



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-GEER-25-20

What OIG Evaluated

On February 3, 2025, the Secretary of State (Secretary) notified Congress that the Department of State (Department) was initiating a review and potential reorganization of U.S. Agency for International Development (USAID) activities to maximize efficiency and align operations with the national interest. Subsequently, on March 28, 2025, the Department notified Congress of its intent to realign select USAID functions to the Department. In addition, on April 22, 2025, the Secretary announced a broad Department reorganization effort, to be conducted concurrently but separately from the ongoing realignment of USAID functions.

The Office of Inspector General (OIG) performed this evaluation to determine whether the Department applied key practices in developing a strategy and plan for realigning USAID functions to the Department as described in its Congressional Notification.

What OIG Recommends

OIG offered three recommendations concerning the Department's implementation and strategic workforce planning related to efforts to realign USAID functions. Based on the Department's response to a draft of this report, OIG considers all three recommendations resolved, pending further action. A synopsis of the Department's comments to the recommendation offered and OIG's reply follow each recommendation in the Evaluation Results section of this report. The Department's response is reprinted in its entirety in Appendix C of this report.

May 2025

OFFICE OF AUDITS

GLOBAL EMERGENCIES AND EMERGING RISKS

Evaluation of the Department of State's Approach to Realigning U.S. Agency for International Development Functions

What OIG Found

OIG found that, despite short timeframes and a dynamic operational environment, the Department's Assistance Transition Working Group (ATWG) efforts for realigning USAID functions partially reflected selected Government Accountability Office (GAO) key practices. However, OIG determined that additional actions are needed to ensure the long-term success of the Department's realignment efforts.

Federal government agency reorganization is a significant undertaking. Short timeframes, the dynamic operational environment, varying legal considerations, continuing foreign assistance review, and Department reorganization have further complicated efforts to realign USAID functions. It is important for the Department to consider GAO key practices, external factors, and prior weaknesses identified in oversight reporting when executing efforts to realign USAID functions.

OIG determined that although the Department established the ATWG to lead the initial phase of the realignment effort following congressional notification, the group is expected to sunset on or around July 1, 2025, leaving the Department without dedicated leadership to oversee implementation. In addition, at the time of OIG's evaluation, the Department had not completed its implementation plan to carry out the USAID realignment.

Delegating responsibility for completing USAID realignment efforts, as well as a fully developing an implementation plan with milestones to track progress, could help improve the efficiency and effectiveness of the Department's efforts. Additionally, the Department should focus on strategic workforce planning related to its reform efforts. Should the Department's efforts to realign USAID functions fall short, the ongoing and concurrent Department reforms, including the foreign assistance review and reorganization, may also be adversely impacted.