

UNCLASSIFIED



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**Management Assistance Report:
Open Audit Recommendations Awaiting
Final Action and Closure**

MANAGEMENT ASSISTANCE REPORT

UNCLASSIFIED

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Summary of Review

The purpose of this Management Assistance Report (MAR) is to facilitate the prompt closure of selected open, unclassified Office of Audits recommendations by bringing them to the attention of the Under Secretary for Management (Under Secretary). As of June 10, 2019, 22 unclassified Office of Audits report recommendations—made to 9 Department of State (Department) entities that had not responded to Office of Inspector General (OIG) inquiries concerning the status of actions to implement those recommendations—remain open. In each instance, a response from the Department entity was overdue by 4 months or longer.¹ Furthermore, 6 of these 22 recommendations had been previously reported in a 2018 MAR.²

The recommendations concern deficiencies related to contract and grant oversight, the Department's travel card program, conference reporting, the armored vehicle program, Antiterrorism Assistance program, fee-setting methodologies for consular services, data published on public websites, and the administration of working capital funds. Without current information on the status of implementation efforts regarding the 22 open recommendations, OIG has no assurance that corrective actions are being or have been completed. Each open recommendation addresses a deficiency within the Department, its resources, and its programs.

The Under Secretary, as the Department's Audit Follow-up Official, ensures that timely responses are made to all OIG recommendations and that, regardless of implementation responsibilities, corrective actions are taken.³ Therefore, OIG provides monthly reports on open OIG recommendations to the Under Secretary and provided 2 MARs in 2017 and 2018 on 29 recommendations made to 10 action entities that did not respond to OIG inquiries regarding implementation status. In response to the latest MAR in 2018, the Under Secretary sent a Directive in March 2019 to the delinquent action entities to prompt responses and the implementation of corrective actions. However, two of the action entities with overdue responses in the 2018 report did not respond to OIG on the status of those recommendations.

After issuing a draft of this report, OIG received responses from 2 bureaus that relate to 4 of the 22 recommendations discussed in this report. On the basis of the responses and information provided, OIG was able to close 4 of the 22 recommendations. However, OIG has not received any information pertaining to the remaining 18 recommendations. As a result, OIG requests that the Under Secretary intervene and monitor the status of corrective actions for the 18 recommendations referenced in this report until the actions have been completed and the recommendations closed.

¹ These 22 recommendations from 10 reports reflect only those open recommendations with responses that are overdue for 120 days or longer and are unclassified. The 22 recommendations are not the totality of open recommendations and reports addressed to Department entities.

² Management Assistance Report: Further Attention Needed to Address Overdue Responses on Selected Open Recommendations (AUD-ACF-18-51, August 2018).

³ 1 FAM 044.1(10).

With respect to the single recommendation made to the Under Secretary for Management, OIG considers this recommendation resolved, pending further action. The recommendation will be closed when OIG receives documentation demonstrating that the Under Secretary for Management (a) directed the Department entities responsible for the recommendations in this report to respond to OIG within 30 days to explain the status of actions taken to implement the recommendations and (b) will periodically follow up with those entities concerning the status of their corrective actions until the recommendations are closed. A synopsis of management's response to the recommendation made by the Under Secretary and OIG's reply is presented in the Conclusion section of this report. Management's response to a draft of this report, received August 13, 2019, is reprinted in its entirety in Appendix A.

OBJECTIVE

The purpose of this MAR is to facilitate the prompt closure of selected open, unclassified Office of Audits recommendations by bringing them to the attention of the Under Secretary. OIG performed this assessment by compiling compliance data and related information about OIG's open report recommendations.

BACKGROUND

Responsibilities of the Under Secretary for Management and the Audit Follow-Up Process

The Under Secretary is responsible for providing the operational platform and facilities that the United States needs to carry out its foreign policy mission. These responsibilities include management of the people, resources, budget, facilities, technology, financial operations, consular affairs, logistics, contracting, and security needed for Department operations. Moreover, the Under Secretary is the Secretary's principal advisor on management issues and is designated the Department's Audit Follow-up Official. In this role, the Under Secretary serves to ensure (a) timely responses are made to all OIG recommendations, regardless of implementation responsibilities, (b) disagreements are resolved, and (c) corrective actions are taken.⁴

Office of Management and Budget (OMB) Circular No. A-50, "Audit Followup,"⁵ requires each agency to ensure that systems are in place to promptly and properly resolve and implement audit recommendations, including written corrective actions plans, when appropriate. Similarly, the Foreign Affairs Manual (FAM) establishes Department policies for audit resolution, follow-up, and closure.⁶

OIG considers a recommendation unresolved, resolved, or closed on the basis of actions that the Department has taken or plans to take in response to the recommendation. A recommendation is

⁴ 1 FAM 044.1(10).

⁵ OMB Circular No. A-50 Revised, "Audit Followup" (September 29, 1982).

⁶ 1 FAM 056.

considered unresolved if the Department has not taken action to address the recommendation or the action proposed does not meet the intent of the recommendation offered. A recommendation is considered resolved when the Department agrees to implement it and has begun—but has not yet completed—actions to fully implement it. Open recommendations include both unresolved and resolved recommendations. A recommendation is considered closed when the Department has completed actions necessary to address the intent of the recommendation and has provided OIG evidence demonstrating that no additional action is required.

When issuing a final audit report, OIG instructs action entities, responsible bureaus, and overseas posts to provide OIG with a written response for each recommendation within 30 days from the date issued. OIG requires that each response to the final report include a management decision indicating agreement or disagreement with the recommended action. When agreement is reached, the response should include corrective actions taken or planned, as well as actual or target dates for completion. When disagreement is expressed, the response should include reasons for the disagreement and any alternative proposals for corrective action. OIG reviews the responses and any supporting documentation and replies to the action entity. After the initial response, updates on corrective actions and responses to subsequent OIG correspondence are typically required within 30 days to 90 days, depending on the complexity of the recommendation. This process continues until the action entity completes corrective actions that fully address the intent of the recommendation and provides OIG with documentary evidence of the completed actions. At that time, OIG verifies the actions, closes the recommendation, and notifies the action entity that no further action is required.

In accordance with the *Inspector General Act of 1978*, as amended,⁷ OIG is required semiannually to provide Congress with a summary of each OIG report issued for which no management decision was made during the previous 6-month period. Heads of agencies are required to report to Congress on significant recommendations from previous semiannual reports on which final action has not been completed.

The recommendations concern deficiencies related to contract and grant oversight, the Department's travel card program, conference reporting, the armored vehicle program, Antiterrorism Assistance, fee-setting methodologies for consular services, data published on public websites, and the administration of working capital funds; all of which require attention by the Department entities assigned as the action entity for the recommendation. OIG performed this compliance follow-up assessment by compiling compliance data and related information about open, unclassified Office of Audits recommendations involving domestic bureaus.

RESULTS

As of June 10, 2019, 22 unclassified Office of Audits report recommendations—made in 10 reports to 9 Department entities that have not responded to OIG inquiries concerning the

⁷ 5 United States Code App. § 5.

status of actions to implement those recommendations—remain open.⁸ In each instance, a response from the Department entity is overdue by 4 months or longer. Without current information on the status of implementation efforts regarding these open recommendations, OIG has no assurance that corrective actions are underway or have been completed. Each open recommendation addresses a deficiency within the Department, its resources, and its programs.

Of these 22 recommendations, 6 that involve the Bureaus of African Affairs (AF) and Near Eastern Affairs (NEA) were previously reported in *Management Assistance Report: Further Attention Needed to Address Overdue Responses on Selected Open Recommendations* (AUD-ACF-18-51, August 2018). The remaining 16 recommendations are directed to: the Office of the Director General for Human Resources (DGHR); the Bureau of Democracy, Human Rights, and Labor (DRL); the Under Secretary for Management, Office of Major Events and Conferences Staff (M/MECS); the Bureau of Administration (A); the Bureau of Counterterrorism (CT); the Bureau of the Comptroller and Global Financial Services (CGFS); and the Bureau of Budget and Planning (BP).

Table 1 lists the Department entity that has not responded to OIG inquiries regarding the implementation status of the recommendation, the corresponding report number, the number of recommendations requiring a response, the response due date, and the number of days the response is overdue.

⁸ After issuing a draft of this report, OIG received responses from 2 bureaus, the Bureau of Administration and BP, that relate to 4 of the 22 recommendations addressed in this report. On the basis of those responses, OIG closed those 4 recommendations.

Table 1. Department Entities With Significantly Overdue Responses to OIG as of June 10, 2019

Department Entity	Report Number	Number of Recommendations	Response Due Date	Days Overdue
AF	AUD-CG-14-07	1 ^a	11/5/2018	217
AF	AUD-CG-14-31	2 ^a	11/5/2018	217
DGHR	AUD-CGI-16-48	1	4/6/2018	430
DRL	AUD-MERO-17-01	3	9/14/2018	269
NEA	AUD-MERO-17-01	3 ^a	11/26/2018	196
M/MECS	AUD-CGI-17-07	2	12/6/2018	186
A	AUD-SI-17-21	3 ^b	9/10/2018	273
CT	AUD-MERO-17-37	1	6/4/2018	371
CGFS	AUD-FM-17-53	1	4/30/2018	406
CGFS	AUD-FM-18-03	4	12/6/2018	186
BP	AUD-FM-18-44	1 ^c	12/18/2018	174
Total		22		

^a These recommendations were previously reported in AUD-ACF-18-51, August 2018.

^b On August 2, 2019, the Bureau of Administration provided OIG with documentation to support the closing of all three recommendations.

^c On July 9, 2019, BP provided OIG with documentation to support closing this recommendation.

Source: Generated by OIG using audit compliance data as of June 10, 2019.

Since September 2018, OIG has been providing the Under Secretary reports each month that outline the status of all OIG recommendations. In addition, in 2017 and 2018, OIG provided the Under Secretary with two reports⁹ to underscore open recommendations with overdue responses. In the 2018 report, OIG recommended that the Under Secretary direct delinquent action entities to respond to OIG with the implementation status or evidence that would warrant the closure of the recommendation. In response, the Under Secretary issued a memorandum directing the action entities to respond to OIG on the status of their respective recommendations. However, as of June 10, 2019, two of the action entities with overdue responses in the 2018 report, namely AF and NEA, have not responded to OIG, despite the Under Secretary's direction in March 2019 to do so.

The 22 recommendations referenced in this report concern deficiencies related to contract and grant oversight, the Department's travel card program, conference reporting, the armored vehicle program, Antiterrorism Assistance program, fee-setting methodologies for consular services, data published on public websites, and the administration of working capital funds.

On July 8, 2019, OIG provided the Under Secretary for Management with a draft of this report for review and comment and provided courtesy copies to the nine bureaus addressed in this report. On August 13, 2019, the Under Secretary provided written comments and concurred with the

⁹ Management Assistance Report: Department Attention Needed to Address Overdue Responses on Selected Open Recommendations (AUD-ACF-17-55, July 2017) and Management Assistance Report: Further Attention Needed to Address Overdue Responses on Selected Open Recommendations (AUD-ACF-18-51, August 2018).

recommendations, stating that he would “issue a memo” to the applicable Assistant Secretaries or equivalents, “directing them to notify OIG of the status of the recommendations”; “delegate the periodic follow-up to the Office of Management Policy, Rightsizing, and Innovation (M/PRI)”; and if M/PRI encounters “difficulty obtaining timely responses,” the Under Secretary of Management will “address the matter directly with the bureau leaders to resolve the issue.” After issuing a draft of this report, OIG separately received evidence of actions taken by 2 bureaus to implement 4 of the 22 recommendations referenced. On the basis of the response and the information provided, those 4 recommendations were closed. As a result, 18 recommendations discussed in this report remain open, and OIG awaits information regarding the status of these recommendations from 7 Department bureaus.

Reports With Open Recommendations Awaiting Final Action and Closure

AUD-CG-14-07 – Audit of Department of State Selection and Positioning of Contracting Officer’s Representatives

Report Details: In this January 2014 report, OIG reported that Contracting Officer’s Representative (COR) experience, positioning, and oversight within AF was inadequate, which resulted in AF using third-party contractors to perform inherently governmental functions. The report explained that because the CORs were positioned in Washington, DC, and the site coordinators were in Africa, the CORs were unable to provide an appropriate degree of management oversight of site coordinators who were performing inherently governmental functions, as defined by the Federal Acquisition Regulation.¹⁰ OIG made 10 recommendations to the 2 responsible bureaus to improve contract administration and oversight within AF.

Compliance Activities: AF has not provided OIG with documentation to support closing one of the nine recommendations offered, and the response for Recommendation 2 is overdue.¹¹ OIG requested an update from AF by November 5, 2018,¹² and on March 7, 2019, the Under Secretary¹³ directed AF to respond to OIG on this recommendation. However, as of June 10, 2019, AF has not responded.

Following is AF’s open recommendation from AUD-CG-14-07 and its current status:

Recommendation 2. OIG recommended that the Bureau of African Affairs not use contractors to perform contract administration and oversight tasks to avoid assigning inherently governmental, critical, or closely related functions to contractors, as prohibited by the Federal Acquisition Regulation.

¹⁰ AUD-CG-14-07, Audit of Department of State Selection and Positioning of Contracting Officer’s Representatives (citing FAR 37.114 and FAR 7.503(c)).

¹¹ The other nine recommendations in this report are closed.

¹² Record Email, 18 MDA 22492, September 5, 2018.

¹³ Direction occurred in response to OIG’s recommendation to the Under Secretary from Management Assistance Report: Further Attention Needed to Address Overdue Responses on Selected Open Recommendations (AUD-ACF-18-51, August 2018).

Status (June 10, 2019): Resolved, pending further action. OIG requests that AF either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

AUD-CG-14-31 – Audit of the Administration and Oversight of Contracts and Grants Within the Bureau of African Affairs

Report Details: In this August 2014 report, OIG identified numerous deficiencies within AF's oversight of its contracts and grants that may have inhibited AF's ability to achieve its mission. Most relevant to this MAR, AF did not use contracting personnel on site to monitor contractor performance, perform and document site visits to validate recipient performance, or identify high-risk grant recipients for the two grants that qualified as high risk according to Department policies. OIG made 24 recommendations to the 2 responsible bureaus to improve the administration and oversight of AF's contracts and grants.

Compliance Activities: AF has not provided OIG with documentation to support closing the remaining two open recommendations made to AF in this report, and its response to the two recommendations is overdue.¹⁴ OIG requested an update from AF by November 5, 2018,¹⁵ and on March 7, 2019, the Under Secretary¹⁶ directed AF to respond to OIG on these two open recommendations. However, as of June 10, 2019, AF has not responded.

Following are AF's two open recommendations from AUD-CG-14-31 and their current status:

Recommendation 5. OIG recommended that the Bureau of African Affairs discontinue the use of site coordinators in locations that allow Government personnel to work within that country and develop and implement processes to ensure that contracting officer's representatives and government technical monitors with the appropriate levels of Federal Acquisition Certification for Contracting Officer's Representatives are officially delegated to conduct oversight of their assigned contracts.

Status (June 10, 2019): Resolved, pending further action. OIG requests that AF either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

¹⁴ The other 22 recommendations are closed.

¹⁵ Record Email, 18 MDA 22490, September 5, 2018.

¹⁶ Direction occurred in response to OIG's recommendation to the Under Secretary from Management Assistance Report: Further Attention Needed to Address Overdue Responses on Selected Open Recommendations (AUD-ACF-18-51, August 2018).

Present Status: Resolved, pending further action.

Recommendation 24. OIG recommended that the Bureau of African Affairs Grants Officer Representatives (GOR) assess the risk of ongoing grants and identify and re-classify high-risk grant recipients. For each high-risk recipient, GORs should develop a risk mitigation strategy that includes changes to oversight and a corrective action plan.

Status (June 10, 2019): Resolved, pending further action. OIG requests that AF either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

AUD-CGI-16-48 – Audit of the Department of State Travel Card Program

Report Details: In this September 2016 report, OIG identified a lack of internal controls and procedures within the Department’s oversight of its Travel Card Program. Most relevant to this MAR, OIG identified 1,306 travel card transactions that occurred in FY 2014 and FY 2015, valued at approximately \$222,348, that were made at prohibited or questionable merchants, such as physicians and charitable organizations. This occurred, in part, because the Department had not developed or imposed administrative and disciplinary procedures, as prescribed in the *Government Charge Card Abuse Prevention Act of 2012*, to prevent travel card abuse. OIG made seven recommendations to two responsible bureaus to improve internal controls for the Department’s Travel Card Program.

Compliance Activities: DGHR has not provided OIG with documentation to support closing the one remaining open recommendation made to DGHR in this report, and its response is overdue.¹⁷ OIG requested an update from DGHR by April 6, 2018.¹⁸ However, as of June 10, 2019, OIG has not received a response.

Following is DGHR’s one open recommendation from AUD-CGI-16-48 and its current status:

Recommendation 3. OIG recommended that the Office of the Director General for Human Resources, in conjunction with the Bureau of the Comptroller and Global Financial Services, develop and implement administrative and disciplinary procedures related to the Travel Card Program to include misuse, non-usage, and abuse.

Status (June 10, 2019): Resolved, pending further action. OIG requests that DGHR either provide evidence demonstrating that it has taken actions that justify closing

¹⁷ Regarding the other six recommendations: three are closed and three are resolved.

¹⁸ Record Email, 18 MDA 4942, March 5, 2018.

the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

AUD-MERO-17-01 – Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance

Report Details: In this November 2016 report, OIG reported that NEA and DRL did not consistently follow either the Department’s Federal Assistance Policy Directive 2.05-B or NEA’s Syrian Opposition Vetting Guidance for Grantees. Most relevant to this MAR, OIG reported that NEA and DRL did not always ensure implementing partners submitted information on their program staff or participants to the Department for vetting prior to the start of work or participation in program activities. Because some individuals were not vetted in accordance with applicable guidance, the risk that U.S. Government assistance could have been inadvertently delivered to terrorists or their supporters increased. OIG made nine recommendations to the five responsible bureaus to improve the vetting of implementing partners’ key personnel, staff, and program participants, in accordance with the Department’s policies and guidance.

Compliance Activities for three recommendations to NEA: NEA has not provided OIG with documentation to support closing three recommendations made to NEA in this report, and its response is overdue.¹⁹ OIG requested an update from NEA by November 26, 2018,²⁰ and on March 7, 2019, the Under Secretary²¹ directed NEA to respond to OIG. However, as of June 10, 2019, NEA has not responded.

Following are NEA’s three open recommendations from AUD-MERO-17-01 and their current status:

Recommendation 2. OIG recommended that the Bureau of Near Eastern Affairs distribute the consolidated vetting guidance from Recommendation 1²² to implementing partners to make them aware of Department vetting requirements.

Status (June 10, 2019): Resolved, pending further action. OIG requests that NEA either provide evidence demonstrating that it has taken actions that justify closing

¹⁹ Regarding the other six recommendations: two are closed and four are considered resolved, pending further action (these recommendations are associated with DRL and the Under Secretary).

²⁰ Record Email, 18 MDA 18656, July 25, 2018.

²¹ Direction occurred in response to OIG’s recommendation to the Under Secretary from Management Assistance Report: Further Attention Needed to Address Overdue Responses on Selected Open Recommendations (AUD-ACF-18-51, August 2018).

²² In Recommendation 1, OIG recommended that the Under Secretary for Management consolidate and codify all current Syria vetting policies issued by the Department and bureaus into one detailed guidance explaining specifically how the vetting process should be carried out for Syrian awards. This consolidated guidance should be distributed to all bureaus once completed.

the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

Recommendation 3. OIG recommended that the Bureau of Near Eastern Affairs develop and implement internal controls to verify that its implementing partners are submitting information on required individuals for vetting in accordance with the consolidated vetting guidance from Recommendation 1.

Status (June 10, 2019): Resolved, pending further action. OIG requests that NEA either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

Recommendation 4. OIG recommended that the Bureau of Near Eastern Affairs include in future award agreements the vetting requirements for Syria programs.

Status (June 10, 2019): Resolved, pending further action. OIG requests that NEA either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action

Compliance Activities for three recommendations to DRL: DRL has not provided OIG with documentation to support closing the three recommendations made to DRL in this report, and the response is overdue.²³ OIG requested an update from DRL by September 14, 2018.²⁴ However, as of June 10, 2019, OIG has not received a response.

Following are DRL's three open recommendations from AUD-MERO-17-01 and their current status:

Recommendation 5. OIG recommends that the Bureau of Democracy, Human Rights, and Labor distribute the consolidated vetting guidance from Recommendation 1 to implementing partners to make them aware of Department vetting requirements.

Status (June 10, 2019): Resolved, pending further action. OIG requests that DRL either provide evidence demonstrating that it has taken actions that justify closing

²³ Regarding the other six recommendations: two are closed and three are resolved (these recommendations are associated with NEA).

²⁴ Record Email, 18 MDA 9194, April 25, 2018.

the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

Recommendation 6. OIG recommends that the Bureau of Democracy, Human Rights, and Labor develop and implement internal controls to verify that its implementing partners are submitting information on required individuals for vetting in accordance with the consolidated vetting guidance from Recommendation 1.

Status (June 10, 2019): Resolved, pending further action. OIG requests that DRL either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

Recommendation 7. OIG recommends that the Bureau of Democracy, Human Rights, and Labor include in future award agreements the vetting requirements for Syria programs.

Status (June 10, 2019): Resolved, pending further action. OIG requests that DRL either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

AUD-CGI-17-07 – Management Assistance Report: Department of State Conference Reporting

Report Details: In this October 2016 report, OIG reported that the FY 2015 public conference report was not posted on the Department’s website until March, rather than January 31 as required. In addition, all applicable conference spending may not have been included. For example, in a previous audit, OIG determined that the Department holds annual continuing medical education conferences with costs exceeding \$100,000. These conferences were not registered in the conference tracking and approval system or listed in the annual public conference reports for FYs 2013 through 2015.

The shortcomings in reporting all conference spending occurred, in part, because guidance was inconsistent and unclear. Furthermore, the Department had not reminded personnel about conference registration, approval, and reporting requirements since August 2014. Without consistent and clear guidance and periodic reminders to help ensure compliance, the risk of conference registration requirements being misunderstood and the Department not being able

to ensure that all required conferences are accounted for and reported increases. OIG made three recommendations to M/MECS²⁵ to improve the Department's conference reporting.

Compliance Activities: M/MECS has not provided OIG with documentation to support closing the two remaining open recommendations made to M/MECS in this report, and the response is overdue.²⁶ OIG requested an update from M/MECS by December 6, 2018.²⁷ However, as of June 10, 2019, OIG has not received a response.

Following are the two open recommendations directed at M/MECS from AUD-CGI-17-07 and their current status:

Recommendation 1. OIG recommended that the Under Secretary for Management, Office of Major Events and Conferences Staff,²⁸ develop and disseminate formal guidance regarding registering, approving, and reporting conferences in compliance with Federal requirements.

Status (June 10, 2019): Resolved, pending further action. OIG requests that M/MECS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

Recommendation 3. OIG recommended that the Under Secretary for Management, Office of Major Events and Conferences Staff,²⁹ develop and implement a communications strategy to periodically keep Department of State personnel informed of conference registration, approval, and reporting requirements to ensure the integrity of the data is accurately reported and errors are corrected in a timely manner.

Status (June 10, 2019): Resolved, pending further action. OIG requests that M/MECS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

²⁵ OIG made three recommendations to the Under Secretary for Management, Office of Management Policy, Rightsizing, and Innovation; however, M/PRI informed OIG in April 2017 that administration of the conference tracker and approval system had been transferred to M/MECS.

²⁶ The other recommendation is closed.

²⁷ Record Email, 18 MDA 22596, September 6, 2018.

²⁸ The text of this recommendation has been modified to reflect the change in action entity as requested by the Department.

²⁹ Ibid.

AUD-SI-17-21 – Audit of the Bureau of Diplomatic Security’s Administration of the Armored Vehicle Program

Report Details: In this February 2017 report, OIG reported that DS did not effectively administer the armored vehicle program in accordance with Department policies and guidelines because DS had not developed appropriate procedures, guidance, or processes. In addition, DS did not maintain accountability over armored vehicles stored domestically because of a lack of policies and procedures. Furthermore, OIG reported that overseas posts did not always sufficiently maintain armored vehicles because of a lack of oversight by embassy personnel. OIG made 38 recommendations to the 3 responsible bureaus and the 3 responsible overseas posts to address the deficiencies identified in the armored vehicle program.

Compliance Activities: The Bureau of Administration has not provided OIG with documentation to support closing the three open recommendations made to it in this report, and the response is overdue.³⁰ OIG requested an update from the Bureau of Administration by September 10, 2018.³¹ However, as of June 10, 2019, OIG has not received a response. After receiving a draft of this report, the Bureau of Administration provided OIG with documentation to support closing all three recommendations on August 2, 2019.

Following are the Bureau of Administration’s three open recommendations from AUD-SI-17-21 and their current status:

Recommendation 17. OIG recommends that the Bureau of Administration update the Foreign Affairs Manual and the Foreign Affairs Handbook to require the use of the Fleet Management Information System for all armored vehicles.

Status (June 10, 2019): Resolved, pending further action. OIG requests that the Bureau of Administration either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, the Bureau of Administration provided OIG with evidence that it completed actions to justify closing this recommendation.

Present Status: Closed, no further action required.

Recommendation 26. OIG recommends that the Bureau of Administration develop guidance for posts to require that responsible officials at overseas posts periodically check that motor pool personnel are performing the daily and weekly routine checks of armored vehicles.

³⁰ Regarding the other 35 recommendations: 23 are closed and 12 are considered resolved, pending further action.

³¹ Record Email, 18 MDA 16126, July 10, 2018.

Status (June 10, 2019): Resolved, pending further action. OIG requests that the Bureau of Administration either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, the Bureau of Administration provided OIG with evidence that it completed actions to justify closing this recommendation.

Present Status: Closed, no further action required.

Recommendation 27. OIG recommends that the Bureau of Administration update the Foreign Affairs Manual to include a requirement for all overseas posts to develop and implement a mission policy to ensure that armored vehicles receive the required preventative maintenance.

Status (June 10, 2019): Resolved, pending further action. OIG requests that the Bureau of Administration either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, the Bureau of Administration provided OIG with evidence that it completed actions to justify closing this recommendation.

Present Status: Closed, no further action required.

AUD-MERO-17-37 – Management Assistance Report: Challenges Remain in Monitoring and Overseeing Antiterrorism Assistance Program Activities in Pakistan

Report Details: In this May 2017 compliance follow-up report, OIG reported that a robust Antiterrorism Assistance program monitoring and evaluating system had not been established. OIG made five recommendations to the three responsible bureaus to improve monitoring and evaluation of the program.

Compliance Activities: CT has not provided OIG with documentation to support closing the remaining open recommendation in this report, and the response is overdue.³² OIG requested an update from CT by June 4, 2018.³³ However, as of June 10, 2019, OIG has not received a response.

Following is CT's one open recommendation from AUD-MERO-17-37 and its current status:

³² The other four recommendations in this report are closed.

³³ Record Email, 18 MDA 7302, April 3, 2018.

Recommendation 1. OIG recommended that the Bureau of Counterterrorism, in coordination with the Bureau of Diplomatic Security, implement a monitoring and evaluation system to include measuring performance in accordance with the requirements outlined in the Department's Performance Management Guidebook and the Memorandum of Agreement executed between the Bureaus of Counterterrorism and Diplomatic Security's Office of Antiterrorism Assistance.

Status (June 10, 2019): Resolved, pending further action. OIG requests that CT either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

AUD-FM-17-53 – Audit of the Bureau of Consular Affairs Fee-Setting Methodology for Selected Consular Services

Report Details: In this September 2017 report, OIG reported that CA³⁴ collected \$3.7 billion in revenue from consular fees in FY 2014 and \$4.1 billion in FY 2015; however, the cost for providing services was \$3.3 billion each year. As a result, CA charged more than necessary to cover the costs of services rendered and may have violated the Antideficiency Act and appropriations law. OIG made 11 recommendations to the 2 responsible bureaus to improve aspects of the Department's fee-setting methodology that did not comply with OMB Circular A-25.

Compliance Activities: CGFS has not provided OIG with documentation to support closing the remaining open recommendation in this report, and the response is overdue.³⁵ OIG requested an update from CGFS by April 30, 2018.³⁶ However, as of June 10, 2019, OIG had not received a response.

Following is CGFS's one open recommendation from AUD-FM-17-53 and its current status:

Recommendation 3. OIG recommends that the Bureau of the Comptroller and Global Financial Services determine whether the Bureau of Consular Affairs violated the Antideficiency Act, 31 U.S. Code §1341, for each year in which it spent funds from any fee collections in excess of cost, and report any violations as required by 31 U.S. Code §1351 and in accordance with Office of Management and Budget Circular A-11, Section 145.

³⁴ CGFS is responsible for monitoring consular revenues and ensuring that revenue is applied to correct accounts.

³⁵ Regarding the other 10 recommendations: 3 are closed and 7 are resolved.

³⁶ Record Email, 18 MDA 4636, February 28, 2018.

Status (June 10, 2019): Resolved, pending further action. OIG requests that CGFS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

AUD-FM-18-03 – Audit of the Department of State’s Implementation of the Digital Accountability and Transparency Act of 2014

Report Details: Under the Digital Accountability and Transparency Act of 2014 (DATA Act), OMB and the U.S. Department of the Treasury (Treasury) established standards for spending data to be displayed on USASpending.gov. The Treasury developed an Information Technology system—the DATA Act Broker—to facilitate the submission of agency data. Agency Senior Accountable Officials certify seven data files (DATA Act Files A, B, C, D1, D2, E, and F) as part of quarterly submissions to the Treasury’s DATA Act Broker.

In this November 2017 report, OIG reported that the Department did not certify overseas transactions and identified issues with the accuracy, completeness, timeliness, and quality of the data submitted and certified in DATA Act Files C, D1, and D2. As a result, OIG concluded that 64.4 percent of the domestic transactions that were tested did not meet the quality requirements outlined by OMB. OIG made four recommendations to CGFS to improve the quality of the data submitted for publication on the USASpending.gov website.

Compliance Activities: CGFS has not provided OIG with documentation to support closing the four open recommendations in this report, and the response is overdue. OIG requested an update from CGFS by December 6, 2018.³⁷ However, as of June 10, 2019, OIG had not received a response.

Following are CGFS’s four open recommendations from AUD-FM-18-03 and their current status:

Recommendation 1. OIG recommended that the Bureau of the Comptroller and Global Financial Services complete the implementation of system interfaces and new procedures that are designed to improve financial data collection overseas.

Status (June 10, 2019): Resolved, pending further action. OIG requests that CGFS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

³⁷ Record Email, 18 MDA 22586, September 6, 2018.

Recommendation 2. OIG recommended that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of Administration, update and issue guidance for Contracting Officers and Grants Officers related to entering accurate and complete procurement and financial assistance award transaction data into the Federal Procurement Data System – Next Generation and the Award Submission Portal.

Status (June 10, 2019): Resolved, pending further action. OIG requests that CGFS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

Recommendation 3. OIG recommends that the Bureau of the Comptroller and Global Financial Services, in coordination with the Bureau of Administration, modify existing quality control procedures to include a requirement to verify the accuracy of data contained in DATA Act Files D1 and D2 generated from the Federal Procurement Data System – Next Generation and the Award Submission Portal.

Status (June 10, 2019): Resolved, pending further action. OIG requests that CGFS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

Recommendation 4. OIG recommends that the Bureau of the Comptroller and Global Financial Services develop and implement procedures to verify that the quarterly DATA Act File C submission includes only transactions that occurred within the applicable quarter.

Status (June 10, 2019): Resolved, pending further action. OIG requests that CGFS either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

Present Status: Resolved, pending further action.

AUD-FM-18-44 – Audit of the Department of State’s Process to Identify and Transfer Excess Working Capital Funds

Report Details: In this June 2018 report, OIG reported that the Department had not established adequate policies and procedures to implement the statutory requirement to evaluate and remit excess earnings to the Treasury. Furthermore, the Department did not establish procedures explaining how the Bureau of Administration, Office of the Executive Director, Working Capital Fund

Division would coordinate with BP to calculate excess earnings and then transfer those funds as miscellaneous receipts to the Treasury. OIG made four recommendations to the two responsible bureaus to improve the Department's pricing methodologies, internal controls, and processes for the Working Capital Fund.

Compliance Activities: OIG requested an update from BP by December 18, 2018.³⁸ After providing the draft report, OIG became aware of a previously unrecorded response from BP and obtained additional documentation from BP to support closing this recommendation on July 9, 2019.

Following is BP's one open recommendation from AUD-FM-18-44 and its current status:

Recommendation 3. OIG recommends that the Bureau of Budget and Planning develop and implement procedures for determining excess earnings within the Working Capital Fund on an annual basis, as required by 22 U.S. Code §2684. The procedures, at a minimum, should include a methodology to determine the amount of excess earnings in the Working Capital Fund, a process to communicate the determination to the Secretary of State, and the manner in which excess earnings will be remitted to the U.S. Department of the Treasury when determined to be in excess to the needs of the fund.

Status (June 10, 2019): Resolved, pending further action. OIG requests that BP either provide evidence demonstrating that it has taken actions that justify closing the recommendation or notify OIG of the planned corrective actions and target dates for their completion.

After receiving a draft of this report, BP provided OIG with evidence that it completed actions to justify closing this recommendation.

Present Status: Closed, no further action required.

CONCLUSION

OIG prepared this report under its audit compliance and follow-up responsibilities as stated in OMB Circular A-50, 1 FAM 056 *Audit and Inspection Recommendation Compliance*, and OIG's Office of Audits Manual. OIG believes the evidence presented provides a reasonable basis for the findings and conclusions made in this report and trusts that this MAR will be useful in completing the actions necessary to justify closing the open recommendations identified in this report.

OIG offers recommendations within its audit reports to address the root causes of challenges identified and tracks the status of recommendations to verify that corrective actions have been taken to implement agreed-upon findings and recommendations. Audit follow-up is an integral part of good management and a shared responsibility of both the Department and OIG.

³⁸ Record Email, 18 MDA 28452, October 18, 2018.

Without current information on the status of implementation efforts regarding the 18 open recommendations, OIG has no assurance that corrective actions are being or have been completed. Each open recommendation addresses a deficiency within the Department, its resources, and its programs.

The Under Secretary, as the Department's Audit Follow-up Official, ensures that timely responses are provided for all OIG recommendations and planned corrective actions are completed. OIG requests that the Under Secretary intervene and monitor the status of corrective actions for the 18 recommendations referenced in this report until each has been implemented and closed.

To facilitate the closing of open recommendations, OIG is making the following recommendation to the Under Secretary.

Recommendation 1: OIG recommends that the Under Secretary for Management (a) direct the Department entities responsible for the recommendations identified in this report to respond to OIG within 30 days of the issuance of this report with the status of actions taken to implement the recommendations and (b) periodically, but no more than every 90 days thereafter, follow up with those entities on the status of their corrective actions with recommendations that have yet to be implemented and closed.

Management Response: The Office of the Under Secretary for Management concurred with the recommendation and stated, as a first step, the Under Secretary for Management will issue a "memo to the appropriate officials, directing them to notify OIG of the status of recommendations considered resolved or unresolved as referenced in the report, within the 30-day time frame." The Under Secretary for Management "will delegate the periodic follow-up to the Office of Management Policy, Rightsizing, and Innovation (M/PRI), who will engage actively with bureaus to ensure they provide the cited updates and will keep [the Under Secretary for Management] apprised of any unjustified delays in action. Should M/PRI encounter difficulty in obtaining timely responses, [the Under Secretary for Management] will address the matter directly with bureau leaders to resolve the issue."

OIG Reply: On the basis of the Under Secretary's response, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives evidence demonstrating that the Office of the Under Secretary for Management has (a) directed the Department entities responsible for the recommendations in this report to respond to OIG within 30 days to explain the status of actions taken to implement the recommendations and (b) will periodically follow up with those entities concerning the status of their corrective actions until the recommendations are closed.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Under Secretary for Management (a) direct the Department entities responsible for the recommendations identified in this report to respond to OIG within 30 days of the issuance of this report with the status of actions taken to implement the recommendations and (b) periodically, but no more than every 90 days thereafter, follow up with those entities on the status of their corrective actions with recommendations that have yet to be implemented and closed.

APPENDIX A: UNDER SECRETARY FOR MANAGEMENT RESPONSE



United States Department of State

Washington, D.C. 20520

August 9, 2019

UNCLASSIFIED

TO: OIG/AUD – Norman Brown

FROM: Under Secretary for Management (M) – Brian J. Bulatao

SUBJECT: Compliance Update to Management Assistance Report: Further Department Attention Needed to Address Overdue Responses on Selected Open Recommendations

Thank you for the opportunity to review the draft OIG Management Assistance Report. The following comments respond to recommendation 1.

OIG Recommendation 1: OIG recommends that the Under Secretary for Management (a) direct the Department entities responsible for the recommendations identified in this report to respond to OIG within 30 days of the issuance of this report with the status of actions taken to implement the recommendations and (b) periodically, but no more than every 90 days thereafter, follow up with those entities on the status of their corrective actions with recommendations until the recommendations are closed.

Management Response: The Department concurs with this recommendation. As a first step, I will issue a memo to the appropriate officials, directing them to notify the OIG of the status of recommendations considered resolved or unresolved as referenced in the report, within the 30-day time frame. (See draft attached.) I will delegate the periodic follow-up to the Office of Management Policy, Rightsizing, and Innovation (M/PRI), who will engage actively with bureaus to ensure they provide the cited updates and will keep me apprised of any unjustified delays in action. Should M/PRI encounter difficulty in obtaining timely responses, I will address the matter directly with bureau leaders to resolve the issue.

Attachment:

Providing Compliance Updates to the OIG on Overdue Recommendations

The point of contact for this memorandum is Camille Pellegrino, at pellegrinoc@state.gov or 202-647-1285.

Approved: M/PRI – Jim S. Schwab (Ok)

Drafted: M/PRI – Camille Pellegrino 202-647-1285

Cleared: M/PRI: JSchechter-Torres (Ok)
M: Michael Lampel (Ok)

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