



# OIG HIGHLIGHTS

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June 2015  
OFFICE OF INSPECTIONS  
Domestic Operations

## Inspection of the Bureau of Political-Military Affairs

### What OIG Found

- Bureau of Political-Military Affairs leaders are positioning a complex organization to strengthen its role in policymaking and strategic planning—both within the U.S. Department of State and with its primary partner, the U.S. Department of Defense.
- With foreign assistance levels relatively static, the Under Secretary for Arms Control and International Security and bureau leaders are focused on setting global, rather than country-specific, priorities for security assistance allocations.
- The bureau's Office of Security Assistance is developing its own monitoring and evaluation framework to assess the success of security assistance in meeting Integrated Country Strategy objectives.
- The bureau's primary contribution to countering the Islamic State of Iraq and the Levant is expediting security assistance, Foreign Military Sales, and Direct Commercial Sales to entities engaged in the fight.
- Until recently, bureau leadership has not examined or managed staffing levels from a bureauwide perspective but pursued remedies for staffing shortages office by office.
- Bureau leadership acknowledges that some employees perceive unfairness, favoritism, and lack of transparency in hiring.
- Relations between the bureau and the executive office are strained. An organization and workload analysis of the executive office would be beneficial.
- The bureau lacks a records management policy, which results in staff retaining documents in shared network folders, SharePoint, personal computer drives, and hard copies.
- Program managers monitor grantee performance but do not document all their reviews and travel in the grants files. Some sole source justifications are inaccurate.
- Bureau leadership is not sufficiently engaged in emergency planning.

### What OIG Inspected

OIG inspected the Bureau of Political-Military Affairs from January 5 to March 13, 2015.

### What OIG Recommended

OIG made 24 recommendations to the Bureau of Political-Military Affairs to enhance the Foreign Policy Advisor Program, implement procedures for property accountability, strengthen grants management, validate staffing needs, address records management deficiencies, broaden Equal Employment Opportunity and diversity awareness, and bolster security practices and procedures.

### Authorities and Methodology

This report was completed in accordance with OIG's oversight responsibilities, as described in Section 8L of the Inspector General Act of 1978, as amended. The inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department of State and the Broadcasting Board of Governors.



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ISP-I-15-27

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June 2015

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# Inspection of the Bureau of Political-Military Affairs

## DOMESTIC OPERATIONS AND SPECIAL REPORTS

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## KEY FINDINGS

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- Bureau of Political-Military Affairs leaders are positioning a complex organization to strengthen its role in policymaking and strategic planning—both within the U.S. Department of State and with its primary partner, the U.S. Department of Defense.
- With foreign assistance levels relatively static, the Under Secretary for Arms Control and International Security and bureau leaders are focused on setting global, rather than country-specific, priorities for security assistance allocations.
- The bureau's Office of Security Assistance is developing its own monitoring and evaluation framework to assess the success of security assistance in meeting Integrated Country Strategy objectives.
- The bureau's primary contribution to countering the Islamic State of Iraq and the Levant is expediting security assistance, Foreign Military Sales, and Direct Commercial Sales to entities engaged in the fight.
- Until recently, bureau leadership has not examined or managed staffing levels from a bureauwide perspective but pursued remedies for staffing shortages office by office.
- Bureau leadership acknowledges that some employees perceive unfairness, favoritism, and lack of transparency in hiring and is addressing the issue.
- Relations between the bureau and the executive office are strained. An organization and workload analysis of the executive office would be beneficial.
- The bureau lacks a records management policy, which results in staff retaining documents in shared network folders, SharePoint, personal computer drives, and hard copies.
- Program managers monitor grantee performance but do not document all their reviews and travel in the grants files. Some sole source justifications are inaccurate.
- Bureau leadership is not sufficiently engaged in emergency planning.

## CONTEXT

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The Bureau of Political-Military Affairs (PM) advises U.S. Department of State (Department) principals in the development of security policies, including those arising from U.S. military activities affecting foreign relations. PM is also the principal liaison with the U.S. Department of Defense (DOD) on policy issues, including foreign assistance and military-related activities with foreign policy implications.

PM's FY 2015–2018 Functional Bureau Strategy lists several priorities in support of its responsibility to provide guidance and coordinate policy formulation on national security issues, including regional stability, military operations, arms transfers, and defense trade. Among those priorities are the following:

- administering foreign assistance
- implementing the President's Export Control Reform Initiative
- building the defense capabilities of U.S. partners and allies
- contributing expertise to the counter-Islamic State of Iraq and the Levant (ISIL) effort
- consulting with regional partners and negotiating defense agreements with foreign governments
- reducing the threat landmines and other remnants of war pose
- combating the proliferation of conventional weapons

PM's estimated FY 2015 foreign assistance funding of approximately \$7 billion comes from five accounts: Foreign Military Financing (FMF); Global Security Contingency Fund; International Military Education and Training (IMET); Peacekeeping Operations (PKO); and Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR).<sup>1</sup> After a broad consultative process with Congress, other Department bureaus, and several agencies that takes into account earmarks for individual countries<sup>2</sup> outlined in the Congressional Budget Justification, the majority of foreign assistance funds are allocated to DOD<sup>3</sup> and the regional bureaus for program implementation and monitoring. PM directly manages approximately \$260 million in foreign assistance through grants, contracts, and cooperative agreements. For FY 2015, PM's operating budget, including salaries, is approximately \$161 million.

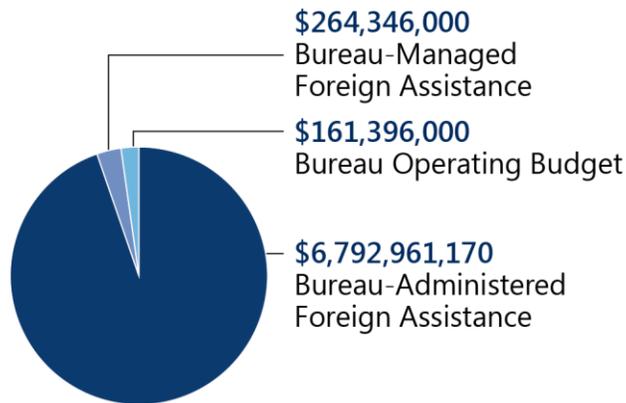
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<sup>1</sup> These five accounts represent about one-third of the annual foreign assistance appropriation, but references to "foreign assistance" or "security assistance" in this report are solely to these five accounts.

<sup>2</sup> See chart in Appendix B for FMF breakdown.

<sup>3</sup> The Defense Security Cooperation Agency.

Figure 1: FY 2015 Financial Resources



**Note:** PM's operating budget includes funds for staff salaries and other related expenses. When PM is responsible for selecting grantees and contractors and overseeing program management, the report uses the term "bureau-managed." The report uses the terminology "bureau-administered" to describe security assistance funds where PM plays a policy and coordination role but does not handle or oversee program implementation directly.

**Source:** PM

Four deputy assistant secretaries oversee 11 offices responsible for developing and implementing policy and programs. PM staff comprises 436 employees: 178 Civil Service (24 vacancies as of March 2015), 16 Foreign Service positions, 90 foreign policy advisors stationed both domestically and overseas (8 vacancies as of March 2015), 29 military detailees (2 vacancies as of March 2015), 89 contractors, 19 when actually employed staff, and the remaining staff employed under special hiring mechanisms.

The inspection focused on PM's role in administering foreign assistance, including for counter-ISIL initiatives, establishing monitoring and evaluation mechanisms for FMF and IMET funds, implementing the Export Control Reform Initiative, engaging with Members of Congress and their staffs, and the bureau's 2014 reorganization.

## EXECUTIVE MANAGEMENT AND LEADERSHIP

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On arrival in PM in April 2014, the Assistant Secretary established as priorities both greater bureau engagement in Department policymaking and a more strategic approach to security assistance than in the past. He also committed to better professional development opportunities and work-life balance for PM staff. To strengthen the bureau's policy relevance, the Assistant Secretary sought and secured a place in the Secretary's weekly regional assistant secretaries meeting. He also calls on an extensive network of contacts in the Department and executive branch to increase PM's policymaking role. PM leadership expanded outreach within the Department, to think tanks, to the defense industry, and to allies and partner countries. The Assistant Secretary has invited senior Department officials to weekly meetings with office directors to explain and take questions on their priorities. Bureau leaders are making frequent

trips to support the President's goal of a rebalance toward the Asia-Pacific and have increased PM's participation in defense trade shows. PM expanded political-military dialogues it leads with security partners<sup>4</sup> from 20 in 2009 to 30 in 2014, with another half dozen in development in 2015.

The principal deputy assistant secretary has primary responsibility for management and strategic planning. On arriving in September 2014, he evaluated PM's human and financial resources by questioning resource costs and reviewing functions, such as the political-military action team (PMAT) and the Foreign Policy Advisor Program, to determine if they meet Department needs.

### **Leaders Emphasize Strategic Planning**

The Assistant Secretary made strategic planning a front office emphasis. He established 36 performance goals based on the FY 2015–2018 Functional Bureau Strategy, identifying offices responsible for their implementation and scheduling quarterly reviews to assess and—when necessary—modify or drop activities. He hired a strategic planner to lead planning, as well as initiatives and incubator projects. That planner recognized that a separate front office planning cell could create new demands on already busy staff or duplicate existing capabilities, so he has engaged bureau leaders and office directors regularly to provide updates and seek feedback. The Office of Inspector General (OIG) team discussed with the Assistant Secretary the importance of maintaining PM's in-house planning capability to complement and sustain the accomplishments of his new planning cell, which is built on temporary hiring mechanisms such as fellowships, internships, and short Foreign Service tours of duty.

### **Deputy Assistant Secretaries: Diversity of Experience Is a Strength; Lack of Continuity Is a Vulnerability<sup>5</sup>**

No Department Civil Service employee has served as deputy assistant secretary in PM since 2002, but bureau leaders told the OIG team they want to expand career development opportunities for Civil Service staff. Over time, PM deputy assistant secretary positions have come to be reserved for specific career categories: a Foreign Service principal deputy assistant secretary, a flag or general officer deputy assistant secretary, and a DOD detailee to lead the Directorate of Defense Trade Controls (DDTC).

The Assistant Secretary told the OIG team he finds diversity of experience among deputy assistant secretaries to be a source of leadership strength. The deputy assistant secretaries include a senior Foreign Service officer, an active duty two-star Navy Admiral, a career DOD Senior Executive Service member, and a Schedule B<sup>6</sup> appointee with experience as a

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<sup>4</sup> Security partners include mutual defense treaty allies, countries receiving U.S. security assistance, and countries participating in military-to-military activities with the United States.

<sup>5</sup> See Appendix C for PM's 2015 organizational chart.

<sup>6</sup> Schedule B is an Office of Personnel Management excepted service hiring authority to fill special jobs or any job in unusual or special circumstances.

congressional staffer. Although diversity of experience among bureau leaders is a strength, lack of continuity can be a vulnerability. Because of the normal assignment cycles in each career category, all PM's current leaders will probably move on by 2016 or 2017.

Neither Department guidance nor the *Foreign Affairs Manual* (FAM) requires that deputy assistant secretary positions be reserved for specific career categories. The inspection team noted the lack of a Department Civil Service deputy assistant secretary to provide continuity, particularly in DDTC, where the directorate will require sustained high-level attention to manage the ongoing changes resulting from the President's Export Control Reform Initiative. Surveys and interviews also revealed concerns among PM Civil Service employees that their promotion opportunities in PM are effectively capped at the office director level. The OIG team discussed options to have a Department Civil Servant fill a deputy assistant secretary position and provide greater continuity in bureau leadership.

Pre-inspection surveys and interviews also revealed concerns about the appropriateness of a designated deputy assistant secretary position filled by a flag or general officer. The military deputy assistant secretary has two responsibilities: to serve as the senior military advisor in the Department and to manage the work of three PM offices. As advisor, he provides advice and guidance to PM and Department leaders about working with DOD, the Joint Chiefs of Staff, and combatant commanders. As a manager, he has the same duties as other deputy assistant secretaries but also must advocate Department positions, even when they conflict with the positions of his service or DOD. The Assistant Secretary is aware of the inherent conflict in the military deputy assistant secretary responsibilities. He believes a military deputy assistant secretary benefits the Department. Although he told the OIG team he is open to alternatives to a military deputy assistant secretary, he had begun working before the inspection with the Vice Chairman of the Joint Chiefs of Staff, who is responsible for flag and general officer assignments, to identify a new military deputy assistant secretary.

## **Office Morale and Equal Employment Opportunity Issues**

Participants in pre-inspection surveys and interviews shared with the OIG team perceptions of unfairness, favoritism, and lack of transparency in hiring. In DDTC, the ongoing reorganization and the unfolding effects of the Export Control Reform Initiative on office structure and staff allocation has contributed to these concerns. Employee misunderstanding of the Equal Employment Opportunity, grievance, mediation, Ombudsman, and employee relations processes has also led to a failure to mitigate these issues. Some issues may be resolved by the Department's Office of Civil Rights and the Office of Employee Relations or internally through a change in management practices.

Bureau leadership has acknowledged those employee perceptions. Soon after his arrival in PM, the Assistant Secretary began taking steps that reflect his and PM leadership's commitment to fairness and transparency. In June and November 2014 emails to all employees and at an October 2014 town hall meeting, the Assistant Secretary reiterated Equal Employment Opportunity and diversity principles as well as the need for employees to treat each other with

civility and respect. He requested assistance from the Office of Civil Rights, mandated harassment and diversity training for all supervisors, and began planning training on employee rights and responsibilities. He plans more action in the near future to enhance communication and information sharing, dispel misperceptions and misinformation, and demonstrate PM's commitment to fairness and Equal Employment Opportunity and merit principles. During the inspection, the DDTC deputy assistant secretary prepared an action plan outlining steps to build confidence in fair treatment and improve sensitivity to workplace issues. The Office of Civil Rights ratified the approach.

Department and Government leadership standards reinforce the principle that tone is set at the top and that management at all levels must lead by example and demonstrate the organization's values, philosophy, and operating style. According to 13 FAM 1214, leadership and management are responsible for encouraging an atmosphere of open dialogue and trust. Additionally, 13 FAM 311-312 prescribes mandatory leadership and diversity awareness training for all managers and supervisors.

**Recommendation 1:** The Office of Civil Rights, in coordination with the Bureau of Human Resources, should conduct Equal Employment Opportunity training for all Bureau of Political-Military Affairs employees, managers, and leadership. (Action: S/OCR, in coordination with DGHR)

**Recommendation 2:** The Bureau of Political-Military Affairs should require all senior- and mid-level employees to take the mandatory Equal Employment Opportunity and diversity awareness training offered by the Foreign Service Institute. (Action: PM)

Although 3 FAM 1500, "Equal Employment Opportunity," does not require that each bureau nominate and appoint its own Equal Employment Opportunity counselors, it is a Departmentwide best practice for at least one Equal Employment Opportunity counselor to reside within each bureau. The counselor creates a conduit for employee inquiries and reflects leadership's commitment to Equal Employment Opportunity principles. When the inspection began, PM had one Equal Employment Opportunity counselor who works in the immediate office of the Assistant Secretary. The OIG team discussed with bureau leadership the desirability of nominating and appointing more counselors in light of PM's issues, size, and multiple locations. As the inspection was concluding, PM secured Office of Civil Rights approval for the nominations of six new Equal Employment Opportunity counselors.

## Communication Challenges

Movement of three PM offices from the Harry S Truman building to a nearby Department annex in December 2014 affected communications. Colocation of these three offices with other bureau offices in one annex improved inter-office communications. At the same time, their separation from the front office and staff members remaining in the Harry S Truman building reduced informal engagements in and outside PM and hurt productivity as staff members lose up to an hour a day walking back and forth to meetings. Bureau leaders recognize the impact of the

physical separation of bureau offices and have scheduled events, such as the weekly leadership team meetings, in Department annexes.

At the suggestion of the principal deputy assistant secretary, the Assistant Secretary instituted a weekly activity report in advance of his regular leadership team meetings. This initiative serves two purposes: to broaden communication by making the report available to the entire bureau and to focus leadership meetings on policy discussion rather than updates on activities. However, inspectors observed, and office directors confirmed, that participants were contributing less than before as they transitioned to the new format. The Assistant Secretary told the OIG team he recognized the need to continue to adjust the meeting format to stimulate greater information sharing. In 10 months, the Assistant Secretary also chaired two off-site meetings with his leadership team, led two town hall and three other PM-wide meetings, and met with bureau office staffs nine times in informal settings.

### *Management of Paper Flow*

Interviews with bureauwide staff highlighted gaps between front office expectations and the ability of action officers to provide adequate briefing papers for the bureau's principals. Some action officers have little experience with writing standard Department memoranda and are unclear about what information to include and clear. Despite the availability of memorandum templates on the PM SharePoint site, staff assistants still frequently need to correct formatting and other technical problems in submissions. The OIG team suggested to PM principals and staff assistants that they hold informal gatherings with action officers to discuss how they use briefing papers and what they expect.

PM uses a combination of a Microsoft Access database, a shared drive, and paper to task and track action items for the Assistant Secretary, principal deputy assistant secretary, and Department principals. The OIG team encouraged PM leadership to consult with functional bureaus that are currently using SharePoint tasking systems and to have PM's future system include tasker coverage for all deputy assistant secretaries.

## **POLICY AND LIAISON ROLE**

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Like many functional bureaus, PM has a defined policy role, but communication, negotiation, and partnership building within the Department and with the interagency community are essential to accomplish its mission.

Presidential Policy Directive 23 identifies the Department as the lead agency responsible for the policy, supervision, and general management of security sector assistance, with the exception of DOD's security sector appropriations. Per 1 FAM 411, PM serves as the principal liaison with DOD on policy issues, including security assistance, and has the Department lead on defense relations, defense trade controls, military security assistance, and analysis of broad trends in international security affairs to determine their effect on U.S. policies. PM's 2015–2018

Functional Bureau Strategy elaborates on the bureau's mission "to build enduring security partnerships to advance U.S. national security objectives" and to provide the Secretary of State "with a global perspective on political-military issues."

Despite the above authorities, tensions exist between PM and other bureaus in coordinating with DOD and in determining funding and programmatic priorities. Some bureaus have set up their own regional security affairs offices with direct links to DOD. In 1 FAM 144.8, for example, the Bureau of European and Eurasian Affairs maintains that its office of policy and regional affairs has the lead in planning, formulating, and implementing bureau policy for security assistance issues involving FMF, IMET, and PKO—all funding that PM administers. The Bureau of Counterterrorism and the Bureau of Democracy, Human Rights and Labor, among other functional bureaus, also have equities that affect how PM develops and implements policy.

PM is able to provide a broad security perspective, not one tied only to a single country or region. Because a regional bureau may be given preference at limited-attendance meetings, PM is not always able to provide a broader policy perspective in high-level decision-making meetings. The Under Secretary for Arms Control and International Security and PM leaders are working to build bridges with regional and functional bureaus to ensure that PM has opportunities to influence a more coordinated approach to security assistance policy.

In addition to the obvious security assistance interface with DOD, PM relies on relationships with several agencies to regulate and control the commercial export and transfer of defense articles and services. For the past 5 years, DDTC—PM's 150-person regulatory arm—has been working with the Department of Commerce and DOD<sup>7</sup> to revise the commodity categories in the International Traffic in Arms Regulations<sup>8</sup> in accordance with the President's instruction to conduct a broad-based interagency review of the U.S. export control system. When commodities move from the U.S. Munitions List to the Commerce Control List and are no longer subject to the Department's export licensing and enforcement process, PM informs U.S. industry representatives, multilateral organizations, and foreign governments and provides guidance on how the export and import processes are affected. PM also works with law enforcement agencies that may be in the process of prosecuting export violators on the basis of both former and revised regulations.

### **Expanded Foreign Policy Advisor Program<sup>9</sup> Not Closely Managed**

A hallmark of liaison activity between the Department and DOD is the Foreign Policy Advisor Program, which places Department personnel in advisory roles to provide guidance on diplomatic and political matters to DOD military service chiefs, combatant and subordinate commands, select DOD agencies, and North Atlantic Treaty Organization commands. The

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<sup>7</sup> Defense Technology Security Administration.

<sup>8</sup> The International Traffic in Arms Regulations is a set of United States Government regulations (22 CFR 120-130) on the export and import of defense related articles and services.

<sup>9</sup> Foreign policy advisors are commonly referred to by the abbreviation POLAD.

number of foreign policy advisors grew from 16 in 2006 to 90 in 2010. The Office of the Foreign Policy Advisor Program recruits for and provides policy and administrative support to the advisors. The office has had eight permanent and interim office directors since July 2010, with the deputy director filling in during four gaps. Only one employee, the deputy director, has been in the office continuously since July 2010. PM told the OIG team that it was aware of the personnel situation and the impact it had on office operations. To rebuild capacity, both PM and the executive office have repositioned staff to the Office of the Foreign Policy Advisor Program. At the time of the inspection, PM had recruited a new director—a Senior Foreign Service officer with experience as a foreign policy advisor.

According to 1 FAM 411.3, a foreign policy advisor is a “Department of State officer who serves as the senior civilian foreign policy advisor to a military command.” However, responses to both OIG and PM surveys in late fall 2014 indicate that not all foreign policy advisors are providing the expert guidance that 1 FAM 411.3 suggests. Instead, some advisors serve as staff officers or on interagency coordinating groups. PM leadership advised the OIG team that it estimated that 10 percent of the foreign policy advisor positions could be better deployed in other commands.

PM has not regularly reviewed the foreign policy advisor position descriptions to determine whether Department and DOD objectives are being achieved, although it has over time adjusted some staffing in response to feedback from advisors and DOD commands. In March 2012, a U.S. Government Accountability Office review<sup>10</sup> recommended that the Department routinely evaluate the program’s effectiveness to determine whether it was achieving desired results. Despite the recommendation, PM did not initiate a comprehensive assessment of the program until December 2014.

According to 3 FAM 1228, agencies should conduct continuing evaluations of their personnel programs to make them more effective. The Government Accountability Office states that one of the five principles for effective strategic workforce planning is monitoring and evaluating progress toward achieving programmatic goals. The financial and human resources the Department devotes to the Foreign Policy Advisor Program are not being used as intended if the advisors are not providing expert guidance to military commanders and higher priority needs may not be met.

**Recommendation 3:** The Bureau of Political-Military Affairs should conduct a staffing review of all foreign policy advisor positions before initiating any future personnel actions for recruitment and staffing. (Action: PM)

PM has budgeted for but has not reimbursed all U.S. embassies through the International Cooperative Administrative Support Services (ICASS) system for the administrative services they provide foreign policy advisors. The Foreign Policy Advisor Program relied on informal

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<sup>10</sup> *Interagency Collaboration: State and Army Personnel Rotation Programs Can Build on Positive Results with Additional Preparation and Evaluation*, Report No. GAO-12-386, March 2012, p. 38.

arrangements with embassies to provide administrative support services until FY 2014, when several embassies balked at providing services without reimbursement. PM then concluded ICASS agreements with four embassies beginning in FY 2014. During the inspection, PM concluded three additional ICASS agreements; however, PM had not concluded an agreement with another embassy. Per 6 *Foreign Affairs Handbook* (FAH)-5 H-011, ICASS is the principal means by which the U.S. Government shares the cost of common administrative support. ICASS requires that each agency bear the cost of its presence abroad. Absent embassy and regional bureau action on ICASS memoranda of understanding, PM cannot subscribe to and pay for administrative services that embassies provide.

**Recommendation 4:** The Bureau of Political-Military Affairs should conclude International Cooperative Administrative Support Services agreements with all embassies providing administrative support to foreign policy advisors. (Action: PM)

DOD combatant commands, in memoranda of understanding with the Department, have agreed to reimburse the Department for a total of 10 foreign policy advisor positions. However, when PM reviewed its reimbursable agreements in late FY 2014, it learned that the Department had not received reimbursements for three of the positions under agreements dating back to 2005 and 2006. PM requested reimbursement from three commands late in FY 2014. One command provided FY 2014 funding and agreed to fund the position again in FY 2015. Another command reported that it had no record of ever reimbursing the Department and that it did not have funds available to do so but would begin reimbursing the Department in FY 2015. The third command advised the Department, after the arrival of the current foreign policy advisor in late FY 2014, that it would not reimburse the Department for the position. The annual salary and benefits cost to the Department for this position is approximately \$140,000. PM told the OIG team that it would not replace the incumbent of this position absent a reimbursable agreement. During the inspection, PM assigned responsibility for tracking reimbursements to a single officer who was working with the commands to obtain FY 2015 reimbursements for the other positions. An undetermined amount of reimbursements have been lost to the Department since the three memoranda of understanding were concluded in 2005 and 2006.

**Recommendation 5:** The Bureau of Political-Military Affairs, in coordination with the Bureau of the Comptroller and Global Financial Services, should track and collect reimbursements for foreign policy positions covered by reimbursable detail agreements. (Action: PM, in coordination with CGFS)

Not all foreign policy advisors have access to Department reporting and analysis needed to provide foreign policy advice and guidance to the military commands they support. In the aftermath of WikiLeaks, tighter information security controls have restricted the dissemination of Department cables to other agencies, including DOD, that had been able to search for relevant information using direct links to Department networks. At the same time, DOD firewalls make it difficult for foreign policy advisors to access Department reporting via PM-issued fobs. To address connectivity concerns, PM's Office of the Foreign Policy Advisor Program created a collective email address to facilitate dissemination of PM-specific information to foreign policy advisors worldwide. However, neither the collective email nor fobs provide all the advisors

access to the information they need to brief military commanders. Not all DOD offices provide their foreign policy advisors with stand-alone DOD terminals. To date, PM and DOD have not found a way to give all foreign policy advisors access to the Department resources they need to fulfill their roles.

Foreign policy advisors, together with DOD, share responsibility to coordinate on foreign policy and defense matters. Information sharing is a component of this responsibility. Guidance in 12 FAM 680 provides specific requirements for obtaining access to Department networks on non-Department systems, which is essential for foreign policy advisor information gathering and sharing. The terms and conditions to support the Foreign Policy Advisor Program are outlined in a memorandum of understanding<sup>11</sup> between the Department and DOD. However, the memorandum does not specify which agency will provide the necessary information technology requirements. Without an adequate information technology platform, foreign policy advisors will not be able to meet the needs of the DOD commands they serve.

**Recommendation 6:** The Bureau of Political-Military Affairs should modify and disseminate to all commands the memorandum of understanding with the U.S. Department of Defense, including details on information technology support and equipment for foreign policy advisors. (Action: PM)

## FOREIGN ASSISTANCE

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### Bureau-Administered Funds

PM's total estimated FY 2015 foreign assistance funding is approximately \$7 billion. For FY 2015, PM manages \$260 million and administers the remainder—primarily FMF and IMET, which is allocated to other Department bureaus or DOD's Defense Security Cooperation Agency for program implementation and expenditure. PM retains responsibility for general policy, coordination, budgeting, allocation, and monitoring and evaluation of these funds, which PM's Office of Security Assistance largely conducts.<sup>12</sup> The OIG team examined PM's policies, processes, and procedures—including its relations with other interagency stakeholders and Congress—and found no major deficiencies that would merit a recommendation.

Developing the security assistance portion of the President's annual budget submission to Congress is a multiyear process. PM provides guidance to embassies and bureaus as they prepare integrated country strategies, mission resource requests, and bureau resource requests. Through these submissions and a series of roundtable discussions, PM incorporates and

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<sup>11</sup> Memorandum updated every 2 years. Annexes are updated as needed.

<sup>12</sup> For FY 2015, PM's Office of Plans and Initiatives is managing \$66 million of PKO funds to implement the Global Peace Operations Initiative, and the Office of Weapons Removal and Abatement is managing \$152 million of NADR funds for demining and other programs.

reconciles the views of embassies, regional bureaus, combatant commands, and DOD leadership. Finally, working with the Office of U.S. Foreign Assistance Resources, PM develops proposed funding levels for approval by the Deputy Secretary and incorporation into the President's budget submission and its supporting documentation.

Once Congress appropriates funds, PM refines the funding levels to account for changing international conditions, legal and policy restrictions, current priorities, and congressional views. On the basis of this review, PM prepares documentation that allocates funds to DOD and others, as well as any necessary congressional notifications. For the life of the funds, the Office of Security Assistance tracks obligations and expenditures to facilitate reprogramming as well as to identify and support unforeseen requirements.

PM oversees some DOD-funded security assistance programs activities through the exercise of the Secretary's concurrence authority. Section 1206 of the FY 2006 National Defense Authorization Act (Pub. L. No. 106-163)<sup>13</sup> authorized \$350 million for DOD, with the concurrence of the Secretary of State, to carry out programs to build foreign capacity to conduct counterterrorism operations or support military or stability operations that benefit U.S. national security interests. The two departments' successful experience with 1206 programs has led them to apply the same "dual-key" approach to the management of the \$1.3-billion Iraq Train and Equip Fund (established in the DOD FY 2015 authorization), although Department concurrence is not statutorily required.

PM is also the Department lead for the Global Security Contingency Fund program, which pools funding and expertise from the Department and DOD to provide security sector assistance for emergent challenges and opportunities. PM's oversight role includes proposal development and planning, congressional notification, funding, implementation, and monitoring and evaluation.

Two years ago FMF and IMET programming lacked meaningful monitoring and evaluation to assess whether programs are meeting policy objectives. PM largely relied on the Defense Security Cooperation Agency to monitor funds it expended, but the focus was upon individual procurements or training events and lacked a strategic approach. The Quadrennial Diplomacy and Development Review and 18 FAM 300 prompted the Office of Security Assistance to begin a multiyear effort to develop its own monitoring and evaluation framework to assess the success of security assistance in meeting Integrated Country Strategy objectives and inform both future resource requests and reprogramming decisions.

The Global Security Contingency Fund and the Counterterrorism Partnership Fund, in addition to the Global Peace Operations Initiative, have monitoring, evaluation, and equipment-tracking metrics built in from the outset.

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<sup>13</sup> These programs were permanently reauthorized in Section 2282 of the FY 2015 National Defense Authorization Act (PL 113-291).

## Bureau-Managed Funds

Two PM offices—the Office of Plans and Initiatives, Global Peace Operations Initiative unit, and the Office of Weapons Removal and Abatement—manage foreign assistance programs using interagency agreements,<sup>14</sup> grants, and contracts. They track and review financial and performance reports and conduct program monitoring and evaluation, although their approaches to program management differ. The Global Peace Operations Initiative unit, which handles approximately 25 percent of the bureau-managed funds, does not have an internal contracting or grants officer. It relies on the Bureau of Administration, Office of Logistics Management, Office of Acquisition Management (AQM) for its contracting services and the Office of Weapons Removal and Abatement for most of its grants services.<sup>15</sup> As of January 2015, 11 of its 12 grants had been awarded to United Nations organizations, which, according to Grants Policy Directive 54, do not require as much oversight as other grantees.<sup>16</sup> The unit uses Washington-based staff and personnel embedded in combatant commands to oversee program operations at those commands pursuant to interagency agreements.

In contrast, the Office of Weapons Removal and Abatement, which handles 75 percent of bureau-managed funds, has an in-house grants officer to manage its 125 ongoing awards—approximately \$53 million—and oversee the work of 9 grants officer representatives. The Office of Weapons Removal and Abatement staff designs programs, travels to program sites, performs financial management, and conducts program monitoring and evaluation for all the office's grants.

### *Incomplete Grants and Cooperative Agreements Files*

Grants officer representatives and technical monitors were not carrying out all their grants management responsibilities in accordance with Grants Policy Directive 28. Only one employee in the Office of Weapons Removal and Abatement has a grants warrant and is responsible for ensuring compliance with all grants policy directives. In addition to the grants officer representatives, PM uses grants technical monitors to monitor grant recipient performance by reviewing documents and conducting site visits. The inspection team verified—through the Bureau of Administration, Office of the Procurement Executive grants office representative training certification database—that all grants officer representatives have the required training and certification. The sole grants officer told OIG inspectors that he did not have enough time to ensure that they carried out all prescribed roles and responsibilities, given other competing priorities. PM hired a second grants officer in September 2014 and is awaiting a security

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<sup>14</sup> Under Section 632 of the Foreign Assistance Act, foreign assistance funds may be transferred to other government agencies to carry out assistance programs and activities.

<sup>15</sup> AQM services two Global Peace Operations Initiative grants: one to the United Nations and one to the Center of Excellence for Stability Police Units.

<sup>16</sup> *Audit of Department of State Humanitarian Assistance in Response to the Syrian Crisis*, Report No. AUD-MERO-15-22, March 2015, reviewed the issue of limited oversight of voluntary contributions to public international organizations.

clearance for the new hire. The second grants officer should enable PM to comply with all the requirements of Grants Policy Directive 28 on roles and responsibilities and provide additional grants training as required.

Documentation of performance and financial reviews was absent from all grants files that the OIG team reviewed. The team inspected 31 grants files totaling \$37,753,725, excluding amendments for FYs 2011–14. Each grant reviewed was for \$500,000 or more. PM had identified grantee noncompliance or performance shortfalls in 28 of the 31 grants, which they had documented in personal share drives rather than in the individual grants files. None of the grants files reviewed had monitoring plans. Only 11 of the grants files reviewed included program review visits (trip reports) because some grants officer representatives had fallen behind in trip report preparation for as long as 1 year. Grants officers and grants officer representatives are responsible for management and oversight of Federal funds. Grants Policy Directive 42 requires documentation of performance reviews and site visits as well as risk assessment. Without complete and accurate grants files, the grants officer cannot effectively monitor the work of the grants officer representatives and evaluate projects to ensure that funds are spent appropriately and achieving Department objectives.

**Recommendation 7:** The Bureau of Political-Military Affairs should require grants officer representatives to document reviews of performance and financial reports, devise a monitoring plan for each open grant, and include trip reports in grants files. (Action: PM)

Twenty-three of the 31 grants reviewed were sole sourced, which is generally acceptable for demining grants because some countries have few grantee options and, in other cases, Congress has mandated the use of specific grantees. However, five grants files did not contain the required sole source justifications. For the 18 grants files that did contain sole source justifications, they were poorly justified and cited the incorrect statutory authority. The grants officer and the grants officer's supervisor did not carefully review each justification, as required by Grants Policy Directive 5 on Competition. Reliance on incorrect authority creates the possibility of contravening the correct authority.

**Recommendation 8:** The Bureau of Political-Military Affairs should include documentation of proper sole source justifications in grants files. (Action: PM)

### ***No Service Level Agreement for Acquisition Support***

AQM manages all PM contracts. The contract management and personnel resources that AQM dedicates to PM are inadequate to manage those contracts properly. In FY 2014, one part-time AQM contracting officer and one part-time contract specialist managed seven large contracts with a total value of more than \$18 million. The OIG team did not inspect the nonforeign assistance contracts but did review AQM support for a large demining contract that the Office of Weapons Removal and Abatement manages.

AQM does not provide timely procurement support to PM even though PM pays a 1-percent surcharge on the amount of each transaction that AQM performs<sup>17</sup> to pay for its service. In 2001, AQM's procurement volume was \$1.9 billion; in 2011, \$8 billion. A 2013 OIG audit report<sup>18</sup> indicated that AQM had not increased the number of its procurement staff sufficiently to cover its increased workload. PM's surcharge payments exceeded \$1.3 million for the period FY 2011–14. Inspectors found AQM delays in issuing letters of concern, corrective action plans, and delegations of authority to contracting officer representatives.

The Department's Acquisition Regulation 601.603-70 Delegations of Authority (2) gives AQM the authority and the responsibility to administer contracts, but AQM is not providing an adequate level of service to PM under that authority. Because the majority of PM's contracting officer representatives have primary duties other than contract management and are not technically qualified to manage task orders and contracts, they rely on AQM to provide those services.

PM and AQM do not have a service level agreement to outline responsibilities and key performance indicators. An agreement would require quarterly review meetings to discuss quality, timeliness, customer service, and changes in customer requirements. It would specify services provided and establish contract administration responsibilities to support the unique requirements and desired outcomes of PM's contracts. Absent a negotiated service level agreement, AQM's contract management will remain inefficient and ineffective.

**Recommendation 9:** The Bureau of Administration, in coordination with the Bureau of Political-Military Affairs, should execute a service level agreement. (Action: A, in coordination with PM)

In response to an OIG team suggestion, AQM agreed to embed a part-time contracting officer or a contract specialist in PM to rectify some of the performance deficiencies.

## COUNTERING THE ISLAMIC STATE OF IRAQ AND THE LEVANT

On September 10, 2014, President Obama announced a whole-of-government strategy to degrade and ultimately destroy ISIL. The focus of the United States, in coordination with a coalition of more than 60 nations, is on increasing support to Iraqi forces fighting ISIL on the ground, providing train-and-equip assistance to the moderate Syrian opposition, and strengthening regional partners in the Middle East. On September 16, 2014, the President named a Special Presidential Envoy for the Global Coalition to Counter ISIL. PM has had one or more representatives in the coalition working group, housed in the Department, since its

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<sup>17</sup> Surcharge is paid to the Department's Working Capital Fund.

<sup>18</sup> *Audit of Department of State Use of Consular Fees in Support of the Border Security Program*, Report No. AUD-FM-13-29, May 2013.

inception. PM's leadership participates in the Department's diplomatic outreach to encourage additional countries to join the counter-ISIL coalition.

The bureau's primary contribution to the counter-ISIL strategy involves expediting security assistance, Foreign Military Sales, and Direct Commercial Sales to entities combatting ISIL. In FY 2014, PM estimates that it provided \$675 million in FMF to Iraq, Lebanon, and Jordan and expedited more than \$650 million of counterterrorism-related Foreign Military Sales to Iraq in addition to resupplying munitions and other items to coalition members. The President's February 11, 2015, budget also includes more than \$866 million in additional FMF from Overseas Contingency Operations funding for the Global War on Terror, which PM will leverage, along with the base security assistance budget, to support counter-ISIL efforts. Although PM seeks to expedite counter-ISIL-related defense equipment transfers and sales, the requirement for human rights clearances, congressional notifications, and other interagency and intra-Department consultations, in addition to delays in the procurement process itself, may mean months-long timelines before equipment is on the ground.

For FY 2015, two new DOD programs—the Counterterrorism Partnership Fund and the Iraq Train and Equip Fund—will provide an additional \$2.9 billion in assistance for the counter-ISIL effort. Consistent with bureau objectives, PM plays a consultative role in the administration and oversight of those funds.

## POST-REORGANIZATION STRUCTURE

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In 2012, PM commissioned an organizational assessment to help the bureau respond to Secretary Clinton's Quadrennial Diplomacy and Development Review challenge to find ways to "do better." The assessment focused on realigning PM's structure to its functions and responsibilities. The resulting reorganization, completed in summer 2014,<sup>19</sup> was intended to rationalize span-of-control, group-related functions in the same chain of command; reduce stovepiping; and refocus on strategic planning. PM's leadership asked the OIG team to assess the reorganization's success in meeting its goals. The OIG team concluded that the bureau achieved many of its goals, but some remained elusive.<sup>20</sup>

### Positive Impacts of the Reorganization

Positive impacts of the reorganization include the following:

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<sup>19</sup> The Directorate of Defense Trade Controls was still in the midst of a separate reorganization during the inspection. That separate reorganization grew out of the President's Export Control Reform Initiative that halved the number of industry requests for export licenses for defense articles but increased the directorate's requirements for enforcement and compliance actions as well as regulatory reviews.

<sup>20</sup> See Appendices C and D for the 2015 and 2012 organizational charts.

- Creation of a fourth deputy assistant secretary position splits management responsibility between two deputy assistant secretaries where previously one (in DDTC) had responsibility for more than half the bureau's staff.
- The DDTC deputy assistant secretary can now focus exclusively on managing a large workforce and implementing Governmentwide regulatory reforms.
- The new deputy assistant secretary's oversight provides better linkages between the Office of Security Assistance, which administers FMF, IMET, PKO, and Global Security Contingency Funds, and the Office of Regional Security and Arms Transfers.

## Ongoing Reorganization Issues

The reorganization is still a work in progress in other areas:

- Changes in the DDTC deputy assistant secretary's responsibilities have created the risk of that directorate's greater isolation from the rest of the bureau.
- DDTC and the Office of Regional Security and Arms Transfers continue to seek ways to improve working-level communication. DDTC is building geographic expertise related to commercial licensing that may duplicate efforts of the Office of Regional Security and Arms Transfers.
- DDTC's compliance office has too few managers to address its changing focus and constant work force turnover.
- The Office of Plans and Initiatives is an amalgamation of distinct functions.
- Bureau leadership has not taken decisions on the mission and staffing levels of the Office of the Foreign Policy Advisor Program and the PMAT.

PM's leadership has taken some steps to minimize stovepiping, such as encouraging internal details and cross training, increasing the number of bureauwide social events, and introducing a widely shared weekly activity report. However, in a bureau that relies on subject matter experts to carry out distinct functions, some stovepiping is inevitable. The OIG team advised PM leadership on additional ways to address some of the structural disconnects.

The reorganization orphaned the Office of Plans and Initiatives, which used to develop the bureau's planning documents and was part of a broader office with what is now the Office of Security Assistance. One of the office's units coordinates the Department's political-military policy and planning with DOD and could, in the long term, be the backbone of a sustainable planning cell. Another unit could reunite with the Office of Security Assistance, because it manages the Global Peace Operations Initiative, using PKO funding that the Office of Security Assistance administers. The reorganization envisaged a third unit as an incubator for new initiatives and as a home for PM's antipiracy expertise. The front office now sees the initiative function as the responsibility of its planning cell. In fact, 1 FAM 414.1, as revised during the inspection, omits any mention of this third unit's activities.

Effective management requires careful deployment of scarce resources. As a result of the reorganization and the front office's new planning capacity, the talents of the Office of Plans and

Initiatives staff are underused. The present structure does not serve the interests of the affected employees or the bureau as a whole.

**Recommendation 10:** The Bureau of Political-Military Affairs should define the roles and responsibilities of the Office of Plans and Initiatives and identify staffing resource requirements accordingly. (Action: PM)

DDTC's ongoing reorganization as a result of the President's Export Control Reform Initiative is focused on developing a new business model. However, on the basis of pre-inspection surveys and interviews, the OIG team concluded that delays in rolling out a strategic management plan<sup>21</sup> that describes the changes, lack of transparency in the process, and concerns about workload shifts without commensurate staffing adjustments have affected the directorate's morale. In some cases, confusion about eventual goals and fear of change or job loss have outweighed the benefits of the restructuring in breaking down old barriers between licensing experts and other trade controls professionals. At the same time, information technology infrastructure improvements may also contribute to staff reductions. The relationship with law enforcement counterparts is changing, and DDTC has not given as much attention to that partnership, even though fortifying relationships with the intelligence and law enforcement community is a cornerstone of the directorate's strategic management plan. The U.S. Department of Homeland Security had office space and a full-time analyst in DDTC's compliance office. In mid-2014, because of space constraints, DDTC asked the law enforcement officers to relocate and has not yet identified replacement work space. The directorate's skills training has not kept pace with the increased demand for analysis, technical expertise, regulatory competency, and complex written products. The OIG team advised DDTC's leadership on the importance of inclusiveness and constant communication at all levels during this difficult transitional period.

The Under Secretary for Arms Control and International Security commissioned a multiyear strategic workforce project for all three Arms Control and International Security bureaus that was in progress during the inspection. The purpose of the project is to identify current and future competency needs, skill gaps, grade structure, and training requirements. Additionally, the project will assist the bureaus in developing recruitment, retention, and succession plans. This report does not, therefore, address these issues, although the OIG team did share its observations with the Bureau of Human Resources contracting officer's representative for the workforce study.

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<sup>21</sup> The deputy assistant secretary convened a working group, consisting of representatives from each DDTC office, to develop the strategic management plan.

## ADEQUACY OF HUMAN RESOURCES

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PM leadership has not examined and managed staffing levels from a bureauwide perspective, given leaders' focus on implementing the reorganization in their initial months in the bureau. Eight of PM's 11 offices noted the need for additional staff or a different staffing mix in OIG survey documents, employee questionnaires, and personal interviews. Individual office directors told the OIG team they estimated the need for at least 10 additional staff members.

The Under Secretary for Management transferred new positions to PM in August 2014 to regularize eight employees who had been working on waivers in the Office of Regional Security and Arms Transfers for several years, but the principal deputy assistant secretary believes that office still needs more staff. PM leadership requested two new positions in its FY 2016 Bureau Resource Request. Individual offices have also pursued a variety of remedies for staffing shortages. DDTC intends to use registration fees to convert some contractor positions to Civil Service positions as part of its reorganization. The Office of Weapons Removal and Abatement is authorized to use program funds to purchase positions and intends to do so in the near term. The principal deputy assistant secretary was reviewing PMAT staffing levels as part of an effort to refocus PM's operational budget on purchasing permanent positions. He had not yet completed evaluating the shifting of positions from offices that have authority to purchase full-time equivalents to other parts of the bureau.

PM can quantify workload increases and decreases and adjust resources in its offices that oversee grants or process licenses, but it is not easy for offices that deal with policy issues or focus on interagency coordination. Consequently, addressing an individual office's request for more staff without carefully reviewing workload growth, changing demands, unfunded mandates, and staffing levels holistically is not a solution to any potential imbalance. One of the General Accountability Office's<sup>22</sup> two Key Principles for Effective Strategic Workforce Planning is aligning an organization's human capital with its mission and program goals. Without a well-conceived plan that takes into account needs and assets bureauwide, PM risks misdirecting its personnel resources and fostering inefficiencies in those offices that can buy their own positions.

**Recommendation 11:** The Bureau of Political-Military Affairs should establish a formal mechanism to assess bureauwide staffing priorities. (Action: PM)

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<sup>22</sup> *Standards for Internal Control in the Federal Government*, Report No. GAO-14-704G, September 2014.

## RESOURCE MANAGEMENT

**Table 1: Financial Resources for the Bureau of Political-Military Affairs**

Amalgamated Chart Showing:

- Diplomatic and Consular Programs Account - Bureau Operations
- Bureau - "Administered" Funds
- Bureau - "Managed" Funds

State Operations or Foreign Assistance	Appropriation Name	FY 2015 Estimated Resources
State Operations	Diplomatic and Consular Programs - Direct (Bureau Managed- \$10.002M)	\$41,972,000
	Diplomatic and Consular Programs - Public Diplomacy	\$8,000
State Operations <sup>a</sup>	Diplomatic and Consular Programs - DDTC Fees (carryover - expenditures + fees collected)	\$117,000,000
Foreign Assistance <sup>b</sup>	Peacekeeping Operations <sup>e</sup> - Base	\$328,698,000
	Peacekeeping Operations - Overseas Contingency Operations	\$144,993,000
	Foreign Military Financing - Base	\$5,014,109,000
	Foreign Military Financing - Overseas Contingency Operations	\$866,420,000
	International Military Education and Training	\$106,074,000
Foreign Assistance <sup>c</sup>	Nonproliferation and Demining Related Programs: Conventional Weapons Destruction (NADR-CWD)	\$152,000,000
Foreign Assistance <sup>d</sup>	Global Security Contingency Fund - Carryover	\$21,687,170
<b>Total</b>		<b>\$6,792,961,170</b>

**Notes:**

<sup>a</sup> Diplomatic and Consular Programs DDTC Fees - Resources include carryover minus expenditures plus estimated collection of fees for FY 2015.

<sup>b</sup> Foreign Assistance resources with the exception of the GSCF account are estimates based on the FY 2015 appropriations bill (Pub. L. No. 113-235) and are subject to the finalization of the 653a process led by the Director of Foreign Assistance.

<sup>c</sup> The NADR appropriation consists of several subaccounts that are allocated to many bureaus in the Department. PM's Office of Weapons Removal and Abatement manages the Conventional Weapons Destruction funding. The funding level for the NADR-CWD is subject to the finalization of the 653a process led by the Director of Foreign Assistance.

<sup>d</sup> GSCF - The FY 2012 National Defense Authorization Act (Pub. L. No. 112-81, Section 1207) created the new GSCF appropriation. To date, Congress has provided funds for the GSCF through transfers from other accounts, not from appropriations.

<sup>e</sup> Some Peacekeeping Funds are Bureau-"Managed," but most are Bureau-"Administered."

**Source:** PM.

**Table 2: FY 2015 Bureau-“Managed” Funds Only (in thousands)\***

Funding Description	PM Office	Amount
Global Peace Operations Initiative 2015 (PKO)	PM/PI	\$22,835
Global Security Contingency Funds No-Year	PM/SA	\$2,879
Conventional Weapons Destruction 2011/2015 (NADR)	PM/WRA	\$232
Conventional Weapons Destruction 2012/2016 (NADR)	PM/WRA	\$1,420
Conventional Weapons Destruction 2014/2015 (NADR)	PM/WRA	\$81,651
Conventional Weapons Destruction 2015/2016 (NADR)	PM/WRA	\$152,279
Foreign Military Financing Program (FMF) 2015	PM/SA	\$2,050
African Peacekeeping Rapid Response Partnership	PM/PI	\$1,000
<b>Total</b>		<b>\$264,346</b>

\*Amounts are full-year anticipated.

Source: PM.

**Table 3: FY 2015 D&CP Resources Controlled by Bureau (in thousands)\***

Funding Description	Amount
<b>FY 2015 Diplomatic and Consular Programs – American Salaries Managed</b>	<b>\$31,970</b>
FY 2014/2015 Diplomatic and Consular Programs - Bureau Managed	\$590
FY 2015 Diplomatic and Consular Programs - Bureau Managed	\$10,022
FY 2015 Diplomatic and Consular Programs - Overseas Programs Public Diplomacy	\$8
FY 2014 Diplomatic and Consular Programs/Defense Trade Control Fees	\$118,790
Domestic Representation	\$16
<b>Total</b>	<b>\$161,396</b>

\*Amounts are full-year anticipated.

Source: PM.

## MANAGEMENT ISSUES

The executive office that serves PM also supports two other bureaus in the Arms Control and International Security family: the Bureau of International Security and Nonproliferation and the Bureau of Arms Control and Verification. PM is the largest of the three bureaus, which total nearly 1,000 employees, including contractors, military detailees, as well as interns, fellows, subject matter experts, and when actually employed retirees. OIG inspected the executive office as part of 2014 reviews of the Bureau of International Security and Nonproliferation and the Bureau of Arms Control and Verification;<sup>23</sup> therefore, the PM inspection team reviewed only those executive office issues related to PM. The executive office will have a role in the

<sup>23</sup> *Inspection of the Bureau of International Security and Nonproliferation*, Report No. ISP-I-14-19, July 2014, and *Inspection of the Bureau of Arms Control, Verification, and Compliance*, Report No. ISP-I-14-14A, June 2014.

implementation of most of the recommendations that follow, especially in ensuring that PM's guidelines and procedures accord with Department policy, but the OIG team tasks PM with the development of bureau-specific remedies in several areas.

## Differing Expectations of Executive Office Support

The executive office, and the human resources unit in particular, may not have enough staff to service all three bureaus. As the 2014 Bureau of International Security and Nonproliferation inspection report noted, an executive office structure created 15 years ago may not be suitable for today's needs.

The relationship between PM and the joint executive office is strained. PM, as the joint executive office's largest customer, taxes the executive office's resources. Some PM employees praised executive office support in OIG surveys and interviews. Other employees, however, expressed frustration about responsiveness and timeliness, especially in human resources. On the other hand, executive office staff cited PM misperceptions, unfamiliarity with personnel processes, unrealistic expectations, and some managers' rudeness toward human resources staff, as demonstrated in email records. Such a disconnect between a bureau and its executive office is harmful to both and hurts productivity.

Since 2011, PM has averaged a 10- to 15-percent vacancy rate in its Civil Service workforce, which means that the human resources staff is under constant pressure to process recruitment and hiring actions. The OIG team reviewed the timelines for filling several recent PM vacancies. Although the human resources section met the 80-day Office of Personnel Management hiring standard in all but one of the cases the OIG team reviewed, PM managers find the process unduly lengthy and opaque and believe they have lost potential employees, especially highly coveted subject matter experts, as a result. In January 2015, the executive office transferred some DDTC human resources functions to the Department's Shared Service Center in Charleston in an effort to provide better service to both DDTC and the rest of the bureau.

Government Accountability Standards<sup>24</sup> require that management periodically evaluate organizational structure to ensure it meets entity objectives and has adapted to new requirements. The executive director and the Department's Office of Resource Management and Organizational Analysis agree that executive office operations would benefit from an organization and workload analysis to ensure the office has the staffing, skills, and other resources it needs to serve its customers efficiently.

**Recommendation 12:** The Bureau of Political-Military Affairs should request that the Bureau of Human Resources conduct an organizational and workload study of the joint executive office. (Action: PM)

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<sup>24</sup> *Standards for Internal Control in the Federal Government*, Report No. GAO-14-704G, September 2014.

The executive director and PM leadership agree that dissatisfaction and confusion among employees could be reduced by more frequent communication. For instance, not all human resources staff members respond to phone calls when teleworking, even though telework policies require employees to be available by phone. On the other hand, PM managers do not always provide accurate and complete paperwork at the beginning of the hiring process, which can delay processing. The OIG team discussed with the executive director the benefits of implementing a tracking system to acknowledge receipt of PM's requests for service and to provide status updates. During the inspection, the principal deputy assistant secretary resumed regular meetings with the executive director that will include a review of personnel actions.

### **Training Plan Lacks Implementation Measures**

PM issued a Professional Policy and Diplomacy Education Training Plan in December 2014 that met and, in some areas, exceeded Department standards. The plan leaves implementation of a training continuum to individual office directors rather than identifying a training coordinator with functional expertise to manage the plan.

The plan had its genesis in October 2014 when the principal deputy assistant secretary asked a working group from several PM offices to formalize a bureau training plan that would make staff aware of training opportunities, create support for training among managers and supervisors, and renew an emphasis on training for career development. The plan took effect 2 months later. It encourages managers and supervisors to afford all employees the opportunity for 80 hours of training per year over and above mandatory Departmentwide training courses and to incorporate training requests into individual development plans but falls short of recommending a training coordinator.

Per 13 FAM 022.3, a bureau's executive director is responsible for designating a bureau training officer, whose duties include developing a career guide, advising employees, reporting on training activities, and evaluating their effectiveness. An employee in the executive office handles the administrative work for training requests but does not have the functional expertise to carry out advice and guidance duties. The lack of a training coordinator in the bureau itself puts at risk the training plan's successful implementation and does not ensure equitable access to career and skill development opportunities.

**Recommendation 13:** The Bureau of Political-Military Affairs should designate a representative to fulfill the duties of a training coordinator. (Action: PM)

PM's training plan does not establish a centralized tracking mechanism. Instead, it devolves to individual offices the responsibility to document training and report on compliance to the principal deputy assistant secretary twice a year. The lack of a centralized tracking mechanism limits leadership's ability to monitor implementation. Without a central repository, it is also difficult for employees to learn about training opportunities others identified that could meet their own needs. The inspection team suggested that PM establish a centralized mechanism to track all training.

PM's training plan includes a half-day orientation for new employees, offered twice a year. The first orientation program, which occurred in January 2015, devoted 15- to 30-minute segments to complex programmatic and budget issues. Even with the orientation course and several months or years of experience, some PM staff members, especially military detailees and contractors, reported in pre-inspection surveys and interviews that they know little about the work of the rest of the bureau, how other PM offices intersect with their work, and how PM's work relates to the Department as a whole. The OIG team discussed with PM leadership ways that the orientation for new employees might be enhanced to address these concerns.

## Management Controls

The FY 2014 Assistant Secretary's management controls statement of assurance identified no material weaknesses or significant deficiencies in the bureau's management controls system. The OIG team identified some less-than-significant deficiencies in telecommunications management, the purchase card program, and the travel authorization process. The Bureau of the Comptroller and Global Financial Services also requires offices to alert bureau management to other, nonreportable deficiencies, such as those the OIG team identified.<sup>25</sup>

### *Telecommunications: Lack of Budget Oversight*

In FY 2014, PM did not analyze and monitor its \$1.47-million telecommunications budget for landline service, wireless equipment and service, and Internet and fob services. The bureau did not track and seek reimbursement for personal use, a requirement under 4 FAM 492.1 b. Lack of oversight for the \$420,000 FY 2014 wireless device budget is a particular concern. PM lacks a written policy for wireless device use and distribution and accurate records for devices and users. In addition, the bureau did not review monthly charges for wireless device voice and data. An OIG team review of 4 months' billings from FY 2014 for 80 device lines showed monthly voice and data charges as high as \$872 per line. For 11 of the 80 device lines reviewed, charges exceeded \$300 even though the average line charge for 1 month was \$63. The deficiencies result from both lack of awareness and the absence of a written policy governing telephone and handheld device use. PM's senior management has fund control responsibilities under 4 FAM 082.1 d. Absent a monitoring plan, PM risks incurring unnecessary, unreasonable, and unreimbursed expenses.

**Recommendation 14:** The Bureau of Political-Military Affairs should issue a bureauwide telecommunications policy and monitor usage of telecommunications devices. (Action: PM)

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<sup>25</sup> Memorandum for Assistant Secretaries and Bureau Directors, "Reporting Requirements for the Federal Managers' Financial Integrity Act and FY 2014 Management Control Statement of Assurance," Bureau of the Comptroller and Global Financial Services, July 2014.

### *Purchase Card Program Lacks Required Internal Controls*

An authorized approving official does not approve all purchase card actions in advance. PM made 205 purchase card transactions in FY 2014, valued at \$118,000. Inspectors reviewed 15 transactions totaling \$44,000. Monthly purchase card statements were reconciled and signed by cardholders and approving officials but were not dated. Purchase card reconciliations were 2 months overdue. The Department's SmartPay2 Worldwide Purchase Card Program Manual provides guidance on transaction authorization responsibilities and dating action and deadline requirements for reconciliations. The FY 2014 annual program review, the program's key internal control required by 4 FAM 455.3 a. (4), was overdue. Lack of awareness contributed to this condition. Failing to implement internal controls increases the risk for loss and inaccurate financial reporting.

**Recommendation 15:** The Bureau of Political-Military Affairs should establish management control oversight of its purchase card program. (Action: PM)

### *Actual Travel Expenses Lack Justification*

Until the inspection, PM had been regularly authorizing actual lodging expenses for certain travelers without considering any special or unusual circumstances justifying actual expenses. Although travel authorizations did not always lead to lodging expenses exceeding the Government per diem rate, an OIG team review of 103 FY 2014 hotel nights totaling \$29,500 determined that expenses exceeded per diem rates in 39 instances, or 38 percent of the nights, and resulted in additional costs of \$5,100. Provisions of 14 FAM 576 require that travel authorizations for actual expenses be limited to specific travel assignments when, because of special or unusual circumstances of the assignment, the government per diem rate would be much less than the amount required to meet the necessary subsistence expenses of the traveler. In none of the cases reviewed did documentation justify the existence of these circumstances. The practice of automatically authorizing actual lodging expenses is not consistent with prudent management of travel funds, which is required under 14 FAM 561.2, and results in unnecessary costs. During the inspection, PM's executive office developed written standard operating procedures to rectify the process of routinely authorizing actual lodging expenses.

### **Information Technology**

PM staff receive information management and information security support from three providers. First, a division in the joint executive office provides support for several PM software applications and manages a development network for application testing. Second, the joint executive office also performs information systems security officer duties for PM and manages the bureau's SharePoint sites and video conferencing capabilities. DDTC has its own chief information officer to manage the information technology systems that the directorate's staff uses. Third, as a result of consolidation, the Bureau of Information Resource Management provides desktop support to PM users.

The inspection found that PM has insufficient space for secure communications and lacks a bureauwide policy on records management. Further, the Bureau of Information Resource Management has not provided adequate support to the PMAT office, located in its Office of International Security Operations. The inspection also identified missing components in the performance plans for the primary and alternate information systems security officers. The executive office revised the relevant performance plans' work commitments for the information systems security officers during the inspection.

### ***Secure Communications Space Is Insufficient***

PM does not have a sufficient number of conference rooms equipped with secure phones and video conference capabilities to support the work of the seven PM offices in State Annex-1. In January 2015, three PM offices comprising 74 staff members were relocated from the Harry S Truman building to State Annex-1. The Bureau of Administration constructed the PM workspace, located on several floors of the annex, without adequate space and equipment for secure communications. As a result, staff members are limited in their ability to hold secure conversations. Without sufficient conference rooms equipped with secure capabilities in State Annex-1, the PM staff has been holding conversations and meetings in alternative locations in the Department. In accordance with 12 FAM 675, PM needs to obtain written approval from the Bureau of Diplomatic Security to use any space for secure communications. The executive office indicated a willingness to pursue the issue if it were determined that PM required additional secure communications capabilities in State Annex-1.

**Recommendation 16:** The Bureau of Political-Military Affairs should survey secure communications needs in State Annex-1 and pursue any needed enhancements with its executive office. (Action: PM)

### ***Records Management Practices Not Up to Standards***

PM does not maintain its files and records in accordance with Department regulations. Currently, staff retains documents in several ways, including saving files on personal drives or in folders located in more than 20 shared network drives. Several PM offices use SharePoint sites to retain documents. A component of PM also stores boxes of documents in storage areas. The lack of management attention and guidance on records management has resulted in disarray in file management. A review of documents in shared drives and SharePoint sites revealed a lack of organization and consistency in the naming of folders and documents. An OIG team review of saved documents indicated no evidence of version control.

Per guidance from the Bureau of Administration and Department standards in 5 FAH-4 H-300 and 5 FAM 440, bureaus and offices should ensure that folder names are clear, simple, and concise. Further, offices should establish naming conventions to provide a set of rules for naming folders and individual records in a consistent and logical way. An established and enforced records management process will ensure that records can be located and retrieved in a timely manner, provide a complete record of official actions, and support the operation of PM programs.

**Recommendation 17:** The Bureau of Political-Military Affairs should establish and disseminate a records management policy outlining standards for maintaining files and records to include guidance on storage, naming conventions, and version control for documents. (Action: PM)

### *United States Export Systems*

In July 2013, PM implemented United States Export Systems (USXPORTS) in support of the President's Export Control Reform Initiative. Although DOD is the system owner for the USXPORTS system, PM uses the system to support its licensing program. Several legacy systems collect information and feed into USXPORTS. These systems assist with submitting and tracking license applications and registrations as well as collect information to track companies and individuals that do not conform to International Traffic in Arms Regulations guidelines. The legacy systems also track data related to individual cases and directed and voluntary disclosures of International Traffic in Arms Regulations infractions. PM has determined that these legacy systems can no longer be updated for the bureau's continued use and is working to replace them.

### *User Group Is Inactive*

PM created a Department USXPORTS user group to meet periodically to discuss problems with the DOD-owned and operated USXPORTS system; however, the user group has never been formalized, nor has it held regular meetings. The user group developed a charter that outlines its scope and purpose with details on the points of contact in the various PM offices. However, the charter has not been finalized or approved. Further, the user group has not met since February 2013, contrary to the quarterly basis stipulated in the draft charter.

PM intended to establish the user group as a forum for the user community to consolidate requests to DOD for future enhancements. PM officials have put the user group on hold, thinking that DOD would not make changes to USXPORTS until other Federal agencies, including the U.S. Department of Commerce, join the system. However, without a forum for PM users of USXPORTS to express their viewpoints and develop needed changes to the system, each user provides required changes to DOD individually. As stated in 3 FAH-2 H-123, decision making should be based on a consolidated view of needed improvements, after gathering and analyzing all facts, developing possible solutions, and presenting a solution that offers the best balance of gains, costs, and risks. A formalized user group that meets on a regular basis will ensure that issues and needed improvements for USXPORTS are developed and shared with DOD in a prioritized manner rather than as individual needs.

**Recommendation 18:** The Bureau of Political-Military Affairs should finalize and approve the charter for the United States Export Systems user group. (Action: PM)

**Recommendation 19:** The Bureau of Political-Military Affairs should reconvene the United States Export Systems user group and meet on a regular basis with representation from all bureau offices. (Action: PM)

### *Political-Military Action Team*

The Bureau of Information Resource Management does not provide adequate information technology support to the PMAT, a 24-hour watch center. The PMAT staff has experienced problems with their thin client workstations, and the Bureau of Information Resource Management has not addressed the associated trouble tickets in a timely manner. From January 1 to March 13, 2015, PMAT opened 41 trouble tickets, 12 related to thin client workstation issues. The Bureau of Information Resource Management took an average of 9 days to resolve these trouble tickets. The delay may be attributed to tickets being submitted under an individual's rather than the office's name. When the Bureau of Information Resource Management tries to contact the individual, a shift rotation has occurred, with a different individual sitting at the affected workstation. Further, the Bureau of Information Resource Management may not be aware of the nature of the PMAT's work and therefore has not placed these calls on their priority list.

The Customer Liaison Division in the Bureau of Information Resource Management is aware of the issues with thin client workstations and the resolution of trouble tickets. The Customer Liaison Division is working to have PMAT placed on the VIP list for faster resolution, as well as researching whether trouble tickets could be designated as "PMAT" rather than with an individual's name. The Bureau of Information Resource Management has also planned an upgrade of PM thin clients to a newer version of the software that will enable secure remote sessions.

## SECURITY PROGRAM

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### **Security Management**

The bureau security officer is a Civil Service officer from the Bureau of Diplomatic Security who provides oversight for the three Arms Control and International Security-family bureaus. In addition, a principal unit security officer in DDTC and primary and alternate unit security officers in each of its 11 offices assist him. The OIG team found no major concerns regarding physical security, procedural security, or security training. One significant deficiency, however, is lack of effective communication between the bureau security office and PM staff, which negatively affects bureau operations.

### *Miscommunication and Misinterpretation of Security Policy*

Questions about security procedures are not routinely funneled through the bureau security officer; rather, PM personnel contact various outside sources on their own initiative, and the resulting guidance may or may not be accurate. Pre-inspection surveys and interviews confirmed that a number of bureau employees have made decisions on the basis of erroneous or misinterpreted information on security regulations or policy changes. Also, the Department increasingly uses self-initiated technology for security-related transactions such as applications for security clearance background investigations or clearance transfers, but individual employees

are often unaware that these procedures exist or are not trained in their use. The bureau security officer is not proactive and is not the central point of contact for security guidance.

The OIG team observed several examples in which incorrect interpretation of security policies resulted in procedures that were detrimental to bureau operations. In some cases, PM personnel had been misinformed and did not request escort authority for military detailees and contractors. This incorrect interpretation resulted in some contract office management specialists not being authorized to escort cleaning crews, which is part of their job description, and some military detailees did not receive escort authority when issued Department badges. The staff is unaware of the requirements for VIP escort privileges. The staff is also not following procedures for foreign contact reporting, security incident reporting, and the new Department policy for transfers of security clearances to other facilities.

Section II. C. 6, of the memorandum of agreement between the Bureau of Diplomatic Security and the Under Secretary for Arms Control and International Security states that the bureau security officer provides operational oversight and guidance to all unit security officers and principal unit security officers.

**Recommendation 20:** The Bureau of Political-Military Affairs should notify bureau personnel that the bureau security officer is the sole source for information regarding security policy. (Action: PM)

The bureau security officer does not disseminate security information appropriately, which leads to policy and procedural misunderstandings. One-time notification cannot suffice nor ensure that policy is understood or followed. The executive office Web site is an effective media tool for information dissemination and is available to bureau security officers to fulfill their duties.

**Recommendation 21:** The Bureau of Political-Military Affairs should request the bureau security officer to provide security reminders, newsletters, and updates on the executive office Web site to educate bureau personnel on the latest changes regarding security policy. (Action: PM)

### *Lack of Clarity on Security Clearance Process*

The OIG team's review of correspondence and staff interviews indicated that PM leadership does not understand the reasons for security clearance delays and the options for requesting interim security clearances. PM is concerned that Bureau of Diplomatic Security delays in completing security clearance investigations have resulted in the loss of quality, conditionally hired candidates. In addition, office directors have not been requesting interim security clearances because they believed that the Bureau of Diplomatic Security was no longer approving them.

Following two high-profile national security incidents, the U.S. Government changed a number of security clearance procedures, and confusion persists about processes and their impact on hiring. The Bureau of Diplomatic Security's Web site explains clearance procedures, delays, and

the process for requesting interim clearances. Had managers consulted the Web site, they would have realized that they could still request interim security clearances in most cases. The bureau security officer failed to provide office directors and bureau managers clarity on the interim security clearance process.

**Recommendation 22:** The Bureau of Political-Military Affairs should issue a bureau notice explaining the security clearance process and listing a point of contact to address questions and provide information. (Action: PM)

## **Bureau Emergency Action Plan**

As required in 6 FAM 424.1, PM's emergency action plan addresses the bureau's role in continuity of government and emergency preparedness. Four of eight bureau-essential functions support the Department's mission-essential function of providing continued foreign economic and military assistance during crises. However, the OIG team's document reviews and personal interviews revealed that PM's emergency action planning process is deficient in two areas.

1. The PM front office and office directors are not sufficiently engaged in emergency planning. Leadership leaves most emergency planning to the bureau emergency action plan coordinator. The most recent documented event relating to emergency planning was an emergency action committee meeting the Assistant Secretary conducted on May 27, 2014.
2. PM's emergency action plan is not in compliance with several Department criteria outlined in 6 FAM 410.

### ***Lack of Executive Ownership of Emergency Planning Process***

The bureau emergency action coordinator during the inspection was a military detailee within the Office of International Security Operations who volunteered for the additional duty. He built and maintained a viable emergency action plan; however, bureau senior leadership does not give emergency planning the necessary level of attention. As did his predecessor, the emergency action coordinator, for example, maintains the bureau emergency action plan and related documents—most dated 2013—in the office shared drive as opposed to a central location that is easily accessible to all staff and demonstrates the front office's commitment to the plan.

Federal Continuity Directive 1, (7) advises that continuity planning is a holistic organizational effort and should not be delegated to individuals or offices. The plan must be fully incorporated into the daily operations of each office. The Federal Emergency Management Agency preparedness guide "Developing and Maintaining Emergency Operations Plans" further states that senior leadership must enforce the concept of emergency planning as a critical necessity in the agency's hierarchy of goals. Department regulation 6 FAM 416.1 specifically assigns to the Assistant Secretary the responsibility to identify bureau personnel with specific skills that may be of use in an emergency and to develop and maintain emergency action plans. Insufficient

leadership engagement in emergency planning detracts from an integrated bureau process and effective planning.

**Recommendation 23:** The Bureau of Political-Military Affairs should appoint as bureau emergency action plan coordinator a direct-hire staff officer under front office supervision. (Action: PM)

***Partial Noncompliance in Domestic Emergency Management Program***

Several PM employees, including military detailees, serve on both the mission critical team and the emergency action team simultaneously. Department regulation 6 FAM 416.1, which provides guidance for emergency preparation, states that employees cannot serve on both teams and that only permanent Department employees may participate in this capacity.

Although listed on the executive office Web site, the emergency action plan is not conspicuously displayed on PM's Web site, as required by 6 FAM 416.1-1(10) and (12). PM staff members cannot easily locate it. The link to the Office of Emergency Management informational Web site, <http://eprepare.a.astate.gov>, is embedded on page 7 of PM's plan under Authorities and References. The bureau emergency action plan must be posted on the bureau's Web site, easily accessible to all bureau personnel with an accompanying hyperlink to the Office of Emergency Management SharePoint site.

The bureau emergency action plan contains names of personnel who no longer work in the bureau because it has not been updated regularly. Per 6 FAM 416.1(7), the mission critical team roster must be reviewed and updated on a quarterly basis. Implementation of this and other requirements of 6 FAM 416.1 ensures an up-to-date, all inclusive emergency plan that meets Office of Emergency Management requirements.

**Recommendation 24:** The Bureau of Political-Military Affairs should implement an emergency preparedness program that complies with the Department's Domestic Emergency Management Program. (Action: PM)

## RECOMMENDATIONS

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**Recommendation 1:** The Office of Civil Rights, in coordination with the Bureau of Human Resources, should conduct Equal Employment Opportunity training for all Bureau of Political-Military Affairs employees, managers, and leadership. (Action: S/OCR, in coordination with DGHR)

**Recommendation 2:** The Bureau of Political-Military Affairs should require all senior- and mid-level employees to take the mandatory Equal Employment Opportunity and diversity awareness training offered by the Foreign Service Institute. (Action: PM)

**Recommendation 3:** The Bureau of Political-Military Affairs should conduct a staffing review of all foreign policy advisor positions before initiating any future personnel actions for recruitment and staffing. (Action: PM)

**Recommendation 4:** The Bureau of Political-Military Affairs should conclude International Cooperative Administrative Support Services agreements with all embassies providing administrative support to foreign policy advisors. (Action: PM)

**Recommendation 5:** The Bureau of Political-Military Affairs, in coordination with the Bureau of the Comptroller and Global Financial Services, should track and collect reimbursements for foreign policy positions covered by reimbursable detail agreements. (Action: PM, in coordination with CGFS)

**Recommendation 6:** The Bureau of Political-Military Affairs should modify and disseminate to all commands the memorandum of understanding with the U.S. Department of Defense, including details on information technology support and equipment for foreign policy advisors. (Action: PM)

**Recommendation 7:** The Bureau of Political-Military Affairs should require grants officer representatives to document reviews of performance and financial reports, devise a monitoring plan for each open grant, and include trip reports in grants files. (Action: PM)

**Recommendation 8:** The Bureau of Political-Military Affairs should include documentation of proper sole source justifications in grants files. (Action: PM)

**Recommendation 9:** The Bureau of Administration, in coordination with the Bureau of Political-Military Affairs, should execute a service level agreement. (Action: A, in coordination with PM)

**Recommendation 10:** The Bureau of Political-Military Affairs should define the roles and responsibilities of the Office of Plans and Initiatives and identify staffing resource requirements accordingly. (Action: PM)

**Recommendation 11:** The Bureau of Political-Military Affairs should establish a formal mechanism to assess bureauwide staffing priorities. (Action: PM)

**Recommendation 12:** The Bureau of Political-Military Affairs should request that the Bureau of Human Resources conduct an organizational and workload study of the joint executive office. (Action: PM)

**Recommendation 13:** The Bureau of Political-Military Affairs should designate a representative to fulfill the duties of a training coordinator. (Action: PM)

**Recommendation 14:** The Bureau of Political-Military Affairs should issue a bureauwide telecommunications policy and monitor usage of telecommunications devices. (Action: PM)

**Recommendation 15:** The Bureau of Political-Military Affairs should establish management control oversight of its purchase card program. (Action: PM)

**Recommendation 16:** The Bureau of Political-Military Affairs should survey secure communications needs in State Annex-1 and pursue any needed enhancements with its executive office. (Action: PM)

**Recommendation 17:** The Bureau of Political-Military Affairs should establish and disseminate a records management policy outlining standards for maintaining files and records to include guidance on storage, naming conventions, and version control for documents. (Action: PM)

**Recommendation 18:** The Bureau of Political-Military Affairs should finalize and approve the charter for the United States Export Systems user group. (Action: PM)

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**Recommendation 23:** The Bureau of Political-Military Affairs should appoint as bureau emergency action plan coordinator a direct-hire staff officer under front office supervision. (Action: PM)

**Recommendation 24:** The Bureau of Political-Military Affairs should implement an emergency preparedness program that complies with the Department's Domestic Emergency Management Program. (Action: PM)

## PRINCIPAL OFFICIALS

Title	Name	Arrival Date
<b>Front Office:</b>		
Assistant Secretary	Puneet Talwar	4/9/14
Principal Deputy Assistant Secretary	Todd Chapman	9/2/14
Deputy Assistant Secretary	Kenneth Handelman	10/8/13
Deputy Assistant Secretary	Samuel Perez	12/10/12
Deputy Assistant Secretary	Gregory Kausner	4/8/13
Senior Advisor Security Negotiations and Agreements	John J. Fennerty	8/2014
<b>Office Directors:</b>		
Office of Congressional and Public Affairs	Joshua M. Paul	4/2012
Office of the Foreign Policy Advisor	Robert B. Murphy, (Acting)	1/2015
Office of Defense Trade Controls Compliance	Sue Gainor	11/2013
Office of Defense Trade Controls Licensing	Anthony M. Dearth	11/2013
Office of Defense Trade Controls Policy	C. Edward Peartree	8/2013
Office of International Security Operations	Charles Denman, CAPT USN (Acting)	12/2014
Office of Plans and Initiatives	Michael L. Smith	4/2014
Office of Weapons Removal and Abatement	Stanley L. Brown	7/2013
Office of Regional Security and Arms Transfers	Michael F. Miller (Acting)	8/2014
Office of Security Assistance	Kevin P. O'Keefe	3/2014 <sup>26</sup>
<b>Source:</b> PM.		

<sup>26</sup> Headed the predecessor office of the Office of Security Assistance since 9/2006.

## APPENDIX A: SCOPE AND METHODOLOGY

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This report was completed in accordance with OIG's oversight responsibilities, as described in Section 8L of the Inspector General Act of 1978, as amended. The inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department and the Broadcasting Board of Governors.

### Purpose and Scope

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

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

### Methodology

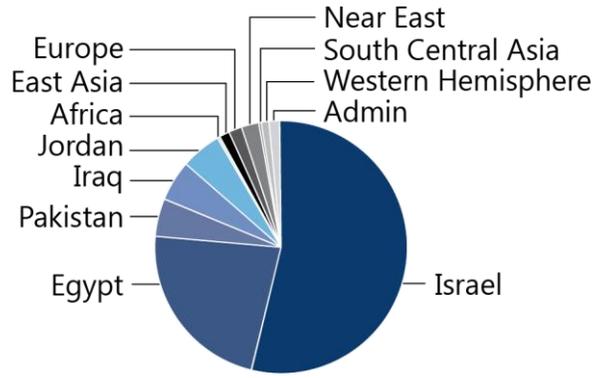
In conducting inspections, the inspectors review pertinent records; as appropriate, circulate, review, and compile the results of survey instruments; conduct onsite interviews; and review the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.

For this inspection, the OIG team conducted approximately 100 interviews in the survey phase and 350 interviews in the inspection phase (some people were interviewed more than once). The team also reviewed 213 personal questionnaires, 43 foreign policy advisor field surveys, and more than 700 documents.

## APPENDIX B: DISTRIBUTION OF FOREIGN MILITARY FINANCING FY 2015

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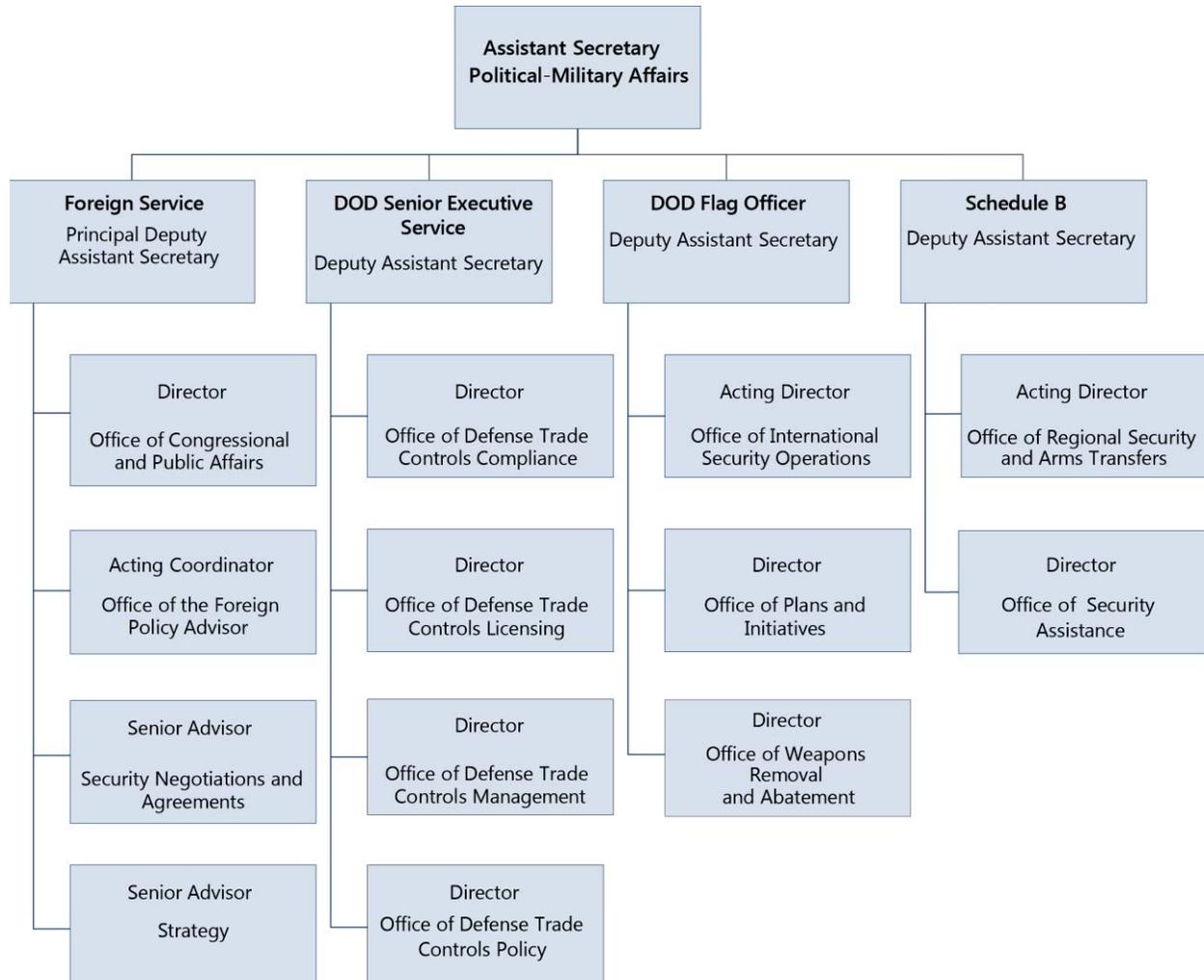
Figure 2: Distribution of Foreign Military Financing FY 2015



Source: PM

# APPENDIX C: PM BUREAU ORGANIZATION CHART 2015

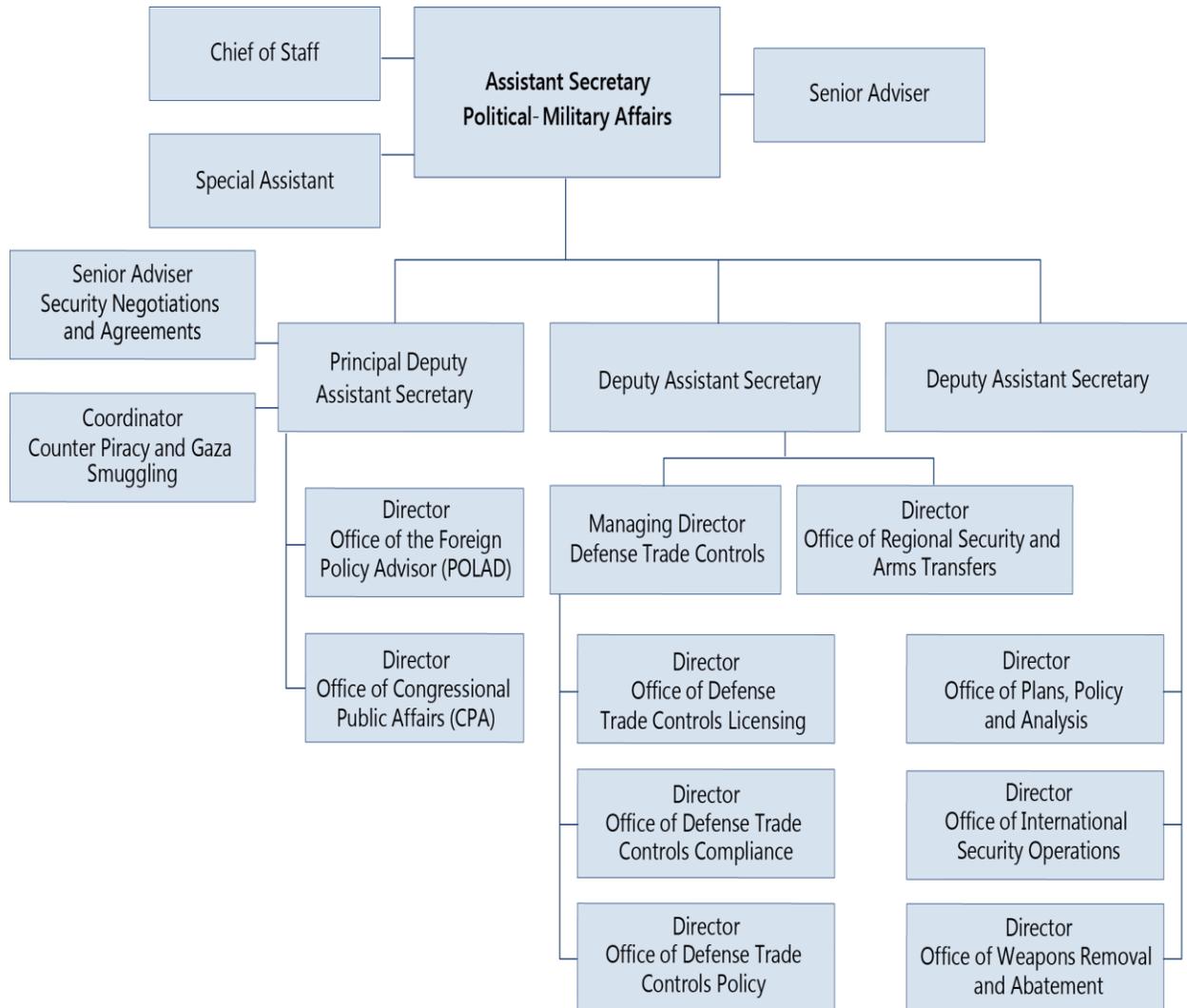
## PM Bureau Organization Chart January 2015



Source: PM

# APPENDIX D: PM BUREAU ORGANIZATION CHART 2012

## PM Bureau Organization Chart June 2012



Source: PM

## ABBREVIATIONS

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AQM	Bureau of Administration, Office of Logistics Management
DDTC	Directorate of Defense Trade Controls
Department	U.S. Department of State
DOD	Department of Defense
FAH	<i>Foreign Affairs Handbook</i>
FAM	<i>Foreign Affairs Manual</i>
FMF	Foreign Military Financing
ICASS	International Cooperative Administrative Support Services
IMET	International Military Education and Training
ISIL	Islamic State of Iraq and the Levant
NADR	Nonproliferation, Antiterrorism, Demining, and Related Programs
OIG	Office of Inspector General
PKO	Peacekeeping Operations
PM	Bureau of Political-Military Affairs
PMAT	Political-military action team
USXPORTS	United States Export Systems

## INSPECTION TEAM MEMBERS

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Leslie Gerson, Deputy Team Leader

Georgia Hubert

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