



**OIG**

**Office of Inspector General**

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# **Audit of Foreign Assistance for Internally Displaced Persons in Iraq**

MIDDLE EAST REGION OPERATIONS

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# OIG HIGHLIGHTS

AUD-MERO-18-56

## What OIG Audited

In August 2014, the United Nations declared a humanitarian emergency in Iraq. The Department of State's (Department) Bureau of Population, Refugees, and Migration (PRM) obligated \$914 million between October 2013 and September 2017 to help internally displaced persons (IDP) in Iraq and Iraqi refugees in surrounding countries. Of this amount, more than \$815.4 million was provided through voluntary contributions to international organizations.

The Office of Inspector General (OIG) conducted this audit to determine whether PRM monitored humanitarian assistance provided to IDPs in Iraq in accordance with applicable Federal requirements and Department policies and guidance. This report is the first of two audit reports and focuses on funding provided to international organizations through five voluntary contributions. A subsequent report will address humanitarian assistance funding provided through cooperative agreements with non-governmental organizations.

## What OIG Recommends

OIG made three recommendations intended to assist the bureau to improve its documentation of award files and clarify current delegations of authority over approvals for funding voluntary contributions under the Migration and Refugee Assistance Act of 1962. PRM concurred with all three recommendations, and OIG considers each resolved, pending further action. A synopsis of PRM's response and OIG's reply follow each recommendation in the Audit Results section of this report. PRM's response to a draft of this report is reprinted in its entirety in Appendix B. OIG's reply to the technical comments provided by PRM are presented in Appendix C.

## What OIG Found

PRM's monitoring of voluntary contributions made to international organizations generally followed Federal and Department requirements. However, the award files maintained by PRM for the five voluntary contributions selected for review need improvement. Specifically, the award files did not contain all required documents, such as the funding approval memorandum. This condition occurred, in part, because the transfer of award files in January 2017 from GrantSolutions to the new grants management system, State Assistance Management System Domestic, was not entirely successful. Notwithstanding the system migration issue, the methodology used by PRM to establish and maintain the award files is inadequate and hinders PRM's ability to demonstrate that funding decisions for each contribution are advancing the U.S. Government's goals in Iraq.

OIG also found that the Assistant Secretary of PRM approved the funding for the five contributions OIG reviewed, but the most recent Delegation of Authority assigns that responsibility to the Director of the Office of U.S. Foreign Assistance Resources. PRM explained that it obtains approval from the Director of the U.S. Foreign Assistance Resources through submission of its annual financial plans. PRM will need to obtain clarification from the Director of the Office of U.S. Foreign Assistance that the current approval practice is in accordance with language included in the most recent delegation of authority to approve voluntary contributions.

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## OBJECTIVE

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The Office of Inspector General (OIG) conducted this audit to determine whether the Bureau of Population, Refugees, and Migration (PRM) monitored humanitarian assistance provided to internally displaced persons (IDP)<sup>1</sup> in Iraq in accordance with applicable Federal requirements and Department policies and guidance.

This first of two reports focuses on humanitarian assistance provided through voluntary contributions. The subsequent report will focus on humanitarian assistance provided through cooperative agreements.

## BACKGROUND

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In December 2013, heavy fighting between the Iraqi Security Forces and armed groups created instability in Iraq and the region. The instability also contributed to the Islamic State of Iraq and Syria taking control of large parts of Iraq, resulting in widespread violence and causing significant internal population displacement. In August 2014, the United Nations declared a humanitarian emergency in Iraq. It ended that declaration in early 2018. According to the International Organization for Migration (IOM),<sup>2</sup> the number of IDPs in Iraq remained at or above 3 million between May 2015 and November 2017. As of June 2017, 3.4 million IDPs were in Iraq, including more than 680,000 in camps; more than 470,000 in temporary shelters, including schools, religious facilities, and abandoned buildings; and many others with host families or rented spaces.

PRM has primary responsibility for formulating U.S. policy on population-related issues and for providing protection and assistance for IDPs, refugees, and other populations of concern.<sup>3</sup> To support these goals, PRM outlined four program priorities in its FY 2015–2018 Functional Bureau Strategy:<sup>4</sup>

- To provide resources to help support rapid and coordinated humanitarian responses to emergencies.

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<sup>1</sup> Internally displaced persons are people who have been displaced from their homes but have not crossed an internationally recognized border.

<sup>2</sup> According to its website, "IOM is the leading inter-governmental organization in the field of migration and works closely with governmental, intergovernmental and non-governmental partners." IOM's Displacement Tracking Matrix tracks the number of IDPs in Iraq. PRM officials stated that the matrix is considered by the international community to be the most reliable source of information on IDPs.

<sup>3</sup> "Populations of concern" include internally displaced persons, refugees, stateless persons, vulnerable migrants, victims of conflict.

<sup>4</sup> The Functional Bureau Strategy is a PRM planning document completed as part of the Department's planning, budget, management, and performance cycle.

- To advocate for the protection of vulnerable populations and exert leadership in the international community by engaging in humanitarian diplomacy to address, mitigate, and resolve humanitarian crises.
- To achieve lasting solutions to displacement by providing funding for programs assisting IDPs to return to their home communities.
- To foster programs designed to help and protect women and children and prevent and combat gender-based violence among IDPs, victims of conflict, and others.

For Iraq in particular, the U.S. Government's goals are to (1) defeat ISIS, (2) provide humanitarian assistance where needed, and (3) achieve political reconciliation in post-ISIS Iraq.

### PRM's Humanitarian Assistance for Iraq's IDPs and Refugees

From October 2013 through September 2017, PRM obligated more than \$914.0 million to assist IDPs in Iraq and Iraqi refugees in surrounding countries<sup>5</sup> through two mechanisms:

- **Voluntary Contributions.** Approximately \$815.4 million (89 percent) was provided to international organizations—such as IOM, the United Nations Population Fund (UNFPA), the United Nations High Commissioner for Refugees (UNHCR), and other implementing partners—through 25 voluntary contributions. A voluntary contribution is discretionary financial assistance provided to directly support an organization's activities or to sustain its general budget and operations. The bureau, office, or post responsible for the award may specify how the discretionary funding is allowed to be used.<sup>6</sup>
- **Cooperative Agreements.** Approximately \$98.6 million (11 percent) was provided to non-governmental organizations through 67 cooperative agreements. These are assistance awards that provide funding to organizations to implement a specific project or to support an existing program or activity.

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<sup>5</sup> In addition to the Department, the U.S. Agency for International Development also provides voluntary contributions to international organizations to meet a variety of humanitarian needs.

<sup>6</sup> U.S. Department of State, Office of the Procurement Executive, Federal Assistance Policy Directive, January 14, 2016. P. 88

Table 1 lists the funding PRM provided to assist IDPs in Iraq by year and award type.

**Table 1: PRM Assistance for Iraq’s IDPs and Refugees From October 2013 Through September 2017**

Fiscal Year*	Voluntary Contributions	Cooperative Agreements	Total
2014	\$162,135,797	\$19,659,742	<b>\$181,795,539</b>
2015	\$208,399,000	\$18,888,781	<b>\$227,287,781</b>
2016	\$241,500,000	\$24,671,213	<b>\$266,171,213</b>
2017	\$203,350,000	\$35,398,201	<b>\$238,748,201</b>
<b>Total</b>	<b>\$815,384,797</b>	<b>\$98,617,937</b>	<b>\$914,002,734</b>

\* A fiscal year begins on October 1 and ends on September 30 of the following year.

**Source:** OIG-generated from information obtained from PRM and [www.grantsolutions.gov](http://www.grantsolutions.gov).

## Department and PRM Guidance for Assessing Risk and Monitoring Humanitarian Assistance

### *Federal Assistance Policy Directive*

The Department’s Federal Assistance Policy Directive (FAPD) “set[s] forth the internal guidance, policies, and requirements to be complied with by all domestic and foreign grant-making bureaus and posts within the [Department] when administering Federal Financial Assistance awards.”<sup>7</sup> The FAPD, which was in effect during this audit,<sup>8</sup> stated that “all Bureaus, offices and posts are required to conduct a risk assessment on all competitive and non-competitive awards.”<sup>9</sup> In addition, the FAPD states that cognizant bureaus, offices, and posts must monitor awards and employ “a more frequent and/or in-depth monitoring process to detect fraud or potential problems.”<sup>10</sup>

### *Foreign Affairs Handbook*

The Department’s Foreign Affairs Handbook (FAH) states that “grant and program officials involved in all types of Federal assistance awards must monitor recipient performance and compliance against the elements that make up the agreement.”<sup>11</sup> The FAH also requires that “[b]ureau monitoring seeks to ensure that the recipient is using the funds for the intended purpose, is charging appropriate costs at appropriate times, and is meeting any goals that were articulated in the Federal assistance agreement.”<sup>12</sup> In addition, the FAH also requires certain

<sup>7</sup> FAPD, 7.

<sup>8</sup> The FAPD was in effect from March 2015 to May 2017, the time period in which four of the five voluntary contributions reviewed for this audit were awarded. Therefore, OIG used the requirements in the FAPD as the criteria for its review. In May 2017, the Department issued the Federal Assistance Directive, Version 1.0, which replaced the FAPD. Version 2.3, the most recent version of the Federal Assistance Directive, took effect in April 2018.

<sup>9</sup> FAPD, 52.

<sup>10</sup> FAPD, 55.

<sup>11</sup> 4 FAH 3 H-671 Monitoring General, a.

<sup>12</sup> Ibid.

documents to be included in the award files for voluntary contributions, stating that “a voluntary contribution file will include, but is not limited to, the following applicable documents: (1) a request . . . from an international organization; (2) a document approving the contribution . . . ; and (3) transmittal letter....”<sup>13</sup>

### ***PRM’s Guidance for Monitoring Humanitarian Assistance***

PRM’s Policy and Program Review Committee (PPRC) issues strategy papers that help guide the bureau’s work. One type of strategy paper the committee issues is the organizational strategy paper in which PRM lays out its objectives, goals, and planned or ongoing activities with regard to an organization receiving assistance. In developing these organizational strategy papers, the committee follows PRM’s guidance on assessing risk. Specifically, PRM’s Office of Policy, Resource, and Planning recommends that these organizational strategy papers include a risk-based assessment that addresses (1) the threat of diversion of assistance away from its intended purposes or potentially toward terrorist groups, (2) whether the humanitarian benefits of the program outweigh the risk of diversion, and (3) whether the partner has strong risk management structures in place to help mitigate these risks.

Another type of strategy paper the committee issues is the regional or country strategy paper in which PRM lays out its major policy objectives toward a specific region or country. For example, in its FY 2017 Strategy for Iraq, the PPRC states that one of the goals in Iraq continues to be the improvement in “humanitarian conditions for Iraqi IDPs and other conflict-affected populations inside Iraq through sustained U.S. advocacy with the UN, Government of Iraq, Kurdistan Regional Government, and other donors” and promoting “robust contributions to the humanitarian response through advocacy with other donors....”

In April 2017, the PPRC issued its first stand-alone strategy paper on risk management, which focuses on risk impacts to programming and endorses a bureau-wide definition of risk as well as an approach for managing risk in a strategic and prioritized manner. This strategy paper defines risks as “threats to the Bureau’s interests and achievement of its programmatic objectives as a result of safety/security, fiduciary, reputational, legal/compliance, operational, and/or information breach/loss issues.”

The PPRC also issued strategy papers on monitoring and evaluation. For example, the 2016 Monitoring and Evaluation strategy paper focused on improving monitoring in urban areas, transitional settings, and insecure environments, in addition to risk management and accountability to affected populations. Similarly, the 2017 Monitoring and Evaluation strategy paper discussed ways to improve tools and other resources to support monitoring in the field, strengthening the training environment for monitoring and evaluation, and supporting external evaluation in order to rigorously assess the performance of the bureau and its partners.

In addition to the PPRC strategy papers, PRM’s *How PRM Monitors International Organizations*—an internal document that PRM uses to train its personnel on how to monitor

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<sup>13</sup> 4 FAH-3 H-636, Documents, b.

the international organizations that receive its assistance—emphasizes the importance of PRM’s monitoring of its primary international organization partners, including IOM, UNHCR, and other implementing partners. The document states that some tools PRM can use to monitor its international organization partners include the following:

- Active participation in international organization governing bodies and sub-working groups.
- Bilateral framework agreements with the international organizations such as the Framework for Cooperation between PRM and UNHCR.
- Review of international organizations’ annual reports, field updates, and donor communications.
- Third-party monitoring arrangements.

According to the document, another technique is direct monitoring by PRM staff, which includes “consultations between PRM and [international organization] leadership, regular engagement with PRM’s Washington-based Multilateral Coordination and External Affairs Office and Geneva-based headquarters via the U.S. Mission in Geneva/Humanitarian Affairs Office, desk monitoring, engagements with the [international organization’s] offices based in Washington, and field monitoring by Refugee Coordinators and other PRM staff.”

### **PRM Provided \$358.5 Million in Select Voluntary Contributions to Assist Iraq’s IDPs and Refugees From October 2013 Through September 2017**

For its review of PRM’s voluntary contributions provided for Iraq’s IDPs and refugees from October 2013 through June 2017, OIG judgmentally selected five contributions provided to four international organizations: IOM, UNFPA, UNHCR, and another implementing partner. In total, these international organizations requested \$1.3 billion in assistance for Iraq through September 2017. PRM provided \$358.5 million of that amount to assist Iraq’s IDPs and refugees in particular.<sup>14</sup> Table 2 provides information on the amount these international organizations requested in the five voluntary contributions OIG reviewed and the amount PRM provided.

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<sup>14</sup> Appendix A provides further details on the methodology used to select the five voluntary contributions.

**Table 2: PRM Funding of Appeals of Select Voluntary Contributions for Iraq’s IDPs and Refugees**

Fiscal Year	International Organization	Requested Amount	PRM-Funded Amount	PRM Percentage Funded
2014	<b>International Organization for Migration (IOM)</b> Community Revitalization Program Phase IV	\$18,000,000	\$18,000,000	100%
2015	<b>Implementing Partner</b> 2015 Emergency Appeal	\$121,359,110	\$32,400,000	27%
2015	<b>UN Population Fund (UNFPA)</b> Reproductive and maternal health, gender-based violence, and psycho-social needs	\$4,000,000	\$4,000,000	100%
2016	<b>UN High Commissioner for Refugees (UNHCR)</b> 2016 Global Appeal	\$556,036,017	\$166,200,000	30%
2017	<b>UN High Commissioner for Refugees (UNHCR)</b> 2017 Global Appeal	\$567,093,761	\$137,900,000	24%
	<b>Total</b>	<b>\$1,266,488,888</b>	<b>\$358,500,000</b>	<b>28%</b>

Source: OIG generated from information obtained from SAMS Domestic.

### *The International Organizations’ Requests for Assistance*

To obtain contributions from PRM and other donors, the international organizations annually assess humanitarian needs around the world and develop and issue appeals. The appeals describe their goals and objectives, the beneficiaries’ needs, and the funding required to meet those needs. In its 2015 appeal, an implementing partner requested more than \$1.5 billion for field operations to “meet the needs and fit our response to the changing nature of armed conflicts,” including about \$121 million for Iraq. In its 2016 and 2017 appeals, UNHCR stated that it needed more than \$6.5 billion and \$7.3 billion, respectively, to protect and improve the lives of tens of millions of forcibly displaced people, including refugees, internally displaced people, returnees, stateless people, and others of concern. These overall amounts include more than \$556.0 million and \$567.1 million, respectively, for Iraq.

Separately, some international organizations submit requests for discrete projects (PRM refers to them as “projectized” appeals).<sup>15</sup> For example, in 2014, IOM requested \$18 million for Phase IV of the Community Revitalization Project to improve infrastructure and livelihoods for displaced persons in Iraq and, in 2015, UNFPA requested \$4 million for programs to address sexual and gender-based violence among displaced families. According to PRM, it provided funding to these targeted proposals after reviewing needs and requirements, among other factors.

Of the \$1.3 billion requested through the five voluntary contributions OIG reviewed, PRM contributed about \$358.5 million, or 28 percent. Specifically, PRM contributed 100 percent of IOM’s and UNFPA’s appeals. However, PRM provided 27 percent of an implementing partner’s appeal, 30 percent of UNHCR’s 2016 global appeal (for Iraq IDPs), and 24 percent of UNHCR’s

<sup>15</sup> Because PRM refers to these requests as “projectized” appeals, OIG will refer to them as appeals in this report.

2017 global appeal (also for IDPs in Iraq). Aside from PRM, other governments, individuals, corporations, and foundations provide contributions to international organizations. For example, in 2016, UNHCR received contributions from 145 donors in response to its global appeal for assistance. Specifically, 87 percent of the contributions for this appeal came from governmental sources such as the European Union, Japan, and Norway; 9 percent came from individuals, corporations, and foundations; and 4 percent came from various UN funds and non-governmental organizations.<sup>16</sup>

### ***Factors PRM Considers When Determining the Amount of Contribution It Will Provide***

PRM funding for international organizations is authorized under the Migration and Refugee Assistance Act. The Act specifically authorizes appropriations to IOM, UNHCR, and “other relevant international organizations.”<sup>17</sup> For assistance to IDPs in Iraq, in particular, a PRM official stated that “...the response has usually been a U.S. [G]overnment foreign policy priority.”

In determining the amount of contribution it will provide, a PRM official noted extensive discussion with the international organization on the financial needs expressed in the appeals. In particular, officials from PRM’s Multilateral Coordination and External Affairs Office, the Humanitarian Affairs Office in Geneva, and regional and country program offices in Washington, DC, discuss the appeals with the international organization. PRM also uses its own analysis to inform its decisions. For example, refugee coordinators around the world provide input to program officers in Washington, DC, regarding the needs stated in the appeals. Additionally, PRM uses the PPRC organizational and region/country strategy papers. PRM officials also said they consider the bureau’s budget, programs, or activities proposed in the appeal and the international organization’s past performance. PRM officials stated that all appeals are assessed in the context of what other organizations are doing in the region/country and whether the activities proposed in the appeal complement or duplicate other funded activities.

A PRM official stated that PRM aims to contribute the U.S. Government’s “fair share” of the requested amount. This official explained that the fair share is “the amount that the U.S. Government should provide alongside other donors in order to provide the international response that [the U.S. Government] think[s] is appropriate to ensure maximum efficiency and effective response to humanitarian needs and that reflects [U.S. Government] interests in the particular program.”

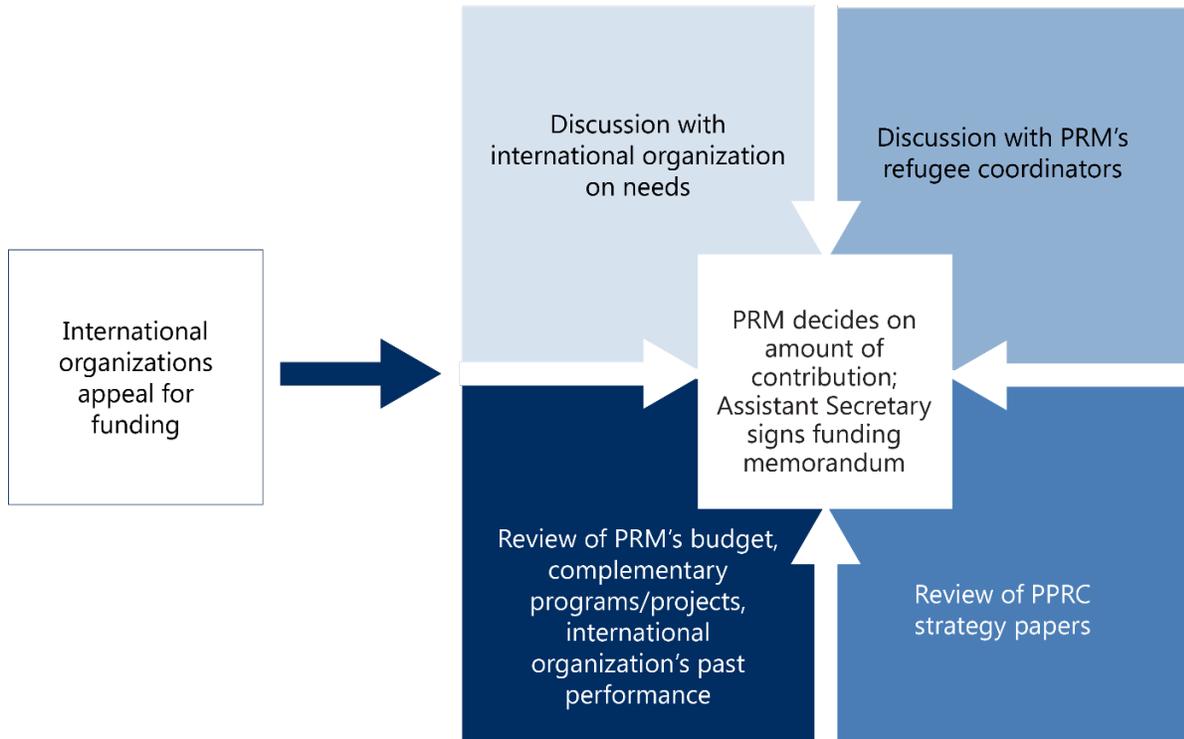
After PRM determines the amount it will contribute, the PPRC prepares a funding approval memorandum. Once the funding approval memorandum is signed, PRM provides the voluntary contribution. Figure 1 shows the process that PRM uses to determine the amount of contribution to provide in response to an international organization’s appeal for funding.

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<sup>16</sup> According to PRM officials, international organizations often do not receive 100 percent of the funds requested in an appeal.

<sup>17</sup> 22 U.S.C. §§ 2601-2606.

**Figure 1: Factors PRM Considers When Determining the Amount of Contribution**



**Source:** OIG generated from information obtained from PRM and the international organizations selected for review.

## AUDIT RESULTS

### Finding A: PRM Generally Monitored Voluntary Contributions in Accordance With Requirements but Maintenance of Award Files Needs Improvement

OIG found that PRM's monitoring of its voluntary contributions made to international organizations—IOM, UNFPA, UNHCR, and another implementing partner—generally followed Federal and Department requirements. However, the award files maintained by PRM for the five voluntary contributions selected for review need improvement. Specifically, the award files were inconsistent in content and did not contain required documents, such as the funding approval memorandum. This condition occurred, in part, because the transfer of award files in January 2017 from GrantSolutions to the new grants management system, State Assistance Management System Domestic (SAMS Domestic),<sup>18</sup> was not entirely successful. Notwithstanding the system migration issue that affected the entire Department, the methodology used by PRM to establish and maintain the award files is inadequate and hinders PRM's ability to demonstrate that funding decisions for each contribution are advancing the U.S. Government's goals in Iraq.

<sup>18</sup> SAMS Domestic is the grants management system used by Department bureaus. SAMS Domestic is considered the official database for award file maintenance.

### *PRM Generally Followed Federal and Department Guidance When Assessing Risks and Monitoring Voluntary Contributions*

The FAPD requires bureaus, offices, and posts to conduct risk assessments prior to implementing voluntary contributions and other non-competitive awards.<sup>19</sup> OIG found that prior to providing the contributions, PRM assessed the risks associated with the five voluntary contributions. OIG reviewed PPRC organizational strategy papers on IOM, UNHCR, and another implementing partner and found that they included discussions of past performance and risks.<sup>20</sup> For example, the FY 2017 organizational strategy paper on UNHCR included a section on risk-based assessment of terrorist financing that stated UNHCR had agreed to language that it will “undertake to use reasonable efforts to ensure that none of the [Department] funds provided under this award are used to provide support to individuals or entities associated with terrorism.” The PPRC organizational strategy paper also discussed UNHCR’s 2014 rollout of its Enterprise Risk Management program and PRM’s planned reviews of UNHCR’s progress made toward addressing identified risks.

OIG also reviewed the 11 funding approval memoranda associated with the 5 voluntary contributions for Iraq IDPs<sup>21</sup> and found that 9 (82 percent) included discussions of both past performance and the risk of terrorist financing. For example, in the funding approval memorandum for the FY 2014 voluntary contribution to IOM, PRM provided discussion on the risk of its assistance being diverted to assistance groups. With respect to the two funding approval memoranda that did not include discussions about past performance or the risk of terrorist financing, one did not include discussions about past performance and the other did not include a discussion about the risk of terrorist financing. Specifically, the funding approval memorandum for an implementing partner’s 2015 emergency appeal did not discuss past performance and the funding approval memorandum for UNHCR’s 2016 global appeal did not include a discussion regarding the risk of terrorist financing.

Additionally, in 2017, the PPRC issued its first stand-alone strategy paper on risk management. A PRM official stated that although the bureau had been managing risks, the goal of the PPRC strategy paper was to “put everything related to risk in one paper, to share best practices, and to provide consistency and structure to the assessment of risk and related mitigation strategies.” A PRM official said that, by implementing annual policies on risk assessment that include past performance, the bureau now consistently review what risk policies work. Also, the PRM official stated that, by having a bureau-wide risk policy, PRM ensures consistency in assessing and mitigating risk among various offices.

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<sup>19</sup> FAPD, 80.

<sup>20</sup> PRM officials stated that the PPRC did not prepare an organizational strategy paper for UNFPA.

<sup>21</sup> Because modifications were made to the five contributions through September 2017, and each modification has a funding approval memorandum, OIG is including the modifications in its analysis and reporting. As explained further below, a funding approval memorandum is usually accompanied by other information. PRM refers to the entire set of documents as a funding package.

OIG also found that PRM monitored international organizations and their activities in Iraq. For example, PRM's humanitarian affairs officers in Geneva told OIG that they regularly engage with the international organizations' headquarters, and OIG observed interactions among the organizations and the officers. Furthermore, OIG reviewed the electronic files that PRM provided on IOM, UNFPA, UNHCR, and another implementing partner and found that each file contained various documents showing PRM's monitoring efforts. OIG judgmentally selected 112 documents to review, of which 110 (98 percent) showed that PRM used various tools and techniques recommended in its guidance—*How PRM Monitors International Organizations*—to monitor the voluntary contributions. These techniques include weekly activity reports provided by PRM's refugee coordinators in Iraq (which showed regular communication with the international organizations) and the use of contracted third-party monitors. Several documents also show that PRM officials held meetings and regularly communicated with the international organizations. With respect to the two documents identified as exceptions, both were emails pertaining to UNHCR's work in Iraq but did not directly involve monitoring activities. Specifically, one document was an email sent from the PRM Iraq program officer to the PRM-Asia and Near East distribution list that provided a breakdown of FY 2015 U.S. contributions to UNHCR's work in Iraq. The other email was from PRM's refugee coordinator in the U.S. Consulate in Erbil, Iraq, to the Iraq program officer in Washington, DC, and the refugee coordinator in Baghdad, Iraq, which summarized a meeting with the UNHCR High Commissioner and other consulate officials.

### ***Award Files Were Not Consistently Maintained***

Although PRM assessed risks for and monitored the five voluntary contributions OIG selected for review, OIG found that the award files were inconsistent in their content and did not always contain required documents. Language in 4 FAH-3 H-636 b requires award files for voluntary contributions to contain (1) the request from an international organization, (2) a memorandum that approves the contribution, and (3) the transmittal letter....<sup>22</sup>

When OIG searched in SAMS Domestic (the official database for award file maintenance) using the contribution award number for each of the five voluntary contributions, the auditors found only two of five award files (40 percent) contained the request for funding from the international organization and none contained the funding approval memorandum that the FAH requires. In explaining the missing documents, a PRM official stated that, when the Department transferred the files from the previous grants management system GrantSolutions to the new grants management system SAMS Domestic in January 2017, not all the documentation was successfully transferred.

He further stated that, "...awards converted from GrantSolutions to SAMS Domestic were available in SAMS Domestic but required additional searching by the user..." Specifically, he stated that within SAMS Domestic, a section called "funding packages" contains the request from the organization, the funding approval memorandum, and other documents. However, to search for these funding packages, an identifier other than the contribution award number had

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<sup>22</sup> 4 FAH-3 H-636, Documents, b.

to be used.<sup>23</sup> It is unclear why these documents were organized under a different file and saved using a different identifier, but a PRM official stated that the Department is researching ways to “link multiple funding packages to a single award, but has not found a solution.”

After obtaining the identifier for the funding packages, OIG performed a second search in SAMS Domestic. Again, OIG found that the funding packages did not always include the documentation required by the FAH. Specifically, OIG reviewed the 11 funding packages associated with the 5 voluntary contributions selected for this audit. OIG found that 7 of the 11 funding packages (64 percent) included requests from organizations, 8 of the 11 (73 percent) included funding approval memoranda, and all (100 percent) included the required transmittal memorandum. Table 3 shows the required documentation OIG found in each of the 11 funding packages.

**Table 3: Documentation Required by the FAH Found in Funding Packages Associated With Voluntary Contributions for IDPs in Iraq**

Fiscal Year	International Organization Funding Package	Modification Number	Request from Organization	Approval Memorandum	Transmittal Memorandum
2014	IOM*	n/a	✗	✓	✓
2015	Implementing Partner	n/a	✗	✓	✓
2015	Implementing Partner	Mod 001	✓	✓	✓
2015	Implementing Partner	Mod 005	✓	✓	✓
2015	Implementing Partner	Mod 006	✗	✓	✓
2015	UNFPA	Mod 002	✓	✓	✓
2016	UNHCR	Mod 004	✗	✓	✓
2016	UNHCR	Mod 007	✓	✗	✓
2016	UNHCR	Mod 009	✓	✓	✓
2017	UNHCR	Mod 004	✓	✗	✓
2017	UNHCR	Mod 010	✓	✗	✓
<b>Total</b>			<b>7</b>	<b>8</b>	<b>11</b>

\* IOM's request for funding was found in the award file; the funding packages OIG reviewed were not.

**Source:** OIG generated from information obtained from PRM and SAMS Domestic.

Even though the incomplete award files can be attributed, in part, to the transfer of documentation from GrantSolutions to SAMS Domestic, the maintenance of the award files continues to be a challenge. PRM updated its guidance in April 2017 to require that program officers upload approved funding packages into SAMS Domestic.<sup>24</sup> In that guidance, PRM provided step-by-step instructions on how to upload SAMS Domestic with the funding

<sup>23</sup> According to a PRM official, identifiers other than the award number used include the Federal Award Identification Number, amendment number, legacy funding package number, and the recipient's name.

<sup>24</sup> PRM's guidance entitled "SOPs for Creating [Transmittal Memo]/Funding Packages in SAMS Domestic" applies to initial [non-governmental organizations] awards, [non-governmental organizations] multi-year awards, [non-governmental organizations] and [international organization] cost amendments, and [international organizations] contributions and was dated April 4, 2017.

documentation and other information about the voluntary contribution. Yet, a PRM official said, "several funding packages for later amendments to [the FY 2017 contribution to UNHCR] had not been uploaded to the SAMS Domestic award file in the post award section." In other words, despite guidance, PRM continues to experience problems with file management in SAMS Domestic.

Because not all files maintained by PRM have been uploaded to SAMS Domestic and are not organized in a manner that makes it easy for the user to search, it is difficult for PRM to provide timely information or even be assured that the information it provides is complete. More important, these deficiencies hinder PRM's ability to demonstrate that funding decisions for each contribution are advancing U.S. Government goals in Iraq.

**Recommendation 1:** OIG recommends that the Bureau of Population, Refugees, and Migration provide training to its program officers responsible for managing voluntary contributions for internally displaced persons in Iraq on adhering to its guidance on uploading and managing files in the State Assistance Management System Domestic.

**Management Response:** PRM concurred with the recommendation, stating that it would strengthen existing Standard Operating Procedures and guidance for managing and maintaining files in the State Assistance Management System Domestic for all bureau voluntary contribution agreements, including providing periodic training to responsible program officers.

**OIG Reply:** On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved pending further action. This recommendation will be closed when OIG received and accepts documentation demonstrating that PRM's responsible program officers have received training on adhering to its guidance on uploading and managing files in the State Assistance Management System Domestic.

**Recommendation 2:** OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement a process to validate periodically, at least annually, that the required documentation associated with the voluntary contributions for internally displaced persons in Iraq is recorded and maintained in the State Assistance Management System Domestic.

**Management Response:** PRM concurred with the recommendation, stating that it would develop and implement Standard Operating Procedures (SOPs) for program officers throughout the bureau to follow in order to ensure files are validated, at least annually, within State Assistance Management System Domestic for all bureau voluntary contribution agreements. PRM further stated the SOPs would be implemented within 90 days.

**OIG Reply:** On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that PRM has developed and implemented a process to validate that required documentation associated with the voluntary contributions for internally displaced persons in Iraq is recorded and maintained in the State Assistance Management System Domestic.

## **Finding B: Approval Process for Voluntary Contributions Needs to Be Clarified**

OIG also found that the Assistant Secretary of PRM approved the funding for the five contributions OIG reviewed, but the most recent Delegation of Authority assigns that responsibility to the Director of the Office of U.S. Foreign Assistance Resources. PRM explained that it obtains approval from the Director of the U.S. Foreign Assistance Resources through submission of its annual financial plans. PRM will need to obtain clarification from the Director of the Office of U.S. Foreign Assistance that the current approval practice is in accordance with language included in the most recent delegation of authority to approve voluntary contributions.

### ***The Migration and Refugee Assistance Act***

The Migration and Refugee Assistance Act<sup>25</sup> authorizes the President to fund international organizations. The Act states:

There are hereby authorized to be appropriated such amounts as may be necessary from time to time (1) for contributions to the activities of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate ... and for contributions to the International Organization for Migration, ..., and to other relevant international organizations; and (2) for assistance to or on behalf of refugees who are outside the United States designated by the President...when the President determines that such assistance will contribute to the foreign policy interests of the United States.<sup>26</sup>

Congress appropriates funding under the Act through the annual appropriations process for the Department.

### ***Delegation of Authority to Approve Funding for Voluntary Contributions***

By Executive Order No. 11077, the President delegated the authority to fund international organizations under the Migration and Refugee Assistance Act to the Secretary of State.<sup>27</sup> By

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<sup>25</sup> Codified at 22 U.S.C §§ 2601-2606.

<sup>26</sup> 22 U.S.C. § 2601(b).

<sup>27</sup> Executive Order No. 11077 was issued in January 1963. Executive Order No. 11077 is also known as the Administration of the Migration and Refugee Assistance Act of 1962.

Delegation of Authority No. 293-2, which was issued in 2011, the Secretary of State delegated authority to the Director of the Office of U.S. Foreign Assistance Resources to approve assistance and programs under the Migration and Refugee Assistance Act.<sup>28</sup> In reviewing the five voluntary contributions made to the international organizations, OIG found that the Assistant Secretary of PRM approved the assistance by signing the funding approval memorandum. This practice is based on a previous Delegation of Authority issued in 1979.<sup>29</sup> That 1979 Delegation of Authority delegated the Secretary's functions under the Migration and Refugee Assistance Act and Executive Order No. 11077 to the Director of Refugee Programs position, which PRM construes to mean the Assistant Secretary of PRM. The 2011 delegation, however, contains no such language, and taking such an approach is inconsistent with the language of the 2011 Delegation of Authority.

A PRM official acknowledges that Delegation of Authority No. 293-2 delegated the authority to approve assistance, including to international organizations under the Migration and Refugee Assistance Act, to the Director of the Office of U.S. Foreign Assistance Resources, "insofar as such functions are necessary to approve assistance and program under [the MRAA] as part of a coordinated U.S. foreign assistance strategy," but stated that "for [Migration and Refugee Assistance] funds, [the Office of U.S. Foreign Assistance Resources] provides this approval through its approval of PRM's annual [...] financial plan." The PRM official further stated that, in addition to the specific delegation in the 1979 Delegation of Authority, the 2011 Delegation of Authority delegates to the Assistant Secretaries "[t]he functions which may be necessary and appropriate to implement the programs and activities for which they are responsible," which PRM interprets to "include authorities to oversee implementation of programs contingent on [the Office of U.S. Foreign Assistance Resources'] overarching approval of Operational Plans (or Financial Plans) ..." A PRM official further stated the Department's view is that PRM may exercise the Secretary's authorities under the MRAA pursuant to Delegation of Authority 107-6.

OIG does not agree with this position. OIG reviewed PRM's financial plans for the Migration and Refugee Assistance for FYs 2014 through 2017 and noted that, although PRM identifies funds it plans to provide to international organizations, it does not include detailed information like those provided in the funding approval memorandum that the Assistant Secretary of PRM currently signs. For example, in its request for approval of its FY 2017 Financial Plan for the Migration Refugee Assistance account, PRM stated that it would provide \$3.4 billion to UNHCR and "other [international organizations] for assistance projects worldwide." It does not provide the exact amount provided to each international organization. The funding approval memorandum that the Assistant Secretary of PRM signs, on the other hand, documents the exact dollar amount of assistance provided to an organization per country and per objectives. The funding approval memorandum also describes the objectives upon which the appeal is based, the context of the issues as well as a summary of the organizations' performance,

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<sup>28</sup> Department of State, Office of the Secretary, Delegation of Authority No. 293-2, *Delegation of Authority by the Secretary of State to Officers of the Department of State and the Administrator of the U.S. Agency for International Development of Authorities under the Foreign Assistance Act of 1961 and Other Related Acts*.

<sup>29</sup> Delegation of Authority 107-6 Coordinator of Refugee Affairs, Migration and Refugee Assistance.

availability of funds, and monitoring and evaluation efforts, among other types of information. The memorandum concludes with the Assistant Secretary of PRM recommending an exact amount to specific organization(s). Under Delegation of Authority 293-2, approval is delegated to the Director of the Office of Foreign Assistance Resources.

**Recommendation 3:** OIG recommends that the Bureau of Population, Refugees, and Migration obtain written clarification from the Director, Office of U.S. Foreign Assistance Resources, that approval of the PRM financial plan is in accordance with language included in Delegation of Authority 293-2 regarding approval of Migration and Refugee Assistance Act funding.

**Management Response:** PRM concurred with the recommendation, stating it would work with the Office of U.S. Foreign Assistance Resources and the Office of the Legal Advisor to “clearly document that approval of the PRM financial plan is in accordance with language included in Delegation of Authority 293-2 regarding approval of Migration and Refugee Assistance Act funding.” PRM further stated it would implement this recommendation with the approval of FY 2019 funding for the bureau.

**OIG Reply:** On the basis of PRM’s concurrence with the recommendation and planned actions, OIG considers this recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that approval of the PRM financial plan is in accordance with language included in Delegation of Authority 293-2 regarding approval of Migration and Refugee Assistance Act funding.

## RECOMMENDATIONS

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**Recommendation 1:** OIG recommends that the Bureau of Population, Refugees, and Migration provide training to its program officers responsible for managing voluntary contributions for internally displaced persons in Iraq on adhering to its guidance on uploading and managing files in the State Assistance Management System Domestic.

**Recommendation 2:** OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement a process to validate periodically, at least annually, that the required documentation associated with the voluntary contributions for internally displaced persons in Iraq is recorded and maintained in the State Assistance Management System Domestic.

**Recommendation 3:** OIG recommends that the Bureau of Population, Refugees, and Migration obtain written clarification from the Director, Office of U.S. Foreign Assistance Resources, that approval of the PRM financial plan is in accordance with language included in Delegation of Authority 293-2 regarding approval of Migration and Refugee Assistance Act funding.

## APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

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The Office of Inspector General (OIG) conducted this audit to determine whether the Bureau of Population, Refugees, and Migration (PRM) monitored humanitarian assistance provided to internally displaced persons (IDP) in Iraq in accordance with applicable Federal requirements and Department policies and guidance.

This report focuses on humanitarian assistance provided through voluntary contributions. It is the first of two reports. The subsequent report will focus on humanitarian assistance provided through cooperative agreements.

To determine whether PRM monitored humanitarian assistance provided to IDPs in Iraq in accordance with applicable Federal requirements and Department policies and guidance, OIG assessed PRM's monitoring and oversight of five contributions provided to the International Organization for Migration, the United Nations Population Fund, the United Nations High Commissioner for Refugees, and another implementing partner awarded between October 2013 and June 2017. OIG interviewed PRM officials to gain an understanding of the bureau's internal controls, monitoring and oversight program, and communication and interaction with the international organizations. OIG also interviewed officials from the Bureau of Administration's Office of the Procurement Executive and Office of Foreign Assistance Resources to further understand how they work with PRM in providing voluntary contributions to the international organizations.

OIG also reviewed the Federal Assistance Directive issued in May 2017, and the preceding Federal Assistance Policy Directives and Grant Policy Directives that were incorporated into the Federal Assistance Directive, to understand the Department guidance related to internal control requirements for voluntary contributions, such as those associated with assessing risk, monitoring assistance programs, and maintaining award files. Additionally, OIG reviewed Department policies within the Foreign Affairs Handbook and PRM's internal guidance for assessing risks and monitoring its humanitarian assistance programs. OIG also reviewed PRM's Policy and Program Review Committee strategy papers that discussed policies and objectives as they relate to the international organization, Iraq, risk, and monitoring and evaluation.

OIG conducted this audit from September 2017 to June 2018 in Washington, DC; New York, NY; Baghdad, Iraq; and Geneva, Switzerland, under the authority of the Inspector General Act of 1978, as amended, and the authority of Section 8L of the Inspector General Act. Section 8L requires that OIG participate actively in the oversight of existing Overseas Contingency Operations: Operation Inherent Resolve to defeat the Islamic State of Iraq and Syria 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. OIG conducted this performance 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.

## Prior Reports

In a May 2017 report titled *Audit of the Department of State's Contract to Monitor Foreign Assistance Programs in Iraq* (AUD-MERO-17-41), OIG reported that monitoring by the contractor provided information and observations that helped PRM in overseeing foreign assistance programs in Iraq. OIG also reported the Department approved invoices for payment without sufficient supporting documentation and that it did not adequately maintain contract files. OIG made three recommendations: two were resolved and one was closed.

In a February 2017 report titled *Inspection of the Bureau of Population, Refugees, and Migration* (ISP-I-17-10), OIG reported that PRM was hampered by the lack of a staffing plan to address its expanded workload and that this impeded its ability to conduct monitoring and evaluation, execute policy, and oversee administrative operation. OIG also reported that the Grants Officer Representatives did not consistently prepare quarterly evaluation reports because it was short-staffed. Furthermore, the bureau's 2015 annual statement of assurance on management controls did not include formal assessments of contract management, IT security, and refugee admissions.

In a March 2015 report titled *Audit of Department of State Humanitarian Assistance in Response to the Syrian Crisis* (AUD-MERO-15-22), OIG reported that PRM's administration and monitoring of its grants for the Syrian crisis was mixed. However, the monitoring generally did not meet the requirement in the Grants Policy Directive 42 and Monitoring Assistance Awards. OIG also reported that PRM did not assess the recipients' risk, complete and use the award file checklist, properly close out grants, and amend grants to reflect the recipients' management changes. OIG made six recommendations: one was resolved and five were closed.

## Work Related to Internal Controls

OIG performed steps to assess the adequacy of internal controls related to the areas audited. These steps include assessing whether PRM effectively monitored the voluntary contributions provided to the international organizations to ensure that the funds were being used as intended and in accordance with applicable Federal guidelines and Department processes. Internal control deficiencies identified are presented in the Audit Results section of this report.

## Use of Computer-Processed Data

Computer-processed data were used in determining the universe of 24 voluntary contributions PRM provided to international organizations from October 2013 through June 2017. OIG used data obtained from PRM and the Department's State Assistance Management System Domestic. OIG compared the two data sets and concluded that the data were accurate and complete. On the basis of this assessment, OIG believes the data are sufficiently reliable to meet the audit objective.

## Detailed Sampling Methodology

From October 2013 through June 2017, PRM provided 24 voluntary contributions to international organizations to help IDPs in Iraq and Iraqi refugees in surrounding countries. OIG validated this information by comparing data PRM provided with information OIG obtained from [www.grantsolutions.gov](http://www.grantsolutions.gov). Table A1 provides information on the 24 voluntary contributions from which OIG made its selection.

**Table A1: PRM Voluntary Contributions for Iraq's IDPs and Refugees From October 2013 Through June 2017**

Fiscal Year	International Organization	Contribution Award Number	Amount
2014	Implementing Partner	SPRMCO14VC1024	\$30,300,000
2014	International Organization for Migration	SPRMCO14VC1098	\$3,000,000
2014	International Organization for Migration	SPRMCO14VC1252	\$18,000,000
2014	United Nations High Commissioner for Refugees	SPRMCO14VC1001	\$108,684,463
2014	United Nations Human Settlements Programme	SPRMCO14VC1253	\$1,000,000
2015	Implementing Partner	SPRMCO15VC1055	\$32,400,000
2015	International Organization for Migration	SPRMCO15VC1056	\$2,500,000
2015	International Organization for Migration	SPRMCO15VC1124	\$18,000,000
2015	United Nations Children's Fund	SPRMCO15VC1048	\$2,000,000
2015	United Nations High Commissioner for Refugees	SPRMCO15VC1023	\$147,500,000
2015	United Nations Human Settlements Programme	SPRMCO15VC1267	\$1,000,000
2015	United Nations Population Fund	SPRMCO15VC1049	\$4,000,000
2016	Implementing Partner	SPRMCO16VC1038	\$36,950,000
2016	International Organization for Migration	SPRMCO16VC1069	\$2,750,000
2016	International Organization for Migration	SPRMCO16VC1249	\$4,600,000
2016	International Organization for Migration	SPRMCO16VC1225	\$18,000,000
2016	United Nations Children's Fund	SPRMCO16VC1018	\$8,000,000
2016	United Nations High Commissioner for Refugees	SPRMCO16VC1016	\$166,200,000
2016	United Nations Population Fund	SPRMCO16VC1033	\$4,000,000
2017	Implementing Partner	SPRMCO17VC2004	\$22,100,000
2017	International Organization for Migration	SPRMCO17VC2003	\$2,750,000
2017	United Nations Children's Fund	SPRMCO17VC1036	\$6,400,000
2017	United National High Commissioner for Refugees	SPRMCO17VC1029	\$74,400,000
2017	United Nations Human settlements Programme	SPRMCO17VC2002	\$1,000,000
<b>Total</b>			<b>\$715,534,463</b>

**Source:** OIG generated from information obtained from PRM and [www.grantsolutions.gov](http://www.grantsolutions.gov).

From these voluntary contributions, OIG selected five for detailed review. To determine its sample of five voluntary contributions, OIG used a risk-based process that considered weighted parameters such as (1) the award amount, (2) the number of instruments awarded each implementing partner, (3) the implementing partners' performance history and past infractions, and (4) the funds liquidated from the obligated award amount. In addition to these parameters, the selection was stratified by fiscal year and the tenure of the partnering organizations' relationship with PRM.

## APPENDIX B: BUREAU OF POPULATION, REFUGEES, AND MIGRATION RESPONSE

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United States Department of State  
Bureau of Population, Refugees, and Migration  
Washington, D.C. 20520

August 8, 2018

UNCLASSIFIED  
MEMORANDUM

TO: OIG/AUD – Norman P. Brown

FROM: PRM – Nancy I. Jackson, Acting *NW*

SUBJECT: Audit of Department of State's Programs in Iraq Assisting Iraqi Internally Displaced Persons (IDPs)

Thank you for the opportunity to provide comments on the recommendations of the subject draft audit report. We have addressed each of the three audit recommendations directed to PRM and we will also work with the Office of U.S. Foreign Assistance Resources to address the third recommendation. This memorandum provides the management responses to the draft report for the subject audit.

We appreciate that the audit describes PRM's processes for determining voluntary contribution amounts to respond to appeals from international organizations. The report includes a table on page 6 that displays the percentage contribution against each international organization's appeals. PRM would like to clarify that, although the International Organization for Migration (IOM) and the UN Population Fund (UNFPA) appeals were characterized in the OIG report as being 100 percent funded by PRM, these projects ("projectized appeals") were subsets of IOM's and UNFPA's overall activities in Iraq. PRM funded 100 percent of selected projects, which were only a subset of the broader IOM and UNFPA appeals inside Iraq. As such, PRM was the sole donor for these specific projects, while other donors funded other parts of the organizations' activities in Iraq. In addition, PRM's contribution in Fiscal Year (FY) 2015 to an implementing partner organization covered new displacement and humanitarian needs stemming from the rise of Islamic State of Iraq and Syria (ISIS) in 2014, a level of support that was informed by and in line with the U.S. government policy priorities at that time. In the same manner, in FY 2016, PRM again provided funding above usual contribution levels to UNHCR in order for the agency to prepare for anticipated displacement out of Mosul during the Iraq-led and Coalition-supported operations to retake the city from ISIS. PRM provided a strong response in both instances in order to respond to growing or anticipated needs, reflecting U.S. government priorities.

On page 9, in the section discussing risk assessments and past performance reviews being included in funding recommendation memos, PRM would like to clarify that both of the papers noted included references to the original strategy papers describing the strategy and initial funding to these organizations. These original strategy papers included the required risk

assessments and past performance reviews, and the papers noted by OIG were follow-on funding to the same organizations and appeals. However, we agree with the OIG that the Bureau should ensure these sections are also included in each funding paper, including for follow-on funding.

With regard to the recommendations concerning file management in State Assistance Management System (SAMS) Domestic, PRM concurs and is working to develop Standard Operating Procedures (SOPs) for program officers throughout the Bureau in order to ensure files are periodically validated. PRM will further ensure that these SOPs are distributed to all relevant program officers and that additional training will be made available to staff who have not already received it. However, PRM takes exception to the following statement: "the methodology used by PRM to establish and maintain the award files is inadequate and hinders PRM's ability to demonstrate that funding decisions for each contribution are advancing the U.S. Government's goals in Iraq." While the files in SAMS Domestic may not have been complete in all cases, PRM was able to provide all requested documentation to OIG. In addition, all of PRM's funding recommendation memoranda are required to demonstrate how the programs would advance U.S. Government goals and objectives.

Finally, regarding PRM's delegation of authority, PRM and the Office of U.S. Foreign Assistance Resources (F) and the Office of the Legal Advisor (L) have had discussions on this issue and PRM is confident that the Bureau is acting in a manner consistent with its delegation of authority. Per these discussions and in line with guidance from L, F approves the Bureau's annual financial plan and the Bureau provides daily updates on all funding decisions. F and L have both concurred with this approach. The Bureau will work with F and L to clearly document the use of this authority.

If you have any questions or would like to discuss this further, please contact Eric Hembree at (202) 453-9239 or Virginia Terhar at (202) 453-9292.

Attachment:

Recommendations and Responses

Response to the Report, Audit of Foreign Assistance for Internally Displaced Persons in Iraq

Recommendations and Responses

Recommendation 1: OIG recommends that the Bureau of Population, Refugees, and Migration provide training to its program officers responsible for managing voluntary contributions for internally displaced persons in Iraq on adhering to its guidance on uploading and managing files in the State Assistance Management System Domestic.

PRM Response: Concur. PRM will strengthen existing Standard Operating Procedures (SOPs) and guidance for managing and maintaining files in the State Assistance Management System (SAMS) Domestic for all Bureau voluntary contribution agreements including providing periodic training to responsible program officers. This recommendation will be implemented within 90 days.

Recommendation 2: OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement a process to validate periodically, at least annually, that the required documentation associated with the voluntary contributions for internally displaced persons in Iraq is recorded and maintained in the State Assistance Management System Domestic.

PRM Response: Concur. PRM will develop and implement Standard Operating Procedures (SOPs) for program officers throughout the Bureau to follow in order to ensure files are validated, at least annually, within State Assistance Management System (SAMS) Domestic for all Bureau voluntary contribution agreements. This recommendation will be implemented within 90 days.

Recommendation 3: OIG recommends that the Bureau of Population, Refugees, and Migration obtain written clarification from the Director, Office of U.S. Foreign Assistance Resources, that approval of the PRM financial plan is in accordance with language included in Delegation of Authority 293-2 regarding approval of Migration and Refugee Assistance Act funding.

PRM Response: Concur. PRM will work with the Office of U.S. Foreign Assistance Resources (F) and the Office of the Legal Advisor (L) to clearly document that approval of the PRM financial plan is in accordance with language included in Delegation of Authority 293-2 regarding approval of Migration and Refugee Assistance Act funding. This recommendation will be implemented with the approval of fiscal year 2019 funding for the Bureau.

## APPENDIX C: OIG'S RESPONSE TO PRM'S TECHNICAL COMMENTS

In addition to providing comments related to the recommendations offered in this report, the Bureau of Population, Refugees, and Migration (PRM) provided technical comments. PRM's technical comments and the Office of Inspector General's (OIG) replies are presented below.

### PRM's Comment

Regarding Table 2 on page 6, PRM explained that although the International Organization for Migration (IOM) and the UN Population Fund (UNFPA) appeals were "characterized in the OIG report as being 100 percent funded by PRM," these "projectized appeals" were "subsets of IOM's and UNFPA's overall activities in Iraq." PRM explained that it was the "sole donor for these specific projects, while other donors funded other parts of the organizations' activities in Iraq." In addition, PRM stated that its contribution in FY 2015 to an implementing partner organization "covered new displacement and humanitarian needs stemming from the rise of the Islamic State of Iraq and Syria (ISIS) in 2014, a level of support that was informed by and in line with the U.S. [G]overnment policy priorities at that time." Similarly, PRM stated that, in FY 2016, it provided "above usual contribution levels" to the UN High Commissioner for Refugees "in order for the agency to prepare for anticipated displacement out of Mosul during the Iraq-led and Coalition-supported operations to retake the city from ISIS." PRM stated that it "provided a strong response in both instances in order to respond to growing or anticipated needs, reflecting U.S. [G]overnment priorities."

### OIG's Reply

PRM's comment provides additional context to the information presented in Table 2, but does not change the facts set forth in that table. OIG notes that the table itself specifically identifies the particular projects in question with respect to the IOM and UNFPA. Accordingly, OIG did not make any changes to the report on the basis of this comment.

### PRM's Comment

In the section discussing risk assessments and past performance reviews being included in funding recommendations memoranda on page 9, PRM explained that "both of the papers noted included references to the original strategy papers describing the strategy and initial funding to [the international organizations.] The original strategy papers included the required risk assessments and past performance reviews, and the papers noted by OIG were follow-on funding to the same organizations and appeals." However, PRM agreed with OIG that it should ensure these sections are also included in each funding paper, including for follow-on funding.

### OIG's Reply

OIG does not dispute that the original strategy papers included the required risk assessments and past performance reviews. As PRM effectively acknowledges, however, OIG's point in this section was to emphasize that PRM should also have ensured that this information was included

in each funding paper, including follow-on funding. OIG did not make any changes to the report on the basis of this comment.

PRM's Comment

PRM "takes exception" to the statement in the report that "the methodology used by PRM to establish and maintain the award files is inadequate and hinders PRM's ability to demonstrate that funding decisions for each contribution are advancing the U.S. Government's goals in Iraq." PRM acknowledged that "[w]hile the files in SAMS Domestic may not have been complete in all cases, PRM was able to provide all requested documentation to OIG."

OIG's Reply

Even though PRM was ultimately able to provide the information in question, that information was not readily available in the appropriate location during the ordinary course of business. This in and of itself may hinder PRM's ability to demonstrate at any given time that funding decisions for each contribution are advancing the Government's stated goals in Iraq. To address this finding, OIG recommended, and PRM agreed, to develop and implement a process to validate periodically that the required documentation associated with the voluntary contributions for internally displaced persons in Iraq is recorded and maintained in State Assistance Management System Domestic. OIG did not make any changes to the report on the basis of this comment.

PRM's Comment

PRM stated it has had discussions with the Office of U.S. Foreign Assistance Resources and the Office of the Legal Advisor on the issue of PRM's delegation of authority to award foreign assistance. PRM stated it is "confident" that it is "acting in a manner consistent with its delegation of authority" and will work with these offices to "clearly document the use of this authority."

OIG's Reply

OIG looks forward to receiving written confirmation regarding PRM's authority to award foreign assistance in accordance with language included in Delegation of Authority 293-2 regarding approval of Migration and Refugee Assistance Act funding. OIG did not make any changes to the report on the basis of this comment.

## ABBREVIATIONS

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Department	U.S. Department of State
FAPD	Federal Assistance Policy Directive
FAH	Foreign Assistance Handbook
IDP	Internally Displaced Persons
IOM	International Organization for Migration
ISIS	Islamic State of Iraq and Syria
OIG	Office of Inspector General
PPRC	Policy and Program Review Committee
PRM	Bureau of Population, Refugees, and Migration
SAMS	State Assistance Management System
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees

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