

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 21-02 Evaluation Report

Department of State Implemented
Approximately Half of the Recommendations
from SIGAR Audits and Inspections but Did
Not Meet All Audit Follow-up Requirements



**OCTOBER
2020**

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT SIGAR REVIEWED

SIGAR's oversight mission, as defined by Section 1229 of the National Defense Authorization Act for Fiscal Year 2008, includes providing independent, objective recommendations to promote economy, efficiency, and effectiveness. This evaluation is a follow-up to SIGAR's July 2014 report that examined the status of recommendations SIGAR made to the Department of State (State) in performance audits, financial audits, and inspections issued between January 2008 and March 2014. This evaluation provides information on the status of SIGAR recommendations made to State from April 2014 through April 2020.

The objectives of this evaluation were to (1) analyze the number and status of recommendations, categorize each recommendation by intended outcome, and identify any program improvements or actions to recover questioned costs; and (2) assess State's system for tracking SIGAR's recommendations and the extent to which State took action to resolve open recommendations within the required period.

October 2020

Department of State Implemented Approximately Half of the Recommendations from SIGAR Audits and Inspections but Did Not Meet All Audit Follow-up Requirements

SIGAR 21-02 EVALUATION REPORT

WHAT SIGAR FOUND

Between April 1, 2014, and April 30, 2020, SIGAR's Audits and Inspections directorate made 118 recommendations in 45 reports to State. Of the 118 recommendations, State took necessary action to implement 60, 33 were open, and 25 were closed as not implemented because the department had not taken sufficient action.

Of the 85 closed recommendations, 61 percent were intended to enhance contract oversight and 16 percent were intended to improve program effectiveness. Those recommendations called for State to review and recoup, as appropriate, more than \$24 million in questioned program costs. Other recommendations called for State to hold contractors accountable for completing required work and improve safety conditions for infrastructure projects.

For example, our inspection of a State Bureau of International Narcotics and Law Enforcement Affairs (INL) project to build a prison complex in Wardak Province found that the construction did not meet contract specifications and identified issues that resulted in safety hazards for prison officials and inmates.¹ In response to our recommendations, State issued a new letter of agreement to make necessary repairs, including bolstering perimeter walls, installing appropriate fire detection systems, and upgrading the sewage system. Additionally, State developed a comprehensive routine maintenance plan for the prison. Together, State's actions in response to our recommendations helped protect its \$7.6 million investment in the project.

Office of Management and Budget (OMB) Circular A-50 requires executive agencies to establish a system to track and store the resolution of recommendations and appoint a top-level audit follow-up official to oversee the implementation of recommendations. The department designated its Office of Management Controls to serve as the liaison for SIGAR, including answering all of SIGAR's requests; monitoring the implementation of SIGAR recommendations; and ensuring that State takes corrective actions. SIGAR found that State established a system to track recommendations and appointed a top-level audit follow-up official. However, State did not meet all audit follow-up requirements because supporting documentation for recommendation resolution was not stored in the designated system.

In addition, the Federal Acquisition Streamlining Act of 1994 requires agencies to take corrective action on recommendations and directs them to resolve the recommendations within 12 months after the issuance of a final report. SIGAR found that State took less than 12 months to resolve 65 of the 85 closed recommendations and more than 12 months to resolve the other 20. A State official said the department often does not resolve recommendations within 12 months for two primary reasons:

- The department has a large number of acting officials and high staff turnover.
- Officials prioritized SIGAR's requests for information over resolving recommendations.

SIGAR also found that State's internal policy does not mirror requirements in the Federal Acquisition Streamlining Act because the policy does not state that recommendations must be resolved within 12 months after a report is issued.

WHAT SIGAR RECOMMENDS

To comply with OMB requirements and ensure that State's recommendation tracking system has a complete record of actions taken to resolve recommendations, we recommend that the Director of the Office of Management Controls:

- 1. Update its policy to require the top-level audit follow-up official to maintain accurate records regarding the status of recommendations throughout the entire resolution process, including storing recommendation resolution supporting documentation in the designated system.**

To comply with federal law and ensure that State resolves recommendations within 12 months, we recommend that the Director of the Office of Management Controls:

- 2. Update its policy to be in accordance with the 12-month recommendation resolution timeline required by the Federal Acquisition Streamlining Act of 1994.**

SIGAR received written comments on a draft of this report from State's Bureau of the Comptroller and Global Financial Services. State concurred with the first recommendation and stated that it would review its internal policies and procedures for storing "recommendation resolution supporting documentation" and update them as appropriate.

State partially concurred with our second recommendation. In its comments, State said the department has not determined whether the Federal Acquisition Streamlining Act applies to SIGAR recommendations. However, the department agreed that it is important to take timely action to resolve recommendations and said the designated audit follow-up official will "coordinate with relevant bureaus and offices" to improve responsiveness and implement SIGAR recommendations, where feasible, within 12 months of their issuance.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

October 5, 2020

The Honorable Michael R. Pompeo
Secretary of State

The Honorable Brian Bulatao
Under Secretary of State for Management

This report discusses the results of SIGAR's evaluation of the status of SIGAR's Audit and Inspection directorate recommendations made to the Department of State (State) between April 1, 2014, and April 30, 2020. During this period, SIGAR made 118 recommendations in 45 reports to State. Of these recommendations, State implemented 60, 33 were open, and 25 were closed by SIGAR as not implemented.

We determined that State established a system to track our recommendations through resolution and appointed a top-level audit follow-up official to oversee the department's implementation of the recommendations, as required by Office of Management and Budget (OMB) Circular A-50. Additionally, State resolved 76 percent of the closed recommendations within 12 months, as required by the Federal Acquisition Streamlining Act of 1994.

However, we found that State's top-level audit follow-up official did not store supporting documentation of the recommendation resolution process within the system as the OMB circular requires, and instead relied on the department's technical offices or bureaus that generated the documentation to do so. Furthermore, we found that State's internal policy was not in accordance with the act because the policy does not state that recommendations must be resolved within 12 months.

We are making two recommendations. We recommend that the Director of State's Office of Management Controls (1) update its policy to require the top-level audit follow-up official to maintain accurate records regarding the status of recommendations throughout the entire resolution process, including storing recommendation resolution supporting documentation in the designated system; and (2) update its policy to be in accordance with the 12-month recommendation resolution timeline required by the Federal Acquisition Streamlining Act.

We received written comments on a draft of this report from State's Bureau of the Comptroller and Global Financial Services. State concurred with our first recommendation and partially concurred with our second recommendation. State also identified actions it plans to take to implement our recommendations. State's comments are reproduced in appendix II.

SIGAR conducted this work under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended; and in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency.

A handwritten signature in black ink, appearing to read "John F. Sopko".

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

TABLE OF CONTENTS

Background.....	1
SIGAR Closed 85 of 118 Recommendations Made to State	3
State Did Not Meet Some Requirements for Recommendation Follow-up, and Its Policy Differs from Federal Requirements	4
Conclusion.....	7
Recommendations	7
Agency Comments	8
Appendix I - Scope and Methodology	9
Appendix II - Comments from the Department of State	10
Appendix III - Acknowledgements	11

FIGURE

Figure 1 - Total Number of Recommendations by Intended Outcome	3
--	---

ABBREVIATIONS

FAM	Foreign Affairs Manual
INL	Bureau of International Narcotics and Law Enforcement Affairs
OMB	Office of Management and Budget
State	Department of State

Congress established SIGAR in 2008 to independently and objectively conduct audits and investigations of reconstruction activities in Afghanistan. SIGAR's Audits and Inspections directorate is responsible for conducting and supervising the agency's performance audits, financial audits, inspections, and evaluations of projects and programs implemented to reconstruct Afghanistan. We are required to report on problems and deficiencies related to the administration of reconstruction programs and operations, as well as on the corrective action(s) needed and taken in response to our recommendations.

This evaluation is a follow-up to our July 2014 report on the status of the 111 recommendations we made to the Department of State (State) in performance audits, financial audits, and inspections issued between January 2008 and March 2014.¹ This evaluation provides information about the 118 recommendations we made to State between April 1, 2014, and April 30, 2020. The objectives were to

1. Analyze the number and status of recommendations, categorize each recommendation by intended outcome, and identify any program improvements or actions to recover questioned costs.
2. Assess State's system for tracking SIGAR's recommendations and the extent to which State took action to resolve open recommendations within the required period.

To accomplish these objectives, we reviewed Office of Management Budget (OMB) Circular A-50; the Inspector General Act of 1978, as amended; the Federal Acquisition Streamlining Act of 1994; and State's *Foreign Affairs Manual* (FAM) guidance related to recommendation follow-up. We analyzed our recommendations in reports issued between April 1, 2014, and April 30, 2020, and State's responses. We also interviewed State officials responsible for resolving and tracking the status of our recommendations. We conducted our work in Arlington, Virginia, from February 2020 through July 2020, in accordance with the *Quality Standards for Inspection and Evaluation* published by the Council of the Inspectors General on Integrity and Efficiency. Appendix I has a more detailed discussion of our scope and methodology.

BACKGROUND

SIGAR's oversight mission, as defined by Section 1229 of the National Defense Authorization Act for Fiscal Year 2008, includes providing independent, objective recommendations to promote economy, efficiency, and effectiveness. Additionally, the Inspector General Act of 1978, as amended, requires us to prepare semiannual reports summarizing our recommendations to executive branch agencies during the previous 6-month period.² The reports include a description of recommendations for corrective action made during the reporting period and a list of each recommendation made during previous reporting periods for which corrective actions were not completed.

Historically, SIGAR has used its quarterly report to fulfill these reporting requirements. However, in 2014 we determined that additional reporting would allow us to provide more in-depth analyses and better inform Congress on the status of our recommendations. In July 2014 we reported on the status of the 111 recommendations we made to State between January 2008 and March 2014.³ For that period, State implemented 83 recommendations—nearly 75 percent of the recommendations we made to the department. State did not implement 24 recommendations, and 4 remained open when we issued our 2014 report. About half of the recommendations were related to the governance and rule of law sectors, and the implemented

¹ SIGAR, *Department of State: Nearly 75 Percent of All SIGAR Audit and Inspection Report Recommendations Have Been Implemented*, SIGAR 14-83-AR, July 17, 2014.

² The Inspector General Act of 1978, as amended, 5 U.S.C. app. §5(a).

³ SIGAR, *Department of State: Nearly 75 Percent of All SIGAR Audit and Inspection Report Recommendations Have Been Implemented*.

recommendations led to an estimated \$103 million in savings and funds put to better use.⁴ For example, SIGAR reported that delays in the transfer of funds from the Department of Defense to State contributed to project delays and that these funds were about to expire. Based on SIGAR's recommendation, the transfer of funds was expedited. Four additional recommendations resulted in the recovery of more than \$6.6 million of unused funds and questioned costs.

This evaluation updates our 2014 report and assesses the follow-up process and tracking system State uses to resolve our recommendations.

The recommendation follow-up process for State begins when we issue a report that has recommendations. In each report, we say whether State concurred with our recommendations and, when applicable, explain State's position and give our response. Generally, within 60 days from when we issue a report, we remind State to provide documentation of the department's corrective actions; if it has not taken any, we ask the department to give us the status of the actions taken to address the recommendations with details on the actions it plans to take for each one.

SIGAR tracks recommendations made to State and (1) records whether the department responded to our recommendations and what supporting documentation it provided; (2) determines the status of each recommendation; and (3) documents any costs savings or recoveries that result from each recommendation. SIGAR recommendation follow-up personnel liaise with State and SIGAR teams tasked with determining whether State provided sufficient, relevant information necessary to resolve a recommendation. If the documentation is insufficient or does not meet the intent of a recommendation, the recommendation remains open. This process continues until we receive information necessary to close the recommendation. For recommendations that have not been resolved within 2 years, we notify State that we will close the recommendation as unimplemented unless State can reach a resolution within 90 days.

After we make recommendations, and throughout the follow-up process, we place recommendations into one of four categories:⁵

1. *Open*: State has not taken action to close the recommendation, or the actions taken are insufficient.
2. *Open but Resolved*: State is in the process of taking actions sufficient to close the recommendation. Once the actions are complete, we consider the recommendation closed and implemented.
3. *Closed and Implemented*: State provided sufficient evidence that it addressed the intent of the recommendation.
4. *Closed but Not Implemented*: This occurs because (1) State did not concur with the recommendation and did not take steps to address it; (2) State's actions did not meet the intent of the recommendation, or it could not provide evidence that the recommendation was implemented; or (3) State did not take action in a timely manner, and the recommendation was closed because of inaction.

Between April 1, 2014, and April 30, 2020, we issued 45 reports to State.⁶ Of these, 37 reports had 118 recommendations. For the purposes of this report, we grouped these recommendations into four categories of intended outcomes:

1. *Infrastructure Compliance and Safety*: Recommendations that instruct State to make improvements to infrastructure to comply with contract requirements or safety best practices. This category primarily comprises recommendations from inspections.

⁴ Funds that could be put to better use include funds that are used more efficiently because an agency de-obligates them from their original program or operation to avoid incurring unnecessary expenses or costs.

⁵ There are two additional categories that SIGAR has yet to use: "Closed-Overcome by Events" and "Closed-Redirected."

⁶ These 45 reports consist of 10 performance audits, 9 inspections, 23 financial audits, 2 alert letters, and 1 evaluation.

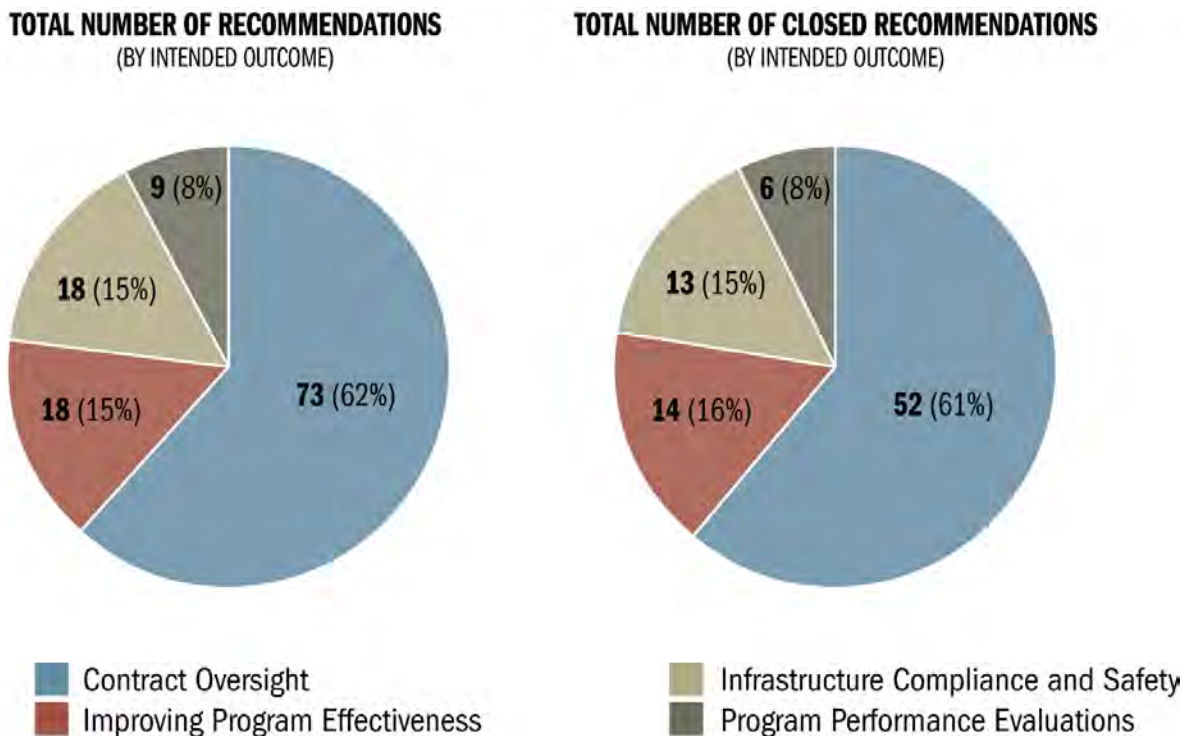
2. *Contract Oversight*: Recommendations that instruct State to improve its oversight of contracts it manages. This category primarily comprises recommendations from financial audits.
3. *Improving Program Effectiveness*: Recommendations that instruct State to take actions that will improve a program's effectiveness. This category primarily comprises recommendations from performance audits.
4. *Program Performance Evaluations*: Recommendations that instruct State to evaluate a program's performance. This category primarily comprises recommendations from performance audits.

SIGAR CLOSED 85 OF 118 RECOMMENDATIONS MADE TO STATE

We made 118 recommendations to State between April 1, 2014, and April 30, 2020, and closed 85 of them. Of the closed recommendations, State implemented 60 and we closed 25 as unimplemented because the department had not taken sufficient action. As of April 30, 2020, the remaining 33 recommendations were still open awaiting State's action.

Approximately 62 percent of our 118 recommendations were intended to enhance contract oversight, and another 15 percent were intended to improve program effectiveness. Of the 85 closed recommendations, 61 percent were intended to enhance contract oversight and 16 percent were intended to improve program effectiveness. See figure 1 for the total number of recommendations by intended outcome and the total number of closed recommendations by outcome.

Figure 1 - Total Number of Recommendations by Intended Outcome



Source: Analysis of SIGAR reports issued between April 1, 2014, and April 30, 2020.

SIGAR Recommendations Called for State to Review More Than \$24 Million in Questioned Costs

Our reports led to improved accountability for U.S. funds spent on reconstruction in Afghanistan by recommending that State determine the allowability of and recover, when appropriate, more than \$24 million in questioned costs. Between April 1, 2014, and April 30, 2020, we issued 23 financial audits that examined costs incurred on various State projects. Those audits resulted in 69 recommendations that called for State to (1) review and determine whether certain contract costs were allowable, and (2) direct its implementing partners to improve their internal controls to prevent incurring unallowable costs in the future.

As a result of these questioned costs—and costs questioned under Department of Defense and U.S. Agency for International Development contracts, grants, and cooperative agreements—we initiated an evaluation in January 2020 to summarize our completed financial audits and identify common contracting and oversight issues that led to questioned costs. We will publish the results of this evaluation in a forthcoming report.

SIGAR Recommendations Resulted in Improved Safety Conditions and Other Improvements

In addition to improving its accountability over U.S. funds, State's implementation of our recommendations also helped the department hold contractors accountable for completing required work and led to improved safety conditions of infrastructure projects. For example, our inspection of a State Bureau of International Narcotics and Law Enforcement Affairs (INL) project to build a prison complex in Wardak Province found that the construction did not meet contract specifications and identified issues that resulted in safety hazards for prison officials and inmates.⁷ In response to our recommendations, State issued a new letter of agreement to make necessary repairs, including bolstering perimeter walls, installing appropriate fire detection systems, and upgrading the sewage system. Additionally, State developed a comprehensive routine maintenance plan for the prison. Together, State's actions in response to our recommendations helped protect its \$7.6 million investment in the project.

State's implementation of our recommendations also led to program and process improvements within the department. For example, in 2019 we issued a report examining INL's efforts to reduce drug demand in Afghanistan and establish self-sustaining drug treatment projects.⁸ We found that INL had not evaluated the performance of its drug treatment projects and could not determine project progress or outcomes. We made five recommendations for INL to improve its performance measurement and monitoring, and to determine the impact of its drug treatment projects. INL concurred with all five recommendations and took actions to improve its performance measuring and monitoring regime, and determine the projects' impact.

STATE DID NOT MEET SOME REQUIREMENTS FOR RECOMMENDATION FOLLOW-UP, AND ITS POLICY DIFFERS FROM FEDERAL REQUIREMENTS

OMB Circular A-50 and the Federal Acquisition Streamlining Act of 1994 list requirements for how agencies should handle recommendations made by an inspector general. The requirements include that agencies have a system to track and store the resolution of recommendations, appoint a top-level audit follow-up official to oversee the implementation of recommendations, and take final actions to implement recommendations within 12 months after they are made. We found that State partially complied with OMB Circular A-50

⁷ SIGAR, *Wardak Prison: Inadequate Department of State Oversight and Contractor Non-Compliance Have Increased Safety and Health Risks and Resulted in Wasted U.S. Funds*, SIGAR 18-63-IP, July 30, 2018.

⁸ SIGAR, *Drug Treatment in Afghanistan: The Overall Impact and Sustainability of More Than \$50 Million in Department of State Projects is Unknown*, SIGAR 19-49-AR, July 12, 2019.

requirements; it established a system to track recommendations and appointed the director of the Office of Management Controls as the top-level audit follow-up official. However, the office does not store supporting documentation of the entire resolution process within the system. Additionally, State's internal policy differs from the Federal Acquisition Streamlining Act regarding the amount of time allowed to take final actions on a recommendation.

State Has a System and Audit Follow-Up Official to Track SIGAR Recommendations, but the Official Does Not Store Supporting Documentation of Recommendation Resolution as Required

OMB's Circular A-50 requires executive agencies to establish a system to "assure the prompt and proper resolution and implementation of audit recommendations."⁹ The system must include an accurate record of the status of the recommendations throughout the entire resolution process, which should result in efficient, prompt, and proper resolution and corrective action. The circular lists 11 specific standards for follow-up systems, including maintaining accurate records regarding the status of recommendations throughout the entire resolution process, and appointing a top-level audit follow-up official. Additionally, the circular states that the follow-up official has the personal responsibility for performing five functions, including ensuring that a system of audit follow-up, resolution, and corrective action is documented and in place.

We found that State has a system to track our open recommendations through resolution in accordance with the OMB circular. State uses a spreadsheet and electronic folders located on its internal network to manage our reports and document actions taken to address their recommendations. The spreadsheet enables State to manage the resolution of recommendations by allowing the department to assign an office or bureau to take actions to implement a recommendation, assign due dates for those actions, document comments on a recommendation's resolution, and document a recommendation's status. Additionally, the folders allow State to maintain accurate records for each recommendation through final resolution.

State gave us access to the spreadsheet, and we determined that it included all 118 recommendations we made between April 1, 2014, and April 30, 2020. Additionally, we determined that the spreadsheet contained accurate records on the status of recommendations.

We also found that although State has a system to store supporting documentation through the entire recommendation follow-up process, the follow-up official does not store such documentation within the system, as the OMB circular requires. We determined that State created a folder for each report, which contained information such as the notification letter, requests for information, department comments on the draft report, and a copy of the issued report. However, the folders did not contain supporting documentation that explained how the department resolved a recommendation. State's officials said that technical offices or bureaus were responsible for generating the supporting documentation for recommendation resolution, but did not specify who would store the documentation.

When we asked why the department's policy for retaining documentation of recommendation resolution actions differed from OMB Circular A-50, the director of the Office of Management Controls said it was the office's policy to have technical offices or bureaus that generate the supporting documentation be responsible for retaining it. She explained that this is because the offices or bureaus are responsible for generating the supporting documentation and thus are responsible for storing it and responding to Freedom of Information Act requests pertaining to those documents.

The follow-up official within the office said the office instructs technical offices or bureaus to email supporting documentation of the resolution process directly to the SIGAR audit follow-up coordinator and copy the office, but compliance with that instruction has been inconsistent. When technical offices or bureaus do comply, she

⁹ OMB, Circular A-50 Revised, "Audit Follow-up," Section 5, September 29, 1982.

added, the email correspondence is stored on a computer server used to process Freedom of Information Act requests instead of the office's system.

The director said the office is short-staffed and has many responsibilities, of which SIGAR recommendation follow-up is not primary. In contrast, she said, State created an office whose only function is to monitor the resolution of the Government Accountability Office's recommendations, which allows that office to act as a liaison between the Government Accountability Office and State's technical offices or bureaus and avoid the type of documentation problems we found within the Office of Management Controls.

We also determined that State had assigned a top-level audit follow-up official for SIGAR recommendations. The OMB circular states that the follow-up official has responsibility for ensuring that (1) a system of audit follow-up, resolution, and corrective action is documented and in place; (2) timely responses are made for all audit reports; (3) disagreements are resolved; (4) corrective actions are actually taken; and (5) semiannual reports are sent to the head of the department.¹⁰ The director of the office confirmed that she is State's top-level official who oversees the implementation of SIGAR recommendations and reports on their implementation to a senior-level department official in accordance with the circular.

Additionally, FAM 610—State's guidance for managing SIGAR recommendations—requires the Office of Management Controls to serve as the liaison for SIGAR, including answering all of SIGAR's requests; monitor the implementation of SIGAR recommendations; and ensure corrective actions are actually taken.¹¹ We spoke with officials in the Office of Management Controls regarding their duties for monitoring and implementing SIGAR recommendations. In the office, an official is responsible for recommendation follow-up and acts as a liaison between State's technical offices or bureaus, SIGAR, and management in State's headquarters. That official said he is responsible for resolving disputes, issuing management decisions, ensuring the final resolution of recommendations, and documenting the recommendation follow-up process in the office's system.

State Resolved 76 Percent of SIGAR's Closed Recommendations within 12 Months, but Its Policy Differs from Federal Law

The Federal Acquisition Streamlining Act requires agencies to submit a management decision within 6 months and take final actions to implement recommendations within 12 months of an inspector general issuing a final report.¹²

We determined whether State's actions were sufficient for us to close our 118 recommendations within 12 months of report issuance. First, we analyzed the 33 open recommendations and determined that as of April 30, 2020, 20 (61 percent) had been open for less than 12 months. We also analyzed the 85 closed recommendations to determine whether State took final action within the required 12 months and found that it did on 65 (76 percent) in less than 12 months. For the remaining 20 recommendations (24 percent), State required an average of 28 months to complete actions required to close the recommendations.

When we asked how the Office of Management Controls complied with the requirement to resolve recommendations within 12 months, the director said State strives to take final action and close recommendations as quickly as possible. According to that office's policy for implementing SIGAR recommendations, management decisions must be provided to SIGAR before the 6-month deadline. However, the policy does not require that SIGAR recommendations be resolved within 12 months, as the act requires.

¹⁰ OMB, Circular A-50 Revised, "Audit Follow-up," Section 7(c), September 29, 1982.

¹¹ State, FAM 610, "Bureau of the Comptroller and Global Financial Services (CGFS)," section 614.14, partially revised October 2, 2019.

¹² Federal Acquisition Streamlining Act of 1994, as amended, 5 U.S.C. App. §5 note.

The director gave two reasons for why recommendations have been open longer than 12 months. The first is due to the department's large number of acting officials and high staff turnover. Currently, many positions are filled with inexperienced individuals serving in an acting capacity, and they are hesitant to implement audit recommendations from any oversight agency, thus pausing or slowing implementation.

The second reason is that although the Office of Management Controls gives technical offices or bureaus deadlines to resolve SIGAR recommendations, the offices or bureaus prioritize answering SIGAR requests for information over meeting recommendation resolution deadlines. Officials in the offices and bureaus confirmed that the Office and Management Controls puts deadlines on actions to resolve SIGAR recommendations. However, those officials also said SIGAR recommendations could take longer than 12 months to implement. As an example, an official in a technical office discussed the implementation of the recommendations from SIGAR's "Leahy Law" evaluation, which examined the extent to which State and the Department of Defense enforced legislative provisions intended to prevent the U.S. government from supporting elements of foreign governments engaged in gross violations of human rights.¹³ The official told us that despite providing initial responses to our recommendations within 3 months, the recommendations have taken more than a year to implement because they required coordinating with other agencies and with the U.S. Embassy in Kabul, Afghanistan, before taking substantive actions.

CONCLUSION

Between April 1, 2014, and April 30, 2020, we closed 85 of the 118 recommendations we made to State. State took action to implement 60 of the 85 closed recommendations, representing approximately half of the total number of recommendations we made. Additionally, State took final action on 76 percent of the 85 closed recommendations within 12 months.

Overall, we found that State was implementing recommendation follow-up practices and procedures as required and has been responsive to implementing our recommendations. State partially complied with OMB Circular A-50 by establishing a system to track recommendations through resolution and appointing the director of the Office of Management Controls as the top-level audit follow-up official. However, State did not comply with all of the requirements because the follow-up official does not store supporting documentation of the recommendation resolution process within the system. Additionally, State's internal policy is not in accordance with the Federal Acquisition Streamlining Act because it does not require the department to resolve recommendations within 12 months.

RECOMMENDATIONS

To comply with OMB requirements and ensure that State's recommendation tracking system has a complete record of actions taken to resolve recommendations, we recommend that the Director of the Office of Management Controls:

- 1. Update its policy to require the top-level audit follow-up official to maintain accurate records regarding the status of recommendations throughout the entire resolution process, including storing recommendation resolution supporting documentation in the designated system.**

To comply with federal law and ensure that State resolves recommendations within 12 months, we recommend that the Director of the Office of Management Controls:

¹³ SIGAR, *Child Sexual Assault in Afghanistan: Implementation of Leahy Laws and Reports of Assault by Afghan Security Forces*, SIGAR 17-47-IP, June 9, 2017.

2. **Update its policy to be in accordance with the 12-month recommendation resolution timeline required by the Federal Acquisition Streamlining Act of 1994.**

AGENCY COMMENTS

We provided a draft of this report to State for review and comment. State's Bureau of the Comptroller and Global Financial Services provided written comments, which are reproduced in appendix II. State concurred with the first recommendation and partially concurred with the second recommendation.

State concurred with our first recommendation and agreed that it is important to have a quality system to track SIGAR recommendations and maintain complete records of "recommendation resolution documentation." State said it would review, and update as necessary, its internal policies and procedures for maintaining storage of recommendation resolution supporting documentation and ensuring timely implementation of corrective actions.

State partially concurred with our second recommendation, saying it is committed to promptly resolving and taking corrective actions on audit recommendations, consistent with applicable law and policy. State said the department has not determined whether the Federal Acquisition Streamlining Act of 1994 applies to SIGAR recommendations. However, State agreed that it is important to take timely action to resolve recommendations and stated that the designated audit follow-up official will "coordinate with relevant bureaus and offices" to improve responsiveness and implement all corrective actions, where feasible, within 12 months from recommendation issuance. We appreciate State's serious and timely actions to address our recommendations.

APPENDIX I - SCOPE AND METHODOLOGY

This report provides the results of SIGAR's evaluation of the Department of State's (State) efforts to track and provide evidence of the corrective actions it took in response to recommendations from SIGAR's performance audits, financial audits, inspections, evaluations, and alert letters issued between April 1, 2014, and April 30, 2020. Our objectives were to (1) analyze the number and status of recommendations, categorize each recommendation by intended outcome, and identify any program improvements or actions to recover questioned costs; and (2) assess State's system for tracking SIGAR's recommendations and the extent to which State took action to resolve open recommendations within the required period.

To answer the first objective, we compiled a list of all SIGAR recommendations that were directed, in whole or in part, to State, along with the number, type, and issue date for the report containing the recommendation. To categorize a recommendation's status as either "closed and implemented" or "closed but not implemented," we examined internal SIGAR recommendation status determinations and records. We then grouped all of the recommendations into one of four intended outcome categories.

1. *Infrastructure Compliance and Safety*: Recommendations that instruct State to make improvements to infrastructure to comply with contract requirements or safety best practices. This category primarily comprises recommendations from inspections.
2. *Contract Oversight*: Recommendations that instruct State to improve its oversight of contracts it manages. This category primarily comprises recommendations from financial audits.
3. *Improving Program Effectiveness*: Recommendations that instruct State to take actions that will improve a program's effectiveness. This category primarily comprises recommendations from performance audits.
4. *Program Performance Evaluations*: Recommendations that instruct State to evaluate a program's performance. This category primarily comprises recommendations from performance audits.

To answer the second objective, we reviewed Office of Management and Budget Circular A-50; the Federal Acquisition Streamlining Act of 1994, as amended; the Inspector General Act of 1978, as amended; and the *Foreign Affairs Manual* to identify the requirements for addressing recommendations issued by inspectors general. We did this by (1) determining whether State had assigned a top-level audit follow-up official for SIGAR recommendations; (2) examining State's system for tracking recommendations; and (3) analyzing how long State took to implement our recommendations or how long recommendations have been open. Additionally, we analyzed whether State took action to respond to and resolve recommendations within the required 12-month period.

For both objectives, we interviewed the State officials responsible for overseeing the implementation of our recommendations. We also interviewed department officials to discuss the process for recommendation follow-up for the period between April 1, 2014, and April 30, 2020.

We conducted our evaluation in Arlington, Virginia, from February 2020 to July 2020, in accordance with the *Quality Standards for Inspection and Evaluation 2012* of the Council of the Inspectors General on Integrity and Efficiency. We believe that the evidence obtained provides a sufficient and reasonable basis for our findings and conclusions based on our objectives. We conducted this evaluation under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

APPENDIX II - COMMENTS FROM THE DEPARTMENT OF STATE



United States Department of State

Comptroller

Washington, DC 20520

September 25, 2020

UNCLASSIFIED

MEMORANDUM

TO: Special Inspector General for Afghanistan Reconstruction (SIGAR) John F. Sopko
FROM: CGFS – Jeffrey C. Mounts, Comptroller *Jeffrey C. Mounts*
SUBJECT: Response to the Draft SIGAR 20-XX Evaluation Report

Thank you for the opportunity to comment on the SIGAR Draft Evaluation Report 20-XX titled *Department of State Implemented Approximately Half of the Recommendation from the SIGAR Audits and Inspections but Did Not Meet all Audit Follow-up Requirements*. There are two recommendations in the draft report, as follows:

Recommendation 1: Update its policy to require the top-level audit follow-up official to maintain accurate records regarding the status of recommendations throughout the entire resolution process, including storing recommendation resolution supporting documentation in the designated system.

Response: **State concurs with SIGAR.**

The Department agrees that it is important to have a quality system to track SIGAR recommendations and maintain complete records of SIGAR recommendation resolution documentation. CGFS will review its internal policies and procedures for maintaining storage of recommendation resolution supporting documentation and ensuring timely implementation of corrective actions, and update them, as appropriate.

Recommendation 2: Update its policy to be in accordance with the 12-month recommendation resolution timeline required by the Federal Acquisition Streamlining Act of 1994.

Response: **State partially concurs with SIGAR.**

The Department is committed to promptly resolving and taking corrective actions on audit recommendations, consistent with applicable law and policy. While the Department has not determined that the Federal Acquisition Streamlining Act's resolution timeline is applicable to SIGAR recommendations, the Audit Follow-up Official will coordinate with relevant bureaus and offices, with the goal of improving the Department's responsiveness to all corrective actions being implemented, where feasible, within 12 months from the date the recommendation is made to the Department.

APPENDIX III - ACKNOWLEDGEMENTS

Carole Coffey, Senior Program Manager

Adriel Harari, Auditor-in-Charge

Sara Giska, Program Analyst

Luis Vertiz, Program Analyst

This evaluation was conducted
under project code SIGAR E-006.

SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

Obtaining Copies of SIGAR Reports and Testimonies

To obtain copies of SIGAR documents at no cost, go to SIGAR's Web site (www.sigar.mil). SIGAR posts all publicly released reports, testimonies, and correspondence on its Web site.

To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: www.sigar.mil/fraud
- Email: sigar.pentagon.inv.mbx.hotline@mail.mil
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

Public Affairs

Public Affairs Officer

- Phone: 703-545-5974
- Email: sigar.pentagon.ccr.mbx.public-affairs@mail.mil
- Mail: SIGAR Public Affairs
2530 Crystal Drive
Arlington, VA 22202