



OIG HIGHLIGHTS

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Why OIG Did This Audit

The Office of Inspector General (OIG) initiated this audit to determine whether the Bureau of Population, Refugees and Migration's (PRM) administration and oversight of its humanitarian assistance provided in response to the Syrian crisis have been in accordance with Federal and Department of State (Department) regulations and guidance.

From January 2012 through December 2013, PRM obligated \$635 million through cooperative agreements, a grant, and voluntary contributions for humanitarian assistance projects in Egypt, Iraq, Jordan, Lebanon, and Turkey. OIG reviewed a judgment sample of four cooperative agreements, one grant, and two voluntary contributions. The seven instruments in the audit sample represent 64 percent of the humanitarian assistance funds obligated at that time. As of September 2014, the Department had obligated \$1.36 billion in humanitarian assistance.

What OIG Recommends

To improve the administration and monitoring of PRM's assistance instruments, OIG made four recommendations to PRM that encourage PRM grants officers and grants officer representatives (GOR) to develop monitoring plans for all of its assistance instruments and to follow all administrative procedures outlined in Department guidance. OIG also made two recommendations to the Bureau of Administration, Office of the Procurement Executive (A/OPE), to determine whether an amendment to grant S-PRMCO-GR-13-1060 was properly executed and to conduct a comprehensive review of its grants policy directives as applied to grants awarded to public international organizations. In response to a January 20, 2015, draft of this report, PRM and A/OPE concurred with the report recommendations.

UNCLASSIFIED

March 2015

MIDDLE EAST REGION OPERATIONS

Audit of Department of State Humanitarian Assistance in Response to the Syrian Crisis

What OIG Found

OIG found that PRM's performance in managing and overseeing the humanitarian assistance instruments was mixed. For the four cooperative agreements, valued at \$6 million, PRM had personnel in-country who conducted site visits, but the monitoring generally did not meet the requirements in Grants Policy Directive (GPD) 42, *Monitoring Assistance Awards*, because the grants officer and/or the GOR did not complete monitoring plans for assessing the awards progress. In addition, PRM did not assess the recipient's risk, even though the awards were performed in high-risk areas. Further, PRM completed limited reviews of the recipients' financial transactions and use of funds. OIG also identified several concerns with the monitoring techniques PRM used for the cooperative agreements—site visits, interim program evaluations, and recipient reports. A senior PRM official said that the comprehensive monitoring required for Syrian relief was problematic because of the urgency of providing the humanitarian assistance and travel restrictions that limited access to sites where assistance was provided.

OIG found similar problems with the grant in our sample. PRM managed a \$5 million grant to the United Nations High Commissioner for Refugees (UNHCR) as if it were a voluntary contribution. Department guidance requires that the grants officer track funds and grant activities closely for a grant to a public international organization. However, OIG found that the grants officer and GOR provided limited monitoring and did not have adequate assurance that taxpayer funds were spent as intended and within the period of performance in the grant agreement.

For the \$394 million in voluntary contributions awarded to UNHCR, Department guidance states that voluntary contributions require specific legislative authority and that funds used for voluntary contributions are not required to be tracked by the U.S. Government. The lack of direct oversight of these awards limits the Department's ability to ensure that funds were used as intended and that the activities funded met the goals of the award and the expected outcomes.

OIG also found that PRM did not comply with three Department administrative requirements. First, the grants officers did not use or fully complete the required award file checklist. Not completing the checklist can lead to mistakes in award management and oversight. Second, a grants officer did not properly close out the grant and improperly amended the grant 4 months after it had expired. Department guidance states that amendments cannot be made to a grant once the period of performance has expired. Finally, one cooperative agreement was not amended to reflect management changes for the recipient. Reporting key management changes is important to PRM so that it is aware of who has the legal authority to expend the awarded taxpayer funds.



OIG

Office of Inspector General

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Office of Audits

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Audit of Department of State Humanitarian Assistance in Response to the Syrian Crisis

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OBJECTIVE

The Office of Inspector General (OIG) initiated this audit to determine whether the Bureau of Population, Refugees and Migration's (PRM) administration and monitoring of its humanitarian assistance awards for the Syrian crisis have been performed in accordance with Federal regulations and Department of State (Department) policies and guidance. See Appendix A for the scope and methodology of this audit.

BACKGROUND

This audit relates to the overseas contingency operation, Operation Inherent Resolve, and will be completed in accordance with the Office of Inspector General's (OIG) oversight responsibilities described in Section 8L of the Inspector General Act of 1978, as amended.

Beginning in March 2011, as peaceful demonstrations against the Syrian Arab Republic government failed to result in promised reforms, conflict erupted between government forces loyal to President Bashar al-Assad and armed opposition groups. By August 2012, the armed conflict in Syria escalated to the point that the United Nations suspended its United Nations Supervision Mission in Syria.¹ By October 2014, the United Nations High Commissioner for Refugees (UNHCR) estimated that more than 3 million Syrians had fled to the neighboring countries of Egypt, Iraq, Jordan, Lebanon, and Turkey to escape the conflict, and that 6.4 million internally displaced persons were in Syria.

The United Nations reported that from March 2012 through October 2014, international donors contributed more than \$8 billion in humanitarian assistance in response to the Syrian crisis. The U.S. Government has been the largest financial contributor to the Syrian crisis response, providing more than \$3 billion in humanitarian assistance and non-lethal aid since the start of the crisis in 2011. Of the \$3 billion, the Department provided \$1.36 billion in humanitarian assistance and \$330 million in non-lethal aid. An additional \$1.54 billion was provided by the U.S. Agency for International Development. This OIG report focuses only on the Department's humanitarian assistance awarded between January 2012 and December 2013. OIG will issue a separate report on non-lethal aid provided by the Department.

The Department's humanitarian assistance consists of funding for refugee education, health services, housing, and food services and is delivered via PRM. Approximately 25 percent of the assistance supports activities inside Syria, and the rest supports refugees in the region. The assistance is provided through cooperative agreements, grants, and voluntary contributions overseen and monitored by PRM grants officers and grants officer representatives (GOR). From January 2012 through December 2013, PRM obligated \$635 million through cooperative agreements, a grant, and voluntary contributions for humanitarian assistance projects in Egypt, Iraq, Jordan, Lebanon, and Turkey. OIG reviewed a judgment sample of four cooperative agreements (\$6 million), one grant (\$5 million), and two voluntary contributions (\$394 million). The seven instruments represent 64 percent of the humanitarian assistance funds obligated at

¹ USAID, U.S. AID Fact Sheet, "Syria - Complex Emergency Fact Sheet #6, FISCAL YEAR (FY) 2014," Jan. 21, 2014.

that time. PRM awarded the one grant and two voluntary contributions to the same public international organization.

Bureau of Population, Refugees and Migration

PRM is the Department bureau tasked to provide funding for assistance to refugees, internally displaced persons, and stateless persons, as well as vulnerable migrants around the world, through its global partnerships and assistance awards. PRM is also tasked to advocate for the protection of vulnerable populations through humanitarian diplomacy, promote best practices in humanitarian response, and work to ensure that humanitarian principles are thoroughly integrated into U.S. foreign and national security policy. See Appendix B for a PRM organization chart.

PRM provides aid for Syrian refugees through the funding of three types of assistance instruments. Descriptions of each type of assistance instrument—cooperative agreements, grants, and voluntary contributions—used by PRM are shown in Table 1.

Table 1: Bureau of Population, Refugees and Migration—Humanitarian Assistance Instruments

| Cooperative Agreement | Grant | Voluntary Contribution |
|---|--|---|
| <ul style="list-style-type: none"> • Authorizes funds to be spent for a public purpose through the transfer of money, property, or services • Requires substantial U.S. Government involvement in coordination with the recipient organization • Audit Sample: <ul style="list-style-type: none"> • 4 Cooperative Agreements • \$6 million | <ul style="list-style-type: none"> • Authorizes funds to be spent for a public purpose through the transfer of money, property, or services • Requires less U.S. Government involvement than a cooperative agreement • Audit Sample: <ul style="list-style-type: none"> • 1 Grant • \$5 million | <ul style="list-style-type: none"> • Authorizes funds to be provided to public international organizations without specific terms and conditions, and requires specific legislative authority • Does not require that funds be tracked by the U.S. Government • Audit Sample: <ul style="list-style-type: none"> • 2 Voluntary Contributions • \$394 million |

From January 2012 through December 2013, PRM obligated \$635 million in cooperative agreements, a grant, and voluntary contributions for humanitarian assistance projects in Egypt, Iraq, Jordan, Lebanon, and Turkey. PRM grants officers and GORs awarded and administered all of the assistance instruments. The largest amount of humanitarian assistance was obligated via voluntary contributions to various United Nations agencies—totaling \$564.3 million of the \$635 million (89 percent) of all assistance provided at that time, with UNHCR being the largest recipient within the United Nations.

PRM Key Administration and Monitoring Personnel

Department directives describe the roles and responsibilities of Government personnel assigned responsibility for awarding, administering, and monitoring grants. The two key officials in the

management of assistance instruments are the grants officer and the GOR. The grants officers are located in PRM's Office of the Comptroller.

Grants Officer

The grants officer is authorized by certificate of appointment issued by the Bureau of Administration, Office of the Procurement Executive (A/OPE), to award, amend, and terminate a Federal assistance agreement. The grants officer is responsible for exercising prudent management of assistance funds.²

Grants Officer Representative

Upon award, Department policy states that the grants officer "shall designate" a GOR "for all [grant] awards exceeding \$100,000." The GOR is certified by A/OPE and should have technical expertise related to program implementation. The grants officer designates, in writing, the GOR to oversee certain aspects of a specific assistance agreement from the award's inception through closeout. The GOR assists the grants officer in ensuring that the Department exercises prudent administration and monitoring of the award.³

PRM In-Country Personnel

Although the GOR in Washington, DC, is primarily responsible for monitoring the recipient, a PRM official interviewed stated that PRM has established positions in-country to support the GOR.⁴ Depending on the size of the program, the position title can vary—Program Manager, Refugee Coordinator, Humanitarian Advisor, or Humanitarian Assistant—but the responsibilities are generally the same. PRM personnel in these positions should provide field support and conduct site visits to all the recipients in the region and prepare reports documenting their site visits. Also, these in-country PRM personnel should maintain communications with the recipients, attend events and activities, and interact with other foreign assistance providers as well as provide regular reports to PRM about the status of the humanitarian assistance activities.

Applicable Laws and Department Guidance for Grants Management

The Foreign Assistance Act⁵ provides the Department with the authority to provide assistance through the use of Economic Support Funds under special economic, political, or security conditions and to provide economic support for countries in amounts that could not be justified solely for development purposes. The Migration and Refugee Assistance Act⁶ authorizes voluntary contributions to the UNHCR or other public international organizations for assistance to or on behalf of refugees outside the United States when the President determines that such assistance will contribute to the foreign policy interests of the United States.

² Grants Policy Directive (GPD) 28, rev. 1, *Roles and Responsibilities for the Award and Administration of Federal Assistance*.

³ GPD 16, rev. 3, *Designation of Grants Officer Representatives*.

⁴ PRM officials stated that PRM has established positions under Chief of Mission authority in-country to support the GOR and to conduct a wide range of functions under PRM's mandate.

⁵ Foreign Assistance Act of 1961, as amended (22 U.S.C. § 2151 et seq.).

⁶ Migration and Refugee Assistance Act of 1962, as amended (22 U.S.C. § 2601 et seq.).

Department guidance for the administration and monitoring of assistance instruments used for this audit consists of the following Grants Policy Directives (GPD):

- GPD 16, *Designation of Grants Officer Representatives*
- GPD 23, *Federal Assistance File Folder, Form DS-4012*
- GPD 28, *Roles and Responsibilities for the Award and Administration of Federal Assistance*
- GPD 42, *Monitoring Assistance Awards*
- GPD 54, *Grants and Voluntary Contributions to Public International Organizations*

In addition, the 2011 Federal Assistance Policy Handbook, issued by the Federal Assistance Division in A/OPE, and individual award terms and conditions provide administration and monitoring guidance for assistance instruments. Further, PRM exempted the UNHCR grant and voluntary contribution from some Federal guidance when it made the award. For example, Form DS-1909 states that the award is exempted from all OMB circulars.⁷

AUDIT RESULTS

Between January 2012 and December 2013, the Department obligated \$635 million in humanitarian assistance to address the Syrian crisis. Then, from January 2014 through September 2014, funds obligated for humanitarian assistance more than doubled in just 9 months—increasing to a total of \$1.36 billion. The total amount of humanitarian assistance funds, and the rate at which the Department is obligating those funds, makes oversight and accountability of the funds even more critical.

OIG found that PRM's performance in managing and overseeing the assistance instruments was mixed. Although PRM had personnel in-country to conduct site visits and program evaluations, PRM staff did not always monitor or follow administrative procedures for PRM's assistance instruments in accordance with Department guidance. Noncompliance with Department guidance creates increased risks for fraud, waste, and abuse. The limited oversight of these awards limits the Department's ability to ensure that taxpayer funds were used as intended and that the activities funded met the goals and objectives of the award and the outcomes that were expected. See Appendix C for PRM's response to the recommendations in the draft report. See Appendix D for OIG's response to PRM's comments on the report. See Appendix E for A/OPE's response to the recommendations in the draft report.

Finding A: The Bureau of Population, Refugees and Migration Needs To Improve Monitoring of Cooperative Agreements and Grants

OIG found a number of issues with PRM's oversight of the cooperative agreements and the grant. Department guidance states that the grants officer and the GOR are responsible for ensuring that monitoring is conducted for each program in accordance with the appropriate

⁷ The Code of Federal Regulations, 2 CFR 200, which superseded OMB Circular A-110 *Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*, specifically exempts foreign entities, including public international organizations, from applications of the revised circular per sec.2 CFR 215.0(e).

regulations and monitoring plan.⁸ A monitoring plan is required for all cooperative agreements and grants. While PRM had in-country personnel who conducted site visits, OIG found that the monitoring performed by the grants officer and/or the GOR did not comply with GPD 42, *Monitoring Assistance Awards*, for four cooperative agreements, totaling \$6 million. In addition, OIG found that PRM managed the grant to UNHCR for \$5 million more like a voluntary contribution and did not track the grant to ensure that UNHCR spent the funds as intended. The voluntary contributions in our sample totaled \$394 million and are generally not subject to direct U.S. Government audit or oversight. This provision is explained in GPD 54, *Grants and Voluntary Contributions to Public International Organizations*. The GPD specifically states the following:

The use of the funds by the [public international organization] is not required to be tracked by the [U.S. Government]. This also means that [the] funds [c]an be co-mingled with other funds held by the [public international organization] [and] [g]enerally are not subject to audit or reporting requirements by the [U.S. Government].⁹

The monitoring deficiencies identified with the seven assistance instruments we examined are presented in Table 2.

Table 2: Department Monitoring Guidance and Deficiencies

| Department Guidance | Deficiencies |
|--|---|
| <p><u>Monitoring:</u> According to GPD 42, <i>Monitoring Assistance Awards</i>, the grants officer and the GOR are responsible for ensuring that monitoring is conducted for each program in accordance with the appropriate regulations and monitoring plan.</p> | <ul style="list-style-type: none"> Monitoring by PRM staff did not ensure that the recipient adhered to the purpose of the award and that award goals were accomplished. In addition, PRM did not have completed monitoring plans for each cooperative agreement as required by GPD 42. |
| <p><u>Grant vs. Voluntary Contribution:</u> Grant—According to GPD 54, <i>Grants and Voluntary Contributions to Public International Organizations</i>, funds and grant activities are tracked closely by the grants officer to ensure that funds are spent for their intended purposes and that award terms and conditions are followed. Voluntary Contribution—GPD 54 states that the use of funds is not required to be tracked by the U.S. Government.</p> | <ul style="list-style-type: none"> The grants officer and/or the GOR improperly managed grant S-PRMCO-13-GR-1060—awarded to UNHCR—more like a voluntary contribution than a grant. Consequently, the grants officer and/or the GOR did not properly track the grant to ensure that UNHCR spent funds for their intended purpose or met the award terms and conditions. |

The problems OIG identified occurred, in part, because PRM did not monitor the assistance instruments in accordance with Department guidance. A PRM senior official stated that the comprehensive monitoring required by Department guidance is problematic for Syrian humanitarian assistance because of (1) the urgency of providing funds and services as quickly as

⁸ GPD 42, *Monitoring Assistance Awards*.

⁹ GPD 54, *Grants and Voluntary Contributions to Public International Organizations*.

possible for the large refugee influx and (2) the geographical and security restrictions that impede timely access to specific sites. However, without comprehensive administration and monitoring of the assistance instruments, PRM may not have reasonable assurance that Federal funds were spent in accordance with the terms of work and that the program's goals and objectives were achieved.

The Bureau of Population, Refugees and Migration Did Not Adequately Monitor the Cooperative Agreements in the Audit Sample

OIG found that grants officers and GORs for the four cooperative agreements did not prepare required monitoring plans or provide adequate monitoring. During site visits to Jordan and Turkey, OIG reviewed the processes used to support recipient progress reporting, financial transactions, and accounting and payroll systems. OIG determined that the recipients had processes in place to support the performance metrics reported in their progress reports and adequate control procedures to account for their expenditures. However, PRM has the responsibility to verify financial transactions, recipient performance, and proper use of Government funds. By not monitoring a cooperative agreement in compliance with Department guidance, such as developing a complete monitoring plan, PRM does not have proper assurance that the recipients adhere to the purposes of their awards, intended goals are achieved, or funds are spent as intended.

GPD 42, *Monitoring Assistance Awards*, states that it is Department policy for assistance awards to be appropriately monitored to ensure that programmatic and financial performance has been adhered to for the intended purpose of the award and that the intended goals have been accomplished. This includes monitoring recipient compliance with the award terms and conditions, financial and program reporting requirements, and timely implementation of project activities. OIG found that the four cooperative agreement recipients submitted performance objectives and indicators in their proposals that were finalized when PRM awarded the cooperative agreements. Specific performance indicators and targets are tools that should be used by the PRM grants officers and GORs to monitor a recipient and its performance. OIG found that these performance indicators were used by PRM staff in preparing Interim Program Evaluations for three of the four cooperative agreements (S-PRMCO-13-CA-1046, S-PRMCO-13-CA-1158, and S-PRMCO-13-CA-1223).

In addition, the grants officer and/or the GOR should develop a monitoring plan that takes into account the risks involved in making the award to a particular recipient and the resources available to provide monitoring. Among the factors to be considered when assessing risk are awards where the activity to be monitored is occurring in unusual or difficult operating environments. OIG found that PRM did not complete an assessment of the risks involved in making the award to a particular recipient, even though all of the awards were performed in high-risk areas.

Further, GPD 42 requires that a monitoring plan includes the frequency and types of monitoring mechanisms to be employed and that it assess the resources available to provide monitoring. OIG discussions with PRM staff revealed that the grants officer and GORs did not develop individual monitoring plans that outlined the frequency and types of monitoring mechanisms. One grants officer stated that a monitoring plan was not developed for the cooperative agreement because of the urgent requirement to provide funding for Syrian relief. Instead, PRM grants officers and GORs stated that they provided monitoring and oversight through three

primary methods: site visits, interim program evaluations, and recipient reports. Although OIG recognizes that the methods used by PRM can help in monitoring and overseeing a recipient's performance, they do not replace or take precedence over GPD requirements. In addition, OIG found issues with the oversight methods used by PRM as described in the following sections.

Site Visits

For award recipients in Jordan, Lebanon, and Syria, PRM developed a regionally based monitoring schedule that identified planned site visits. For award recipients in Turkey, PRM utilized the Syria Humanitarian Assistance Response Plan/Syria Regional Response Plan and planned site visits. According to GPD 23, *Federal Assistance File Folder, Form DS-4012*, site visits, if completed, should be documented and included in the official award file.

OIG found that the site visit reports completed by PRM staff contained broad information for all awards being performed in those countries but lacked specific information on whether any of the awards were meeting their performance objectives. GPD 42, *Monitoring Assistance Awards*, states that site visits provide the opportunity to ensure the recipient is monitoring its performance to comply with the terms and conditions of the award and should substantiate sound financial management, program progress, and compliance with laws, regulations, and policies. For one site visit report, the Senior Refugee Coordinator reported on multiple assistance awards and provided a broad update of the status of awards at the refugee camps, but the report did not discuss any of the performance indicators and objectives that should be monitored. For example, one site visit report included one paragraph about the Center for Victims of Torture and discussed only the increase in torture victims being serviced by the program. The paragraph did not discuss the recipient's progress in achieving its performance objectives.

In addition, site visits provide an opportunity to look at the recipient's accounting records to ensure adequate documentation of expenditures. However, OIG found that the site visit reports showed no evidence that PRM in-country personnel reviewed recipient expenditures and accounting procedures.

Interim Program Evaluations

PRM staff members are required to prepare an Interim Program Evaluation, which evaluates recipient performance against program and financial reports submitted by the recipient, if PRM program officers anticipate the award recipient will receive funding for another year. All Interim Program Evaluations should be submitted 90 days before the period of performance expires. In addition, internal PRM guidance provides a template and basic directions on preparing an Interim Program Evaluation.

OIG found that Interim Program Evaluations were submitted properly for three of the four cooperative agreements in the audit sample. The three Interim Program Evaluations submitted used the recipient's performance objectives and indicators as the bases for assessing progress against the award's goals and objectives. For example, the Interim Program Evaluation for cooperative agreement S-PRMCO-13-CA-1158 revealed that 8 of 27 performance indicators were less than 50 percent complete. These performance indicators included outreach to Syrian survivors of torture and war trauma, as well as therapy and treatment of Syrian clients. However, it does not appear that the GOR notified the grants officer about the performance issues discovered with only 3 months remaining in the period of performance. GPD 16, *Designation of*

Grants Officer Representatives, requires the GOR to perform management and oversight by verifying timely and adequate performance information. Without timely reporting, the grants officer and the GOR could not ensure that the recipient's performance would achieve the goals and objectives outlined in the terms of work.

In addition, OIG found that two of the three Interim Program Evaluations completed included a review of financial transactions. For S-PRMCO-13-CA-1223, the Interim Program Evaluation provided discussion about the specific transactions reviewed by the GOR. Alternatively, for S-PRMCO-13-CA-1158, the Interim Program Evaluation stated that no financial issues existed but did not provide any additional information in support of this determination.

Recipient Reports

Award recipients submit progress reports on their activities including information on their performance and finances. These reports must be provided at least annually but not more than quarterly. Generally, the frequency of the reporting requirements is outlined in the specific terms and conditions for each assistance award.

OIG reviewed the program information submitted by the recipients and found that the reports generally provided details about the progress made in achieving the recipients' performance objectives and indicators. However, OIG found no evidence that PRM had independently validated the information. In addition, OIG found that the information in the progress reports was not always used in a timely manner. GPD 42, *Monitoring Assistance Awards*, states that progress reports should be reviewed to ensure that progress is made in accomplishing each assistance award task, including progress by fiscal year on meeting goals and objectives, and to assess the status of performance and the direct impact of the award.

For one of the cooperative agreements, OIG found that the GOR did not promptly notify the grants officer when the GOR received the recipient's report showing a poor performance level. Notifying the grants officer is important because we found that generally the grants officers only review the financial reports submitted by the recipient and do not review the progress reports. GPD 28, *Roles and Responsibilities for the Award and Administration of Federal Assistance*, and the GOR designation letter¹⁰ require the GOR to promptly notify the grants officer of any developments that could have a significant impact on the recipient's performance under the terms of the instrument. The recipient reported in its first quarterly progress report that it had not achieved its outreach performance objective because of the large number of walk-in clients. Specifically, the recipient had a wait list of more than 500 traumatized Syrian refugees seeking mental and physical therapy. As a result, the two applicable performance indicators specific to client outreach had achievement rates of 0 percent and 10 percent. The GOR did not advise the grants officer about the limited progress in meeting the performance indicators until 3 months before the cooperative agreement expired.

GPD 42, *Monitoring Assistance Awards*, states that the grants officer and the GOR are responsible for ensuring that monitoring is conducted for each program in accordance with the

¹⁰ GPD 16 states that all GORs must receive a formal designation letter from the appropriate grants officer prior to assuming duties as a GOR. The designation letter must be signed by the designated GOR and the grants officer. A copy of the designation letter must be included in the official award file as well as retained by the GOR in his or her own files.

appropriate regulations and monitoring plan. Because PRM did not consistently follow the Department guidance or individual award requirements for monitoring the awards, PRM could not ensure that funds were spent as intended or that the recipients met the goals and objectives outlined in the cooperative agreements. Without proper assurance that funds were spent as intended, PRM cannot ensure that funds it allocated to award recipients were used in a manner that helped meet PRM's mission.

UNHCR Grant Managed as a Voluntary Contribution

PRM awarded grant S-PRMCO-13-GR-1060 to UNHCR for \$5 million, but both PRM and UNHCR managed the award more as a voluntary contribution rather than as a grant. The distinction between a voluntary contribution and a grant is important because the level of monitoring and the tracking of funds differ between a voluntary contribution and a grant to a public international organization. The 2011 *Federal Assistance Policy Handbook*, issued by A/OPE, states that "the use of funds for voluntary contributions requires specific authorization within the language of the statute under which the original appropriation was made."¹¹ Therefore, voluntary contributions can be funded only with money authorized under the Migration and Refugee Assistance Act. According to PRM officials, the U.S. Ambassador to Lebanon recommended, and approved, that \$5 million in Economic Support Funds be re-allocated from the U.S. Agency for International Development, Office of Transition Initiatives, to the Department of State for humanitarian assistance. The \$5 million re-allocated to the Department was then provided to UNHCR through a grant. As a result of using Economic Support Funds, PRM had to award the funds to UNHCR through a grant rather than a voluntary contribution because Economic Support Funds are not authorized for voluntary contribution under the Migration and Refugee Assistance Act.¹²

From the beginning, confusion existed about the type of instrument used to make the award—a grant or a voluntary contribution. For example, OIG found that the grant file used different terminology throughout the award document to refer to the assistance instrument used. The UNHCR grant was variously referred to as a grant, a cooperative agreement, or a contribution both by UNHCR and by the grants officer when all references to the award type should have stated "grant." In addition, the UNHCR final report thanked the U.S. Government for its "generous contribution." OIG determined that the PRM grants officer and the GOR managed the award more like a voluntary contribution than a grant, and the funds were treated as such. Moreover, OIG discussions with UNHCR staff in Geneva confirmed that the assistance instrument was treated more like a voluntary contribution than like a grant.

GPD 54, *Grants and Voluntary Contributions to Public International Organizations*, states that the bureau and the grants officer must ensure that the appropriate assistance instrument—voluntary contribution or grant—is used. When a grant is selected, although title to the funds

¹¹ The Migration and Refugee Assistance Act authorizes appropriations for contributions to UNHCR and other relevant international organizations for assistance to or on behalf of refugees outside the United States designated when the President determines that such assistance will contribute to the foreign policy interests of the United States. Migration and Refugee Assistance Act of 1962, as amended, Sec. 2(b) (22 U.S.C. § 2601(b)).

¹² The Foreign Assistance Act authorizes Economic Support Funds to be used by the Department to support the national interest of the United States under special economic, political, or security conditions and to provide economic support for countries in amounts that could not be justified solely [for development purposes]. Foreign Assistance Act of 1961, as amended, sec. 531 (22 U.S.C. § 2346), and Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012, Pub. L. No. 112-74, div. I (Dec. 23, 2011).

passes to the recipient, the grants officer is required to track funds and grants activities closely to ensure that (1) the purposes for which the funds are appropriated are met and (2) the award terms and conditions are followed. Alternatively, with voluntary contributions, the Department can provide the funds to a recipient with no terms or conditions attached but in some instances may require an annual progress report to Congress. When the type of assistance instrument is improperly managed, the GOR cannot adequately monitor the recipient's technical progress to ensure that the terms and conditions of the agreement are being met. Furthermore, the GOR designation letter requires the GOR to know and understand the terms and provisions of the assistance award. The GOR should have followed the monitoring requirements for a grant in order to comply with Department policy and the terms of his/her designation letter.

By not monitoring the funds and grant activities, PRM did not have adequate assurance that funds were spent as intended and within the period of performance outlined in the grant agreement. Specifically, when the grant expired, the recipient had not expended all of its funding. In addition, the recipient did not submit timely and accurate information to the GOR. For example, the final report provided to PRM did not comply with the award's terms and conditions. UNHCR did not properly account for its funds in sufficient detail or provide adequate support of expenditures that would enable the Department to liquidate the remaining unexpended funds. Further, the grants officer did not receive a formal no-cost extension request to expend remaining funds until April 2014—4 months after the period of performance expired; and the request contained inconsistencies with the request date (November 2014) and the budget supporting the request.

PRM officials stated that the grants officer gave UNHCR permission to continue program activities and was at all times tracking funds available and ongoing activities to ensure funds were expended as intended. However, the grants officer cannot extend the grant's period of performance without amending the grant. Per the Federal Assistance Policy Handbook, "Written prior approval, by way of amendment, from the Department of State's [grants officer] is required for . . . [e]xtension of the period of performance."¹³ OIG's recommendation to A/OPE seeks to clarify whether a grant officer has the authority to verbally extend a grant's period of performance.¹⁴

Department Guidance Has Fewer Monitoring Requirements for Voluntary Contributions

With respect to the two voluntary contributions in the audit sample, the funds pass to the recipient upon award and can be comingled with other funds held by UNHCR and generally are not subject to audit by the U.S. Government. This provision is explained in GPD 54, *Grants and Voluntary Contributions to Public International Organizations*. Voluntary contribution funds must be authorized and appropriated under the Migration and Refugee Assistance Act. The two voluntary contributions in the audit sample provided \$394 million in funds to UNHCR to directly support the activities of UNHCR and/or to sustain the general budget and operations of UNHCR. According to GPD 54, the central purpose of a voluntary contribution is to enable the public international organization to carry out its activities. In contrast, grants to public international organizations are used to provide assistance to foreign countries to implement a specific project and/or to support an existing program or activity—not the general budget and operations of

¹³ Bureau of Administration, Office of the Procurement Executive, Federal Assistance Division, *Federal Assistance Policy Handbook*, sec. 4.6.2.2, "Prior Approval Requirements."

¹⁴ See Recommendation 5.

the organization. PRM officials stated that they use the Framework for Cooperation between PRM and UNHCR as its primary means to oversee voluntary contributions given to UNHCR.¹⁵

Recommendation 1: OIG recommends that the Bureau of Population, Refugees and Migration develop complete monitoring plans for each current and future assistance award—that include the frequency and types of monitoring actions to be employed and take into account the risks involved with making the award to a particular recipient and the resources available to provide monitoring—as prescribed in Grants Policy Directive 42, *Monitoring Assistance Awards*.

Bureau of Population, Refugees and Migration Response: PRM concurred with the recommendation, stating that it will document its pre-award risk assessment. PRM stated that it will also develop a more specific monitoring plan and report template to serve as a central document to show all monitoring activities, including project progress, a record of site visits, and risk assessments.

OIG Reply: OIG considers this recommendation resolved. This recommendation can be closed when OIG receives documentation demonstrating that PRM has developed and implemented monitoring plans for each current award and future assistance awards, as prescribed in GPD 42.

Recommendation 2: OIG recommends that the Bureau of Population, Refugees and Migration develop and implement internal control procedures that ensure that grants officers follow Department guidance for monitoring a grant that has been issued to a public international organization, such as selecting the appropriate type of assistance instrument and tracking funds and grant activities, in compliance with Grants Policy Directive 54, *Grants and Voluntary Contributions to Public International Organizations*.

Bureau of Population, Refugees and Migration Response: PRM concurred with the recommendation, stating that it will modify its procedures and its internal control checklist to ensure that grants officers follow Department guidance for grants issued to public international organizations.

OIG Reply: OIG considers this recommendation resolved. This recommendation can be closed when OIG receives documentation demonstrating that PRM has developed and implemented internal control procedures that ensure grants officers follow Department guidance for monitoring grants issued to public international organizations, as prescribed in GPD 54.

Finding B: The Bureau of Population, Refugees and Migration Did Not Fully Comply With Required Department Administrative Procedures

OIG found that PRM did not comply with three key administrative requirements outlined in GPD 23, *Federal Assistance File Folder, Form DS-4012*, GPD 28, *Roles and Responsibilities for the Award and Administration of Federal Assistance*, the *Federal Assistance Policy Handbook*, and the standard terms and conditions for assistance award agreements that help ensure assistance instruments are managed in compliance with Department policy. For example, OIG found that grants officers did not use or fully complete required award file checklists. OIG also found that a

¹⁵ *2012-2013 Framework for Cooperation between the United States Department of State's Bureau of Population, Refugees and Migration and the Office of the United Nations High Commissioner for Refugees*, dated May 3, 2012.

grants officer did not perform proper closeout and, as a result, amended a grant 4 months after it expired. Finally, OIG found that a cooperative agreement was not amended to reflect changes to the recipient's leadership. The administrative deficiencies that OIG identified during the audit are documented in Table 3.

Table 3: Department Administrative Guidance and Deficiencies

| Department Guidance | Deficiencies |
|---|---|
| <p><u>Award File Checklist:</u> Per GPD 23, <i>Federal Assistance Files Folder, Form DS-4012</i>, the use of the Form DS-4012 file is mandatory for all Department Federal assistance actions. The DS-4012 shall be used for all Federal assistance actions, regardless of size, scope, or cost. The DS-4012 form shall be used for both overseas and domestic assistance awards.</p> | <ul style="list-style-type: none"> • Grants officers did not develop or fully complete the award file checklist (Form DS-4012), which if completed, helps provide better assurance that management of the assistance award complies with all Department guidance. <ul style="list-style-type: none"> ○ Two voluntary contributions did not have an award checklist (S-PRMCO-12-VC-0019 and S-PRMCO-13-VC-1001). ○ One grant agreement had an incomplete checklist (S-PRMCO-13-GR-1060). |
| <p><u>Award Amendment (Period of Performance):</u> <i>Federal Assistance Policy Handbook</i>, Section 4.6, "Amendments," states that no amendments can be made once the period of performance expires, and all unexpended funds need to be collected by the Department.</p> | <ul style="list-style-type: none"> • Grants officers amended grant S-PRMCO-13-GR-1060 4 months after the period of performance had expired with a no-cost extension so that \$596,103 of remaining funds could be expended. |
| <p><u>Award Amendment (Administrative Update):</u> The cooperative agreement terms and conditions state that written prior approval, by way of amendment, from the grants officer is required for a change in key personnel specified in the application or award document.</p> | <ul style="list-style-type: none"> • Grants officers did not amend cooperative agreement S-PRMCO-13-CA-1223 to show new management for the recipient. |

Award File Checklist Was Not Used or Was Not Always Completed

OIG's review of the seven assistance instruments found that the two voluntary contribution files were missing the award file checklist and the one grant file did not have a complete award file checklist. All three of the award files with which OIG identified issues were associated with UNHCR. GPD 23, *Federal Assistance File Folder, Form DS-4012*, requires the grants officer to use the award file checklist (Form DS-4012) for all Federal assistance instrument actions, including voluntary contributions, cooperative agreements, and grants, regardless of recipient, type, size, scope, or cost.¹⁶ The form is to be used for both overseas and domestic assistance awards. Proper completion of the award file checklist provides a necessary internal control to increase assurance that the PRM staff monitors an assistance award in compliance with Department guidance. Not completing the award file checklist can lead to mistakes in award management

¹⁶ GPD 38, *The State Assistance Management System (SAMS): Policy Deviations for Grantsolutions.gov Users*, states that grantsolutions.gov provides the same functionality as Form DS-2014 by requiring users to complete all required assistance awards document. If full functionality does not exist, a paper hard copy should be retained in a backup file.

and recipient oversight and add additional risk to the Department for waste, fraud, and abuse. For example, grant S-PRMCO-GR-13-1060 did not have a completed award file checklist and had key file documentation missing. OIG also identified several key issues with the monitoring of this award, as discussed throughout this report.

GPD 23 also states that proper use of the award file checklist ensures that the required documentation supporting the issuance and management of each assistance award is present and complete and provides the Department with a system to keep track of all required assistance documentation. The U.S. Government Accountability Office (GAO) previously reported that complete file documentation is necessary given the high turnover rate of grant management officials and the fact that newly assigned grant management officials are dependent upon files to determine what control activities are required and which have been conducted.¹⁷

Grants Officer Amended Grant After Period of Performance Expired

OIG found that the grants officer for S-PRMCO-13-GR-1060—a \$5 million grant to UNHCR—inappropriately amended the grant to extend the period of performance 4 months after the period of performance had expired. The *Federal Assistance Policy Handbook*, Section 4.6, states that no amendments can be made once the period of performance expires, and all unexpended funds need to be collected by the Department. GAO previously reported that documentation deficiencies frequently complicate the grant closeout process—an important final point of accountability that occurs once a grant’s period of availability to the grantee has expired. Proper closeout and documentation also ensure that a recipient has met all financial requirements and has provided final reports.¹⁸

However, the grants officer did not follow Department closeout requirements. In August 2013, the UNHCR Project Manager for the grant noted that UNHCR had indicated that it would not be able to fulfill its obligations under the grant before the grant expired on December 31, 2013. At the time of the grant’s expiration, \$596,103 had not been expended. However, the grants officer did not amend the grant until April 28, 2014, to extend the period of performance—4 months after the grant had expired. According to PRM email correspondence, the delay occurred because the grants officer was waiting for UNHCR to submit a written request for an extension of the period of performance. The grant amendment extended the period of performance from December 31, 2013, to March 31, 2014. As a result, the amendment made to the grant did not comply with Department guidance. If more time was needed to perform the grant, the grants officer should have amended the grant prior to its expiration. As noted, this grant had an incomplete award file checklist in which the grants officer completed the checklist only through “pre-award.” Proper use of this checklist may have alerted the grants officer that the grant was beyond the expiration date and had not been closed out.

¹⁷ Government Accountability Office (GAO) report GAO-14-635, *State Department: Implementation of Grants Policies Needs Better Oversight*, July 21, 2014.

¹⁸ GAO report GAO-12-360, *Grants Management: Action Needed To Improve the Timeliness of Grant Closeouts by Federal Agencies*, April 16, 2012.

Cooperative Agreement Was Not Amended To Show New Management

OIG found that cooperative agreement S-PRMCO-13-CA-1223 to provide educational opportunities for Syrian refugee women and youth in Turkey was not amended to reflect changes in the award recipient's management. The award recipient—International Rescue Committee, Inc.—changed its Country Director in December 2013 but did not report the change to the grants officer in writing, as required by the recipient's award agreement. In addition, GPD 28, *Roles and Responsibilities for the Award and Administration of Federal Assistance*, requires the GOR to promptly notify the grants officer of any developments that could have a significant impact on the recipient's performance under the terms of the instrument. Reporting key management changes is important to PRM so that it is aware of who has the legal authority to expend the awarded funds. In addition, a recipient "shall not remove or divert any of the named 'key personnel' from the award without the Grant Officer's consent in writing" to ensure that the work is performed by personnel with the qualifications needed to obtain satisfactory recipient performance.¹⁹ The GOR learned of the Country Director change in January 2014 through discussions with the award recipient and informed the award recipient that it needed to report the change in writing to PRM so that the cooperative agreement could be amended. However, the award recipient did not promptly report the information, and the GOR did not notify the grants officer until the Interim Program Evaluation Report was issued in June 2014. The cooperative agreement terms and conditions stated that written prior approval, by way of amendment, from the grants officer is required for a change in key personnel specified in the application or award document.²⁰ As of October 2014, the amendment to the cooperative agreement to update the recipient Country Director had not occurred, and it remained unclear who had the legal authority to expend the awarded funds.

PRM officials stated that PRM was not aware of the problem until December 2014 and that PRM took immediate steps to remedy this oversight after it became aware of the problem. However, according to correspondence between the recipient and PRM, PRM was notified of the change in key personnel on June 25, 2014, but did not amend the cooperative agreement until December 16, 2014, or almost 6 months later.

Recommendation 3: OIG recommends that the Bureau of Population, Refugees and Migration direct its grants officers to maintain an up-to-date and completed Form DS-4012 to ensure that the Department has a system to track all required assistance documentation to support the issuance and management of each assistance award, as prescribed in Grants Policy Directive 23, *Federal Assistance File Folder, Form DS-4012*.

Bureau of Population, Refugees and Migration Response: PRM concurred with the recommendation, stating that it will ensure that grants officers maintain an up-to-date and completed Form DS-4012 in each assistance award file, including those files for voluntary contributions.

OIG Reply: OIG considers this recommendation resolved. This recommendation can be closed when OIG receives documentation from PRM management demonstrating that it has directed

¹⁹ *Federal Assistance Policy Handbook*, sec. 4.2, "Performance Monitoring," defines "key personnel."

²⁰ *Ibid.*, sec. 4.6.2.2, also outlines the requirement to amend an assistance award to reflect any changes in key personnel.

its grants officers to maintain an up-to-date and completed Form DS-4012 for each assistance award, as prescribed in GPD 23

Recommendation 4: OIG recommends that the Bureau of Population, Refugees and Migration implement procedures to perform periodic reviews of assigned award files to ensure that Form DS-4012 is completed in accordance with Grants Policy Directive 23, *Federal Assistance File Folder, Form DS-4012*.

Bureau of Population, Refugees and Migration Response: PRM concurred with the recommendation, stating that it had implemented procedures to ensure that grants officers review assigned award files periodically to ensure that all documentation required by Form DS-4012 is included in each individual award file.

OIG Reply: OIG considers this recommendation resolved. This recommendation can be closed when OIG receives documentation demonstrating that PRM has implemented procedures to ensure that grants officers maintain complete award files in accordance with GPD 23.

Recommendation 5: OIG recommends that the Bureau of Administration, Office of the Procurement Executive (A/OPE), review grant S-PRMCO-GR-1060 and amendment 4 to determine whether the amendment was improper. If an improper amendment occurred, A/OPE should identify and take appropriate administrative action.

Bureau of Administration, Office of the Procurement Executive Response: A/OPE concurred with the recommendation, stating that it will review and determine the amendment and determine whether the amendment was improper. If it was improper, A/OPE officials stated that they will provide guidance to PRM on the appropriate administrative actions required.

OIG Reply: OIG considers this recommendation resolved. This recommendation can be closed when OIG receives documentation demonstrating that A/OPE has reviewed grant S-PRMCO-GR-1060 and amendment 4 to determine if the amendment was improper and appropriate administrative actions have been fulfilled.

OTHER MATTERS

Monitoring Guidance for Grants to Public International Organizations

OIG found that Grants Policy Directives for monitoring assistance awards to public international organizations may be confusing for Department staff. It is unclear whether the monitoring requirements outlined in GPD 54, *Grants and Voluntary Contributions to Public International Organizations*, supersede or supplement the other GPDs that provide monitoring guidance. GPD 54 states that for voluntary contributions, "The use of funds by the [public international organization] is not required to be tracked by the [U.S. Government]." For grants, GPD 54 states that "[t]itle to the funds pass to the [public international organizations] as the recipient, but funds and grant activities are closely tracked by the Grants Officer to ensure that the purpose for which the funds are appropriated are met, and that the award terms and conditions are adhered to." However, GPD 54 does not provide any additional information in terms of what steps or actions can and should be taken to provide adequate monitoring of a grant to a public international organization given that title to funds has passed. GPD 54 merely states:

In general, [public international organizations] composed of many member nations are not expected to subject their books and records to inspection by officials of each country participating in the organization. The Department generally relies on the international organization's own management, procurement, and audit policies and procedures. [Public international organizations] should, however, be prepared to make available to the Department or the Comptroller General of the United States, all records and documents that support expenditures made under the program when the [U.S. Government] is the sole funder.

In addition, the guidance for grants outside GPD 54 does not distinguish between a grant to a public international organization and a grant to another type of recipient. This lack of distinction between the types of grant recipients creates the potential for confusion regarding which guidance should be followed and which guidance should not be followed, given that title to the funds passes to a public international organization. One senior official in A/OPE stated that no Grants Policy Directive carries a heavier weight than another and that all should work in concert together to outline the Department's policies on Federal assistance. Even though GPD 54 provides limited guidance about adequately monitoring a grant to a public international organization, the following three additional GPDs, along with Department guidance such as the *Federal Assistance Policy Handbook*, should still be followed: GPD 23, *Federal Assistance File Folder, Form DS-2014*; GPD 38, *The State Assistance Management System (SAMS): Policy Deviations for Grantsolutions.gov*, and GPD 42, *Monitoring Assistance Awards*. Despite this general guidance, specific clarification would be helpful regarding applicable requirements and practical limitations for oversight of grants to public international organizations.

For example, during this audit, OIG identified one instance in which grant funds to a public international organization were authorized to be expended without an active grant agreement in place (the grant agreement had expired). For a grant to an entity other than a public international organization, it is likely that this expenditure of funds without an active grant agreement would be considered an unauthorized commitment that would need to be addressed in accordance with GPD 2, *Liability and Enforcement Actions for Unauthorized Commitments*.²¹ Once an unauthorized commitment occurs, the commitment has to be ratified by the Department Ratifying Official, who reviews the unauthorized commitment for approval. Disciplinary action may be taken against an employee who makes an unauthorized commitment, including a verbal reprimand, a reduction in a grants officer's warrant authority, or a reduction in responsibilities. However, neither GPD 2 nor GPD 54 describe how GPD 2's definition of "unauthorized commitment" applies to a grant awarded to a public international organization for which title to funds passes upon receipt, thereby ending the grants officer's ability to actually control commitment of the funds.

Recommendation 6: OIG recommends that the Bureau of Administration, Office of the Procurement Executive, modify the grants policy directives to clarify the management and

²¹ GPD 2, *Liability and Enforcement Actions for Unauthorized Commitments*, states that an unauthorized commitment occurs when a grants officer "makes a financial commitment . . . without the issuance of an award or amendment." Furthermore, an unauthorized commitment can occur when "an individual, including . . . an authorized Grants Officer, gives verbal or written direction, implies, or makes a commitment to a recipient that causes the recipient to incur costs exceeding those obligated and/or authorized in the award or undertake activities not required by the award terms and conditions."

oversight requirements for awards to public international organizations, including clarifying what constitutes an unauthorized commitment, and proscribe corrective actions when an unauthorized commitment occurs.

Bureau of Administration, Office of the Procurement Executive Response: A/OPE concurred with the recommendation, stating that it is in the process of developing a complete grants policy directive on the management and oversight requirements for public international organizations.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG receives documentation demonstrating that A/OPE has issued a grants policy directive on the management and oversight requirements for public international organizations.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Bureau of Population, Refugees and Migration develop complete monitoring plans for each current and future assistance award—that include the frequency and types of monitoring actions to be employed and take into account the risks involved with making the award to a particular recipient and the resources available to provide monitoring—as prescribed in Grants Policy Directive 42, *Monitoring Assistance Awards*.

Recommendation 2: OIG recommends that the Bureau of Population, Refugees and Migration develop and implement internal control procedures that ensure that grants officers follow Department guidance for monitoring a grant that has been issued to a public international organization, such as selecting the appropriate type of assistance instrument and tracking funds and grant activities, in compliance with Grants Policy Directive 54, *Grants and Voluntary Contributions to Public International Organizations*.

Recommendation 3: OIG recommends that the Bureau of Population, Refugees and Migration direct its grants officers to maintain an up-to-date and completed Form DS-4012 to ensure that the Department has a system to track all required assistance documentation to support the issuance and management of each assistance award, as prescribed in Grants Policy Directive 23, *Federal Assistance File Folder, Form DS-4012*.

Recommendation 4: OIG recommends that the Bureau of Population, Refugees and Migration implement procedures to perform periodic reviews of assigned award files to ensure that Form DS-4012 is completed in accordance with Grants Policy Directive 23, *Federal Assistance File Folder, Form DS-4012*.

Recommendation 5: OIG recommends that the Bureau of Administration, Office of the Procurement Executive (A/OPE), review grant S-PRMCO-GR-1060 and amendment 4 to determine whether the amendment was improper. If an improper amendment occurred, A/OPE should identify and take appropriate administrative action.

Recommendation 6: OIG recommends that the Bureau of Administration, Office of the Procurement Executive, modify the grants policy directives to clarify the management and oversight requirements for awards to public international organizations, including clarifying what constitutes an unauthorized commitment, and proscribe corrective actions when an unauthorized commitment occurs.

APPENDIX A: SCOPE AND METHODOLOGY

The Department of State (Department), Office of Inspector General (OIG), Office of Audits, conducted this audit to determine whether the Bureau of Population, Refugees and Migration's (PRM) administration and monitoring of its assistance instruments have been in accordance with Federal and Department regulations and guidance. The scope of this audit was limited to evaluating the Department's management of the humanitarian assistance provided by PRM in response to the Syrian crisis from January 2012 through December 2013.

In order to gain an understanding of the administration and monitoring of assistance instruments within PRM, OIG interviewed officials within PRM; the Bureau of Administration, Office of the Procurement Executive; and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management. We also interviewed grants officers, grants officer representatives (GOR), Refugee Coordinators, Program Managers, and award recipients associated with the audit sample. In addition, OIG reviewed documentation to substantiate statements made during interviews, including GOR delegation memoranda, certificates, assistance files, GOR files, and invoices. OIG also completed site visits to Jordan, Switzerland, and Turkey to meet with PRM in-country personnel and recipient personnel where the United Nations High Commissioner for Refugees (UNHCR) and the non-governmental organizations provided services to the refugees. However, given the security restrictions of the region in which the assistance instruments are being performed, OIG could not complete site visits to all locations included in the audit sample. During the site visits, OIG interviewed UNHCR management and staff, non-governmental organization management and staff, and refugees; and OIG also physically observed on-site services provided by UNHCR and non-governmental organizations. For those locations OIG could not visit, we conducted interviews with staff assigned to monitor the assistance instrument as well as reviewed all documentation in the award folder.

To accomplish the audit objective, OIG reviewed Federal laws and regulations, including the United States Code, the Consolidated Appropriations Act, the Code of Federal Regulations, and the Federal Acquisition Regulations, to identify Federal laws and regulations that dictate the administration and monitoring of assistance instruments. OIG reviewed Office of Management and Budget circulars applicable to Federal assistance that outline the principles for determining costs of grants and other agreements with non-profit organizations. OIG also reviewed the Department's *Foreign Affairs Manual*, the *Foreign Affairs Handbook*, Grants Policy Directives, and respective bureau guidelines for foreign assistance guidance. OIG reviewed the frameworks for cooperation between UNHCR and PRM. In addition, OIG reviewed prior OIG reports and Government Accountability Office reports related to the administration and monitoring of recipient program effectiveness. Finally, OIG compared PRM's administration and monitoring of these assistance instruments with Federal and Department guidance to determine the extent to which administration and monitoring were conducted in accordance with applicable laws and guidance.

The Office of Audits performed fieldwork from April to August 2014 in Washington, DC. OIG also conducted fieldwork at the following overseas locations: Embassy Amman (Jordan), Embassy Ankara (Turkey), and U.S. Mission Geneva (Switzerland). 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.

Work Related to Internal Controls

OIG performed steps to assess the adequacy of internal controls related to the areas audited. For example, OIG reviewed seven assistance instruments to determine whether PRM GORs appropriately administered and monitored the awards. OIG also reviewed Department guidance, policies, procedures, and related controls to ensure that such guidance, policies, and procedures were implemented and followed by PRM officials and management personnel. Significant deficiencies that OIG identified are presented in the Audit Results section of the report.

Use of Computer-Processed Data

OIG obtained a list of the humanitarian instruments from PRM to identify the population of humanitarian assistance instruments awarded in response to the Syrian crisis. This list is based on computer-generated data from the Grant Database Management System. To assess data reliability, OIG discussed the list with the officials responsible for the administration of the humanitarian assistance instruments and compared that information with the information contained in the files maintained by PRM. OIG found no anomalies in its comparison. OIG concluded that the data was sufficiently reliable for the purposes of this report.

Detailed Sampling Methodology

The Department awarded 37 assistance instruments for humanitarian assistance in response to the Syrian crisis from January 2012 through December 2013, with a total value of \$635,083,801. Of those 37 assistance instruments, the Department awarded 22 cooperative agreements, 1 grant, and 14 voluntary contributions. From that universe, the audit team selected a judgment sample of seven humanitarian assistance instruments in response to the Syrian crisis for examination—totaling \$404,694,836. The assistance instruments were selected based upon the instrument type, total value, and award performance location. In addition, the judgment sample included a recipient or recipients that had self-reported allegations of fraud. The location of the delivery of aid was Jordan, Lebanon, and Turkey. The sample consisted of four cooperative agreements, a grant, and two voluntary contributions to assess compliance with regulations and guidance for each type of assistance instrument. While the sample included a recipient or recipients with self-reported allegations of fraud, the audit did not reveal any instances of fraud related to the Syrian assistance awards. Table A1 outlines all seven assistance instruments that made up the audit sample.

Table A1: Humanitarian Assistance Audit Sample

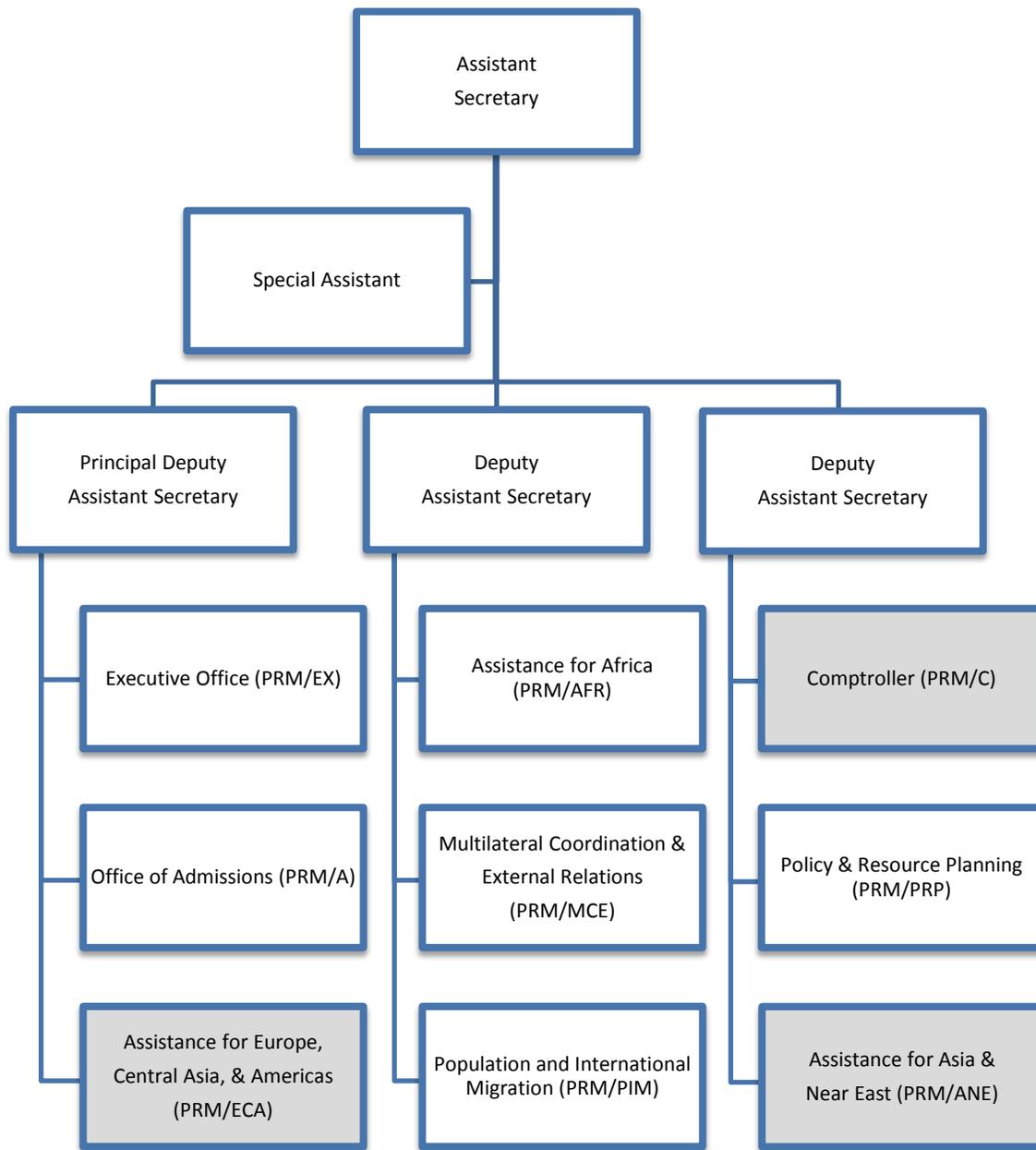
| Award Number | Type of Award | Total Funding | Recipient | Purpose |
|-------------------|------------------------|---------------|--------------------------------------|--|
| SPRMCO-13-CA-1046 | Cooperative Agreement | \$999,670 | Catholic Relief Services | To provide informal education to Syrian children who are not housed in Turkish refugee camps through child-friendly spaces and other services to Syrian refugees in Turkey. |
| SPRMCO-13-CA-1158 | Cooperative Agreement | \$1,388,670 | Center For Victims Of Torture | To provide mental health and physiotherapy services to traumatized Syrian refugees at two facilities in Jordan while building the capacities of local mental health providers to better serve survivors of torture. |
| SPRMCO-13-CA-1218 | Cooperative Agreement | \$1,639,496 | Catholic Relief Services | To increase educational opportunities for Syrian children who are not housed in Turkish refugee camps, to improve access to educational opportunities, and to support Syrian schools in Turkey in order to build the capacity of Syrian self-help efforts. |
| SPRMCO-13-CA-1223 | Cooperative Agreement | \$2,000,000 | International Rescue Committee, Inc. | Intended to directly target 1,570 vulnerable Syrian women and youth in Turkey and indirectly target 8,635 individuals through monthly cash transfers to vulnerable households, cash-for-work programs, life-skills training, and youth clubs with educational and recreational activities. |
| SPRMCO-13-GR-1060 | Grant | \$5,000,000 | UNHCR | To aid in developing housing for overpopulated refugee areas in Lebanon. |
| SPRMCO-12-VC-0019 | Voluntary Contribution | \$27,860,000 | UNHCR | For relief efforts in neighboring countries to which the Syrian refugees fled. |
| SPRMCO-13-VC-1001 | Voluntary Contribution | \$365,807,000 | UNHCR | For relief efforts in neighboring countries to which the Syrian refugees fled. |

Source: OIG audit sample.

APPENDIX B: ORGANIZATION CHART FOR THE BUREAU OF POPULATION, REFUGEES AND MIGRATION

Figure B1 shows the three offices from which the Office of Inspector General met with personnel during our audit in the context of the organizational structure of the Bureau of Population, Refugees and Migration (PRM).

Figure B1: PRM Organization Chart



Source: OIG presentation of PRM organization chart.

APPENDIX C: BUREAU OF POPULATION, REFUGEES AND MIGRATION RESPONSE TO DRAFT REPORT



United States Department of State
Washington, D.C. 20520

February 2, 2015

UNCLASSIFIED
MEMORANDUM

TO: OIG/AUD – Norman P. Brown

FROM: PRM – Anne C. Richard /s/

SUBJECT: Draft Report on Audit of Department of State Humanitarian Assistance in Response to the Syrian Crisis

Thank you for the opportunity to provide comments on the recommendations of the subject draft audit report. We have addressed the four audit recommendations directed to PRM and include comments tied to specific sections of the report in attachments to this letter. We will work with the Bureau of Administration's Office of the Procurement Executive (A/OPE) to provide the information needed to address the two additional recommendations.

I am concerned that the report does not describe the robust processes that PRM uses to program, monitor and evaluate our funding. The report may give the false impression that there is little PRM planning, programming and monitoring of our awards and that current monitoring is not effective.

Specifically, language used throughout the report to describe voluntary contributions to International Organizations (IOs) may leave the impression that PRM does not monitor these activities and that fraud and waste is present in these programs. Certainly, there is no evidence in the report to suggest that voluntary contributions increase the risk of fraud, waste and abuse. The report contains little to no description of the IO oversight practices of PRM Washington, the U.S. Mission in Geneva or numerous overseas posts. Nor does the report reference the specific IO oversight mechanisms that we regularly exercise related to the Syrian response.

We strongly encourage you to include adequate documentation of PRM's monitoring regime for voluntary contributions in the final report. For example, for UNHCR, PRM (representing the U.S. Government) plays a significant role in the UNHCR strategic planning process; is an active member of UNHCR's Executive Committee and, as such, consults with UNHCR and other member states before approving the agency's budget, strategic goals and global standards; receives and reviews accounts of program and financial performance in annual appeals, reports and financial audits conducted in accordance with International Public Sector Accounting Standards (IPSAS); and negotiates and monitors commitments made as part of the annual PRM-UNHCR Framework

for Cooperation, including mutual priorities and performance indicators and targets. In Geneva, PRM staff in the U.S. Mission's Humanitarian Assistance Section engages daily with UNHCR on the entire range of humanitarian issues; the section similarly works closely with other Geneva-based IOs.

In the field, PRM supports Refugee Coordinators at Embassies who consult with and advise UNHCR staff. "RefCoords" travel to refugee sites and monitor UNHCR programs according to the goals and priorities established in appeals and operational plans. Specifically for monitoring the Syrian response, PRM Washington staff perform desk reviews of UNHCR reporting, including bi-monthly (interagency) reporting, receive responses to specific questions posed to UNHCR (Geneva and Amman) and review dashboards and special reports, as well as reports posted to the UNHCR regional portal. PRM also receives weekly reporting from Refugee Coordinators, readouts of donor briefings and information from PRM staff based in Geneva. In addition to the information on PRM's IO monitoring provided during the audit, we have included a separate attachment providing an overview of PRM's well-regarded M&E processes.

While PRM's written policies and procedures for monitoring assistance may not have been part of this audit review, we will use the audit findings and recommendations to (1) further strengthen PRM's Policy and Program Review Committee (PPRC) process to better document risk assessment and mitigation; (2) enhance our standardized monitoring and evaluation toolkit so that all those involved in PRM program monitoring (program officers, grants officer representatives, grants officers, Refugee Coordinators) can document, update and refer to each award's monitoring plan and monitoring activities; and (3) incorporate these changes into PRM's monitoring and evaluation (M&E) training, including the Bureau's annual M&E Workshop held at the Foreign Service Institute (FSI) and the FSI-certified Monitoring and Evaluation of Humanitarian Assistance (MEHA) Course.

This draft audit report is being released at an opportune time. With the Department's implementation of the new government-wide federal assistance regulations on December 26, 2014, PRM is revising its procedures to reflect the new regulations and will also be incorporating additional changes as the Department's Grants Policy Directives (including those cited in this report) are replaced by the new Department of State Federal Assistance Policy Directive to be released by A/OPE. PRM will also apply this report's findings and recommendations.

PRM remains committed to effective management, monitoring and evaluation of its assistance programs. We are especially vigilant about addressing any reports or incidents that could undermine confidence in the organizations PRM funds. We are pleased that the OIG determined that the recipients of the PRM cooperative agreements they reviewed "had processes in place to support the performance metrics reported in their progress reports and adequate control procedures to account for their expenditures." This statement is consistent with (1) PRM's review of the annual independent audits conducted of these organizations in accordance with OMB circulars; (2) PRM's reviews of quarterly financial and program reporting and all payment requests for awards to these organizations; and (3) the Interim Program Evaluations (IPEs) that PRM conducts from monitoring the awards' performance indicators and financial transactions. We are committed to PRM having the best possible management and oversight of assistance programs in all areas, including by implementing the recommendations of this audit to further strengthen our performance.

*Response to the Report, Audit of Department of State Humanitarian Assistance in
Response to the Syrian Crisis*

Recommendations and Responses

Recommendation 1. OIG recommends that the Bureau of Population, Refugees and Migration develop complete monitoring plans for each current and future FY 2015 assistance awards—that include the frequency and types of monitoring actions to be employed and take into account the risks involved with making the award to a particular recipient and the resources available to provide monitoring—as prescribed in Grants Policy Directive 42, Monitoring Assistance Awards.

PRM Response: Concur. In addition the Bureau-wide guidance already in place for monitoring PRM funded programs, PRM will more fully document its pre-award risk assessment and develop a more specific monitoring plan and report template that will serve as a central document, in which PRM program monitors (program officers, grants officers, Refugee Coordinators) can document, update and refer to each award's monitoring plan and monitoring activities, including project progress, a record of site visits, and risk assessments. This recommendation will be implemented within 60 days.

Recommendation 2. OIG recommends that the Bureau of Population, Refugees and Migration develop and implement internal control procedures that ensure that grants officers follow Department guidance for monitoring a grant that has been issued to a public international organization, such as selecting the appropriate type of assistance instrument and tracking funds and grant activities, in compliance with Grants Policy Directive 54, Grants and Voluntary Contributions to Public International Organizations.

PRM Response: Concur. PRM will modify its procedures and its internal control checklist to ensure that missing elements identified by the audit are included and will confirm that grants officers are following Department guidance for each grant issued to a public international organization in accordance with Department Grants Policy Directives. This recommendation is being implemented within 60 days.

Recommendation 3. OIG recommends that the Bureau of Population, Refugees and Migration direct its grants officers to maintain an up-to-date and completed Form DS-4012, including those for voluntary contributions, to ensure that the Department has a system to track all required assistance documentation to support the issuance and management of each assistance award—as prescribed in Grants Policy Directive 23, Federal Assistance File Folder, Form DS-4012.

PRM Response: Concur. PRM will ensure that grants officers maintain each assistance award file folder including up-to-date and completed Form DS-4012, including those for voluntary contributions, as prescribed by Department Grants Policy Directives. This recommendation is being implemented within 60 days.

Recommendation 4. OIG recommends that the Bureau of Population, Refugees and Migration implement procedures to perform periodic reviews of assigned award files to ensure that Form DS-4012 is completed in accordance with Grants Policy Directive 23, Federal Assistance File Folder, Form DS-4012.

PRM Response: Concur. PRM has implemented procedures to ensure that grants officers review assigned award files periodically - including when updating award files for program and financial reporting reviews and for processing payment requests - to ensure that Form DS-4012 is completed in accordance with Grants Policy Directives.

PRM Comments on Audit Report, Audit of Department of State Humanitarian Assistance in Response to the Syrian Crisis

The following are comments concerning the specified sections of the report:

- [1] Highlights, Page 3, Page 4. The report includes Israel in the list of countries for which PRM funded humanitarian assistance projects in response to the Syrian crisis. **This is inaccurate as PRM does not fund programs for Syrian refugees in Israel. Accordingly, we request that all references to Israel be deleted.**

- [2] Highlights. The report states in the highlights section: "Further, for the \$394 million in voluntary contributions awarded to UNHCR, Department guidance states that voluntary contributions require specific legislative authority and that funds used for voluntary contributions are not required to be tracked by the U.S. Government. The lack of direct oversight of these awards limits the Department's ability to ensure that funds were used as intended and that the activities funded met the goals and objectives of the award and the expected outcomes. It also increases the risk to the U.S. Government of fraud, waste, and abuse." **The report does not find that PRM did not utilize appropriate legislative authorities or not follow Department guidance on how to administer or oversee voluntary contributions. The report does not include a description of the monitoring structure and procedures that PRM has in place for the voluntary contributions to international organizations that it awards. Finally, the OIG did not find any incidences of fraud, waste, or abuse in its review of the voluntary contributions. This paragraph should be removed.**

- [3] Page 3. The report states: "By August 2012, the armed conflict in Syria escalated to the point that the United Nations suspended its operations." **Recommend that the report note that this instance refers only to the UN Supervision Mission in Syria. Humanitarian work carried out by UNHCR and other UN entities in other parts of Syria or in the refugee-hosting countries was not stopped during the same timeframe. A better example might be the brief reduction in UN humanitarian staff from Damascus following the chemical attacks by the Syrian regime in August 2013.**

- [4] Page 3. The report states: "The Department's humanitarian assistance consists of funding for refugee education, health services, housing, and food services and is delivered via PRM. Approximately half the assistance supports activities inside Syria and half supports refugees in the region." **Based on the language above, the implication is that half of PRM's funding is to projects inside Syria. This is inaccurate. Approximately 25 percent of PRM's funding is for inside Syria - one half of ALL USG humanitarian assistance support is for inside Syria. In addition, the description of the Department's humanitarian assistance does not accurately describe PRM's mission, the balance of roles, and how the USG handles assistance. A version of the formal mandate language would better describe assistance: "The mission of the Bureau of Population, Refugees, and Migration (PRM) is to provide protection, ease suffering, and resolve the plight of persecuted and uprooted people around the world on behalf of the American people by providing life-sustaining assistance, working through multilateral systems to build global partnerships, promoting best practices in humanitarian response, and ensuring that humanitarian principles are thoroughly integrated into U.S. foreign and national security policy. The Bureau does not operate refugee camps, or otherwise give aid directly to refugees. Instead, in the interests of effectiveness and efficiency, it works with the United Nations (UN) and other international organizations, as well as with non-governmental organizations, that operate these programs that include but are not limited to legal services, prevention and treatment**

of gender-based violence and trauma from conflict, education, health, housing, food, water, and sanitation."

- [5] Page 4. The report states: "The largest amount of humanitarian assistance was obligated via voluntary contributions to various United Nations agencies-totaling \$604 million of the \$635 million (95 percent) of all assistance provided at that time, with UNHCR being the largest recipient within the United Nations." **This is inaccurate. PRM provided \$564.26 million in voluntary contributions to United Nations (UN) agencies in 2012 and 2013. It would appear that the \$604 million might include contributions to the International Committee of the Red Cross (ICRC) which is not a UN agency.**
- [6] Page 5. The report states: "Although the GOR in Washington, DC, is primarily responsible for monitoring the recipient, a PRM official interviewed stated that PRM has established positions in-country to support the GOR. Depending on the size of the program the position title can vary- Program Manager, Refugee Coordinator, Humanitarian Advisor, or Humanitarian Assistant-but the responsibilities are generally the same." **It is recommended that this sentence be amended to read, "Although the GOR in Washington, DC, is primarily responsible for monitoring the recipient, a PRM official interviewed stated that PRM has established positions under Chief of Mission authority in-country to-support the GOR and to conduct a wide range of functions under PRM's mandate."**
- [7] Page 5 and 6. **Within the section addressing applicable laws and Department guidance for Grants Management, we request that the report acknowledge the multiple systems and procedures that PRM has in place to conduct monitoring of overseas assistance programs.**
- [8] Page 6. The report states: "PRM exempted the UNHCR grant and voluntary contribution from some Federal guidance when it made the award. For example, the Form DS-1909 states that the award is exempted from all OMB circulars-such as the OMB Circular A-110." **It should be noted that Department of State implementation of the revised Federal assistance regulations 2 CFR 200, the successor to OMB Circular A-110, specifically exempts Foreign Public Entities including public international organizations from application of the revised circular consistent with PRM practice.**
- [9] Page 6. The report states: "Between January 2012 and December 2013, the Department obligated \$635 million in humanitarian assistance to address the Syrian crisis. Then, from January 2014 through September 2014, funds obligated for humanitarian assistance more than doubled in just 9 months-increasing to \$1.36 billion." **The \$1.36 billion figure could be misinterpreted as being additional instead of cumulative. PRM funded \$52.4 million in FY 2012, \$582.7 million in FY 2013, and \$724.8 million in FY 2014 for a total of \$1.3billion. In addition, we recommend that some context be added to the discussion that the increased funding amounts were due in part to the fact that the crisis had now led to 9.3 million Syrians in need of humanitarian assistance (of an entire Syrian population of 21.4 million), 2.4 million refugees in the region, and combined humanitarian appeals now totaling \$6.4 billion in requests to provide life-saving services. The increased needs were met with increased requests for assistance by the international humanitarian organizations providing critical assistance and meeting basic needs.**
- [10] Page 6. The report states: "The voluntary contributions in our sample totaled \$394 million and generally were not subject to direct U.S. Government audit or oversight, per Department guidance." **This statement is not correct. In addition to the structure for monitoring all IO contributions that is detailed in attachment 3 to this response, specifically for monitoring the Syrian response, there is desk review from Washington staff of UNHCR reporting including bi-monthly (interagency) reporting**

from UNHCR, responses to specific questions directly from UNHCR (Geneva and Amman), dashboards, special reports, as well as reports posted to the UNHCR regional portal. PRM also receives weekly reporting from Refugee Coordinators, readouts of donor briefings, and information from PRM staff based in Geneva.

- [11] Page 7. The report states: "The problems OIG identified occurred, in part, because PRM did not monitor the assistance instruments in accordance with Department guidance. A PRM senior official stated that the comprehensive monitoring required by Department guidance is problematic for Syrian humanitarian assistance because of: (1) the urgency of providing funds and services as quickly as possible for the large refugee influx; and (2) the geographical and security restrictions that impede timely access to specific sites." **This quote is repeated in several places within the report and seems to be the main underpinning of the finding that PRM staff did not monitor programs in accordance with Department guidelines. While assistance programming inside of Syria presents monitoring challenges, PRM has procedures in place for monitoring in insecure environments and, in fact, monitors all assistance awards.**

- [12] Page 8. The report states: "OIG found that the PRM did not complete an assessment of the risks involved with making the award to a particular recipient--even though all of the awards were performed in dangerous areas." **PRM does not believe the cooperative agreements in Jordan to be high risk awards due to geographic location. For example, Award SPRMCO-13-CA-1158, was performed in Amman and Zarqa, Jordan. PRM evaluates the risk of terrorist financing in our funding decision memos which takes into account geographic location in consultation with Regional Bureaus and INR. None of the awards in Jordan were identified as at risk due to geography. In the absence of further justification, recommend deleting the phrase "even though all of the awards were performed in dangerous areas." In addition, when discussing the risk assessments the report does not provide the context that PRM has had long-standing funding arrangements with the awardees being reviewed. For example, the awardee for SPRMCO-13-CA-1158 has received awards and successfully performed for PRM since FY 2008, first with Iraqi beneficiaries and then expanding to Syrians.**

- [13] Page 9. The report states: "For example, the Interim Program Evaluation for cooperative agreement S-PRMCO-13-CA-1158 revealed that 8 of 27 performance indicators were less than 50 percent complete. These performance indicators included outreach to Syrian survivors of torture and war trauma as well as therapy and treatment of Syrian clients. However, it does not appear that the OOR notified the grants officer about the performance issues discovered with only three months remaining in the period of performance." **The draft neglects to mention that the deficiencies are noted in the IPE and that GOR acknowledges awardee explanation for deficiency, accepts mitigation plan, and states that after field staff follow up, the awardee must revise indicators through the grants officer. Without this added context, the issue is magnified because there is no statement that the GOR was aware of the program deficiency and was working with awardee (through PRM Refugee Coordinator) to mitigate deficiency and improve performance.**

- [14] Page 9. When discussing Interim Program Evaluations (IPEs), the report states: "These evaluations are only required if PRM is considering funding the non-governmental organization for another year, and not for all assistance awards." **This statement is incorrect. IPEs are to be completed for all ongoing projects. Further, PRM's procedures on M&E, as written in the PPRC Guidance, state: "If funding for an NGO activity will NOT continue, an Annual Program Evaluation should be conducted at the end of the project. An APE should be completed one month after the final program report has been received." In addition, PRM completed APEs for relevant UNHCR programs. The APE for this award which ended December 31, 2014 is due March 31, 2015.**

- [15] Page 11. When discussing the grant to UNHCR, the report states: "By not monitoring the funds and grant activities, PRM did not have adequate assurance that funds were spent as intended and

within the period of performance outlined in the grant agreement. Specifically, when the grant expired, the recipient had not expended all of its funding. In addition, the recipient did not submit timely and accurate information to the GOR. For example, the final report provided to PRM did not comply with the award's terms and conditions. UNHCR did not properly account for its funds in sufficient detail or provide adequate support of expenditures that would enable the Department to liquidate the remaining unexpended funds. Further, the grants officer did not receive a formal, no cost extension request to expend remaining funds until April 2014—4 months after the period of performance expired, and the request contained inconsistencies with the request date (November 2014) and the budget supporting the request." **PRM's Grants Officer stayed in contact, via emails correspondence, with UNHCR on the progress of this grant from start to finish. When UNHCR recognized the need for an extension, the grants officer worked with UNHCR to get a revised budget in order to continue the operations of the award. The warranted Grants Officer provided UNHCR permission to continue program activities, and was at all times tracking funds available and ongoing activities to ensure funds were expended as intended. Once all documentation was in place, PRM issued the amendment to UNHCR that confirmed the prior communications. Further both the GOR and the refugee coordinator monitored this award especially since this was a grant instrument. While it may have been difficult to get to all of the sites given the security situation, the funds were tracked and follow-up with the grantee organization was conducted.**

- [16] Page 15. In discussing documenting the change in a Country Director within the award, the report states: "As of October 2014, the amendment to the cooperative agreement to update the recipient Country Director had not occurred, and it remained unclear who had the legal authority to expend the awarded funds." **PRM would like to add that "Upon identification of non-compliance of this procedure on December 10 during exit call, the GOR and GO immediately took steps to work with the partner to remedy this oversight and the award was amended to recognize this change. Because the partner headquarters remained the signatory to the cooperative agreement, PRM maintains there was never any uncertainty regarding who had the legal authority to expend the awarded funds.**
- [17] Page 19. In discussing the scope and methodology of the audit, there is no statement that the OIG reviewed PRM's written policies, procedures, and guidance on monitoring and evaluation.
- [18] Page 22. **The organization chart does not reflect that the programs in Turkey are monitored from the office of Assistance for Europe, Central Asia, and Americas – PRM (not PMR)/ECA. The organizational box should be highlighted and the acronym corrected.**

PRM M&E Overview

Overview of PRM Policy and Program Review Committee (PPRC)

The Policy and Program Review Committee (PPRC) was established in PRM to provide a systematic process to establish Bureau policies and allocate program resources in accordance with those policies as well as to provide a record of a transparent, accountable decision-making process. The PPRC is chaired by the Director of PRM/PRP and can include the Assistant Secretary (at his/her discretion), the DASes, all Office Directors, the PRP Deputy Director, and the PRP Senior Budget Officers. All PRM staff are welcome and encouraged to attend PPRC meetings. Main goals of the PPRC:

- To ensure that proposed policies and programs reflect and advance broader Department, Front Office and Bureau objectives and priorities.

- To ensure policy and program consistency across the Bureau and accountability to the Bureau Front Office leadership.
- To ensure that the Bureau allocates program resources based on the quality of past performance and according to demonstrated need. PPRC papers and meetings include information about humanitarian needs based on assessments by PRM partners and staff, and a discussion of the ways in which the international community is proposing to respond to those needs. This includes highlighting what other key donors are doing, to what extent appeals or proposals are funded, and a discussion of unmet needs.

Overview of PRM M&E

All PRM offices, as well as Regional Refugee Coordinators (RefCoords) and field staff based at U.S. embassies around the world, contribute to PRM's monitoring and evaluation (M&E) of humanitarian programs implemented by international organization (IO) and non-governmental organization (NGO) partners. PRM's Office of Policy and Resource Planning (PRM/PRP) has two M&E specialists who provide technical support to other PRM offices and RefCoords and lead an M&E Policy Team with representation from all other offices. Program Officers in the Bureau's three regional assistance offices - Africa (PRM/AFR), Asia and the Near East (PRMI ANE), Europe, Central Asia and the Americas (PRM/ECA) - and the Refugee Admissions office are responsible for monitoring populations of concern and programming within their portfolios. As part of the Bureau's monitoring of IO's, the Office for Multilateral Coordination and External Relations (MCE) actively participates in UNHCR, and IOM governing bodies and negotiates frameworks for cooperation with each. PRM's Office of International Migration (PIM) monitors IOM's migration-related activities as well as the outcomes of regional migration dialogues. MCE monitors the performance of ICRC through its active participation in ICRC's Donor Support Group, field missions to assess ICRC operations, and engaging with ICRC headquarters through the U.S. Mission in Geneva. The Comptroller's office has primary responsibility for the financial management of PRM's contributions to IOs and cooperative agreements with NGOs.

M&E Training

PRM program officers receive significant training to monitor and evaluate foreign assistance programs according to international humanitarian standards and Department strategic priorities. The Bureau's annual Monitoring & Evaluation Workshop, held at the Foreign Service Institute, is organized and conducted largely by experienced PRM staff and technical experts. This weeklong course teaches monitoring and evaluation methods and is required for all incoming PRM staff, including Washington-based Program Officers and field-based RefCoords. The Bureau holds a biennial workshop in Geneva for its RefCoords with an emphasis on monitoring IO partners. Regional offices also hold regional workshops for field staff which may include M&E related issues. The Bureau manages an ongoing FSI-certified course, with monthly sessions held at PRM in Washington, entitled "Monitoring and Evaluation of Humanitarian Assistance" (MEHA) on best practices in monitoring. In 2013 PRM added enhanced financial monitoring sessions to the Monitoring & Evaluation Workshop, RefCoord Workshop and monthly MEHA trainings.

Information from all training sessions are posted on PRM's SharePoint site, along with a wide variety of other monitoring tools and reference documents, making them available to all PRM's staff overseas. PRP's M&E Officers provide guidance and develop custom tools for program officers on a regular basis. This includes a set of standardized indicators that program officers can incorporate into cooperative agreements with NGOs to enable PRM to better monitor the quantitative impact of its interventions.

M&E Policy

The Bureau's approach to M&E is framed by strategies that are discussed and approved through PRM's Program Policy Review Committee (PPRC) process. PRM's first M&E strategy, approved in FY 2007, laid out concrete steps for strengthening the Bureau's monitoring of IO partners, called for an annual Refugee Coordinator workshop, and highlighted how evaluations could inform humanitarian programming and diplomacy. PRM's second M&E PPRC, approved in FY 2009, provided further guidance on designing, conducting, and making use of humanitarian evaluations, recommended standardized indicators for NGO cooperative agreements, and emphasized the importance of acquiring planning and performance management software for use by PRM staff. In FY 2011, PRM approved a strategy for monitoring humanitarian programs in insecure environments. PRM's third M&E PPRC, approved in FY 2012, established a strategy for conducting humanitarian evaluations in line with the Department of State's Evaluation Policy. The FY 2013 M&E PPRC set out concrete steps for further strengthening M&E in urban areas, insecure environments, and during transitions between humanitarian relief and longer-term development, and recommended improvements in the Bureau's evaluation process. Summaries of PRM's M&E strategies are available upon request.

The Bureau's M&E efforts are closely linked to its strategic planning through goals and indicators that measure the performance of partners. In early 2014, PRM completed its Functional Bureau Strategy for FY 2015-2018 that establishes goals and indicators in support of its budget requests. The Bureau includes its highest-level performance indicators in its Congressional Budget Justification. These indicators are established at a global level to measure international migration. Global Acute Malnutrition in children under age five (GAM) and Crude Mortality Rate (CMR) are the Bureau's two highest-level indicators for measuring the impact of the Bureau's assistance programming on refugee populations. In support of these higher level objectives, PRM negotiates program specific indicators for each cooperative agreement it signs with partners. When PRM finds shortcomings in performance at national, regional, or global levels, PRM staff work with partners to determine the underlying causes and the best approach for addressing them.

M&E Collaboration

Washington-based program officers travel at least annually to monitor programs in the field, supplementing the work of PRM's Refugee Coordinators, who hold primary responsibility for field monitoring. In addition to field travel, PRM staff conduct ongoing desk monitoring by reviewing program and financial reports, triangulating information about field conditions with awardees' reporting, communicating regularly with awardees to address concerns and provide guidance on program progress, meeting with key stakeholders, and consulting independent or third-party information sources. PRM will often reach out to sectoral experts at other USG agencies such as the Centers for Disease Control and Prevention (CDC) and the United States Agency for International Development (USAID) for specialized technical expertise that can support monitoring. Monitoring and evaluation systems provide information that project planners, implementers, and managers need at each stage to determine a number of issues, such as:

- Whether a project has been implemented as planned: By collecting and reviewing data on project objectives and indicators and other PRM requirements, an assessment of a project's implementation process can be made in "real time" in order to address issues as they arise;
- What problems need to be resolved: As data are being collected on a regular basis during monitoring, feedback and advice can be provided for corrective actions or reinforcements can be provided for positive progress on implementation;
- What expected or unexpected impacts have occurred: Comparing the actual outcomes or results on project objectives and indicators will lead to an analysis of the expected and

unexpected impacts of the project. It is important to analyze results in a participatory manner in order to obtain a comprehensive understanding of impacts; and

- What lessons can be learned for the selection and design of future projects: This is important to plan out next steps and ensure sustainability.

Monitoring Multilateral Organizations

The MRAA authorizes U.S. contributions to the Office of the United Nations High Commissioner for Refugees (UNHCR), the International Committee of the Red Cross (ICRC), and the International Organization for Migration (IOM). These three international organizations, as well as the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), are PRM's primary partners and receive approximately 90 percent of the Bureau's overseas assistance funds.

Each IO partner has a strategic planning process in which the U.S. government plays a significant role. This includes the UNHCR Executive Committee and its Standing Committee, the ICRC Donor Support Group, IOM Council, and the UNRWA Advisory Commission. As a member of UNHCR's Executive Committee, for example, PRM (representing the USG) consults with UNHCR and other member states before approving the agency's budget, strategic goals, and global standards and indicators. Each multilateral organization reports on its performance in annual appeals and annual reports. PRM also negotiates annual/biennial framework agreements with UNHCR, UNRWA, and IOM that establish mutual priorities and, in the case of UNHCR and UNRWA, establish a set of performance indicators and targets. As much as possible, these indicators are selected from performance measures the agency is already using in order to streamline reporting requirements while emphasizing U.S. priorities. Although we require reporting from UNHCR and UNRWA on the indicators outlined in the framework agreements, we also hold these agencies accountable for performance against all of the indicators established in their strategic planning, annual appeals, and sectoral strategies (for example, UNHCR has sectoral strategies for livelihoods, public health, water/sanitation/hygiene, etc.). Examples of annual appeals and sectoral strategies are available upon request. At a regional or country level, each agency's appeals establish its goals and priorities. UNHCR annually produces internal Country Operations Plans (COP). PRM Refugee Coordinators consult and advise UNHCR staff as these plans are formulated and monitor their programs in the field according to the goals and priorities established in the appeal and COP. Refugee Coordinators submit a semi-annual report of the process to MCE and assistance offices. The information provides PRM with insights on UNHCR efforts in specific countries and collectively provides us with a broad sense of UNHCR's performance worldwide on key issues of importance. In turn, PRM shares with UNHCR its observations and recommendations on various issues including budget prioritization, its responsibilities within the IDP cluster system, health, GBV, UNHCR's monitoring and evaluation efforts, statelessness, -and protection. UNHCR takes the USG feedback seriously, discussing it at the highest levels in HQ and with Bureau Directors and Country Representatives.

Monitoring NGOs

Where PRM identifies gaps in the programming of multilateral partners, we provide direct funding to NGOs. PRM typically requires NGOs to design and implement projects in close coordination with UNHCR. NGO programs are selected in order to support or accelerate progress toward the overarching goals and objectives established by IO partners in consultation with PRM. If an NGO is meeting the targets established in its cooperative agreement with PRM, it is generally contributing to the broader goals for which UNHCR and other IO partners are responsible. PRM will monitor its NGO partners through a combination of site visits, discussions at HQ, regional, and national levels, analysis of financial and performance reporting, and consultations with beneficiaries. When PRM program officers are considering whether to continue funding an NGO for another year, they must complete an Interim Program Evaluation (IPE) which is used to determine the extent to which NGO partners are

performing against agreed upon indicators and targets. Upon conclusion of an NGO project, Program Officers complete an Annual Program Evaluation (APE) which is similar to the IPE but captures lessons learned.

APPENDIX D: OFFICE OF INSPECTOR GENERAL REPLY TO BUREAU OF POPULATION, REFUGEES AND MIGRATION GENERAL AND TECHNICAL COMMENTS

On February 2, 2015, the Bureau of Population, Refugees and Migration (PRM) provided a formal response to a draft of this report that included general and technical comments. (PRM's entire comments are in Appendix C.) As appropriate, the Office of Inspector General (OIG) incorporated PRM's technical comments into this report and replied to both general and technical comments.

PRM General Comment 1 – PRM Monitoring and Evaluation Policies and Procedures:

In its written comments, PRM expressed concern that our report does not describe the robust processes that PRM uses to program, monitor, and evaluate its funding.

OIG Reply: The purpose of this audit was to determine whether PRM's administration and oversight of humanitarian assistance provided in response to the Syrian crisis have been performed in accordance with Federal and Department of State (Department) regulations and guidance. Therefore, the audit report focuses on issues identified with PRM's compliance with Grants Policy Directives (GPD) and other regulations and guidance. While we recognize that PRM has implemented other procedures to monitor its assistance funding, these internal procedures do not replace or take precedence over GPD requirements.

PRM General Comment 2 – PRM Oversight of Voluntary Contributions:

PRM expressed concern about the way we depicted the oversight of voluntary contributions to public international organizations, which may leave the impression that PRM does not monitor these activities and that fraud and waste are present. In addition, PRM outlined specific oversight activities it conducts with the United Nations High Commissioner for Refugees (UNHCR), such as being an active member of UNHCR's Executive Committee; receiving and reviewing the reports and financial audits conducted in accordance with International Public Sector Accounting Standards; and monitoring commitments outlined in the annual PRM-UNHCR Framework for Cooperation.

OIG Reply: Awards made to public international organizations are generally not subject to audit by the U.S. Government. This provision is explained in GPD 54, *Grants and Voluntary Contributions to Public International Organizations*. In addition, once the Department makes a contribution to public international organizations, the funds can be comingled with other funds held by the organization and used at the organization's discretion. While we recognize PRM's efforts to maintain a working relationship with UNHCR, PRM program staff in Washington, DC, affirmed that monitoring of the voluntary contributions is limited because Federal law and Department policy place restrictions on monitoring public international organizations. The staff also noted that the non-binding PRM-UNHCR Framework for Cooperation between PRM and UNHCR has a thematic focus for monitoring recipient performance. With limited authority to directly oversee funds provided to public international organizations, the Department cannot be certain that the award recipients adhered to the purposes of the awards, intended goals were achieved, or funds were spent as intended.

PRM Technical Comment 1 – Locations of Syrian Humanitarian Assistance: PRM asked that OIG remove Israel from our list of countries where Syrian Humanitarian Assistance programs were taking place.

OIG Reply: During the information-gathering stage of the audit, preliminary information obtained led OIG to believe that Israel was one of the countries that received PRM funding. After receiving PRM's comments and verifying performance locations, we removed reference to Israel as requested by PRM.

PRM Technical Comment 2 – Voluntary Contributions: PRM stated that the report did not find specific instances of waste, fraud, or abuse with the voluntary contributions in the audit sample and asked that the paragraph on the Highlights page discussing voluntary contributions be removed.

OIG Reply: OIG modified the report to provide clarity. Per GPD 54, voluntary contributions made to public international organizations are generally not subject to audit by the U.S. Government. The limited oversight of these awards limits the Department's ability to ensure that taxpayer funds are used as intended and that the activities funded meet the goals and objectives of the award and achieve the expected outcomes.

PRM Technical Comment 3 – United Nations Operations in Syria: PRM clarified that only the United Nations Supervision Mission in Syria suspended its operations.

OIG Reply: OIG modified the report to indicate that the United Nations Supervision Mission in Syria suspended its operations.

PRM Technical Comment 4 – Percentage of Humanitarian Assistance Funds in Syria: PRM asked OIG to clarify that only 25 percent of PRM's funding is for activities inside Syria—which represents 50 percent of all U.S. Government humanitarian assistance support for activities inside Syria. PRM also asked that OIG insert a detailed description of PRM's mission.

OIG Reply: OIG modified the report to eliminate possible confusion regarding the total amount of PRM humanitarian assistance funds dedicated to activities inside Syria. PRM's response to a draft of this report included a description of PRM's mission, which is presented in its entirety in Appendix C.

PRM Technical Comment 5 – Total Value of UNHCR Voluntary Contributions: PRM clarified that it provided only \$564.26 million in total humanitarian assistance to United Nations agencies.

OIG Reply: OIG modified the report to reflect the \$564 million provided by PRM.

PRM Technical Comment 6 – Role of PRM Personnel Overseas: PRM requested that OIG update a sentence to show that PRM personnel overseas supporting the GOR are "under Chief of Mission authority."

OIG Reply: OIG added a footnote to indicate that for the instances described in this report, the personnel overseas supporting the GOR were under Chief of Mission authority.

PRM Technical Comment 7 – PRM Monitoring of Overseas Assistance Programs: PRM requested that OIG mention PRM systems and procedures in place for monitoring overseas assistance programs in the background section of the draft report.

OIG Reply: Because this audit focused on PRM's compliance with Federal and Department regulations and guidance, it is appropriate that the background section of this report present the criteria used to evaluate compliance. OIG does reference and comment on PRM systems and monitoring procedures in the body of this report.

PRM Technical Comment 8 – Application of OMB Guidance to Foreign Public Entities: PRM noted that OMB Circular A-110, *Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*, has been replaced by 2 CFR 200 and specifically exempts Foreign Public Entities from application of the revised circular.

OIG Reply: OIG replaced reference to OMB Circular A-110 with 2 CFR 200.

PRM Technical Comment 9 – Total Amount of Funds in Response to the Syrian Crisis: PRM suggested a wording change to clarify the amount of money provided by the U.S. Government for the Syrian crisis.

OIG Reply: OIG modified the report to clarify that the amount of money provided by the U.S. Government for the Syrian crisis was cumulative.

PRM Technical Comment 10 – PRM Monitoring Activities for Voluntary Contributions: PRM requested that OIG introduce information regarding PRM's systems for monitoring its activities for public international organizations, such as UNHCR.

OIG Reply: As previously mentioned, this audit focused on PRM's compliance with Federal and Department regulations and guidance. PRM's response to a draft of this report included a description of PRM's systems for monitoring its activities for public international organizations, which is presented in its entirety in Appendix C.

PRM Technical Comment 11 – Monitoring in Insecure Environments: PRM raised issue with a specific quote from a PRM senior official used in the report stating that compliance with Department guidance is problematic for Syrian humanitarian assistance due to the urgency of funds and the geographical and security restrictions. PRM stated that it has procedures in place to monitor awards being performed in insecure environments and monitors all assistance awards.

OIG Reply: The quote from the PRM senior official was corroborated by a GOR who had direct knowledge of the humanitarian assistance program. This information was included in the report to explain the challenges faced by PRM in response to the Syrian crisis. While OIG acknowledges that PRM has implemented procedures for overseeing assistance awards, the procedures that have been implemented do not always comply with Department guidance for monitoring and evaluating assistance awards.

PRM Technical Comment 12 – Associated Risk Level in Jordan: PRM disagreed that the cooperative agreement performed in Jordan was performed in a "dangerous" location. PRM also stated that it did not need to complete a risk assessment for the award due to its long-standing funding arrangements with the awardees being reviewed.

OIG Reply: OIG modified the report to reflect that Jordan is a high-risk area. According to GPD 57, *Risk Management*, all bureaus, offices, and posts involved in awarding assistance funds are required to prepare a risk assessment and a risk mitigation plan for all grants and cooperative

agreements regardless of where they are awarded or the previous working relationship with the possible recipient. In addition, it is important to note that Department employees serving in Jordan receive danger pay allowance.¹ Per the *Foreign Affairs Manual*, 3 FAM 3272.1, "Scope," all U.S. Government civilian employees receive a danger pay allowance "...for service at places in foreign areas where there exist conditions of civil insurrection, civil war, terrorism or war, when these conditions threaten physical harm or imminent danger to the health or well-being of an employee."² OIG therefore concluded that Jordan is a dangerous foreign area.

PRM Technical Comment 13 – Interim Program Evaluation for S-PRMCO-13-CA-1158: PRM stated that the Interim Program Evaluation (IPE) for cooperative agreement S-PRMCO-13-CA-1158 noted the deficiencies identified in our audit report. PRM also stated that the GOR was aware of the program deficiencies and had accepted a mitigation plan to address the deficiencies.

OIG Reply: OIG found no evidence that the grants officer had ever reviewed the IPE or took action to address the deficiencies. OIG also found no evidence that the GOR had directed the recipient to revise the performance indicators. Further, OIG found no evidence that a mitigation plan was ever put into effect during the scope of our audit.

PRM Technical Comment 14 – Frequency of Interim Program Evaluations: PRM raised issue with OIG's description that an Interim Program Evaluation is only required if PRM is considering funding a non-governmental organization for another year. According to PRM officials, "IPEs are to be completed for all ongoing projects." In addition, PRM guidance further states, "If funding for a non-governmental organization's activity will not continue, an Annual Program Evaluation should be conducted at the end of the project."

OIG Reply: PRM's Monitoring and Evaluation Overview states, "When PRM program officers are considering whether to continue funding a non-governmental organization for another year, they must complete an Interim Program Evaluation which is used to determine the extent to which non-governmental organization partners are performing against agreed upon indicators and targets." This policy shows that IPEs are required (must be completed) when PRM is considering funding a non-governmental organization for another year. In addition, OIG did not mention Annual Program Evaluations because the cooperative agreement in our audit sample, for which an Annual Program Evaluation would be completed, expired after our fieldwork had been completed. In addition, while an Annual Program Evaluation can provide PRM with insight about the recipient's performance and inform future awards, it does not provide timely insight about a recipient's performance to achieve the goals and objectives outlined in the current award.

PRM Technical Comment 15 – Oversight of S-PRMCO-13-GR-1060: PRM raised issue with OIG's description of the oversight and monitoring that occurred for grant S-PRMCO-13-GR-1060. PRM stated that the "grants officer stayed in contact, via emails/correspondence with UNHCR on the progress of this grant from start to finish." In addition, PRM stated that "[t]he warranted grants officer provided UNHCR permission to continue program activities, and was at all times tracking funds available and ongoing activities to ensure funds were expended as intended."

¹ Bureau of Human Resources, Tour of Duty Listing, http://aoprals.a.state.gov/Web920/allowance.asp?menu_id=95,

² *Foreign Affairs Manual*, 3 FAM 3272.1, "Scope."

OIG Reply: OIG found that the execution of this grant continued after the period of performance had expired. Although PRM states that the grants officer provided UNHCR permission to continue the execution of the grant, a grants officer does not have the authority to allow an award recipient to continue work beyond the period of performance without amending the grant. Per the *Federal Assistance Policy Handbook*, "Written prior approval, *by way of amendment*, from the Department of State's [grants officer] is required for . . . [e]xtension of the period of performance."³

PRM Technical Comment 16 – Amendment To Reflect Change in Management for S-PRMCO-13-CA-1223: PRM stated that the partner headquarters remained the signatory and that therefore no uncertainty existed regarding who had the legal authority to expend the awarded funds.

OIG Reply: The Department has very specific guidance regarding any changes in "key personnel" during the period of performance. The standard terms and conditions for this cooperative agreement state that "written prior approval, by way of amendment, from the Department of State's [grants officer] is required for. . . [c]hange in a key personnel specified in the application or award document."⁴ These terms and conditions require approval prior to changing key personnel, and an amendment must be made to the assistance agreement. During the audit, PRM provided OIG with a letter from the awardee to the PRM Comptroller—dated June 25, 2014—announcing the change in in-country leadership. However, PRM did not amend the award until mid-December 2014.

PRM Technical Comment 17 – OIG Review of PRM Policies, Procedures, and Guidance: PRM stated that OIG did not mention PRM policies, procedures, and guidance in the scope and methodology section.

OIG Reply: As previously stated, this audit focused on whether PRM's administration and oversight of humanitarian assistance provided in response to the Syrian crisis have been performed in accordance with Federal and Department regulations and guidance. Other monitoring methods employed by PRM are secondary to complying with Federal laws and Department guidance and therefore were not encompassed in the scope of this audit.

PRM Technical Comment 18 – PRM Organization Chart: PRM requested that OIG update the organization chart in Appendix B to show that the Office of Assistance for Europe, Central Asia, and Americas was included in the audit.

OIG Reply: OIG updated the organization chart as requested.

³ Bureau of Administration, Office of the Procurement Executive, Federal Assistance Division, *Federal Assistance Policy Handbook*, sec.4.6.2.2, "Prior Approval Requirements."

⁴ Cooperative Agreement S-PRMCO-13-CA-1223, U.S. Department of State Standard Terms and Conditions for Domestic Federal Assistance Awards, sec.11, "Prior Approval Requirements."

APPENDIX E: BUREAU OF ADMINISTRATION, OFFICE OF THE PROCUREMENT EXECUTIVE, RESPONSE TO DRAFT REPORT



United States Department of State

Washington, D.C. 20520

February 2, 2015

UNCLASSIFIED
MEMORANDUM

TO: OIG/AUD – Norman P. Brown

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

SUBJECT: Draft Report on *DoS Humanitarian Assistance in Response to the Syrian Crisis*

Thank you for the opportunity to comment on the subject draft report.

The following is A/OPE's response to Recommendations 5 and 6. Jeffrey Johnson is the point of contact for these recommendations. He can be reached at 703-812-[Redacted] (b) (6) or via email [Redacted] (b) (6)@state.gov.

Recommendation 5: OIG recommends that the Bureau of Administration, Office of the Procurement Executive, review Grant S-PRMCO-GR-1060 and Amendment 4 to determine if the amendment was improper; if an improper amendment occurred, identify and take appropriate administrative action.

A Bureau Response: A/OPE concurs with the recommendation and will review and determine if the amendment was improper within 30 days and if improper will provide guidance to PRM on appropriate administrative actions required.

Recommendation 2: OIG recommends that the Bureau of Administration, Office of the Procurement Executive, modify the grants policy directives to clarify the management and oversight requirements for awards to public international organizations, including clarifying what constitutes an unauthorized commitment and proscribe corrective actions when an unauthorized commitment occurs.

A Bureau Response: A/OPE concurs with the recommendation and is modifying all Department grant policy documents to align with the Office of Management and Budget government-wide guidance for federal assistance which was fully

implemented in December of 2014. As part of this alignment, A/OPE will develop a complete grants policy directive on the management and oversight requirements for public international organizations. The policy will be completed by April 2015.

ABBREVIATIONS

| | |
|-------|---|
| A/OPE | Bureau of Administration, Office of the Procurement Executive |
| GAO | U.S. Government Accountability Office |
| GOR | Grants Officer Representative |
| GPD | Grants Policy Directive |
| IPE | Interim Program Evaluation |
| OIG | Office of Inspector General |
| PRM | Bureau of Population, Refugees and Migration |
| UNHCR | United Nations High Commissioner for Refugees |

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