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Audit of Bureau of Population, Refugees and Migration Oversight of Selected Cooperative Agreements in Support of Colombian Refugees in Ecuador

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United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H. W. Geisel", written in a cursive style.

Harold W. Geisel
Deputy Inspector General

Acronyms

A/OPE	Bureau of Administration, Office of the Procurement Executive
CRS	Catholic Relief Services
IDP	internally displaced person
GO	grants officer
GOR	grants officer representative
GPD	Grants Policy Directive
HIAS	Hebrew Immigrant Aid Society
IPE	interim program evaluation
NGO	non-governmental organization
OIG	Office of Inspector General
RefCoord	refugee coordinator
RET	The Foundation for the Refugee Education Trust
PRM	Bureau of Population, Refugees and Migration
USAID	U.S. Agency for International Development

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Executive Summary

Within the Department of State (Department), the Bureau of Population, Refugees and Migration (PRM) is charged with providing protection and easing the suffering of persecuted and uprooted people around the world by providing life-sustaining assistance. In the Western Hemisphere, the majority of assistance provided by PRM is in support of internally displaced Colombians and those seeking asylum as refugees¹ in neighboring countries such as Ecuador. PRM provides assistance through voluntary contributions to international organizations, interagency agreements, and grants² and cooperative agreements to non-governmental organizations (NGO). From FY 2010 through FY 2012, PRM obligated \$162 million for Migration and Refugee Assistance in the Western Hemisphere,³ of which \$45 million was for cooperative agreements in support of Colombian refugees.

The Office of Inspector General (OIG) performed this audit to assess the efficacy of PRM's monitoring of cooperative agreements dedicated to address the humanitarian assistance needs of refugees. The primary objective of this audit was to determine whether PRM's oversight of cooperative agreements in support of Colombian refugees located in Ecuador was in accordance with applicable guidelines and whether stated program performance indicators were achieved and accurately reported.

OIG reviewed a sample of 10 cooperative agreements, totaling \$22 million, that were awarded to three NGO recipients⁴ from FY 2010 through FY 2012 to support Colombian refugees located in Ecuador. OIG found that PRM's performance monitoring of these agreements was in accordance with applicable guidelines and that stated performance indicators were achieved and accurately reported. OIG also noted two performance oversight practices that exceeded the Department's requirements for monitoring cooperative agreements. These practices were (1) completing an interim program evaluation (IPE) for every cooperative agreement and (2) dedicating two full-time policy staff positions to provide monitoring and evaluation expertise to all PRM program officers.

With respect to financial monitoring, OIG found that PRM needed to strengthen monitoring procedures to validate that funding was properly spent by NGO recipients. Specifically, OIG found that grants officers (GO) and grants officer representatives (GOR) did not perform financial reviews of recipient books and records when they conducted monitoring site visits for the 10 cooperative agreements in OIG's sample. Without financial reviews of refugee assistance funds, PRM was not in compliance with Grants Policy Directive (GPD) 42,

¹ The term "refugee" as used in this report also encompasses "asylum seekers," who are individuals who have sought international protection but whose claims for refugee status have not yet been determined.

² OIG did not review contributions made to public international organizations because the use of funds generally is not subject to audit or to reporting requirements by the U.S. Government. OIG also did not review interagency agreements, as PRM executed only five from FY 2010 through FY 2012. Finally, OIG did not review grants, as PRM executed only nine grants from FY 2010 through FY 2012, none of which were in the Western Hemisphere.

³ Aside from support for Colombian refugees, which was approximately 72 percent of the total amount, funding for the Western Hemisphere included assistance for Haitian refugees in the Caribbean and support for the Migrant Operations Center at Guantanamo Bay Naval Base, Cuba.

⁴ The three NGO recipients reviewed were Catholic Relief Services, The Foundation for the Refugee Education Trust, and the Hebrew Immigrant Aid Society.

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“Monitoring Assistance Awards,” dated September 2, 2010, and did not have reasonable assurance that program expenditures were in accordance with the terms of the cooperative agreement.

OIG made two recommendations to PRM: PRM should address the gaps in fiscal monitoring by requiring GORs to perform a financial review of recipients’ books and records during annual monitoring site visits, as prescribed by GPD 42, and PRM should ensure that two award recipients reimburse the Department for unallowable costs identified during the audit.

OIG provided PRM a draft of this report on June 11, 2013. In PRM’s June 26, 2013, response (see Appendix B) to the draft report, PRM concurred with Recommendations 1 and 2. Based on PRM’s responses, OIG considers both recommendations resolved. However, each recommendation will remain open until documentation is provided showing that the recommendations have been fully implemented. (A summary of management’s responses to the recommendations and OIG’s replies are presented after each recommendation.)

Background

Migration and Refugee Assistance

The international humanitarian programs of the U.S. Government provide critical protection and assistance to the world’s most vulnerable people. Assistance programs for populations of concern⁵ are intended to save lives, uphold human dignity, help stabilize volatile situations, and prevent or mitigate conditions that breed extremism and violence. These efforts were authorized by the Migration and Refugee Assistance Act of 1962,⁶ which provides for unexpected and urgent needs of refugees and other persons at risk around the globe.

Within the Department, PRM spearheads these efforts with the mission to provide protection, ease suffering, and resolve the plight of persecuted and uprooted people around the world on behalf of the American people. Specifically, PRM provides life-sustaining assistance by working through multilateral systems⁷ to build global partnerships, promote best practices in humanitarian response, and ensure that humanitarian principles are thoroughly integrated into U.S. foreign and national security policy. Funding is prioritized among worldwide needs and focused on vulnerable populations such as Afghans, Iraqis, Somalis, Colombians, Burmese, Palestinians, and Congolese.

PRM utilizes voluntary contributions to international organizations, interagency agreements, and grants and cooperative agreements to NGOs to fund humanitarian assistance programs. Funding for humanitarian assistance programs to NGOs was mainly provided through cooperative agreements, as PRM administered 677 cooperative agreements and only nine grants from FY 2010 through FY 2012. Cooperative agreements are managed using grants-based

⁵ “Populations of concern” include the following groups of individuals: refugees, internally displaced persons, stateless persons, vulnerable migrants, victims of conflict, and asylum seekers.

⁶ Pub. L. No. 87-510 (codified at 22 U.S.C. § 2601).

⁷ “Multilateral” is a term in international relations that refers to multiple countries working in concert on a given issue.

policies but require greater U.S. Government participation as “substantial involvement” than do grant awards.

Colombian Refugee Assistance in Ecuador

The largest population of internally displaced persons (IDP) in the world⁸ has resulted from individuals being displaced during decades of fighting between the Colombian Government and illegal armed groups. Ongoing violence has displaced an estimated four million Colombians and has resulted in approximately 363,000 Colombian refugees being located in Ecuador, Venezuela, Panama, and Costa Rica. Leading causes for displacement of IDPs include violence and threats against civilian populations and competition among illegally armed groups attempting to establish control over territory.

Of the four countries accepting Colombian refugees, Ecuador hosts a refugee population estimated at 123,436 displaced Colombians⁹ as of January 2012. Because Colombian refugees do not live in camps and usually cross the border in “drop by drop” displacements rather than in mass group movements, they have been called the world’s “invisible” refugees.¹⁰ The spillover of the conflict from Colombia into Ecuador has occurred mainly in the northern border provinces of Esmeraldas, Carchi, and Sucumbíos (Lago Agrio). Once the refugees arrive in the border areas, many of them disperse to larger cities, where they mix with local populations and as such are labeled “urban refugees.” Urban refugees face increased dangers, including a lack of legal documentation and increased vulnerability to exploitation, arrest, and detention. In addition, those refugees suffer from the perception that they are economic migrants who are abusing the asylum system, and Ecuadorians often believe that the presence of the refugees leads to an increase in criminal activity and insecurity.

As shown in Table 1, from FY 2010 through FY 2012, PRM obligated approximately \$45 million to IDPs and refugees in Colombia and neighboring countries via cooperative agreements with NGOs. The programs administered by the NGOs provided direct emergency humanitarian assistance, including food, non-food, shelter, health, and psychosocial support to vulnerable populations. These PRM-funded programs also supported capacity-building activities with local governments, refugee associations, and civil society to improve the quality of assistance and services for IDPs and refugees. To determine whether PRM was effectively overseeing the programs executed in support of Colombian refugees in Ecuador, OIG selected a sample of 10 cooperative agreements awarded from FY 2010 through FY 2012, totaling \$21.6 million (48 percent), which were awarded to three NGO recipients—Catholic Relief

⁸ Per the United Nations High Commissioner for Refugees 2011 Statistical Yearbook, which is a comprehensive annual statistical publication that assesses levels and trends in populations of concern, Colombia had the most IDPs of any country in the world, 3,888,309, followed by Sudan, which had 2,422,520 in 2011.

⁹ Of the 123,436 displaced Colombians in Ecuador, approximately 55,791 had been recognized as refugees by the Ecuadorian Government as of June 2012. Refugee status entitles the individual to receive a legal residence permit and humanitarian assistance provided by Ecuador. The Ecuadorian Government’s efforts to assist the refugees have come under enormous pressure from the large numbers of new arrivals, leading to the introduction of restrictive measures affecting the asylum process.

¹⁰ United Nations High Commissioner for Refugees Research Paper No. 217, “In the Shoes of Refugees: Providing Protection and Solutions for Displaced Colombians in Ecuador,” dated August 2011.

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Services (CRS), The Foundation for the Refugee Education Trust (RET), and the Hebrew Immigrant Aid Society (HIAS).

Table 1. Summary of Migration and Refugee Assistance in the Western Hemisphere^a

	FY 2010	FY 2011	FY 2012	Total
International Organizations	\$31,770,331	\$36,750,000	\$35,278,603	\$103,798,934
Cooperative Agreements	\$13,399,481	\$14,947,250	\$16,621,781	\$ 44,968,512
Interagency Agreements	\$2,207,405	\$1,120,740	\$2,659,380	\$5,987,525
Julia Taft Refugee Funds^b	\$75,000	\$134,300	\$50,000	\$259,300
Other^c	\$2,325,695	\$1,942,266	\$2,381,305	\$6,649,266
Total	\$49,777,912	\$54,894,556	\$56,991,069	\$161,663,537

Source: OIG generated based on analysis of PRM documents, including PRM’s Summaries of Major Activities for FYs 2010-2012.

^a PRM allocates overseas humanitarian assistance by six global regions—Africa, East Asia, Europe, Near East, South Asia, and Western Hemisphere—and two strategic priorities—Protection Priorities and Migration. The figures in Table 1 represent obligations from the Western Hemisphere line of the Migration and Refugee Assistance account; additional funding was obligated for the Western Hemisphere region from the Protection Priorities line.

^b The Julia Taft Refugee Fund (“Taft Grants”) provides ambassadors with the means to respond to critical gaps that have not been addressed in larger multilateral refugee programs. The funds are used for small post-administered projects, which are not overseen by PRM.

^c Per PRM officials, “Other” includes prior year recoveries and amounts carried over within the Western Hemisphere line from prior years.

Department of State Monitoring Guidelines and Requirements

Within the Department, grants and cooperative agreements are governed by GPDs that are issued by the Bureau of Administration, Office of the Procurement Executive (A/OPE). Three GPDs specifically address performance and financial monitoring requirements. GPD 16, “Designation of Grants Officer Representatives,” dated January 2, 2013, details Department policies associated with the designation of a GOR, including the GOR’s role in monitoring through regular contact with the award recipient, site visits, and reviews of Program Progress and Financial Status Reports. GPD 28, “Roles and Responsibilities for the Award and Administration of Federal Assistance,” dated September 21, 2010, establishes the roles and responsibilities of the offices and personnel involved in the assistance award, including the GO’s designation of responsibilities and the GOR’s responsibilities for monitoring. GPD 42, “Monitoring Assistance Awards,” dated September 2, 2010, requires awards to be “appropriately monitored to ensure that programmatic and financial management performance has been adhered to for the intended purpose of the award and that the intended goals have been accomplished.” GPD 42 also provides guidance for monitoring, such as how the GO or the GOR should conduct site visits.

A/OPE also issued the Federal Assistance Policy Handbook, dated March 2011, which contains internal guidance, policies, standards, and best practices for the award and management of Department grants and cooperative agreements. The Handbook provides suggestions on how

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to carry out the guidance provided in the GPDs, such as specific steps to be taken for the review of Financial Status Reports, which are required to be submitted by award recipients.

PRM Oversight of Cooperative Agreements

PRM is responsible for the oversight of all cooperative agreements funded through the Migration and Refugee Assistance and Emergency Refugee and Migration appropriations, and the PRM Office of the Comptroller is responsible for the administration of all refugee-related cooperative agreements. According to PRM officials, oversight of NGOs is a shared responsibility among the Grants Management Specialists who serve as GOs, program officers who serve as GORs, and regional refugee coordinators (RefCoords).

According to PRM officials, the GOs are generally responsible for the financial monitoring of the cooperative agreements. The GORs reside within three geographically based divisions of PRM and are generally responsible for performance monitoring of the cooperative agreements. RefCoords are Foreign Service Officers responsible for a range of issues that include conducting field monitoring visits to NGOs and advocating for humanitarian diplomacy. As of January 2013, 42 PRM staff members were assigned to Refugee Coordination (including RefCoords, Deputy RefCoords, Refugee Assistants, and Refugee Specialists) and were stationed at 19 embassies and/or consulates around the world.

Objective

The primary objective of this audit was to determine whether the Bureau of Population, Refugees and Migration's oversight of cooperative agreements in support of Colombian refugees located in Ecuador was in accordance with applicable guidelines and whether stated program performance indicators were achieved and accurately reported. (The scope and methodology of the audit are detailed in Appendix A.)

Audit Results

Finding A. Performance Monitoring Exceeded Department of State Requirements

OIG found that PRM's performance monitoring of the 10 selected cooperative agreements associated with Colombian refugees located in Ecuador was in accordance with applicable monitoring guidelines and requirements. Further, OIG observed two practices within PRM that exceeded the Department's requirements for monitoring cooperative agreements:

- the completion of an IPE for every cooperative agreement
- two full-time policy staff positions dedicated to monitoring and evaluation

As a result of these exceptional performance monitoring practices, PRM was able to demonstrate that performance indicators were achieved and were accurately reported for cooperative agreements in support of Colombian refugees located in Ecuador.

Achievement of Performance Indicators

Performance indicators are strategic milestones of program performance used by PRM to monitor and evaluate each cooperative agreement and measure the progress and outcomes of each award. While the types and numbers of performance indicators vary by award, each indicator must be based on data gathered in baseline surveys, include a specific target population, and include measurable outcomes.

OIG conducted site visits to three award recipients in both Quito and Lago Agrio. OIG then reviewed a sample of performance indicators for each of the 10 selected cooperative agreements to determine whether those performance indicators were achieved and were accurately reported. OIG selected one indicator from each cooperative agreement and found that for completed awards, recipients either met or exceeded the indicator, and for ongoing awards, recipients were on track to meet or exceed the indicator. As shown in Table 2, OIG reviewed indicators for seven completed awards and examined supporting documentation, such as sign-in sheets, case files, and distribution sheets, to verify that the indicators had been achieved. OIG also traced the indicator to the Final Performance Report¹¹ for each cooperative agreement to determine whether the results were accurately reported to the Department. OIG concluded that performance indicators were achieved and were accurately reported for the seven completed cooperative agreements in its sample. OIG also reviewed one performance indicator for each of the three ongoing cooperative agreements in its sample and determined that the stated indicators were on track to be met; however, those performance results were not included in this report because final progress reports had not been completed at the conclusion of our audit fieldwork.

¹¹ Final performance progress reports are due from the recipient within 90 calendar days following the end of the award period of performance or completion of the award activity, whichever comes first. The final performance progress report must describe how the program goals were met, what problems were encountered, and how the problems were resolved.

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Table 2. Assessment of Overseas Humanitarian Assistance Program Results for Selected Cooperative Agreements in Ecuador

Award Number/ NGO	Indicator	Results	Verification
SPRMC010CA170 Catholic Relief Services	70 percent of those individuals receiving psychosocial support reported they had benefited from group meetings, and 60 percent of the individuals self-reported an improvement in coping mechanisms.	94 percent of a sample of 118 individuals felt the group meetings were effective, as reported in the Final Performance Report dated December 27, 2011.*	OIG reviewed a satisfaction survey and the results of a focus group held to assess the success of the psychosocial program.
SPRMC011CA156 Catholic Relief Services	500 IDPs and refugee families had received medical services and/or medicine.	A total of 543 people received medical care and/or medicine, as reported in the Final Performance Report dated September 30, 2012.	OIG reviewed sign-in sheets for refugees receiving medication, individual case files, and medical receipts.
SPRMC010CA195 The Foundation for the Refugee Education Trust	1,150 children, adolescents, and youth trained in 10 life skills workshops obtained a 50 percent improvement between the pre-tests and the post-tests.	1,260 children were trained in life skills workshops and obtained a 58 percent improvement between the pre-tests and the post-tests, as reported in the Final Performance Report dated October 31, 2011.	OIG reviewed selected workshop agendas, reports, participant sign-in sheets, and pre-test and post-test results.
SPRMC011CA145 The Foundation for the Refugee Education Trust	80 percent of all teachers and students in the host communities participating in integration activities showed a 50 percent improvement in their positive perception of refugee children, adolescents, and youths.	100 percent of the educational communities increased their positive perception of the refugee population by 50 percent compared with the initial measurement, as reported in the Final Performance Report dated October 31, 2012.	OIG reviewed results of tests related to Ecuadorian teachers' and students' perception of refugees. The tests were administered before and after integration activities.
SPRMC010CA165 Hebrew Immigrant Aid Society	4,440 refugees and asylum-seekers received individual employment consultations.	A total of 5,302 refugees received individual employment consultations, as reported in the Final Performance Report dated November 30, 2011.	OIG reviewed selected monthly statistical reports of employment orientation services.
SPRMC011CA121 Hebrew Immigrant Aid Society	The Society organized and hosted a symposium on challenges to sexual minority refugees, with at least 20 stakeholders in attendance.	A symposium was held in September 2012 and was attended by more than 30 stakeholders, as reported in the Final Performance Report dated November 14, 2012.	OIG reviewed the final report detailing the outcome of the symposium and a listing of the stakeholders in attendance.
SPRMC011CA148 Hebrew Immigrant Aid Society	35,710 refugees and asylum-seekers received psychosocial assistance through individual and group therapy.	45,350 refugees received psychosocial assistance through individual and group therapy, as reported in the Final Performance Report dated November 30, 2012.	OIG reviewed selected monthly statistical reports prepared by the staff psychologist.

Source: OIG analysis of a judgmental sample of one indicator per completed cooperative agreement and corresponding award recipient documentation and performance reports.

*As reported in the CRS Final Evaluation Report, 94 percent of the respondents said that they felt they had benefited from psychosocial workshops and 76 percent of the respondents reported that they had greatly improved coping mechanisms.

Interim Program Evaluations

One way in which GORs and RefCoords monitored indicator progress was through the completion of an IPE for every cooperative agreement, as required by PRM policy after the 6-month mark in the program.¹² The IPE is a monitoring tool that is completed for any funding action that represents a continuation of an NGO activity funded in the previous year. The RefCoord, GOR, and GO work jointly to complete the IPE, which assesses overall program performance and provides a funding recommendation for future projects.

According to GPD 28 and GPD 16, the GOR is responsible for evaluating progress throughout the life cycle of the award and for submitting a final report to the GO. However, the Department had not established a requirement for a formal progress report during a program's execution. The IPE is a PRM initiative for a formal report at a cooperative agreement's mid-point that goes beyond the Department's requirements by assessing and documenting performance for future funding decisions.

Overall Performance

The first of two main sections in the IPE is titled "Organization's Overall Performance." This section is further divided into eight subsections, each of which provides a detailed assessment of program implementation and includes specific examples such as trip reports, financial reports, and internal organization evaluations. One noteworthy subsection of the IPE is titled "Objectives and Indicators," in which the GOR must complete a table of the objectives and indicators in the cooperative agreement and then describe the cumulative progress on that indicator to date. The cumulative progress is rated using the following scale:

- Red – If less than 75 percent of the indicators under the objective are likely to be met by the end of the project period.
- Yellow – If 75 percent or more of the indicators are likely to be met by the end of the project period.
- Green – If all of the indicators under the objective have been met or are likely to be met by the end of the project period.

Any objective that is rated either red or yellow must contain an explanation. This color-coded rating system provides an easy reference point to determine whether the project is on target.

¹² Per PRM's General NGO Guidelines for Overseas Assistance, issued on January 19, 2012, the majority of PRM awards to NGOs are for 12-month periods. However, based on specific program requirements, PRM may issue funding opportunity announcements that can result in cooperative agreements for an initial 12-month period and follow-on awards for up to two additional 12-month periods contingent upon continuing need, performance, and availability of funding. According to PRM policy, an IPE should be completed after the 6-month mark in a project cycle.

Funding Recommendation

The second main section of the IPE, titled “Funding Recommendation,” functions as a summary of the recipient’s overall performance and a documented decision point regarding the possibility of continued funding. The GOR must recommend, based on past performance, whether PRM should continue to fund the program and/or the organization, discontinue funding, seek adjustments in program components, or consider a no-cost extension. The Funding Recommendation helps to ensure that the Department’s cooperative agreements are awarded to NGOs that are performing at an acceptable level of performance.

As a part of OIG’s review of the 10 selected cooperative agreements, OIG obtained and assessed each award’s IPE. OIG noted an example in which one award recipient received funding to provide refugee assistance in both Ecuador and Colombia, but the Colombia portion of the program was struggling to meet its stated performance indicators. The Funding Recommendation section of the IPE for this program stated that the program was lagging on one very high priority performance indicator in Colombia and recommended that funding for the Colombia portion of the program not be continued.

The award recipient subsequently submitted a proposal for FY 2012 that included a request for funding in both Ecuador and Colombia for this program. However, as a result of the Funding Recommendation, PRM did not continue funding for the Colombia portion of this program in FY 2012.

Had PRM not conducted the IPE, the recipient’s lack of progress on the performance indicator might have gone undetected. The IPE is a useful tool to track NGO performance during the award period, ensure that all relevant information is captured in the proposal review process, and aid in the decisionmaking process for continued funding determinations. Additionally, the IPE allows the RefCoord and the GOR to implement changes and explore new strategies for meeting stated program objectives and performance indicators within the award period.

Monitoring and Evaluation Subject Matter Experts

Within PRM’s Office of Policy and Resource Planning, there was one policy officer and one program analyst (hereafter referred to collectively as “policy officers”) who were dedicated to providing monitoring and evaluation expertise to all PRM program officers. These policy officers were subject matter experts in the field of monitoring and evaluation and were responsible for the following:

- Providing guidance to RefCoords and GORs.
- Preparing training courses for PRM personnel.
- Acting as co-chairs of PRM’s Monitoring and Evaluation Policy Team.

Guidance to PRM Staff

A main responsibility of the policy officers was to provide guidance to GORs, RefCoords, and other PRM staff who were responsible for monitoring cooperative agreements. This guidance was traditionally provided through the use of standard operating procedures, formal training, or one-on-one discussions. For example, prior to conducting site visits to monitor award recipients, the GOR would collaborate with a policy officer regarding the planned trip activities. The policy officer would review the preliminary agenda and provide suggestions for ways to enhance the GOR's monitoring plans. Once site visits were completed, policy officers would review the trip reports, which were required to be completed by the program officers to document the results of the visit and to identify best practices and potential problem areas. The policy officers were able to disseminate their findings throughout PRM so that successes could be repeated and failures avoided.

The policy officers also provided guidance on how to measure a recipient's performance, including the use of goals, objectives, and performance indicators in the agreements. For example, during the pre-award stage of a particular cooperative agreement, the policy officers were available to collaborate with GORs to design and negotiate program-specific indicators that would not only support the success of the program but that would also align with PRM's standardized indicators.

The Department's GPD 42 states that the GO and the GOR are responsible for ensuring that monitoring is conducted for each program in accordance with the appropriate regulations and monitoring plan. The policy officers ensure that all GOs, GORs, and others charged with monitoring cooperative agreements have the resources, knowledge, and tools to execute their monitoring responsibilities. The additional guidance provided by the policy officers ensures that monitoring techniques are standardized throughout PRM and that program performance is achieved for each cooperative agreement.

Monitoring and Evaluation Training Opportunities

PRM held two-to-three annual monitoring and evaluation training courses for PRM staff, which were planned and organized by the policy officers. The training courses were usually one week each and were held onsite at the PRM headquarters in Washington, D.C. For example, the Population, Refugee and Migration Officers Monitoring and Evaluation Workshop was annual training that was mandatory for all new RefCoords and GORs. The FY 2012 workshop agenda included topics such as "Monitoring International Organizations"; "Monitoring in Insecure Environments"; and "Monitoring Trip to the Field," in which participants simulated a site visit and prepared a trip report. The workshop included the following objectives:

- How to apply a monitoring and evaluation framework in program design and implementation.
- How to apply monitoring and evaluation methods differently to NGOs and international organizations due to the scope of funding and program implementation.
- How to apply PRM's monitoring and evaluation methods and tools used in needs assessments, gaps, and trends analyses.

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- How to formulate strong objectives and indicators by which to measure performance.
- How to monitor organizational and financial management capacity.

Another example of training coordinated by the policy officers was PRM Monitoring and Evaluation of Humanitarian Assistance, which was an annual course for all PRM staff who performed monitoring as a part of their normal work duties. The course consisted of four required sessions and 10 elective sessions that were offered over an 8-month period. Each session lasted up to 2.5 hours and consisted of presentations, workshops, and discussions on monitoring activities. The policy officers formulated the agenda based on the results of a survey completed by RefCoords and GORs, as well as current trends in humanitarian assistance. For example, the FY 2013 agenda included sessions titled “Monitoring and Evaluating Mental Health and Psychosocial Services,” “Monitoring Livelihood Programs in Refugee Settings,” and “Understanding [International Organization] Structures and Budgets.”

The planning and coordination of training opportunities provided by the policy officers helped ensure that PRM staff had the necessary skills to effectively perform the monitoring of cooperative agreements.

The Monitoring and Evaluation Policy Team

Another responsibility of the policy officers was to serve as co-chairs of the PRM Monitoring and Evaluation Policy Team. Each regional and functional office in PRM has a policy team,¹³ which consists of one or more representatives from each office. Each policy team assisted in the formulation of PRM policy on particular regions, organizations, or functions. These teams were established to encourage PRM-wide input, cross-fertilization of ideas, and a more consistent and integrated approach to the development of policy or funding recommendations.

The Monitoring and Evaluation Policy Team convened quarterly to discuss monitoring and evaluation policies and initiatives, formulate the monitoring and evaluation strategy for PRM, review NGO program proposals, and assist in planning site visits. The Team also coordinated evaluations for PRM, which functioned like a “report card” for how effectively PRM performed in a particular area. For example, an evaluation completed in August 2011 by an independent contractor examined PRM’s refugee programming and humanitarian diplomacy in protracted refugee settings. The evaluators reviewed the relationships between livelihoods, education, and protection space of Colombian refugees in Ecuador (Ibarra, Tulcán, San Lorenzo, and Quito) and Somalian refugees in Kenya. The evaluators used parallel methodologies in Ecuador and Kenya, including focus groups, key informant interviews, and survey instruments. Key findings of the evaluation included the following:

¹³ Policy teams are an integral part of the Policy and Program Review Committee process. PRM policies and procedures are written, approved, and implemented by the Policy and Program Review Committee, which is a decisionmaking body that was created to provide a systematic process for establishing PRM policies and procedures and allocating program resources in accordance with those policies, as well as to provide a record of transparent, accountable decisionmaking.

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- In both Kenya and Ecuador, the evaluation revealed limited access to job training and income generation opportunities, which would allow refugees to better meet the shelter and nutritional needs of their families.
- In Ecuador, refugees reported feeling stigmatized by host communities. Specifically, refugees stated that they lacked awareness of available services such as education and health care and that the lack of access to daycare was a challenge for parents seeking employment.

As a result of the independent evaluation, the Monitoring and Evaluation Policy Team incorporated the independent contractor's findings into PRM policy initiatives in Ecuador. For example, OIG verified that the three cooperative agreements that were ongoing during OIG's audit fieldwork had included performance indicators related to income generation, as well as programs to reduce stigmatization of Colombians in Ecuador.

Conclusion

PRM's performance monitoring of the 10 selected cooperative agreements associated with Colombian refugees located in Ecuador was in accordance with applicable monitoring guidelines and requirements, and the performance indicators were achieved and were accurately reported for those 10 agreements. PRM also exceeded Department requirements for monitoring cooperative agreements in support of Colombian refugees located in Ecuador by implementing PRM policy for the completion of an IPE for every cooperative agreement and by designating two full-time policy staff positions to provide monitoring and evaluation expertise to all PRM program officers. OIG concluded that these practices had enhanced PRM's ability to ensure that the cooperative agreements in support of Colombian refugees located in Ecuador were achieving desired outcomes.

Finding B. Financial Monitoring Needed Strengthening

Although OIG determined that PRM's monitoring of program performance for the 10 selected cooperative agreements awarded in support of Colombian refugees in Ecuador was in accordance with applicable guidelines, increased financial monitoring was needed to validate that funding was properly spent by NGO recipients. Specifically, PRM did not perform financial reviews of NGO recipients' books and records when conducting monitoring site visits for the 10 cooperative agreements in OIG's sample. Detailed financial reviews were not being performed because, according to PRM officials, GOs, who were generally responsible for fiscal monitoring, did not have the time or the resources to perform site visits to each recipient. Without onsite financial reviews of refugee assistance funds, PRM was not in compliance with GPD 42 and did not have reasonable assurance that program expenditures were in accordance with the terms of the cooperative agreement.

Financial Reviews of Awards

OIG conducted site visits to three award recipients in Quito and in Lago Agrio and reviewed a sample of 82 financial transactions, totaling \$240,399, from the cooperative

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agreements selected for review.¹⁴ Financial transactions were reviewed to determine whether the expenses were

- Allowable, reasonable, and allocable.¹⁵
- Approved by appropriate recipient personnel.
- Supported by adequate documentation.

Overall, OIG found that most of the expenses were allowable, approved, and supported by documentation, but there were notable exceptions. Specifically, OIG found improper expenses charged by two of the three NGO award recipients, including one unallowable cost and one expense charged to the incorrect cooperative agreement, as well as two instances of internal control deficiencies.

The first exception was identified while reviewing Cooperative Agreement S-PRMCO-11-CA-148, executed by HIAS. OIG selected a lodging expense, dated August 9, 2012, in the amount of \$939.60. OIG found that the lodging expense was not directly related to the cooperative agreement and should not have been claimed as an expense. HIAS officials explained that they did not understand the proper treatment of the expense and had charged it to the award in error. The officials agreed to reverse the transaction and return the funds to the Department.

The second exception was identified during the review of Cooperative Agreement S-PRMCO-11-CA-156, executed by CRS. OIG selected a travel expense, dated August 14, 2012, in the amount of \$1,128.36 for a plane ticket from Quito to Baltimore, Maryland. OIG determined that the ticket was for a CRS staff member who was not assigned to work on the cooperative agreement. Per CRS officials, the expense was incorrectly charged to the agreement by an inexperienced staff member who was no longer with the organization. The award recipient agreed to reverse the transaction and return the funds to the Department.

OIG also observed instances of internal control deficiencies in two of the recipients' financial accounting procedures. While reviewing salary expenses at the HIAS office in Quito, OIG found that a senior official was approving her own Time and Effort Certification form and paycheck. Also, an official within RET was purchasing laptops from a senior official's relative. In neither instance did OIG identify any indication of impropriety; however, the lack of adequate internal controls could potentially lead to a misappropriation of funds in the future. OIG made informal recommendations to the two NGOs to correct these internal control deficiencies.

Recommendation 1. OIG recommends that the Bureau of Population, Refugees and Migration ensure that the Hebrew Immigrant Aid Society reimburses the Department \$939.60 for the unallowable expense charged to Cooperative Agreement S-PRMCO-11-

¹⁴ Financial transactions were tested for eight of the 10 cooperative agreements. Transactions were not tested for two awards: one because of where the supporting documentation was located and one because it was an ongoing award and the timing of the expenditures did not allow for a review.

¹⁵ Reviews for allowable, reasonable, and allocable expenses were conducted in accordance with Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, revised May 10, 2004.

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CA-148 and that Catholic Relief Services reimburses the Department \$1,128.36 for the unallowable expense charged to Cooperative Agreement S-PRMCO-11-CA-156.

Management Response: PRM concurred with the recommendation, stating that it will ensure that HIAS and CRS “reverse the identified transactions” and that the “final payments and final financial reports for these awards do not reflect Federal funding for these unallowable expenses.”

OIG Reply: OIG considers this recommendation resolved, pending review and acceptance of documentation showing that HIAS has reimbursed the Department for \$939.60 for the unallowable expense charged to Cooperative Agreement S-PRMCO-11-CA-148 and that CRS has reimbursed the Department \$1,128.36 for the unallowable expense charged to Cooperative Agreement S-PRMCO-11-CA-156.

Monitoring Site Visits

PRM policy states that a monitoring site visit should occur at least once per year for each cooperative agreement. For example, PRM conducted monitoring site visits to award recipients in Quito in May 2012 to include the three recipients that were chosen as part of OIG’s review. The site visits were performed by the RefCoord and the GOR responsible for monitoring in Ecuador and generally focused on performance monitoring. The site visits included meetings with recipient staff, visits to multiple field locations, reviews of recipient progress on objectives and performance indicators, and interviews with beneficiaries. Each monitoring site visit was thoroughly documented in a trip report and included detailed sections for site visit activities, results, and followup actions.

OIG found that financial monitoring was not being performed during PRM’s monitoring site visits for the 10 cooperative agreements in its sample. PRM officials stated that financial monitoring was not being performed because the GOs, who were responsible for the financial monitoring, did not regularly perform site visits. A total of five GOs within PRM were responsible for approximately 50 cooperative agreements each. These cooperative agreements were not geographically assigned; therefore, the logistics of performing site visits to each location would have been time consuming and expensive. OIG did note that the GOs had performed site visits to high-risk recipients in isolated instances.

GPD 42 describes the various methods that the GO and the GOR should employ to monitor the financial and programmatic aspects of cooperative agreements. Specifically, GPD 42 states that site visits substantiate sound financial management; program progress; and compliance with laws, regulations, and policies. The GPD further states that site visits also provide an opportunity to look at the recipient’s accounting records to ensure that adequate documentation is being maintained to support award expenditures. Furthermore, the Department’s Federal Assistance Policy Handbook states the following in relation to financial monitoring:

In addition to reviewing the SF-425, Federal Financial Report, GO/GORs can ask to see payroll records and receipts for purchases as part of ongoing monitoring.

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Checking receipts or other documentation for expenditures is a good way to ensure that only items authorized under the award terms and conditions have been purchased and charged to the grant. It also provides a way to confirm that expenditures occurred within the authorized award period of performance.

Within PRM, the GO is responsible for fiscal monitoring while the GOR and the RefCoord are responsible for performance monitoring. Therefore, when site visits were performed, only performance monitoring was addressed. Without active fiscal monitoring through regular site visits, PRM was not in compliance with GPD 42 and did not have reasonable assurance that program expenditures were in accordance with the terms of the cooperative agreement.

Conclusion

While not all instances of noncompliance would be identified by additional fiscal monitoring, a review of recipient books and records would have helped to ensure that funds were generally expensed in accordance with Federal and Department regulations and within the terms of the cooperative agreement. This practice would also encourage NGO award recipients to be more diligent with their own finances. OIG recognizes that it is not practical for a GO to conduct annual site visits to each recipient. However, a financial review could be incorporated into the existing structure of monitoring site visits performed by the GORs. PRM should therefore develop specific procedures for conducting financial reviews and leverage its existing training courses to provide guidance to those PRM staff members charged with performing site visits.

Recommendation 2. OIG recommends that the Bureau of Population, Refugees and Migration implement the guidance provided in Grants Policy Directive 42, “Monitoring Assistance Awards,” by requiring grants officer representatives to perform a financial review of award recipients’ books and records during annual site visits to monitor cooperative agreements. Procedures for the financial review should be developed and incorporated into the annual training provided to staff charged with monitoring cooperative agreements.

Management Response: PRM concurred with the recommendation, stating that it will “enhance the financial review of its financial assistance awards to incorporate a requirement for the review of field financial records during monitoring visits.” PRM further stated that it will implement the requirement by developing a monitoring trip template and toolkit that specifically details financial review procedures and that it will include financial monitoring techniques into annual training.

OIG Reply: OIG considers the recommendation resolved, pending review and acceptance of documentation showing that the requirement for GORs to perform financial reviews has been implemented and that procedures for the financial reviews have been developed and incorporated into the annual training as described.

List of Recommendations

Recommendation 1. OIG recommends that the Bureau of Population, Refugees and Migration ensure that the Hebrew Immigrant Aid Society reimburses the Department \$939.60 for the unallowable expense charged to Cooperative Agreement S-PRMCO-11-CA-148 and that Catholic Relief Services reimburses the Department \$1,128.36 for the unallowable expense charged to Cooperative Agreement S-PRMCO-11-CA-156.

Recommendation 2. OIG recommends that the Bureau of Population, Refugees and Migration implement the guidance provided in Grants Policy Directive 42, "Monitoring Assistance Awards," by requiring grants officer representatives to perform a financial review of award recipients' books and records during annual site visits to monitor cooperative agreements. Procedures for the financial review should be developed and incorporated into the annual training provided to staff charged with monitoring cooperative agreements.

Scope and Methodology

The Department of State (Department), Office of Inspector General (OIG), Office of Audits, conducted this performance audit to determine whether the Bureau of Population, Refugees and Migration's (PRM) oversight of cooperative agreements in support of Colombian refugees located in Ecuador was in accordance with applicable guidelines and whether stated program performance indicators were achieved and accurately reported.

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

To obtain background information for this audit, OIG researched and reviewed Federal laws and regulations related to the monitoring and oversight of Federal foreign assistance awards, such as the Migration and Refugee Assistance Act of 1962;¹ Government Accountability Office (GAO) reports related to refugee assistance; and the Department's Congressional Budget Justifications reflecting migration and refugee assistance requests. OIG also reviewed Department policies and additional guidance related to grants and cooperative agreements, including Office of Management and Budget Circular A-122,² the Department's Federal Assistance Policy Handbook, and multiple Grants Policy Directives.

OIG conducted fieldwork for this audit from November 2012 to March 2013. To gain an understanding of PRM's policies and procedures for overseeing grants and cooperative agreements, OIG interviewed officials from PRM's Office of Policy and Resource Planning; Office of International Refugee Assistance for Europe, Central Asia, and the Americas; and Office of the Comptroller. OIG also reviewed PRM's internal policies, training courses, and standard operating procedures for conducting oversight.

OIG conducted site visits to review a sample of 10 cooperative agreements in Quito and in Lago Agrio, Ecuador, that were awarded to three non-governmental organizations (NGO). During the site visits, OIG interviewed program personnel to understand their roles and responsibilities under each award, examined deliverables executed by each award recipient, and reviewed supporting documentation such as a sample of financial transactions to determine whether there was adequate and accurate supporting documentation for the program. OIG also interviewed the refugee coordinator responsible for monitoring the 10 cooperative agreements in support of Colombian refugees located in Ecuador.

¹ Pub. L. No. 87-510 (codified at 22 U.S.C. § 2601).

² Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, revised May 10, 2004.

Prior Reports

Between 2009 and 2011, OIG, GAO, and the U.S. Agency for International Development (USAID) OIG issued seven audit and inspection reports related to assistance programs for refugees and other vulnerable populations in the Near East and Western Hemisphere. Of those seven reports, the two that were most applicable to OIG's audit were issued in 2011 by OIG and USAID. Specifically, an OIG inspection report³ stated that support for internally displaced persons (IDP) in Colombia had increased consistently with the availability of support from host governments, raising the question for the need and efficacy of continued U.S. emergency assistance for displaced persons in that country. The USAID audit report⁴ stated that there was limited evidence that the program had met its goals to stabilize and reintegrate IDPs into civil society, specifically because there were no performance measures linked to IDP stabilization. In addition, the audit determined that performance data was incorrectly reported in USAID/Colombia Mission's Performance Plan and Report. Both reports related to OIG's audit objective as to whether refugee assistance reached the intended recipients and whether program performance indicators were achieved and were accurately reported.

Use of Computer-Processed Data

To assess the reliability of computer-processed data, OIG interviewed officials knowledgeable about the data, reviewed existing documentation related to the data sources, and performed some tracing to source documents. More specifically, OIG obtained cooperative agreement data from the three NGO recipients selected as part of its sample and traced the data from computerized documentation to the source documents. OIG also obtained a listing of all cooperative agreements and grants funded from FY 2010 through FY 2012 from PRM and conducted a data reliability test and reconciliation by comparing the PRM list with information on awards obtained via a query of USASpending.gov.⁵ From these efforts, OIG determined that the data was sufficiently reliable to support the conclusions and recommendations in this report.

Work Related to Internal Controls

OIG performed steps to assess the adequacy of internal controls related to expenditures for cooperative agreements, as well as the mechanisms used to capture results, for a sampling of PRM's humanitarian assistance programs. Specifically, OIG gained an understanding of the Department's processes for capturing indicator results for reporting purposes and reviewed supporting documentation for indicators identified for each of the 10 cooperative agreements in its sample. In addition, OIG gained an understanding of the Department's policies and procedures related to monitoring the expenditures of Federal funds dedicated to overseas humanitarian assistance. During OIG's review of the 10 selected cooperative agreements, OIG

³ *Report of Inspection, Embassy Bogota, Colombia* (ISP-I-11-41A, June 2011).

⁴ *Audit of Assistance to Internally Displaced Persons and Vulnerable Groups Financed by USAID/Colombia* (1-514-11-002-P, Jan. 2011).

⁵ USASpending.gov is the official Government Web site created by the Office of Management and Budget to provide the public with a searchable database of Federal awards. The Department provides data to the administrator of the Web site periodically. This data is garnered from the Department's Grants Database Management System.

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identified improper expenses charged by two of the three NGO award recipients as well as two instances of internal control deficiencies, as detailed in the Audit Results section of the report.

Detailed Sampling Methodology

OIG's sampling objective was to determine whether PRM's monitoring of a selection of cooperative agreements in support of Colombian refugees located in Ecuador was sufficient to ensure that performance indicators were achieved, that funds were spent accordingly, and that all programmatic and financial reporting could be substantiated.

Determination of Population and Selection of Overseas Sites

After obtaining a listing of all grants and cooperative agreements funded from FY 2010 through FY 2012 from PRM and determining the reliability of this data, the audit team held discussions with PRM and OIG management to aid in determining the sites for the OIG audit team to visit and review. As a result of these efforts, OIG focused on NGOs receiving Federal assistance for refugee programs executed in the Near East and Western Hemisphere. Specifically, OIG decided to review cooperative agreements executed in Jordan in support of Syrian refugees and cooperative agreements executed in Ecuador in support of Colombian refugees. OIG determined that from FY 2010 through FY 2012, 21 cooperative agreements, totaling approximately \$33 million, were in Jordan and 13 cooperative agreements, totaling approximately \$24 million, were in Ecuador.

Selection and Review of Cooperative Agreements at Overseas Sites

Of the 34 cooperative agreements in Ecuador and Jordan, totaling approximately \$57 million, OIG originally selected for review 27 cooperative agreements, totaling approximately \$52 million. The sample selection consisted of 17 cooperative agreements in Jordan (five NGO recipients), totaling approximately \$30 million, and 10 cooperative agreements in Ecuador (three NGO recipients), totaling approximately \$22 million. OIG selected these cooperative agreements based on two primary factors: the high dollar amount of the agreements and NGO recipients that had more than one agreement (this factor was used to facilitate and optimize the time allotted for overseas review work). However, at the request of PRM officials, OIG excluded the cooperative agreements in Jordan from its review because of the overwhelming response required by PRM to address the needs of the Syrian refugees fleeing to Jordan at the time of OIG's fieldwork. OIG considered visiting an alternate location to review additional cooperative agreements but concluded that the audit work performed in Ecuador was sufficient to meet the primary objective of this audit. OIG does expect to include information on the associated cooperative agreements and NGO recipients in Jordan in the scope of a future audit pertaining to Syrian refugee assistance. Accordingly, this audit focused solely on the selected 10 cooperative agreements supporting Colombian refugees in Ecuador, as shown in Table 1.

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Table 1. Sample Selection of PRM Cooperative Agreements

	Award Number	Place of Performance	Date of Award	Award Amount
1	SPRMC010CA165	Ecuador, Panama, Venezuela	August 30, 2010	\$ 2,499,481
2	SPRMC010CA195	Ecuador, Costa Rica, Panama	August 30, 2010	1,200,000
3	SPRMC010CA170	Ecuador	September 09, 2010	1,000,000
4	SPRMC011CA121	Ecuador, Ghana, Israel, Kenya	August 12, 2011	205,424
5	SPRMC011CA148	Ecuador, Panama, Venezuela	August 26, 2011	3,097,250
6	SPRMC011CA145	Ecuador, Costa Rica, Panama	September 07, 2011	2,300,000
7	SPRMC011CA156	Ecuador, Colombia	September 13, 2011	1,600,000
8	SPRMC012CA1139	Ecuador, Panama, Venezuela	September 17, 2012	3,800,000
9	SPRMC012CA1140	Ecuador	September 18, 2012	2,700,000
10	SPRMC012CA1135	Ecuador, Costa Rica, Panama, Venezuela	September 18, 2012	3,200,000
	Total			\$21,602,155

Source: OIG generated based on data provided by PRM.

Two of the 10 cooperative agreements selected for review provided funding for Colombian refugees in Ecuador only, while seven provided funding in Ecuador as well as in other neighboring countries, including Colombia, Venezuela, Costa Rica, and Panama. One cooperative agreement funded a study of sexual minority refugees in Ecuador, Ghana, Israel, and Kenya. OIG reviewed these agreements in their entirety and verified and validated financial transactions and performance indicators for the work conducted in Ecuador. Specifically, the review in Ecuador included the sampling of 82 financial transactions for eight of the 10 cooperative agreements in OIG’s sample (information on the two cooperative agreements for which no financial transactions were reviewed is included in “Scope Limitations” in this appendix). These 82 transactions were reviewed to determine whether there was adequate and accurate supporting documentation for the program expenditures (for example, timesheets, receipts, and invoices) to ensure that Department funds were spent in accordance with each cooperative agreement. This sample was chosen judgmentally, and the main selection criteria were the amount and type of expenses and coverage of expenses incurred from FY 2010 through FY 2012, the scope of OIG’s audit. The review in Ecuador also included sampling one performance indicator per cooperative agreement and examining supporting documentation (for example, sign-in sheets, case files, and distribution sheets) to verify that the indicators were achieved or were on track to be achieved. OIG also traced the indicators to the Final Performance Report for the seven completed cooperative agreements to determine whether results were accurately reported to the Department.

Scope Limitations

OIG was able to test financial transactions for only eight of the 10 cooperative agreements in its sample. OIG was unable to test transactions for two awards: one because of the location of supporting documentation for the award and one because it was an ongoing award and the timing of the expenditures did not allow for a review. However, OIG believes that the results obtained from its testing of the 82 transactions for the eight cooperative agreements were sufficient to provide a reasonable basis for the findings and conclusions in this report.



United States Department of State

Washington, D.C. 20520

June 26, 2013

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MEMORANDUM

TO: OIG/AUD – Evelyn Klemstine

FROM: PRM – Elizabeth Hopkins, Acting DAS *EH*

SUBJECT: Draft Report on *Audit of Bureau of Population, Refugees and Migration Oversight of Selected Cooperative Agreements in Support of Colombian Refugees in Ecuador*

Thank you for the opportunity to provide comments on the subject draft audit report. We appreciate that the report highlights the important humanitarian assistance that the Department funds through cooperative agreements with non-governmental organizations (NGOs) as well as the exceptional performance monitoring practices that PRM demonstrates in managing this assistance.

PRM requests the redaction of information in the report that originated from a FY2012 Policy and Program Review Committee (PPRC) for Colombia and an Interim Performance Evaluation (IPE) that should not be shared with external parties or made public. The PPRC is marked SBU and direct quotes from this document should not be included in the report or shared beyond PRM. The IPE quote reflects sensitive internal bureau deliberations that should also not be shared outside of PRM. PRM would greatly appreciate the OIG removing these references from the report.

Additionally, PRM requests an edit to footnote 1, on page one that defines the term “refugee”. We would like footnote 1 to read as follows: The term “refugee” as used in this report encompasses the following groups of individuals: refugees and/or asylum seekers. As a result of this edit, PRM suggests the OIG change “refugee assistance programs” to “humanitarian assistance programs” throughout the report.

Additionally, the funding figures included in the chart on page four represent funding allocated to the Western Hemisphere line from the annual Migration and Refugee Assistance appropriation. They do not represent obligations. Also, PRM did execute grants and interagency agreements from the Western Hemisphere line each year, which are also not reflected. The following table represents annual MRA obligations from the Western Hemisphere line for each year:

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Table 1: Summary of Migration and Refugee Assistance in the Western Hemisphere*

	FY 2010	FY 2011	FY 2012	Total
International Organizations	\$32,200,695	\$38,192,266	\$37,559,908	\$107,952,869
NGOs	\$14,269,812	\$15,447,250	\$17,407,161	\$47,124,223
Grants/Interagency Agreements	\$2,307,405	\$1,255,040	\$2,024,000	\$5,586,445
Total	\$48,777,912	\$54,894,556	\$56,991,069	\$160,663,537

*Note these figures represent obligations from the Western Hemisphere line of the Migration and Refugee Assistance account. Additional funding was obligated for the Western Hemisphere region from the Protection Priorities line.

We have addressed the two specific audit recommendations in the attachment to this letter. PRM remains committed to effective management, monitoring and evaluation of its refugee assistance programs.

Attachment:

1. Recommendations and Responses.

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Response to the Report, *Audit of Bureau of Population, Refugees and Migration Oversight of Selected Cooperative Agreements in Support of Colombian Refugees in Ecuador*

Recommendations and Responses

Recommendation 1. OIG recommends that the Bureau of Population, Refugees and Migration ensure that the Hebrew Immigrant Aid Society reimburses the Department \$939.60 for the unallowable expense charged to Cooperative Agreement S-PRMCO-11-CA-148 and that Catholic Relief Services reimburses the Department \$1,128.36 for the unallowable expense charged to Cooperative Agreement S-PRMCO-11-CA-156.

PRM Response: Concur. PRM will ensure that both organizations have followed through on their commitments to the OIG to reverse the identified transactions and that the final payments and final financial reports for these awards do not reflect Federal funding for these unallowable expenses.

Recommendation 2. OIG recommends that the Bureau of Population, Refugees and Migration implement the guidance provided in Grants Policy Directive 42, "Monitoring Assistance Awards," by requiring grants officer representatives to perform a financial review of award recipients' books and records during annual site visits to monitor cooperative agreements. Procedures for the financial review should be developed and incorporated into the annual training provided to staff charged with monitoring cooperative agreements.

PRM Response: Concur. PRM will enhance the financial review of its financial assistance awards to incorporate a requirement for the review of field financial records during monitoring visits. PRM will develop a monitoring trip template and toolkit that specifically details financial review procedures so that that the PRM personnel can efficiently conduct financial monitoring during field visits to PRM NGO partners. In addition, PRM will emphasize the requirement for and the value of field financial monitoring during the financial management and grants modules of the PRM Monitoring and Evaluation Workshop and the PRM Monitoring and Evaluation of Humanitarian Assistance courses, as well as provide specific instruction on financial monitoring techniques.

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