

FOREIGN ASSISTANCE OVERSIGHT



Office of Inspector General, U.S. Department of State

PRIORITIZING SUSTAINED FOREIGN ASSISTANCE OVERSIGHT DURING DEPARTMENTAL REALIGNMENT

“State OIG stands ready to deliver results through robust foreign assistance oversight.”

- Arne B. Baker, Acting Inspector General

On March 28, 2025, the U.S. Department of State (Department) notified Congress of its intent to begin a significant and multifaceted integration and realignment of select U.S. Agency for International Development (USAID) functions to the Department, concurrent with a reorganization of domestic offices and bureaus in the Department.

State OIG is working with the Department, Congress, and other stakeholders to ensure comprehensive oversight continues uninterrupted following the realignment of foreign assistance activities from USAID to the Department.

“Investigations involving foreign assistance must continue without interruption.

This is our top priority.”

- Robert J. Smolich, Assistant Inspector General for Investigations

Oversight of foreign assistance is a top priority for State OIG. We are ready to work with USAID OIG and the Department of Justice to ensure any remaining investigations are appropriately resolved. State OIG’s hotline and our staff are equipped to handle any and all disclosures pertaining to foreign assistance.

APPLYING EXTENSIVE FOREIGN ASSISTANCE OVERSIGHT EXPERIENCE

State OIG already has oversight responsibility for billions of dollars in foreign assistance programs and operations at the Department of State. In FY 2024 alone, the Department oversaw, managed, or directly implemented approximately \$13.2 billion in foreign assistance funds. The Department and USAID shared responsibility for implementing an additional \$14.6 billion in foreign assistance funds.

Our experience overseeing foreign assistance administered through the Department is extensive. From 2016 through May 2025, State OIG has issued 658 recommendations to improve the Department’s foreign assistance programs through 173 audit, inspection, and evaluation reports.

THE PAST DECADE, BY THE NUMBERS

State OIG has demonstrated a sustained high level of oversight of the State Department’s foreign assistance programs and funding over the past 10 years, including:

87 Inspections
(214 recommendations)

82 Audits
(436 recommendations)

4 Evaluations and Special Projects
(4 recommendations)

In addition to vital non-monetary findings to improve programs and operations, State OIG’s recommendations from these foreign assistance-related reports identified:

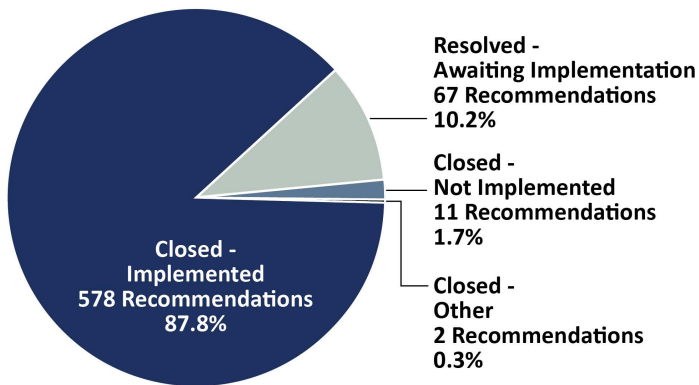
\$407,500,000
in funds put to better use

\$258,600,000
in questioned costs

A TRACK RECORD OF SUCCESS

Improving the efficiency and effectiveness of foreign assistance relies on successful implementation of State OIG's recommendations. As of May 2025, the Department implemented at least 578 of State OIG's recommendations—nearly 88%. Another 67 recommendations, or about 10%, are resolved and awaiting implementation. (See figure below.)

Status of Foreign-Assistance-Related Recommendations



One recent inspection provides an example of successful implementation of recommendations: In 2017, State OIG released its report, *Inspection of the Bureau of Near Eastern Affairs (ISP-I-17-22)*, which examined, among other things, foreign assistance in Syria and Iraq. In total, State OIG identified more than \$385 million in funds that could be put to better use. The Department ultimately agreed to put \$81.7 million to better use.

State OIG investigators have helped make a difference in foreign assistance related cases as well. Recent cases involving major fraud, money laundering, embezzlement, kickback schemes, and obstruction of federal audits have resulted in successful sentencings, repayments, and restitutions.

Moreover, in the last decade, State OIG has conducted numerous whistleblower retaliation investigations involving contractor or grantee employees who were involved in foreign assistance programs. These include anti-terrorism, law enforcement, and democracy promotion programs. In several cases, complainants raised concerns about the management or delivery of foreign assistance, then alleged that they faced reprisal because of those concerns.

STATE OIG IS WORKING TO HELP INFORM REALIGNMENT EFFORTS

State OIG took immediate action to provide stakeholders with relevant information, including two expedited reports issued in May 2025 designed to assist the Department with the proposed realignment:

Oversight Observations To Inform Department of State Realignment of USAID Functions (AUD-GEER-25-19)

May 20, 2025 Congressional Testimony of Acting Inspector General Arne B. Baker

Evaluation of the Department of State's Approach to Realigning USAID Functions (AUD-GEER-25-20)

WHERE IS IMPROVEMENT NEEDED?

OIG's recent reports regarding foreign assistance identified areas for improvement in several areas:

- Tracking and coordination of foreign assistance funding
- Strategic planning and implementation
- Monitoring and evaluation

ONBOARDING ADDITIONAL EXPERTS

State OIG is strategically reorienting resources for our oversight activities to handle any potential increased workload. In June, State OIG posted multiple positions available only to applicants from USAID and USAID OIG. Our new colleagues will bring specialized knowledge of the programs continuing under the Department's auspices in order to continue our oversight work unabated.

HELP FIGHT

FRAUD, WASTE, AND ABUSE

1-800-409-9926

www.stateoig.gov/HOTLINE

If you fear reprisal, contact the OIG Whistleblower Coordinator to learn more about your rights.

WPEAOmbuds@stateoig.gov