



OIG

Office of Inspector General

U.S. Department of State • Broadcasting Board of Governors

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Office of Audits

November 2016

# Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance

## MIDDLE EAST REGION OPERATIONS

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# OIG HIGHLIGHTS

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### What OIG Found

OIG found NEA and DRL did not always follow either the Department's Federal Assistance Policy Directive 2.05-B or NEA's *Syrian Opposition Vetting Guidance for Grantees*. Specifically, OIG found (1) DRL did not ensure its implementing partners submitted information on their key personnel to the Department for vetting prior to issuing the award and (2) 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. The implementing partners told OIG that they believed the vetting policies and guidance were not applicable in some situations. For example, one implementing partner believed that U.S. citizens were exempt from vetting, contrary to NEA's guidance. The implementing partner added that neither NEA nor DRL officials corrected their interpretations. OIG attributes the varied ways in which the bureaus and implementing partners conducted vetting to the lack of a consolidated and detailed Department-issued vetting guidance. 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.

Bureau officials and implementing partners identified several challenges to the current vetting process. For example, officials stated that the Department does not have personnel on the ground in Syria to monitor and oversee non-lethal assistance programs. As a result, it must rely on its implementing partners to carry out its program objectives and ensure non-lethal assistance reaches its intended recipients. In addition, beginning in November 2015, the Department's vetting processing time significantly increased partly because of an increased workload coinciding with a reduction in staff at an intelligence agency the Department uses to obtain vetting information. According to the implementing partners, the delays in the vetting process have impeded the delivery of Syrian non-lethal assistance.

### What OIG Audited

According to the Department of State (Department), the U.S. Government has committed more than \$400 million in non-lethal assistance to support the moderate Syrian opposition since the start of the crisis in 2011. The Department uses non-lethal assistance to provide training, equipment, and various services to enhance the stability of targeted communities or groups of people. The Department conveys this assistance to recipients through cooperative agreements and grants awarded to non-governmental implementing partners. Department and bureau policies require vetting for these awards in order to ensure the funds are not used to provide support to entities or individuals deemed to be a risk to national security. Vetting is conducted to screen individuals for derogatory information such as terrorist or extremist affiliations. The Office of Inspector General (OIG) conducted this audit to (1) determine the extent to which non-lethal assistance recipients and implementing partners' key personnel and staff were vetted in accordance with established guidance and (2) identify challenges, if any, to the effectiveness of the vetting process.

OIG reviewed the Syrian non-lethal assistance vetting process associated with five Bureau of Near Eastern Affairs (NEA) cooperative agreements; three Bureau of Democracy, Human Rights, and Labor (DRL) cooperative agreements; and six DRL grants.

### What OIG Recommends

To address the deficiencies identified in this report, OIG offered nine recommendations intended to ensure that implementing partners' key personnel, staff, and program participants are vetted in accordance with the Department's policies and guidance. On the basis of responses received from NEA; DRL; the Bureau of Administration, Office of the Procurement Executive; and the Office of Management Policy, Rightsizing, and Innovation to a draft of this report (see Appendices D through G), OIG considers eight recommendations resolved and one recommendation unresolved.

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## OBJECTIVE

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The Office of Inspector General (OIG) conducted this audit to determine the vetting<sup>1</sup> process that Department of State (Department) bureaus use for programs that provide Syrian non-lethal assistance. Specifically, the objectives of the audit were to (1) determine the extent to which non-lethal assistance recipients and implementing partners' key personnel and staff were vetted in accordance with established guidance and (2) identify challenges, if any, to the effectiveness of the vetting process. See Appendix A for the purpose, scope, and methodology of this audit.

## BACKGROUND

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### Non-Lethal Assistance to Syrian Opposition Groups

From the start of the Syrian crisis in March 2011 through mid-2015, according to a Department fact sheet, the U.S. Government committed more than \$400 million in non-lethal assistance intended to support the moderate Syrian opposition, including \$70 million in 2015 alone. Non-lethal assistance is a term used to denote funding for training, equipment, and various services to enhance the stability of a targeted community or group of people. In Syria, non-lethal assistance has been used to provide, for example, generators, ambulances, cranes, dump trucks, fire trucks, water storage units, search-and-rescue equipment, educational kits for schools, winterization materials, and "commodity baskets" to a range of civilian opposition groups, including local councils and civil society organizations. Assistance to local councils and civil society organizations also includes operational support, community-driven service provision projects, and governance and organizational capacity building training. Additionally, the U.S. Government has used non-lethal assistance to train and equip grassroots activists; assist television and radio stations; and train citizen journalists, bloggers, and cyber-activists to document and disseminate information. Along with assisting local communities, the U.S. Government has provided non-lethal assistance to units of the moderate armed opposition. From 2011 through August 2015, this assistance has included 550,000 Meals Ready to Eat, 4,000 medical kits, more than 374,230 food baskets, more than 3 tons of surgical and triage medical supplies, vehicles, heavy machinery, communications and computer equipment, generators, and other basic supplies.<sup>2</sup>

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<sup>1</sup> For the purposes of this audit, "vetting" refers specifically to counterterrorism vetting as performed by the Bureau of Administration, Office of Logistics Management, Office of Risk Analysis and Management. Counterterrorism vetting is performed to screen individuals for terrorist or extremist affiliations. For an overview of the different types of vetting, see Appendix B.

<sup>2</sup> Department of State Fact Sheet, "*Syrian Crisis: U.S. Efforts and Assistance*," August 7, 2015.

The Department delivers Syrian non-lethal assistance to recipients through cooperative agreements and grants<sup>3</sup> awarded to non-governmental implementing partners. For fiscal year (FY) 2013 through FY 2015, the Bureau of Near Eastern Affairs (NEA); Conflict and Stabilization Operations (CSO); and Democracy, Human Rights, and Labor (DRL) used 27 cooperative agreements and 11 grants to implement Syrian non-lethal assistance programs.<sup>4</sup> More than half of these assistance instruments are no longer active. In addition, CSO transferred all of Syrian non-lethal assistance programs to NEA in 2015 and is not currently executing such programs.

As of January 2016, the Department had 19 active assistance instruments—13 cooperative agreements and 6 grants—delivering Syrian non-lethal assistance. Collectively, these active non-lethal assistance programs have a value of \$136.6 million.

### **Guidance on Vetting for Foreign Assistance Programs Since 2008**

Since 2008, the Department has issued two memoranda, two bulletins, and two directives requiring assessments and vetting for foreign assistance programs. Department bureaus have also written and adopted their own vetting policies. Collectively, these documents provide guidance on vetting implementing partners' key personnel, their staff, their subawardees, and program beneficiaries before receiving the award from the bureau (pre-award) and after the start of program (post-award). Some of the guidance has been superseded. Table 1 provides an overview of the vetting guidance that the Department and the bureaus have issued in the past 8 years.

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<sup>3</sup> According to 4 Foreign Affairs Handbook-3 H-612.2, grants and cooperative agreements are used when "the principal purpose [of the assistance] is the transfer of money, property, or services to accomplish a public purpose of support or stimulation authorized by Federal statute." A cooperative agreement, rather than a grant, is used when substantial involvement between the agency and the grantee is anticipated during performance. In contrast, according to Federal Acquisition Regulation 2.101, contracts are used by the Federal Government to purchase or lease supplies or services.

<sup>4</sup> Bureaus provided OIG with a list of assistance instruments implemented during the period of performance, FYs 2013–2015. During this period, CSO executed non-lethal assistance programs in Syria using cooperative agreements.

Table 1: Vetting Guidance Overview

Currently Applicable	Vetting Guidance	Effective Date	Applicable Countries	Applicable Persons/Organizations	Award Phase
✓	Deputy Secretary Negroponte Memorandum	February 2008	Countries with a risk that U.S. Government activities could inadvertently benefit terrorist groups, their members, or their supporters.	Implementing partners' key personnel, subawardees (including their key personnel), and individual recipients.	Pre- and Post-Award
	Under Secretary for Management Memorandum	January 2011	Guatemala, Kenya, Lebanon, Philippines, and Ukraine	Implementing partners' key personnel.	Pre-Award
	Procurement Information Bulletin No. 2012-13	October 2012	Guatemala, Kenya, Lebanon, Philippines, and Ukraine	Key personnel of implementing partners and of subawardees carrying out high-risk programs and a sample of non-high-risk programs.	Pre-Award
	Procurement Information Bulletin No. 2012-14	June 2012; updated May 2014	Afghanistan	Key personnel of implementing partners and subawardees.	Pre-Award
	Grants Policy Directive 62	July 2012	Afghanistan, Guatemala, Kenya, Lebanon, Philippines, and Ukraine	Key personnel of implementing partners and subawardees implementing high-risk programs and a sample of non-high-risk programs.	Pre-Award
	CSO Syria Vetting Policy	April 2014	Syria	Beneficiaries	Post-Award
✓	NEA Syria Opposition Vetting Policy	March 2015 (standard operating procedures); June 2015 (guidance); July 2016 (revised guidance)*	Syria	Direct beneficiaries, implementing partners' field-based staff, and headquarters-based staff who travel to the field to deliver trainings and support.	Post-Award
✓	Federal Assistance Policy Directive 2.05-B	March 2015; updated in January 2016	Syria, Afghanistan, Guatemala, Kenya, Lebanon, Philippines, and Ukraine	Key personnel of implementing partners and subawardees carrying out high-risk programs and a random sample of non-high-risk programs.	Pre-Award

Source: OIG analysis of Department and bureau vetting guidance.

\*In comments to a draft of this report, the Grants Division Chief for NEA stated that the bureau drafted a Revised Vetting Policy for Syria in June 2016. The Assistant Secretary for NEA stated that she approved the guidance on July 1, 2016. That policy is not included in this report and was not used as criteria because it was not in place at the time the fieldwork was conducted.

### *Deputy Secretary Negroponte Memorandum*

In February 2008, slightly more than 3 years before the start of the Syrian crisis, then-Deputy Secretary of State John Negroponte issued a memorandum providing guidance for conducting risk-based assessments for foreign assistance programs and instructing the bureaus overseeing such programs to focus attention on the risk of financing terrorists when issuing grants and contracts.

### *Under Secretary for Management Memorandum*

In January 2011, Under Secretary for Management Patrick Kennedy approved an action memorandum requiring the Department to implement the recommendations of the working group formed from the Negroponte guidance. Most notably, the approved memorandum required the Department to establish a pilot program for vetting contractors and grantees seeking foreign assistance funding to execute programs. The vetting pilot program would involve checking information about the implementing partners' key personnel against relevant public and U.S. Government databases to ensure Department funds were not used to provide support to entities or individuals deemed to be a risk to U.S. national security interests. The pilot program was initially proposed to run for 1 year in five countries—Kenya, Guatemala, Lebanon, Philippines, and Ukraine—but it was extended through September 2016 for all five countries.

### *Procurement Information Bulletin No. 2012-13*

In June 2012, the Department's Bureau of Administration, Office of the Procurement Executive (A/OPE) issued Procurement Information Bulletin (PIB) No. 2012-13 addressing the pilot program. PIB 2012-13 stated that the Office of Risk Analysis and Management (RAM) within the Bureau of Administration, Office of Logistics Management, would perform vetting for the Department.<sup>5</sup> For the five pilot program countries (Kenya, Guatemala, Lebanon, Philippines, and Ukraine), the bulletin required RAM vetting of all key personnel of implementing partners, as well as the key personnel of the implementing partners' subcontractors, prior to the award of high-risk programs and a random representative sample of non-high-risk programs. The bulletin also described the responsibilities and requirements of all domestic and overseas contracting activities and Regional Procurement Support Offices in the vetting process. For instance, the bulletin required program officers to evaluate risk factors to identify which organizations applying for Federal assistance awards should be required to have their key personnel vetted by RAM and what information the applicants needed to provide in order to be vetted.<sup>6</sup> After receiving the information, RAM would vet the individuals and

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<sup>5</sup> The bulletin became effective in October 2012.

<sup>6</sup> The RAM vetting process requires the completion and submission of form DS-4184. That form details what information applicants of Federal assistance awards need to provide. It also requires the provision of personal information of key personnel from the applicant organization. "Key personnel" is defined as including, but not limited to the organization/company's President, Vice President, Executive Director, Deputy Executive Director, Chief Executive Officer, Chief Operating Officer, Treasurer, Secretary, and the Board of Directors. It may also include Program Managers or Project Managers.



notify the awarding bureau if it discovered any negative information. The awarding bureau would then “use this information in making a determination of award as a special responsibility factor.” Additionally, the bulletin required that the “Contractor Vetting as a Condition of Award” clause be included in all high-risk, foreign assistance-funded solicitations.<sup>7</sup> This clause states, in part, that “successful passing of vetting to evaluate the risk that funds may benefit terrorists or their supporters is a condition of award.” Thus, the RAM vetting of organizations’ key personnel pursuant to this bulletin was to be conducted in the pre-award phase.

### ***Procurement Information Bulletin No. 2012-14***

That same year, A/OPE issued PIB 2012-14, which required RAM vetting of the key personnel of implementing partners, as well as of any subcontractors, applying to carry out programs in Afghanistan. The vetting process outlined in this bulletin was almost identical to that described in PIB 2012-13. The primary difference between the two bulletins was that no risk assessment was required for Afghanistan programs; instead, all programs were effectively treated as high-risk.<sup>8</sup> In May 2014, PIB 2012-14 was updated to include U.S. citizens on the list of personnel that required vetting.

### ***Grants Policy Directive 62***

Effective in July 2012, Grants Policy Directive 62, issued by A/OPE, combined PIB 2012-13 and PIB 2012-14. For Afghanistan and the five pilot program countries, it required RAM vetting of all key personnel of implementing partners that submitted proposals for high-risk programs and a random representative sample of non-high-risk programs and of the key personnel of all subrecipients. The directive defined vetting as “performing a background check on someone or some organization before offering [F]ederal assistance during the pre-award phase.” The policy stated that the RAM vetting office would process the vetting of individuals for all such programs. Attachment 1 of the directive stated that successful passing of vetting was a condition of award and the “failure to pass vetting may be grounds for rejecting [an applicant’s] proposal.” Additionally, it stated implementing partners should notify the grants officer of any key personnel changes and provide the vetting information on those new individuals, and the U.S. Government reserved the right to terminate the award on the basis of vetting results. The goal of this vetting was to “conduct a screening of [award] applicants to ensure [F]ederal assistance programs funded with Foreign Assistance appropriations funds and activities are not purposefully or inadvertently used to provide support to entities or individuals deemed to be a risk to national security.” After RAM vetted the individuals and notified

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<sup>7</sup> PIB 2012-13 was superseded by Grants Policy Directive 62, which was then superseded by Federal Assistance Policy Directive 2.05-B (both discussed subsequently). Though Grants Policy Directive 62 discussed the inclusion of this clause in applicable solicitations, Federal Assistance Policy Directive 2.05-B did not. As a result, Federal Assistance Policy Directive 2.05-B, the currently applicable Department vetting guidance, leaves room for interpretation by the bureaus to determine whether or not to use the clause in solicitations for Syrian non-lethal assistance programs.

<sup>8</sup> In contrast, with the five-country pilot program, the bureau must complete a risk assessment of the programs to determine which awards must be vetted by RAM. For the five-country pilot program, risk levels vary on the basis of numerous factors, including where the program is to be carried out, the type of program, the use of subcontractors, and potential consequences (e.g., loss of life, destruction of property, diversion to terrorist infrastructure).



the awarding bureau if it discovered any negative information, the bureau was to use that information in making a determination of award as a special responsibility factor. In addition to considering the vetting results, before making an award, the bureau was also required to conduct normal due diligence, which included "evaluating [the] potential recipients' or applicant's respective capabilities and the suitability of their organizations for assistance."

### ***CSO Vetting Policy***

In April 2014, CSO issued its own bureau-level vetting policy for Syria that detailed how vetting should be carried out for recipients of assistance the bureau managed. Although this was not Department-issued policy, it was the first guidance within the Department to specifically address vetting for Syria programs. CSO's vetting policy applies to assistance recipients and end user beneficiaries of non-lethal CSO assistance to include training and the provision of equipment and financial payments. Because CSO no longer has any active Syrian non-lethal assistance programs, this guidance is not applicable to any of the programs addressed in this audit. However, CSO's policy formed the foundation for NEA's vetting policy that was issued the following year.

### ***NEA Vetting Policy***

In 2015, when CSO was transferring its Syrian non-lethal assistance programs to NEA, CSO helped NEA create its own guidance on vetting potential beneficiaries of Syrian non-lethal assistance. NEA issued its vetting standard operating procedure in March 2015 and vetting guidance for grantees in June 2015.<sup>9</sup> Modeled after CSO's guidance, NEA's guidance—*Syrian Opposition Vetting Guidance for Grantees*<sup>10</sup>—essentially adopted the policies and procedures that were already implemented by CSO to mitigate the high risk of providing Syrian non-lethal assistance. An NEA official stated that, although NEA follows Department guidance that exists on vetting, it was still necessary for NEA to create its own vetting guidance because the existing Department guidance laid out only basic standard mitigation measures. The NEA official stated that "it is incumbent upon each bureau to establish its own [counterterrorism] risk mitigation measures to meet the relevant challenges." Additionally, the official stated that NEA follows Under Secretary Kennedy's memorandum as the bureau "fully utilize[s] A/LM/RAM for vetting all individuals covered within the established guidance and [standard operating procedures]." The official also stated that NEA complies with Federal Assistance Policy Directive 2.05-B, discussed subsequently, "which outlines the policy for submitting information to A/LM/RAM for vetting."

NEA's vetting guidance describes how and when vetting should be conducted after an implementing partner has been issued an award.<sup>11</sup> It does not give guidance on how vetting

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<sup>9</sup> See Appendix C for the complete NEA *Syrian Opposition Vetting Guidance for Grantees*.

<sup>10</sup> NEA's *Syrian Opposition Vetting Guidance for Grantees* applies to foreign assistance, which is provided through grants and cooperative agreements.

<sup>11</sup> On July 1, 2016, the Assistant Secretary for NEA approved a Revised Vetting Policy for Syria. This guidance is not incorporated in this report because it was not applicable during the time fieldwork was conducted and the report was being written.

should be conducted prior to issuing an award. The guidance pertains to potential beneficiaries of NEA assistance and emphasizes that only those organizations and individuals who have successfully passed vetting through the RAM system may receive assistance. The guidance states:

- All vetting for its programs is processed by RAM, in close coordination with its Program Officers.
- All direct beneficiaries who are provided financial/material support from U.S Government assistance must be vetted.
- All prime recipients'<sup>12</sup> field-based staff, and those headquarters-based staff who travel to the field to deliver trainings and support, must be vetted.
- Key staff and program personnel of subawards, including individuals who distribute stipend payments, must be vetted.
- Individuals who participate in a new activity more than 180 days after their initial vetting must be re-vetted; but key staff and program personnel who have been performing the same ongoing work for which they were first hired do not need to be re-vetted every 180 days.

Indirect beneficiaries, such as someone who attends an event or conference without receiving any material assistance or funds to cover associated costs, are not required to be vetted. In addition, "prime recipient staff based in the U.S." need not be vetted.<sup>13</sup>

DRL officials stated that they follow NEA's vetting guidance to vet recipients of their assistance. DRL officials also told OIG that they believed NEA's guidance was the official Department guidance. However, it was not. Moreover, DRL's practice is not formalized in any guidance.

### ***Federal Assistance Policy Directive 2.05-B***

Also in March 2015, A/OPE issued the Federal Assistance Policy Directive, which provided Department staff with a single reference source for many of the policies and regulations applicable to Federal financial assistance awards. Section 2.05-B, in particular, incorporated language from Grants Policy Directive 62 (which, in turn, had combined PIBs 2012-13 and 2012-14). However, whereas Grants Policy Directive 62 was limited to Afghanistan and the five pilot-program countries (Kenya, Guatemala, Lebanon, Philippines, and Ukraine), the Federal Assistance Policy Directive specifically required that all key personnel of implementing partners proposing high-risk programs and a random representative sample of non-high-risk programs

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<sup>12</sup> In this report, "implementing partners" are the same as "prime recipients."

<sup>13</sup> NEA's guidance also states that, "individual 'end user beneficiaries' of assistance provided by stipends for essential services, included, but not limited to school teachers, sanitation workers, civil engineers, medical personnel, bakers, garbage collectors, or local groups performing a community service" and "[c]ontract commitments that apply to the purchase of supplies, materials, equipment, or general labor" do not need to be vetted.

*in Syria* also be vetted via RAM.<sup>14</sup> Screening applicants' key personnel prior to issuing awards was required "to ensure [F]ederal assistance programs funded with foreign assistance appropriations funds and activities are not purposefully or inadvertently used to provide support to entities or individuals deemed to be a risk to national security."

Although the Federal Assistance Policy Directive incorporated Grants Policy Directive 62, it states that the directive can still be used as an "instrument of internal Department management to require Department staff to follow the policies and standards set forth." As such, Grants Policy Directive 62 should be used to supplement what is outlined in Federal Assistance Policy Directive 2.05-B, and both should be followed by bureaus providing Syrian non-lethal assistance.

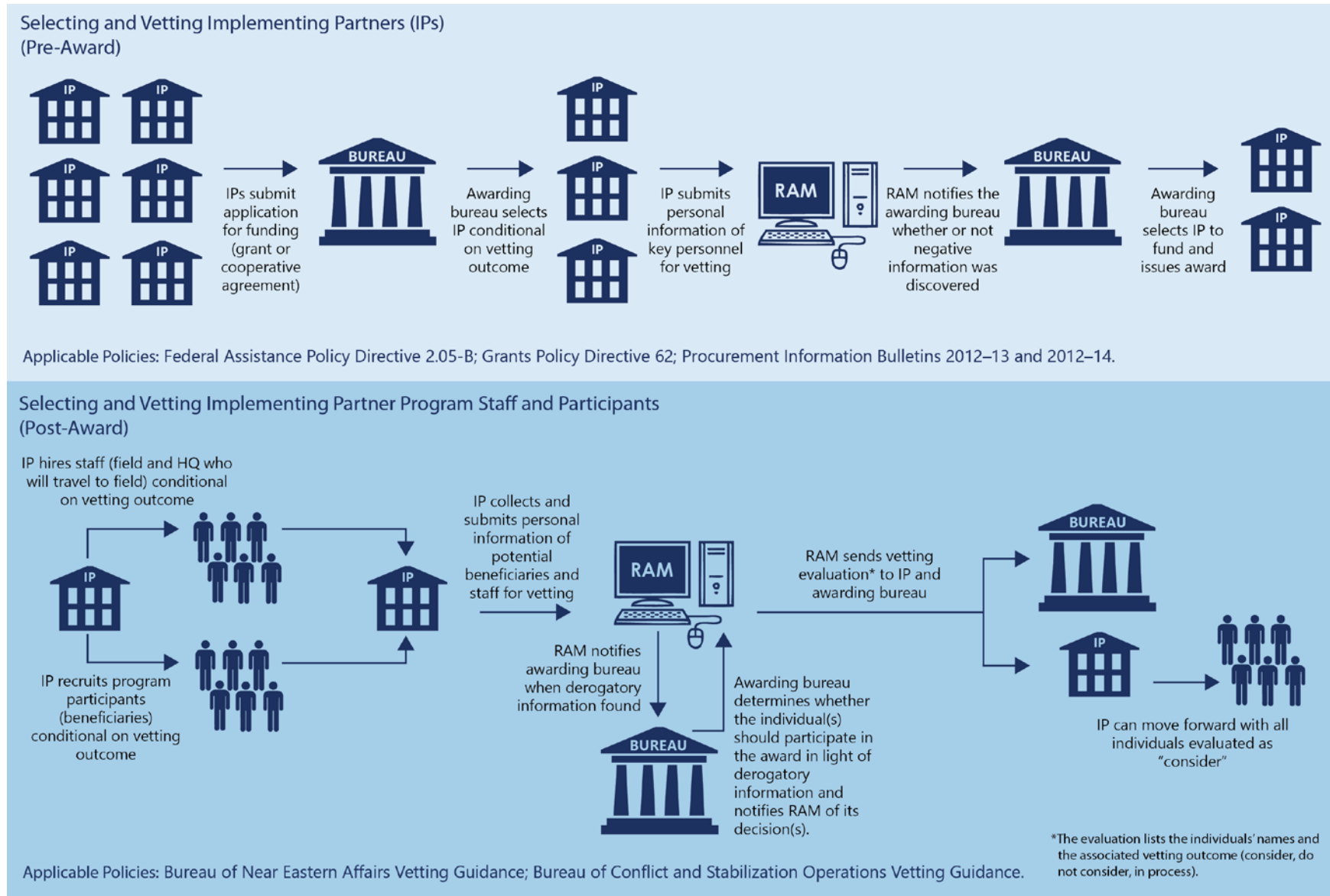
### **Roles and Responsibilities in the Department's Vetting Process**

Figure 1 summarizes the process established by current guidance for vetting implementing partners' key personnel, their program staff, and program participants, both before and after awarding a grant or cooperative agreement to provide Syrian non-lethal assistance. Each of the three main stakeholders—the implementing partner, the awarding bureau, and the RAM office—has a specific role and set of responsibilities in this process.

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<sup>14</sup> This guidance does not itself expressly define all Syria programs as high-risk, and, as explained previously, the preceding guidance on which this policy was based did not address Syria either. However, section 2.05-B refers to "vetting in Syria and Afghanistan" as distinct from vetting in the five-country pilot program. Moreover, a RAM official expressed her opinion that all Syria programs qualified as high-risk on the basis of the factors in the Negroponte memorandum. Additionally, in comments to a draft of this report, the Grants Division Chief for NEA stated that "[a]ll of NEA's Syria programs are designated high risk. In addition to the Negroponte memorandum factors, program management requires additional risk assessments related to operating risks and financial oversight." Accordingly, OIG concludes that all Syria programs are high-risk and are subject to pre-award RAM vetting.

Figure 1: Pre-Award and Post-Award Vetting Process



Source: OIG analysis of Department and bureau vetting policies and guidance.

### ***Implementing Partners***

Implementing partners collect the personal information of their key personnel, program staff, and program participants and submit this information to RAM for vetting. During the pre-award phase, before they are selected by the bureau to receive funds and implement an assistance program, the implementing partners collect information on their key personnel and submit it to RAM. Once they are awarded the funds, the implementing partners begin to hire a staff to carry out the program and select program participants to receive the assistance. The implementing partners are also responsible for collecting information on these individuals and submitting this information to RAM for vetting.

### ***Bureaus***

While the responsibility is on the implementing partners to submit the information of all necessary persons for vetting, it is the bureaus' responsibility, as part of their pre-award decision process, to ensure the required vetting has been completed in accordance with the Federal Assistance Policy Directive 2.05-B. For example, before the bureaus select the implementing partners to receive funds and implement assistance programs, they review the results of the RAM vetting process. In addition, bureau officials are to carefully review the information that the implementing partners submit when they apply for funds. After selecting the implementing partners for awards, the bureaus rely on them to collect and submit information (on key personnel, program staff, and participants) to RAM for vetting. The bureaus review the RAM vetting results and make their decisions accordingly.

### ***Office of Risk Analysis and Management***

RAM processes the vetting for the Department by checking the personal information of individuals provided by the bureaus' implementing partners against several public and government databases<sup>15</sup> to identify any derogatory information. Examples of derogatory information that RAM might uncover include human rights abuses, affiliation with known terrorist groups, inclusion on the Transportation Security Administration's no-fly list, and possible drug-related offenses. If any derogatory information is identified, the final decision regarding funding or receipt of assistance rests with the awarding bureau.

If the vetting is being performed as part of the pre-award process, RAM notifies the bureau if it finds any negative information. The bureau uses that information, among other things, in determining whether the Department should make an award to the applicant.<sup>16</sup> If the vetting is conducted after the award has been issued, and if RAM finds no derogatory information, RAM records the positive result (no derogatory information identified) in the individual's record in the RAM database and designates that person as "consider." If RAM identifies derogatory information, the individual's name is sent to the awarding bureau for further review. The

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<sup>15</sup> Public and government databases include an internal Department database, Google, World Check, World Compliance, and Accurant. In addition to open sources, the RAM staff also runs the recipients' names through classified databases.

<sup>16</sup> Successful passing of vetting is a condition of receiving an award. If negative information is found, the implementing partner does not pass absent a specific determination from the program office.

bureau—not RAM—determines whether to approve the individual to participate in the award or to designate that person as “do not consider.” As designations are made, RAM periodically sends the bureau program manager and the implementing partner a vetting evaluation that lists the individuals’ names who have been submitted to RAM and the associated vetting outcome (consider, do not consider, in process). The program manager then coordinates with the implementing partner to proceed with the project or training of those individuals listed as “consider.”

According to a RAM official, RAM vetted approximately 7,736 individuals for Syria assistance programs funded through NEA, DRL, and CSO from FY 2013 through January 31 of FY 2016. Of those 7,736 individuals, 612 (or 8 percent) were determined to have derogatory information that required further evaluation. Ultimately, the awarding bureaus determined that of those 612 individuals, 109 (or 18 percent) should be marked as “do not consider” and would not receive U.S. Government assistance.

### What OIG Reviewed for This Audit

OIG obtained a list of 19 grants and cooperative agreements that provide Syrian non-lethal assistance and were active in January 2016. Ten of these awards are cooperative agreements managed by NEA, collectively valued at more than \$120 million. The other nine comprise six grants and three cooperative agreements managed by DRL, with a total value of more than \$16.4 million. No CSO awards were included because that bureau discontinued its Syrian non-lethal assistance programming in spring 2015 and no longer has any active awards.

From the list of 19 active grants and cooperative agreements, OIG reviewed the vetting associated with 14 of these awards—5 of the NEA cooperative agreements, all 3 DRL cooperative agreements, and all 6 DRL grants—to (1) gain an understanding of the vetting practices, (2) determine whether key personnel of the implementing partners were vetted prior to the award being issued, (3) determine whether the implementing partners’ program staff and participants were vetted prior to working on the award or receiving assistance, and (4) determine whether any re-vetting was done.<sup>17</sup>

NEA’s active cooperative agreements, including the five awards OIG selected for review, are shown in Table 2. The selected NEA cooperative agreements include a mix of varying funding amounts, purposes, and lengths of performance periods. These five cooperative agreements were awarded to four implementing partners (one implementing partner received two awards). A list of the nine active cooperative agreements and grants awarded by DRL and reviewed by OIG is presented in Table 3.

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<sup>17</sup> Appendix A: Purpose, Scope, and Methodology contains details on how the 14 awards were selected.

**Table 2: NEA's Active Cooperative Agreements for Syrian Non-Lethal Assistance, as of January 2016**

Reviewed by OIG	Implementing Partner	Period of Performance	Award Amount	Non-Lethal Assistance Provided
✓	Implementing Partner A	01/16/16-07/16/17	\$10,000,000	Help local councils increase governance and legitimize the moderate opposition
✓	Implementing Partner A	04/01/15-06/30/16	46,000,000	Provide material/training to opposition units
	Implementing Partner A	04/01/15-03/31/16	13,100,000	Support local councils, build internal capacity, develop media outlets
	Implementing Partner A	05/01/15-03/31/16	7,000,000	Help combat extremist exploitation and decrease the risk of future violence
✓	Implementing Partner B	01/22/16-07/22/17	3,500,000	Increase local organizations' abilities to serve, represent, and advocate for all Syrians
✓	Implementing Partner C	04/01/15-09/30/16	500,000	Train and consult on political transition
✓	Implementing Partner D	09/30/14-09/29/16	11,000,000	Strengthen national/local governing structures
	Implementing Partner E	06/01/14-05/31/16	2,000,000	Build local organizational capacity, and support governance efforts and the development of strategies to meet future needs
	Implementing Partner F	12/17/12-09/30/16	20,000,000	Support Syrian activists, civil society, and opposition organizations
	Implementing Partner F	07/01/12-06/30/16	7,049,000	Assist organizations and activists
<b>Total</b>			<b>\$120,149,000</b>	

**Note:** The cooperative agreement with the implementing partners may include non-lethal assistance provided to other countries, in addition to Syria. Therefore, the non-lethal assistance provided specifically for Syria could be less than shown.

**Source:** OIG analysis of NEA data.



**Table 3: DRL's Active Cooperative Agreements and Grants for Syrian Non-Lethal Assistance, as of January 2016**

Reviewed by OIG	Implementing Partner	Period of Performance	Award Amount	Non-Lethal Assistance Provided
<i>Cooperative Agreements</i>				
✓	Implementing Partner G	04/29/15-04/30/16	\$2,179,207	Disburse emergency financial support to human rights defenders/advocates globally
✓	Implementing Partner H	08/31/15-06/30/16	360,999	Provide meaningful justice leading to lasting peace and respect for human rights
✓	Implementing Partner I	04/26/13-06/30/16	5,777,225	Train and assist journalists in digital and physical security
	<b>Subtotal</b>		<b>\$8,317,431</b>	
<i>Grants</i>				
✓	Implementing Partner J	09/17/14-10/31/16	\$1,652,474	Support independent, inclusive voices in communicating and advocating for citizens
✓	Implementing Partner C	09/22/14-03/31/17	1,602,475	Engage Syrian civil societies in an inclusive peace building and reconciliation process
✓	Implementing Partner K	08/09/13-12/31/16	1,142,000	Protect human and democratic rights and inter-communal reconciliation
✓	Implementing Partner L	09/24/13-03/31/16	495,050	Build a network of Syrian doctors to monitor/document human rights violations
✓	Implementing Partner M	09/22/12-06/30/16	2,190,500	Expand the free flow of communication in Syria
✓	Implementing Partner N	08/07/15-11/30/16	1,033,999	Support women for leadership roles
	<b>Subtotal</b>		<b>\$8,116,498</b>	
	<b>Total</b>		<b>\$16,433,929</b>	

**Note:** The cooperative agreement or grant provided to an implementing partner may include non-lethal assistance provided to other countries, in addition to Syria. Therefore, the non-lethal assistance provided specifically for Syria could be less than shown.

**Source:** OIG analysis of DRL data.

## AUDIT RESULTS

### Finding A: DRL Does Not Ensure That Its Implementing Partners' Key Personnel Are RAM Vetted Before Issuing Non-Lethal Assistance Awards

Federal Assistance Policy Directive 2.05-B, which was issued in March 2015, required that RAM vet potential implementing partners' key personnel for all Syria programs prior to the issuance of an award.<sup>18</sup> Of the 14 awards in OIG's judgmentally selected sample, 7 (4 NEA and 3 DRL) started after the Department began requiring RAM vetting of the implementing partners' key personnel before the bureaus issue Syria assistance awards. However, as shown in Table 4, OIG found that all four NEA awards were vetted via RAM during the pre-award process, but that none of DRL's awards were.

**Table 4: NEA and DRL Assistance Instruments That Required Pre-Award Vetting**

Implementing Partner	Awarding Bureau	Period of Performance	Pre-Award Vetting Completed	Pre-Award Vetting Not Completed
Implementing Partner A	NEA	01/16/16-07/16/17	✓	
Implementing Partner A	NEA	04/01/15-06/30/16	✓	
Implementing Partner B	NEA	01/22/16-07/22/17	✓	
Implementing Partner C	NEA	04/01/15-09/30/16	✓	
Implementing Partner G	DRL	04/29/15-04/30/16		✓
Implementing Partner H	DRL	08/31/15-06/30/16		✓
Implementing Partner N	DRL	08/07/15-11/30/16		✓

**Source:** Information provided by A/LM/RAM.

For the NEA awards, not only were the key personnel of the implementing partners vetted through RAM, but an NEA representative stated that the bureau also checked the System for Award Management (SAM.gov)<sup>19</sup> for suspension and debarment information on the key personnel of the implementing partner prior to issuance of awards.

<sup>18</sup> Federal Assistance Policy Directive 2.05-B requires RAM vetting for all key personnel of implementing partners proposing high-risk programs and a random representative sample of non-high-risk programs in Syria, Afghanistan, and the five pilot countries. Although no documentation exists from the Department that states all Syria programs are high-risk, an official said Syria would be defined as a high-risk environment on the basis of key risk factors established in the Negroponte memorandum. Additionally, as mentioned in footnote 14, the Grants Division Chief for NEA stated "[a]ll of NEA's Syria programs are designated high risk." On the basis of this information, OIG concludes that all Syria programs are high-risk and should be RAM vetted during the pre-award process.

<sup>19</sup> SAM.gov is a database on the Government's acquisition and award support system that consolidates information from the Central Contractor Registry, Federal Agency Registration, Online Representations and Certifications Applications, and Excluded Parties List System.

For the DRL awards, OIG confirmed with RAM that none of the key personnel associated with DRL's awards was vetted as part of the pre-award process. DRL representatives stated that they followed NEA's guidance (guidance for post-award vetting), which they believed was "informed by the Negrofonte guidance" (guidance for pre- and post-award vetting). They added that DRL "ensure[s] standard procedures are followed." DRL representatives explained that DRL officials (1) discuss the background and technical eligibility of every implementing partner's key personnel during the review of every proposal the bureau receives, (2) convene a panel of officials from different Department bureaus and the U.S. Agency for International Development to discuss the proposal and the background of the implementing partner's key staff, and (3) obtain information from SAM.gov. Additionally, one DRL official stated that "DRL vets [implementing partners'] duly authorized individuals, namely to the Director level, or other officials responsible for the management and direction of funds."

Even though DRL officials stated that they take a variety of other steps to vet the implementing partners' key personnel, by not using RAM they miss an opportunity to access additional information that may exist. Because RAM uses a number of databases, including classified databases, RAM may be able to uncover information of which DRL would otherwise be unaware. DRL's decision not to vet through RAM increases the likelihood that U.S. Government funds could be used to "purposefully or inadvertently provide support to entities or individuals deemed to be a risk to national security."

Because OIG makes three recommendations to DRL later in this report that, when implemented, will help ensure DRL's implementing partners' key personnel are vetted before issuing Syrian non-lethal assistance awards (see Recommendations 5, 6, and 7), OIG does not make any specific recommendations related to this finding.

## **Finding B: NEA and DRL Do Not Always Ensure Vetting and Re-vetting of Implementing Partner Staff and Participants After the Assistance Award Has Been Issued**

In addition to the Department's vetting policies, representatives from NEA and DRL stated that their bureaus also follow NEA's Syria vetting guidance—*Syrian Opposition Vetting Guidance for Grantees*—which outlines procedures for vetting and re-vetting award staff and participants post-award. However, OIG found that, after having issued the award, NEA and DRL did not always ensure implementing partners submitted information on their program staff or participants to RAM for vetting prior to the start of work or participation in program activities. In addition, OIG also found that, while the implementing partners submitted the information of program staff or participants to RAM for re-vetting in accordance with the guidance, NEA's re-vetting policy needs to be strengthened to ensure that those individuals still support the U.S. Government's objectives. Implementing partners told OIG that they believed the existing vetting policies and guidance were not applicable in some situations.

### *NEA Does Not Ensure All Implementing Partners' Staff Are Vetted Prior to Working on Awards*

NEA guidance states, "Only organizations and individuals who have successfully passed vetting may receive [U.S. Government] assistance." The guidance further states that "all direct beneficiaries who are provided financial and/or material support from [U.S. Government] assistance must be vetted." Direct beneficiaries, as defined in NEA's guidance, are those who receive funds or material assistance from the U.S. Government, including training participants who have received transportation allowance, per diem, lodging, and so forth. Other individuals who are also required to be vetted in order to receive U.S. Government assistance include all prime recipients' headquarters staff who travel to the field to deliver training and support, prime recipients' field-based staff, and subrecipients' key staff and program personnel.

OIG found that two of the five NEA cooperative agreements reviewed partially followed NEA's vetting guidance and three followed the vetting guidance by obtaining waivers.

#### *Two NEA Cooperative Agreements Partially Followed the Vetting Guidance*

With respect to Implementing Partner C's cooperative agreement, awarded to train and provide consultation on political transition in Syria, Implementing Partner C submitted to RAM for vetting the information of 26 potential beneficiaries. However, NEA did not ensure that three staff members in Implementing Partner C's Washington, DC, headquarters who traveled to the field to work on the program were vetted by RAM. Additionally, NEA did not ensure that RAM vetted a staff member who relocated from Implementing Partner C's Washington, DC, headquarters to work in the field as the program's Chief of Party. Implementing Partner C representatives stated they did not vet these staff members because they were U.S. citizens and they believed that U.S. citizens were exempt from the vetting requirements. However, NEA's guidance does not make any distinction regarding citizenship, stating that *all* prime recipients' headquarters staff who travel to the field to deliver training and support must be vetted. Accordingly, OIG believes that these individuals should have been vetted.

Likewise, with Implementing Partner D's cooperative agreement, awarded to provide assistance to local councils and organizations in an effort to strengthen the national and local governing structures, Implementing Partner D submitted the names of key staff and personnel of the local councils and organizations for vetting prior to providing assistance to those groups. However, Implementing Partner D did not submit for vetting one headquarters-based staff member who traveled to the field to deliver training and support.<sup>20</sup> To verify this information, OIG submitted a list of 20 names to the RAM office. RAM confirmed that all but one of the names had been submitted for vetting.

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<sup>20</sup> This award was issued in 2014, before NEA's *Syrian Opposition Vetting Guidance for Grantees* became applicable. An Implementing Partner D representative stated that he sought and received clarification from NEA and was advised to vet recipients in accordance with NEA's guidance.

When OIG asked NEA officials how the bureau ensures that all implementing partners' program staff members are vetted, an NEA official told OIG that the bureau does not ask for a list of names that the implementing partners submit to RAM for vetting. The NEA official stated that the vetting process is done on an "honor system." By expecting the implementing partners to self-identify the names of program staff members and aid beneficiaries they believe should be vetted and then actually submit those names to RAM for vetting, NEA risks having its aid inadvertently diverted from its intended purpose. To minimize the risk, NEA needs to develop and implement internal controls to verify that its implementing partners are submitting information on their staff for vetting in accordance with bureau policies and guidance before allowing the individuals to work on the non-lethal assistance programs.

### *Three NEA Cooperative Agreements Followed the Vetting Guidance by Obtaining Waivers*

In contrast, Implementing Partner B representatives (awarded a cooperative agreement to increase civil society organizations' advocacy for Syrians) stated at a meeting in March 2016 that they had submitted the personal information of 32 proposed staff members to RAM for vetting. From the 32 names, OIG selected a sample of 10 and confirmed with RAM that Implementing Partner B had submitted all 10 for vetting. At that time, RAM had vetting results for only one name. The other nine potential staff members were still awaiting results from RAM. However, five of these staff members were conditionally approved and granted waivers by NEA to begin working on the award as they awaited their vetting results. Implementing Partner B representatives stated that, if any of those individuals were not cleared, then they would no longer be working on the award. In June 2016, OIG followed up with Implementing Partner B and learned that RAM had cleared all 32 individuals by April 5, 2016. A representative from Implementing Partner B stated that, as of June 2016, a total of 213 potential staff members had their personal information submitted to RAM for vetting and 40 of them had been cleared. The representative also stated that any individuals not cleared by RAM would not work on or participate in the award.

An NEA official explained that, in some cases, it approves core staff of the implementing partners to proceed with activities while they await RAM vetting results. The NEA official explained that the bureau allows this because "these individuals pose a very low risk to [U.S. Government] personnel or assets." The official said that these individuals are those who typically travel to Turkey to support operational elements of a grant or to start up operations on a new grant. Notwithstanding NEA's authority in making these decisions, allowing a program to begin without obtaining vetting results could increase the risks that U.S. Government assistance could be inadvertently delivered to terrorists or their supporters.

Similarly, OIG found that Implementing Partner A, which was awarded two of the cooperative agreements reviewed, also followed NEA's guidance for vetting. An Implementing Partner A representative told OIG that for its award that provides material support to Syrian armed opposition units, it was agreed upon with CSO<sup>21</sup> at the time of the award that only the unit commanders and the key logisticians needed vetting. The representative also stated that all of

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<sup>21</sup> CSO awarded and oversaw the cooperative agreement prior to transferring it to NEA.

Implementing Partner A's field-based staff, and headquarters-based staff who travel to the field, were vetted. OIG observed Implementing Partner A's records that showed individuals' personal information, vetting evaluation dates, and a tracker to notify when the individual needed to be re-vetted and concluded that the staff and recipients were vetted prior to their involvement in the award. For the other award, which aims to increase governance capacity and legitimacy of the moderate opposition, all required staff of that award were vetted within the previous 180 days for other awards, so NEA approved them to work on this award. Implementing Partner A representatives stated that when the appropriate time arrives, all of those staff will be re-vetted.<sup>22</sup>

### ***DRL Does Not Ensure Program Staff or Participants Are Vetted Prior to Working on the Award***

According to DRL officials, DRL follows NEA's *Syrian Opposition Vetting Guidance for Grantees* for its Syria programs. However, OIG reviewed each of the nine active awards made by DRL and found two partially followed and seven did not follow NEA's vetting guidance.

#### *Two DRL Grants Partially Followed the Vetting Guidance*

With respect to Implementing Partner C's grant, which was awarded in September 2014<sup>23</sup> with the intent to help with peace building and reconciliation processes in Syria, Implementing Partner C did not submit the names of seven headquarters-based staff members who traveled to Syria to implement the award for RAM vetting. Again, because these staff members were U.S. citizens, Implementing Partner C believed that they were exempt from vetting. Implementing Partner C representatives came to this conclusion despite NEA's guidance that specifically states that "[a]ll prime recipient field based staff, including those individuals which are based at headquarters but travel to the field to deliver trainings and support," must be vetted. Implementing Partner C representatives told OIG that DRL officials (or NEA officials under its award with NEA) did not correct their misinterpretation. Implementing Partner C did, however, submit to RAM the names of all beneficiaries and two Syrian national staff members, which RAM subsequently vetted.

Likewise, with Implementing Partner N's grant, which was awarded in August 2015 and supports women in leadership roles in Syria, DRL did not ensure all necessary individuals were vetted by RAM prior to working on the award or being provided assistance, even though Implementing Partner N representatives stated they were vetted. When OIG asked RAM for information on 10 individuals that the representatives said were vetted, RAM officials stated 7 of the 10 the names were not in the RAM system. Of the remaining three individuals, a RAM official said that two had been

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<sup>22</sup> No direct beneficiaries for that award had been vetted as of the time of this audit because it was a new award and still in the startup phase. However, Implementing Partner A representatives affirmed that anyone from the local councils who will participate in the trainings will be vetted.

<sup>23</sup> Although this award was issued before NEA's vetting guidance became effective in June 2015, DRL officials stated that it had decided to have the award undergo RAM vetting. As such, DRL should have ensured that Implementing Partner C followed NEA's guidance.

vetted, but it could not determine if the other had been vetted, because the name was too common, so additional identifying information was needed to verify that individual.

### *Seven DRL Cooperative Agreements and Grants Did Not Follow the Vetting Guidance*

Although DRL officials stated that they follow NEA's vetting guidance, which requires RAM vetting of individuals who work on an award or receive assistance, DRL did not ensure that its implementing partners followed the guidance. Specifically, DRL's seven other implementing partners did not submit the names of any of their program staff or participants to RAM for vetting. Reasons these implementing partners gave for not submitting the names to RAM included (1) the original award did not contain language or conditions requiring the submission of names to RAM, (2) the implementing partner used some other vetting system such as SAM.gov or the Office of Foreign Asset Control, or (3) the program started prior to the RAM vetting requirement. Some of the implementing partners' representatives also said they had not received specific written policies from DRL on vetting recipients of non-lethal assistance or any guidance on how and when they should vet. These may be valid reasons from the perspective of the implementing partners, but DRL's insistence that it follows NEA's guidance should require it to ensure that all its implementing partners are following the same guidance. By allowing for "leeway," DRL cannot ensure that award recipients are appropriately vetted, which increases the risk that U.S. Government assistance could be inadvertently delivered to terrorists or their supporters.

In addition, a DRL official stated that, if an award involved multiple countries, DRL did not consider it to be within the scope of NEA's vetting guidance. For example, DRL did not believe the vetting requirement applied to the award to Implementing Partner G (to disburse short-term emergency financial support to human rights defenders and human rights advocates) because it was intended to assist human rights defenders globally, not just in Syria. However, these practices contradict NEA's vetting guidance, which states "Only organizations and individuals who have successfully passed vetting may receive [U.S. Government] assistance" and "[v]etting must be completed prior to an activity."

In short, DRL did not ensure that all required individuals were vetted through RAM in accordance with NEA's guidance, but it still allowed those individuals to work on the award or receive assistance. Similar to statements made by NEA officials, DRL officials stated that they rely on the implementing partners to select and review the participants because the implementing partners know the "in-country participants well and it is in the grantees best interest to select the most trusted participants." In addition, DRL officials stated they "[require] implementing partners to utilize additional [U.S. Government] vetting systems, including ... SAM.gov and [the Office of Foreign Asset Control], as well as vetting through the use of trusted in-country networks, to obtain reliable, relevant, and timely information on participants." However, again, by not knowing who is vetted, DRL creates an increased risk of aid being inadvertently diverted from its intended purpose. To minimize the risk, DRL officials should develop and implement internal controls to verify that its implementing partners are submitting information on their staff and program participants for vetting in accordance with NEA's vetting policies and guidance before allowing the individuals to work on or participate in the non-lethal assistance programs.



### ***NEA and DRL Re-Vet Implementing Partners' Staff and Assistance Recipients According to Guidance***

According to NEA guidance, individuals who participate in a new activity more than 180 days after their initial vetting must be re-vetted; but key staff and program personnel who have been performing the same ongoing work for which they were first hired do not need to be re-vetted every 180 days.

For the three NEA awards for which the 180-day re-vetting requirement was applicable, OIG found that re-vetting was completed. Specifically, OIG confirmed that individuals associated with the awards to Implementing Partner D, Implementing Partner C, and Implementing Partner A were re-vetted within the established timeframe.

For the two DRL awards for which the 180-day re-vetting requirement was applicable, OIG found that the individuals had been participating in the same activity since their original vetting date and therefore did not require re-vetting.

A CSO official told OIG that allegiances and affiliations within Syria frequently change. Because of this, OIG believes that re-vetting of the implementing partners' key personnel, program staff, and program participants throughout the duration of the awards helps ensure those individuals continue not to have terrorist or extremist affiliations. According to a CSO official, before CSO transferred all its Syrian non-lethal assistance programs to NEA in 2015, local staff members, upon being re-vetted, were found in some instances to have derogatory information. This CSO official told OIG that in one instance, a local staff member had changed his allegiance and that information was discovered through the re-vetting process. In addition, the official said the implementing partners themselves can also engage in improper conduct that, without close monitoring via re-vetting, could go undetected.

### ***Lack of a Consolidated and Detailed Department Vetting Guidance Contributes to Varied Implementation***

OIG believes the varied ways that vetting has been conducted for NEA and DRL Syria programs are, in part, a result of a lack of a single, consolidated Department-issued guidance in place to ensure that all bureaus are following the same defined procedures and that all implementing partners are fully aware of their role in meeting the vetting requirements. As stated above, Implementing Partner C representatives told OIG that they were unaware that NEA's *Syrian Opposition Vetting Guidance for Grantees* applied to U.S. citizens (and, therefore, they did not submit any such individuals for vetting). Additionally, DRL officials told OIG that they had determined that NEA's vetting guidance was not applicable to global awards, despite insisting that they follow NEA's guidance.<sup>24</sup> Allowing the implementing partners to follow NEA's guidance in

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<sup>24</sup> In comments to a draft of this report, the Principal Deputy Assistant Secretary for DRL stated that "DRL does follow NEA's guidance." Of the three DRL cooperative agreements OIG reviewed, "two DRL cooperative agreements referenced in this audit are global in their scope. Absent Syrian participants in global program activities which were

some cases and not in others weakens the overall vetting process. Combining all current guidance into a single Department-level policy, with specific details on the vetting process (both before the bureaus issue awards to the implementing partners and after the implementing partners receive funding and begin hiring staff and selecting program participants), would help correct the discrepancies in how vetting is accomplished and better protect Department funds.

The Department guidance could reiterate requirements in existing Department and bureau-level policy (NEA's *Syrian Opposition Vetting Guidance for Grantees*) but also include additional requirements. For example, the new Department-wide guidance could:

- Require bureaus to vet key personnel of the implementing partner before an award is given to that organization.
- Require vetting of all award staff who are overseas, or travel overseas, to work on the award, no matter their nationality, and of all assistance recipients.
- Clearly state who does and does not need to be vetted.
- Require re-vetting of individuals every 180 days, regardless of whether or not the individual is in the same position or activity or participates in a current or new program or activity.
- Require mandatory vetting through RAM for any active assistance instrument, regardless of when it was awarded.
- Clearly explain the parameters and approval process for obtaining waivers to the guidance.
- Clarify the roles and responsibilities of bureau officials, program officers, implementing partners, and others relative to the vetting process—including monitoring, oversight, and reporting requirements.
- Require implementing partners be trained on the RAM vetting process and requirements.

A new, single consolidated Department-issued guidance would provide clarity to the bureaus and implementing partners on what the vetting requirements are, and it would require NEA, DRL, and all other bureaus and offices providing non-lethal assistance to monitor the vetting process.

**Recommendation 1:** OIG recommends that the Under Secretary for Management consolidate and codify all current Syria vetting policies issued by the Department and bureaus into one detailed guidance explaining specifically how the vetting process should be carried out for Syrian awards. This consolidated guidance should be distributed to all bureaus once completed.

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conducted subsequent to DRL having begun RAM vetting for Syria[n] non-lethal assistance programs, the implementer had no reason to use RAM vetting.” However, documentation obtained by OIG shows that those two cooperative agreements provided Syrian non-lethal assistance after the requirement to vet through RAM became effective.

**Management Response:** The Office of Management Policy, Rightsizing, and Innovation (M/PRI) stated that the “Under Secretary for Management has formed a Vetting Policy Advisory Council, chaired by M/PRI, to review existing Department vetting policy and process, and develop follow-on policy for implementation after the conclusion of the congressionally-mandated vetting pilot program and in conjunction with vetting rulemaking. The review includes [NEA’s] process for vetting Syria foreign assistance programs.” M/PRI also stated that the Vetting Policy Advisory Council is undertaking a thorough review and update of the Negroponte guidance with the goal of memorializing it in the Foreign Affairs Manual. Once completed, the Department will apply the guidance worldwide.

M/PRI added that the Bureau of Near Eastern Affairs recently drafted vetting policy guidance that was approved on June 30, 2016, by other bureaus that provide Syria assistance including the Bureau of Political-Military Affairs, the Bureau of Counterterrorism, and the Bureau of Democracy, Human Rights, and Labor. M/PRI stated that this revised vetting policy for Syria satisfies OIG Recommendation 1.

**OIG Reply:** In an earlier draft of this report, OIG had directed the recommendation to A/OPE. A/OPE requested that OIG redirect this recommendation to the Under Secretary for Management. OIG subsequently modified the recommendation to direct it to the Under Secretary for Management.

On the basis of M/PRI’s agreement to review and update the Negroponte guidance and “memorializ[e]” it into the Foreign Affairs Manual, OIG considers this recommendation resolved, pending further action. The purpose of this recommendation is to have all existing Syrian vetting policies consolidated into one detailed guidance and have this guidance be codified and issued by the Department. This recommendation will be closed when OIG receives and accepts documentation demonstrating that the Under Secretary for Management has codified this consolidated, detailed Syria vetting guidance that explains specifically how the vetting process should be carried out and has distributed the guidance to all bureaus.

**Recommendation 2:** OIG recommends 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.

**Management Response:** NEA concurred with this recommendation, stating that “all implementing partners are aware of the NEA vetting guidance and it has been incorporated into the terms of their cooperative agreements.” Additionally, NEA stated that the current vetting guidance “was approved by the NEA Assistant Secretary on July 1, 2016, and communicated in writing to all [its] implementing partners on July 5, 2016.”

**OIG Reply:** On the basis of NEA’s concurrence, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA has distributed the vetting guidance from Recommendation 1 to its implementing partners.

**Recommendation 3:** OIG recommends 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.

**Management Response:** NEA concurred with this recommendation, explaining that for it to effectively verify that implementing partners are submitting accurate and complete biodata required for vetting, it requests assistance from RAM. Specifically, NEA requests access to RAM's vetting system or for RAM to adopt a more efficient notification process that would allow it to confirm that the implementer is compliant with the vetting requirements. NEA stated that, "[a]s the process currently stands, NEA is unable to confirm that the information has been submitted by logging into the system and must rely on the implementer to confirm submission." NEA also stated that, currently, it and other bureaus "only receive vetting results via .pdf lists, and it is extremely labor-intensive to sort through all .pdf lists to verify who has or has not been vetted, when, and their vetting determination."

**OIG Reply:** On the basis of NEA's concurrence, OIG considers this recommendation resolved, pending further action. The purpose of this recommendation is for NEA to implement controls to verify that its implementing partners are submitting information on aid recipients. NEA's request to have access to the RAM database could help it achieve this goal. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA has developed and implemented internal controls to verify that its implementing partners are submitting information on required individuals for vetting.

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

**Management Response:** NEA concurred with this recommendation, stating that it "already includes the vetting requirements for Syria programs in cooperative agreements signed with the implementers, and will update the terms and conditions as the policy evolves."

**OIG Reply:** On the basis of NEA's concurrence, OIG considers this recommendation resolved, pending further action. The purpose of this recommendation is to ensure that NEA includes in future award agreements any new Syria vetting guidance, such as guidance that the Undersecretary for Management could issue as a result of Recommendation 1. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA's future award agreements include any new Syrian vetting guidance.

**Recommendation 5:** OIG recommends that the Bureau of Democracy, Human Rights, and Labor distribute the consolidated vetting guidance from Recommendation 1 to implementing partners to make them aware of Department vetting requirements.

**Management Response:** DRL neither agreed nor disagreed with the recommendation, stating that once the Department issues a consolidated, codified policy for Syria vetting "with detailed guidance and processes, DRL will distribute this guidance to its implementing partners."

**OIG Reply:** On the basis of DRL's response, OIG considers this recommendation resolved, pending further action. Although the Bureau neither concurred nor disagreed with the recommendation, OIG accepts the description of the action the Bureau will take as evidence of its intent to implement the recommendation. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DRL has distributed the vetting guidance from Recommendation 1 to its implementing partners.

**Recommendation 6:** OIG recommends that the Bureau of Democracy, Human Rights, and Labor 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.

**Management Response:** DRL neither agreed nor disagreed with the recommendation, stating that once the Department issues a consolidated, codified policy for Syria vetting with detailed guidance and processes, DRL "will incorporate vetting processes in its standard Programming Policies and Procedures Manual." DRL also stated that for "countries which may be high-risk, DRL also provides its staff with annual training specifically on vetting, grant oversight, and monitoring."

**OIG Reply:** Because DRL provides its staff with annual training on vetting, grant oversight, and monitoring, OIG considers this recommendation resolved, pending further action. While DRL states that new Syrian guidance would be incorporated into its operating procedures, the purpose of this recommendation is to have DRL ensure the vetting process is being conducted as required and that all necessary persons are submitted for vetting in accordance with the guidance. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DRL has developed and implemented 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.

**Recommendation 7:** OIG recommends that the Bureau of Democracy, Human Rights, and Labor include in future award agreements the vetting requirements for Syria programs.

**Management Response:** DRL neither agreed nor disagreed with the recommendation but stated that it had "consulted with [the Office of Acquisitions Management], as the procurement office which drafts and prepares the official grant agreements, on the inclusion of vetting in future awards." Specifically, DRL stated that once the Department issues a consolidated, codified policy for Syria vetting with detailed guidance and processes, "DRL and [the Office of Acquisitions Management] will ensure that vetting requirements are included in future award agreements as appropriate."

**OIG Reply:** On the basis of DRL's statements that it has taken steps to fulfill the intent of this recommendation, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation (such as samples of new awards that contain the vetting requirements or implemented procedures to ensure that vetting requirements are included in future award agreements) demonstrating that DRL's future award agreements do and will include the vetting requirements for Syria programs.

## **Finding C: Lack of Direct Oversight and Long Processing Times Impede Effective Vetting and Program Execution**

Bureau officials and implementing partners identified several challenges related to the vetting process for recipients of Syrian non-lethal assistance. Because Syria is a high-risk environment, the Department has no personnel on the ground in-country to monitor and oversee non-lethal assistance programs. As a result, the reliability of the information the Department receives on potential beneficiaries is limited and the Department must rely on its implementing partners to carry out each program's objectives and to ensure non-lethal assistance is used as intended. The implementing partners also noted that, beginning in November 2015, RAM's vetting processing times for individuals significantly increased, from less than 1 week to more than 2 months.

### ***Limited Information on Recipients of Syrian Non-Lethal Assistance***

According to Department officials, the availability and quality of information used for vetting Syrian assistance recipients is limited, which constrains RAM's ability to fully vet those individuals. For example, a DRL official expressed concern that the U.S. Government databases may not have robust and current information on Syrian assistance recipients because the individuals constantly switch their allegiance among the warring factions within Syria. Those changes may not always be captured and reflected in the U.S. Government intelligence databases used by RAM to vet the recipients. In a February 11, 2015, hearing before the House of Representatives Committee on Homeland Security, Federal Bureau of Investigation Assistant Director for Counterterrorism Michael Steinbach stated, "the concern in Syria is that [the United States does not] have systems in place on the ground to collect the information to vet."<sup>25</sup> Consequently, a potential recipient who should have been marked "do not consider" might be cleared to participate in a Department-funded program because derogatory information may not have been uncovered. As a result of this lack of reliable information used in the vetting process, the risk of assistance being inadvertently provided to terrorists or their supporters increases. Even with its weakness, however, RAM vetting provides an additional mitigation measure and reduces the likelihood that U.S. Government funds are going to terrorist organizations, their members, or their supporters.

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<sup>25</sup> Federal Bureau of Investigation Assistant Director for Counterterrorism Michael Steinbach made this statement in the February 2015 hearing before the House Committee. See <https://www.gpo.gov/fdsys/pkg/CHRG-114hhrg94106/html/CHRG-114hhrg94106.htm>, accessed on December 24, 2015.

### ***Reliance on Implementing Partners for Information on Recipients of Syrian Non-Lethal Assistance***

Because Department personnel are not currently posted in Syria and are unable to directly collect and verify information on potential assistance recipients, bureau officials rely on their implementing partners for such information in an effort to ensure that non-lethal assistance reaches the intended recipients. This reliance on implementing partners requires that mechanisms be in place to promote closer collaboration and interaction between the implementing partners and the bureaus. According to the Foreign Affairs Handbook,<sup>26</sup> a grant is used when no substantial involvement between the agency and the recipient is anticipated during performance. In contrast, a cooperative agreement is used when substantial involvement between the agency and the recipient is anticipated during performance.<sup>27</sup> Cooperative agreements, rather than grants, are the more appropriate funding instruments, because the Department's closer involvement with the implementing partner would help ensure vetting is completed.

Moreover, without substantial program involvement or close monitoring by the bureaus in the administration of Syrian non-lethal assistance, the Department has limited influence on the performance of assistance activities. OIG identified varying levels of compliance with Department policy for three cooperative agreements and one grant in its September 2015 report *Management and Oversight of Non-Lethal Assistance Provided for the Syrian Crisis* (AUD-MERO-15-39). Specifically, OIG found that the bureaus did not sufficiently monitor the four implementing partners and that these weaknesses hindered the bureaus' ability to ensure award recipients performed required activities and the awards achieved their intended outcomes.

**Recommendation 8:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive, establish a policy to award new Syrian non-lethal assistance through cooperative agreements so that the bureaus involved will be better positioned to monitor the vetting of implementing partners' staff and assistance recipients.

**Management Response:** A/OPE did not concur with this recommendation, stating that the decision to award an assistance instrument as either a grant or cooperative agreement is determined by the degree of substantial programmatic involvement on the part of the Federal Government. A/OPE stated that all awards, whether grants or cooperative agreements, require specific pre-award and post-award actions (including risk assessments, monitoring, and evaluation) independent of the scale or scope of the program. A/OPE further stated that vetting falls under this category of Federal Government grants oversight and should apply to grants as well as cooperative agreements.

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<sup>26</sup> See 4 Foreign Affairs Handbook-3 H-612.1, "Assistance Categories"; and 4 Foreign Affairs Handbook-3 H-612.2, "Assistance Types."

<sup>27</sup> According to a DRL official, because the agencies are required to be more involved in the implementation of cooperative agreements, the Department takes on a greater liability. The DRL official stated that because grants allow the agencies to take a more hands-off approach, the Department has less of a liability.



**OIG Reply:** On the basis of A/OPE's non-concurrence, OIG considers this recommendation unresolved. A/OPE stated in its response that the decision to award an assistance instrument as either a grant or cooperative agreement is determined by the degree of substantial programmatic involvement on the part of the Federal Government. A/OPE's comment suggests that the decision to award the assistance through a grant or cooperative agreement is deliberative, a decision based on the Federal Government's determination of the level of involvement. However, OIG noted the objectives of some of DRL's grants are similar to the objectives of its cooperative agreements and of NEA's cooperative agreements. For example, the objectives of DRL's grants to Implementing Partner L and Implementing Partner K are similar to its cooperative agreements to Implementing Partner H and Implementing Partner G in that they all aim to promote the respect for human rights (see Table 3). Likewise, DRL's grant to Implementing Partner C and NEA's cooperative agreement to Implementing Partner F have a similar purpose as they both support Syrian civil society organizations. Moreover, these grants and cooperative agreements are implemented in the same environment: Syria.

On the basis of these facts, it appears that the Department has at least some discretion in determining what assistance vehicle to use based on the need for governmental programmatic involvement in the execution of the award. As stated in this report, in OIG's *Management and Oversight of Non-Lethal Assistance Provided for the Syrian Crisis* (AUD-MERO-15-39), the auditors found that Department bureaus did not sufficiently monitor the implementing partners and that these weaknesses hindered the bureaus' ability to ensure award recipients performed required activities and the awards achieved their intended outcomes. Consequently, OIG believes that any measure taken to strengthen the monitoring/oversight process should be seriously considered. Accordingly, OIG's recommendation that Syrian non-lethal assistance be provided through cooperative agreements rather than grants to the extent it is possible to do so is prudent because cooperative agreements require substantial involvement between the agency and the recipient during performance. This substantial involvement could facilitate monitoring the vetting of implementing partners' staff and assistance recipients.

This recommendation will be resolved when A/OPE either (a) agrees with the recommendation and provides a corrective action plan, with milestones for implementation, or (b) provides an acceptable alternative to meet the intent of the recommendation. The recommendation will be closed when OIG receives and accepts documentation demonstrating that A/OPE has fulfilled the intent of the recommendation, which is to increase ongoing coordination, communication, and monitoring.

### ***RAM Vetting Processing Time Has Increased***

Although gaps exist in the U.S. Government's databases, vetting through RAM has streamlined the process and reduced the amount of time program offices must spend on vetting assistance recipients. With that said, RAM's vetting processing times have dramatically increased in recent months, causing delays in program implementation. Prior to November 2015, according to the implementing partners, RAM took an average of 4 to 6 business days to return results from its

vetting process. The implementing partners reported that RAM is now taking 2 to 3 months to return vetting results. OIG reviewed the time it took to receive RAM vetting results for 50 individuals and found that, at the end of 2015 and continuing in 2016, the processing time to vet an individual was typically at least 2 months. A RAM official explained that they run checks against an intelligence agency's database for vetting information. However, in November 2015, contractual issues at that intelligence agency caused a reduction in staffing at the same time other international events significantly increased that agency's vetting workload. The RAM official said that the subsequent "bottleneck" has kept the RAM office from receiving the information it needs to begin the vetting process, which has resulted in increased vetting processing times.

According to the implementing partners, the delays in vetting have impeded their ability to carry out the bureaus' assistance programs. For example, NEA awarded Implementing Partner B a cooperative agreement to increase local organizations' abilities to serve, represent, and advocate for all Syrians in January 2016, with \$3.5 million obligated for the first 6 months of the program. At that time, Implementing Partner B submitted a list of 32 names of potential staff to RAM for vetting but had to wait about 3 months for RAM to fully vet the individuals on this list. Only after the initial tranche of staff members was vetted and cleared was Implementing Partner B able to begin identifying potential beneficiaries and submitting their personal information to RAM for vetting. Implementing Partner B officials stated that the delays placed tremendous pressure on the organization to complete the initial goals of the program by the end of that 6-month performance period in July 2016.

**Recommendation 9:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive, notify the bureaus to include needed Risk Analysis and Management vetting time in grant performance periods when awarding grants for non-lethal Syrian assistance and incorporate this instruction within its consolidated vetting guidance in Recommendation 1.

**Management Response:** A/OPE concurred with this recommendation, stating it will update the Federal Assistance Policy Directive to reflect the recommendation that bureaus consider RAM vetting time when determining the period of performance for grants for Syrian non-lethal assistance. A/OPE also stated that the updated policy will be shared with all relevant bureaus as part of the vetting policy development referenced in Recommendation 1.

**OIG Reply:** On the basis of A/OPE's concurrence and the steps it said it will undertake to implement the recommendation, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that A/OPE has updated the Federal Assistance Policy Directive to reflect the recommendation and distributed the updated policy to all relevant bureaus.

## RECOMMENDATIONS

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**Recommendation 1:** OIG recommends that the Under Secretary for Management consolidate and codify all current Syria vetting policies issued by the Department and bureaus into one detailed guidance explaining specifically how the vetting process should be carried out for Syrian awards. This consolidated guidance should be distributed to all bureaus once completed.

**Recommendation 2:** OIG recommends 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.

**Recommendation 3:** OIG recommends 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.

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

**Recommendation 5:** OIG recommends that the Bureau of Democracy, Human Rights, and Labor distribute the consolidated vetting guidance from Recommendation 1 to implementing partners to make them aware of Department vetting requirements.

**Recommendation 6:** OIG recommends that the Bureau of Democracy, Human Rights, and Labor 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.

**Recommendation 7:** OIG recommends that the Bureau of Democracy, Human Rights, and Labor include in future award agreements the vetting requirements for Syria programs.

**Recommendation 8:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive, establish a policy to award new Syrian non-lethal assistance through cooperative agreements so that the bureaus involved will be better positioned to monitor the vetting of implementing partners' staff and assistance recipients.

**Recommendation 9:** OIG recommends that the Bureau of Administration, Office of the Procurement Executive, notify the bureaus to include needed Risk Analysis and Management vetting time in grant performance periods when awarding grants for non-lethal Syrian assistance and incorporate this instruction within its consolidated vetting guidance in Recommendation 1.

## APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

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The Office of Inspector General (OIG) initiated this audit under the authority of the Inspector General Act of 1978, as amended, to determine the Department of State's (Department) vetting process for Syrian non-lethal assistance. In addition, OIG also initiated this audit under the authority of Section 8L of the Inspector General Act, which requires that OIG participate actively in oversight of two Overseas Contingency Operations: Operation Inherent Resolve to defeat the Islamic State of Iraq and the Levant and Operation Freedom's Sentinel to train, advise, and assist Afghan security forces and conduct counterterrorism missions against the remnants of Al-Qaeda in Afghanistan.

The objectives of the audit were to (1) determine the extent to which non-lethal assistance recipients and implementing partners' key personnel and staff were vetted in accordance with established guidance and (2) identify challenges, if any, to the effectiveness of the vetting process.

OIG conducted this audit from September 2015 to September 2016 in Washington, DC. The audit team focused on the Department's vetting process for recipients of Syrian non-lethal assistance to determine the extent to which non-lethal assistance recipients and implementing partners' key personnel and staff were vetted in accordance with established guidance. To determine this, OIG interviewed Department officials from the Bureaus of Near Eastern Affairs (NEA); Democracy, Human Rights, and Labor (DRL); and Conflict and Stabilization Operations (CSO) to gain an understanding of whether they followed the vetting policies, what vetting systems (such as the Office of Risk Analysis and Management, or RAM) they used, and how they interacted with their implementing partners. OIG interviewed RAM representatives to further understand RAM's role in the vetting process and reviewed the vetting practices of the bureaus involved. OIG also interviewed representatives from the implementing partners to understand their involvement in the RAM vetting process, how assistance is dispersed, and how they collaborated with the bureaus throughout the process.

OIG conducted this audit in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. OIG believes the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

### Review of Internal Controls

OIG performed steps to assess the adequacy of internal controls related to the areas audited. The audit team performed interviews, and received documents from NEA, DRL, CSO, RAM, and the various implementing partners supporting them. The team also observed internal control practices concerning the vetting process. Internal control deficiencies identified during the audit are presented in the Audit Results section of this report.

## Use of Reliable Data

To gain knowledge about the data and the vetting system used, OIG initially obtained from NEA and DRL a list of all of their grants and cooperative agreements that provide Syrian non-lethal assistance and were active during the timeframe of FY 2013 through the second quarter of FY 2016. OIG reviewed the information provided by the bureaus and compared it with information contained in [www.grantsolutions.gov](http://www.grantsolutions.gov), managed by the Administration for Children and Families within the U.S. Department of Health and Human Services in partnership with the Denali Commission.

NEA provided OIG with an updated spreadsheet that listed NEA's 12 assistance instruments, which were all cooperative agreements. OIG reviewed NEA's spreadsheet and found nine of the cooperative agreements were active as of March 22, 2016, and three ended in 2015. The documentation OIG extracted from [www.grantsolutions.gov](http://www.grantsolutions.gov) verified the information provided by NEA, and identified an additional active cooperative agreement, for a total of 10 active NEA cooperative agreements. NEA later corrected the discrepancy in a new spreadsheet provided to OIG.

DRL provided OIG with an updated spreadsheet that listed DRL's nine assistance instruments, which included six grants and three cooperative agreements, all of which were active. Three grants and one cooperative agreement had start dates of 2013 or earlier, two grants began in 2014, and one grant and two cooperative agreements began in 2015. All have end dates in 2016, except for one grant with a 2017 end date. The documentation OIG extracted from [www.grantsolutions.gov](http://www.grantsolutions.gov) verified the information provided by DRL.

OIG reviewed the information provided by NEA and DRL and determined that it provided the audit team with adequate information to fulfill the audit objectives. In addition to collecting information on NEA's and DRL's grants and cooperative agreements, OIG asked the respective implementing partners to provide a complete list of names submitted for RAM vetting for four of the assistance instruments. Specifically, the audit team requested a list of all vetted individuals, or individuals submitted for vetting, for the implementing partners' audited awards. The implementing partners provided this information and, in some instances, stated it represented a complete record of vetted individuals or individuals submitted for vetting for their program.

Although the vetted individuals were not confirmed by the programs, OIG determined the information provided on the names submitted for RAM vetting was adequate to fulfill the audit objectives.

## Sampling Methodology

The audit team reviewed the processes employed by the bureaus and RAM for vetting implementing partners' program staff and recipients of Syrian non-lethal assistance. The sampling objective was to establish a target universe of assistance instruments—grants and cooperative agreements—that would provide the audit team with an adequate representative sample to determine whether and how the RAM vetting process is being implemented by the bureaus (NEA and DRL).

OIG used the spreadsheets provided by NEA and DRL, and the information it extracted from [www.grantsolutions.gov](http://www.grantsolutions.gov), to identify NEA's 10 active cooperative agreements and DRL's 6 active grants and 3 active cooperative agreements as the universe of interest. The audit team divided the universe into two sampling groups—NEA's assistance instruments, and DRL's assistance instruments. The audit team consulted OIG's statistician to determine an appropriate sample design to use. The team decided on a judgment sample on the basis of the team's assessment of which assistance instruments were most representative of the universe. For NEA's 10 active cooperative agreements, the audit team considered the dollar figures of each instrument and selected 5 NEA cooperative agreements that provided a differentiating range of funding amounts and assorted purposes. OIG selected one of Implementing Partner A's awards because it was the largest monetary award and it is the only award that provides support to the Syrian armed moderate opposition. Implementing Partner D's award was selected because the award was the only one with the main purpose of providing small monetary awards, rather than goods or services, to local organizations. Implementing Partner C's award was selected because the implementing partner also had an award with DRL and OIG wanted to compare the vetting processes of DRL and NEA. Finally, OIG selected Implementing Partner B's award and another of Implementing Partner A's awards because at the time of the sample selection, both cooperative agreements were recently awarded and OIG wanted to determine if any differences exist in how vetting was being conducted for newer awards.

The judgment sample the audit team selected from DRL's assistance instruments was based on information OIG received from DRL that suggested only three of their instruments were using the RAM system. OIG selected two of these instruments for its initial sample. However, the audit team found some inconsistencies when assessing which assistance instruments DRL requires to perform RAM vetting, as DRL said that many were not required to perform RAM vetting because they were global awards or were awarded prior to when DRL began requiring RAM vetting. This prompted the audit team to review all nine DRL assistance instruments with the appropriate implementing partner to determine which had, or had not, vetted individuals.

OIG met separately with each implementing partner of NEA's awards. To determine the consistency of the processes carried out by each bureau and implementing partner, OIG asked representatives from each implementing partner the same set of questions. OIG separately emailed the DRL implementing partners the same set of questions to determine if they were submitting individuals to be vetted by RAM and, if so, the extent to which they were following NEA's vetting guidance for grantees. The approaches and processes used by NEA and DRL are presented in the Audit Results section of this report.

## APPENDIX B: TYPES OF VETTING

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Type of Vetting	Description
Counterterrorism Vetting	<p>This vetting is performed by the Office of Risk Analysis and Management and checks individuals' personal information against a number of classified and public databases to determine whether any derogatory information exists on those people. This process is completed during both the pre-award phase and after an award has been issued to an implementing partner. In the pre-award phase, potential implementing partners' key personnel are vetted, and the outcome of the vetting is used by the awarding bureau as a special responsibility factor when making the decision on whether to fund the implementing partners. After the award has been issued, the Office of Risk Analysis and Management vets potential assistance beneficiaries and a number of implementing partner staff. In that instance, those who do not have derogatory information are cleared to receive assistance or work on the award. Those who are found to have derogatory information are further reviewed by bureau personnel who determine whether to move forward with providing assistance to those individuals or allowing the individuals to work on the award. Counterterrorism vetting is performed to screen individuals for terrorist or extremist affiliations.</p>
Leahy Vetting	<p>This vetting is conducted in partnership with the Bureau of Democracy, Human Rights, and Labor. It is performed for assistance provided by the U.S. Government to security forces of a foreign country in an effort to mitigate the risk that support is provided to gross violators of human rights. Leahy vetting does not apply to the non-lethal assistance provided to Syria because the recipients who are armed actors are security actors affiliated with the moderate opposition and not the security forces of a foreign country.</p>
System for Award Management	<p>The System for Award Management is the official U.S. Government database system that consolidates information from the Central Contractor Registry, Federal Agency Registration, Online Representations and Certifications Applications, and Excluded Parties List System. It does not check for individuals but rather checks organizations for such items as suspensions and debarments and other derogatory information.</p>



## APPENDIX C: BUREAU OF NEAR EASTERN AFFAIRS 2015 *SYRIAN OPPOSITION VETTING GUIDANCE FOR GRANTEES*

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### BUREAU OF NEAR EASTERN AFFAIRS OFFICE OF ASSISTANCE COORDINATION

#### Syrian Opposition Vetting Guidance for Grantees

**Summary:** Grantees and their sub-grantees must comply with all relevant laws and regulations regarding United States Government (USG) vetting requirements, outlined in the Terms and Conditions of the award, including but not limited to the sanctions set forth in the Syria Accountability and Lebanese Sovereignty Restoration Act and Executive Orders 13315, 13224, 13382, and 13338.

U.S. law prohibits the provision of foreign assistance to members of designated foreign terrorist organizations. Only organizations and individuals who have successfully passed vetting may receive USG assistance. Individuals refusing to provide vetting data – or who provide false data – will not be eligible to receive USG assistance. Individuals who do not successfully pass vetting will not be eligible to receive assistance. Vetting must be completed prior to an activity and may not occur retroactively. All vetting for NEA/AC programs is processed by the Office of Risk Analysis Management (RAM), in close coordination with NEA/AC Program Officers.

**Scope:** All direct beneficiaries<sup>1</sup> who are provided financial and/or material support from USG assistance must be vetted.

The following groups/individuals must be vetted in order to receive USG assistance:

- Key staff and program personnel in an organization or council included in a sub-award proposal regardless of dollar amount. This includes individuals who distribute stipend payments.
- Participants/trainees or other individuals who receive USG financial and material assistance (e.g. a transportation allowance to attend training, per diem, lodging, etc.).<sup>2</sup>
- Contractors with substantive knowledge or involvement in program activities.
- All prime recipient field based staff, including those individuals which are based at headquarters but travel to the field to deliver trainings and support.
- In addition, all armed/security actors will be vetted for gross human rights abuses and serious violations of international humanitarian law at the commander level.

All indirect beneficiaries<sup>3</sup> do not need to be vetted. The following groups/individuals do not need to be vetted in order to receive USG assistance:

- Individual “end user beneficiaries” of assistance provided by stipends for essential services, included, but not limited to school teachers, sanitation workers, civil engineers, medical personnel, bakers, garbage collectors, or local groups performing a community service.
- Contract commitments that apply to the purchase of supplies, materials, equipment, or general labor.

<sup>1</sup> A direct beneficiary of USG funds is defined a person who has received funds or material assistance from the USG such as a training participant who has received a transportation allowance, per diem, lodging, etc.

<sup>2</sup> Under the Armed Moderate Opposition Support program, individuals must be re-vetted if there is a change in the leadership or substantial change in the logistics area of their unit as well as when five months have passed after beneficiaries previously passed vetting (to allow processing before the six month point where vetting expires).

<sup>3</sup> An indirect beneficiary is defined as someone who attends an event such as a Training of Trainers or a conference but does not receive any material assistance or funds for travel costs, hotel costs, etc.

**BUREAU OF NEAR EASTERN AFFAIRS  
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- All prime recipient staff based in the U.S.

Individuals who participate in a new activity more than 180 days<sup>4</sup> after their original vet must be re-vetted. While individuals who participate in new activities<sup>5</sup> less than 180 days after their original vetting approval will not be re-vetted, the grantee must still provide bio data to the USG.

**Responsibilities**

- Grantee(s) are responsible for obtaining names and bio data of potential individual recipients of USG assistance prior to training and/or release of non-lethal equipment or funds to Syrian opposition. The Beneficiary Registration Form/Vetting Requirement Worksheet (VRW) contains the biometric data fields required for training and/or release of non-lethal assistance (Tab A).<sup>6</sup> Grantee(s) are responsible for submitting to RAM names of individual beneficiaries no later than 15 business days in advance of training/beneficiary movement and/or release of equipment to beneficiaries.
- NEA/AC Programming Officer(s) are responsible for generating and submitting a 4221 form (see Tab C) to RAM creating a RAM/RAI contract authorizing the grantee to input beneficiaries and bio-data into the secure RAM system. The RAI contract links a particular project or training to a specific grantee and activity code. The NEA/AC Program Officer will use agreed upon naming convention that identifies the grantee; activity title; activity code; and workshop, if applicable. The 4221 form also provides a brief project/training description and activity period of performance, in addition to identifying the grantee's Authorizing Official and Data Entry personnel.
- Grantee(s) are responsible for inputting appropriate bio-data for each designated activity from the Beneficiary Registration Form/Vetting Requirement Form (VRW) into the RAM system. (See Form DS-4184)
- RAM vetting officer(s) process the names and return results within 15 business days. Additional business days may be required for recipient candidates who require further review based on available reporting.
- RAM vetting officer(s) send a PDF file evaluation of names associated with the designated project or training, identifying the beneficiaries by three categories:
  - 'Consider:' Beneficiaries who are authorized for USG assistance
  - 'In Process:' Beneficiaries who are still under investigation

<sup>4</sup> Key staff and program personnel (e.g. individuals who have been performing the same ongoing work for which they were first hired to do) do not need to re-vetted every 180 days. These individuals would only need to re-vetted if any potential issues arose, or when their contracts were up for extension.

<sup>5</sup> 'New Activities' are defined as trainings or events which significantly differ from previous activities in scope. Individuals who participate in a new activity more than 180 days after their original vet must be re-vetted. While individuals who participate in new activities less than 180 days after their original vetting approval will not be re-vetted, the grantee must still provide bio-data to the USG. If someone attends training in January, and was being considered for participation in an additional training in September, they would need to be re-vetted.

<sup>6</sup> For armed/security actors, additional biometric data fields are required. See Tab B for the armed/security actor-specific VRW.

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OFFICE OF ASSISTANCE COORDINATION**

- ‘Do Not Consider.’ Beneficiaries who are not authorized for USG assistance

The evaluation is sent to NEA/AC Program Officer(s), grantee-assigned vetting staff, and NEA/AC Vetting Facilitators.

- NEA/AC Program Officer(s) then coordinate with the implementing partner and proceed with the project or training with the names authorized by the RAM Vetting Officer(s).

**Required Bio Data:** The vetting protocol for Syria assistance requires the following bio data for all potential beneficiaries:

- Full name (first, middle/father’s, last)
- Alias
- Complete date of birth
- Gender
- Passport or national ID number and country of issuance
- Nationalit(ies)
- Telephone number (including country and area codes)\*
- E-mail address\*
- Skype name\*
- Place of residence (province and municipality/town)
- Place of birth (province and municipality/town)
- Opposition group/unit/organization affiliation (if any)
- Location of current group/unit/organization
- Position/rank in current group/unit/organization
- Description of duties in current group/unit/organization
- Date joined current group/unit/organization
- Previous profession

For armed/security personnel who defected from the Syrian Arab Republic Government (SARG), the following bio data is also required (See Tab B):

- Previous SARG ministry and unit
- Previous position (title/rank)
- Description of duties
- Time served (MM/YYYY to MM/YYYY)
- Location of previous unit, facility or station

\*If no telephone number is available, valid justification is required to be included in text box at final submission, and an e-mail address and Skype name must be included. Likewise, an email address and/or Skype name are required, and absence thereof requires valid justification. Regardless, **each vetting submission must include at least two of these three forms of contact information.** Skype name submissions must be accompanied by an e-mail address; it is not possible to obtain a Skype name without an e-mail address.

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Incomplete data will not be processed.

**Point of Contact:** The grantee and their sub-grantee's should contact their Grants Officer Representative, copying the Grants Officer for guidance if there are questions not directly addressed by this written vetting guidance or if any guidance is unclear.

Attachments:

Tab A: Beneficiary Form Vetting Requirement Worksheet

Tab B: Beneficiary Form Vetting Requirement Worksheet for Security/Armed Actors

Tab C: NEA Grantee RAM Portal Instructions



## APPENDIX D: BUREAU OF NEAR EASTERN AFFAIRS RESPONSE

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United States Department of State

Washington, D.C. 20520

September 30, 2016

UNCLASSIFIED  
**MEMORANDUM**

TO: OIG/AUD – Norman P. Brown

FROM: NEA – Assistant Secretary Anne Patterson

A handwritten signature in black ink that reads "Anne W. Patterson".

SUBJECT: Draft OIG Report on Audit of the Department of State's *Vetting Process for Syrian Non-Lethal Assistance*

Thank you for providing NEA the opportunity to provide comments on the Office of Inspector General (OIG) draft report. Below please find comments and feedback regarding actions we have taken or plan to take in response to all three NEA specific recommendations.

**Recommendation Responses**

OIG Report Recommendation 2:

OIG recommends 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.

NEA Response:

NEA concurs with this recommendation. Currently, all implementing partners are aware of the NEA vetting guidance and it has been incorporated into the terms of their cooperative agreements. The current vetting guidance was approved by the NEA Assistant Secretary on July 1, 2016 and communicated in writing to all NEA/AC implementing partners on July 5, 2016.

OIG Report Recommendation 3:

OIG recommends 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.

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NEA Response:

NEA concurs with this recommendation with explanation. In order to effectively verify that implementing partners are submitting accurate and complete biodata required for vetting, NEA requests the assistance of the Office of Risk Analysis and Management (RAM) in developing internal controls that would either allow NEA staff to access RAM's systems in some capacity or adapt a more efficient notification process that would allow the Bureau to confirm that the implementer is compliant with the vetting requirements. As the process currently stands, NEA is unable to confirm that the information has been submitted by logging into the system and must rely on the implementer to confirm submission. Currently, NEA and other bureaus only receive vetting results via PDF lists, and it is extremely labor-intensive to sort through all PDF lists to verify who has or has not been vetted, when, and their vetting determination.

OIG Report Recommendation 4:

OIG recommends that the Bureau of Near Eastern Affairs include in future award agreements the vetting requirements for Syrian programs.

NEA Response:

NEA concurs with this recommendation. NEA already includes the vetting requirements for Syrian programs in cooperative agreements signed with the implementers, and will update the terms and conditions as the policy evolves.

Should you have any additional questions or concerns, please contact the Division Chief of the Grants Management Department in the Office of Assistance Coordination, Greg Young ([YoungGM@state.gov](mailto:YoungGM@state.gov)).

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## APPENDIX E: BUREAU OF DEMOCRACY, HUMAN RIGHTS, AND LABOR RESPONSE

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United States Department of State

Washington, D.C. 20520

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October 21, 2016

TO:           OIG/AUD – Norman P. Brown

FROM:       DRL – Virginia Bennett   
Principal Deputy Assistant Secretary

SUBJECT:   Draft Report on *Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance*

DRL appreciates the opportunity to review the written draft report on *Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance* and recommendations. Below please find the Bureau's responses to address those recommendations moving forward, as well correcting some inaccuracies regarding DRL's vetting process for programs involving Syrian non-lethal assistance.

**Finding A: DRL is not ensuring that its implementing partners' key personnel are RAM vetted before issuing non-lethal assistance awards.**

- The OIG report notes that "DRL officials told OIG that they had determined that NEA's vetting guidance was not applicable to global awards, despite insisting that they follow NEA's guidance."
  - DRL Comment: As noted above, DRL does follow NEA's guidance. The two DRL cooperative agreements referenced in this audit are global in their scope. Absent Syrian participants in global program activities which were conducted subsequent to DRL having begun RAM vetting for Syria non-lethal assistance programs, the implementer had no reason to use RAM vetting.
- Further, OIG notes in the report that "DRL officials stated that they rely on the implementing partners to select and review the participants because the implementing partners know the "in-country participants well and it is in the grantees best interest to select the most trusted participants." Again, by not knowing who is vetted, DRL creates an increased risk of aid being inadvertently diverted from its intended purpose."
  - DRL comment: DRL requires implementing partners to utilize additional USG vetting systems, including but not limited to SAM.gov and OFAC, as well as vetting through the use of trusted

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in-country networks, to obtain reliable, relevant, and timely information on participants, particularly in such a fluid security context as Syria. As DRL plans to adhere to the consolidated Bureau vetting process for Syria assistance, there will be greater oversight and DRL involvement in beneficiary selection.

**Finding B: NEA and DRL are not always ensuring vetting and re-vetting of implementing partner staff and participants after the assistance award has been issued**

**Recommendation 5:** OIG recommends that the Bureau of Democracy, Human Rights, and Labor distribute the consolidated vetting guidance from Recommendation 1 to implementing partners to make them aware of Department vetting requirements.

- DRL Response: Once a consolidated, codified policy for Syria vetting is issued by the Department with detailed guidance and processes, DRL will distribute this guidance to its implementing partners.

**Recommendation 6:** OIG recommends that the Bureau of Democracy, Human Rights, and Labor 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.

- Once a consolidated, codified policy for Syria vetting is issued by the Department with detailed guidance and processes, DRL will incorporate vetting processes in its standard Programming Policies and Procedures Manual. For countries which may be high-risk, DRL also provides staff with annual training specifically on vetting, grant oversight, and monitoring.

**Recommendation 7:** OIG recommends that the Bureau of Democracy, Human Rights, and Labor include in future award agreements the vetting requirements for all Syrian programs.

- DRL Comment: DRL has also consulted with AQM, as the procurement office which drafts and prepares the official grant agreements, on the inclusion of vetting in future awards. Once a consolidated, codified policy for Syria vetting is issued by the Department with detailed guidance and processes, DRL and AQM will ensure that vetting requirements are included in future award agreements as appropriate.

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## APPENDIX F: BUREAU OF ADMINISTRATION, OFFICE OF THE PROCUREMENT EXECUTIVE RESPONSE

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United States Department of State

Washington, D.C. 20520

September 29, 2016

**UNCLASSIFIED**  
**MEMORANDUM**

**TO:** OIG/AUD/ACFD – Norman P. Brown

**FROM:** A/OPE – Corey Rindner *Corey Rindner*

**SUBJECT:** Response – *Draft Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance* (AUD-MERO-17-XX, Sept. 2016)

Thank you for providing A/OPE the opportunity to comment on the Office of Inspector General (OIG) draft report. Below please find our responses to the three recommendations assigned to OPE.

The primary point of contact for A/OPE's response to this draft audit is Steven Mackey (703) 812-2526.

**Recommendation Responses**

**Recommendation 1:**

OIG recommends that the Bureau of Administration, Office of the Procurement Executive, consolidate and codify all current Syria vetting policies issued by the Department and bureaus into one detailed guidance explaining specifically how the vetting process should be carried out for Syrian awards. This consolidated guidance should be distributed to all bureaus once completed.

**A/OPE Response:**

A/OPE concurs with this recommendation. However, the Office of the Procurement Executive (A/OPE) promulgates requirements for vetting in its Federal Assistance Policy Directive based on the policies approved by the Department of State. A/OPE, however, is not responsible for the development of vetting policy.

The Under Secretary for Management has formed a Vetting Policy Advisory Council, chaired by M/PRI, to review existing Department vetting policy and process, and develop follow-on policy for implementation after the conclusion of the congressionally-mandated vetting pilot program and in conjunction with

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vetting rulemaking. The review includes the Bureau of Near Eastern Affairs' process for vetting Syria foreign assistance programs.

We request OIG redirect Recommendation 1 as follows: "OIG recommends that the Under Secretary for Management-led Vetting Policy Advisory Council develop and codify vetting policies for the Department in the Foreign Affairs Manual, after the conclusion of the congressionally-mandated pilot program and in conjunction with vetting rulemaking." (Action: M/PRI in consultation with Department stakeholders)

**Recommendation 8:**

OIG recommends that the Bureau of Administration, Office of the Procurement Executive, establish a policy to award new Syrian non-lethal assistance through cooperative agreements so that the bureaus involved will be better positioned to monitor the vetting of implementing partners' staff and assistance recipients.

**A/OPE Response:**

A/OPE does not concur with this recommendation. The decision to award an assistance instrument as either a grant or cooperative agreement is determined by the degree of substantial programmatic involvement on the part of the federal government. All awards, whether grants or cooperative agreements, require specific pre-award and post-award actions (including risk assessments, monitoring, and evaluation) independent of the scale or scope of the program. Vetting falls under this category of federal government grants oversight and should apply to grants as well as cooperative agreements.

**Recommendation 9:**

OIG recommends that the Bureau of Administration, Office of the Procurement Executive, notify the bureaus to include needed RAM vetting time in grant performance periods when awarding grants for non-lethal Syrian assistance and incorporate this instruction within its consolidated vetting guidance in Recommendation 1.

**A/OPE Response:**

A/OPE concurs with this recommendation. A/OPE will update our Federal Assistance Policy Directive to reflect the recommendation that bureaus consider RAM vetting time when determining the period of performance for grants for non-lethal Syrian assistance. Updated policy will be shared with all relevant bureaus as part of the vetting policy development referenced in Recommendation 1.

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## APPENDIX G: OFFICE OF MANAGEMENT POLICY, RIGHTSIZING, AND INNOVATION RESPONSE

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United States Department of State

Washington, D.C. 20520

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(with SBU attachment)

October 18, 2016

**TO:** OIG/AUD/ACFD – Norman P. Brown

**FROM:** M/PRI – Adam E. Namm

**SUBJECT:** Response – Draft Report on *Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance* (U)

(U) We appreciate the opportunity to address the Office of the Procurement Executive's (A/OPE) comment regarding Recommendation 1 of the subject draft report. The primary point of contact for M/PRI's response is Sandra Cimino.

**(U) Recommendation 1:**

(U) OIG recommends that the Bureau of Administration, Office of the Procurement Executive, consolidate and codify all current Syria vetting policies issued by the Department and bureaus into one detailed guidance explaining specifically how the vetting process should be carried out for Syrian awards. This consolidated guidance should be distributed to all bureaus once completed.

**(U) M/PRI Response:**

(U) In its response to your office, A/OPE stated that it “promulgates requirements for vetting in its Federal Assistance Policy Directive based on the policies approved by the Department of State. A/OPE, however, is not responsible for the development of vetting policy. The Under Secretary for Management has formed a Vetting Policy Advisory Council, chaired by M/PRI, to review existing Department vetting policy and process, and develop follow-on policy for implementation after the conclusion of the congressionally-mandated vetting pilot program and in conjunction with vetting rulemaking. The review includes the Bureau of Near Eastern Affairs' process for vetting Syria foreign assistance programs.”

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(with SBU attachment)

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(with SBU attachment)

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(U) In the Syria context, the Bureau of Near Eastern Affairs recently drafted vetting policy guidance that was approved June 30, 2016 by the front offices of other bureaus who provide Syria assistance, including PM, CT, and DRL (Tab 2). This revised vetting policy for Syria satisfies OIG Recommendation 1, as stated above.

(U) More broadly, the Vetting Policy Advisory Council, which M/PRI chairs, is undertaking a thorough review and update of the 2008 Negroonte guidance (Tab 1) with the goal of memorializing it in the Foreign Affairs Manual. Once completed, the Department will apply the guidance worldwide.

(U) Additional information pertaining to the current Department of State vetting process is available here <http://lm.a.state.gov/cecas/ram/>.

(U) M/PRI has no comments on the other recommendations included in this OIG draft report.

Attachments:

- Tab 1 – 2008 Negroonte Guidance (SBU)
- Tab 2 – Revised Syria Vetting Policy (U)

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(with SBU attachment)

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OBO: Victoria Hartke (ok)  
BP: John Zakrajsek (info)



## ABBREVIATIONS

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A/OPE	Bureau of Administration, Office of the Procurement Executive
CSO	Bureau of Conflict and Stabilization Operations
Department	Department of State
DRL	Bureau of Democracy, Human Rights, and Labor
FY	Fiscal Year
M/PRI	Office of Management Policy, Rightsizing, and Innovation
NEA	Bureau of Near Eastern Affairs
OIG	Office of Inspector General
PIB	Procurement Information Bulletin
RAM	Office of Risk Analysis and Management
SAM.gov	System for Award Management

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