

**Information Report: Risk Assessment of the Department of State Grant and Cooperative Agreement Closeout Process, AUD-CGI-20-25, March 2020**  
**Summary of Review**

The Grants Oversight and New Efficiency (GONE) Act<sup>1</sup> requires Inspectors General of agencies with more than \$500 million in annual grant funding, such as the Department of State (Department), to conduct risk assessments of their respective agencies' grant closeout process to determine whether an audit or review of the agency's grant closeout process is warranted.<sup>2</sup> Accordingly, the Office of Inspector General (OIG) conducted this risk assessment and concludes the risk associated with the Department's grant closeout process is "low."

To conduct this risk assessment, OIG reviewed and relied on grant and cooperative agreement data reported by the Department in 2017 and 2018. These reports were prepared by the Department's Bureau of the Comptroller and Global Financial Services based on data from various sources including the Global Financial Management System, the Payment Management System, the State Assistance Management System (SAMS), and overseas posts. In addition, OIG assessed the Department's closeout process using four criteria: internal controls; the reconciliation performed between SAMS and the Payment Management System; training; and prior audits.

On the basis of the results of this risk assessment, OIG concluded that an audit of the Department's grant and cooperative agreement closeout process is not warranted in FY 2020. However, OIG will include an audit of the Department's grant and cooperative agreement closeout process in its 2-year work plan covering FY 2022 through FY 2023.<sup>3</sup> In the interim, OIG encourages Department officials to continue prudent oversight of its grant and cooperative agreement closeout process and to ensure that all personnel involved in the closeout process follow internal controls intended to safeguard taxpayer funds.

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<sup>1</sup> Pub. L. No. 114-117 (January 28, 2016).

<sup>2</sup> On November 29, 2017, the Council of the Inspectors General on Integrity and Efficiency informed Congress that it believed that the GONE Act lacked clarity regarding the date by which OIGs must conduct the risk assessment. Therefore, the notification stated that OIGs would complete the risk assessments no later than March 31, 2020.

<sup>3</sup> The most recent audit that was performed of the Department's grant and cooperative agreement closeout process was completed in FY 2013. OIG intends to audit the Department's grant and cooperative agreement closeout process, at a minimum, once every 10 years. Therefore, OIG's 2-year work plan covering FY 2022 through FY 2023 will include an audit of the Department's grant and cooperative agreement closeout process.