



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

AUD-CGI-20-12

## What OIG Audited

From FY 2016 through FY 2018, the Bureau of European and Eurasian Affairs, Office of the Coordinator of U.S. Assistance to Europe and Eurasia (ACE), was responsible for overseeing approximately \$1.3 billion in foreign assistance funds transferred to other Federal agencies and other intergovernmental organizations working in Europe, Eurasia, and Central Asia. U.S. foreign assistance funds targeted to the region support activities in a wide range of thematic areas, including security, rule of law, economic growth, democratic governance, independent media, and health and education.

The Office of Inspector General (OIG) conducted this audit to determine whether ACE oversight of foreign assistance funds transferred to other Federal agencies and other intergovernmental organizations was in accordance with applicable Federal laws and Department of State (Department) policy. This audit was initiated, in part, to address a hotline complaint received in December 2016 that alleged ACE was not ensuring monitoring and evaluation (M&E) on nearly \$1 billion in foreign assistance funds provided to Federal agencies and other intergovernmental organizations.

## What OIG Recommends

OIG made six recommendations intended to improve ACE oversight of its implementing partners. On the basis of ACE's response to a draft of this report, OIG considers all six recommendations resolved, pending further action. A synopsis of ACE's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. ACE's response to a draft of this report is reprinted in its entirety in Appendix B. A summary of ACE's general comments to the draft report and OIG's replies is presented in Appendix C.

March 2020

## OFFICE OF AUDITS

CONTRACTS, GRANTS, AND INFRASTRUCTURE DIVISION

### Audit of the Office of the Coordinator for Assistance to Europe and Eurasia's Oversight of Foreign Assistance Funds Transferred to Implementing Partners

## What OIG Found

Oversight of foreign assistance funds transferred by ACE to its implementing partners performed from 2015 through 2017 was not in accordance with Federal law and Department policy. Specifically, ACE did not ensure that implementing partners were performing monitoring and evaluation activities. Furthermore, ACE did not obtain data from implementing partners necessary to perform evidence-based analysis of U.S. Government foreign assistance being provided to the region and to effectively coordinate funding for policies and programs among all U.S. Government agencies.

The lack of oversight occurred, in part, because ACE's primary focus was on the allocation of foreign assistance funds and the office did not implement necessary controls to effectively oversee foreign assistance programs being executed in the region by implementing partners. Specifically, ACE did not establish standard operating procedures to verify that implementing partners performed required oversight activities and executed sound management of the resources ACE provided. In addition, ACE did not establish standard operating procedures to ensure that it consistently collected M&E data from implementing partners. Furthermore, ACE did not have a tool to analyze and maintain the M&E data received from its implementing partners to determine whether U.S. policy goals in the region were being achieved.

ACE has recently taken needed steps to improve its oversight of implementing partners. OIG has, however, made recommendations that, when implemented, will help ACE ensure that programs in the region are being executed as intended. These recommendations will moreover enable ACE to ensure that progress is being made and make informed decisions about how to adjust program strategies and resource investments to achieve desired results.