



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-26

(U) What OIG Audited

(U) In March 2016, President Barack Obama signed Executive Order 13721, which required the Secretary of State to establish the Global Engagement Center (GEC). The National Defense Authorization Act (NDAA) for FY 2017 then mandated that GEC “lead, synchronize, and coordinate efforts of the Federal Government to recognize, understand, expose, and counter foreign state and non-state propaganda and disinformation efforts aimed at undermining United States national security interests.” GEC received approximately \$98.7 million in FY 2018 to carry out its work, which includes approximately \$78.7 million in congressionally appropriated funds and \$20 million transferred from the Department of Defense. With this funding, GEC issued 39 Federal assistance awards in FY 2018, composed of grants and cooperative agreements, valued at \$58.6 million.

(U) The Office of Inspector General (OIG) conducted this audit to determine whether Federal assistance awards provided by GEC aligned with its statutory mandate and authority and whether GEC monitored those awards in accordance with Federal requirements, Department of State policies and guidance, and the award terms and conditions.

(U) What OIG Recommends

(U) OIG made five recommendations to GEC that are intended to improve the administration of GEC Federal assistance awards. GEC concurred with all five recommendations. GEC’s comments to the recommendations offered and OIG’s reply follow each recommendation in the Audit Results section of this report. GEC’s response to a draft of this report is reprinted in its entirety in Appendix B.

April 2020

OFFICE OF AUDITS

MIDDLE EAST REGION OPERATIONS

(U) Audit of Global Engagement Center Federal Assistance Award Management and Monitoring

(U) What OIG Found

(U) OIG reviewed all 39 grants and cooperative agreements that GEC awarded in FY 2018 and found that the stated purpose of all but 1 award (97 percent) aligned with GEC’s statutory mandate and authority. However, OIG selected 10 of the 39 Federal assistance awards for detailed testing and found that GEC did not consistently manage and monitor the awards tested in accordance with Federal requirements, Department policies and guidance, and award terms and conditions. Specifically, GEC officials did not always clearly designate roles and responsibilities for grants management personnel and 3 of 10 required award risk assessments contained errors. In addition, 9 of 10 monitoring and evaluation plans did not include all required elements and did not demonstrate a direct link to the final award scope of work, as required by the Department’s Federal Assistance Directive. Furthermore, OIG found that GEC officials did not review recipients’ performance reports and financial information in accordance with Department policies and guidance. Specifically, OIG found that 4 of 10 of the award recipients’ performance reports reviewed for this audit only provided descriptions of actions taken in the previous quarter and did not link implementing activities to any performance indicators.

(U) These deficiencies occurred, in part, because GEC did not have enough experienced personnel to issue, manage, and monitor cooperative agreements when the FY 2018 awards were issued. In addition, GEC has not formally adopted internal policies, processes, and procedures for managing and monitoring Federal assistance awards. During the audit, GEC hired additional staff members and plans to adopt internal policies, processes, and procedures by March 2020. Until these deficiencies are fully remediated, GEC will not be in a position to ensure award recipients are using funds as intended or be able to fully demonstrate that the awards being implemented are fulfilling GEC’s statutory mandate to coordinate efforts in countering propaganda and disinformation efforts aimed at undermining U.S. national security interests.