



OIG

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**Management Assistance Report:
Further Department Attention Needed to
Address Overdue Responses on Selected
Open Recommendations**

MANAGEMENT ASSISTANCE REPORT

Summary of Review

The purpose of this Management Assistance Report is to facilitate the prompt closure of selected open, unclassified Office of Audits recommendations by bringing them to the attention of the Under Secretary for Management. As of June 15, 2018, 18 unclassified Office of Audits report recommendations—made to 8 Department of State (Department) entities that had not responded to OIG inquiries concerning the status of actions to implement those recommendations—remained open. In each instance, a response from the Department entity was overdue by 4 months or more.¹

The Office of Management and Budget (OMB) Circular No. A-50, "Audit Followup," requires agencies to promptly and properly resolve and implement audit recommendations. As required by the Foreign Affairs Manual (FAM), the Under Secretary for Management is designated as the Department's Audit Follow-up Official and is responsible for ensuring that (1) timely responses are made to all OIG recommendations, regardless of implementation responsibilities, (2) disagreements are resolved, and (3) corrective actions are actually taken.² The Under Secretary for Management provides management oversight of the Department's operational platform and facilities. Accordingly, this individual has particular responsibility for the recommendations discussed in this report.

After issuing a draft of this report, OIG received responses from five separate bureaus that relate to 9 of the 18 recommendations addressed in this report. Based on those responses, OIG was able to close 1 of the 18 recommendations. However, OIG has not received any information pertaining to 9 recommendations discussed in this report.

With respect to the recommendation made to the Under Secretary for Management, OIG considers this recommendation resolved pending further action. The recommendation will be closed when OIG receives documentation demonstrating that the Under Secretary for Management has directed the applicable Department entity to notify OIG of the status of actions taken to implement the recommendations. A synopsis of management's response to the recommendation and OIG's reply are presented in the Conclusion section of this report. Management's response to a draft of this report, received July 3, 2018, is reprinted in its entirety in Appendix A.

OBJECTIVE

The purpose of this Management Assistance Report is to facilitate the prompt closure of selected open, unclassified Office of Audits recommendations by bringing them to the attention of the Under Secretary for Management. OIG performed this assessment by compiling compliance data and related information about OIG's open report recommendations.

¹ These 18 recommendations from 11 reports reflect only those open recommendations with responses that are overdue for 120 days or longer and are unclassified. The 18 recommendations are not the totality of open recommendations and reports addressed to Department entities.

² Dept. of State, 1 FAM 044.1 (10).

BACKGROUND

Responsibilities of the Under Secretary for Management

The Under Secretary for Management is responsible for providing the operational platform and facilities that the United States needs to carry out its foreign policy mission. These responsibilities include management of the people, resources, budget, facilities, technology, financial operations, consular affairs, logistics, contracting, and security that are needed for Department operations; more generally, the Under Secretary for Management is the Secretary's principal advisor on management issues. In addition, the Under Secretary for Management is designated as the Department's OIG Follow-up Official and is to ensure that (1) timely responses are made to all OIG recommendations, regardless of implementation responsibilities, (2) disagreements are resolved, and (3) corrective actions are actually taken.³

Audit Follow-up Process

OMB Circular No. A-50, "Audit Followup,"⁴ requires each agency to ensure that systems are in place to promptly and properly resolve and implement audit recommendations, including written corrective actions plans, when appropriate. Similarly, the FAM establishes Department policies for audit resolution, follow-up, and closure.⁵

OIG considers a recommendation unresolved, resolved, or closed on the basis of actions that the Department has taken or plans to take in response to the recommendation. A recommendation is considered unresolved if the Department has neither taken action nor stated how it plans to implement the recommendation. A recommendation is considered resolved when the Department has agreed to implement the recommendation or has begun—but has not yet completed—actions to fully implement the recommendation. Open recommendations include both unresolved and resolved recommendations. A recommendation is considered closed when the Department has completed actions necessary to implement the recommendation or has provided OIG with evidence of the final completed actions or other justifications and OIG has reviewed the evidence provided and determined that no additional action is required.

When issuing a final Office of Audits report, OIG instructs action entities, responsible bureaus, and overseas posts to provide a written response to OIG for each recommendation within 30 days from the date issued. OIG requires that each response to the final report include a management decision indicating agreement or disagreement with the recommended action. When agreement is reached, the response should include corrective actions taken or planned as well as actual or target dates for completion. When disagreement is expressed, the response should include the reasons for disagreement and any alternative proposals for corrective action.

³ Dept. of State, 1 FAM 044.1 (10).

⁴ OMB Circular No. A-50 Revised, "Audit Followup" (September 29, 1982).

⁵ Dept. of State, 1 FAM 056.

OIG reviews the responses and any supporting documentation and replies to the action entity. After the initial response, updates on corrective actions and responses to subsequent OIG correspondence are typically required within 30 days to 90 days, depending on the complexity of the recommendation. This process continues until the action entity completes corrective actions that fully address the intent of the recommendation and provides OIG with documentary evidence of the completed actions. At that time, OIG verifies the actions, closes the recommendation, and notifies the action entity that no further action is required.

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

The purpose of this Management Assistance Report is to facilitate closure of open, unclassified Office of Audits recommendations made to selected domestic bureaus by bringing them to the attention of the Under Secretary for Management. The recommendations concern deficiencies related to contracts, grants, cooperative agreements, the Chief Information Officer (CIO), and Trafficking in Persons (TIP) and require prompt attention by the Department entities addressed in the recommendation. OIG performed this compliance follow-up assessment by compiling compliance data and related information about open, unclassified Office of Audits recommendations involving domestic bureaus. As noted previously, OIG directed an analogous report to the Under Secretary in July 2017.

RESULTS

As of June 15, 2018, 18 unclassified Office of Audits report recommendations—made to 8 Department entities that have not responded to OIG inquiries concerning the status of actions to implement those recommendations—remained open. These eight entities are: the Bureau of African Affairs (AF); the Deputy Secretary; the Under Secretary for Civilian Security, Democracy, and Human Rights; the Office to Monitor and Combat Trafficking in Persons (J/TIP); the Under Secretary for Management; the Bureau of Near Eastern Affairs (NEA); the Bureau of Population, Refugees, and Migration (PRM); and the Bureau of South and Central Asian Affairs (SCA). In each instance, a response from the Department entity is overdue by 4 months or more. The 18 recommendations were made in 11 separate Office of Audits reports and address management issues related to contracts, grants, cooperative agreements, the CIO, and TIP. OIG notes that the outstanding recommendation directed to the Under Secretary for Management was made in the analogous report issued in July 2017, which similarly identified significantly overdue recommendations and sought the Under Secretary's assistance in addressing those items.

⁶ 5 USC App. § 5.

Table 1 lists the Department entity that has not responded, the corresponding report number and the number of recommendations requiring a response, the response due date, and the number of days the response is overdue.

Table 1: Department Entities With Significantly Overdue Responses to OIG as of June 15, 2018

Department Entity	Report Number	Number of Recommendations	Response Due Date	Days Overdue
AF	AUD-CG-14-07	1	3/13/2017 ^b	459
AF	AUD-CG-14-31	2	2/13/2017 ^c	487
Deputy Secretary of State	AUD-IT-18-12	1	11/30/2017 ^b	197
Under Secretary for Civilian Security, Democracy, and Human Rights	AUD-ACF-15-43	1	3/20/2017	452
J/TIP	AUD-IP-12-02	2	7/27/2016 ^b	688
NEA	AUD-MERO-17-01	3	8/01/2017 ^b	318
PRM	AUD-MERO-15-22	1	10/10/2017 ^b	248
SCA	AUD-CG-14-37	3	10/23/2017	235
SCA	AUD-MERO-17-47	2	7/31/2017 ^a	319
SCA	AUD-SI-17-43	1	7/22/2017 ^a	328
Under Secretary for Management	AUD-ACF-17-55	1	8/28/2017 ^a	291
Total		18		

^a OIG has no record of receiving a response after the final report was issued.

^b OIG received a response from the respective entity after issuing a draft of this report.

^c OIG received a response from AF after issuing a draft of this report. The response addressed only 1 of the 2 recommendations discussed.

Source: Generated by OIG using audit compliance data as of June 15, 2018.

On June 22, 2018, OIG provided the Under Secretary for Management with a draft of this report for review and comment and provided courtesy copies to the eight bureaus mentioned in this report. On July 3, 2018, the Under Secretary provided written comments and concurred with the recommendation, stating that he would issue a memo to the applicable Assistant Secretaries or equivalents, directing them to notify OIG of the status of the recommendations as referenced in the report, within the 30-day time limit. After issuing a draft of this report, OIG separately received evidence of actions planned or taken by 5 bureaus to implement 9 of the 18 recommendations referenced. Based on these responses, one recommendation and its corresponding report were closed. As a result, 17 recommendations mentioned in this report remain open and OIG still awaits information regarding the status of 9 recommendations involving 3 Department bureaus.

Reports With Open Recommendations Awaiting Final Action and Closure

AUD-CG-14-07 - Audit of Department of State Selection and Positioning of Contracting Officer's Representatives

Report Details: In this January 2014 report, OIG reported that Contracting Officer's Representative (COR) experience, positioning, and oversight within AF was inadequate, which resulted in AF using third-party contractors to perform inherently governmental functions. The report explained that these CORs relied almost exclusively on third-party contractors to be their in-country "eyes and ears," significantly limiting their ability to make truly independent decisions regarding a contractor's completion of the contracted work. Furthermore, because the CORs were positioned in Washington, DC, and the site coordinators were in Africa, the CORs were unable to "provide a greater scrutiny and an appropriate enhanced degree of management oversight" of site coordinators who are performing "functions that closely support the performance of inherently governmental functions," as required by the Federal Acquisition Regulation.⁷ OIG made 10 recommendations to the 2 responsible bureaus to improve contract administration and oversight within AF.

Compliance Activities: AF has not provided OIG with documentation to support closing the remaining open recommendation in this report, and its response is overdue.⁸ This report was issued January 31, 2014. AF provided seven status updates through December 2016⁹ but has not provided further information on planned or implemented corrective actions since then. Although OIG requested an update by March 13, 2017,¹⁰ as of June 15, 2018, OIG had not received a response from AF. On July 12, 2018, AF provided an update on its actions to address the recommendation.

The following is AF's open recommendation from AUD-CG-14-07 and its current status:

Recommendation 2. OIG recommended that the Bureau of African Affairs not use contractors to perform contract administration and oversight tasks to avoid assigning inherently governmental, critical, or closely related functions to contractors, as prohibited by the Federal Acquisition Regulation.

Status (June 15, 2018): Resolved, pending further action. OIG requests that AF either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

⁷ AUD-CG-14-01, *Audit of Department of State Selection and Positioning of Contracting Officer's Representatives* (citing FAR 37.114 and FAR 7.503(c)).

⁸ The other nine recommendations in this report are closed.

⁹ The responses were received on March 5, 2014; July 18, 2014; September 30, 2014; January 27, 2015; August 19, 2015; April 13, 2016; and December 14, 2016.

¹⁰ Record Email, 17 MDA 632, January 11, 2017.

After receiving a draft of this report, AF provided OIG with documentation of the actions it has taken thus far to meet the intent of the recommendation. However, final action to fully implement the recommendation has not occurred and the recommendation remains open.

Present Status: Resolved, pending further action.

AUD-CG-14-31 - Audit of the Administration and Oversight of Contracts and Grants Within the Bureau of African Affairs

Report Details: In this August 2014 report, OIG identified numerous deficiencies within AF's oversight of its contracts and grants that may have inhibited AF's ability to achieve its mission. Most relevant to this Management Assistance Report, AF did not use contracting personnel on site to monitor contractor performance, perform and document site visits to validate recipient performance, or identify high-risk grant recipients for the two grants that qualified as high-risk according to Department policies. As a result, the Department may not always have had reasonable assurance that AF spent Federal funds in accordance with its contract and grant awards, that recipients performed program activities as dictated in the contract and grant awards, and that recipients achieved the goals and objectives outlined in their contracts and grants. OIG made 24 recommendations to the 2 responsible bureaus to improve the administration and oversight of AF's contracts and grants.

Compliance Activities: AF has not provided OIG with documentation to support closing the remaining two open recommendations made to AF in this report, and its response to the two recommendations is overdue.¹¹ This report was issued August 12, 2014. AF provided nine status updates through December 2016¹² but has not provided further information on planned or implemented corrective actions since then. Although OIG requested an update by February 13, 2017,¹³ as of June 15, 2018, OIG had not received a response from AF on the two open recommendations. On July 12, 2018, AF provided an update on its actions (see page 4) to address Recommendation 5, but did not address Recommendation 24.

The following are AF's two open recommendations from AUD-CG-14-31 and their current status:

Recommendation 5. OIG recommended that the Bureau of African Affairs discontinue the use of site coordinators in locations that allow Government personnel to work within that country and develop and implement processes to ensure that contracting officer's representatives and government technical monitors with the appropriate levels of Federal

¹¹ The other 22 recommendations are closed.

¹² The responses were received on February 26, 2015; June 18, 2015; September 30, 2015; October 29, 2015; November 10, 2015; June 10, 2016; August 10, 2016; August 29, 2016; and December 13, 2016. The December 2016 response addressed only Recommendation 24.

¹³ Record Email, 17 MDA 636, January 11, 2017.

Acquisition Certification for Contracting Officer's Representatives are officially delegated to conduct oversight of their assigned contracts.

Status (June 15, 2018): Resolved, pending further action. OIG requests that AF either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, AF provided OIG with documentation of the actions it has taken thus far to fulfill the intent of the recommendation. However, final action to fully implement the recommendation has not occurred, and the recommendation remains open.

Present Status: Resolved, pending further action.

Recommendation 24. OIG recommended that the Bureau of African Affairs Grants Officer Representatives (GOR) assess the risk of ongoing grants and identify and re-classify high-risk grant recipients. For each high-risk recipient, GORs should develop a risk mitigation strategy that includes changes to oversight and a corrective action plan.

Status: Resolved, pending further action. OIG requests that AF either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

AUD-IT-18-12 - Audit of the Department of State Information Security Program

Report Details: In this October 2017 report, OIG reported that the Department has not fully developed and implemented an effective organization-wide information security program to identify, protect, detect, respond to, and recover from information security weaknesses. Specifically, the CIO does not have sufficient authority to manage IT activities. Until an effective information security program is realized, the Department will remain vulnerable to IT-centered attacks as well as threats to its mission-related functions. OIG made two recommendations to the Deputy Secretary of State and three recommendations to the Bureau of Information Resource Management to improve the Department's information security program by elevating the organizational placement of the CIO, implementing an information security risk management strategy, and identifying and maintaining an accurate inventory of information systems.

Compliance Activities: The Deputy Secretary of State has not provided OIG with documentation to support closing the one remaining open recommendation made to him in this report, and the response is overdue. This report was issued October 30, 2017. The Deputy Secretary of State has not provided an update on planned or implemented corrective actions for the remaining open recommendation since the report was issued. Although OIG requested an update by November 30,

2017, as of June 15, 2018, OIG had not received a response from the Deputy Secretary of State. On August 1, 2018, the Deputy Secretary of State provided an update on its actions to address the recommendation.

The following is the Deputy Secretary of State's open recommendation from AUD-IT-18-12 and its current status:

Recommendation 1. OIG recommended that the Deputy Secretary of State elevate the organizational placement of the Chief Information Officer and realign the Chief Information Officer within the Department of State's organizational structure to carry out the Chief Information Officer's lead role as a senior accountable official in managing information security and information security risk management processes for the Department.

Status (June 15, 2018): Resolved, pending further action. OIG requests that the Deputy Secretary of State either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, the Deputy Secretary of State provided OIG with an update of the actions it plans to take to fulfill the intent of the recommendation. However, final action to fully implement the recommendation has not occurred, and the recommendation remains open.

Present Status: Resolved, pending further action.

AUD-ACF-15-43 - Management Assistance Report: Action Still Needed to Update the Department's Standards of Conduct as They Relate to Trafficking in Persons and To Comply With a Related Recommendation

Report Details: In this September 2015 report, OIG reported that J/TIP had not implemented two OIG recommendations made in 2011 to increase awareness among Department employees of TIP policies and requirements. Although J/TIP concurred with the recommendations, J/TIP had not communicated with OIG on the status of its corrective actions with respect to the open recommendations. By not implementing the recommendations or providing an acceptable alternative to fulfill the intent of the open recommendations, the Department is not well positioned to hold employees accountable for violations of TIP or ensure TIP policies and requirements are understood and followed. OIG made two recommendations to the Under Secretary for Civilian Security, Democracy, and Human Rights to review and report on the status of corrective actions and the reasons for delays in completing corrective actions on the remaining two recommendations and to provide a plan of action to complete corrective actions to address Recommendations 1 and 2 from OIG Report AUD/IP-12-02.

Compliance Activities: The Under Secretary for Civilian Security, Democracy, and Human Rights has not provided OIG with documentation to support closing the open recommendation made in this report, and its response is overdue. In addition, the two open recommendations from OIG Report AUD/IP-12-02 that OIG had elevated to the Under Secretary's attention in this report remain open and J/TIP has not communicated with OIG since December 8, 2015 (see information about AUD/IP-12-02 in the next narrative).

This report was issued September 15, 2015. The Under Secretary for Civilian Security, Democracy, and Human Rights provided three status updates on November 5, 2015; December 12, 2015; and July 19, 2016, but has not provided further information on planned or implemented corrective actions since then. Although OIG requested an update by March 20, 2017,¹⁴ as of June 15, 2018, OIG had not received a response from the Under Secretary for Civilian Security, Democracy, and Human Rights.

The following is the open recommendation from AUD-ACF-15-43 and its current status:

Recommendation 2. OIG recommended that the Under Secretary for Civilian Security, Democracy, and Human Rights provide a plan of action to complete corrective actions, including appropriate milestones, to address Recommendations 1 and 2 from Audit Report AUD/IP-12-02.

Status: Resolved, pending further action. OIG requests that the Under Secretary for Civilian Security, Democracy, and Human Rights either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

AUD-IP-12-02 - Audit of Bureau of East Asian and Pacific Affairs Compliance With Trafficking in Persons Requirements

Report Details: In this October 2011 report, OIG reported that Department employees in the Bureau of East Asia and Pacific Affairs and the Asia-Pacific region were not uniformly aware of what constitutes TIP activity, the penalties for TIP violations, where to report allegations of violations, and that the TIP policy applies to Department contractors. As a result, TIP violations may not be detected or reported. OIG made four recommendations to J/TIP to establish and communicate a formal TIP policy to its employees that includes a definition of TIP activity and mechanisms to report suspected violations, and update its Code of Conduct to specifically address TIP and require employees to report suspected TIP violations.

Compliance Activities: J/TIP has not provided OIG with documentation to support closing the two remaining open recommendations made to J/TIP in this report, and its response is overdue. This report was issued October 20, 2011. In addition, OIG performed a follow-up review in September

¹⁴ Record Email, 17 MDA 1018, January 18, 2017.

2015 bringing open recommendations in this report to the attention of the Under Secretary for Civilian Security, Democracy, and Human Rights. J/TIP provided four status updates on December 6, 2011; August 1, 2012; November 5, 2015; and December 8, 2015, but has not provided further information on planned or implemented corrective actions since then. OIG requested an update by July 27, 2016,¹⁵ as of June 15, 2018, OIG had not received a response from J/TIP. On June 25, 2018, J/TIP provided an update on its actions to address the recommendation.

The following are J/TIP's two open recommendations from AUD-IP-12-02 and their current status:

Recommendation 1. OIG recommended that the Office to Monitor and Combat Trafficking in Persons include, in the Foreign Affairs Manual, the U.S. Government policy regarding trafficking in persons (TIP) to include the definition of TIP activity and information on the prohibition against involvement in acts of TIP for Department of State personnel and contractors, the associated penalties for violations, and the mechanism to report such violations.

Status (June 15, 2018): Resolved, pending further action. OIG requests that J/TIP either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, J/TIP provided OIG with an update of the actions it plans to take to fulfill the intent of the recommendation. However, final action to fully implement the recommendation has not occurred, and the recommendation remains open.

Present Status: Resolved, pending further action.

Recommendation 2. OIG recommended that the Office to Monitor and Combat Trafficking in Persons, in consultation with the Office of the Legal Adviser and the Director General of Human Resources, develop and include a trafficking in persons policy in the Department of State Standards of Conduct.

Status (June 15, 2018): Resolved, pending further action. OIG requests that J/TIP either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, J/TIP provided OIG with an update of the actions it plans to take to fulfill the intent of the recommendation. However, final action to

¹⁵ Record Email, 16 MDA 10498, May 27, 2016.

fully implement the recommendation has not occurred, and the recommendation remains open.

Present Status: Resolved, pending further action.

AUD-MERO-17-01 - Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance

Report Details: In this November 2016 report, OIG reported that NEA and the Bureau for Democracy, Human Rights, and Labor (DRL) did not consistently follow either the Department's Federal Assistance Policy Directive 2.05-B or NEA's Syrian Opposition Vetting Guidance for Grantees. As is most relevant to this Management Assistance Report, OIG found that NEA and DRL did not always ensure implementing partners submitted information on their program staff or participants to the Department for vetting prior to the start of work or participation in program activities. Because some individuals were not vetted in accordance with applicable guidance, the risk that U.S. Government assistance could have been inadvertently delivered to terrorists or their supporters increased. OIG made nine recommendations to the five responsible bureaus to improve the vetting of implementing partners' key personnel, staff, and program participants in accordance with the Department's policies and guidance.

Compliance Activities: NEA has not provided OIG with documentation to support closing the three recommendations made to NEA in this report, and its response is overdue. This report was issued November 10, 2016. NEA provided two status updates on January 8 and 11, 2017, but has not provided further information on planned or implemented corrective actions since then. Although OIG requested an update by August 1, 2017,¹⁶ as of June 15, 2018, OIG had not received a response from NEA. On July 24, 2018, NEA provided an update on its actions to address the recommendation.

The following are NEA's three open recommendations from AUD-MERO-17-01 and their current status:

Recommendation 2. OIG recommended that the Bureau of Near Eastern Affairs distribute the consolidated vetting guidance from Recommendation 1 to implementing partners to make them aware of Department vetting requirements.

Status (June 15, 2018): Resolved, pending further action. OIG requests that NEA either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

¹⁶ Record Email, 17 MDA 8712, April 28, 2017.

After receiving a draft of this report, NEA provided OIG with an update about the actions it plans to take to fulfill the intent of the recommendation. However, final action to fully implement the recommendation has not occurred, and the recommendation remains open.

Present Status: Resolved, pending further action required.

Recommendation 3. OIG recommended that the Bureau of Near Eastern Affairs develop and implement internal controls to verify that its implementing partners are submitting information on required individuals for vetting in accordance with the consolidated vetting guidance from Recommendation 1.

Status (June 15, 2018): Resolved, pending further action. OIG requests that NEA either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, NEA provided OIG with an update about the actions it plans to take to fulfill the intent of the recommendation. However, final action to fully implement the recommendation has not occurred, and the recommendation remains open.

Present Status: Resolved, pending further action.

Recommendation 4. OIG recommended that the Bureau of Near Eastern Affairs include in future award agreements the vetting requirements for Syria programs.

Status (June 15, 2018): Resolved, pending further action. OIG requests that NEA either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, NEA provided OIG with an update about the actions it plans to take to fulfill the intent of the recommendation. However, final action to fully implement the recommendation has not occurred, and the recommendation remains open.

Present Status: Resolved, pending further action.

AUD-MERO-15-22 - Audit of Department of State Humanitarian Assistance in Response to the Syrian Crisis

Report Details: In this March 2015 report, OIG reported that PRM's performance in managing and overseeing the humanitarian assistance instruments provided in response to the Syrian crisis was mixed. For the four cooperative agreements reviewed, valued at \$6 million, PRM had personnel in-country who conducted site visits, but neither the Grants Officer nor the Grants Officer Representative completed monitoring plans for assessing the awards' progress. In addition, PRM did not assess the recipient's risk, even though the awards were performed in high-risk areas. Furthermore, PRM completed limited reviews of the recipients' financial transactions and use of funds. These weaknesses affected the responsible bureaus' ability to assure that taxpayer funds were spent as intended and within the period of performance in the grant agreement. OIG made six recommendations to the two responsible bureaus to improve the management and oversight of the awards.

Compliance Activities: PRM has not provided OIG with documentation to support closing the remaining open recommendation¹⁷ made to PRM in this report, and its response is overdue. This report was issued March 27, 2015. PRM provided three status updates on April 27, 2015; November 23, 2015; and April 3, 2017, but has not provided further information on planned or implemented corrective actions. Although OIG requested an update by October 10, 2017,¹⁸ as of June 15, 2018, OIG had not received a response from PRM. On July 9, 2018, PRM provided OIG documentation to support closing this recommendation.

The following is PRM's open recommendation from AUD-MERO-15-22 and its current status:

Recommendation 2. OIG recommended that the Bureau of Population, Refugees and Migration develop and implement internal control procedures that ensure that grants officers follow Department guidance for monitoring a grant that has been issued to a public international organization, such as selecting the appropriate type of assistance instrument and tracking funds and grant activities, in compliance with Grants Policy Directive 54, Grants and Voluntary Contributions to Public International Organizations.

Status (June 15, 2018): Resolved, pending further action. OIG requests that PRM either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

¹⁷ The other five recommendations in this report are closed.

¹⁸ Record Email, 17 MDA 16788, August 10, 2017.

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

Present Status: Closed, no further action required.

AUD-CG-14-37 - Management Assistance Report - Termination of Construction Grants to Omran Holding Group

Report Details: In this September 2014 report, OIG reported areas of concern related to two construction grants being executed in Afghanistan by Omran Holding Group (OHG) that required immediate attention. These areas of concern included misuse of Government funds, significant noncompliance with Federal regulations, and inaccurate financial reporting. Because OHG could not account for Federal funds or accurately report expenditures to the Department or OIG, OIG recommended that both grants be terminated immediately. OIG made five recommendations to the two responsible bureaus to terminate the awards, obtain reimbursement for unexpended funds and any other funds determined to be unallowable, and improve guidance for the use of foreign assistance funds for overseas construction.

Compliance Activities: SCA has not provided OIG with documentation to support closing the three remaining open recommendations¹⁹ from this report, and its response is overdue. This report was issued September 18, 2014. SCA provided two status updates on February 10, 2015, and April 4, 2017, but has not provided further information on planned or implemented corrective actions since then. Although OIG requested an update by October 23, 2017,²⁰ as of June 15, 2018, OIG had not received a response from SCA.

The following are SCA's three open recommendations from AUD-CG-14-37 and their current status:

Recommendation 1. OIG recommended that the Bureau of South and Central Asian Affairs immediately terminate grant agreements S-AF200-13-CA-012 and S-AF200-13-CA-014 with Omran Holding Group and deobligate the \$5,092,874 in remaining funds.

Status: Resolved, pending further action. OIG requests that SCA either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Recommendation 2. OIG recommended that the Bureau of South and Central Asian Affairs direct Omran Holding Group to reimburse the Department for the \$1,203,426 in unspent

¹⁹ The other 2 recommendations made in this report to the other bureau are closed.

²⁰ Record Email, 17 MDA 17794, August 23, 2017.

funds related to grant agreements S-AF200-13-CA-012 and S-AF200-13-CA-014, and verify that the Department has received reimbursement for all unspent funds.

Status: Resolved, pending further action. OIG requests that SCA either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Recommendation 3. OIG recommended that the Bureau of South and Central Asian Affairs require the grants officer to determine the allowability of \$502,890 in potentially unallowable costs identified by OIG, direct Omran Holding Group to refund the Department any costs determined to be unallowable, and verify that funds have been refunded.

Status: Resolved, pending further action. OIG requests that SCA either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

AUD-MERO-17-47 - Audit of the Bureau of South and Central Asian Affairs Invoice Review Process for the Afghanistan Life Support Services Contract

Report Details: In this June 2017 report, OIG reported that SCA's oversight of the Afghanistan Life Support Services (ALiSS) contract had been effective and allowed the bureau to identify and resolve performance issues. However, OIG also found that the reporting format for the food services task order could be improved by specifying and reporting individual performance standards. Specifically, the quality assurance reports that were prepared and submitted by CORs provided an overall performance assessment but did not address each of the 19 individual performance standards contained in the food services quality assurance plan. Including the individual performance standards is important to satisfactorily achieve each performance standard and address any identified deficiencies. Furthermore, SCA had not established invoice review training to prepare less experienced CORs who may be assigned to Embassy Kabul in the future. Establishing such training is important to fully prepare new CORs assigned to oversee the ALiSS contract and familiarize them with the unique features of the contract. OIG made two recommendations to SCA to improve the management and oversight of the award.

Compliance Activities: SCA has not provided OIG with documentation to support closing the two recommendations made in this report, and its response is overdue. This report was issued June 30, 2017. Although SCA provided a response to a draft of this report, SCA has not provided an update on planned or implemented corrective actions since the report was issued. Although OIG requested an update by July 31, 2017, as of June 15, 2018, OIG had not received a response from SCA.

The following are SCA's two open recommendations from AUD-MERO-17-47 and their current status:

Recommendation 1. OIG recommended that the Bureau of South and Central Asian Affairs direct its Afghanistan Life Support Services contract contracting officers' representatives to record performance for each distinct performance standard in the Afghanistan Life Support Services contract food services task order quality assurance report to further ensure that each performance standard is satisfactorily achieved and any identified deficiencies are addressed accordingly.

Status: Resolved, pending further action. OIG requests that SCA either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Recommendation 2. OIG recommended that the Bureau of South and Central Asian Affairs develop and implement training to fully prepare and familiarize newly assigned contracting officer's representatives charged with overseeing the Afghanistan Life Support Services contract with the unique features of the contract.

Status: Resolved, pending further action. OIG requests that SCA either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

AUD-SI-17-43 - Audit of Department of State Grants and Cooperative Agreements Awarded to Kennesaw State University

Report Details: In this June 2017 report, OIG reported that Kennesaw State University (KSU) did not always expend funds or accurately report financial information related to Department awards in accordance with Federal requirements and the awards' terms and conditions. Specifically, OIG identified and questioned approximately \$1.6 million in unsupported or unallowable costs, approximately 56 percent of the total amount of award funds expended by KSU between FY 2008 and FY 2016. The questioned costs identified by OIG related to salaries and other direct expense categories and included \$862,985 related to conflict-of-interest violations found in four of the seven awards. Furthermore, OIG found that KSU did not submit accurate and timely financial reports for six of the seven awards audited. These weaknesses affected the responsible bureaus' ability to fulfill Department program goals, and Department funding may have been expended for purposes other than those agreed to in award terms and conditions. OIG made four recommendations to SCA and two other bureaus to assess and, if appropriate, recover questioned costs identified by OIG as unallowable or unsupported.

Compliance Activities: SCA has not provided OIG with documentation to support closing one of the recommendations made to SCA in this report,²¹ and its response is overdue. This report was issued June 22, 2017. Although SCA provided a response to a draft of this report, SCA has not provided an update on planned or implemented corrective actions since the final report was issued. Although OIG requested an update by July 22, 2017, as of June 15, 2018, OIG had not received a response from SCA.

The following is SCA's open recommendation from AUD-SI-17-43 and its current status:

Recommendation 1. OIG recommended that the Bureau of South and Central Asian Affairs (a) determine whether the \$229,405 in unallowable costs and \$565,046 in unsupported costs related to awards SAF20013CA024, SPK33013CA051, and SIN65014GR053 (see tables B.1, B.5, and B.6 in Appendix B) are allowable and supported, and (b) recover any costs determined to be unallowable or unsupported.

Status: Resolved, pending further action. OIG requests that SCA either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

AUD-ACF-17-55 - Management Assistance Report: Department Attention Needed to Address Overdue Responses on Selected Open Recommendations

Report Details: Like the current report, this July 2017 report identified recommendations that were significantly overdue. In particular, OIG reported that, as of May 31, 2017, 11 audit report recommendations remained open. These recommendations were made to three separate bureaus that had not responded to OIG inquiries concerning the status of actions to implement the recommendations offered. In each instance, a response from the bureau was overdue by 4 months or more. OIG made two recommendations to the Under Secretary for Management to facilitate the prompt closure of selected open recommendations. At report issuance, OIG closed one of the two recommendations on the basis of responses from the three bureaus to the draft report.

Compliance Activities: The Under Secretary for Management has not provided OIG with documentation to support closing the open recommendation made in this report, and its response is overdue. This report was issued July 28, 2017. The Under Secretary for Management has not provided an update on planned or implemented corrective actions since the report was issued. Although OIG requested an update by August 28, 2017, as of June 15, 2018, OIG had not received a response from the Under Secretary for Management.

However, after the final report was issued, the three bureaus provided responses and sufficient information on completed actions, such that 9 of the 11 reported recommendations have been

²¹ The other three recommendations in this report are closed.

closed and only two recommendations remain open as shown in Table 2. Although responses are not overdue on these two open recommendations, the respective bureaus have not provided evidence demonstrating that they have taken the actions necessary to justify closing the recommendations.

Table 2: Status of Recommendations Reported in AUD-ACF-17-55 as of June 15, 2018

Bureau	Report Number	Number Open on May 31, 2017	Number Open on June 15, 2018
CSO	AUD-MERO-15-39	1	0
MED	AUD-CGI-15-32	3	0
MED	AUD-CGI-16-40	2	1
OBO	AUD-MERO-13-33	1	0
OBO	AUD-ACF-16-20	4	1
Total		11	2

Source: Generated by OIG on the basis of audit compliance data as of May 31, 2017, and June 15, 2018.

The following is the Under Secretary for Management's open recommendation from AUD-ACF-17-55 and its current status:

Recommendation 1. OIG recommended that, for recommendations considered resolved, the Under Secretary for Management direct the applicable bureau to notify OIG of the status of actions taken to implement the recommendations identified in this report and provide evidence demonstrating that the bureau has taken actions that justify closing the recommendations. Bureaus are to submit the status of actions taken and documented evidence to support closing the recommendations to audcompliance@stateoig.gov within 30 days.

Status: Resolved, pending further action. OIG requests that the Under Secretary for Management either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

CONCLUSION

Audit resolution and followup is essential to the audit process. It ensures that management has taken timely and complete actions in response to audit findings and recommendations. The Department's audit resolution and followup process is an essential responsibility of senior management and provides an important mechanism to improve program performance.²²

²² Dept. of State, 1 FAM 044.1 (10).

OIG prepared this report under its audit compliance and follow-up responsibilities as stated in OMB Circular A-50, 1 FAM 056 *Audit and Inspection Recommendation Compliance*, and OIG's Office of Audits Manual. The report is based on information contained in the 11 Office of Audits reports and OIG's compliance tracking database and files. OIG believes that the evidence presented provides a reasonable basis for the findings and conclusions found in this report and trusts that this Management Assistance Report will be useful in completing the actions necessary to justify closing the open recommendations identified in this report as well as the analogous report issued in July 2017

To facilitate closing the open recommendations, OIG is making the following recommendation to the Under Secretary for Management.

Recommendation 1: OIG recommends that the Under Secretary for Management direct the applicable Department entity to notify OIG of the status of actions taken to implement the recommendations identified in this report and provide evidence demonstrating that the entity has taken actions that justify closing the recommendations. Department entities are to submit the status of actions taken and documented evidence to support closing the recommendations to audcompliance@stateoig.gov within 30 days.

Management Response: The Office of the Under Secretary for Management concurred with this recommendation and plans to issue a memo to the applicable Assistant Secretaries or equivalents, directing them to notify OIG of the status of recommendations as referenced in the report, within the 30-day time frame.

OIG Reply: On the basis of the Under Secretary's response, OIG considers this recommendation resolved pending further action. This recommendation will be closed when OIG receives evidence demonstrating that the Office of the Under Secretary for Management has directed all applicable Department entities to notify OIG of the status of actions taken to implement the recommendations identified in this report.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Under Secretary for Management direct the applicable Department entity to notify OIG of the status of actions taken to implement the recommendations identified in this report and provide evidence demonstrating that the entity has taken actions that justify closing the recommendations. Department entities are to submit the status of actions taken and documented evidence to support closing the recommendations to audcompliance@stateoig.gov within 30 days.

APPENDIX A: UNDER SECRETARY FOR MANAGEMENT RESPONSE



United States Department of State

Washington, D.C. 20520

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TO: OIG/AUD – Norman Brown

FROM: D U/S-M – William E. Todd

SUBJECT: Compliance Update to Management Assistance Report: Further Department Attention Needed to Address Overdue Responses on Selected Open Recommendations.

The Office of the Under Secretary for Management has reviewed the draft OIG Management Assistance Report. We provide the following comments in response to the recommendation from the OIG.

OIG Recommendation 1: OIG recommends that the Under Secretary for Management direct the applicable Department entity to notify OIG of the status of actions taken to implement the recommendations identified in this report and provide evidence demonstrating that the entity has taken actions that justify closing the recommendations. Department entities are to submit the status of actions taken and documented evidence to support closing the recommendations to audcompliance@stateoig.gov within 30 days.

Management Response: The Office of the Under Secretary for Management concurs with this recommendation. As it did in response to the similarly named report of last year, the Office of the Under Secretary for Management will issue a memo to the applicable 7th floor officials, directing them to notify the OIG of the status of recommendations considered resolved or unresolved as referenced in the report, within the 30-day time frame.

The point of contact for this memorandum is Katie Kirkpatrick, at kirkpatrickkg@state.gov or 202-647-4725

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