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Office of Inspector General
United States Department of State

ISP-I-20-15

Office of Inspections

September 2020

Inspection of the Bureau of European and Eurasian Affairs

DOMESTIC OPERATIONS

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HIGHLIGHTS

Office of Inspector General
United States Department of State

ISP-I-20-15

What OIG Inspected

OIG inspected the executive direction, policy and program implementation, resource management, and information management operations of the Bureau of European and Eurasian Affairs.

What OIG Recommends

OIG made 6 recommendations: 5 to the Bureau of European and Eurasian Affairs and 1 to the Bureau of Information Resource Management.

In its comments on the draft report, the Department concurred with 5 recommendations and neither agreed nor disagreed with 1 recommendation. OIG considers 5 recommendations resolved and 1 recommendation unresolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

September 2020
OFFICE OF INSPECTIONS
DOMESTIC OPERATIONS

Inspection of the Bureau of European and Eurasian Affairs

What OIG Found

- The Bureau of European and Eurasian Affairs successfully supported Department of State policies and its overseas missions.
- While recognizing that the acting Assistant Secretary had a demanding travel and meeting schedule, bureau staff sought more opportunities to hear from him as the head of the bureau.
- Organizational structure and chronic understaffing impeded the mission of the Special Envoy for Holocaust Issues.
- The bureau did not review \$3.3 million in unliquidated obligations with no activity in over 1 year in a timely manner.
- An outdated service level agreement between the Bureau of Information Resource Management and the Bureau of European and Eurasian Affairs Information Technology helpdesk adversely affected customer service.
- The bureau's information management group lacked sufficient documentation for its application development activities.
- The Office of Public Diplomacy created templates for overseas posts to use in drafting and reporting their digital media strategies to better integrate digital media into their programming and provide for a higher level of coordination on policy messaging and countering disinformation.
- Spotlight on Success: The Office of Western European Affairs initiated an orientation program for new desk officers on topics such as bureau culture, the briefing paper process, working with the National Security Council, and handling high-level meetings.

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CONTEXT

The Bureau of European and Eurasian Affairs (EUR) implements U.S. foreign policy in Europe and Eurasia. The bureau promotes U.S. interests in the region on issues such as national security, enlarging North Atlantic Treaty Organization (NATO) membership, coordination with the European Union and other regional organizations, and support for democracy, human rights, civil society, economic prosperity, the war on terrorism, and nonproliferation. EUR gives direction to a total of 81 embassies, consulates, and offices that manage U.S. relations with 50 countries as well as to the U.S. missions to three international organizations: NATO, the European Union, and the Organization for Security and Cooperation in Europe.

The United States and the European Union have the largest economic trading relationship in the world, accounting for nearly \$1.3 trillion a year in goods and services trade, \$5.6 trillion in mutual investment, and sustaining 15 million jobs on both sides of the Atlantic. Forty percent of all overseas travelers to the United States come from Europe, and Europe hosts more than 150,000 American students at its universities each year.

EUR's principal mission is to preserve and strengthen the United States and Europe as a community of nations united by shared sacrifice and a commitment to common defense, democratic values, fair trade, and mutual strategic interests. However, EUR's FY 2021 Bureau Resource Request states that challenges from Russian and Chinese efforts to undermine Western democratic ideals and weaken support for transatlantic institutions as well as Chinese economic pressure threaten the U.S.-European alliance. European politics shaped by a populist wave that reasserted the prominence of national interests also contribute to this concern. In addition, terrorism and instability in the Middle East and Africa further exacerbate tensions throughout the region.

The 2019 Joint Regional Strategy (JRS) of EUR and the U.S. Agency for International Development's (USAID) Bureau for Europe and Eurasia includes four goals:

- Strengthen the Western alliance by making allies more able and willing to confront threats.
- Strengthen and balance the transatlantic trade and investment relationship.
- Secure Europe's eastern and southern frontiers.
- Promote American values to compete for positive influence against authoritarian rivals.

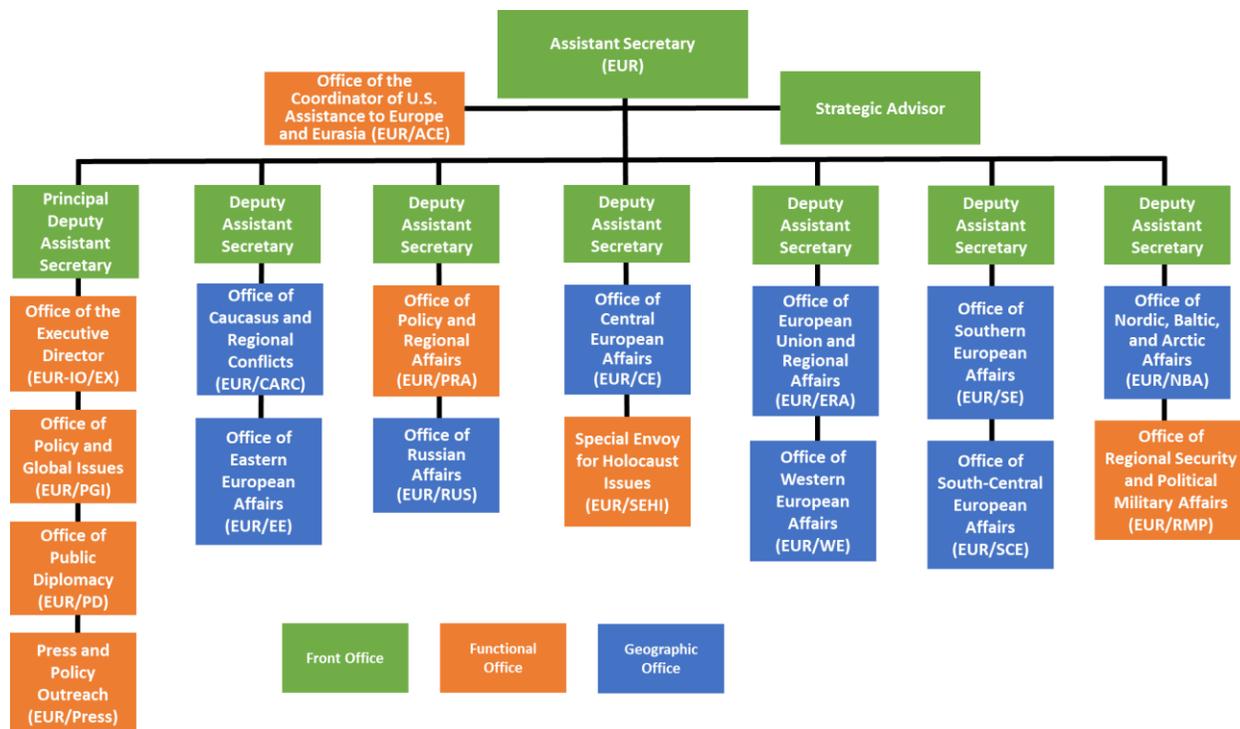
STAFFING, STRUCTURE, AND FOREIGN ASSISTANCE RESOURCES

EUR's approved staffing included 147 Civil Service positions and 170 Foreign Service positions.¹ At the time of the inspection, the bureau Front Office included an acting Assistant Secretary, an

¹ The Office of Management and Budget first announced a Government-wide hiring freeze on January 23, 2017. Although most positions were frozen and could not be filled if vacant, the Secretary approved specific exemptions to the hiring freeze to ensure the Department was able to meet critical needs. The Secretary lifted the hiring freeze

acting Principal Deputy Assistant Secretary (PDAS), and six Deputy Assistant Secretaries (DAS). As shown in the chart below, EUR comprises nine geographic offices and eight functional offices that report to the Front Office. At the time of the inspection, the Office of Press and Policy Outreach and the Office of Public Diplomacy were in the process of merging into one office.

Figure 1: Bureau of European and Eurasian Affairs Organizational Chart



Source: Generated by OIG from data provided by EUR.

In FY 2019, the bureau managed approximately \$1.2 billion in foreign assistance for the European and Eurasian region, including aid supporting development, security, counter-narcotics and law enforcement, and international organizations. The bureau's Office of the Coordinator of U.S. Assistance to Europe and Eurasia (ACE) coordinated an additional \$189.5 million for five countries in Central Asia.

OIG evaluated the bureau's executive direction, program and policy implementation, resource management, and information management, consistent with Section 209 of the Foreign Service Act of 1980.²

in May 2018; however, some vacancies remain. See OIG, *Review of the Effects of the Department of State Hiring Freeze* (ISP-I-19-23, August 2019). At the time of the inspection, 128 of EUR's approved 147 Civil Service positions and 162 of its 170 approved Foreign Service positions were filled.

² See Appendix A.

EXECUTIVE DIRECTION

OIG assessed bureau leadership based on interviews, questionnaires completed by EUR staff and by management officers and deputy chiefs of mission at EUR's overseas posts and OIG's review of documents and observations of bureau events during the inspection. OIG also conducted interviews with Department and interagency partners that elicited comments on EUR's performance in the interagency policy process.

Tone at the Top and Standards of Conduct

The acting Assistant Secretary, who arrived in March 2019, is a career Senior Foreign Service officer with more than 27 years of experience in foreign policy, primarily focused on European and Eurasian affairs. Prior to his appointment, he served as the European Command Civilian Deputy and Political Advisor. The EUR Special Advisor, also a career member of the Senior Foreign Service, arrived in August 2019 and assumed the duties of acting PDAS. Prior to arriving in EUR, she held positions as the Senior Advisor for the 2019 Global Entrepreneurship Summit and U.S. Ambassador to Bosnia and Herzegovina.

OIG found the acting Assistant Secretary and acting PDAS generally modeled the leadership and management principles in 3 Foreign Affairs Manual (FAM) 1214. EUR staff told OIG that the acting Assistant Secretary and acting PDAS complemented each other. They characterized the acting Assistant Secretary as strategic and engaging and stated that the acting PDAS provided continuity and stability given the acting Assistant Secretary's demanding schedule. Staff reported that bureau leadership fostered a collaborative atmosphere that included a sense of belonging to a team. During weekly DAS and DAS-office director meetings, OIG observed open communication and constructive dialog among the bureau's leadership and management staff.

Bureau Staff Sought More Communication From the Acting Assistant Secretary Despite the Challenges of His Demanding Schedule

While bureau staff recognized the demands of the acting Assistant Secretary's robust travel and meeting schedule, they told OIG that they desired more communication from the acting Assistant Secretary, as well as greater access to him. As the head of the bureau, staff wanted the Acting Assistant Secretary to be more visible when he was in Washington. OIG noted that between his arrival on March 18, 2019 and October 7, 2019, the acting Assistant Secretary hosted several events, specifically two town hall meetings and an awards ceremony, which gave EUR staff opportunities to hear from him directly. However, over that same period, the acting Assistant Secretary was in travel status for 87 days and when in Washington, he had a demanding meeting schedule. OIG's review of the acting Assistant Secretary's calendar for the period March 18 to October 7, 2019, showed 60 meetings with high-level foreign and domestic contacts when he was in Washington. These meetings were in addition to his standing Department and interagency meetings. Although the acting Assistant Secretary was frequently inaccessible to EUR staff, the staff told OIG that the acting PDAS was readily accessible to them and in her short time with the bureau, she had communicated with them frequently. OIG discussed with the acting Assistant Secretary his staff's desire to hear from him directly more

often. He committed to identify opportunities to broaden his visibility in the bureau and focus on ways to increase communication with staff.

Bureau Implemented Programs and Initiatives to Improve Diversity but Challenges Remain

Since at least 2017, EUR has been focused on recruiting a more diverse pool of Foreign Service bidders. Notwithstanding these efforts, the Bureau of Global Talent Management³ workforce diversity data showed that, as of June 30, 2019, EUR's total number of staff from diverse backgrounds were below Department averages, particularly for African American staff (see Figure 2). This was also the case in 2017 and 2018.

Figure 2: Workforce Diversity at the Bureau of European and Eurasian Affairs^a

EUR Rank ^b	Category	EUR Average	Department Average	Difference
3rd	White	83.5%	70.6%	12.9%
20th	Hispanic	5.8%	5.8%	0.0%
28th	Female	41.8%	49.0%	-7.2%
30th	Asian	5.2%	6.2%	-1.0%
42nd	African American	4.6%	16.2%	-11.6%

^a Data reflects full-time permanent workforce, as of June 30, 2019.

^b Out of 43 bureaus.

Source: Bureau of Global Talent Management.

EUR has taken the specific actions outlined below in an effort to address this issue:

- Released statements from the acting PDAS on EUR's commitment to diversity, inclusion, and service.
- Released a cable to communicate EUR's commitment to build teams that are representative of the American people and to create inclusive environments to maximize the talents and experiences of the EUR team.
- Performed Front Office outreach to Department affinity groups⁴ and encouraged affinity group members to bid on EUR positions.
- Created an EUR Diversity Working Group to identify ways EUR could help achieve the Department's diversity goals.
- Launched a Foreign Service diversity bidding website on the bureau's intranet site to provide more focus on diversity and inclusion in the bidding process.

³ The Bureau of Human Resources changed its name to the Bureau of Global Talent Management on February 19, 2020. Cable 20 STATE 17386, "Bureau Name Change: Introducing the Bureau of Global Talent Management," February 19, 2020.

⁴ Employee affinity groups serve as a link between diverse employee constituencies and the Department's senior management, Office of Civil Rights, and the Bureau of Global Talent Management. These groups promote internal networking, career development, and community service and are helpful in retention, recruitment, morale, skill development, and training initiatives.

- Offered sessions for hiring managers on skills-based interviewing techniques, and selected candidates based on skills rather than cone or previous bureau.
- Worked with the Bureau of Global Talent Management to provide unconscious bias classes, making them mandatory for Deputy Directors.

OIG determined that EUR made concerted efforts to enhance diversity through the actions noted above and adherence to the Department's Diversity and Inclusion Strategic Plan⁵ and advised the bureau to continue its efforts.

Execution of Foreign Policy Goals and Objectives

OIG found that stakeholders, within and outside of the Department, lauded EUR's policy formulation and implementation. Through interviews and documentation, OIG found that EUR staff expressed a clear understanding of their roles and policy goals in their areas of responsibility.

The acting Assistant Secretary exercised his responsibilities for conducting U.S. foreign relations with countries within the geographic region in accordance with 1 FAM 141.1 and 1 FAM 112. OIG interviews with senior Department officials outside of EUR and with interagency representatives yielded consistently high praise for the quality, timeliness, and thoughtfulness of bureau briefing papers, and officials frequently cited bureau staff as being highly responsive team players. EUR DASes noted that the bureau's positive, collegial atmosphere fostered collaboration and exchange on policy issues. Recent policy successes led by the bureau included expanding diplomatic ties with Belarus, enhancing regional cooperation on Arctic security, maintaining a united front on sanctions against Moscow in response to continued Russian aggression, and strengthening counterterrorism cooperation with Russia and Turkey despite heightened tensions on other issues. Department staff also spoke positively of the acting Assistant Secretary's contributions and consistently described him as the "go-to" subject matter expert for Department principals. OIG reviewed the acting Assistant Secretary's calendar and determined that, when in Washington, he had regular and varied contact with foreign Ambassadors, participated in diplomatic and foreign policy events, and received high-level visitors.

Bureau Did Not Consistently Follow Department Guidance Regarding the Joint Regional Strategy

The Front Office did not communicate to bureau staff the requirement to use or monitor the EUR-USAID JRS⁶ to guide the bureau's progress toward its strategic goals. OIG found that, absent direct guidance from the Front Office, EUR offices regularly cited the National Security

⁵ Department of State, 2016-2020 Diversity and Inclusion Strategic Plan. The plan is the Department's roadmap for building a workforce that reflects the nation's diversity and is a top priority for the Department.

⁶ The JRS was last published in January 2019 prior to the arrival of the acting Assistant Secretary and acting PDAS.

Strategy⁷ as EUR's policy guide instead. Staff told OIG that rapidly changing foreign policy guidance also made it difficult to follow the JRS and that they often referred to the National Security Strategy instead because of its broader scope and guidance. Through interviews and documentation, OIG also found that EUR offices did not consistently monitor the bureau's progress towards its strategic goals, as required by Department standards in 18 FAM 301.2-4(C)c.

During the inspection, OIG learned that EUR was planning a bureau-wide evaluation of the JRS in FY 2020, in accordance with 18 FAM 301.4-4b. OIG advised the acting Assistant Secretary and acting PDAS to give clear support to the JRS process in meetings and messages. Both agreed and, in a subsequent weekly meeting with the DASes, OIG observed the acting PDAS provide clear instructions that the JRS was the bureau's guiding strategy document. Additionally, the Front Office issued a bureau-wide notice that emphasized the need to use and monitor the JRS. As a result of these actions, OIG did not make a recommendation on this issue.

Developing and Mentoring Foreign Service Professionals

EUR's leadership did not provide structured professional development training and opportunities for the bureau's First- and Second-Tour (FAST) employees. OIG found that, although the bureau had a peer-driven voluntary initiative—known as EUR Driving Diversity, Growth, and Excellence (EDGE)—that was dedicated to the professional development of all entry- to mid-level employees in the bureau, the initiative did not provide formal mentoring and professional development activities, such as training opportunities and counseling, as outlined in 3 FAM 2242.4.

Department guidelines⁸ outline expectations that senior Foreign Service officers will play an active role in contributing to the professional development of FAST professionals. OIG advised the EUR Front Office to issue clear instructions to bureau supervisors regarding their responsibilities toward entry- and mid-level Foreign Service and Civil Service employees and to engage in formal mentoring and career development. The Front Office agreed and, during the inspection, issued guidance requiring supervisors to formally participate in developmental activities. As a result, OIG did not make a recommendation to address this issue.

POLICY AND PROGRAM IMPLEMENTATION

OIG assessed EUR's policy and program implementation through a review of the bureau's policy coordination and implementation, foreign assistance, and public diplomacy. OIG found the bureau generally met Department requirements for policy and program implementation, with the exceptions noted below.

⁷ The *National Security Strategy of the United States of America* is a congressionally mandated report that outlines the President's vision for advancing U.S. national security.

⁸ Cable 17 STATE 107128, "Committed to Effective Leadership: Value and Develop People," October 25, 2017, and cable 16 STATE 60232, "New Mentoring Initiatives for a Stronger Department of State," May 26, 2016.

Policy Implementation

OIG reviewed the bureau's nine geographic offices and eight functional offices, which include four policy offices⁹ and the Special Envoy for Holocaust Issues (SEHI), to assess policy formulation, implementation and coordination, leadership and management, and Leahy vetting.¹⁰ OIG found that the offices effectively coordinated with the Bureau of Democracy, Human Rights, and Labor, other stakeholders, and overseas posts in the region to support an effective Leahy vetting program. OIG also found that the offices' operations generally conformed to Department requirements, with the exceptions noted below.

Geographic and Functional Policy Offices Effectively Supported Policy Implementation

OIG found that EUR's geographic and functional policy offices developed effective interdepartmental and interagency relationships and supported the bureau's embassies and consulates, as required by 1 FAM 144. All external stakeholders OIG interviewed within and outside the Department commented positively about their interactions with EUR on policy coordination, communication, and clearances. Many stakeholders cited the bureau's ability to produce timely and high-quality briefing and background papers despite short timeframes and heavy workloads. In addition, 21 of the 22 EUR embassies that responded to OIG's survey agreed or strongly agreed that the bureau's geographic and functional policy offices effectively supported their needs. Despite the consistently heavy workloads in many bureau offices, employees reported that they were able to staff and support U.S. priorities for the region.

Limited Staffing Impeded Operations of the Special Envoy for Holocaust Issues

OIG determined that SEHI was unable to fulfill its mandate due to limited staffing. SEHI was authorized four full-time positions: Special Envoy, Deputy Special Envoy, Senior Advisor, and an Office Management Specialist. However, the office experienced staffing gaps at senior levels, including the Senior Advisor position which was vacant for over 2 years. EUR hired a re-employed annuitant¹¹ and assigned an employee on a temporary duty assignment as interim solutions; however, both departed during the inspection. As a result of the small staff, the Special Envoy was unable to attend Holocaust restitution-related meetings in Europe and the United States. In addition, the office failed to submit the Justice for Uncompensated Survivors Today (JUST) Act Report to Congress¹² by the November 2019 deadline. The Department's

⁹ EUR's four policy offices are the Offices of European Union and Regional Affairs, Regional Security and Political Military Affairs, Policy and Global Issues, and Policy and Regional Affairs.

¹⁰ The Leahy Amendment to the Foreign Assistance Act of 1961 prohibits the Department from furnishing assistance to foreign security forces if the Department receives credible information that such forces have committed gross violations of human rights. See 22 U.S.C. 2378d.

¹¹ According to 3 FAM 7742, a person who receives a retirement annuity pursuant to U.S. law may be re-employed as an annuitant under the provisions of the U.S. law under which retirement benefits are received.

¹² The Justice for Uncompensated Survivors Today (JUST) Act of 2017 (Pub. L. 115-17) requires the Department of State to report to Congress on steps that 47 countries in Europe (all of which are signatories of the 2009 non-binding Terezin Declaration) have taken to compensate Holocaust survivors and their heirs for assets seized by Nazi Germany and post-war Communist governments. The bureau reported that it completed the report after the inspection, in March 2020.

organizational planning principles contained in 1 FAM 014.7d(1) state that offices must have a minimum of 12 full-time and part-time permanent positions. Independent offices below the minimum staffing requirement lack the depth of coverage to continue functions when personnel are absent or positions remain vacant for long periods.

Recommendation 1: The Bureau of European and Eurasian Affairs should staff the Office of the Special Envoy for Holocaust Issues in accordance with Department guidelines. (Action: EUR)

Other Bureau Offices Did Not Meet the Department's Guidelines for Minimum Staffing

In addition to SEHI, OIG found that the staffing in five other offices did not meet the Department's minimum staffing requirements.¹³ To achieve mission needs and to establish efficient operations and effectively use employees, the Department developed guidelines in 1 FAM 014.7d(1) regarding minimum office size. Staff in these five offices told OIG that workload spikes caused by travel, special events, and staffing gaps disproportionately affected smaller offices. OIG determined that, although some of the offices had, in the past, been larger, personnel realignments and drawdowns brought staffing levels below the required minimum. Additionally, although EUR staff provided OIG emails demonstrating that the Office of the Under Secretary for Management waived the size requirements for the five offices, the bureau only had one formal, approved waiver on file, but it had expired. As a result of the minimal staffing, office directors and staff faced significant challenges in managing their workload.

Recommendation 2: The Bureau of European and Eurasian Affairs should comply with Department guidelines for the minimum staffing and structure of offices. (Action: EUR)

Spotlight on Success: Smart Orientation for New Desk Officers

In 2018, the Office of Western European Affairs initiated an innovative and ambitious orientation program for new desk officers in response to the heavy workload and annual turnover of the office. This office is EUR's largest geographical office, with 22 staff members responsible for 15 countries in Western Europe. In addition, in part due to the heavy travel of the President and the Secretary of State to Western Europe, the office accounted for 27 percent of all briefing papers EUR produced from July 2018 to July 2019. It typically had an annual turnover of half its office staff each summer due to Foreign Service officer rotations, and many new staff were serving in Washington for the first time. The orientation program included a half-day seminar with speakers from other EUR offices, including the Front Office. The Office of Western European Affairs presented an overview of the bureau's culture and tips on navigating the briefing paper process, working with the National Security Council, handling meetings with Department leadership, and other issues. In addition, each officer received a detailed handbook covering a range of issues from clearances to updating the EUR SharePoint site. The seminar included meetings with office leadership and peer-to-peer

¹³ The following EUR offices did not meet the required minimum size of 12: Policy and Global Issues, with 11 positions; Southern European Affairs, with 11 positions; Nordic, Baltic, and Arctic Affairs, with 10 positions; Policy and Regional Affairs, with 10 positions; and the Caucasus and Regional Conflicts, with 10 positions.

consultations in which experienced officers counseled incoming staff. New desk officers credited the program with easing the transition and onboarding process. The EUR Office of European Union and Regional Affairs was invited to join the program, and the Office of Nordic, Baltic, and Arctic Affairs asked to join the program to provide the same onboarding training to their new staff.

Public Diplomacy

The bureau's Office of Public Diplomacy ensured that public diplomacy considerations factored into EUR's strategic and policy formulations. The office effectively supported overseas programs and resources, grants management, strategic messaging, and digital platforms. The Office of Press coordinated the bureau's fast-paced and often high-level press messaging. Bureau leadership and senior Department counterparts reported that the office was consistently responsive to their requests.¹⁴ OIG determined that the two offices conducted their programs in accordance with Department policies, with the exception discussed below.

Outreach Programs Were Affected by Staffing Gaps

Staffing gaps within EUR's public diplomacy offices negatively affected EUR's outreach to nongovernmental organizations, universities, and private sector representatives. The Department's hiring freeze in 2017 and 2018 precluded EUR from filling vacant positions. This resulted in reduced coverage and an increased workload for staff, thereby hindering the office's ability to fulfill the Department's public diplomacy mandate required in 1 FAM 114.2(10). In November 2019, the Department approved EUR's request to fill two vacant public diplomacy positions.¹⁵ As a result, OIG did not make a recommendation to address this issue.

Office of Public Diplomacy Created Templates to Report and Evaluate Digital Media Strategies

EUR's Office of Public Diplomacy created templates for the bureau's overseas posts to use in drafting and reporting their digital media strategies. Developed by the Digital Coordinator, the templates provide guidance to overseas posts on how to better integrate digital media into their programming and allow for a higher level of coordination on policy messaging and countering disinformation by malign actors. With 139 social media sites and a combined audience of about 5.1 million across supported embassies, consulates, and missions, the templates provide a standard approach for the bureau and posts to evaluate digital media use and strategies. The templates also include a scorecard to assess the quality of each post's strategic plan and a tool to analyze the activities, themes, and approaches that resonate with audiences and what elements are lacking, have proven unsuccessful, or should be abandoned. Bureau desk officers can also use this information to determine how posts are using digital media to promote U.S. policy. During the inspection, overseas posts started using the new

¹⁴ In November 2019, the Under Secretary for Management officially approved the consolidation of the two offices into the Office of Press and Public Diplomacy.

¹⁵ EUR submitted a request to fill one position with a Veterans Innovation Partnership Fellow prior to the lifting of the hiring freeze and was working to fill the other position.

templates to report on their digital media strategies. The Digital Coordinator told OIG that he planned to share these templates with his counterparts in other regional bureaus.

Foreign Assistance

In FY 2019, the Coordinator of U.S. Assistance to Europe and Eurasia (Coordinator) was responsible for the coordination and oversight of \$1.4 billion of foreign assistance funds allocated for Europe, Eurasia, and specific countries in Central Asia.¹⁶ These funds support activities in a wide range of thematic areas, including security, rule of law, economic growth, democratic governance, independent media, and health and education.

OIG's Office of Audits recently conducted two audits of ACE responsibilities in the oversight of foreign assistance, including the administration and oversight of selected contracts and grants¹⁷ and the oversight of foreign assistance funds transferred to implementing partners.¹⁸ These audits reviewed many active grants and interagency agreements, including ACE's policies and procedures on grants management, monitoring and evaluation, and program evaluation. Therefore, OIG did not include these areas in the scope of this inspection.

Bureau Made Improvements in Foreign Assistance Coordination

OIG found that, under the leadership of the current Coordinator, the bureau improved its foreign assistance coordination with implementing partners. ACE transfers most funds to other U.S. Government agencies and Department bureaus for subject matter experts to implement programs. OIG interviews with assistance partners suggested that ACE historically managed implementer relationships on a bilateral basis rather than with an overall strategy, as required by 1 FAM 143.1. Some implementers also reported cases in which they found themselves overlapping in program areas with other implementing partners. However, since his appointment in February 2019, the Coordinator made a concerted effort to improve coordination with implementing partners in numerous ways. For example, ACE created two new interagency working groups for coordinating assistance on energy and cyber programs; both of these working groups were chaired by the Coordinator. In October 2019, ACE held a workshop in Prague for foreign assistance coordinators from EUR and South and Central Asian overseas posts in order to better prepare them for the annual budget review process, provide guidance on program management, and familiarize them with regional U.S. foreign assistance goals. The Coordinator also increased the emphasis on international coordination with the European Union and bilateral assistance partners. Because of these improvements, OIG did not make a recommendation on this issue.

¹⁶ The Coordinator's authorities and responsibilities are outlined in 1 FAM 143.1, "Office of the Coordinator of U.S. Assistance for Europe and Eurasia (EUR/ACE)."

¹⁷ OIG, *Bureau of European and Eurasian Affairs Administration and Oversight of Selected Contracts and Grants* (AUD-CGI-18-50, August 2018).

¹⁸ OIG, *Audit of the Office of the Coordinator for Assistance to Europe and Eurasia's Oversight of Foreign Assistance Funds Transferred to Implementing Partners* (AUD-CGI-20-12, March 2020).

RESOURCE MANAGEMENT

EUR's Executive Office¹⁹ delivered administrative, financial management, general services, human resources, and information management support services to the bureau and its overseas missions. OIG reviewed internal controls, bureau diversity, resource allocation, monitoring of contracts, unliquidated obligations, property management, human resources operations, post management support, and premium class travel. OIG determined that the Executive Office delivered services in accordance with Department guidance and policies and had the required internal controls in place, with the exceptions discussed below.

Bureau Did Not Review \$3.3 Million in Unliquidated Obligations in a Timely Manner

OIG found that, as of October 2019, EUR had approximately \$3.3 million in unliquidated obligations with no activity in over 1 year.²⁰ Of this amount, \$3.1 million related to interagency agreements.²¹ According to Department standards in 4 FAM 225d, unliquidated obligations with no activity in over 1 year must be targeted and de-obligated if they cannot be documented as valid obligations. EUR's financial management staff told OIG that both the Bureau of Administration's Office of Acquisitions Management, which administered some of the contracts with unliquidated obligations, and the Federal agencies participating in the interagency agreements with EUR were slow to respond to queries about the status of these unliquidated obligations. As a result, EUR was unable to review and de-obligate the amounts without activity in over 1 year. This issue should be addressed, as failure to review and de-obligate unliquidated obligations in a timely manner results in an accumulation of funds that could be put to better use.

Recommendation 3: The Bureau of European and Eurasian Affairs should review and de-obligate any of the unliquidated obligations totaling \$3.3 million without activity for over 1 year and put de-obligated funds to better use. (Action: EUR)

¹⁹ The Executive Director of the Joint Executive Office (EUR-IO/EX) supports EUR and the Bureau of International Organization Affairs (IO).

²⁰ As of October 2019, EUR had total unliquidated obligations of approximately \$21.6 million from FY 2014 to FY 2017, and, of this amount, \$3.3 million had no activity in over 1 year. Additionally, the \$21.6 million in total unliquidated obligations included approximately \$7 million for contracts administered by the Bureau of Administration's Office of Acquisitions Management that were awaiting additional or final billing, and \$7.2 million related to interagency agreements for which several of the U.S. Government agencies had not yet submitted invoices or EUR was awaiting additional billing.

²¹ An interagency agreement is a document, generally between U.S. Government agencies and departments, that defines cooperative work between them. The agreement defines the parties involved, the work to be performed, and the transfer of funds. Section 632(b) of the Foreign Assistance Act of 1961, as amended, states that any office of the U.S. Government carrying out functions under this Act may use the services from any agency of the U.S. Government with the consent of the head of such agency, and funds allocated to any such agency may be established in separate appropriation accounts on the books of the Department of the Treasury.

Bureau Did Not Have Procedures to Reapportion and Allot Proceeds From Overseas Property Sales

EUR did not implement all the necessary procedures to reapportion and allot proceeds from overseas property sales, in accordance with Department guidance.²² Funds that are not reapportioned and allotted within the required timeframe are returned to the Department of the Treasury. Because EUR did not have the required procedures²³ in place, proceeds from overseas property sales in the amount of \$210,000 were returned to the Department of the Treasury in FY 2018, instead of being returned to EUR. During the inspection, OIG identified this deficiency to the EUR Financial Management Office, and the office developed and implemented an internal process to reapportion and allot these funds for FY 2019 and beyond. Approximately \$116,000 of proceeds from FY 2019 will be reapportioned and allotted to EUR for future use, rather than returned to the Department of the Treasury. As a result, OIG did not make a recommendation.

Bureau Did Not Complete Performance Evaluations of its Administrative Professional Services Contract

EUR did not conduct an annual performance evaluation of its administrative professional services contract. This contract was signed on January 23, 2017, for 1 year and 4 option years, with a total value of \$10.9 million. The Bureau of Administration, Office of the Procurement Executive, Office of Acquisitions Management added a performance evaluation clause into EUR's professional service delivery-order reserving the right for the Department to inspect or evaluate the work being performed, with the understanding that the contracting officer's representative will monitor and evaluate the contract. The Bureau of Administration, Office of the Procurement Executive, Office of Acquisitions Management designated an EUR COR to this contract in June 2017. This designation authorizes the COR to monitor and inspect the contractor's progress and performance to assure compliance with the contract terms and conditions.

Guidance in 14 FAM 222c(1) and 14 FAH-2 H-142 designates the contracting officer's representative as the primary individual responsible for monitoring, evaluating, and documenting the contractor's performance, while 14 FAH-2 H-142b(21) specifically states that the COR evaluates contractor performance and documents the evaluation in the Government-wide Contractor Performance Assessment Reporting System (CPARS) database. In addition, CFR 42.1502 states that past performance evaluations shall be prepared at least annually and entered into CPARS, and 14 FAH 2 H-572d requires annual reports for contracts of over 1 year in duration within 60 days of anniversary of the contract award date.

OIG found that there was a lack of communication between the Bureau of Administration, Office of the Procurement Executive Contracting Officer and the EUR Contracting Officer's

²² 4 FAH-3 H-327a, "Proceeds of Sale of Property;" 4 FAH-3 H-327.1a(2), "Sources of Proceeds;" 4 FAH-3 H-327.3a, "Use of Proceeds;" 4 FAH-3 H-326.2-7a, "Using the Suspense Deposits Abroad (SDA) for Funds Whose Owners Cannot be Identified;" and 4 FAH-3 H-327.4-1, "Reporting Estimated Proceeds of Sale Amount."

²³ 4 FAH-3 H-327.4-1, "Reporting Estimated Proceeds of Sale Amount."

Representative regarding annual assessments and, as a result, the annual performance evaluation was not conducted. Inadequate oversight of contracts can result in excessive costs, misuse of U.S. Government resources, and substandard contractor performance.

Recommendation 4: The Bureau of European and Eurasian Affairs, in coordination with the Bureau of Administration, should evaluate the administrative professional services contract in accordance with Office of Acquisitions Management direction and Department standards. (Action: EUR, in coordination with A)

Bureau Had Minor Internal Control Deficiencies in Property Management

OIG identified minor internal control deficiencies in property management related to the separation of property management duties in the General Services Division's property management team. For example, the individual maintaining property records was also involved in the annual inventory, contrary to Department standards in 14 FAM 416.2c regarding the separation of duties. In addition, one of the property management staff was a contractor who performed receiving duties and signed the receiving report. Standards in 14 FAM 425.4b, however, state that if a contract employee is assigned receiving duties, the employee may perform inspection and receiving functions but may not sign the receiving report, as acceptance of property on behalf of a Federal agency is an inherently governmental function that is to be performed by U.S. Government employees only. According to 14 FAM 423.1, a sound management control system must ensure that no individual is in the position to control all aspects of a transaction affecting the receipt, storage, or disposition of expendable or nonexpendable personal property. Duties that are to be separated whenever possible include receiving property, making payments, keeping property records, and conducting the annual physical inventory.

EUR acknowledged these requirements but stated that, because of limited staff in the General Services Division, a clear separation of duties in property management was not feasible. OIG advised that, in such a circumstance, the accountable property officer or authorized designee must conduct a management review and document the review's results twice a year, in accordance with 14 FAM 423.1. During the inspection, the division modified its standard operating procedure on property receipt to include performing the semi-annual management review, and, therefore, OIG did not make a recommendation to address this issue.

INFORMATION MANAGEMENT

EUR's Information Management (IM) staff delivered helpdesk support services for more than 500 domestic users, performed domestic information systems security officer responsibilities, and oversaw the development of applications. The staff also supported overseas missions by directing overseas information management staff on strategic goals, controlling the IT budget for the bureau and its overseas missions, coordinating equipment purchases, and assigning IM personnel to overseas posts. In OIG's surveys, IM staff consistently received positive comments for the support it provided to both the bureau and its overseas posts. During the inspection, IM staff corrected one deficiency OIG found regarding the encryption of the mobile device

inventory. OIG found the section generally complied with Department standards but identified the deficiencies described below.

Outdated IT Service Level Agreement Was Detrimental to Bureau IT Helpdesk Services

OIG found that EUR IT helpdesk services were negatively affected by the outdated IT service level agreement that governed whether user trouble tickets were the responsibility of the EUR IM group or Bureau of Information Resource Management (IRM) helpdesk personnel. The current master service level agreement, dated February 2011, was the result of an IRM project started in 2008 to consolidate IT helpdesk services for domestic bureaus under IRM. The agreement defined the functions to be consolidated under IRM as well as those that were deemed “out of scope” of the project and would remain the responsibilities of the domestic bureau. OIG described difficulties with this arrangement in a 2010 audit report.²⁴

During the inspection, OIG determined that, although the technology environment had evolved significantly since the 2010 audit report, particularly related to the use of mobile platforms and cloud computing, EUR’s IT service level agreement had not been updated. Department standards in 5 FAM 155d require service level agreements to be reviewed on a regular schedule as well as when there are changes to any aspect of service delivery. In addition, respondents to OIG surveys on IT services provided pointed criticisms of IRM helpdesk services. OIG found that EUR IM personnel and customers were frustrated by normal IT functions that were complicated by the division of duties between in-house IM personnel and IRM. For example, EUR maintained no physical servers but was still required to conduct contingency planning for services EUR received from IRM. Similarly, IRM’s Mobile and Remote Access Division was responsible for mobile device services and inventory, but EUR had to develop an internal capacity to manage those functions because of IRM’s poor service on these issues, which, according to EUR, included lengthy response times resolving trouble tickets, misrouting trouble tickets, and failing to adequately resolve customer issues. EUR personnel also questioned the value of services they received from IRM, which cost \$2.1 million annually. They noted, for example, that, notwithstanding the service level agreement, the EUR IM group had developed its own internal system to track the disposition of trouble tickets that had been misrouted by IRM. Without an updated master service level agreement that accurately reflects technologies in use and lines of responsibility, service providers cannot adequately address IT needs.

Recommendation 5: The Bureau of Information Resource Management, in coordination with the Bureau of European and Eurasian Affairs, should update the master service level agreement governing roles and responsibilities related to information technology services. (Action: IRM, in coordination with EUR)

²⁴ OIG, *Evaluation of the Information Technology Consolidation Project at the Department of State* (AUD-IT-10-11, February 2010).

Bureau Lacked Sufficient Documentation of Application Development Activities and Standard Operating Procedures

EUR's IM group did not sufficiently document its application development activities, including required deliverables and documentation for project management and system development, security and information assurance, and compliance with Department records.²⁵ According to 5 FAM 624a(4), standard documentation should be maintained to support the project management cycle. In May 2015, the EUR IM group implemented a process that was centered on a biweekly IM projects update meeting to identify business requirements, evaluate possible solutions, and monitor project progress with senior management support. OIG found that daily activities in response to change requests were effectively tracked and documented but found little documentation of project management activities throughout the system development life cycle. In June 2019, the IM group built a Project Management Office SharePoint page to create a central repository for project documentation. However, OIG's review found that many folders were empty, and others only contained shell documents or templates. Only two of the legacy applications, which were originally developed for the Bureau of International Organization Affairs, contained any substantive documentation. Furthermore, standard operating procedures were largely absent, except for mobile device issuance procedures.

OIG also found that the bureau lacked information assurance documentation for its systems. The information assurance SharePoint site also contained numerous empty folders, shell documents, and templates. The only folders that contained substantive information assurance documents to support an authorization to operate were those addressing two systems for the Bureau of International Organization Affairs. Similarly, OIG's review of EUR's records submitted in iMatrix²⁶ found mostly incomplete data fields and outdated contacts. IM personnel described iMatrix as an unwieldy tool that often resulted in duplicate recording of assets or spending and that moreover mischaracterized the resources under EUR control, thereby putting the bureau at a disadvantage in subsequent resource requests. IM personnel told OIG they were hopeful that the Technology Business Management Model,²⁷ which was being evaluated by IRM, might capture IT assets more effectively and efficiently. Nevertheless, the EUR IM group's current lack of documentation could hinder the effectiveness of systems development and operations and negatively affect continuity of operations. Ready access to systems documentation helps to ensure consistent operations and is especially important during staff turnover.

²⁵ 5 FAM 624, "Project Cycle;" 5 FAH-5 H-213c(6-14), "Project Plan;" and 5 FAH-5 H-210, "Managing Department of State Projects."

²⁶ iMATRIX is the Department's tool for organizing and tracking its IT investments, projects, and assets, including services, systems, and products.

²⁷ The Technology Business Management Model defines a business model and decision-making framework which enables information technology to run as a business and intends to provide IT organizations with the solutions—strategies, methodologies, and tools—to manage the cost, quality, and value of their IT services.

Recommendation 6: The Bureau of European and Eurasian Affairs should complete and maintain organized records of required documentation for its information systems. (Action: EUR)

RECOMMENDATIONS

OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to the Bureau of European and Eurasian Affairs and the Bureau of Information Resource Management. The Department's complete responses can be found in Appendix B.¹ The Department also provided technical comments that were incorporated into this report, as appropriate.

Recommendation 1: The Bureau of European and Eurasian Affairs should staff the Office of the Special Envoy for Holocaust Issues in accordance with Department guidelines. (Action: EUR)

Management Response: In its August 24, 2020,² response, the Bureau of European and Eurasian Affairs concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of European and Eurasian Affairs staffed the Office of the Special Envoy for Holocaust Issues in accordance with Department guidelines.

Recommendation 2: The Bureau of European and Eurasian Affairs should comply with Department guidelines for the minimum staffing and structure of offices. (Action: EUR)

Management Response: In its August 24, 2020, response, the Bureau of European and Eurasian Affairs concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of European and Eurasian Affairs complied with Department guidelines for the minimum staffing and structure of offices.

Recommendation 3: The Bureau of European and Eurasian Affairs should review and de-obligate any of the unliquidated obligations totaling \$3.3 million without activity for over 1 year and put de-obligated funds to better use. (Action: EUR)

Management Response: In its August 24, 2020, response, the Bureau of European and Eurasian Affairs concurred with this recommendation. However, the bureau disagreed with the assessment that all of the unliquidated obligations cited in this report are no longer valid. The bureau noted that, during the OIG inspection, it determined that \$3.1 million of the total \$3.3 million in unliquidated obligations in prior year funds were valid obligations for foreign

¹ OIG faced delays in completing this work because of the COVID-19 pandemic and resulting operational challenges. These challenges included the inability to conduct most in-person meetings, limitations on our presence at the workplace, difficulty accessing certain information, prohibitions on travel, and related difficulties within the agencies we oversee, which also affected their ability to respond to our requests.

² OIG received the Bureau of European and Eurasian Affairs' response, which was not dated, on August 24, 2020.

assistance interagency agreements and that an additional \$200,000 in grant and contract obligations were valid as well.

OIG Reply: OIG considers the recommendation resolved. OIG noted, that as of October 2019, EUR had approximately \$3.3 million in unliquidated obligations with no activity in over 1 year, most of which were related to interagency agreements. OIG did not determine the validity of these obligations but recommended that the bureau review and de-obligate any of the unliquidated obligations that were no longer valid. OIG revised the recommendation to further clarify this point. Additionally, OIG noted the need for the bureau to follow up with the agencies to determine if the funds were still valid and would be used. According to Department standards in 4 Foreign Affairs Manual (FAM) 225d, unliquidated obligations with no activity in over 1 year must be targeted and de-obligated if they cannot be documented as valid obligations. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of European and Eurasian Affairs reviewed and de-obligated any of the unliquidated obligations without activity in over 1 year and put de-obligated funds to better use.

Recommendation 4: The Bureau of European and Eurasian Affairs, in coordination with the Bureau of Administration, should evaluate the administrative professional services contract in accordance with Office of Acquisitions Management direction and Department standards. (Action: EUR, in coordination with A)

Management Response: In its August 24, 2020, response, the Bureau of European and Eurasian Affairs neither agreed nor disagreed with this recommendation but requested action for the recommendation be directed to the Bureau of Administration. The bureau noted that in the absence of any performance or schedule failures by the contractor that would necessitate referral to the contracting officer, the Bureau of Administration must initiate the evaluation process in the Contractor Performance Assessment Reporting System (CPARS).

OIG Reply: OIG considers the recommendation unresolved. Department guidance in 14 FAM 222c(1) and 14 Foreign Affairs Handbook (FAH)-2 H-142 designate the contracting officer's representative (COR) as the primary individual responsible for monitoring, evaluating, and documenting the contractor's performance, while 14 FAH-2 H-142b(21) specifically states that the COR evaluates contractor performance and documents the evaluation in the CPARS database. In addition, CFR 42.1502 states that past performance evaluations shall be prepared at least annually, while 14 FAH 2 H-572d requires annual reports for contracts of over 1 year in duration within 60 days of anniversary of the contract award date. Finally, OIG notes that the Office of Acquisitions Management contracting officer for the administrative professional services contract designated a COR at the Bureau of European and Eurasian Affairs in June 2017. Accordingly, the COR was required to submit a completed a performance evaluation in the CPARS database. OIG revised the finding to further clarify this point. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of European and Eurasian Affairs evaluated the administrative professional services contract in accordance with Office of Acquisitions Management direction and Department standards.

Recommendation 5: The Bureau of Information Resource Management, in coordination with the Bureau of European and Eurasian Affairs, should update the master service level agreement governing roles and responsibilities related to information technology services. (Action: IRM, in coordination with EUR)

Management Response: In its July 22, 2020, response, the Bureau of Information Resource Management concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Information Resource Management updated the master service level agreement governing roles and responsibilities related to information technology services.

Recommendation 6: The Bureau of European and Eurasian Affairs should complete and maintain organized records of required documentation for its information systems. (Action: EUR)

Management Response: In its August 24, 2020, response, the Bureau of European and Eurasian Affairs concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of European and Eurasian Affairs completed and maintained organized records of required documentation for its information systems.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Acting Assistant Secretary		
	Philip T. Reeker	03/2019
Deputy Assistant Secretaries:		
Acting Principal Deputy Assistant Secretary (Office of the Executive Director, Office of Policy and Global Issues, Office of Public Diplomacy, Office of Press and Policy Outreach)	Maureen E. Cormack	08/2019
Deputy Assistant Secretary (Office of Caucasus Affairs and Regional Conflicts, Office of Eastern European Affairs)	George Kent	09/2018
Deputy Assistant Secretary (Office of Policy and Regional Affairs, Office of Russian Affairs)	Chris Robinson	07/2018
Deputy Assistant Secretary (Office of Central European Affairs, Office of the Special Envoy for Holocaust Issues)	Matthew Boyse	09/2018
Deputy Assistant Secretary (Office of European and Regional Affairs, Office of Western European Affairs)	Julie Fisher	07/2018
Deputy Assistant Secretary (Office of Southern European Affairs, Office of South Central European Affairs)	Matthew Palmer	01/2018
Deputy Assistant Secretary (Office of Nordic, Baltic, and Arctic Affairs, Office of European Security and Political Affairs)	Michael Murphy	06/2018

Source: Generated by OIG from data provided by Bureau of European and Eurasian Affairs.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted from October 7, 2019, to March 4, 2020, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by the Office of Inspector General (OIG) for the Department and the U.S. Agency for Global Media (USAGM).

Objectives and Scope

The Office of Inspections provides the Secretary of State, the Chief Executive Officer of USAGM, and Congress with systematic and independent evaluations of the operations of the Department and USAGM. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved and U.S. interests are accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy; and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; and whether instances of fraud, waste, or abuse exist and whether adequate steps for detection, correction, and prevention have been taken.

The specific objectives for this inspection included determining whether:

- Bureau leadership leads by example and cultivates the leadership and management principles outlined in 3 Foreign Affairs Manual (FAM) 1214, particularly with respect to communication between leadership and staff, and mentoring and staff development.
- There was bureau-wide participation in developing the Joint Regional Strategy and whether a system is in place to implement it.
- The bureau complies with 18 FAM 300 requirements for program design, monitoring, and evaluation.
- The bureau is appropriately structured to ensure the most effective use of resources and is achieving a proper balance among Department needs, efficiency of operations, and effective employee utilization.
- Leadership complies with the operational control requirements of 1 FAM 014 regarding mission needs, the effectiveness of operations, and effective employee utilization.
- Bureau contracting officer's representatives assess contracts using quality assurance plans and measure deliverables against contract work requirements.
- The bureau follows Department guidelines to reconcile unliquidated obligations.

- Bureau-specific software application development adheres to Department guidelines.

Methodology

In conducting inspections, OIG uses a risk-based approach to prepare for each inspection; reviews pertinent records; circulates surveys and compiles the results, as appropriate; conducts interviews with Department and on-site personnel; observes daily operations; and reviews the substance of the report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG uses professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop findings, conclusions, and actionable recommendations.

APPENDIX B: MANAGEMENT RESPONSES



United States Department of State

Washington, D.C. 20520

TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: EUR – Philip Reeker, Senior Bureau Official 

SUBJECT: Response to Draft 2019 OIG Report – Bureau of European and Eurasian Affairs

The Bureau of European and Eurasian Affairs has reviewed our draft OIG inspection report, and thanks the OIG for their thoughtful input to strengthen the Bureau. All EUR offices have reviewed their sections of the report. We provide the following comments in response to the OIG's recommendations:

Recommendation 1: The Bureau of European and Eurasian Affairs should staff the Office of the Special Envoy for Holocaust Issues in accordance with Department guidelines. (Action: EUR)

Response: The Bureau agrees with the recommendation. Following a successful review in 2019 of overseas staffing that resulted in reprogramming 29 positions bureau-wide, the Bureau has launched a review of domestic staffing that will include an evaluation of staffing and structure of offices, including the structure around the Special Envoy for Holocaust Issues. To the extent the results of this review dictate maintaining the Special Envoy's office as a distinct organizational unit smaller than standard, the Bureau will arrange for appropriate document approval in accordance with 1 FAM 014.

Recommendation 2: The Bureau of European and Eurasian Affairs should comply with Department guidelines for the minimum staffing and structure of offices. (Action: EUR)

Response: The Bureau agrees with the recommendation. Following a successful review in 2019 of overseas staffing that resulted in reprogramming 29 positions bureau-wide, the Bureau has launched a review of domestic staffing that will include an evaluation of staffing and structure of offices. To the extent the results of this review dictate maintaining offices that are smaller than standard, the Bureau will arrange for appropriate document approval in accordance with 1 FAM 014.

Recommendation 3: The Bureau of European and Eurasian Affairs, in coordination with the Bureau of Administration, should de-obligate unliquidated obligations totaling \$3.3 million that are no longer valid and put de-obligated funds to better use. (Action: EUR, in coordination with A)

Response: The Bureau agrees that unliquidated obligations that are no longer valid should be de-obligated, and will continue to identify, evaluate, and de-obligate such obligations.

The Bureau disagrees with the assessment that all of the unliquidated obligations cited in this report are no longer valid. During the OIG inspection, the Bureau determined that \$3.1 million of the total \$3.3 million in unliquidated obligations in prior year funds for the Bureau of

European and Eurasian Affairs were valid obligations for foreign assistance inter-agency agreements; an additional \$200k in grant and contract obligations were valid as well.

Since the inspection, approximately 6 of the 32 obligations cited, for surcharges and other requests, became no longer valid and the Bureau de-obligated the balances. The contracts are currently still being settled with vendors in order to determine if the final invoices have been provided. A portion of the funding for the foreign assistance inter-agency agreements has been liquidated, leaving \$1.3 million as valid obligations. The bulk of the remaining valid unliquidated obligations (\$1 million) is for an agreement between the Bureau and the Department of Commerce, established at the end of FY 2018 with FY 2017/2018 funding. Work has not concluded on the interagency agreement.

The Bureau maintains several inter-agency agreements that have a period of performance from 3 to 5 years in length (very few have established funding less than 2 years). The majority of these agreements are for reimbursable costs and the form of payment is servicing agency initiated per the terms of the agreements. The Bureau monitors and tracks the progress and funding of agreements quarterly and annually. When unliquidated obligations are no longer valid, EUR-IO/EX/FM works with EUR/ACE and the Bureau of Administration to de-obligate remaining unliquidated funds and will continue to do so.

Recommendation 4: The Bureau of European and Eurasian Affairs, in coordination with the Bureau of Administration, should evaluate the administrative professional services contract in accordance with Office of Acquisitions Management direction and Department standards. (Action: EUR, in coordination with A)

Response: EUR asks that the recommendation be directed to the A Bureau because, in the absence of any performance or schedule failures by the contractor that would necessitate referral to the contracting officer, the A Bureau must initiate this process by assigning the evaluation in the Contractor Performance Assessment Reporting System (CPARS) by the contracting officer in AQM to EUR. EUR will be pleased to work with A/OPE to ensure this process is completed.

Recommendation 5: The Bureau of Information Resource Management, in coordination with the Bureau of European and Eurasian Affairs, should update the master service level agreement governing roles and responsibilities related to information technology services. (Action: IRM, in coordination with EUR)

Response: EUR agrees with the recommendation, noting that IRM currently has a single master service level agreement with all bureaus which receive consolidated information management services. EUR has agreed to coordinate with IRM and other stakeholders in drafting a replacement master SLA for use across the Department.

Recommendation 6: The Bureau of European and Eurasian Affairs should complete and maintain organized records of required documentation for its information systems. (Action EUR)

Response: The Bureau agrees with the recommendation and will take corrective action to ensure documentation for ongoing and future projects is complete.

The point of contact for this memorandum is Matthew Werner, EUR/EX.

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United States Department of State

Washington, D.C. 20520

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July 22, 2020

TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: CIO – Stuart M. McGuigan

SUBJECT: Information Resources Management Bureau Response to Draft OIG Report –
Inspection of the Bureau of European and Eurasian Affairs Inspection

IRM has reviewed the draft OIG inspection report and provides the following comments in response to the recommendations provided by OIG:

OIG Recommendation 5: The Bureau of Information Resource Management, in coordination with the Bureau of European and Eurasian Affairs, should update the master service level agreement governing roles and responsibilities related to information technology services. (Action: IRM, in coordination with EUR)

Management Response (July 2020): IRM concurs with the recommendation. IRM Bureau has started the review of agreements between IRM and all bureaus. The master service level agreement is applicable to all bureaus and IRM anticipates collaborating closely with EUR and having new agreement in place by mid-year 2021.

ABBREVIATIONS

ACE	Office of the Coordinator of U.S. Assistance to Europe and Eurasia
DAS	Deputy Assistant Secretary
EDGE	Bureau of European and Eurasian Affairs Driving Diversity, Growth, and Excellence
EUR	Bureau of European and Eurasian Affairs
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FAST	First- and Second-Tour
IM	Information Management
IRM	Bureau of Information Resource Management
JRS	Joint Regional Strategy
NATO	North Atlantic Treaty Organization
PDAS	Principal Deputy Assistant Secretary
SEHI	Special Envoy for Holocaust Issues
USAID	U.S. Agency for International Development

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