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OFFICE OF INSPECTIONS
Domestic Operations and Special Reports

Inspection of the Bureau of Democracy, Human Rights, and
Labor's Foreign Assistance Program Management

What OIG Found

- The Bureau of Democracy, Human Rights, and Labor took steps to strengthen internal controls as bureau-managed assistance funds nearly doubled since 2013. However, 11 of 26 direct-hire positions in the Office of Global Programming, which manages the bureau's foreign assistance, were vacant at the time of the inspection.
- The bureau did not update risk assessments and monitoring plans annually for 7 of the 13 grant files reviewed during the inspection. Moreover, the bureau did not systematically conduct and document site visits in accordance with monitoring plans.
- The Bureau of Democracy, Human Rights, and Labor returned \$6.6 million in canceled funds to the U.S. Treasury in FY 2016 and FY 2017, despite having a statutory reclassification authority to extend the period of availability for most foreign assistance appropriations.
- Expenditures on the bureau's foreign assistance grants were not accurately recorded in the Department of State's financial system, creating the potential for violations of the Anti-Deficiency Act.
- Spotlight on Success: Through an innovative program, the Bureau of Democracy, Human Rights, and Labor delivered financial compliance training to its grant recipients.

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What OIG Inspected

OIG inspected the Bureau of Democracy, Human Rights, and Labor's foreign assistance program management.

What OIG Recommended

OIG made 6 recommendations to improve the Bureau of Democracy, Human Rights, and Labor's management of foreign assistance, including recommendations to strengthen grants management and improve the bureau's financial management practices related to foreign assistance.

In its comments on the draft report, the Bureau of Democracy, Human Rights, and Labor concurred with all 6 recommendations. OIG considers all 6 recommendations resolved. The bureau's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.