Office of Inspector General
United States Department of State

| ISP-C-20-23 | Office of Inspections | May 2020 |

Compliance Follow-Up Review: Bureau of African Affairs' Foreign Assistance Program Management

BUREAU OF AFRICAN AFFAIRS

Summary of Review

OIG conducted a compliance follow-up review (CFR) of the Department of State's (Department) implementation of recommendations issued in OIG's 2017 *Inspection of the Bureau of African Affairs' Foreign Assistance Program Management*.[1] The report identified deficiencies associated with the bureau's strategic oversight of foreign assistance programs as well as shortcomings related to program management, risk management, funds management, and administration of Federal assistance awards.[2] The Bureau of African Affairs (AF) continues to manage a sizeable foreign assistance portfolio, with more than $275 million in FY 2019 allotments.

OIG found that AF took action to improve its management of foreign assistance programs, but some deficiencies previously identified by OIG had not been fully addressed. Among the actions undertaken in response to OIG's 2017 report, the bureau updated its Federal assistance risk assessments to better measure terrorist financing risk. OIG also found that the bureau took steps to reduce duplicative and fragmented functions and developed some of the guidance and procedural documents necessary to manage and administer the bureau's foreign assistance programs. However, the bureau needed to take additional steps to further improve its foreign assistance program management and close the remaining recommendations. Specifically, OIG found that AF needs to document its foreign assistance business process, expand its guidance for reclassifying Peacekeeping Operations funds, and establish controls to help ensure proper Federal assistance award oversight documentation. At the conclusion of the CFR, two recommendations from the original inspection report remained closed. OIG closed an additional four recommendations, reissued one recommendation, and revised and reissued one recommendation. Additionally, OIG closed one recommendation from the original report but issued a new recommendation to address related ongoing issues. In its comments on the draft CFR, AF agreed with all three CFR recommendations. OIG considers all three recommendations resolved. The bureau's response to each CFR 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.

BACKGROUND

In October 2017, OIG published a report on AF's foreign assistance program management.[3] At the time of OIG's inspection, the bureau managed a foreign assistance portfolio that totaled $369 million in FY 2016 funding. OIG found deficiencies with AF's strategic oversight of its

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[1] OIG, *Inspection of the Bureau of African Affairs' Foreign Assistance Program Management* (ISP-I-18-02, October 2017).

[2] Federal assistance awards include grants and cooperative agreements made to nongovernmental organizations or public international organizations.

[3] As a result of the bureau's sizeable foreign assistance portfolio, the report on foreign assistance program management was issued separately from OIG's overall inspection of the bureau. See OIG, *Inspection of the Bureau of African Affairs* (ISP I-18-01, October 2017) for the main inspection report, which focuses on overall bureau operations.

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foreign assistance programs as well as shortcomings related to program management, risk management, funds management, and administration of Federal assistance awards. This resulted in fragmented and duplicative administrative functions, deficiencies related to counterterrorism and human rights vetting, and the return of large balances of bureau-managed foreign assistance to the U.S. Department of the Treasury (Treasury). OIG made 10 recommendations to address the foreign assistance program management shortcomings identified during the inspection.

AF continues to manage a sizeable foreign assistance portfolio that totaled more than $275 million in FY 2019 funding. The bureau's foreign assistance is managed by its Office of Regional Peace and Security (formerly known as the Office of Security Affairs),[4] its Office of Economic and Regional Affairs, and the U.S. Special Envoy for Sudan and South Sudan. The largest portion of foreign assistance funds executed by the bureau focuses on security assistance programs, which are managed by the bureau in Washington, DC. In addition, AF supports the Ambassador's Special Self Help and the Africa Regional Democracy Fund programs, which are executed by overseas posts.

OIG has consistently identified deficiencies with AF's foreign assistance program management in its audits and inspections of the bureau.[5] Most recently, OIG found that poorly developed contract requirements for three foreign assistance projects supporting counterterrorism programming in West Africa resulted in an estimated $14.6 million in questioned costs.[6]

Compliance Overview

OIG assessed the actions reported by AF from the October 2017 publication of the inspection report to the January 2020 start of this CFR to comply with the recommendations contained in OIG's inspection report.

Three of the 10 recommendations were closed before the CFR began, and 7 remained open. During the CFR, OIG reviewed 9 recommendations made in the 2017 report (2 closed recommendations and 7 open recommendations).[7] OIG did not review one recommendation because of a separate OIG audit of foreign assistance programs in Somalia that assessed compliance with Leahy vetting requirements (Recommendation 8). The nine recommendations that OIG reviewed fell into five broad categories: strategic oversight of foreign assistance, program management, risk management, funds management, and contract and grants

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[4] The bureau did a "soft launch" of the office on October 1, 2019, and was waiting for final approval by the Under Secretary for Management at the time of the compliance follow-up review.

[5] OIG, *Inspection of Embassy N'Djamena, Chad* (ISP-I-20-02, November 2019); OIG, *Inspection of U.S. Mission to Somalia* (ISP-I-19-09, October 2018); OIG, *Inspection of the U.S. Mission to the African Union, Addis Ababa, Ethiopia* (ISP-I-18-20); OIG, *Inspection of Embassy Accra, Ghana* (ISP-I-17-17, June 2017); OIG, *Audit of the Administration and Oversight of Contracts and Grants Within the Bureau of African Affairs* (AUD-CG-14-31, August 2014).

[6] OIG, *Management Assistance Report: The Bureau of African Affairs Should Improve Performance Work Statements and Increase Subject Matter Expertise for Trans-Sahara Counterterrorism Partnership Projects* (AUD-MERO-20-29, April 2020).

[7] See Appendix C: Status of 2017 Inspection Recommendations.

management. This report provides an assessment of the Department's actions and OIG's determinations regarding the above recommendations.

FINDINGS

OIG found that, although AF took action to improve its strategic oversight and management of foreign assistance, some deficiencies previously identified by OIG had not been fully addressed. As described below, AF conducted biannual strategic foreign assistance reviews, increased senior leadership attention on foreign assistance, developed a bureau-wide tracker for foreign assistance programs, and updated its risk assessments for terrorist financing risk and for Federal assistance awards. The bureau also took steps to reduce duplicative and fragmented administrative functions. However, OIG found that the bureau needed to take additional steps to further improve its foreign assistance program management. OIG's assessment of AF's actions to address each of the nine recommendations that OIG reviewed from the 2017 report is detailed below.

Bureau Conducted Biannual Strategic Foreign Assistance Reviews

In its 2017 inspection, OIG found that AF had not conducted a strategic foreign assistance review to reduce administrative fragmentation and duplication among offices and ensure that programs were aligned with current policy priorities. This was inconsistent with guidance in 18 Foreign Affairs Manual (FAM) 101.4-3(b), which states that senior leaders must initiate regular reviews to assess programs against bureau-level objectives and ensure alignment of policy, planning, resources, and program decision-making.

During the CFR, OIG found that the bureau conducted two strategic assistance reviews in 2019 and planned to continue conducting such reviews biannually. AF's Principal Deputy Assistant Secretary chaired the reviews, and bureau staff shared positive feedback with OIG on the content and utility of the meetings.

OIG determined that Recommendation 1 should remain closed.

Foreign Assistance Responsibilities for Senior Leaders Clarified

In the 2017 inspection, OIG found that AF's decentralized foreign assistance program management structure inhibited effective executive-level program oversight. In response to OIG's recommendation, AF updated work requirements for two Deputy Assistant Secretaries to reflect their foreign assistance responsibilities. The work requirements direct them to provide strategic direction and guidance to ensure that foreign assistance programs overseen by the bureau are grounded in U.S. Government and Department strategic objectives. Additionally, the programs are subject to oversight and accountability. During the CFR, bureau staff told OIG they were satisfied with the level of involvement and direction by AF senior leaders.

OIG determined that Recommendation 2 should remain closed.

Foreign Assistance Business Processes Not Documented

In the 2017 inspection, OIG found that AF had not documented core foreign assistance business processes related to project planning, funds management, human resources, contract and grants management, monitoring and evaluation, and risk management. The bureau also lacked program management documentation for all but one of its major programs.

During the CFR, OIG found that the bureau developed a standard operating procedure for the Ambassador's Special Self Help[8] program as well as guidance for its Africa Regional Democracy Fund[9] programs. These documents provide policy and award guidance for those specific programs. However, the bureau had not yet developed broader documents or processes that would guide core foreign assistance business processes, including those for security assistance programs that account for the majority of AF's foreign assistance budget. The Government Accountability Office's *Standards for Internal Control in the Federal Government* state that as part of internal control systems design, management should define objectives in specific and measurable terms to enable identification, analysis, and response to risks related to achieving those objectives.[10] Without documented processes, the bureau continues to fall short of these internal control standards and, accordingly, the programs it manages are at an elevated risk of waste, fraud, and mismanagement.

As a result of the lack of documented AF foreign assistance business processes, OIG reissued Recommendation 3 (now CFR Recommendation 1).

> **CFR Recommendation 1:** The Bureau of African Affairs should document its foreign assistance business processes, including administrative responsibilities and internal control procedures for project planning, funds management, human resources, contract and grants management, and risk management. (Action: AF)

Bureau Took Steps to Streamline Administrative Functions

In the 2017 inspection, OIG found that the bureau's organizational structure created inefficiencies and prevented the bureau from maximizing the impact of its foreign assistance funds. For example, OIG found that the bureau could better consolidate or coordinate its work on monitoring and evaluation, procurement, site visits, and invoice reviews.

During the CFR, OIG found that the bureau took several actions to streamline or consolidate administrative functions. For example, AF hired a bureau evaluation coordinator and a grants

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[8] The Ambassador's Special Self Help program funds grants for small development activities that generate public awareness of U.S. foreign assistance efforts but that fall outside the structure of other established U.S. assistance projects.

[9] The Africa Regional Democracy Fund builds legislative capacity, supports elections and related processes, and develops early warning, monitoring, investigation, and reporting of human rights violations.

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

management specialist who both provide bureau-wide support. According to the bureau, these staff members will develop monitoring and evaluation and grants management policies, respectively, and help enforce compliance with the policies.

In addition, AF restructured its Office of Security Affairs and reestablished it as the Office of Regional Peace and Security on October 1, 2019. The restructuring created a policy unit to address foreign assistance-related policy issues and a plans and program unit to manage programs. Additionally, AF reorganized the plans and program unit on a regional basis to promote comprehensive bilateral and regional approaches to delivering security assistance. The plans and program unit consolidated the office's procurement and invoice review functions. AF also consolidated its monitoring and evaluation contracts to allow for country-wide monitoring and evaluation approaches for security assistance programs. AF estimated that the consolidation of monitoring and evaluation functions would result in a more than $6.5 million in cost savings over a 4-year period.[11]

This restructuring and the hiring of the bureau evaluation coordinator and the grants management specialist addressed concerns previously identified by OIG. As a result, OIG determined that Recommendation 4 should be closed.

Foreign Assistance Reclassification Process Still Needs Improvement

In the 2017 inspection, OIG estimated that AF returned $4.96 million in canceled[12] foreign assistance funds to the Treasury in FY 2016. Furthermore, OIG found that there was no bureau-wide process to identify funds eligible for reclassification,[13] even though the bureau had the authority to extend the funds' period of availability. The lack of a process to address this issue is inconsistent with guidance in 4 FAM 084.2, which states that allotments should be managed to provide for effective and efficient funds management in carrying out the intent of Congress. Without a process to reclassify foreign assistance funds before they are canceled, the bureau cannot make full use of resources available for programs.

During the CFR, OIG found that in 2019, AF prepared a standard operating procedure for the reclassification of Economic Support Fund monies. Additionally, the bureau followed an existing standard operating procedure for the reclassification of Peacekeeping Operations (PKO) funds

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[11] The bureau contracts out its monitoring and evaluation of security assistance programs. The 2017 inspection found that the previous contract structure created stove-piped monitoring and evaluation functions that could only focus on specific programs. OIG previously advised the bureau to pursue alternatives that could permit it to expand monitoring and evaluation capabilities while still meeting requirements in 31 U.S.C. § 1301(a) regarding use of appropriated funds.

[12] Appropriations expire if they are unobligated at the end of their period of availability. Consistent with 31 U.S.C. § 1552, the account is canceled on September 30th of the fifth fiscal year after the period of availability for obligation ends, and any unexpended balances are returned to the Treasury general fund.

[13] Under certain circumstances and within specific appropriations, the Department has statutory authority to extend the period of availability for appropriations using a process called reclassification. Funds subject to reclassification must have specific statutory authority. Reclassified funds are subject to Office of Management and Budget approval through the apportionment process. 4 Foreign Affairs Handbook-3 H-112.1.

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developed by the Bureau of Political-Military Affairs in 2015. Despite these efforts, OIG found that the bureau continued to return canceled foreign assistance funds to the Treasury. From FY 2017 to 2019, the bureau returned almost $14.1 million in foreign assistance funds, as shown in Table 1.

Table 1: AF Foreign Assistance Funds Returned to Treasury

Fiscal Year	Economic Support Funds Returned	PKO Funds Returned	Total Funds Returned
2017	$1,102,162	$2,069,858	$3,172,020
2018	$2,502,274	$3,124,199	$5,626,473
2019	$2,245,881	$3,027,619	$5,273,500
Total	**$5,850,317**	**$8,221,676**	**$14,071,993**

Source: Generated by OIG from data provided by the Department's Global Financial Management System.

OIG reviewed both standard operating procedures and found that they lacked formal guidance on the roles and responsibilities of AF's program staff in the reclassification process. For example, neither document specified how program staff should identify funding that could be reclassified. OIG also found that one AF staff member employed an informal process that entailed reviewing unliquidated obligations to identify PKO funds that could be reclassified. However, the process had not been documented to provide a bureau-wide understanding and consistent approach to implementation. According to the *Standards for Internal Control in the Federal Government,* documentation provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel.[14]

During the CFR and in response to OIG's observations, AF updated its standard operating procedure for reclassification of Economic Support Funds to incorporate program staff roles and responsibilities. The standard operating procedure for reclassification of PKO funds, however, had not been updated at the time of the CFR. As a result, OIG revised and reissued Recommendation 5 (now CFR Recommendation 2).

> **CFR Recommendation 2:** The Bureau of African Affairs, in coordination with the Bureau of Political-Military Affairs, should update and finalize its standard operating procedures for the reclassification of Peacekeeping Operations funds to reflect the roles and responsibilities of all individuals in the reclassification process. (Action: AF, in coordination with PM).

Bureau Developed Tracker for Its Foreign Assistance Funding

In the 2017 inspection, OIG found that AF lacked reliable mechanisms—such as spreadsheets or an internal knowledge management system—to track financial and program data related to its foreign assistance programs. OIG found that AF could not readily produce a country-specific summary of the programs it managed. The lack of a tracking mechanism made it difficult for

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[14] GAO-14-704G, Section 3.10.

bureau leadership to implement effective internal controls, provide an accurate accounting of its foreign assistance programs, and monitor and evaluate its programs effectively.

During the CFR, AF developed a spreadsheet that included comparable data for each foreign assistance office by program, country, and funding source. The bureau planned to update this document on a quarterly basis and use the information to guide the biannual strategic assistance reviews, described earlier in this report. OIG concluded that the spreadsheet met the intent of the recommendation and would help the bureau to better account for how much foreign assistance AF provided to each country in the region and help guide policy and programming decisions.

Despite this progress, OIG determined that the spreadsheet described above included data inconsistencies that can affect the utility and reliability of the data. Specifically, OIG found that AF staff sometimes entered data in the wrong fields, and some offices entered more detailed data than did others. These inconsistencies occurred, in part, because the standard operating procedure for entering data into the spreadsheet did not provide sufficient instructions to bureau staff on how data should be reported.

OIG advised, and AF agreed, to update its standard operating procedure to explain how to use the foreign assistance tracking spreadsheet and provide staff with directions for entering data into the spreadsheet. As a result, OIG determined that Recommendation 6 should be closed.

Terrorist Financing Risk Assessment Procedures Implemented

In the 2017 inspection, OIG found that the bureau had not established policy and procedures for identifying, assessing, and mitigating terrorist financing risks for its programs in countries where terrorist organizations, such as Al-Shabaab and Boko Haram, operate. OIG recommended that AF implement risk management policies and procedures that incorporate measures to further reduce the likelihood that foreign assistance will inadvertently finance terrorist activities.

During the CFR, OIG found that the bureau issued a cable on October 28, 2019, establishing terrorist financing risk policies and procedures.[15] This cable and a corresponding terrorist financing risk assessment guide seek to help bureau and post staff identify, assess, and mitigate terrorist financing risks for its programs in countries where terrorist organizations operate. As outlined in the cable, the country team[16] should participate in the completion of the risk assessment with final approval to be given by the Deputy Chief of Mission. The bureau planned to reissue the cable on an annual basis to remind Department staff about the policies.

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[15] Cable 19 STATE 114004, "AF Terrorism Financing Risk Assessment Policy and Guide," October 28, 2019.

[16] A country team is chaired by the Chief of Mission and the Deputy Chief of Mission and includes the section or office heads for each section or agency office at post.

Additionally, as part of its approval checklist for its Federal assistance awards,[17] the bureau planned to check for completed risk assessments.

OIG determined that Recommendation 7 should be closed.

Bureau Revised Risk Assessment Template for Federal Assistance Awards

In the 2017 inspection, OIG found that the bureau had not established a customized risk assessment template with policy and procedures for identifying, assessing, and mitigating risks. As a result, OIG recommended that AF should implement such a template.

During the CFR, the bureau created a risk assessment template for bureau-issued Federal assistance awards and obtained approval from the Office of the Procurement Executive[18] to use the template.[19] The new risk assessment template placed increased weight on the country of performance in its risk calculation,[20] addressed concerns or areas of confusion raised by program staff, and provided examples of various risk mitigation strategies that could be employed. The updated risk assessment template is available to all program staff through a newly developed grants management SharePoint site. Moving forward, the bureau's Grants Management Specialist told OIG he plans to conduct random file reviews to ensure completion of the risk assessment template.

OIG determined that Recommendation 9 should be closed.

Monitoring Report Deficiencies Persist for Federal Assistance Awards

In the 2017 inspection, OIG found that 10 of 12 Federal assistance award files reviewed by OIG did not include all required grants officer representative (GOR) evaluation reports. Department standards on Federal assistance, however, require consistent monitoring of assistance awards, including through performance progress and financial reports.[21] This monitoring generally is documented through GOR evaluation reports that assess the recipient's performance against the award's objectives and goals and identify any areas of concern or improvement. As OIG previously reported in its *Management Alert on Grants Management Deficiencies*, failure to maintain appropriate grants oversight results in an unacceptable lack of internal control and exposes the Department to financial risk.[22]

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[17] This bureau approval checklist will be used for all bureau-issued awards and for all post-issued awards with a total value equal to or greater than $25,000.

[18] The Office of the Procurement Executive falls under the Bureau of Administration.

[19] This risk assessment template is used as a standard risk assessment for all Federal assistance awards and is a different template than the terrorist financing risk assessment guide previously discussed in this report.

[20] Country risk indicators include, but are not limited to, exposure to external threats based upon environment and corruption. The template also directs that if any section assessment (i.e., country risk) results in a high risk rating, those risks must be mitigated.

[21] *Federal Assistance Directive*, Chapter 4, Section D.1 and D.2, October 2018.

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

During the CFR, AF provided missing GOR evaluation reports or memoranda to the file for all 10 awards that OIG had identified as incomplete during the 2017 inspection.[23] OIG reviewed an additional 10 award files[24] during the CFR and found that these files also lacked the required GOR evaluation reports. Specifically, OIG found that none of the award files contained all required GOR evaluation reports, and 5 of 10 award files did not include any GOR evaluation reports. Federal Assistance Directive, Chapter 4, Section D.2 states that the grants officer or GOR must document the official Federal award file to demonstrate that he or she reviewed the performance report, and the GOR must provide a written assessment of this report. OIG determined that the files did not include the required monitoring, in part, because the bureau did not have proper controls[25] in place to ensure GORs completed their required reports and to hold staff accountable for file completion.

Bureau staff told OIG they were taking steps to improve GOR evaluation report completion. The new Grants Management Specialist told OIG he planned to conduct random award file reviews to assess file completion. Additionally, the bureau planned to discuss missing award file documentation during the biannual strategic assistance reviews with bureau leadership. Until AF implements those or similar controls to ensure that GORs complete required evaluation reports to assess recipient performance, the Department continues to expose itself to financial risk.

As a result, OIG closed Recommendation 10 related to the award files from the 2017 inspection and issued a new recommendation (CFR Recommendation 3) to address the ongoing GOR monitoring deficiencies.

> **CFR Recommendation 3:** The Bureau of African Affairs should develop an internal control system to ensure completion of all required grants officer representative evaluation reports, as outlined in the Federal Assistance Directive. (Action: AF)

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[23] See Appendix D, Table D1 for the list of the 10 incomplete Federal assistance awards included in the 2017 inspection.

[24] As part of the CFR, OIG reviewed 10 award files to determine whether each file included all the required GOR evaluation reports. See Appendix D, Table D2 for a list of the Federal assistance awards reviewed.

[25] Internal controls help an entity comply with applicable laws and regulations. GAO-14-704G, Section OV1.01.

RECOMMENDATIONS

OIG provided a draft of this compliance follow-up review to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to the Bureau of African Affairs. The bureau's complete response can be found in Appendix B.

CFR Recommendation 1: The Bureau of African Affairs should document its foreign assistance business processes, including administrative responsibilities and internal control procedures for project planning, funds management, human resources, contract and grants management, and risk management. (Action: AF)

Management Response: In its May 11, 2020, response, the Bureau of African Affairs concurred with this recommendation. The bureau noted an expected completion date of September 2020.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts that the Bureau of African Affairs documented its foreign assistance business processes.

CFR Recommendation 2: The Bureau of African Affairs, in coordination with the Bureau of Political-Military Affairs, should update and finalize its standard operating procedures for the reclassification of Peacekeeping Operations funds to reflect the roles and responsibilities of all individuals in the reclassification process. (Action: AF, in coordination with PM).

Management Response: In its May 11, 2020, response, the Bureau of African Affairs 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 African Affairs updated and finalized its standard operating procedures for the reclassification of Peacekeeping Operations funds to reflect the roles and responsibilities of all individuals in the reclassification process.

CFR Recommendation 3: The Bureau of African Affairs should develop an internal control system to ensure completion of all required grants officer representative evaluation reports, as outlined in the Federal Assistance Directive. (Action: AF)

Management Response: In its May 11, 2020, response, the Bureau of African Affairs 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 African Affairs developed an internal control system to ensure completion of all required grants officer representative evaluation reports, as outlined in the Federal Assistance Directive.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This Compliance Follow-Up Review (CFR) was conducted from January 14, 2020 to March 13, 2020, 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. Consistent with Section 209 of the Foreign Service Act of 1980, CFRs assess the status of inspected entities' compliance with recommendations made in previous OIG reports and verify whether corrective actions taken by inspected entities fully meet the intent of the recommendations.

OIG's specific objective for this CFR was to determine whether the Bureau of African Affairs had fully implemented the recommendations in the 2017 inspection report (ISP-I-18-02, October 2017) and, if not, what further steps the Department must take to fully meet the intent of the recommendations, including revision or reissuance of the original recommendations.

Methodology

In conducting this CFR, OIG reviewed the recommendations issued in the original inspection report and the Department's reported corrective actions. Additionally, OIG collected and reviewed pertinent documentation and conducted interviews necessary to substantiate reported corrective actions. At the conclusion of the review, OIG reviewed the findings and the recommendations resulting from the CFR with offices, individuals, and organizations affected by the review.

Ami Schaefer, Chelsea Cowan, Pauline Nguyen, and Henry Weiss conducted this CFR. Other report contributors include Marygale Akpan, Kathryn McMahon, Timothy McQuay, and Patricia Stewart.

APPENDIX B: MANAGEMENT RESPONSE

United States Department of State

Washington, D.C.   20520

May 11, 2020

UNCLASSIFIED

THRU: AF – Tibor Nagy, Assistant Secretary for African Affairs

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

FROM: AF – Tibor Nagy, Assistant Secretary for African Affairs

SUBJECT: Response to Draft OIG Compliance Follow-Up Review: Bureau of African
            Affairs' Foreign Assistance Program Management

The Bureau of African Affairs has reviewed the draft OIG Compliance Follow-Up Review
(CFR). We provide the following comments in response to the recommendations provided by
OIG:

CFR Recommendation 1:

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

Management Response: The AF Bureau concurs with the recommendation. The Bureau is
currently preparing a policy document that lays out its foreign assistance business practices. The
expected completion date is September 2020.

CFR Recommendation 2:

> *The Bureau of African Affairs, in coordination with the Bureau of Political-Military
> Affairs, should update and finalize its standard operating procedures for the
> reclassification of Peacekeeping Operations funds to reflect the roles and responsibilities
> of all individuals in the reclassification process. (Action: AF, in coordination with PM)*

Management Response: The AF Bureau concurs with the recommendation. The Bureau has
implemented the recommendation by drafting a De-obligation Policy and Procedures for PKO
Funds standard operating procedure, clearing it with PM, circulating it to relevant program

officers, and posting it on the Bureau SharePoint site. A copy of the procedure is attached (attachment 1), as well as a screenshot of the SharePoint site (attachment 3).

CFR Recommendation 3:

> *The Bureau of African Affairs should develop an internal control system to ensure completion of all required grants officer representative evaluation reports, as outlined in the Federal Assistance Directive. (Action: AF)*

Management Response: The AF Bureau concurs with the recommendation. The Bureau has implemented the recommendation by drafting a standard operating procedure for the verification of Grants Officer Representative assessment reports (attachment 2) that it has circulated to program officers and posted on its SharePoint site (attachment 3). It has begun updating work requirements to make explicit the responsibility to ensure the submission of assessment reports (attachment 4).

The point of contact for this memorandum is Mikael Cleverley.

Attachments:
　　　　Tab 1 - SOP on De-obligation Policy and Procedures for PKO Funds
　　　　Tab 2 – SOP on GOR Assessment Report Verification
　　　　Tab 3 – Screenshot of AF Foreign Assistance SharePoint Site
　　　　Tab 4 – Example of Modified Work Commitments

CC:　　PM – R. Clarke Cooper, Assistant Secretary for Bureau of Political-Military Affairs

APPENDIX C: STATUS OF 2017 INSPECTION RECOMMENDATIONS

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

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

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

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

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

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

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

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

> **Pre-CFR Status**: Closed
> **CFR Status**: Did not review as part of this CFR due to a separate OIG audit.

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

> **Pre-CFR Status:** Open
> **CFR Status:** Closed

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

> **Pre-CFR Status:** Open
> **CFR Status:** Closed

APPENDIX D: OIG FEDERAL ASSISTANCE AWARD SAMPLE SELECTION

Table D1: Federal Assistance Award Sample From 2017 Inspection Report

Title	Place of Award	Total Value
Stipends for the Somali National Army	Somalia	$33,358,719
Political Party Training	Sudan	$1,692,570
Suuqa: The Marketplace-Building Countering Violent Extremism in Somalia	Somalia	$1,858,292
Economic Community of West African States, Early Warning Directorate Capability and Capacity Development	Western Africa	$6,021,507
Strengthening Community Resiliency Against al-Shabaab and Other Fighting Forces	Somalia	$495,049
Youth Excellence on Stage Academy Sudan	Sudan	$220,331
Reinvigorating Civil Society in Communities	Sudan and South Sudan	$234,935
Empowering Women as Key Partners in Building Peaceful and Resilient Communities in Sudan	Sudan	$589,164
Central African Republic Supporting Women to Build Peace	Central African Republic	$304,799
Access to Information	Sudan	$1,294,283
	Total	**$46,069,649**

Source: Generated by OIG from data provided by AF.

Table D2: 2020 Compliance Follow-up Review Federal Assistance Award File Sample

Title	Place of Award	Total Value
Demobilization, Disassociation, Reintegration, and Reconciliation: Conflict Dissolution and Peacebuilding in the Lake Chad Region	Chad	$7,758,024
Establishment of African Union Hybrid Court for South Sudan	South Sudan	$4,799,632
Capacity Building of Conflict Prevention and Response Programming within the African Union (AU), Economic Community of West African States (ECOWAS), and its Member States	Nigeria	$4,128,395
Central African Republic (CAR)- Central African Armed Forces (FACA) Retirement Fund	Central African Republic	$3,400,000
Demobilization Recruitment Prevention Component of National Disarmament, Demobilization, Reintegration, and Reinsertion (DDRR) Program	Central African Republic	$3,588,562
Child Solider Demobilization and Recruitment Prevention Project in South Sudan	South Sudan	$2,000,000
Utilizing Open Data and Technology to Expose South Sudanese Arms Trade	South Sudan	$1,494,939
South Sudan and Sudan Human Security Baseline Assessment	South Sudan and Sudan	$1,000,000
Support to the Office of the United Nations High Commissioner for Human Rights (OHCHR) Monitoring, Analysis, Reporting and Advocacy	Burundi	$594,059

Title	Place of Award	Total Value
Strengthening Government Ability to Hold Perpetrator Accountable for Conflict Related Sexual and Gender Based Violence in the Central Africa Republic (CAR)	Central Africa Republic	$496,297
	Total	**$29,259,908**

Source: Generated by OIG from data provided by SAMS Domestic.

OIG selected a sample of 10 Federal assistance awards, totaling $29.3 million, issued from FY 2016 to FY 2018, to assess during the compliance follow-up review of Recommendation 10. In order to select the sample, OIG searched the State Award Management System (SAMS) Domestic to identify Federal assistance awards (i.e., a grant or cooperative agreement) issued by the bureau from FY 2016 to FY 2018. This search identified a sample universe of 22 Federal assistance awards, totaling $39 million. From the sample universe, OIG selected the top value awards for each foreign assistance office in the bureau—four awards issued by the Office of Regional and Peace Security; four awards issued by the U.S. Special Envoy for Sudan and South Sudan; and two issued by the Office of Economic and Regional Affairs.

APPENDIX E: INSPECTION TERMS AND DEFINITIONS

Compliance Response: A written response from the action office to which a recommendation has been assigned for action, informing OIG of agreement or disagreement with the recommendation. Comments indicating agreement shall include planned corrective actions and, where appropriate, the actual or proposed target dates for achieving these actions. The reasons for any disagreement with a recommendation must be explained fully. Where disagreement is based on interpretation of law, regulation, or the authority of officials to take or not take action, the response must include the legal basis.

Final Action: The completion of all actions that the management of an action office, in its management decision, has concluded is necessary to address the findings and recommendations in OIG reports.

Finding: A conclusion drawn from facts and information about the propriety, efficiency, effectiveness, or economy of operation of a post, unit, or activity.

Management Decision: When the management of an action office for an OIG recommendation informs OIG of its intended course of action in response to a recommendation. If OIG accepts the management decision, the recommendation is considered resolved. If OIG does not accept the management decision and the issue cannot be resolved after a reasonable effort to achieve agreement, the Inspector General may choose to take it to impasse.

Open Recommendation: An open recommendation is either resolved or unresolved (see definitions of recommendation status below).

Recommendation: A statement in an OIG report requiring action by the addressee organizations or officials to correct a deficiency or need for change or improvement identified in the report.

Recommendation Status:

- **Resolved:** Resolution of a recommendation occurs when:

  o The action office concurs with the recommendation (a management decision has been accepted by OIG), but the action office has not presented satisfactory evidence that it has implemented the recommendation or some alternative course of action acceptable to OIG.
  o The action office informs OIG that it disagrees with all or part of the recommendation, and OIG agrees to accept partial compliance or noncompliance; or
  o Impasse procedures have led to a positive or negative final management decision.

- **Unresolved:** An unresolved recommendation occurs when the action office:

  - Has not responded to OIG.
  - Has failed to address the recommendation in a manner satisfactory to OIG.
  - Disagrees with the recommendation and did not suggest an alternative acceptable to OIG; or
  - Requests OIG refer the matter to impasse, and the impasse official has not yet issued a decision.

- **Closed:** A recommendation is closed when one of the following situations applies:

  - OIG formally notifies the action office that satisfactory evidence of final action (i.e., information provided by the action office that confirms or attests to implementation) on an OIG recommendation has been accepted. The closing of a recommendation from an OIG report does not relieve the responsible manager of the obligation to report to OIG any changed circumstances substantially affecting the problem areas addressed in the recommendation or report and the effectiveness of agreed actions to correct these problems.
  - OIG acknowledges to the action office that an alternative course of action to the action proposed in the recommendation will satisfy the intent of the recommendation and satisfactory evidence showing that the alternative action has been completed is provided to OIG.
  - OIG agrees partial implementation is acceptable and has been completed; or
  - OIG agrees that noncompliance is acceptable.

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WPEAOmbuds@stateoig.gov