



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-19-39

What OIG Audited

The Department of State (Department) allocated approximately \$41 million in foreign assistance funding for the Philippines to the Bureau of Counterterrorism and Countering Violent Extremism (CT), the Bureau of International Narcotics and Law Enforcement Affairs (INL), and the Office to Monitor and Combat Trafficking in Persons (J/TIP) from FY 2015 through FY 2018. To ensure that foreign assistance objectives are meeting intended goals and use of funding is transparent, the Department is responsible for implementing Federal and Department guidance for monitoring and evaluating its foreign assistance awards.

The Office of Inspector General (OIG) conducted this audit to determine whether Department-funded foreign assistance programs implemented in the Philippines were monitored and evaluated in accordance with Federal and Department requirements.

What OIG Recommends

OIG made 28 recommendations intended to improve the monitoring and evaluating of foreign assistance in the Philippines. On the basis of the Department's responses to a draft of this report, OIG considers 23 recommendations resolved pending further action, 4 recommendations unresolved, and 1 recommendation closed. A synopsis of management's comments to the recommendations and OIG's reply follow each recommendation in the Audit Results section of this report. Management's responses to a draft of this report are reprinted in their entirety in Appendices B through F. OIG's reply to technical comments provided by the Office of U.S. Foreign Assistance Resources is presented in Appendix G.

September 2019

OFFICE OF AUDITS

MIDDLE EAST REGION OPERATIONS

Audit of Monitoring and Evaluating Department of State Foreign Assistance in the Philippines

What OIG Found

Although CT, INL, and J/TIP generally monitored performance for their funded awards, OIG identified deficiencies with some elements that require improvement. For example, CT did not systematically monitor performance or collect and analyze data to inform its monitoring efforts, INL did not document its reviews of award performance, and J/TIP did not have monitoring plans that complied with the Federal Assistance Directive. These deficiencies occurred for various reasons, including the fact that the entities had not ensured that oversight officials followed Department or Federal guidance for monitoring.

Similarly, although CT, INL, and J/TIP generally conducted financial monitoring for their funded awards, OIG also identified deficiencies in this area that require improvement. For example, CT did not require the Bureau of Diplomatic Security to submit financial reports, INL did not review financial reports quarterly, and J/TIP allowed funds to be used to pay for salaries of personnel who were not actively working on J/TIP awards. These deficiencies occurred, in part, because of the lack of staff to provide oversight and because some staff did not follow Department and Federal guidance on financial monitoring. As a result, OIG questioned costs of \$109,756 spent on CT's and J/TIP's awards.

In addition, CT, INL, and J/TIP did not comply with the Foreign Affairs Manual, 18 FAM 300, when defining the programs subject to evaluation. This occurred, in part, because the Office of U.S. Foreign Assistance Resources allowed bureaus to deviate from the FAM when they defined their programs and did not verify that the bureaus were implementing all required elements of the guidance. Lacking program evaluations, the Department may not be able to ensure that U.S. strategic goals in the Philippines are being achieved.

Finally, based on a limited-scope review of two awards, OIG found that the Department of Justice (DOJ), while implementing one of CT's awards, did not accurately charge the time of personnel working under CT's award. In addition, CT allowed DOJ to spend funds after an award ended but prior to formally extending the period of performance. As a result, OIG questioned costs of \$417,771 as unallowable costs.