators and embassy staff; interviews with stakeholders from Department bureaus and offices; questionnaires completed by office staff; document reviews; and observations of meetings during the inspection. OIG also conducted interviews with private sector members of the Overseas Schools Advisory Council and U.S. Government representatives on the Overseas Schools Policy Committee that elicited comments on A/OPR/OS’ performance. As described below, OIG determined that A/OPR/OS delivered timely information and support to U.S. missions in countries with Department-assisted schools and that the office successfully

⁵ See Appendix A.

supported the schools during the COVID-19 pandemic. However, OIG also found that a lack of standard operating procedures hampered office operations.

Office Delivered Timely Information and Support to Overseas Missions

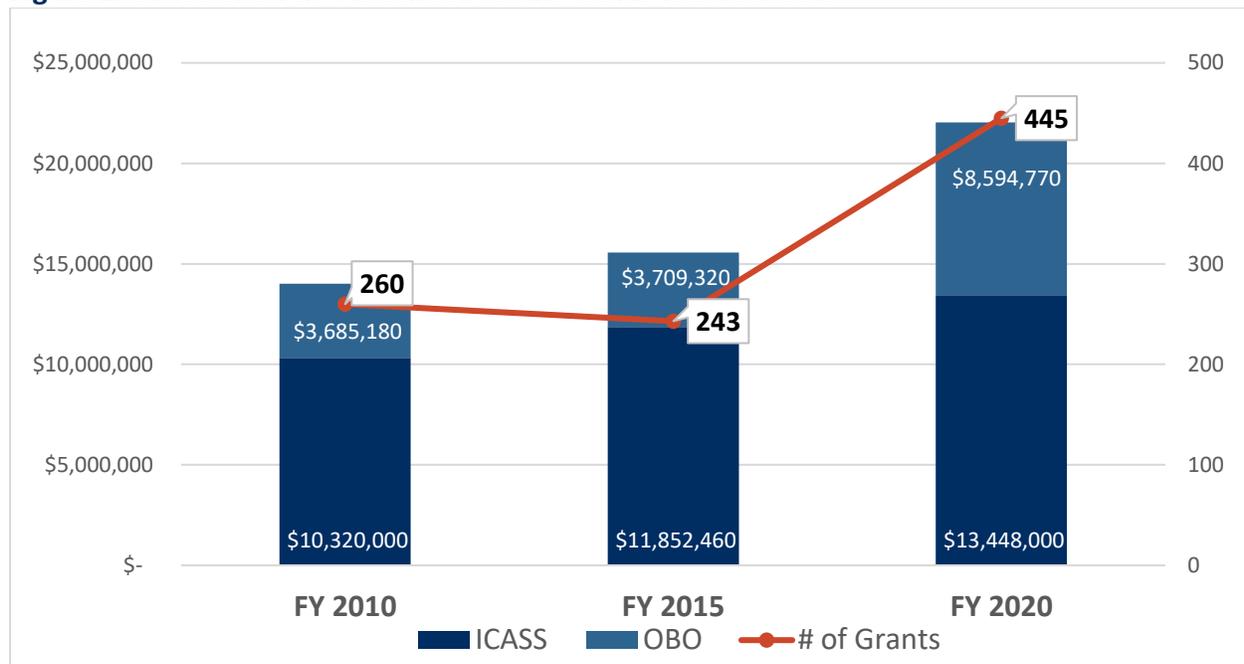
Overseas Department employees with responsibilities for engaging with schools reported that A/OPR/OS effectively supported their missions' overseas schools. For example, 87 percent of management officers and chief of mission representatives to overseas schools who responded to the survey (114 of 131) agreed or strongly agreed that A/OPR/OS provided information they needed to coordinate school issues. Furthermore, 98 percent of overseas school administrators who responded (64 of 65) agreed or strongly agreed that the office replied to their inquiries in a timely manner. OIG's interviews with stakeholders in Department bureaus and offices and with representatives of the Overseas Schools Advisory Council and the Overseas Schools Policy Committee similarly described the office's performance in positive terms.

Office Successfully Supported Schools During COVID-19 Pandemic

The COVID-19 pandemic significantly affected A/OPR/OS' operations. For example, the office's regional education officers (REO) turned to virtual visits of schools and missions because of pandemic-related travel restrictions. The office also offered Department-assisted schools additional grants funding in FY 2020 through two new programs: OBO-funded COVID-19 grants and grants funded under the CARES Act⁶ through the International Cooperative Administrative Support Services (ICASS) system.⁷ In response to the crisis, the office expanded its grants funding by approximately \$7 million for overseas schools and, as shown in Figure 2, awarded 445 grants totaling \$22 million in FY 2020. These COVID-19 grants were intended to assist schools in their efforts to mitigate pandemic risks. Overseas schools also used this additional funding to continue in-person or hybrid (virtual and in-person) instruction by procuring the necessary supplies and equipment to do so. The additional ICASS CARES grant money also allowed schools facing financial issues because of declining enrollment to remain solvent during the pandemic. This allowed the schools to continue operations and ensure that the remaining students were able to continue their education despite COVID-19. The office reported to OIG that only one assisted school closed because of pandemic-related revenue declines.

⁶ The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, was a \$2.2 trillion economic stimulus bill passed by the Congress and signed into law by the President on March 27, 2020, in response to the economic fallout of the COVID-19 pandemic in the United States.

⁷ ICASS, established in 1997, is the principal means by which U.S. Government agencies share the cost of common administrative support services at more than 250 diplomatic and consular posts overseas. Through ICASS, which operates a working capital fund, service providers recover the cost of delivering administrative support services to other agencies at overseas missions, in accordance with 6 FAM 911 and 6 Foreign Affairs Handbook (FAH)-5 H-013.2.

Figure 2: Office of Overseas Schools Grants to Assisted Schools

Note: FY 2020 grant amounts and totals include CARES and COVID-19 grants. CARES grants are included in the ICASS grants total; the COVID-19 grants are included in the OBO total.

Source: OIG generated from information obtained from the Office of Overseas Schools.

Spotlight on Success: Overseas Schools Advisory Council Advanced International School Education

The Office of Overseas Schools' partnership with private sector companies and foundations, through the Overseas Schools Advisory Council, promoted international education innovations. Originally established in 1967 to advise A/OPR/OS on international education policy and funding matters, the Overseas Schools Advisory Council brought key participants from private industry, foundations, and associations together to discuss pressing concerns and developed forward-thinking innovations in international education. This effort directly supported the Department's goal of promoting American leadership through balanced engagement as outlined in the Department and U.S. Agency for International Development Joint Strategic Plan FY 2018-2022.⁸ Since 1983, the Advisory Council has played an important role in providing more than \$2.1 million in private financial support championing 133 programs, including:

- The World Virtual School project, funded in 2011, enabled international schools to quickly pivot to online classes during the worldwide COVID-19 pandemic.
- The Child Protection project, funded in 2015, has helped safeguard hundreds of thousands of students through background vetting of international school staff.

⁸ Joint Strategic Plan FY 2018-2022, U.S. Department of State [and] U.S. Agency for International Development, "Strategic Objective 3.3: Increase partnerships with private sector and civil-society organizations to mobilize support and resources and shape foreign public opinion," 47-52 (February 2018).

- The Special Needs project, funded in 2018, has improved the capabilities of overseas schools to offer more support for students with unique learning styles and needs.
- The Social Emotional Learning project, started in 2019, helped support students challenged by the virtual learning situations created during the pandemic.

Lack of Standard Operating Procedures Hampered Operations

Despite the positive performance of A/OPR/OS, OIG found that a lack of standard operating procedures hampered some office operations. For example, the office sometimes provided schools with inconsistent guidance on coordinating sensitive child protection issues⁹ with Department personnel because the office's staff lacked standard operating procedures for dealing with such matters in a uniform manner. This was especially important because such cases require coordination with Department and embassy security and medical personnel. The lack of standard operating procedures also resulted in additional inefficiencies. For example, office staff did not coordinate or share information among themselves, resulting in overseas schools and embassy staff having to provide information multiple times in response to separate requests. In addition, staff answering email messages sent to the collective generic inbox by overseas schools, embassy staff, school parents, and the public tailored their responses differently for the six regions¹⁰ instead of using one standardized, and more efficient, approach. Finally, the office lacked standardized procedures for managing Federal assistance programs, which contributed to the problems with these programs discussed later in this report.

OIG determined that the lack of standard operating procedures was caused, in part, by interpersonal frictions between the office's administrative staff and the REOs. As stated in the Government Accountability Office's *Standards for Internal Control in the Federal Government*,¹¹ Principle 3.11, management should document internal controls to meet operational needs. Documentation of internal controls, including changes to controls, is evidence that controls are identified, capable of being communicated to those responsible for their performance, and capable of being monitored and evaluated by the entity. The absence of standard operating procedures for key business processes reduced the staff's efficiency and created risks that critical responsibilities, such as coordination of child protection and management of Federal assistance awards, would not be carried out effectively.

⁹ A/OPR/OS confers with the Bureau of Diplomatic Security's Criminal Investigative Liaison (CIL) Branch on issues involving crimes against children and the offices have collaborated on training for staff at international schools. CIL works with the International Center for Missing and Exploited Children's Global Educator Center and the National Center for Missing and Exploited Children's International Parental Child Abductions office on child protection. There is no memorandum of agreement or standard operating procedure between A/OPR/OS and CIL for addressing child protection issues. A/OPR/OS has at times directed international schools to Regional Security Officers for child protection issues for assistance rather than to CIL staff who have greater expertise.

¹⁰ A/OPR/OS divisions included: American Republics, Africa, East Asia, Eastern Europe, Western Europe, and Near East/South Asia.

¹¹ General Accountability Office, *Standards for Internal Control in the Federal Government* 29 (GAO-14-704G, September 2014).

Recommendation 1: The Bureau of Administration should require that the Office of Overseas Schools implement standard operating procedures for key administrative processes. (Action: A)

FEDERAL ASSISTANCE

A/OPR/OS managed more than \$22 million in Federal assistance funds (both ICASS and OBO) in FY 2020 to support overseas schools. OIG reviewed the office's Federal assistance award management and found it effectively collaborated with OBO, the Bureau of Diplomatic Security, and overseas missions in administering the grants program at assisted schools. However, OIG found the office did not fully manage Federal assistance awards in accordance with Department standards, as discussed below.

Federal Assistance Awards Did Not Contain Risk Assessments and Monitoring Plans

OIG found that A/OPR/OS did not prepare risk assessments and monitoring plans for its grants. OIG reviewed 12 grants from FY 2018 through FY 2020 administered by A/OPR/OS, of which 6 were from the OBO-funded Overseas Schools Security Grant Program and 6 were ICASS grants.¹² All 12 grants lacked risk assessments and monitoring plans required by the Department's Federal Assistance Directive.¹³ Risk assessments and monitoring plans are important because they provide a tool to identify risks, including fraud, and to mitigate the impact of such risks prior to making an award. They also define oversight steps, such as site visits and progress reports, required to ensure that award objectives have been met. A/OPR/OS staff told OIG they believed that risk assessments and monitoring plans were unnecessary because of the low dollar value of the office's grants and because they were issued to reimburse expenses already incurred. However, Department standards require risk assessments and monitoring plans for all awards.¹⁴ Failure to adhere to Department standards for managing Federal assistance awards could lead to the misuse or misappropriation of funds or the inability to achieve program objectives.

Recommendation 2: The Bureau of Administration should require the Office of Overseas Schools to manage its Federal assistance awards in accordance with Department standards. (Action: A)

¹² OIG's selection of the 12 grants included the 3 largest dollar value ICASS school grants and Regional Association grants, respectively, between FY 2018 and FY 2020. This selection of these six grants included every geographic region covered by the office. The remaining six grants were the largest dollar value grants between FY 2018 and FY 2020 for the Overseas Schools Security Grant Program and cover all geographic regions. The selection excluded OBO-funded COVID-19 grants and CARES funding because they had yet to operate for a full fiscal year.

¹³ Bureau of Administration, *Federal Assistance Directive*, version 5.0, 59, 60, 79 (October 2020). The Department of State Federal Assistance Directive establishes internal guidance, policies, and procedures for administering Federal financial assistance for all Department domestic and overseas grant-making bureaus, offices, and posts.

¹⁴ Ibid.

Office Did Not Review Unliquidated Obligations

A/OPR/OS did not review the validity of its unliquidated obligations¹⁵ and de-obligate funds totaling more than \$3 million that could be put to better use. OIG reviewed 61 ICASS and Overseas Schools Security awards administered by A/OPR/OS between FY 2018 and FY 2020 and found that 21 awards had unliquidated obligations totaling \$3.05 million.¹⁶ This issue was caused, in part, by award recipients and embassy management staff not submitting required receipts in a timely manner. Department guidelines in 4 FAM 225d require that unliquidated obligations with no activity for more than 1 year be reviewed to determine that they have proper documentary support. In addition, 2 CFR § 200.344(a) generally requires that recipients submit all financial, performance, and other reports as required by the terms and conditions of the Federal award. Furthermore, 2 CFR § 200.344(b) generally requires that recipients liquidate all obligations under the award within 90 days of the end of the period of performance to enable awards to be closed out. Office staff told OIG they believed unliquidated obligations were not a problem “so long as the school has submitted receipts,” which is incorrect. Failure to review unliquidated obligations resulted in OS being unable to make full use of its Federal assistance resources for grant programs to assisted schools.

Recommendation 3: The Bureau of Administration should require the Office of Overseas Schools to review its unliquidated obligations in accordance with Department guidelines and put up to \$3.05 million in funds to better use. (Action: A)

Information Management Application System Lacked Authorization to Operate

OIG found that the electronic grants application system used by A/OPR/OS did not meet Department information technology (IT) systems development and security standards. Specifically, the OASIS¹⁷ application did not have a current authorization to operate (ATO). An ATO is a formal decision to authorize operation of an IT system based on acceptance of IT security risks associated with its usage. Department guidelines in 5 FAM 619c state that Department system owners must ensure system authorization is performed on all Federal Information Security Management Act-reportable Department systems.¹⁸ The previous ATO expired on June 15, 2020. Because the office requested a new ATO for the system during the inspection, OIG did not make a recommendation to address this issue.

¹⁵ An unliquidated obligation is the balance of the grant funds allotted but not disbursed at the end of the performance period.

¹⁶ Appropriations expire if unobligated at the end of their period of availability. Consistent with 31 U.S.C. § 1552, the appropriations are canceled on September 30 of the fifth fiscal year after the period of availability for obligation ends.

¹⁷ The Overseas American Schools Information System (OASIS) is a software application. A/OPR/OS uploads information provided via the Grant Request Annual Submissions Program to its OASIS database for analysis.

¹⁸ The Federal Information Security Management Act, or FISMA, is a U.S. law requiring Federal agencies to develop, document, and implement an information security and protection program for information and information systems.

INTERNAL CONTROLS

OIG's review of A/OPR/OS' internal control activities found the office did not conduct required reviews for the annual Management Control Statement of Assurance or establish a records management program. Furthermore, OIG found that A/OPR/OS incurred an unauthorized commitment when it accepted services from a former contractor and did not have policies in place to mitigate the risks of conflicts of interest. These four issues are discussed below. In addition, OIG found that A/OPR/OS improperly maintained personally identifiable information on the office's shared drive, contrary to 5 FAM 469.4c(1). During the inspection, the office secured the personally identifiable information by limiting access to staff with a need to know.

Office Did Not Conduct Required Management Control Reviews

OIG found that A/OPR/OS did not conduct all reviews for the FY 2020 Management Control Statement of Assurance required by Bureau of Administration and Department guidance. The office certified in its FY 2020 statement that it had conducted all six required internal control reviews but could only provide OIG with documentation for two reviews. According to 2 FAM 021.3, a Statement of Assurance certifies that an organization's system of management controls provides reasonable assurance that programs are effectively carried out in accordance with applicable law. Office staff told OIG they did not understand which reviews were required or how to conduct them. Without a comprehensive system of internal controls, A/OPR/OS is at risk of not managing its activities and programs effectively and efficiently.

Recommendation 4: The Bureau of Administration should require the Office of Overseas Schools to comply with the requirements of the annual Management Control Statement of Assurances. (Action: A)

Office Records Management Program Did Not Comply With Department Standards

OIG found that A/OPR/OS did not comply with Department records management requirements in organizing, storing, and retiring its records. Specifically, OIG found that the office retained extensive paper holdings and did not retire records in accordance with the appropriate Department disposition schedule. This problem occurred because the office lacked an active records management program and staff preferred to keep hard copy records. Department standards in 5 FAM 414.8(1-2) require that all employees preserve documentary materials meeting the definition of a record under the Federal Records Act and create, use, maintain, preserve, and dispose of the Department's information and records according to Department requirements. As described in 5 FAM 433a, all offices, missions, and field offices must develop an active, continuing retirement program to achieve economies and efficiencies of operations. The absence of an effective records retirement program increases the risk of loss of important data and historical records that could affect the Department's and the office's ability to conduct policy analysis, decision-making, and archival research.

Recommendation 5: The Bureau of Administration should require the Office of Overseas Schools to establish and implement a records management program in accordance with Department standards. (Action: A)

Office Incurred an Unauthorized Commitment

OIG found that A/OPR/OS incurred an unauthorized commitment by continuing to accept services totaling approximately \$19,500 from a former contractor, contrary to Department standards. Specifically, OIG found that the office continued to accept a former contractor's services after funding for the contract ended. The unauthorized commitment occurred due to lack of familiarity in A/OPR/OS with contracting requirements. According to 14 FAM 215a, an unauthorized commitment occurs when a contractual agreement is made that is not binding to the U.S. Government because the official who made the agreement lacked the requisite authority to do so. In addition, 14 Foreign Affairs Handbook (FAH)-2 H-132.2f states that all unauthorized commitments above \$1,000 must be ratified by the Office of the Procurement Executive. Finally, as described in 31 U.S.C. § 1342, an officer or employee of the U.S. Government may not accept voluntary services from individuals except for emergencies involving the safety of human life or the protection of property. Unauthorized commitments may result in personal liability for the individual who made the commitment. Accepting voluntary services from a contractor is contrary to Federal law.

Recommendation 6: The Bureau of Administration should review the Office of Overseas Schools' unauthorized commitment to determine whether it should be ratified in accordance with Department standards. (Action: A)

Office Lacked Policy to Address Perceptions of Conflict of Interest

Although OIG found no evidence of conflicts of interest in issuing grant awards, staff members expressed to OIG their concerns of possible appearances of conflicts of interest within the office. For example, staff raised concerns that close relationships between REOs and overseas school administrators, who received Federal assistance funding from the Department, created an appearance of potential conflict of interest, since REOs play a role in determining award funding amounts for schools. Federal ethics standards require executive branch employees to act impartially and endeavor to avoid any actions creating the appearance that they are violating ethical standards.¹⁹ OIG found that A/OPR/OS did not have a policy to address the possible perception of conflicts of interest by REOs and administrative staff in approving grant awards to overseas schools and regional education organizations. Because the office's grants are awarded noncompetitively and as such do not require panels to make award selections, the use of such a conflict of interest and confidentiality form is not explicitly required by Department guidelines. OIG brought these issues to the office's attention, and A/OPR/OS' leadership agreed to use the conflict of interest and confidentiality form required for panel award members, described in the Federal Assistance Directive, H.3.

¹⁹ See Standards of Ethical Conduct for Employees of the Executive Branch; 5 CFR § 2635.501 and § 2635.502; *Federal Assistance Directive*, October 2020, Chapters 1 F and 2 H 3; and 11 FAM 611.4-4, "Fourteen Principles of Ethical Conduct."

RECOMMENDATIONS

OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to the Bureau of Administration. The bureau's complete responses can be found in Appendix B.¹

Recommendation 1: The Bureau of Administration should require that the Office of Overseas Schools implement standard operating procedures for key administrative processes. (Action: A)

Management Response: In its September 10, 2021, response, the Bureau of Administration concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Administration required the Office of Overseas Schools to implement standard operating procedures for key administrative processes.

Recommendation 2: The Bureau of Administration should require the Office of Overseas Schools to manage its Federal assistance awards in accordance with Department standards. (Action: A)

Management Response: In its September 10, 2021, response, the Bureau of Administration concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Administration required the Office of Overseas Schools to manage its Federal assistance awards in accordance with Department standards.

Recommendation 3: The Bureau of Administration should require the Office of Overseas Schools to review its unliquidated obligations in accordance with Department guidelines and put up to \$3.05 million in funds to better use. (Action: A)

Management Response: In its September 10, 2021, response, the Bureau of Administration concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Administration required the Office of Overseas Schools to review its unliquidated obligations in accordance with Department guidelines and put up to \$3.05 million in funds to better use.

¹ OIG faced delays in completing this work because of the COVID-19 pandemic and resulting operational challenges. These challenges included the inability to conduct most in-person meetings, limitations on our presence at the workplace, difficulty accessing certain information, prohibitions on travel, and related difficulties within the agencies we oversee, which also affected their ability to respond to our requests.

Recommendation 4: The Bureau of Administration should require the Office of Overseas Schools to comply with the requirements of the annual Management Control Statement of Assurances. (Action: A)

Management Response: In its September 10, 2021, response, the Bureau of Administration concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Administration required the Office of Overseas Schools to comply with the requirements of the annual Management Control Statement of Assurances.

Recommendation 5: The Bureau of Administration should require the Office of Overseas Schools to establish and implement a records management program in accordance with Department standards. (Action: A)

Management Response: In its September 10, 2021, response, the Bureau of Administration concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Administration required the Office of Overseas Schools to establish and implement a records management program in accordance with Department standards.

Recommendation 6: The Bureau of Administration should review the Office of Overseas Schools' unauthorized commitment to determine whether it should be ratified in accordance with Department standards. (Action: A)

Management Response: In its September 10, 2021, response, the Bureau of Administration concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Administration reviewed the Office of Overseas Schools' unauthorized commitment to determine whether it should be ratified in accordance with Department standards.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Office Director	Thomas Shearer	02/2018

Source: Generated by OIG from data provided by the Office of Overseas Schools.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted from January 4 to April 19, 2021, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspections Handbook, as issued by the Office of Inspector General (OIG) for the Department and the U.S. Agency for Global Media (USAGM).

Objectives and Scope

The Office of Inspections provides the Secretary of State, the Chief Executive Officer of USAGM, and Congress with systematic and independent evaluations of the operations of the Department and USAGM. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980.

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

OIG's specific objectives for this inspection were to determine whether the Office of Overseas Schools:

- Effectively collaborated with the Bureaus of Overseas Buildings Operations and Diplomatic Security and overseas missions in administering the grants program at assisted schools.
- Effectively supported assisted schools during the COVID-19 pandemic.
- Applied financial and personnel resources made available by the COVID-19 crisis to other essential responsibilities.
- Managed education and security grants to educational associations and assisted schools in compliance with Department standards.
- Managed compliance with internal controls and other Department standards, including independence, management control reviews, information storage, and other issues.

Methodology

OIG used a risk-based approach to prepare for this inspection. Due to the COVID-19 pandemic and taking into consideration relevant guidance, OIG conducted the inspection remotely and relied on audio- and video-conferencing tools in lieu of in-person interviews with Department

and other personnel. OIG also reviewed pertinent records; circulated surveys (see below for more information) and compiled the results; and reviewed the substance of this report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG used professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop its findings, conclusions, and actionable recommendations.

As part of this inspection, OIG surveyed 196 school administrators at Department-assisted schools and 551 community liaison officers, management officers and mission school representatives at overseas missions regarding their satisfaction with the office's performance. Ninety-nine school administrators and 131 Department staff members responded.

APPENDIX B: MANAGEMENT RESPONSE



United States Department of State

Washington, D.C. 20520

September 10, 2021

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MEMORANDUM

TO: OIG/ISP – Sandra Lewis

FROM: A/OPR – Keith D. Hanigan *KDH*

SUBJECT: OIG Draft Report - Inspection of the Bureau of Administration, Office of Overseas Schools (ISP-I-21-32, August 2021)

The Bureau of Administration was tasked with action on recommendations 1-6 of the aforementioned inspection report. Thomas P. Shearer of the Office of Overseas Schools (A/OPR/OS) is the point of contact and can be reached at 202-815-5882. Per your memorandum of August 25, 2021, the following recommendations and responses are as follows:

A/OPR/OS Introduction: A/OPR/OS appreciates the opportunity to respond to the recently submitted draft of the OIG inspection, particularly the OIG's mention of A/OPR/OS's partnership with private sector companies and foundations, through the Overseas Schools Advisory Council, in their "Spotlight on Success" in the report. A/OPR/OS also appreciates the mention of our assisted school officials and post management officer surveys, which show an extremely favorable review of the impact that A/OPR/OS has with posts, families, and schools. A/OPR/OS looks forward to working with the OIG to improve our performance and better serve our constituents.

Recommendation 1: The Bureau of Administration should require that the Office of Overseas Schools implement standard operating procedures for key administrative processes.

Management Response: The Bureau of Administration concurs with the recommendation. Standard Operating Procedures (SOPs) will be reviewed and updated in 2021, reviewed again in 2022, and will be formally updated upon full approval from the Office Director and Office of Operations (OPR) Deputy Assistant Secretary.

OIG Reply:

Recommendation 2: The Bureau of Administration should require the Office of Overseas Schools to manage its federal assistance awards in accordance with Department standards. (Action: A)

Management Response: The Bureau of Administration concurs with the recommendation. However, it should be noted, as identified by OIG, the annual grants to assisted schools are cost

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reimbursable grants and no monies are provided upfront, leaving little to no risk. A/OPR/OS understands the merit of conducting risk assessments of each domestic grant, because those grantees receive a percentage of funds upfront to provide service as identified in each grant proposal. A/OPR/OS also will work with Overseas Building Operations (OBO) to ensure a risk assessment is included in the process for those awards. A/OPR/OS will update a standardized monitoring process for all grants to be compliant with Department standards as appropriate.

OIG Reply:

Recommendation 3: The Bureau of Administration should require the Office of Overseas Schools to review its unliquidated obligations in accordance with Department guidelines and put up to \$3.05 million in funds to better use.

Management Response: The Bureau of Administration concurs with the recommendation to review unliquidated obligations. A/OPR/OS systematically reviews all grants to make sure funds are being used and if not, de-obligates and redistributes the funds. Grants are typically issued in June and the liquidation of the grant is reviewed the following March. Schools that have not taken action are contacted to ensure that they still have the need for the grant and a concrete plan to utilize the funds.

We note that the OIG review of these grants occurred at the beginning of the COVID-19 pandemic, which hindered several schools and posts in completing the scope of work. The request for amendments due to unforeseen circumstances is not uncommon and was significantly increased by the pandemic.

OIG Reply:

Recommendation 4: The Bureau of Administration should require the Office of Overseas Schools to comply with the requirements of the annual Management Control Statement of Assurances.

Management Response: The Bureau of Administration concurs with the recommendation and will comply with the requirements of the annual Management Control Statement of Assurances. As of September 2021 this issue has been rectified. The Statement of Assurance is attached.

OIG Reply:

Recommendation 5: The Bureau of Administration should require the Office of Overseas Schools to establish and implement a records management program in accordance with Department standards.

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Management Response: The Bureau of Administration concurs with the recommendation. A/OPR/OS will establish a records management program in 2021 and implement the program in 2022 in accordance with Department standards, retaining invaluable historical records as needed.

OIG Reply:

Recommendation 6: The Bureau of Administration should review the Office of Overseas Schools' unauthorized commitment to determine whether it should be ratified in accordance with Department standards.

Management Response: The Bureau of Administration concurs with the recommendation. A/OPR/OS has allocated grant funding through the National Association of Elementary School Principals (NAESP) to pay the private independent consultant to facilitate and convene the Overseas Schools Advisory Council (OSAC).

OIG Reply:

Attachments:

- Tab 1 – Statements of Assurance (2018)
- Tab 2 – Statements of Assurance (2019)
- Tab 3 – Statements of Assurance (2020)
- Tab 4 – Statements of Assurance (2021)
- Tab 5 – NAESP Grant documentation

cc:

A/EX/CSM – Joseph McGuire
A Front Special Assistants

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ABBREVIATIONS

A/OPR/OS	Office of Overseas Schools
ATO	Authorization to Operate
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
ICASS	International Cooperative Administrative Support Services
OBO	Bureau of Overseas Buildings Operations
REO	Regional Education Officer

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