



**OIG**

Office of Inspector General

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

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Office of Inspections

July 2017

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**Management Assistance Report:  
Improved Oversight Needed to  
Standardize the Use of Risk  
Assessments and Monitoring Plans  
for Overseas Grants**

**MANAGEMENT ASSISTANCE REPORT**

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## Summary of Review

In accordance with Federal regulations,<sup>1</sup> the Department of State (Department) requires all bureaus, offices, and overseas missions to conduct a risk assessment for Federal financial assistance awards.<sup>2</sup> The regulations also require that the risk assessment be factored into a monitoring plan that will be used to guide oversight to ensure that a grant's stated goals and objectives are being accomplished. Failure to complete and use risk assessments and monitoring plans leaves the Department vulnerable to loss of funds or failure by the grantee to adequately perform on the award. OIG found a pattern of non-compliance with risk assessment and monitoring plan requirements in its review of findings from 12 overseas inspections and 13 Bureau of Administration, Office of the Procurement Executive Federal Assistance Division (A/OPE/FA) evaluations conducted between March 2015 and January 2017. OIG made five recommendations to improve awareness of the requirements to complete risk assessments and monitoring plans and to standardize their use overseas. In its comments on this draft report, the Bureau of Administration concurred with the five recommendations. The bureau's response to the recommendations and OIG's reply can be found in the Recommendations Section of this report. OIG considers the recommendations resolved. The bureau's formal written response is reprinted in its entirety in Appendix C.

## BACKGROUND

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### Risk Assessment and Monitoring Plan Requirements

To reflect requirements set by the Office of Budget and Management, A/OPE/FA consolidated 54 separate Grants Policy Directives into the March 2015 Federal Assistance Policy Directive (FAPD) and the December 2015 Procedural Guide to Grants and Cooperative Agreements to Non-Federal Entities Not Recognized as Foreign Entities (Procedural Guide).<sup>3</sup> Both documents contain guidance on risk assessments and monitoring plans, which must be completed before disbursement of funds. Section 2.03 of the FAPD contained the Department's Risk Based Management Framework,<sup>4</sup> which requires bureaus, offices, and overseas missions to incorporate risk identification into award planning and conduct a risk assessment on all grants, both competitive and non-competitive. In assessing organizational, programmatic, and country-specific factors through the risk assessment, each grant must be designated as low, moderate, or

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<sup>1</sup> Title 2 of the Code of Federal Regulations, Subtitle A, Chapter II, Part 200 and Subtitle B, Chapter VI, Part 600 (December 26, 2013). Under 2 CFR 200.205(b), for competitive grants or cooperative agreements, the Federal awarding agency must have in place a framework for evaluating the risks posed by applicants before they receive Federal awards. Under 2 CFR 600.205, the Department requires the use of 2 CFR 200.205.

<sup>2</sup> Federal financial assistance awards can take a variety of forms. The scope of this review was limited to grants and cooperative agreements. For the purposes of this report, the term "grants" refers to both categories.

<sup>3</sup> The Federal Assistance Directive (FAD) went into effect as of May 20, 2017. OIG assessed the process under the 2015 FAPD and Procedural Guide, which were in effect at the time of the review but have since been retired.

<sup>4</sup> This requirement is now located in Chapter 2, Section K of the FAD.

high risk. The Department also requires incorporating the risk assessment into a monitoring plan used to guide oversight to ensure that a grant's stated goals and objectives are being accomplished. According to FAPD Section 3.01, a monitoring plan should include a risk mitigation strategy<sup>5</sup> and reporting schedule. It must also include a description of the award's goals, objectives, and expected outcomes as well as identify actions and tools to measure the recipient's progress.

## Overseas Reviews Revealed Pattern of Non-Compliance

Both OIG and the Department have identified deficiencies in the preparation and use of risk assessments and monitoring plans. OIG identified deficiencies at 12 of 20 overseas missions that were inspected from March 13, 2015, through January 16, 2017.<sup>6</sup> Deficiencies ranged from the absence of one or both of these documents to partial compliance or late implementation of FAPD requirements. During this same time period, A/OPE/FA staff visited an additional 13 overseas missions to conduct Grants Review Evaluation and Assistance Training, the goal of which is to strengthen Federal assistance program management and oversight. All 13 visits led to recommendations to correct deficiencies in the use of risk assessments and monitoring plans (see Appendix B). OIG determined that non-compliance with these requirements was primarily due to two factors, as discussed below: problems with the training and other resources, such as templates and forms, given to grants officers and grants officer representatives, and inconsistent regional bureau oversight.

## FINDINGS

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### Training and Resources Required Improvement

#### *Online Resources Not Fully Aligned with Current Requirements*

OIG found that A/OPE/FA used several methods to promote awareness of and adherence to Department requirements for risk assessments and monitoring plans. These included expanding overseas evaluation and training visits, a series of webinars, the September 2016 launch of the electronic newsletter "Federal Assistance Bulletin," and a February 2017 reorganization of its intranet site. Because A/OPE/FA's new intranet site is the primary repository for guidance and tools to assist grants officials, OIG reviewed its content for information on risk assessments and monitoring plans. While the site generally was structured in a way that allows users to easily find key information based on a grant's life cycle, OIG noted that information on monitoring plans was located in the post-award section of the intranet site. This is inconsistent with FAPD guidance, which requires a monitoring plan to be completed prior to disbursing grant funds. OIG advised A/OPE/FA

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<sup>5</sup> The requirement to incorporate a risk mitigation strategy into the monitoring plan can now be found in Chapter 2, Section K of the FAD.

<sup>6</sup> OIG only reviewed inspection reports issued in final by April 30, 2017, for those embassy inspections conducted between March 13, 2015, and January 16, 2017. Any inspection conducted during that time but not issued in final by April 30, 2017, was not included.

to move its template to the site's pre-award phase section to be of most use for the Department's grants community.

### ***Improved Online Training Needed to Augment Limited Classroom Offerings***

OIG found that while A/OPE/FA had taken steps to revise its grants training curriculum, the availability of updated courses that include the latest requirements failed to meet demand. Per 1 FAM 212.2-3, A/OPE/FA is responsible for facilitating conformance with standardized requirements through training, advice, and outreach to the Department's grants community. A/OPE/FA and the Department's Foreign Service Institute designed a new, 5-day classroom course, *Federal Assistance Management* (PY260) to replace classroom versions of *Introduction to Grants and Cooperative Agreements* (PY220) and *Monitoring Grants and Cooperative Agreements* (PY222). However, due to a lack of classroom space and instructor availability, demand for PY260 far exceeded capacity, and students were regularly waitlisted. Even though A/OPE/FA took some steps to address this backlog,<sup>7</sup> as of January 2017, only 20 percent of the Department's grants officers and 12 percent of its grants officer representatives had taken the updated classroom course.

Employees who needed to qualify for warrants (grants officers) or certifications (grants officer representatives) but were unable to enroll in PY260 instead took the older online versions of PY220 and PY222 and a new online course, *Federal Assistance and the Office of Management and Budget Guidance* (PY224). OIG's comparison of course slides for PY 260 and online courses PY220, PY222, and PY224 found that the revised classroom course covered the need to conduct a risk assessment, create a monitoring plan, and document both in the official file, which the online courses did not. Specifically, PY220, PY222, and PY224 did not adequately explain risk assessment and monitoring plan requirements. A/OPE/FA and the Foreign Service Institute told OIG that an online version of PY260, being developed at the time of this review, would not be available until summer 2018 or later.

The limited space availability in PY260, combined with the lack of clarity on risk assessment and monitoring plan requirements in the three online courses, impedes grants officers' and grants officer representatives' awareness of these Department requirements. Per 1 FAM 212.2-3, A/OPE/FA develops, implements, and manages the Department's Federal assistance training requirements for grants management professionals. As part of this role, A/OPE/FA is required to provide adequate training to ensure compliance with requirements for risk assessments and monitoring plans.

**Recommendation 1:** The Bureau of Administration, in coordination with the Foreign Service Institute, should accelerate development of updated online training that adequately explains

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<sup>7</sup> In particular, A/OPE/FA delivered the classroom version of PY260 overseas six times in 2015 and seven times in 2016. It also incorporated condensed PY260 content into its Grants Review Evaluation and Assistance Training at overseas missions.

risk assessment and monitoring plan requirements for grants and cooperative agreements. (Action: A, in coordination with FSI)

OIG also found that a lack of A/OPE/FA guidance cables added to poor overseas awareness of and compliance with risk assessment and monitoring plan requirements. During the timeframe reviewed by OIG, A/OPE/FA's cables to overseas missions focused on training requirements rather than transmitting updated guidance. Particularly in the absence of comprehensive online training materials, cable guidance that alerts the missions to updated requirements or re-affirms current requirements can serve as an effective means to reduce the risk of waste and fraud in Federal assistance grants.

**Recommendation 2:** The Bureau of Administration should issue cable guidance to overseas missions explaining the importance of risk assessments and monitoring plans and how to comply with Department of State requirements on their use. (Action: A)

### *Varied Templates Did Not Fully Address Requirements*

OIG found considerable difference in formats used by overseas posts for risk assessments and monitoring plans.<sup>8</sup> Almost all templates and forms reviewed by OIG, including those provided by A/OPE/FA, lacked to varying degrees sufficient coverage of risk assessment and monitoring components required by FAPD and the Procedural Guide. For example, A/OPE/FA's risk assessment template did not address risks associated with financial and management internal controls even though, as noted in FAPD Section 2.03, applicants lacking these controls may pose a risk. While not specifically required by the FAPD, assessments of these controls can help mitigate risk in more complex overseas environments. OIG advised A/OPE/FA to incorporate into templates additional factors to assess risk, including financial and management controls, history of performance, number of sub-recipients, complexity of award, and sensitivity/profile of the program—all of which A/OPE/FA guidance documents list as risk indicators. OIG also found that A/OPE/FA's monitoring plan template did not include identified goals and objectives for the award or quantifiable performance metrics, as required by FAPD Section 3.01-A. Without linking planned monitoring to goals, objectives, and performance metrics, grants officials cannot ensure that a recipient is performing effectively.

In addition, staff from five of the six regional bureaus<sup>9</sup> indicated that A/OPE/FA's templates are oriented to large-scale domestic awards to U.S. grantees rather than to smaller grants<sup>10</sup> in overseas environments. To address this deficiency, OIG found that some regional bureaus developed their own templates for use overseas. For example, the Bureau of Near Eastern

<sup>8</sup> In January 2017, OIG sent an information request to 90 grants officers at 66 overseas missions representing all six regional bureaus to collect examples of templates used for risk assessments and monitoring plans. See Appendix A for additional details.

<sup>9</sup> The Department's six regional bureaus are African Affairs, East Asian and Pacific Affairs, European and Eurasian Affairs, Near Eastern Affairs, South and Central Asian Affairs, and Western Hemisphere Affairs.

<sup>10</sup> The warrant level for overseas grants officers during OIG's review was capped at \$250,000. The current FAD requirements raises the warrant level for overseas grants officers to \$500,000.

Affairs' Office of Assistance Coordination developed risk assessment and monitoring plan templates. The Bureau of African Affairs' Office of Public Diplomacy and Public Affairs disseminated a "short form" risk assessment template modeled after the retired Grants Policy Directive 57 on Risk Management. The Bureau of South and Central Asian Affairs' Office of Press and Public Diplomacy, which started developing its own templates prior to this review, told OIG its own risk assessment template would provide overseas missions with more flexibility in assessing country risk. It also would require the overseas use of a pre-award survey focusing on financial and management controls as a supplement to A/OPE/FA's risk assessment template.

Moreover, 26 of 62 overseas grants officers reported using multiple templates, forms, or checklists (Department-issued, bureau-generated, or mission-created) to address risk assessment and monitoring plan requirements, rather than a single template. Nine of 19 who commented in response to OIG's information request echoed their bureau counterparts, saying they found A/OPE/FA's templates poorly suited for overseas use. Specifically, four grants officers said the current risk assessment and monitoring plan guidelines and templates were impractical, "not suitable," or sometimes "difficult to apply in the field." Eight grants officers also suggested it would be helpful if training were more tailored to overseas environments, with a greater focus on the specifics of risk assessments and monitoring.

According to 1 FAM 212.2-3, A/OPE/FA is responsible for establishing standardized requirements related to simplifying grant management and improving business processes used to manage assistance awards. However, A/OPE/FA's templates do not fully address risk assessment and monitoring requirements and are not well-suited for use by overseas missions. Creating standardized and scalable templates, which could be tailored for overseas use, would help increase compliance with the requirement to prepare and use risk assessments and monitoring plans overseas.

**Recommendation 3:** The Bureau of Administration, in coordination with the Department's six regional bureaus, should develop standardized and scalable templates that are tailored for overseas use and consistent with Department requirements on the preparation and use of risk assessments and monitoring plans for grants and cooperative agreements. (Action: A, in coordination with AF, EAP, EUR, NEA, SCA, and WHA)

### ***Checklist for Grants Management Did Not Reference Risk Assessment***

FAPD Section 1.10-B requires use of the Federal Award File Form DS-4012 for all grants as a "checklist" of information that must be in the official file. It is intended to serve as a standardized means to ensure that all required documentation is completed. However, while the DS-4012, which was last updated in 2008, includes a prompt to prepare a monitoring plan, it includes no requirement to conduct a risk assessment. The omissions in the DS-4012 also have wider implications for Department practice. In particular, the DS-4012 formed the basic structure of the State Assistance Management System (SAMS), a Department system that captures data necessary to manage federal assistance. OIG confirmed that SAMS does not require either a risk assessment or monitoring plan to be submitted during the pre-award process. The Bureau of

Administration told OIG that full SAMS deployment overseas should be completed by the beginning of FY 2019. Until then, overseas grants officials will rely on the DS-4012. Once installed, SAMS use will be mandatory. The lack of any reference to the risk assessment requirement in the DS-4012 or its electronic version in SAMS could lead to incomplete official records and insufficient oversight of grants, resulting in mismanagement or fraud in the use of Federal assistance funds.

**Recommendation 4:** The Bureau of Administration should update Federal Award File Form DS-4012 to reflect the latest risk assessment requirements and integrate the updated form into the State Award Management System. (Action: A)

### Inconsistent Regional Bureau Oversight Posed Risks

From March 13, 2015, through January 16, 2017, overseas missions awarded 728 grants of \$25,000 or more (totaling approximately \$97.5 million) that were subject to regional bureau approval (See Table 1). FAPD Section 1.05-F requires regional bureaus to be aware of overseas mission assistance activities to ensure grants conform to bureau priorities. This guidance also requires overseas missions to obtain written approval from the appropriate regional bureau for grant awards equal to or greater than \$25,000.<sup>11</sup> The Procedural Guide states that the level of documentation necessary for bureau review and approval is “at the discretion of the regional bureau.”

OIG found that four bureaus— African Affairs, Near Eastern Affairs, South and Central Asian Affairs, and Western Hemisphere Affairs—had some controls in place to verify the completion of risk assessments and monitoring plans during the approval process.<sup>12</sup> But OIG found that the Bureaus of East Asian and Pacific Affairs and European and Eurasian Affairs—which authorized \$24.3 million in overseas grants from March 13, 2015, through January 16, 2017—did not always verify that risk assessments and monitoring plans were included in award files. OIG attributed these inconsistencies to the significant latitude they have regarding the type of documentation required for award approval.

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<sup>11</sup> The Bureau of South and Central Asian Affairs (for grants awarded in Afghanistan) and the Bureau of African Affairs (for public diplomacy grants awarded in Africa) independently lowered this threshold to \$10,000.

<sup>12</sup> OIG’s review focused on the existence of regional bureau internal controls to ensure that risk assessments and monitoring plans for overseas awards are completed. The review did not include a qualitative evaluation of these documents or the regional bureaus’ review procedures.

Table 1: Overseas Awards Equal to or Greater than \$25,000 (3/13/15 to 1/16/17)<sup>13</sup>

Regional Bureau	Total New Award Actions	Total Amount	Average Award Amount	Median Award Amount
AF	84	\$16,699,604	\$198,805	\$44,608
EAP	97	\$8,507,359	\$87,705	\$65,000
EUR	157	\$15,824,570	\$100,793	\$75,000
NEA	98	\$13,029,821	\$132,957	\$127,899
SCA	179	\$32,585,383	\$182,041	\$63,450
WHA	113	\$10,823,791	\$95,786	\$67,650
<b>Total</b>	<b>728</b>	<b>\$97,470,529</b>	<b>\$133,888</b>	

Source: OIG analysis of Grants Database Management System information.

Given that Foreign Service grants officers generally serve 2- or 3-year tours and that grants management is usually not their primary responsibility, a strong internal control environment is essential for accountability. This should include completed risk assessments and monitoring plans, as well as bureau review and approval of the two documents. Without these internal controls, the Department cannot ensure that risks are mitigated and that grants are evaluated against their goals and objectives, as required in 2 Foreign Affairs Manual (FAM) 030 on risk management) and 18 FAM 300 on evaluation policy.

**Recommendation 5:** The Bureau of Administration should amend its guidance to require regional bureaus to verify that risk assessments and monitoring plans are completed and that they meet Department of State requirements as a prerequisite for approving overseas grants and cooperative agreements. (Action: A)

<sup>13</sup> Overseas awards, for the purpose of this review, are grants and cooperative agreements awarded by a grants officer assigned to an overseas mission.

## RECOMMENDATIONS

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OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to the Bureau of Administration. Its complete responses can be found in Appendix C.

**Recommendation 1:** The Bureau of Administration, in coordination with the Foreign Service Institute, should accelerate development of updated online training that adequately explains risk assessment and monitoring plan requirements for grants and cooperative agreements. (Action: A, in coordination with FSI)

**Management Response:** In its June 30, 2017, response, the Bureau of Administration concurred with the recommendation. The bureau noted that it has prioritized the production and release of an online training module addressing pre-award procedures.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the updated online training.

**Recommendation 2:** The Bureau of Administration should issue cable guidance to overseas missions explaining the importance of risk assessments and monitoring plans and how to comply with Department of State requirements on their use. (Action: A)

**Management Response:** In its June 30, 2017, response, the Bureau of Administration concurred with the recommendation. The bureau noted that it would issue cable guidance to overseas missions underscoring the importance of risk assessments and monitoring plans.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts the cable guidance.

**Recommendation 3:** The Bureau of Administration, in coordination with the Department's six regional bureaus, should develop standardized and scalable templates that are tailored for overseas use and consistent with Department requirements on the preparation and use of risk assessments and monitoring plans for grants and cooperative agreements. (Action: A, in coordination with AF, EAP, EUR, NEA, SCA, and WHA)

**Management Response:** In its June 30, 2017, response, the Bureau of Administration concurred with the recommendation. The bureau noted that it would coordinate with the six regional bureaus to develop templates tailored for overseas use.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the templates.

**Recommendation 4:** The Bureau of Administration should update Federal Award File Form DS-4012 to reflect the latest risk assessment requirements and integrate the updated form into the State Award Management System. (Action: A)

**Management Response:** In its June 30, 2017, response, the Bureau of Administration concurred with the recommendation. The bureau noted that it was in the process of updating the form DS-4012 and was working the Office of Logistics Management to integrate it into the State Award Management System.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the updated form and its integration into the State Award Management System.

**Recommendation 5:** The Bureau of Administration should amend its guidance to require regional bureaus to verify that risk assessments and monitoring plans are completed and that they meet Department of State requirements as a prerequisite for approving overseas grants and cooperative agreements. (Action: A)

**Management Response:** In its June 30, 2017, response, the Bureau of Administration concurred with the recommendation. A/OPE/FA noted that it included updated guidance in the June 2017 Federal Assistance Directive regarding risk assessments and would further revise the guidance to include monitoring plans.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the updated guidance requiring risk assessments and monitoring plans as a prerequisite for approving overseas grants and cooperative agreements.

## APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

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This inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department and the Broadcasting Board of Governors.

The Office of Inspections provides the Secretary of State, the Chairman of the Broadcasting Board of Governors, and Congress with systematic and independent evaluations of the operations of the Department and the Broadcasting Board of Governors. Consistent with Section 209 of the Foreign Service Act of 1980, this inspection focused on the Department's resource management—whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.

OIG's specific objectives were to determine (1) what methods the Department uses to monitor compliance with requirements on the completion and use of risk assessments and monitoring plans for grants and cooperative agreements administered by overseas missions, and (2) the effectiveness of those methods.

To address these objectives, OIG reviewed Federal regulations and Department guidance and training related to risk assessments and monitoring plans. OIG interviewed assistance coordination and public diplomacy staff from all six regional bureaus (African Affairs, East Asian and Pacific Affairs, European and Eurasian Affairs, Near Eastern Affairs, South and Central Asian Affairs, and Western Hemisphere Affairs). OIG also collected and reviewed supplemental guidance, templates, and training material related to risk assessments and monitoring plans from the regional bureaus as well as A/OPE/FA guidance, templates, and training documents.

OIG used information from the Department's Grants Database Management System to determine the numbers of new award actions (grants and cooperative agreements) completed by grants officers at overseas missions between March 13, 2015 (effective date of the first Federal Assistance Policy Directive), and January 16, 2017.

OIG also sent an information request to 90 grants officers at 66 missions representing all six regional bureaus to collect examples of templates used overseas for risk assessments and monitoring plans. OIG received responses from 62 grants officers (69 percent), 59 of whom provided templates and forms they reported using for risk assessments and monitoring plans.

Paul Houge (Team Leader), Ami Ballenger, Brent Byers, and Jill Derderian conducted this inspection.

## APPENDIX B: RISK ASSESSMENT AND MONITORING PLAN DEFICIENCIES AT OVERSEAS MISSIONS

Bureau	Mission	Reviewed by	Conducted	Risk Assessment Deficiencies	Monitoring Plan Deficiencies
AF	Gaborone	A/OPE/FA	11-Sep-15	x	X
AF	Harare	A/OPE/FA	8-Sep-15	x	x
AF	Johannesburg	A/OPE/FA	2-Sep-15	x	x
AF	Kinshasa	A/OPE/FA	11-Sep-15	x	x
AF	Mbabane	A/OPE/FA	8-Sep-15	x	x
AF	Pretoria	A/OPE/FA	26-Aug-15	x	x
EAP	Port Moresby	OIG/ISP	28-Jun-16	x	x
EAP	Rangoon	OIG/ISP	7-Jun-16	x	x
EAP	Seoul	A/OPE/FA	6-Nov-15	x	x
EUR	Belgrade	OIG/ISP	24-May-16	-	x
EUR	Pristina	A/OPE/FA	23-Sep-15	x	x
EUR	Skopje	A/OPE/FA	24-Sep-15	x	x
EUR	Tbilisi	A/OPE/FA	9-Oct-15	x	x
EUR	Zagreb	OIG/ISP	15-Jun-16	x	x
NEA	Muscat	OIG/ISP	1-Apr-15	-	x
SCA	Ashgabat	OIG/ISP	17-Nov-15	-	x
SCA	Colombo	OIG/ISP	19-Nov-16	x	x
SCA	Tashkent	OIG/ISP	26-Oct-15	x	x
WHA	Belmopan	OIG/ISP	16-Sep-16	x	x
WHA	Managua	A/OPE/FA	20-May-16	x	x
WHA	Mexico City	A/OPE/FA	23-Oct-15	x	x
WHA	Port of Spain	OIG/ISP	11-Mar-16	-	x
WHA	Quito	OIG/ISP	23-Sep-16	x	x
WHA	San Jose	A/OPE/FA	8-May-15	x	x
WHA	Tegucigalpa	OIG/ISP	25-Feb-16	x	x

Source: OIG/ISP and A/OPE/FA.

**Note:** From March 13, 2015, through January 16, 2017, 12 OIG/ISP overseas inspections and 13 A/OPE/FA Grants Review Evaluation and Assistance Training visits reported deficiencies in the use of risk assessments (21) or monitoring plans (25).

## APPENDIX C: MANAGEMENT RESPONSES

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United States Department of State

Washington, D.C. 20520

June 30, 2017

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

FROM:        A/OPE/FA -- Steven P. Mackey, Director Federal Assistance 

SUBJECT: Response to Draft OIG Report – Inspection of Multiple Department of State Overseas Grants

Thank you for allowing us to review the draft OIG Inspection report on Overseas Grants. A/OPE/FA would like to offer the following comments in response to the recommendations provided by OIG:

**OIG Recommendation 1:** The Bureau of Administration, in coordination with the Foreign Service Institute, should accelerate development of updated online training that adequately explains risk assessment and monitoring plan requirements for grants and cooperative agreements. (Action: A, in coordination with FSI)

**Management Response:** A/OPE concurs with this recommendation. In coordination with FSI, A/OPE has prioritized the production and release of an online training module addressing pre-award procedures, including guidance on properly assessing risk and developing monitoring plans.

**OIG Recommendation 2:** The Bureau of Administration should issue cable guidance to overseas missions explaining the importance of risk assessments and monitoring plans and how to comply with Department of State requirements on their use. (Action: A)

**Management Response:** A/OPE concurs with this recommendation. A/OPE will issue cable guidance to overseas missions underscoring the importance of risk assessments and monitoring plans, in addition to other federal assistance guidance toward the end of the fiscal year.

**OIG Recommendation 3:** The Bureau of Administration, in coordination with the Department's six regional bureaus, should develop standardized and scalable templates that are tailored for overseas use and consistent with Department requirements on the preparation and use of risk assessments and monitoring plans for grants and cooperative agreements. (Action: A, in coordination with AF, EAP, EUR, NEA, SCA, and WHA)

**Management Response:** A/OPE concurs with this recommendation. A/OPE will coordinate with regional bureaus to develop templates that are tailored for overseas use.

**OIG Recommendation 4:** The Bureau of Administration should update Federal Award File Form DS-4012 to reflect the latest risk assessment requirements and integrate the updated form into the State Award Management System. (Action: A)

**Management Response:** A/OPE concurs with this recommendation. A/OPE is currently in the process of addressing this recommendation. A/OPE has requested changes to the DS-4012 and has been working with colleagues in A/LM to ensure that this is integrated into the State Assistance Management System (SAMS).

**OIG Recommendation 5:** The Bureau of Administration should amend its guidance to require regional bureaus to verify that risk assessments and monitoring plans are completed and that they meet Department of State requirements as a prerequisite for approving overseas grants and cooperative agreements. (Action: A)

**Management Response:** A/OPE concurs with this recommendation. A/OPE has already partially addressed this recommendation in the June 2017 Federal Assistance Directive, which states: "all regional bureau reviews must ensure that the post conducted a risk assessment as part of the pre-award due diligence." A/OPE will revise our policy to ensure that monitoring plans are included as well.

The point of contact for this memorandum is Steven P. Mackey. He may be reached by email at [Mackeysp@state.gov](mailto:Mackeysp@state.gov). Or by telephone at: 703-812-2526.

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