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Office of Inspections

May 2017

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# Inspection of the Bureau of Near Eastern Affairs

BUREAU OF NEAR EASTERN AFFAIRS

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May 2017  
 OFFICE OF INSPECTIONS  
 Bureau of Near Eastern Affairs

## Inspection of the Bureau of Near Eastern Affairs

### What OIG Found

- In addressing the regional crises in Syria, Iraq, Libya, and Yemen, the Assistant Secretary led the bureau's policy implementation process decisively and clearly. The Bureau of Near Eastern Affairs is widely recognized as crisis-driven and, of necessity, intensely operational in its focus as it responded to four active conflicts in a region that has been in almost constant turmoil since the Arab Spring in 2011.
- The bureau did not measure its performance against its Joint Regional Strategy goals and objectives. The lack of formal monitoring and evaluation processes to measure progress towards goals that require long-term policy coordination—such as equitable economic engagement and expansion of democracy and good governance—diminished the bureau's ability to make strategic adjustments based on evidence derived from the review process.
- The creation of the Office of Assistance Coordination had produced some positive results. However, OIG identified deficiencies in policy coordination, stabilization planning, and strategic planning for assistance to Syria.
- The bureau faced shortages of Foreign Service officers to fill domestic and overseas positions, placing at risk its ability to develop the next generation of diplomats with expertise in the region.
- Bureau staffing had not kept pace with workload in parts of the bureau, increasing workplace stress and employee burnout.
- Spotlights on Success: The bureau created the Office of Iranian Affairs in 2006 to increase the Department's capabilities to focus on Iranian issues and enhance outreach to the Iranian people. The Office of Maghreb Affairs effectively led regional policy implementation and integrated the Special Envoy for Libya into operations.

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### What OIG Inspected

OIG inspected the Bureau of Near Eastern Affairs from October 4 to November 9, 2016.

### What OIG Recommended

OIG made 17 recommendations to improve the Bureau of Near Eastern Affairs strategic planning, foreign assistance, human capital management, and information technology operations.

In its comments on the draft report, the Bureau of Near Eastern Affairs concurred with the 17 recommendations. The bureau's response to each recommendation, and OIG's reply, can be found in the Recommendations Section of this report. OIG considers the recommendations resolved. The bureau's formal written responses are reprinted in their entirety in Appendix B.

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## CONTEXT

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The Bureau of Near Eastern Affairs (NEA) is responsible for the general conduct of foreign relations with 19 countries and entities in the Middle East and North Africa.<sup>1</sup> As described in 1 Foreign Affairs Manual (FAM) 112, the bureau also ensures the adequacy of U.S. policy for the countries within the region and of the plans, programs, resources, and performance for implementing that policy. The Assistant Secretary for Near Eastern Affairs oversees the overall direction, coordination, and supervision of interdepartmental activities of the U.S. Government for the countries within the bureau's area of responsibility.

The bureau listed four goals in its FY 2014 - FY 2016 Joint Regional Strategy (JRS), its primary strategic planning document.<sup>2</sup> These goals included:

- encouraging equitable economic growth, job creation, and access to open markets;
- ensuring a comprehensive and long-lasting Middle East peace;
- enhancing regional stability and civilian security; and
- promoting democracy, good governance, and more engaged civil society.

Since the development of the JRS in 2014, the bureau prioritized engagement on regional security, particularly in Syria, Yemen, Iraq, and Libya. Large-scale conflicts in the Middle East and North Africa have displaced more than 10 million people, creating the largest refugee crisis since World War II and destabilizing the region. Bureau strategic planning documents cited a lack of political legitimacy among regimes, weak democratic institutions, economic stagnation, sectarian conflict, and regional instability as key problems. Sixty percent of the region's population is under the age of 25 and young people face unemployment rates of approximately 45 percent, underscoring the risk of future instability absent political and economic reforms.

Bureau authorized staff comprised 301 Foreign Service and Civil Service employees organized into 12 offices supervised by 8 deputy assistant secretaries. Seven offices led and coordinated Department of State (Department) and interagency policy activities of the U.S. Government within their areas of responsibility.<sup>3</sup> Three offices engaged on regional and multilateral engagement related to economic, security, public diplomacy, and political issues.<sup>4</sup> One office, the Office of the Executive Director, managed funding, personnel assignments, and administrative support for overseas missions and for the bureau's domestic operations, including support for contracting activities in Embassy Baghdad, Iraq. One office, the Office of Assistance Coordination, exercised responsibility for ensuring that U.S. foreign assistance

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<sup>1</sup> These countries and entities include Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, the Palestinian Territories, Qatar, Saudi Arabia, Syria, Tunisia, the United Arab Emirates, and Yemen.

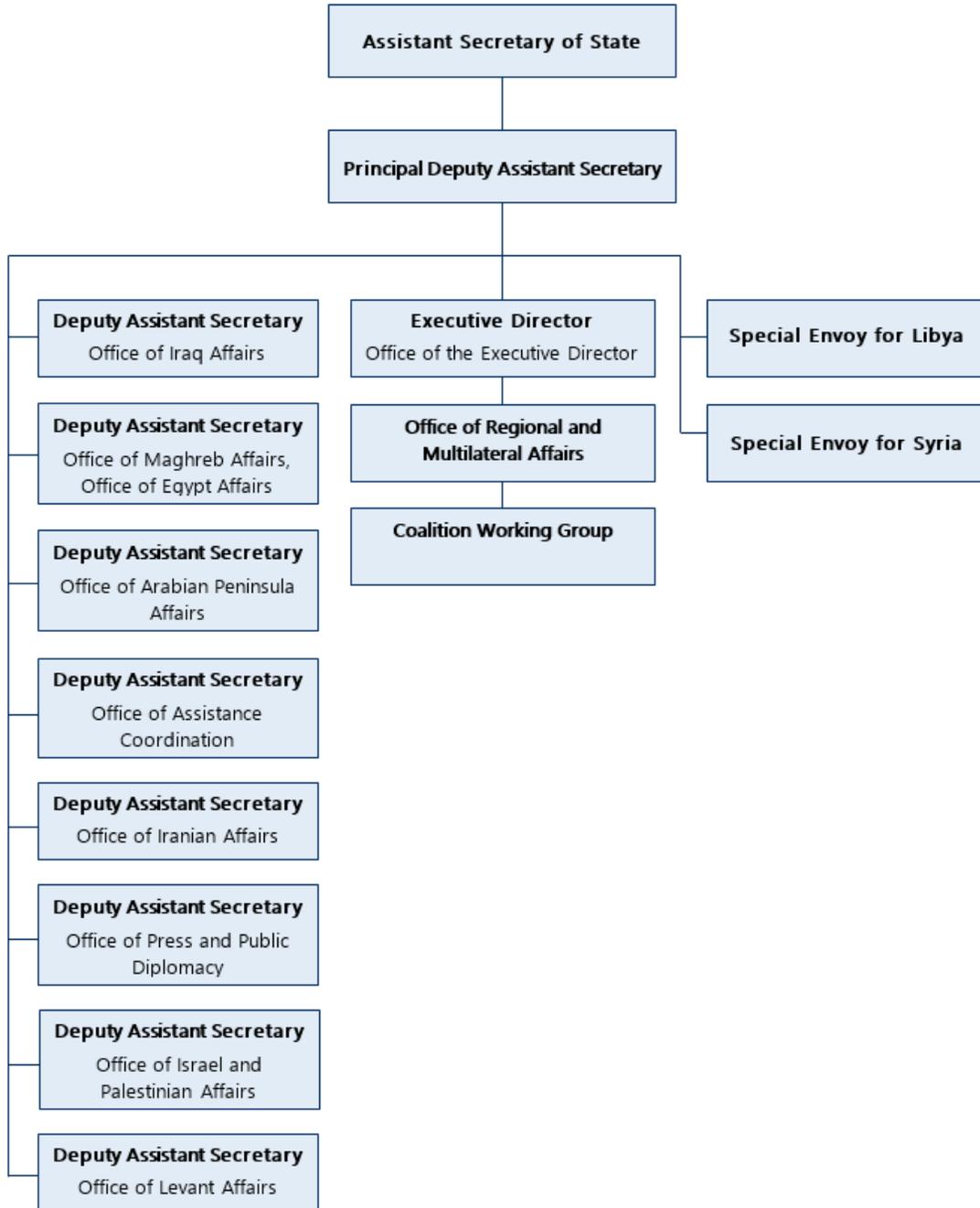
<sup>2</sup> The Joint Regional Strategy is a bureau-level document for planning, budgeting, and performance management. The planning period for the Joint Regional Strategy is three years prior to the date of final submission and is not tied to fiscal years.

<sup>3</sup> Policy offices included the Office of Arabian Peninsula Affairs, the Office of Egyptian Affairs, the Office of Israel and Palestinian Affairs, the Office of Iraq Affairs, the Office of Iranian Affairs, the Office of Levant Affairs, and the Office of Maghreb Affairs.

<sup>4</sup> Regional and multilateral offices include the Office of Regional and Multilateral Affairs, the Coalition Working Group, and the Office of Press and Public Diplomacy.

programs were effectively designed and implemented to support foreign policy objectives. The bureau's organizational chart is included in Figure 1 of this report.

Figure 1: NEA Organizational Chart



Source: NEA

## UNCLASSIFIED

With the closures of embassies in Iran, Yemen, Libya, and Syria, the bureau assumed responsibility for some diplomatic functions<sup>5</sup> usually carried out by overseas missions for these countries. The bureau supported temporary missions for Libya and Yemen,<sup>6</sup> which were temporarily relocated to Tunisia and Saudi Arabia, respectively. Since 2014, the bureau established three new offices<sup>7</sup> to support policy requirements related to escalating crises in the region. The bureau also staffed interagency coordination units—the Syria Transition Assistance Response team, resident in Embassy Ankara, Turkey, and the Southern Syria Assistance Program, resident in Embassy Amman, Jordan—to support diplomatic engagement related to Syria. Syrian affairs present a complex, challenging policy environment, as described in the 2015 Quadrennial Diplomacy and Development Review (QDDR). Lastly, the bureau supported Special Envoys for Syria and Libya and coordinated with three other special envoys<sup>8</sup> with responsibilities for policy implementation in the bureau’s area of responsibility.

In FY 2016 the bureau directly managed \$1.52 billion in funding from 11 accounts. It also exercised policy oversight for about \$7 billion of foreign assistance expended by other bureaus and agencies. Bureau funding totals are described in Figure 2 of this report.

OIG evaluated the bureau’s strategic planning, policy development and implementation, foreign assistance, and strategic human capital management consistent with Section 209 of the Foreign Service Act.<sup>9</sup>

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<sup>5</sup> These responsibilities include political reporting, U.S. citizens services, and public diplomacy, among other functions.

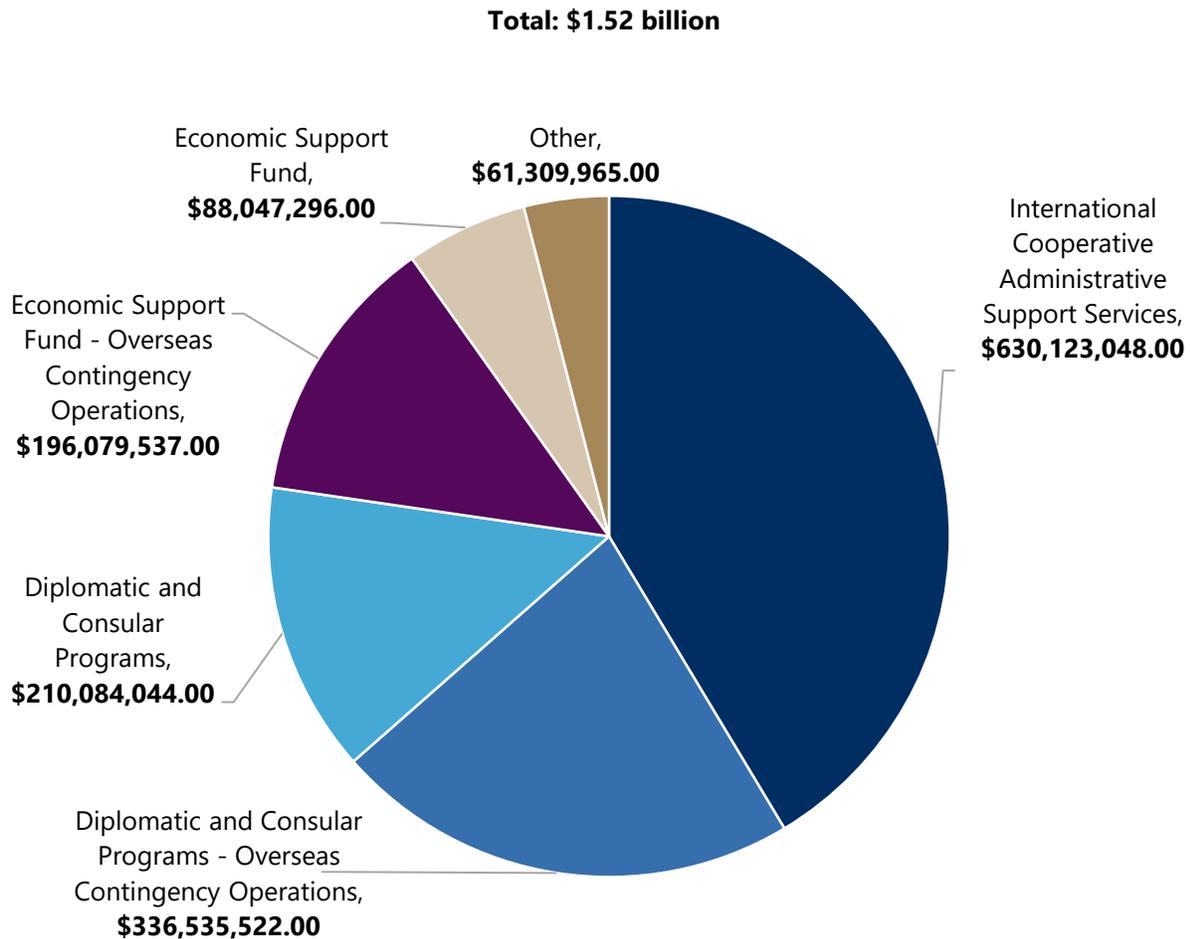
<sup>6</sup> The Yemen Assistance Unit and the Libya External Office are headed by ambassadors resident in U.S. Embassy Tunis, Tunisia, and U.S. Embassy Riyadh, Saudi Arabia.

<sup>7</sup> These are the Office of Egyptian Affairs, the Office of Assistance Coordination, and the Coalition Working Group.

<sup>8</sup> These were the Special Envoy for Israeli-Palestinian Negotiations, the Special Presidential Envoy for the Global Coalition to Counter the Islamic State in Iraq and the Levant (ISIL), and the Lead Coordinator for Iran Nuclear Implementation.

<sup>9</sup> 22 U.S.C. § 3929. See Appendix A.

Figure 2: FY 2016 Actual Expenditures for Operating and Foreign Assistance Accounts



Source: OIG analysis of NEA data

## EXECUTIVE DIRECTION

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### Tone at the Top and Standards of Conduct

OIG assessed bureau leadership on the basis of 349 on-site interviews and 123 survey interviews in Washington; 254 questionnaires that NEA bureau staff completed, of which 45 commented on the Assistant Secretary’s leadership; 14 questionnaires completed by deputy chiefs of mission at NEA missions; and OIG’s review of documents and observations of bureau meetings and activities during the course of the on-site inspection. The team conducted 33 interviews with Department and interagency partners that elicited comments on the performance of NEA in the interagency policy process.

The Assistant Secretary, who arrived in December 2013, brought four decades of diplomatic experience to her assignment, including four previous assignments as chief of mission, as well as assignments as Assistant Secretary for the Bureau of International Narcotics and Law Enforcement Affairs and as Deputy U.S. Permanent Representative to the United Nations. The

principal deputy assistant secretary (PDAS), who arrived in October 2016, served consecutive tours as Ambassador to Iraq and Jordan, as well as tours as deputy chief of mission in Egypt and Iraq, and as country director for Iraq at the National Security Council. The bureau that they led was widely recognized as crisis-driven and, of necessity, intensely operational in its focus as it responded to four active conflicts in a region that were in almost constant turmoil since the Arab Spring in 2011.

Senior leaders in the Department lauded the bureau's performance in managing the crises in the six years since the Arab Spring ushered in a period of intense regional instability. Bureau staff consistently told OIG that in addressing the regional crises in Syria, Iraq, Libya and Yemen, the Assistant Secretary and PDAS led the bureau's policy implementation process decisively and clearly, soliciting feedback from employees and conveying policy decisions effectively, consistent with leadership principles at 3 FAM 1214 (3) and (10). The intense operational tempo of the bureau over this extended period of time had its costs, however. The bureau faced challenges in recruiting and retaining staff and relied on ad hoc decisions rather than strategic planning to manage resources, positions, and foreign assistance.

Although the Assistant Secretary led frequent meetings to address operational priorities, OIG noted that there was no regular meeting of the Assistant Secretary and her deputies at which they might discuss broader issues of policy direction and coordinate their efforts as a front office team. OIG advised the bureau to establish a regular meeting of deputy assistant secretaries to discuss those issues, a practice employed by other geographic bureaus.

### ***Bureau Did Not Address Employee Concerns About Excessive Workload***

OIG did not find a bureau plan or guidance to address work-life balance concerns. The Assistant Secretary acknowledged that regional crises imposed extraordinary demands on employees at all levels and that work-life balance, which the QDDR cited as integral to the Department's mission and essential for retaining employee talent, had suffered, as had professional development. The Assistant Secretary and other bureau leaders also acknowledged staffing had not kept pace with workload in parts of the bureau, increasing workplace stress and employee burnout. Ad hoc staffing adjustments helped meet some immediate operational concerns, but did not resolve the overall challenge the bureau faced in attracting and retaining staff. For example, in the 2016 bidding cycle NEA attracted fewer Foreign Service officer bids than any other geographic bureau for its domestic and overseas positions. NEA also faced an annual Civil Service attrition rate of 14.5 percent in FY 2016, almost twice the Department average. The Federal Employee Viewpoint Survey found the bureau to be lagging 15 percentage points behind the Department as a whole when employees were asked whether workload was reasonable and whether senior leaders demonstrated support for work-life balance. Although the Assistant Secretary was aware of work-life balance issues, the bureau had not prioritized addressing them. In the absence of a plan to mitigate work-life balance concerns, the bureau faced difficulties in recruiting and retaining a cadre of employees with expertise essential to its mission.

**Recommendation 1:** The Bureau of Near Eastern Affairs should implement a formal plan to mitigate the effects of excessive workload and promote work-life balance. (Action: NEA)

## Execution of Foreign Policy Goals and Objectives

The Assistant Secretary directed a significant reform of the U.S.-Middle East Partnership Initiative<sup>10</sup> and, despite the demands of multiple regional crises, ensured attention to ties with traditional allies, such as Saudi Arabia and the Gulf States. She also focused on engagement with fragile states such as Tunisia that faced post-Arab Spring instability. The depth of the Assistant Secretary's engagement was reflected in her schedule. In the three-month period immediately prior to the inspection, the Assistant Secretary led daily staff meetings with deputy assistant secretaries, office directors, and bureau partners that focused on operational priorities. She also chaired daily Syria policy coordination meetings. In addition to standing meetings with the Secretary and Deputy Secretary, her schedule during that time included meetings or events with 45 foreign officials and organizations and 59 meetings with senior officials in the Department and other agencies. She also participated in 15 interagency meetings with National Security Council staff and had 7 interactions, including testimony before committees, with members of Congress.

The Assistant Secretary cited the FY 2014 - FY 2016 JRS as the bureau's primary strategic planning document and said that she prioritized the JRS goal of reducing regional violence and radicalization that threaten U.S. national security. OIG interviews with senior Department officials and bureau interagency partners found broad consensus that the bureau had demonstrated professionalism and regional expertise. OIG found that NEA worked across increasingly complex lines of authority to support the needs of the Secretary, Deputy Secretaries, and Under Secretaries, consistent with its responsibilities under 1 FAM 112(2), although coordination of Syria policy was particularly challenging, as discussed later in this report. OIG also found that the bureau had established productive working relationships with the five Special Envoys<sup>11</sup> who worked on NEA issues.

Some Department officials and partners from other agencies believed NEA had been marginalized in the interagency policy-making process because of the involvement of other Department principals, National Security Council staff and Special Envoys in its key issues. For example, the Special Envoy for Israeli-Palestinian negotiations led engagement on both the Middle East peace process, one of the bureau's JRS goals, and a wide range of Israel-related issues. NEA senior leadership, however, told OIG that the Special Envoys enhanced the bureau's ability to address regional challenges. They also stated the close attention of Department principals strengthened the bureau's engagement with senior policy makers and did not agree that NEA had been marginalized. On a related point, other Department officials noted that NEA was reluctant to share information and overly protective of bilateral relationships, which sometimes made it difficult to work cooperatively with the bureau. NEA leaders acknowledged that the bureau was protective of information but stated that this was because of its sensitivity; they also stated that they were not aware of the depth of concern of other partners. OIG advised

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<sup>10</sup> The U.S.-Middle East Partnership Initiative offers assistance, training, and support to groups and individuals by partnering with civil society organizations, community leaders, youth and women activists, and private sector groups to advance efforts to improve their communities.

<sup>11</sup> As defined in 5 FAH-1 Exhibit H-611, a special envoy is one designated for a particular purpose, such as the conduct of special negotiations and attendance at coronations, inaugurations, and other state ceremonies of special importance. The designation is temporary.

the bureau to remain aware of these tensions and to minimize frictions that might undercut its ability to influence and engage interagency partners.

### ***Bureau Did Not Measure Performance against Strategic Goals and Objectives***

NEA did not measure its performance against the JRS's goals and objectives, as required by the 2015 QDDR. As a result, OIG was not able to fully assess the bureau's overall effectiveness in implementing its main strategic goals and objectives. Bureau employees told OIG that the JRS was not used to guide day-to-day operations. Moreover, the bureau lacked formal monitoring and evaluation processes to measure progress towards goals that required long-term policy coordination, such as equitable economic engagement and expansion of democracy and good governance. This diminished the bureau's ability to make strategic adjustments based on evidence derived from the review process. This problem occurred, in part, because the bureau had not assigned clear responsibility for the overall strategic planning process, nor were the deputy assistant secretaries assigned strategic goals and objectives responsibilities. Guidance in 16 State 122756, however, requires that bureau leaders regularly assess progress against strategic objectives, as mandated in the 2015 QDDR. A failure to assign responsibilities for strategic planning and for monitoring results contributed to shortcomings in aligning policy, planning, resource management, and program decision making, thereby risking NEA's ability to promote key foreign policy goals and objectives.

**Recommendation 2:** The Bureau of Near Eastern Affairs should institute formal processes to measure performance against strategic goals in accordance with Department standards. (Action: NEA)

### **Adherence to Internal Controls**

The Assistant Secretary's 2016 Annual Management Control Statement of Assurance included documentation of internal controls reviews conducted by nine embassies that reported deficiencies. However, OIG found no documentation that the bureau conducted a review of internal controls for some domestic bureau functions, including contract and grants management, and corrective action taken in response to OIG audit report recommendations. OIG audits identified significant deficiencies in contracts and grants managed by the bureau. For example, OIG identified \$38.7 million that was not deobligated in a timely manner, which led to the expiration of funds and subsequent unavailability for program operations.<sup>12</sup> Another audit identified approximately \$1.5 million of questioned costs associated with the U.S.-Middle East Partnership Initiative.<sup>13</sup> Failure to conduct internal controls review processes of contracts and grants occurred because these elements were not a part of the bureau's annual statement of assurances process. This is inconsistent with standards in 2 FAM 022.7(1) and (2), which require that assistant secretaries develop and maintain appropriate systems of management controls for their organizations and implement, maintain, and review management controls on an ongoing basis to determine whether controls are functioning as intended. Without a defined process for

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<sup>12</sup> *OIG Audit of Contract Closeout Process for Contracts Supporting the U.S. Mission in Iraq*, AUD-MERO-14-06, December 2013.

<sup>13</sup> *OIG Audit of the Bureau of Near Eastern Affairs Financial Management of Grants and Cooperative Agreements Supporting the Middle East Partnership Initiative*, AUD-MERO-16-42, July 2016.

reviewing the adequacy of internal controls for contracts and grants, these controls may not function as intended.

**Recommendation 3:** The Bureau of Near Eastern Affairs should prepare a written standard operating procedure for its Annual Management Control Statement of Assurance process that defines internal controls review processes for contracts and grants. (Action: NEA)

## Security

OIG reviewed NEA's execution of the Vital Presence Validation Process,<sup>14</sup> required for missions designated as high-threat security environments and found that the bureau had coordinated and communicated required information to the Bureau of Diplomatic Security and overseas missions. OIG also reviewed processes for approval of travel to evacuated posts and found that the bureau had established processes to regulate employee travel to such environments, consistent with Department standards.

## POLICY AND PROGRAM IMPLEMENTATION

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### Policy Offices Provided Effective Support to Overseas Missions

NEA effectively supported the needs of the overseas missions to which it provided policy direction—all 14 overseas embassies and consulates that responded to an OIG survey agreed or strongly agreed that their country desk effectively supported their needs. Eleven of 14 respondents agreed or strongly agreed that the bureau effectively represented the equities of their mission in Washington. This is consistent with 1 FAM 114.1(a)(1) and 1 FAM 114.1(b), which states that NEA serves as the single focus of responsibility for leadership and coordination of Department and interdepartmental activities of the U.S. government for countries in its area of assignment. Its 6 geographic policy offices provide general instructions and guidance for the operations of Foreign Service posts and support for interdepartmental and Department planning, coordination, and implementation of policy decisions. However, bureau employees told OIG that crisis management responsibilities created a reactive environment in which the bureau focused on short-term objectives, leaving little time for offices to plan long-term policy activities and strategies. For example, the Department conducted 16 evacuations of NEA diplomatic posts between 2011 and November 2016 and supported operations for 4 countries in which U.S. embassies had temporarily closed, a situation that created excessive workload for some offices. OIG reviewed policy implementation responsibilities for the bureau and identified deficiencies in information flow and Syria policy implementation.

### *Written Products for Washington Consumers Not Always Responsive to Needs*

According to Department officials interviewed by OIG, the bureau generally met deadlines for written products it furnished to the Department's senior leaders. The bureau estimated that it

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<sup>14</sup> As described in 2 FAH-3 H-111, the Vital Presence Validation Process is an institutionalized process to make risk-managed decisions regarding the U.S. presence at high-threat locations, including whether to begin, restart, or reconsider the personnel footprint or to discontinue operations. This process takes place annually for all posts on the high-threat, high-risk list.

produced more than half of the briefing memorandums and other written products produced by the Department for the Secretary in 2016. However, Department and interagency consumers noted that papers prepared by the bureau did not consistently address current policy developments needed for their own work.

## Information Flow

### *Information Sharing Processes Lacked Standardization*

Policy offices, particularly desk officers, lacked information to produce papers responsive to the needs of the Department's senior leaders. Bureau leadership acknowledged this problem and took steps to improve distribution of classified information to desk officers. At the time of the inspection, they were considering hiring a knowledge management specialist to improve overall information sharing—including making better use of internal web sites—and, more specifically, to improve information flow to desk officers. However, OIG identified a number of additional obstacles to information flow that the bureau had not yet addressed. Insufficient feedback on consumer reactions to written products, inability to access classified documents important to their work, and difficulties in accessing Top Secret-level systems that contained correspondence from the National Security Council and other agencies contributed to information flow problems. As described in 1 FAM 114.1(b), country directors are responsible for ensuring the adequate, regular flow of information on U.S. Government policies, policy deliberations, and diplomatic exchanges. In the absence an overall plan to improve information flow, the bureau cannot meet its obligations under the FAM and risks wasting staff time and resources, inadequately informing and supporting its overseas missions, and not fully meeting the needs of Department leaders.

**Recommendation 4:** The Bureau of Near Eastern Affairs should implement a plan to systematize and increase the flow of information to improve feedback on written products, enhance bureau knowledge management systems, and improve access to classified information. (Action: NEA)

## Syria Policy Implementation

### *Complex Lines of Authority Complicated Syria Policy Implementation*

The Office of Levant Affairs was responsible for policy formulation and implementation for Syria, Jordan, and Lebanon. The office also supported the work of the Special Envoy for Syria. The office struggled to coordinate and supervise interdepartmental activities related to Syria, in accordance with the bureau's responsibilities in 1 FAM 112(a), in part because of a complex policy environment within the Department and among interagency partners. One manifestation of this complexity is the number of individuals and entities with responsibility in this area. Within the Department, two special envoys with different mandates engaged on Syria policy,<sup>15</sup> and the Secretary played a central role in developing Syria policy. Outside the Department, three Department of Defense combatant commands shared responsibilities for Syria operations. The

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<sup>15</sup> The Special Presidential Envoy for the Global Coalition to Counter the Islamic State of Iraq and the Levant was responsible for leading overall coalition efforts to defeat and dismantle that terrorist organization. NEA's Special Envoy for Syria functioned primarily as an envoy to the Syrian opposition rather than as a coordinating point for Syria policy as a whole.

National Security Council engaged regularly on policy development for Syria. Although the Assistant Secretary led daily coordination meetings on Syria, no single Department official exercised chief of mission authority for Syria policy after the retirement of the U.S. Ambassador to Syria in 2014. As a result of complex lines of authority and the involvement of multiple stakeholders in developing policy, the office faced challenges in effectively carrying out its responsibilities.

### ***Staffing Shortfalls in the Offices of Levant Affairs and Arabian Peninsula Affairs Hampered Operations***

Bureau employees told OIG that regional crises created an unsustainable workload in some offices, particularly in the Office of Levant Affairs and the Office of Arabian Peninsula Affairs. These offices are responsible for Syria and Yemen, respectively. OIG analysis of NEA policy taskers for a 6-month period found the bureau assigned 32 percent of them (476 of 1501 taskers) to these two offices even though they had 9 vacant positions. The Office of Levant Affairs set up a temporary office in Geneva in 2016 to support cessation of hostilities negotiations and coordinate Syrian humanitarian emergency assistance. Staffing the temporary office in Geneva with Syria desk employees contributed to staffing gaps and additional workload for Washington-based employees. The Syria desk, whose officers worked in shifts to manage crises, functioned more like a task force than a traditional policy office. This led to difficulties in covering the full range of duties assigned to it after the closure of Embassy Damascus in February 2012. Bureau employees told OIG that the bureau was waiting for direction from the new administration before taking steps to restructure its Syria efforts. During this interim period, OIG advised the bureau to review practices employed by the Office of Iranian Affairs and the Office of Maghreb Affairs to more clearly delineate responsibilities for reporting, strategic planning, and desk operations for the Office of Levant Affairs. (See Spotlight on Success boxes for these offices and the Resource Management section of this report for discussion of personnel resource allocation).

### **Spotlight on Success: Office of Iranian Affairs a Successful Model for Non-Presence Diplomatic Engagement**

The bureau created the Office of Iranian Affairs in 2006 to increase the Department's capabilities to focus on Iranian issues and enhance outreach to the Iranian people. The office coordinated weekly meetings that included the Iran Regional Presence Office in Dubai and eight Iran reporting officers stationed overseas. Through its Virtual Embassy Tehran website, the office conducted public diplomacy outreach and supported American citizens services and visa inquiries from Iranian citizens. The office had developed clearly defined responsibilities with the Lead Coordinator for the Iran Agreement to ensure coordinated implementation of the Joint Comprehensive Plan of Action nuclear agreement. The combination of coordinated political reporting assignments, clear portfolio designation, public diplomacy outreach, and Iran-specific strategic planning enabled the office to promote U.S. interests effectively despite the lack of a mission in Iran.

### **Spotlight on Success: Integrated Special Envoy for Libya, Office of Maghreb Affairs**

The Office of Maghreb Affairs effectively led regional policy implementation and integrated the Special Envoy for Libya into operations. NEA employees told OIG that the Special Envoy's

access to the Secretary and practice of providing regular meeting readouts to Office of Maghreb Affairs staff contributed to strong coordination. Twelve of the office's 13 employees told OIG that they strongly agreed that they had a clear sense of the bureau's strategic priorities for their region and had the information they needed to do their jobs – the highest number of any office in the bureau. The Office of Maghreb Affairs developed formal strategic documents to give direction to its work, integrating the bureau's JRS political, economic, and security goals within the North Africa region, as well as to support the Special Envoy's policy direction.

## Press and Public Diplomacy

### *Office of Press and Public Diplomacy Effectively Supported Overseas Missions*

The bureau's Office of Press and Public Diplomacy (NEA/PPD) effectively supported and communicated with overseas embassies and consulates on public diplomacy issues. Twelve of 14 embassies and consulates surveyed by OIG agreed that they received sufficient support and communication from the office. As required in 10 FAM 113, NEA/PPD coordinated and managed the bureau's public diplomacy policy, messaging, and operations with public diplomacy staff in the field.

The bureau answered press inquiries that constituted, on average, at least 20 percent of the daily inquiries received by the Department overall. Press officers worked in three special envoy offices<sup>16</sup> and in the Office of Iranian Affairs. OIG found that press officers did not consistently designate responsibilities when employees were on leave, which led to gaps in press coverage. OIG advised the bureau to designate formal backup responsibilities for press officers throughout the bureau to correct this issue.

### *Digital Engagement Hampered by Staffing Gaps and Unclear Roles and Responsibilities*

NEA's digital engagement coordination<sup>17</sup> was hampered by staffing gaps and the lack of clear assignment of roles and responsibilities within the Department for digital engagement. NEA/PPD's roles and responsibilities for digital engagement overlapped with those of other bureaus and offices. For example, NEA coordinated on digital engagement with three public diplomacy bureaus and offices,<sup>18</sup> NEA's Coalition Working Group, the Bureau of Counterterrorism and Countering Violent Extremism, two overseas messaging centers, and its overseas missions. Employees interviewed by OIG consistently stated that fragmentation of responsibilities created inefficiencies and concerns about areas of responsibility.

The Under Secretary for Public Diplomacy and Public Affairs approved the creation of a digital engagement coordinator position for NEA in 2014, but the position remained unfilled until

<sup>16</sup> These included the Special Envoy and Coordinator of the Global Engagement Center, the Special Envoy for Israeli-Palestinian Negotiations, and the Special Presidential Envoy for Countering ISIL.

<sup>17</sup> The National Security Council in 2016 directed the Department to accelerate efforts to shift public diplomacy engagement to digital media to shape a global narrative around U.S. foreign policy priorities.

<sup>18</sup> These organizations included the Bureau of International Information Programs, the Bureau of Public Affairs, and the Office of Policy, Planning and Resources for the Under Secretary for Public Diplomacy and Public Affairs.

November 2016, when a Foreign Service officer began work. In the absence of a digital engagement coordinator, the bureau did not consistently monitor trending conversations on social media in the region and was slow to respond to crises that required digital engagement support. For example, NEA's overseas missions were slow to develop digital engagement responses to the 2015 Paris terrorist attacks because they lacked access to a standard Bureau of International Information Programs data application. Similarly, NEA/PPD employees reported that they had limited interaction with the Global Engagement Center, created by Executive Order 13721 to counter the messaging and diminish the influence of international terrorist organizations. In addition, NEA's Assistant Secretary did not have an official social media account, such as Facebook or Twitter. However, as noted above, a Foreign Service officer was selected for the above described position. OIG advised the bureau to consider converting the Foreign Service officer position to a Civil Service position to ensure greater staffing continuity and focus on this program area.

### ***Regional Public Diplomacy Strategy Not in Place***

NEA had not developed a regional public diplomacy strategy to identify strategic goals and priorities for public diplomacy programs. Although not required by the Department, a regional public diplomacy strategy, would help the bureau integrate long-term policy planning and measure the results of bureau engagement through a more formal framework. Because the bureau's JRS did not contain public diplomacy goals or metrics, this step would be especially valuable to creating a more effective performance management environment, consistent with Standards for Internal Control in the Federal Government, OV2.09(3). OIG advised the bureau to develop such a strategy document.

## **Foreign Assistance**

### ***Office of Assistance Coordination Created to Bring Coherence to Assistance Programs***

NEA established its Office of Assistance Coordination (NEA/AC)<sup>19</sup> in 2014 to develop coherent and comprehensive foreign assistance policy and manage foreign assistance funds allotted to the bureau, as described in 1 FAM 166.10. NEA/AC directly managed about \$240 million in foreign assistance funding in FY 2016. The creation of the office produced some positive results, such as the co-location of grants officers and country coordinators, the development of a grants management database and a program management handbook. To more closely align its programs with policy goals, NEA/AC reoriented its U.S.-Middle East Partnership Initiative activities to create country-specific strategic frameworks. Chiefs of mission of NEA embassies cited this as a productive change. OIG did, however, identify continuing deficiencies in policy coordination, stabilization planning, and strategic planning for assistance to Syria, discussed below.

### ***Policy Coordination Role Not Clearly Defined***

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<sup>19</sup> Under a reorganization memorandum dated June 20, 2014, the bureau consolidated foreign assistance staff from the Office of the Middle East Partnership Initiative, the Office of the Special Coordinator for Middle East Transitions, the Office of Iranian Affairs, the Office of Regional and Multilateral Affairs, and the Office of Iraqi Affairs in a newly-created Office of Assistance Coordination.

The bureau played a limited policy coordination role for more than \$7 billion in foreign assistance funding managed by U.S. Government entities in the region. Specifically, NEA participated in intrabureau and interagency foreign assistance budget formulation meetings and cleared congressional notifications from other bureaus with programs in its area of responsibility. The bureau also provided formal concurrence for certain Department of Defense-funded security sector programs that required such approvals. However, NEA/AC lacked legislative authority to direct foreign assistance funding allocations and did not exercise clearly defined policy coordination functions with respect to other bureaus or USAID. NEA/AC also performed policy coordination responsibilities inconsistently among its offices. For example, NEA/AC convened assistance coordination meetings for Tunisia, Syria, and Yemen, but did not do so for Jordan, Israel, West Bank/Gaza, and Iraq. As a result, the bureau exercised a limited overall policy coordination role that inhibited its ability to coordinate U.S. Government assistance across agencies. OIG advised the bureau to develop standard operating procedures to guide NEA/AC's country coordinators in performing their roles and to disseminate information outlining NEA/AC's purpose and functions to those entities involved in foreign assistance in the region. Stakeholders in other bureaus and agencies as well as some employees in NEA/AC, said that NEA was unable to serve as a neutral arbiter on funding and policy decisions because it also operated its own programs, some of which overlapped with those of other programming entities. OIG advised the bureau to review whether, given NEA/AC's responsibility for policy coordination, it should assign responsibility for programming elsewhere.

### ***Stabilization Planning: Engagement Lacking with Bureau of Conflict and Stabilization Operations***

NEA did not fully engage the Bureau of Conflict and Stabilization Operations (CSO), which 1 FAM 471.1 describes as the Secretary's senior advisor on instability, conflict, and stabilization, in its efforts to plan, coordinate, and identify resources for stabilization efforts. To fill gaps in its capacity, the bureau hired contractors to prepare a stabilization analysis report for Raqqa, Syria, and to plan for reopening of U.S. missions in Syria, Libya, and Yemen. The bureau did not involve CSO in the planning process for Syria or Iraq stabilization planning. CSO did contribute to program planning in Libya and Yemen, as well as programs intended to counter violent extremism programs in Tunisia. NEA did, however, conduct planning and coordination through the Syria Transition and Assistance Response Team resident in Embassy Ankara, Turkey. CSO cited interbureau frictions with NEA in previous years as the reason for its lack of involvement in stabilization planning for Syria and Iraq. Pursuant to National Security Presidential Directive, NSPD-44, the Department is required to lead and coordinate interagency efforts of the U.S. Government to prepare, plan for, and conduct stabilization and reconstruction efforts for countries at risk of, or in, transition from conflict. Accordingly, a lack of engagement with CSO hampers the Department's ability to meet these responsibilities. Moreover, by failing to make full use of CSO's contacts, expertise, and capacity, the bureau increased the risk that stabilization planning and coordination would be less effective and comprehensive.

**Recommendation 5:** The Bureau of Near Eastern Affairs, in coordination with the Bureau of Conflict and Stabilization Operations, should integrate the Bureau of Conflict and Stabilization Operations into stabilization planning for Syria and Iraq. (Action: NEA, in coordination with CSO)

### ***Risk of Assistance Program Duplication, Fragmentation, and Overlap Not Addressed for Syria Assistance***

NEA did not prepare a FY 2015 or FY 2016 operational plan for Syria assistance that outlined foreign assistance funding, program goals, and implementing mechanisms. The lack of such a plan, however, is inconsistent with the directive of the U.S. Office of Foreign Assistance Resources, as set forth in 16 State 51896, that all operating units must complete an operational plan as part of the strategic planning process to provide a comprehensive record of how foreign assistance funds are used. Development of an operational plan is especially important with respect to Syria because USAID, the Bureau of Democracy, Human Rights, and Labor, and NEA all fund programs in Syria with similar objectives, which increases the risk of program duplication, overlap, and fragmentation. OIG was unable to identify internal Department guidance delineating programming responsibilities for NEA and other entities for democracy and governance programs in Syria.<sup>20</sup> Without an operational plan to identify strategic priorities, performance metrics, and expected outcomes, the bureau's Syria programs were at elevated risk non-performance of key goals and objectives.

**Recommendation 6:** The Bureau of Near Eastern Affairs, in coordination with the U.S. Office of Foreign Assistance Resources, should prepare an operational plan for Syria-related foreign assistance. (Action: NEA, in coordination with F)

### ***Leahy Vetting Policy Guidance Did Not Address Certification Risks***

NEA had not directed its overseas missions to address potential weaknesses in Leahy vetting<sup>21</sup> processes related to the use of budget apportionment memorandums to certify security forces<sup>22</sup> in foreign countries. Countries in the NEA region received 90 percent of the Department's \$5.74 billion FY 2014 Foreign Military Financing for security assistance. The Government Accountability Office concluded in an April 2016 audit of Leahy vetting in Embassy Cairo<sup>23</sup> that the Department's practice of using apportionment memorandums to certify host government security units, and a lack of equipment vetting policies and procedures, increased the risk that assistance could be furnished to security forces that have committed gross human rights violations.<sup>24</sup> Although the Department issued embassy-specific guidance to Embassy Cairo to strengthen Leahy vetting processes, other NEA missions continued to administer security

<sup>20</sup> The FY 2017 Congressional Budget Justification request included \$125 million for democracy, human rights, and governance programs in Syria.

<sup>21</sup> The Leahy Amendment to the Foreign Assistance Act of 1961 prohibits the Department of State from furnishing assistance to foreign security forces if the Department receives credible information that such forces have committed gross violations of human rights. See 22 U.S.C. § 2378d.

<sup>22</sup> The Department uses budget apportionment memorandums to attest to its compliance with Leahy laws. The memorandums to the Office of Management and Budget state that the Department is not aware of any credible information of gross violations of human rights by any unit to which assistance would be provided. However, there is no required process to support statements in these memorandums through specific vetting actions.

<sup>23</sup> *GAO U.S. Government Should Strengthen End-Use Monitoring and Human Rights Vetting for Egypt*, GAO-16-435, April 2016.

<sup>24</sup> The Department's Leahy Vetting Guide defines "security force" as any division or entity (including an individual) authorized by a state or political subdivision to use force (including but not limited to the power to search, detain, and arrest) to accomplish its mission.

assistance programs using budget apportionment memorandums. In addition, NEA and Bureau of Democracy, Human Rights, and Labor employees told OIG that NEA had not evaluated how the implementation of enhanced Leahy vetting for units and equipment could affect bilateral relationships with host countries. Finally, NEA had not assessed whether this policy change would require hiring additional employees to address the increased workload presented by enhanced vetting. Particularly in light of the findings of the April 2016 GAO report, the lack of a bureau-wide reassessment of Leahy vetting of security forces places the bureau's overseas missions at increased risk of furnishing assistance to units that have committed gross violations of human rights.

**Recommendation 7:** The Bureau of Near Eastern Affairs should establish and disseminate guidance to all missions in the region to address potential weaknesses in Leahy vetting processes related to certification of security units that receive U.S. security assistance. (Action: NEA)

### *Delays in Risk Analysis and Management Vetting Impeded Program Operations*

The bureau reported that, as of July 2016, vetting of foreign assistance recipients by the Bureau of Administration's Office of Risk Analysis and Management (RAM) took an average of 120 days to complete, which impeded the operations of its programs. NEA estimated that vetting delays required it to cancel planned programs related to Syria and Iran. These cancellations resulted in more than \$6 million in FY 2015 that could not be used for program purposes. Recent OIG reports confirmed the effects that these delays have had on NEA programs. For example, an OIG inspection of Embassy Ankara, Turkey<sup>25</sup> found that vetting delays impeded the delivery of high-priority programs funded by the bureau. A 2016 OIG audit<sup>26</sup> found the same problem: it reported that RAM took an average of 4-6 business days to return results from its vetting process before November 2015, but, due to changes at an intelligence agency that RAM used to run checks, the processing time after November 2015 increased to 2-3 months. In that audit report, OIG recommended that bureaus include the needed RAM vetting time in grant performance periods and incorporate this instruction into consolidated vetting guidance. Because of this recommendation, OIG did not believe it was necessary to make another recommendation to address this issue. Rather, during the inspection, OIG advised the bureau to explore using alternative channels to expedite vetting of urgent cases and to continue engagement with RAM to monitor vetting timeliness and propose process improvements. The bureau told OIG that, in an effort to address vetting delays, it participated in a monthly intrabureau Vetting Procedures Working Group to review vetting metrics and suggest remedies to speed up the process.

### **Grants Management**

OIG reviewed 31 out of 186 public diplomacy grants files from FY 2011 to 2015, with a total award value of \$7.79 million out of \$50.21 million total. In addition, OIG reviewed 10 out of 93

<sup>25</sup> OIG Inspection of Embassy Ankara, Turkey, ISP-I-16-24A, September 2016.

<sup>26</sup> OIG Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance, AUD-MERO-17-01, November 2016.

foreign assistance grants and cooperative agreements from FY 2015, with a total award value of \$58.3 million out of \$250.6 million total.

### ***Public Diplomacy Grants Lacked Written Justifications for Noncompetitive Awards***

Nineteen of 32 public diplomacy grants reviewed were awarded noncompetitively and did not contain justifications for awards made with limited or no competition. Although OIG did not question the purpose of the grants, the practice of awarding grants without proper justifications is inconsistent with the Department's Grants Policy Directive 5,<sup>27</sup> which requires written justifications for awards made with limited or no competition. OIG was not able to conclusively determine the reason for awarding grants without competition, but employees cited paper-based recordkeeping and turnover among overseas personnel for awards as factors that contributed to overall grants management deficiencies. Without documentation of reasons for other than full and open competition, the bureau is at risk of reduced efficiency and economy in grants administration.

**Recommendation 8:** The Bureau of Near Eastern Affairs should require justification for documentation of public diplomacy grant awards made noncompetitively. (Action: NEA)

### ***Public Diplomacy Grants Lacked Monitoring and Evaluation Plans***

Twenty-five of 31 public diplomacy grants reviewed lacked monitoring and evaluation plans to ensure proper program and financial management oversight. As with the issues relating to competition, OIG was not able to conclusively determine the reason that monitoring plans were not completed, but employees cited paper-based recordkeeping and turnover among overseas personnel for awards as factors that contributed to overall grants management deficiencies. Such plans are required, however, pursuant to Grants Policy Directive 42 and the Department Federal Assistance Policy Directive 3.01A. Without adequate monitoring and evaluation, public diplomacy grants are at elevated risk of waste, fraud, and mismanagement.

**Recommendation 9:** The Bureau of Near Eastern Affairs should require monitoring and evaluation plans for public diplomacy grants. (Action: NEA)

## RESOURCE MANAGEMENT

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### **Office of the Executive Director**

The Office of the Executive Director (EX) supported the joint administrative platform for NEA and the Bureau of South and Central Asian Affairs. The office supported administrative management in U.S. missions in the Middle East and North Africa, including operations in Turkey and Switzerland focused on Syria issues. Through its Frankfurt-based Regional Program Management Center, EX supported logistics contract management for Embassy Baghdad. EX

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<sup>27</sup> The Grants Policy Directives were in effect when the Department issued the assistance awards under review for this inspection. On March 31, 2015, the Department issued the Federal Assistance Policy Directive. The Grants Policy Directives are now incorporated in the Federal Assistance Policy Directive.

also led logistical planning for reopening U.S. missions in Libya, Syria, and Yemen. EX established an administrative handbook that included clear operating instructions for support operations across the bureau. EX's domestic support functions included human resources, financial management, general services, and information management. OIG reviewed operations in these offices and determined that they were performing in accordance with Department guidance and policies, with the exception of areas noted below.

## Human Resources

The Human Resources Division delivered satisfactory services to its customers—64 percent of bureau employees rated human resources services as good or better in responses to OIG questionnaires. However, Civil Service employees gave lower marks to human resources services. The division's 22 employees worked in two branches, Foreign Service Assignments and Domestic Services. OIG reviewed bureau awards, assignments, and training programs, and identified no issues that merited recommendations. OIG identified challenges in bureau employee recruitment and retention, and deficiencies in position management and employee evaluations, as discussed below.

### *Foreign Service Recruitment: Bidder Shortfall Affected Bureau Staffing*

The bureau reported that it faced shortages of Foreign Service officers to fill domestic and overseas positions, placing at risk its ability to develop the next generation of regional diplomats. OIG analysis of NEA Foreign Service officer bidding for the 2016 recruitment season found that 306 of 406 overseas positions (75 percent) were designated as hard-to-fill.<sup>28</sup> Sixty-three of 70 domestic positions were designated as hard-to-fill. Three domestic positions and 28 overseas positions attracted no bidders. The bureau attracted fewer bidders for its domestic positions than any of the other five geographic bureaus in the Department. OIG reviewed the bureau's Foreign Service recruitment processes and identified no deficiencies that merited a recommendation. Instead, as noted in the Executive Direction section of this report, attention to employee work-life balance, professional development, and workload concerns could improve the bureau's ability to recruit and retain employees. OIG advised the bureau to continue its engagement with the Bureau of Human Resources and the Under Secretary for Management to seek changes to Department recruiting and incentives to improve its ability to meet staffing needs.

### *Bureau Did Not Conduct Position Management Planning*

The bureau did not conduct regular position management planning to align personnel resources with workload and strategic priorities. As a result, employees reported unsustainable workloads in several offices, while some employees in NEA/AC believed their office to be overstaffed relative to its workload. As described in 3 FAM 2618(1), the bureau is required to review staffing levels on a regular basis to ensure that staffing patterns are systematically assessed. Bureau

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<sup>28</sup> As defined in Bureau of Human Resources Standard Operating Procedure B-18, hard-to-fill positions are those that received fewer than three bids from Foreign Service officers during the prior recruitment season who were both at grade (i.e., had the requisite rank) and in cone (i.e., had the necessary skills) for that position.

employees told OIG that they conducted staffing reviews on requests for new positions when preparing the annual Bureau Resource Request, but that existing positions, including those in the Coalition Working Group and the Office Egyptian Affairs, were not reassessed. Without a regular position management planning process to allocate staff according to workload and strategic priorities, the bureau risks failing to address workload issues systematically and using its personnel inefficiently.

**Recommendation 10:** The Bureau of Near Eastern Affairs should systematically assess and adjust existing personnel levels consistent with strategic priorities and workload. (Action: NEA)

### ***Delinquent Civil Service Performance Appraisals***

NEA supervisors were delinquent in completing performance appraisals for Civil Service employees. OIG reviewed 45 of 135 appraisals for the 2015 rating cycle and found that 34 of the 45 reviewed were submitted past the Department's February 12, 2016 deadline. Moreover, as of October 19, 2016, 14 evaluations out of 135 for the 2015 rating cycle still had not been completed. Although Human Resources staff sent reminders to inform supervisors of the penalties for overdue appraisals, senior management did not track and enforce Department standards to ensure timely completion of evaluations. In particular, standards in 3 FAM 2822.1(a) set the rating period for Civil Service employees for the period of January 1 to December 30 of the calendar year, and standards in 3 FAM 2826.6(a) require executive directors to track evaluation compliance using dashboard reports. Failure to prepare evaluations deprives employees of feedback on their performance and professional development.

**Recommendation 11:** The Bureau of Near Eastern Affairs should complete all remaining 2015 performance appraisals for its Civil Service employees. (Action: NEA)

### ***Bureau Did Not Hold Delinquent Raters Accountable***

NEA reported to OIG that it did not report delinquent raters to the Bureau of Human Resources or take other steps to hold supervisors accountable for delinquent ratings. OIG determined that inaccurate appraisal status reports from the Department's performance management IT application contributed to this problem. Notwithstanding this factor, 3 FAM 2826.6 (a) makes assistant secretaries responsible for holding their delinquent raters accountable. This may include enforcing ineligibility for performance awards and ratings at the outstanding level (for Civil Service supervisors) and ineligibility to receive performance pay, Presidential Awards, and meritorious service increases (for Foreign Service supervisors). Moreover, standards in 3 FAH-1 H-2823.1 (e) require the bureau to submit lists of delinquent raters annually. Failure to hold supervisors accountable for delinquent ratings increases delays in completing performance evaluations.

**Recommendation 12:** The Bureau of Near Eastern Affairs, in coordination with the Bureau of Human Resources, should take steps to hold delinquent raters accountable. (Action: NEA, in coordination with DGHR)

## Financial Management

The Financial Management Division is responsible for managing resources allotted to the bureau and supporting budget operations for the bureau's overseas embassies. The office managed \$1.52 billion in FY 2016 funds, which supported logistical operations in Embassy Baghdad, foreign assistance programs, and domestic operations, among other functions. The NEA Financial Management Division's 26<sup>29</sup> employees and contractors worked in units assigned to support Iraq, domestic, overseas, and travel operations. The Financial Management Division delivered satisfactory services to its domestic and overseas customers—89 percent of bureau employees rated travel support services as good or better in an OIG survey, and 13 of 14 embassies and consulates that responded to an OIG survey agreed or strongly agreed that they had adequate financial resources to carry out their missions. The division achieved these results despite having eight vacant positions in October 2016. OIG did, however, identify deficiencies with respect to unliquidated obligation management, discussed below.

### *Procedures Lacking for Reviewing Unliquidated Obligations*

NEA had not established standard operating procedures defining responsibilities for reviews of unliquidated obligations. Staffing gaps in the office contributed to a lack of written procedures and a structured process for conducting monthly reviews, as did uncertainty about funds control responsibilities for foreign assistance programs managed by NEA/AC. Guidance in 4 FAM 225(a), however, requires that all officers responsible for managing, tracking, and obligating allotted funds establish procedures to review documents supporting unliquidated obligations on a monthly basis. Without documented processes, the bureau is at risk of managing funds ineffectively and inefficiently.

**Recommendation 13:** The Bureau of Near Eastern Affairs should establish written procedures that define processes for conducting monthly reviews of unliquidated obligation balances. (Action: NEA)

### *Recovery of Unliquidated Obligations*

The Bureau of the Comptroller and Global Financial Services reported that NEA maintained unliquidated obligation balances of \$385.3 million in prior-year funds, including \$129 million in funds obligated in FY 2013 and earlier. Although NEA conducted deobligation reviews in FY 2016, as requested by the Bureau of the Comptroller and Global Financial Services, it did not document the validity of obligations for all outstanding obligations in these reports. According to bureau employees, unliquidated obligations from FY 2013 and earlier were obligated primarily for Iraq contracting and foreign assistance programs. Reviewing and deobligating its unliquidated obligations would allow NEA to recover these funds and put them to better use.

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<sup>29</sup> This total excludes personnel assigned to duties related to the Bureau of South and Central Asian Affairs financial management.

**Recommendation 14:** The Bureau of Near Eastern Affairs should review \$385.3 million in unliquidated obligations and deobligate or reprogram those funds that are no longer required. (Action: NEA)

## General Services

The General Services Division received satisfactory ratings from bureau customers for administrative support services—80 percent of bureau respondents rated the quality of office maintenance services as good or better. The division's support to 29 offices in NEA and the Bureau of South and Central Asian Affairs included space management, procurement, building, general operations, telephone, and special support services.

## Contract Management

In FY 2016 the Bureau of Administration, Office of Acquisitions Management executed 177 contracting actions in support of bureau operations with an award value of \$145.6 million. These contracting actions provided logistical support to evacuated embassies, air support services, medical services, and grants management services, among other activities. The bureau's General Services Division executed contract management responsibilities for domestic contracts, while the Frankfurt-based Contract Management Office provided oversight for high-dollar value overseas contracts, working with contracting officer representatives (CORs) in overseas missions. Because of an ongoing OIG audit on this subject, OIG did not review operations of the Contract Management Office or overseas CORs with the exception noted below.

### *Overseas Contracting Officer's Representative Certification Records Inaccurate*

OIG reviewed documentation for 35 bureau CORs—8 in the General Services Division and 26 in the Frankfurt Contract Management Office—to determine whether they were certified in the Bureau of Administration, Office of the Procurement Executive's COR database. The review determined that all eight domestic CORs were listed as certified CORs in the system. However, OIG found that 23 of 26 overseas CORs lacked certifications in the COR database. Further, NEA furnished an overseas COR list to OIG that contained erroneous data. NEA updated certification information in the COR database during the inspection, and OIG accordingly did not make a recommendation.

## Information Management

The Information Services Division received positive ratings on overall support to users—approximately 80 percent of the 243 responses rated the level of service good or higher. The division supported approximately 300 domestic users as well as overseas posts within the NEA region. Domestic user support included providing desktop support to users, managing mobile devices, performing information systems security officer functions, and developing or customizing applications. Overseas support included website management, security controls administration, and change control board participation; it included supporting posts during evacuations. The division had developed standard operating procedures for its support functions, and management was taking steps to update position descriptions for the information technology staff. Management was also developing training curriculum and

individual development plans for their information technology staff. However, as described subsequently, improvements remained necessary in several areas, including the systems development life cycle process, information systems security officer functions, and records management.

### ***Lack of a Defined Systems Development Life Cycle Process***

The bureau lacked a defined and documented systems development life cycle process for IT systems development that included mechanisms for management approval and enforcement. Department standards at 5 FAH-5 H-210 and 5 FAM 620 require just such defined and documented processes for IT systems development. Nonetheless, when Bureau employees requested customized applications from the Information Services Division, the IT staff developed applications in an ad hoc manner, without any defined sequence of business processes. For example, there was no proper identification of requirements, approval by management at critical stages throughout the process, and assurance that the development of such application was in line with bureau's strategic goals and objectives. Without a defined systems development life cycle process, the bureau risked wasting resources on application development.

**Recommendation 15:** The Bureau of Near Eastern Affairs should implement a systems development life cycle process for its applications and systems development that includes mechanisms for management approval and enforcement. (Action: NEA)

### ***Information Systems Security Officer Performance Needs Improvement***

IT staff did not perform required information systems security officer responsibilities for out-of-scope<sup>30</sup> items on a regular basis or document their reviews, as required by 5 FAM 824. As part of an IT consolidation, the Bureau of Information Resource Management (IRM) handles the information systems security officer responsibilities for all Department systems and applications. However, bureaus, in this case, NEA, are responsible for bureau-specific applications and systems, as well as for reviewing physical security. The bureau designated primary and alternate information systems security officers within the Information Services Division. However, these employees did not perform required reviews and document their analysis of IT security issues. This created a risk that information security controls would not protect bureau systems from compromise.

**Recommendation 16:** The Bureau of Near Eastern Affairs should require information technology staff to regularly perform their information systems security officer responsibilities and document their analysis for management review. (Action: NEA)

### ***Lack of Records Management Program***

The bureau did not have an active records management program, including adequate guidance regarding creation, maintenance, use, and disposition of records, as required by 5 FAH-4 H-212 and 5 FAM 414.4(a). Instead, employees created and maintained documents in several ways:

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<sup>30</sup> According to the Bureau of Information Resource Management's Master Service Level Agreement for Domestic Consolidated Bureau IT Support, out-of-scope services are those that are the responsibility of the personnel in the consolidated bureau.

some used personal drives or folders in network shared drives, and others used SharePoint libraries. Moreover, OIG's review of documents located in shared drives and SharePoint sites found a lack of organization and inconsistent naming conventions for files and folders. OIG also found no evidence of version control among saved documents. Overall, management was inattentive to the creation and maintenance of a records management program.

During the inspection, the Executive Office brought on a Foreign Service Institute short-term detailee to perform a knowledge management assessment of the bureau. At the end of the two to three month study, the individual will produce a plan on how better to use knowledge management tools. While the effort is a step forward, additional, sustained management attention is needed to establish standards and obtain resources for an active records management program. As described in 5 FAM 414.4(a), bureaus and offices are responsible for implementing records policies, standards, systems, and procedures issued by the Department's Records Officer. An established and enforced records management process will ensure that records can be located and retrieved in a timely manner, provide a complete record of official actions, and support the operation of bureau programs.

**Recommendation 17:** The Bureau of Near Eastern Affairs should establish a bureau-wide records management program, to include dedicated staff and internal guidance for maintaining files and records. (Action: NEA)

### ***Lack of Prompt Resolution from IRM for Information Technology Issues***

Bureau employees reported not receiving prompt attention from IRM on IT issues. As part of the Department's IT consolidation effort, NEA received centralized IT service and support operations from IRM. Accordingly, NEA staff report their desktop and network issues to the IT service center. Technicians then assign the trouble ticket to either IRM or the NEA's Information Services Division for resolution.

For a one-month period that OIG reviewed, NEA had 2,627 reported trouble tickets. Issues ranged from requests to reset user accounts and network document transfers to basic network connectivity matters. Of the reported trouble tickets, only 10 were assigned to NEA for resolution, with the remaining 2,616 tickets assigned to IRM for resolution. The IRM service level agreement included performance targets for IRM's technicians in resolving technical issues. The maximum amount of time allowed to resolve an issue was 48 hours. However, IRM took an average of six days to resolve NEA's trouble tickets. IRM was aware of the lapse in meeting performance metrics and had started producing weekly reports of trouble tickets in breach of service level agreement metrics to share with NEA. IRM employees stated that the reports were intended to help both parties review tickets and determine reasons for delays to prevent recurrence of the problem. Because of IRM's actions, OIG did not make a recommendation to address this issue.

## 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 Near Eastern Affairs (NEA). Its complete responses can be found in Appendix B.

**Recommendation 1:** The Bureau of Near Eastern Affairs should implement a formal plan to mitigate the effects of excessive workload and promote work-life balance. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted it established a work-life balance committee. Using the results of a NEA-wide survey, the committee developed seven recommendations on more effective use of flexible work schedules and compensatory leave, expectation-setting, and concrete ways to reduce time spent on repetitive tasks. The Acting Assistant Secretary supported all the recommendations and tasked the committee to develop an implementation plan and timeline.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts a copy of the plan.

**Recommendation 2:** The Bureau of Near Eastern Affairs should institute formal processes to measure performance against strategic goals in accordance with Department standards. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation, with clarification. The bureau noted it would implement Department cable 16 State 122756, which requires bureaus to measure the performance against the Joint Regional Strategy (JRS), upon completion of the upcoming JRS update.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the formal process used to measure performance against the JRS.

**Recommendation 3:** The Bureau of Near Eastern Affairs should prepare a written standard operating procedure for its Annual Management Control Statement of Assurance process that defines internal controls review processes for contracts and grants. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted it updated the NEA/Office of Assistance Coordination Grants Management Policies and Procedures to include regular review of the grants and contracts processes.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts a copy of the updated procedures.

**Recommendation 4:** The Bureau of Near Eastern Affairs should implement a plan to systematize and increase the flow of information to improve feedback on written products, enhance bureau knowledge management systems, and improve access to classified information. (Action: NEA)

UNCLASSIFIED

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted NEA staff assistants took steps to improve the distribution of feedback by sharing final front office edits with drafters. NEA staff will also monitor classified systems on a daily basis to identify and distribute information that warrants NEA offices' attention.

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

**Recommendation 5:** The Bureau of Near Eastern Affairs, in coordination with the Bureau of Conflict and Stabilization Operations, should integrate the Bureau of Conflict and Stabilization Operations into stabilization planning for Syria and Iraq. (Action: NEA, in coordination with CSO)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation with clarification. The bureau noted that the Bureau of Conflict and Stabilization Operations (CSO) is already integrated into stabilization planning across the region, including for Iraq and Syria. However, NEA will continue to review the value proposition of CSO proposals on a case-by-case basis to determine when and if collaboration is indicated.

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

**Recommendation 6:** The Bureau of Near Eastern Affairs, in coordination with the U.S. Office of Foreign Assistance Resources, should prepare an operational plan for Syria-related foreign assistance. (Action: NEA, in coordination with F)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted it was in the process of finalizing a retroactive FY 2016 Operational Plan for Syria and would prepare one for all future fiscal years.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts the finalized operational plan for Syria-related foreign assistance.

**Recommendation 7:** The Bureau of Near Eastern Affairs should establish and disseminate guidance to all missions in the region to address potential weaknesses in Leahy vetting processes related to certification of security units that receive U.S. security assistance. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted it informed NEA embassy front offices on December 13, 2016, of the Leahy vetting requirements. NEA was also working with its posts to establish strengthened equipment vetting processes.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts the bureau-issued Leahy vetting guidance.

UNCLASSIFIED

**Recommendation 8:** The Bureau of Near Eastern Affairs should require justification for documentation of public diplomacy grant awards made noncompetitively. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted that NEA/Office of Press and Public Diplomacy (PPD) re-issued guidance to all posts and adopted procedures requiring that all public diplomacy award justification and approvals demonstrate noncompetitive awards.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the re-issued guidance.

**Recommendation 9:** The Bureau of Near Eastern Affairs should require monitoring and evaluation plans for public diplomacy grants. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted that NEA/PPD instituted procedural adjustments to strengthen grants monitoring and evaluation, and NEA re-issued guidance to all posts regarding awards documents demonstrating compliance with monitoring and evaluation plans.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts copies of the monitoring and evaluation plans for the public diplomacy grants.

**Recommendation 10:** The Bureau of Near Eastern Affairs should systematically assess and adjust existing personnel levels consistent with strategic priorities and workload. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted that it was taking immediate action to address domestic staffing priorities and would conduct an annual repositioning exercise with NEA Office Directors to determine if Foreign Service or Civil Service positions need to be reassigned to other offices in NEA to manage strategic priorities and workload.

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

**Recommendation 11:** The Bureau of Near Eastern Affairs should complete all remaining 2015 performance appraisals for its Civil Service employees. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted the appropriate rating officials completed the outstanding performance appraisals.

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

**Recommendation 12:** The Bureau of Near Eastern Affairs, in coordination with the Bureau of Human Resources, should take steps to hold delinquent raters accountable. (Action: NEA, in coordination with DGHR)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted it would coordinate with Bureau of Human Resources to address delinquent rating officials and hold them accountable.

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

**Recommendation 13:** The Bureau of Near Eastern Affairs should establish written procedures that define processes for conducting monthly reviews of unliquidated obligation balances. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted it developed a standard operating procedure to review unliquidated obligations on a monthly basis.

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

**Recommendation 14:** The Bureau of Near Eastern Affairs should review \$385.3 million in unliquidated obligations and deobligate or reprogram those funds that are no longer required. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. However, the bureau noted its records indicated \$216.1 million in prior year unliquidated obligations at the end of FY 2016. Additionally, NEA's current (as of May 1, 2017) prior year unliquidated obligation balance was \$149.1 million, a \$67 million reduction. NEA was reviewing all outstanding balances and will reduce any invalid unliquidated obligations and reprogram any funds that are no longer required.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the deobligation or reprogramming of unliquidated obligations.

**Recommendation 15:** The Bureau of Near Eastern Affairs should implement a systems development life cycle process for its applications and systems development that includes mechanisms for management approval and enforcement. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted that since the inspection it had implemented several procedures for systems development lifecycle processes in NEA and the Bureau of South and Central Asian Affairs. Additionally, the IT section in NEA increased its efforts to ensure compliance with Department standards in terms of accountability and governance.

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

**Recommendation 16:** The Bureau of Near Eastern Affairs should require information technology staff to regularly perform their information systems security officer responsibilities and document their analysis for management review. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted that NEA Information Systems Security Officers (ISSO) were conducting weekly reviews of iPost to ensure scores were maintained at a proficient level. Additionally, in collaboration with Department ISSO, NEA was deleting expired or disabled user accounts.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of ISSO analyses resulting from performing their duties.

**Recommendation 17:** The Bureau of Near Eastern Affairs should establish a bureau-wide records management program, to include dedicated staff and internal guidance for maintaining files and records. (Action: NEA)

**Management Response:** In its May 9, 2017, response, NEA concurred with this recommendation. The bureau noted that it met with Department Records Management Program staff and reviewed best practices of other bureaus in the Department. NEA does not have a full-time employee to dedicate to the position of records management, but will continue to work on the program using part-time employees.

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

## PRINCIPAL OFFICIALS

Title	Name	Arrival Date
<b>Assistant Secretary</b>		
	Anne W. Patterson	12/2013
<b>Special Envoys</b>		
Special Envoy for Syria	Michael A. Ratney	7/2015
Special Envoy for Libya	Jonathan Winer	4/2015
<b>Deputy Assistant Secretaries</b>		
Principal Deputy Assistant Secretary (Regional and Multilateral Affairs, Executive Director, Coalition Working Group)	Stuart E. Jones	10/2016
Deputy Assistant Secretary (Assistance Coordination)	Richard A. Albright	5/2016
Deputy Assistant Secretary (Iranian Affairs)	Christopher R. Backemeyer	10/2016
Deputy Assistant Secretary (Maghreb Affairs, Egypt Affairs)	John P. Desrocher	9/2014
Deputy Assistant Secretary (Iraqi Affairs)	Joseph S. Pennington	12/2015
Acting Deputy Assistant Secretary (Israel Palestinian Affairs, Levant Affairs)	Timothy J. Pounds	7/2016
Deputy Assistant Secretary (Press and Public Diplomacy)	Larry Schwartz	6/2014
Deputy Assistant Secretary (Arabian Peninsula Affairs)	Susan L. Ziadeh	9/2014

## 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 the Office of Inspector General (OIG) for the U.S. Department of State (Department) and the Broadcasting Board of Governors (BBG).

### Objectives and Scope

The Office of Inspections provides the Secretary of State, the Chairman of BBG, and Congress with systematic and independent evaluations of the operations of the Department and BBG. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **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.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

### Methodology

In conducting inspections, OIG uses a risk-based approach to prepare for each inspection; reviews pertinent records; reviews, circulates, and compiles the results of survey instruments, as appropriate; conducts interviews; and reviews the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by the review.

For this inspection, OIG conducted 472 documented interviews and reviewed 989 documents, including 14 questionnaires completed by deputy chiefs of mission at NEA missions.

## APPENDIX B: MANAGEMENT RESPONSES

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United States Department of State

Washington, D.C. 20520

May 9, 2017

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

FROM:        NEA – Stuart E. Jones, Acting

SUBJECT:     Response to Draft OIG Report – Inspection of the Bureau of Near Eastern Affairs

NEA has reviewed the draft OIG Inspection report. The Bureau thanks the OIG team for their feedback and provides the following comments in response to their recommendations:

**OIG Recommendation 1:** The Bureau of Near Eastern Affairs should implement a formal plan to mitigate the effects of excessive workload and promote work-life balance. (Action: NEA)

**Bureau Response:** NEA accepts the recommendation. Recognizing the pressures from excessive workloads NEA has established a work-life balance committee, composed of NEA staff of all levels and from a diverse range of offices, which met multiple times between January and March. The committee sent out an online survey to all NEA staff and used the feedback to develop seven recommendations on more effective use of flexible work schedules and compensatory leave, expectation-setting, and concrete ways to reduce time spent on repetitive tasks. The committee briefed the results to the Acting Assistant Secretary on March 30; he fully supported all recommendations and tasked the committee to develop an implementation plan and timeline. The Committee has submitted the following:

Work-Life Balance Committee: Recommendations Implementation Timeline

Mar 30:       Committee briefs Acting Assistant Secretary on recommendations. *(Completed)*

Mar 30:       Request made to IRM for NEA to participate as pilot bureau for new Department-wide email/collaborative software (Office 365). *(Completed)*

Apr 26:       Briefing for DASes and directors on survey findings and committee recommendations. *(Completed)*

May:          NEA/FO sends email to supervisors previewing compensatory leave implementation and upcoming briefing; expressing FO support for use of compensatory leave, flexible work arrangements and telework; encouraging supervisors to set explicit guidelines regarding expectations for BlackBerry responsiveness outside of work; and encouraging offices to consider rotating duty shifts in current hot-spot offices. Reminds

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- responsible supervisors to take mandatory online training that reviews Department policy.
- May: Briefing for supervisors on Department compensatory leave guidelines and policies.
- June: Begin drafting Bureau guidelines for repetitive processes (FOIAs, travel, T&A, diplomatic notes, correspondence, etc.) and determine effective ways to maintain, update, and share best practices.
- June: All offices begin recording and granting compensatory leave.
- TBD: NEA begins participation as pilot bureau for new Department-wide collaborative software (Office 365).
- TBD: Meetings with S-E/S staff to discuss ways to improve paper flow.
- Sept: Brief supervisors on use of telework and flexible work schedules.
- Ongoing: Committee meetings to follow-up on progress and briefings to NEA FO to report status.

**OIG Recommendation 2:** The Bureau of Near Eastern Affairs should institute formal processes to measure performance against strategic goals in accordance with Department standards. (Action: NEA)

**Bureau Response:** NEA concurs with this recommendation with clarification. NEA will begin implementing 16 State 122756, which requires bureaus to measure the performance against the Joint Regional Strategy (JRS), upon the completion of the upcoming JRS update. With four wars – Iraq, Syria, Libya, and Yemen – and instability in countries across the region, the Bureau determined that the 2013 JRS was not an effective planning tool. Although the Bureau did not undertake a formal process to review and update the 2013 JRS, NEA consistently evaluate, assess, and refine the Bureau strategy through various fora, including daily Front Office leadership meetings and continuous interaction with the NSC and interagency, consistent with national goals and objectives. With instability the new norm, NEA has incorporated review of the previous JRS into the process for the second NEA JRS, launched in September 2016. NEA will use the guidance provided in 12 State 122756, which was released in November 2016 by the Office of Foreign Assistance Resources (F) and the Bureau for Budget and Planning (BP) to institute regular reviews and assess progress against strategic objectives.

**OIG Recommendation 3:** The Bureau of Near Eastern Affairs should prepare a written standard operating procedure for its Annual Management Control Statement of Assurance process that defines internal controls review processes for contracts and grants. (Action: NEA)

**Bureau Response:** NEA concurs with this recommendation and in December 2016 updated the NEA/AC Grants Management Policies and Procedures to include regular review of the grants and contracts processes. NEA is also putting into place a checklist for all domestic offices to address potential vulnerabilities.

**OIG Recommendation 4:** The Bureau of Near Eastern Affairs should implement a plan to systematize and increase the flow of information to improve feedback on written products, enhance bureau knowledge management systems, and improve access to classified information. (Action: NEA)

**Bureau Response:** The Bureau concurs with this recommendation and NEA staff assistants have taken steps to improve the distribution of feedback on the bureau's written products by

sharing final front office edits with drafters. They also distribute to desk officers readouts of the seventh floor principals' calls and meetings with NEA interlocutors. This is a process that was started during the inspection. NEA staff will also monitor Top-Secret-level systems and put procedures in place to check these systems on a daily basis so as identify and distribute information on these systems that warrant NEA offices' attention.

**OIG Recommendation 5:** The Bureau of Near Eastern Affairs, in coordination with the Bureau of Conflict and Stabilization Operations, should integrate the Bureau of Conflict and Stabilization Operations into stabilization planning for Syria and Iraq. (Action: NEA, in coordination with CSO)

**Bureau Response:** NEA concurs with this recommendation with clarification. The Bureau of Conflict and Stabilization Operations (CSO) is already integrated into stabilization planning across the region, including for Iraq and Syria.

For Iraq, CSO participates in the NEA-chaired Liberated Areas Working Group, which brings together interagency stakeholders to discuss stabilization developments in Iraq, and has contributed to strategy documents related to U.S. stabilization priorities in Iraq.

In the case of Syria, CSO has participated in NEA-led planning efforts. For example, CSO contributed to the design and implementation of the initial Syria civ-mil planning exercise in Amman, Jordan in September of 2016 and participated in subsequent planning exercises in November 2016 and January 2017. CSO also participates in weekly working group meetings supporting strategic planning for the liberation of Raqqa. NEA is extremely fortunate to have three former CSO officers with planning, stabilization, and programmatic expertise on staff who transitioned to NEA from CSO in 2015 when then Under Secretary Sewall transferred all CSO Syria programming efforts to NEA. We rely heavily on these in-house technical experts to support NEA Syria stabilization efforts.

For Libya, CSO supports stabilization working groups on policy considerations for our Return to Tripoli considerations. CSO has and continues to provide conflict mapping and analytical support to Libya stabilization planning. In 2016, CSO contributed \$2 million for the UNDP-led Stabilization Facility for Libya (SFL), bringing the total U.S. pledged support to \$4 million. CSO is supporting the SFL's third focus area: "strengthening local conflict resolution and mediation capacity." Also since 2016, CSO began a five hundred thousand dollar program to support Libyan stabilization planning by providing the Government of National Accord, municipal councils, and/or civil society with a deeper understanding of the constellation of key local and non-state actors and conflict dynamics that may affect stability and, using those insights, support their development and implementation of more effective strategies to improve stability and mitigate identified risks.

On Yemen, CSO and NEA work closely together on stabilization planning and assistance programs. CSO participates in regular meetings of the NEA-led Yemen Assistance Committee (YAC). CSO is conducting mapping of security sector actors and local political influencers to inform U.S. and coalition partners' strategic engagement efforts. Further, two CSO staff are nestled with the UN Special Envoy to Yemen's Security Team to provide technical assistance on de-escalation, disarmament, and reconciliation (DDR) efforts. CSO also currently funds four positions on the security sector reform and assistance team of the Office of the United Nations Special Envoy (UNSE) to Yemen.

That said, NEA will continue to review the value proposition of CSO proposals on a case-by-case basis determine when/if collaboration is indicated.

**OIG Recommendation 6:** The Bureau of Near Eastern Affairs, in coordination with the U.S. Office of Foreign Assistance Resources, should prepare an operational plan for Syria-related foreign assistance. (Action: NEA, in coordination with F)

**Bureau Response:** NEA concurs with the recommendation. NEA is in the process of finalizing a retroactive FY 2016 Operational Plan for Syria and intends to prepare one for FY 2017 and all future fiscal years.

**OIG Recommendation 7:** The Bureau of Near Eastern Affairs should establish and disseminate guidance to all missions in the region to address potential weaknesses in Leahy vetting processes for security units that receive U.S. material security assistance. (Action: NEA)

**Bureau Response:** NEA agrees on the need to disseminate further guidance to all missions in the region to address potential weaknesses in Leahy vetting processes and specifically related to vetting of units that receive equipment funded by U.S. security assistance. The NEA Front Office did inform NEA embassy front offices on December 13, 2016, of the Leahy vetting requirements, including the need for equipment vetting and then followed up at the action officer level. NEA is working with its posts to establish strengthened equipment vetting processes and will strive to formulate processes that (1) mitigate potential impacts on the bilateral relationship and (2) streamline the vetting so it does not require additional resources.

**OIG Recommendation 8:** The Bureau of Near Eastern Affairs should require justification for documentation of public diplomacy grant awards made noncompetitively. (Action: NEA)

**Management Response:** NEA concurs with this recommendation. NEA/PPD has re-issued guidance to all posts and has adopted procedures requiring that all public diplomacy award justification documents and approvals demonstrate compliance with 2 CFR200 and 2 CFR600 requirements for noncompetitive awards.

**OIG Recommendation 9:** The Bureau of Near Eastern Affairs should require monitoring and evaluation plans for public diplomacy grants. (Action: NEA)

**Bureau Response:** NEA concurs with this recommendation. NEA/PPD has instituted procedural adjustments to strengthen grants monitoring and evaluation and to align with OMB and A/OPE policy guidelines effective January, 2015. NEA/PPD has re-issued guidance to all posts clarifying that award documents must demonstrate compliance with 2 CFR200 and 2 CFR600 monitoring and evaluation plans.

**OIG Recommendation 10:** The Bureau of Near Eastern Affairs should systematically assess and adjust existing personnel levels consistent with strategic priorities and workload. (Action: NEA)

**Bureau Response:** NEA accepts the recommendation. At the direction of the Assistant Secretary, EX/HR will conduct, at a minimum, an annual repositioning exercise with NEA Office Directors, to determine if Foreign Service and/or Civil Service positions need to be

reassigned to other offices in NEA to manage strategic priorities and workload. Once the Assistant Secretary approves of the repositioning, EX/HR will coordinate the changes with HR/RMA and HR/CDA. NEA is taking immediate action to address domestic staffing priorities aiming to reposition approximately two –to-four FS and/or CS positions to manage strategic priorities and workload.

Acting Assistant Secretary Jones directed the bureau to form a strategic staffing committee in February to align staffing patterns with the bureau's work demands and strategic objectives. The committee, chaired by the NEA/MAG office director, included representatives from both Civil and Foreign Service, and across ranks and offices. Four working groups focused on: utilizing existing resources, sustainability, comparative approaches, and technical issues. The committee identified the need for improved recruiting, retention, and understanding attrition, and the establishment of a Personnel Planning Group to continue to advise the Front Office and ensure implementation of recommendations. Per the OIG recommendation, NEA/EX will review staffing patterns consistent with strategic priorities and workloads (both Civil and Foreign Service) and present options to improve flexibility in allocation of positions in order to allow managers to meet staffing needs.

**OIG Recommendation 11:** The Bureau of Near Eastern Affairs should complete all remaining 2015 performance appraisals for its Civil Service employees. (Action: NEA)

**Bureau Response:** NEA concurs and the Bureau contacted the appropriate rating officials, who in turn, completed the performance appraisals as applicable per 3 FAM 2822.1(a) and 3 FAM 2826.6(a).

**OIG Recommendation 12:** The Bureau of Near Eastern Affairs, in coordination with the Bureau of Human Resources, should take steps to hold delinquent raters accountable. (Action: NEA, in coordination with DGHR)

**Bureau Response:** NEA concurs with the recommendation and the Bureau, under 3 FAM 2826.6(a), will coordinate with HR Performance Evaluation (HR/PE) and the Office of Policy Coordination (HR/PC) to address the delinquent rating officials and hold them accountable. Furthermore, the Bureau will submit lists of delinquent raters annually per 3 FAH-1 H-2823.

**OIG Recommendation 13:** The Bureau of Near Eastern Affairs should establish written procedures that define processes for conducting monthly reviews of unliquidated obligation balances. (Action: NEA)

**Bureau Response:** NEA accepts the recommendation and has developed a Standard Operating Procedure (SOP) to review Unliquidated Obligations (ULOs) on a monthly basis. Additionally, NEA has implemented the SOP guidance and a review of ULOs is currently underway.

**OIG Recommendation 14:** The Bureau of Near Eastern Affairs should review \$385.3 million in unliquidated obligations and deobligate or reprogram those funds that are no longer required. (Action: NEA)

**Bureau Response:** NEA accepts the recommendation; however, our records indicate that our bureau had \$216.1 million in prior year ULOs at the end of fiscal year 2016 rather than \$385.3 million (note: we are unsure of the parameters and reporting period used to derive this ULO

amount) as indicated in the draft report. Additionally, our current (as of May 1, 2017) prior year ULO balance (using same report parameters for our end of fiscal year 2016 report) is \$149.1 million, a \$67.0 million reduction in our overall ULO balance. Furthermore, a review of all outstanding balances is currently underway and any invalid ULOs will be reduced and funds reprogrammed that are no longer required.

**OIG Recommendation 15:** The Bureau of Near Eastern Affairs should implement a systems development life cycle process for its applications and systems development that includes mechanisms for management approval and enforcement. (Action: NEA)

**Bureau Response:** NEA accepts the recommendation. Since the inspection, the IT section has focused towards an agile approach on software development, but have also given an increased effort towards ensuring our compliance with 5 FAH-5 H-210 and 5 FAM 620, so that it has the same level of accountability and governance as more conventional waterfall style development achieved at the Department of State. The following procedures have been implemented for system development lifecycle in NEA and SCA to date:

1. The NEA-SCA/EX systems development life cycle (SDLC) process document, is used as our internal set of guidelines for developing and implementing software projects of all sizes within our IT services department. This document is based on existing practices, with some modification and extensions based on OIG feedback.
2. The Bureau's SDLC now focuses on agile methodologies and lightweight processes which allow for rapid changes along the development cycle. By using an iterative methodology, we can focus on limited project scope and expanding or improving products with quick, effective efforts. Sequential models, such as waterfall, focus on complete and correct planning to guide large projects, and within NEA-SCA/EX we have found that the small size and scale, and large number of projects has demonstrated that an agile approach towards development efforts is most effective.
3. In the case of Large projects:
  - a. All projects with a capital budget of \$500,000 or greater, a lifespan exceeding a year, or other high-profile characteristics will be developed in accordance with the Foreign Affairs Handbook 5 FAH-5 H-200.
  - b. Currently, within NEA-SCA/EX, there are no projects that meet this requirement. The overhead in managing a project of this size would result in a staffing level in excess of the current team.
4. Small projects:
  - a. Currently the tasks assigned within the NEA-SCA/EX IT Services team range in size between small projects and as such are managed in a flexible and realistic method, following the guidance in 5 FAM 620.
  - b. Within our bureau, IT Services development efforts are split between Operation and Maintenance and ongoing development on larger projects such as eRecruitment, CFAP, CLC360, Embassy Site Refresh initiative, and GCSDB.
5. All projects are approved by the bureau's executive director. Continued approval is secured and maintained with weekly status updates, either directly at weekly sprint planning sessions, or indirectly, via written briefings produced by these meetings.
6. Management approval and progress meetings are held at key points in the development process. Before initiating development, formal level of effort and return on investment are identified at meetings with the product owner and management, to ensure that the effort is in line with the bureaus strategic goals and objectives. Additionally, informal

weekly status meetings are bookended with formal status meetings, which are held at critical intervals in the development process.

7. The NEA-SCA/EX IT Services team strives to maintain an agile philosophy towards development. Realistically, we are frequently put in positions of fixed resources, fixed deliverables, and fixed goals, which force us to use a more traditional waterfall-style development process.
  - a. Incoming tasks arrive via work orders in the following procedure. Sometimes requirements come down through meetings and/or official channels.
  - b. Scope varies on a project by project basis. Frequently implementation plans are tailored to each project. Periods, phases, and activities are identified depending on the project's type, size, and complexity.
8. Based on OIG's recommendation, NEA-SCA has published our SDLC process within the bureau's SharePoint site at the following location:  
<http://collaborate.state.sbu/sites/comp/oigDocs/Documents/it/Management/>

**OIG Recommendation 16:** The Bureau of Near Eastern Affairs should require information technology staff to regularly perform their information systems security officer responsibilities and document their analysis for management review. (Action: NEA)

**Bureau Response:** NEA concurs with this recommendation. The OIG recommendation was the result of our iPost's average grade being below required standards. iPost Measures the site risk for out-of-scope servers and workstations which are not maintained by IRM. NEA's ISSOs are now conducting weekly reviews of iPost to ensure scores are maintained at a proficient level. All issues/concerns that are within our ability to control are addressed immediately. All out-of-scope equipment is properly configured with DOS approved software only.

In collaboration with DOS' ISSO, NEA Bureau user accounts that are expired or disabled (over 90 days) are now deleted. This is done for both ClassNet and SBU accounts, lowering security vulnerability for the entire State Department. In coordination with IRM consolidated ISSO office, we continue to scan, disconnect, and or replace hard drives which are infected with viruses or have any unapproved DOS software on them. We've also worked with our GSO to ensure all IT equipment that is no longer needed is "excessed" property following DOS procedures.

Following OIG's recommendation our iPost grading, on average, has improved significantly.

**OIG Recommendation 17:** The Bureau of Near Eastern Affairs should establish a bureau-wide records management program, to include dedicated staff and internal guidance for maintaining files and records. (Action: NEA)

**Bureau Response:** NEA accepts the recommendation. NEA-SCA/EX/GSD has three personnel who effectively manage the records retirement portion of the Records Management Program. Disposition schedules are posted to the Bureau Records web page, and periodic announcements are released as a reminder of the retirement process. In effort to improve our program, we've met with the personnel of the Department Records Management Program and reviewed best practices of other Bureaus within the Department. The Department Records Management Office is anticipating new policy and regulations being released in the immediate future. Consensus Department-wide is the program requires a full-time, dedicated staff. At this time, NEA does not

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have an FTE to dedicate to this position, however, it will continue to work on this program using part-time employees.

The point of contact for this memorandum is Deputy NEA-SCA/EX Director, Suzanne Inzerillo.

## APPENDIX C: FY 2016 STAFFING

<b>Agency</b>	<b>U.S. Direct-Hire Staff</b>	<b>Locally Employed Staff*</b>	<b>Total Staff</b>
<b>Department of State (Authorized)</b>			
Foreign Service Domestic	132	0	132
Civil Service Domestic	169	0	169
<b>Subtotal Domestic</b>			<b>301</b>
Foreign Service Overseas	1,161	0	1,161
Locally Employed Staff	0	663	663
<b>Subtotal Overseas</b>			<b>1,824</b>
<b>Total</b>	<b>1,462</b>	<b>663</b>	<b>2,125</b>

\* This does not include locally employed staff working under a personal services agreement.

Source: NEA.

## APPENDIX D: FY 2016 FINANCIAL RESOURCES

	Amount
Conflict Stabilization Operations	\$23,397
Diplomatic and Consular Programs	\$210,084,044
Diplomatic and Consular Programs – Overseas Contingency Operations	\$336,535,522
Economic Support Fund	\$88,047,296
Economic Support Fund – Overseas Contingency Operations	\$196,079,537
Foreign Service National Separation Liability Trust Fund	\$5,887,213
International Cooperative Administrative Support Services	\$630,123,048
International Narcotics and Law Enforcement – Overseas Contingency Operations	\$540,238
Peacekeeping Operations	\$35,000,000
Peacekeeping Operations – Overseas Contingency Operations	\$18,722,116
Unconditional Gift Fund	\$1,137,011
<b>Total</b>	<b>\$1,522,179,412</b>

Source: OIG analysis of NEA data

## ABBREVIATIONS

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COR	Contracting Officer Representative
CSO	Conflict and Stabilization Operations
Department	Department of State
EX	Office of the Executive Director
FAM	Foreign Affairs Manual
IRM	Bureau of Information Management
JRS	Joint Regional Strategy
NEA	Bureau of Near Eastern Affairs
NEA/AC	Office of Assistance Coordination
NEA/PPD	Office of Press and Public Diplomacy
PDAS	Principal Deputy Assistant Secretary
QDDR	Quadrennial Diplomacy and Development Review
RAM	Bureau of Administration Office of Risk Analysis and Management

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