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Office of Inspector General
United States Department of State

AUD-SI-25-24

Office of Audits

July 2025

**Audit of Selected Bureau of Population,
Refugees, and Migration Awards
Supporting Stability and Assistance Efforts
in the Western Hemisphere**

SECURITY AND INTELLIGENCE DIVISION

UNCLASSIFIED



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-SI-25-24

What OIG Audited

In June 2022, 21 governments throughout the Americas, including the United States, signed the Los Angeles Declaration on Migration and Protection, which focuses on efforts that allow migrants, refugees, asylum seekers, and persons in situations of vulnerability to integrate into host countries. In support of these efforts, the Department of State's Bureau of Population, Refugees, and Migration (PRM) received more than \$100 million in funding for assistance programs in 17 Western Hemisphere countries.

The Office of Inspector General (OIG) conducted this audit to determine whether selected recipients of PRM cooperative agreement funds supporting stability and assistance efforts in the Western Hemisphere (1) achieved the goal of socioeconomically integrating beneficiaries into their host countries and (2) expended funds in accordance with federal requirements, Department policies and guidance, and award terms and conditions. To perform the audit, OIG reviewed three cooperative agreements related to efforts in Brazil, Colombia, and Ecuador.

What OIG Recommends

OIG offered eight recommendations to address the deficiencies identified in this report and to determine the allowability of costs OIG is questioning. Based on PRM's response to a draft of this report, OIG considers all eight recommendations resolved, pending further action. A synopsis of PRM's comments to the recommendation offered and OIG's reply follow each recommendation in the Audit Results section of this report. PRM's response to a draft of this report is reprinted in its entirety in Appendix B.

July 2025

OFFICE OF AUDITS

SECURITY AND INTELLIGENCE DIVISION

Audit of Selected Bureau of Population, Refugees, and Migration Awards Supporting Stability and Assistance Efforts in the Western Hemisphere

What OIG Found

OIG determined that the three selected award recipients reviewed for this audit achieved their goal of socioeconomically integrating beneficiaries into host countries. Specifically, OIG verified that all 30 selected beneficiaries tested for this audit received assistance finding employment, starting a business, or strengthening an existing business. However, OIG also found that two of the three award recipients did not always meet reporting requirements and one of those also did not report accurate information. Consequently, OIG could not confirm the extent to which these award recipients achieved intended results for some performance indicators specified in the awards. Furthermore, OIG found that PRM's oversight efforts generally fulfilled the awards' substantial involvement requirements; however, one award recipient submitted an incomplete final performance progress report, and when PRM used an Artificial Intelligence tool to summarize the recipient's performance achievements, the resulting Artificial Intelligence summary was also incomplete. As a result, PRM did not fully determine whether the recipient successfully met all objectives specified in the award.

With respect to the expenditure of funds, OIG tested 114 expenditures, valued at \$238,795, and found that the selected award recipients generally expended funds in accordance with requirements. However, OIG identified three expenditures (3 percent), valued at \$5,154, that were unallowable (\$2,830) or unsupported (\$2,324). OIG also found that one award recipient claimed an indirect cost reimbursement that was higher than allowed (\$36,891) and lacked internal controls related to the provision of temporary housing for beneficiaries (\$108,000). As a result, OIG is questioning an additional \$144,891 in costs. Furthermore, OIG found that PRM did not ensure that this award recipient met the single or program-specific audit requirement, which is necessary to validate that the award recipient complied with internal controls requirements.

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OBJECTIVE

The Office of Inspector General (OIG) conducted this audit to determine whether selected recipients of Bureau of Population, Refugees, and Migration (PRM) cooperative agreement funds supporting stability and assistance efforts in the Western Hemisphere (1) achieved the goal of socioeconomically integrating beneficiaries into their host countries and (2) expended funds in accordance with federal requirements, Department of State (Department) policies and guidance, and award terms and conditions.

BACKGROUND

PRM's stated mission is to provide protection, ease suffering, and resolve the plight of persecuted and forcibly displaced people around the world. One of PRM's goals is to promote and provide interim and durable solutions for populations of concern through U.S. assistance, resettlement, and collaboration with the international community. PRM considers integration into the host country to be a durable solution. It has supported displaced persons who wished to integrate into their host countries and pressed host countries to provide the rights and access necessary for successful integration.¹ Furthermore, socioeconomic integration into host countries reduces the number of migrants entering the United States, which is a Department priority.²

In June 2022, 21 governments throughout the Americas, including the United States, signed the Los Angeles Declaration on Migration and Protection. The declaration's first pillar, "stability and assistance for communities," focuses on efforts that allow migrants, refugees, asylum seekers, and persons in situations of vulnerability to integrate into host countries and access legal identity, regular status, dignified employment, public services, and international protection to rebuild their lives and contribute to those communities. In FY 2023, PRM awarded more than \$124 million through 44 cooperative agreements to nongovernmental organizations (NGO) to support humanitarian assistance efforts, including stability and assistance efforts, throughout the Western Hemisphere.

¹ PRM, "Functional Bureau Strategy," January 6, 2022.

² Department, "Resourcing Strategy Reviews Meeting Summary, Migration and Forced Displacement in the Western Hemisphere," April 2, 2024.

Selected Awards

To perform this audit, OIG selected three NGOs³ funded through PRM cooperative agreements for programs with socioeconomic integration activities, as detailed in Table 1.⁴

Table 1: Selected Awards

| Recipient | Country | Number of Beneficiaries | Award Total |
|--|----------|-------------------------|---------------------|
| HIAS Inc. ^a | Ecuador | 5,350 | \$5,200,000 |
| Fondazione Associazione Volontari Per Servizio Internazionale (AVSI Foundation) ^b | Brazil | 4,000 | \$2,476,317 |
| Pan American Development Foundation, Inc. (PADF) ^b | Colombia | 3,000 | \$3,000,000 |
| Total | | 12,350 | \$10,676,317 |

^a The period of performance was from September 16, 2023, to September 15, 2024.

^b The period of performance was from September 30, 2023, to September 29, 2024.

Source: Generated by OIG from data provided by PRM and the Department’s myGrants database.

HIAS Inc.

The selected cooperative agreement awarded to HIAS Inc. funded its “Increasing Protection for Refugees, Migrants and Vulnerable Local Populations in Ecuador” program, with the goal of ensuring that Venezuelan and Colombian refugees and migrants and vulnerable local populations in Ecuador were protected, self-reliant, free from violence, and could access rights that allow them to live with dignity. With the cooperative agreement funds, HIAS Inc. sought to implement several initiatives, including the promotion of technical skills, financial literacy, and financial services, as well as a skill assessment and job matching tool to help vulnerable groups explore career options and apply for jobs. Moreover, through its Entrepreneurship School, HIAS Inc. sought to provide capacity building in areas such as financial education and business management. HIAS Inc. also sought to implement community-based livelihood interventions, like agribusiness, to foster integration between refugees and migrants and host communities.

Fondazione Associazione Volontari Per Servizio Internazionale

The selected cooperative agreement awarded to Fondazione Associazione Volontari Per Servizio Internazionale (AVSI Foundation) funded its “Welcomed Through Work” program with the goals of guaranteeing the rights of Venezuelan refugees and migrants living in Brazil and supporting the socioeconomic integration of vulnerable Brazilians. AVSI Foundation issued a

³ On January 20, 2025, while OIG was conducting fieldwork for this audit, the President issued a Presidential Action ordering all department and agency heads with responsibility for U.S. foreign development assistance programs to immediately pause new obligations and disbursements of development assistance funds to foreign countries and implementing NGOs, international organizations, and contractors pending reviews of such programs for programmatic efficiency and consistency with U.S. foreign policy. The responsible department and agency heads were ordered to determine within 90 days whether to continue, modify, or cease each foreign assistance program based upon the review recommendations, with the concurrence of the Secretary of State. Because the awards selected for review during this audit ended in September 2024, they were not impacted by the funding pause.

⁴ Appendix A provides additional information on the selection methodology.

sub-award to its partner, Associacao Voluntarios Para O Servico Internacional – Brasil (AVSI Brasil), to execute most of the award activities. With the cooperative agreement funds, AVSI Brasil sought to implement several initiatives, including facilitating job placements; relocating migrants and refugees; and providing Portuguese language courses, vocational courses, and other services. AVSI Brasil also sought to provide post-relocation assistance, such as providing furnished housing for 3 months, food vouchers or cash assistance, and mediation with employers related to performance or conduct issues. Moreover, AVSI Brasil sought to help Venezuelans reach autonomy through financial education. For indigenous Venezuelan migrants and refugees, AVSI Brasil sought to fund an agricultural program to provide families with technical support, seeds, and machinery to farm on land granted by the local government.

Pan American Development Foundation, Inc.

The selected cooperative agreement awarded to Pan American Development Foundation, Inc. (PADF) funded its “Integrando Horizontes Sostenibles” program with the goal of promoting the socioeconomic integration of Venezuelan migrants and host communities in Colombia by strengthening the circular economy sector (i.e., recycling) and fostering local sustainable development. With the cooperative agreement funds, PADF sought to implement several initiatives, including training on efficient solid waste use and circular economy value chains. PADF also sought to offer training in soft skills (e.g., decision-making and teamwork) and business-related topics (e.g., finance and occupational safety and health). Additionally, PADF proposed providing technical assistance, seed capital, supplies, and other items to help beneficiaries access work, enhance their productivity, and improve their working conditions. Furthermore, PADF sought to identify community initiatives needed to promote sustainable development, social cohesion, and environmental stewardship among communities working in the circular economy sector.

Award Requirements

The selected cooperative agreement awards include requirements for how award recipients report performance and financial information and spend funds, such as the following:

- Submitting quarterly performance reports that compare accomplishments to the objectives of the award.
- Submitting quarterly financial reports and line-item expenditure reports that reflect the costs charged to the award.
- Agreeing to execute the work in accordance with the Notice of Award, the approved application (incorporated into the award), and 2 Code of Federal Regulations (C.F.R.) § 200 and § 600.
- Only spending funds on authorized activities that take place during the period of performance.

PRM also required award recipients to develop implementation plans with performance indicators that are specific, measurable, achievable, relevant, and time-bound (SMART).⁵ PRM defined SMART as follows:

- Specific – Clear, concrete, detailed, and well-defined.
- Measurable – Possible to quantitatively or qualitatively determine whether and to what extent an objective was met.
- Achievable – Can feasibly be accomplished, taking into consideration stakeholder capacity, context, and timeline.
- Relevant – Related to PRM goals and PRM’s Notice of Funding Opportunity (NOFO)⁶ for NGO programs benefitting vulnerable populations of concern in South America and the Caribbean.
- Time-bound – Can be accomplished within the duration of the proposed activities or within another stated timeframe.

AUDIT RESULTS

Finding A: Selected Award Recipients Socioeconomically Integrated Beneficiaries Into Host Countries but Did Not Always Report Performance in Accordance With Requirements

OIG determined that the three selected award recipients reviewed for this audit achieved their goal of socioeconomically integrating beneficiaries into their host countries. Specifically, OIG verified that all 30 beneficiaries selected for this audit received assistance finding employment, starting a business, or strengthening an existing business. OIG also found that two of the three award recipients did not always meet reporting requirements and one of those also did not report accurate information. Consequently, OIG could not confirm the extent to which these two award recipients achieved intended results for some of the performance indicators specified in the awards. Additionally, OIG found that PRM’s oversight efforts generally fulfilled the awards’ substantial involvement requirements. However, one award recipient submitted an incomplete final performance progress report, and when PRM used an Artificial Intelligence tool to summarize the recipient’s performance, the resulting Artificial Intelligence analysis was also incomplete. As a result, PRM did not fully determine whether the recipient successfully met all award objectives specified in the award.

Selected Award Recipients Socioeconomically Integrated Beneficiaries Into Host Countries

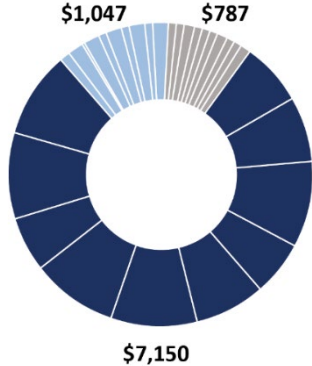
The selected cooperative agreement awards were related to PRM’s “Interim and Durable Solutions” program area. PRM considers local integration into host countries to be a durable

⁵ When initiating this audit, OIG confirmed that selected performance indicators from the three cooperative agreements reviewed complied with the SMART criteria established by PRM.

⁶ PRM’s NOFO for the selected awards states that proposals must align with at least one of the “Humanitarian Protection and Assistance” and “Interim and Durable Solutions” program areas.

solution, and the selected award recipients incorporated socioeconomic integration into their awards’ goals. OIG determined that the three award recipients provided beneficiaries with assistance and achieved their goals of socioeconomically integrating beneficiaries into host countries. Specifically, OIG selected and tested 10 beneficiaries from each of the three award recipients—30 beneficiaries in total—and found that all 30 received assistance, including finding employment, starting a business, or strengthening an existing business.⁷ OIG also interviewed the 30 beneficiaries and toured (virtually or in person) several businesses to confirm that beneficiaries received assistance and that it improved their socioeconomic integration into the host country. Each beneficiary stated that the NGO had assisted them with finding employment (e.g., at a shipyard), starting a business (e.g., a bakery), or strengthening an existing business (e.g., a cheese producer), which helped them to socioeconomically integrate. Furthermore, 29 (97 percent) of the beneficiaries stated that they wanted to stay in their host country rather than migrate to another country. Moreover, 20 (69 percent) of the beneficiaries cited the assistance received as a factor in their decision to stay in the host country. Lastly, as summarized in Table 2 below, OIG confirmed that the 30 beneficiaries received services and cash or voucher assistance, ranging from \$79 to \$800, to advance PRM’s goal.

Table 2: Summary of Assistance Provided to Beneficiaries

| Recipients: Country | Summary of Non-Monetary Assistance | Total Cash/Voucher Assistance for Selected Beneficiaries |
|----------------------------------|--|--|
| Beneficiaries 1–10: Brazil | Job placement facilitation; relocation for the job; temporary housing (including utilities and repairs); furniture |  <p>\$1,047 \$787</p> <p>\$7,150</p> <p>\$8,984</p> |
| Beneficiaries 11–20: Colombia | Legal assistance; psychosocial support; livelihood and economic empowerment activities; equipment (e.g., manicurist tools, a freezer, and a blender) | |
| Beneficiaries 21–30: Ecuador | Entrepreneur training; financial training; food assistance | |
| | | \$8,984 |

Source: Generated by OIG from data provided by the selected award recipients.

Accuracy of Selected Awards’ Performance Information

According to the cooperative agreements, award recipients are required to submit performance progress reports that are correct and complete. To assess the accuracy of award recipients’ performance information, OIG reviewed the underlying data and documentation supporting each recipient’s achievement of selected performance indicators. OIG found that, as detailed in Table 3, two of the three award recipients did not always meet reporting requirements and one of those also did not report accurate information.

⁷ Appendix A provides additional information on the selection methodology for the 30 beneficiaries.

Table 3: Achievement by Performance Indicator

| Award Recipient | Performance Indicators* | Was Information Accurate? | Did Reporting Meet Requirements? | Was Target Achieved? |
|------------------------|--|----------------------------------|---|-----------------------------|
| HIAS Inc. | Percentage of participants who report that humanitarian assistance is delivered in a safe, accessible, accountable, and participatory manner | Yes | No | No |
| | Percentage of individuals with an account at a bank or other financial institution or with a mobile-money service provider | Yes | Yes | Yes |
| | Percentage of individuals (working age) who are unemployed | Yes | No | Undetermined |
| | Percentage of individuals who report improved social connectedness after receiving HIAS Inc. services | Yes | Yes | Yes |
| | Percentage of households that demonstrate improved self-reliance at the end of the program | Yes | Yes | Yes |
| | Percentage of individuals who report a higher household income level six months after receiving seed capital and grants | Yes | Yes | Yes |
| AVSI Foundation | Percentage of participants who report that humanitarian assistance is delivered in a safe, accessible, accountable, and participatory manner | Undetermined | No | Undetermined |
| | Percentage of individuals (working age) who are unemployed | No | No | Undetermined |

| Award Recipient | Performance Indicators* | Was Information Accurate? | Did Reporting Meet Requirements? | Was Target Achieved? |
|-----------------|--|---------------------------|----------------------------------|----------------------|
| | Percentage of participants who report that humanitarian assistance is delivered in a safe, accessible, accountable, and participatory manner | Yes | Yes | Yes |
| PADF | Number of families who improve their living conditions due to their participation in the program | Yes | Yes | Yes |
| | Number of families who improve their income due to their participation in the program | Yes | Yes | Yes |

*HIAS Inc. had a total of 31 performance indicators, AVSI Foundation had a total of 16 performance indicators, and PADF had a total of 17 performance indicators. Appendix A provides additional information on the sample selection methodology.

Source: Generated by OIG from the selected awards' supporting documentation and performance indicator data.

With respect to accuracy, OIG could not determine the accuracy of AVSI Brasil's information for one performance indicator because AVSI Brasil used anonymous surveys, which means that OIG could not test the information for specific beneficiaries. OIG also found that reporting for another one of AVSI Brasil's performance indicators included inaccurate information. Specifically, AVSI Brasil's award states that data will be collected using surveys conducted 3 months after a beneficiary is hired. However, OIG found that AVSI Brasil erroneously included in its reporting three beneficiaries who were not surveyed, and one of the three was 16 years old, which does not meet the working age requirement: beneficiaries must be between the ages of 18 and 59.

With respect to performance reporting, OIG found that AVSI Brasil and HIAS Inc. did not follow PRM's requirements for two performance indicators. For one performance indicator, PRM requires the use of an 8-question survey that has a possible maximum score of 8 (i.e., 1 point per question), and achievement is calculated as a percentage of respondents who scored an 8 out of the total number of respondents. OIG found that AVSI Brasil did not use the required survey. Additionally, AVSI Brasil reported its achievement as an average of scores rather than the most recent survey value. HIAS Inc. used the required survey, but when calculating its achievement, HIAS Inc. counted surveys that did not achieve the maximum score. For a different performance indicator, AVSI Brasil calculated its achievement as an average rather than the required cumulative value, and HIAS Inc.'s achievement included inadequately employed individuals (i.e., underemployed based on their earned wages or hours worked) rather than just unemployed individuals.

With respect to target achievement, OIG could not confirm the extent to which HIAS Inc. achieved one performance indicator because HIAS Inc. incorrectly set a target that included inadequately employed individuals rather than just unemployed individuals. For a second performance indicator, using the guidance provided by PRM, OIG calculated that HIAS Inc. underperformed. In addition, OIG could not determine the extent to which AVSI Brasil achieved intended results for the two selected performance indicators because of issues with accuracy and data collection.

These exceptions occurred for several reasons. First, AVSI Brasil officials stated that they were unaware of PRM's guidance for reporting performance on specific indicators. Second, HIAS Inc. officials stated that they were aware of the guidance but chose to deviate from it. For the performance indicator that required the use of the 8-question survey, HIAS Inc. included surveys with scores of 6, 7, and 8 when calculating its achievement because of how the survey questions were written. For example, one survey question asked, "Did you feel safe at all times travelling to receive the assistance/service (to/from your place), while receiving the assistance/service, and upon return to your place?" HIAS Inc. officials stated that they included surveys that did not score the maximum score because if the beneficiary did not feel safe traveling because of local crime conditions, which were outside of HIAS Inc.'s control, but felt safe receiving assistance, then HIAS Inc. determined those surveys should not be excluded from the tabulation. Lastly, HIAS Inc. officials stated that they interpreted the other performance indicator as measuring individuals who were fully employed because in Ecuador inadequate employment occurs more frequently than unemployment. Therefore, they wanted to capture the local context. As a result of not reporting performance information accurately or in accordance with PRM requirements, AVSI Brasil and HIAS Inc. did not always represent their actual performance and achievements in performance progress reports.

PRM's Oversight Efforts Generally Met Substantial Involvement Requirements

The selected cooperative agreement awards require substantial involvement from PRM. Specifically related to the monitoring and oversight of the award recipients' programmatic and financial performance, the awards include the following substantial involvement requirements for the PRM Grants Officer:

- Reviewing and negotiating the recipient's budget and any subsequent requests for funding.
- Preparing and executing the cooperative agreement, interpreting the terms thereof, arranging for payment, and working with the recipient for the overall administration of the funded activities.
- Considering requests for amendments to the cooperative agreement and preparing and executing formal amendments to the cooperative agreement.

The awards also include substantial involvement requirements for the Grants Officer Representative (GOR):

- Reviewing and commenting on the recipient's proposed budget.

- Providing overall policy guidance and program direction.
- Reviewing and commenting on proposed changes or revisions to award terms.
- Periodically visiting and evaluating the general performance of the recipient's operations to ensure that the established objectives are being successfully met.
- Maintaining contact, including site visits and liaison, with the recipient.
- Assisting the Grants Officer in the review of required performance and financial reports to verify timely and adequate performance.
- Providing PRM regular written reports on whether performance complies with all award terms and conditions.

In addition, the awards include substantial involvement requirements for the Refugee Coordinator, who is PRM's overseas representative:

- Monitoring and evaluating the recipient's general performance to ensure that the award's established objectives are being successfully met.
- Analyzing and reporting to PRM on any proposed budget adjustments and recommending whether the proposed budget or portions thereof be approved or disapproved.

OIG found that PRM's oversight efforts generally fulfilled the awards' substantial involvement requirements. Specifically, PRM GORs, with assistance from Refugee Coordinators and Grants Officers, maintained a monitoring plan and report (MPR) for each award recipient. The MPR is the primary monitoring and evaluation tool used by PRM to capture the recipients' financial and programmatic performance. OIG reviewed the mid-year and final MPRs associated with the selected awards and found that, for two of the selected awards, Grants Officers, GORs, and Refugee Coordinators documented their substantial involvement throughout the year. OIG found the following documented in each MPR:

- A risk assessment of the recipient.
- When and by whom the quarterly performance and financial reports were received and reviewed.
- An evaluation of the recipient's programmatic and financial performance.
- A narrative on the recipient's overall performance.
- Any reports of fraud.
- Monitoring notes from the Grants Officers, GORs, and Refugee Coordinators.
- Mid-year recommendations.
- Year-end reports of lessons learned.

As a result, OIG found that PRM stayed abreast of the award recipients' general performance as required.

For the third award recipient, OIG found that the MPR met all requirements with one exception. The Federal Assistance Directive states that the GOR is responsible for reviewing the award recipient's performance progress reports, ensuring that they are complete, and

providing the Grants Officer with a written assessment of the award recipient's performance based on a review of the recipient's reporting, using the MPR.⁸ OIG found that AVSI Foundation submitted a final performance progress report to PRM that did not include its achievement on two performance indicators. When completing the Monitoring Notes section of the MPR for the final report, the GOR used the Department's Artificial Intelligence tool⁹ to generate a summary of AVSI Foundation's achievement for each performance indicator based on AVSI Foundation's final performance progress report. However, because AVSI Foundation did not submit information on all performance indicators in its final performance progress report and the GOR did not ensure that the report included the information, the resulting Artificial Intelligence summary that the GOR included in the MPR was incomplete. As a result, PRM did not fully determine whether AVSI Foundation successfully met all objectives specified in the award. OIG also notes that PRM had not instituted required processes for the use of Artificial Intelligence, including identifying individuals and positions that will perform these functions.¹⁰ Specifically, each bureau that uses Artificial Intelligence must have a documented Artificial Intelligence governance structure. Governance documentation must specify the bureau's roles and responsibilities, procedures for review and certification of compliance, and an inventory of all Artificial Intelligence use cases. Each bureau is also required to certify and retain evidence that each Artificial Intelligence use case complies with the Department's "Principles of Trustworthy Artificial Intelligence" (e.g., that it is lawful, accurate, reliable, secure, and regularly monitored).¹¹ OIG is therefore offering the following recommendations related to oversight.

Recommendation 1: OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement internal controls to ensure that performance progress reports are complete before finalizing an award's monitoring plan and report.

Management Response: PRM concurred with the recommendation, stating that it will "review current guidance and training and strengthen internal controls to ensure completion of performance progress reports."

OIG Reply: On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM has developed and implemented internal controls to ensure that performance progress reports are complete before finalizing an award's monitoring plan and report.

Recommendation 2: OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement oversight and governance processes for the use of Artificial Intelligence for reviewing awards' performance reports.

⁸ Federal Assistance Directive (October 2022), Chapter 2, Section P, page 81.

⁹ The Monitoring Notes section was marked with "was generated using State Chat AI."

¹⁰ 20 FAM 201.1-3 (C), "Department [Artificial Intelligence] Governance and Oversight Approach."

¹¹ 20 FAM 201.1-3 (F), "Governance."

Management Response: PRM concurred with the recommendation, stating that it follows Department guidance on Artificial Intelligence use and “will implement internal oversight and governance processes for the use of Artificial Intelligence related to monitoring award performance reports.”

OIG Reply: On the basis of PRM’s concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM has developed and implemented oversight and governance processes for the use of Artificial Intelligence for reviewing awards’ performance reports.

Finding B: Selected Award Recipients Generally Expended Funds in Accordance With Requirements

OIG found that the selected award recipients generally expended funds in accordance with federal requirements, Department policies and guidance, and award terms and conditions. OIG tested 114 expenditures, valued at \$238,795, and found that 3 expenditures (3 percent), valued at \$5,154, were unallowable or unsupported. Moreover, OIG found that one award recipient’s final financial report included an indirect cost reimbursement that was higher than allowed, and this same award recipient lacked internal controls related to the provision of temporary housing for beneficiaries. As a result, OIG is questioning an additional \$144,891 in costs. OIG also found that PRM did not ensure that this award recipient met the single or program-specific audit requirement, which is necessary to validate compliance with internal controls requirements.

Selected Award Recipients Generally Expended Funds in Accordance With Requirements

OIG found that the selected award recipients generally expended funds in accordance with federal requirements, Department policies and guidance, and award terms and conditions. According to the C.F.R., the total cost of a federal award is the sum of allowable direct and

allocable indirect costs less applied credits.¹² Costs must be allowable,¹³ reasonable,¹⁴ and allocable.¹⁵ The cooperative agreements state that “expenses to be charged against this agreement must be for actual costs incurred for authorized activities that are adequately documented and that can be confirmed through an audit.” As detailed in Table 4, OIG tested 114 expenditures, valued at \$238,795, and found 3 expenditures, totaling \$5,154, that were unsupported (\$2,324), or unallowable (\$2,830).

Table 4: Total Expenditures Tested and Questioned

| Award Recipient | Number of Expenditures Tested | Amount Tested | Number of Expenditures Questioned | Amount Questioned | Amount Unsupported | Amount Unallowed |
|-----------------|-------------------------------|------------------|-----------------------------------|-------------------|--------------------|------------------|
| HIAS Inc. | 36 | \$77,833 | 1 | \$400 | \$0 | \$400 |
| AVSI Foundation | 37 | \$97,559 | 1 | \$2,324 | \$2,324 | \$0 |
| PADF | 41 | \$63,403 | 1 | \$2,430 | \$0 | \$2,430 |
| Total | 114 | \$238,795 | 3 | \$5,154 | \$2,324 | \$2,830 |

Source: Generated by OIG based on testing of expenditures for the three selected award recipients.

HIAS Inc. incurred a cost of \$400 for a meal provided to staff during a workshop. The contract with the venue for the meal included wine. The C.F.R. states that the costs of alcoholic beverages are unallowable.¹⁶ HIAS Inc. officials stated that, on the day that the meal was provided, they asked the venue to provide soft drinks and water instead of wine. However, this request was not documented at the time of the event and, therefore, the cost is unallowable.

¹² 2 C.F.R. § 200.402, “Composition of costs.”

¹³ According to 2 C.F.R. § 200.403, “Factors affecting allowability of costs,” to be allowable, the cost must (1) be necessary and reasonable for the performance, (2) conform to any limitations or exclusions in the C.F.R. or the award, (3) be consistent with policies and procedures of the entity for the work performed, (4) be accorded consistent treatment, (5) be determined in accordance with generally accepted accounting principles, (6) not be included as a cost or used to meet cost sharing or matching requirements of any other federally funded program, and (7) be adequately documented.

¹⁴ According to 2 C.F.R. § 200.404, “Reasonable costs,” to be reasonable, the cost must, in its nature and amount, not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. Determining reasonableness of a cost requires the consideration of (1) whether the cost is generally recognized as ordinary and necessary for the operation of the entity or proper and efficient performance of the award; (2) the restraints or requirements imposed by sound business practices; arm’s length bargaining; federal, state, and other laws and regulations; and terms and conditions of the award; (3) market prices for comparable goods or services for the geographic area; (4) whether individuals concerned acted with prudence; and (5) whether there was deviation from the entity’s established practices and policies for incurring such a cost.

¹⁵ According to 2 C.F.R. § 200.405, “Allocable costs,” to be allocable, the cost must be (1) incurred specifically for the federal award, (2) distributed proportionally if it benefits both the federal award and other work, and (3) necessary for the overall operation of the entity and assignable in part to the federal award.

¹⁶ 2 C.F.R. § 200.423, “Alcoholic beverages.”

AVSI Brasil incurred a cost of \$2,324 for a contracted social worker to provide psychosocial assistance to beneficiaries and facilitate their socioeconomic integration. The C.F.R. states that an allowable expense is consistent with the policies and procedures of the entity for the work performed.¹⁷ Moreover, costs must be adequately documented,¹⁸ and according to the award, expenses must be for actual costs incurred for authorized activities that are adequately documented and that can be confirmed through an audit. AVSI Brasil's procurement policy states that, for a quality- and cost-based selection, a bidding notice will be announced, a short list of potential candidates will be prepared based on an evaluation of proposals, and the candidate with the best score will be invited to negotiate a contract. AVSI Brasil did not document how it selected the candidate with the best score. AVSI Brasil officials stated that this process was done verbally. As a result, this expense is unsupported.

PADF incurred a cost of \$2,430 for the purchase of clothing, such as shirts, vests, and hats, that solely included the PADF logo. The terms and conditions of the cooperative agreement state, "All programs, projects, assistance, activities, and public communications to foreign audiences partially or fully funded by the Department should be marked appropriately overseas with the standard U.S. flag in a size and prominence equal to (or greater than) any other logo or identity." Furthermore, the C.F.R. states that the costs of advertising and public relations designed solely to promote the non-federal entity are unallowable.¹⁹ PADF officials stated that the U.S. flag was excluded for security reasons; however, PADF does not have a waiver for compliance with the award's branding and marking requirements.²⁰ As a result, the expense is unallowable. OIG is offering the following recommendations to determine the allowability of costs claimed.

Recommendation 3: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine whether the \$400 in questioned costs related to HIAS Inc.'s cooperative agreement (SPRMCO23CA0242) for a meal that was contractually required to include wine are allowable and (b) recover any costs determined to be unallowable.

Management Response: PRM concurred with the recommendation, stating that it "will review the questioned costs for allowability and recover any costs determined to be unallowable."

OIG Reply: On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM has (a) determined whether the \$400 in questioned costs related to HIAS Inc.'s cooperative

¹⁷ 2 C.F.R. § 200.403, "Factors affecting allowability of costs."

¹⁸ 2 C.F.R. § 200.403(g).

¹⁹ 2 C.F.R. § 200.421(e)(4).

²⁰ A PADF official stated to OIG that other previously purchased clothing items include the U.S. flag. OIG notes that, even if PADF had complied with the award's branding and marking requirements, OIG would have found that the expense was not 100 percent allocable to the award because a PADF official stated to OIG that the clothing is used across projects and not solely for its "Integrando Horizontes Sostenibles" program.

agreement (SPRMCO23CA0242) for a meal that was contractually required to include wine were allowable and (b) recovered any costs determined to be unallowable.

Recommendation 4: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine whether the \$2,324 in questioned costs related to Fondazione Associazione Volontari Per Servizio Internazionale's cooperative agreement (SPRMCO23CA0207) for a contracted social worker are supported and (b) recover any costs determined to be unsupported.

Management Response: PRM concurred with the recommendation, stating that it "will review the questioned costs for allowability and recover any costs determined to be unallowable."

OIG Reply: On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM has (a) determined whether the \$2,324 in questioned costs related to Fondazione Associazione Volontari Per Servizio Internazionale's cooperative agreement (SPRMCO23CA0207) for a contracted social worker were supported and (b) recovered any costs determined to be unsupported.

Recommendation 5: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine whether the \$2,430 in questioned costs related to Pan American Development Foundation Inc.'s cooperative agreement (SPRMCO23CA0344) for clothing are allowable and (b) recover any costs determined to be unallowable.

Management Response: PRM concurred with the recommendation, stating that it "will review the questioned costs for allowability and recover any costs determined to be unallowable."

OIG Reply: On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM has (a) determined whether the \$2,430 in questioned costs related to Pan American Development Foundation Inc.'s cooperative agreement (SPRMCO23CA0344) for clothing were allowable and (b) recovered any costs determined to be unallowable.

To be considered for PRM funding, NGOs must submit an application package that includes their most recent negotiated indirect cost rate agreement. For AVSI Foundation and AVSI Brasil, PRM approved a rate of 10 percent of modified total direct costs (MTDC), which should include direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward. Several categories of costs should not be included in MTDC, including participant support costs.²¹ However, AVSI Brasil included participant

²¹ 2 C.F.R. § 200.1, "Definitions."

support costs in its MTDC and calculated its indirect cost reimbursement to be \$196,354. OIG recalculated the amount, excluding obvious participant support costs such as cash assistance, furniture, and housing, to be \$159,463.²² AVSI Foundation's proposed budget, which was incorporated into the approved award, stated that "AVSI Brasil has applied the acceptable de minimus rate of 10 percent indirect costs, calculated the modified total direct cost (MTDC) which excludes rental costs." AVSI Brasil officials stated that they were unaware of the MTDC definition in 2 C.F.R. § 200.1. Based on OIG calculations, by including participant support costs in its MTDC, AVSI Brasil claimed an additional \$36,891 in unallowable costs. To address this issue, OIG is offering the following recommendation.

Recommendation 6: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine the correct Modified Total Direct Cost and associated indirect cost reimbursement related to Fondazione Associazione Volontari Per Servizio Internazionale's cooperative agreement (SPRMCO23CA0207) and (b) recover any costs (at least \$36,891) determined to be in excess of what is allowable.

Management Response: PRM concurred with the recommendation, stating that it will review the "indirect costs for allowability and recover any costs determined to be unallowable."

OIG Reply: On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM has (a) determined the correct Modified Total Direct Cost and associated indirect cost reimbursement related to Fondazione Associazione Volontari Per Servizio Internazionale's cooperative agreement (SPRMCO23CA0207) and (b) recovered any costs determined to be unallowable.

The C.F.R. states that the non-federal entity must establish and maintain effective internal control that provides reasonable assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award.²³ These internal controls should be in compliance with guidance in the "Standards for Internal Control in the Federal Government,"²⁴ which requires that "Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination."²⁵ OIG reviewed supporting documentation to verify that AVSI Brasil provided housing to selected beneficiaries for 3 months as described in the cooperative award agreement. However, OIG found that AVSI Brasil did not establish internal controls (e.g., management directives, administrative policies,

²² OIG notes that there could be less obvious cost categories that fall under participant support costs that should also be excluded.

²³ 2 CFR § 200.303(a).

²⁴ Ibid.

²⁵ Government Accountability Office, *Standards for Internal Control in the Federal Government*, page 48 (GAO-14-704G, September 2014).

or operating manuals) for documenting that it provided housing to selected individuals. Furthermore, AVSI Brasil did not maintain documentation noting in which property each beneficiary lived and for how long.²⁶ Instead, AVSI Brasil maintained only lease agreements with individual landlords. As a result, OIG could not verify that the cost of the housing leases was appropriately allocated to the Department's award. Therefore, OIG considers \$108,000 to be unsupported and is offering the following recommendation.

Recommendation 7: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine whether the \$108,000 in unsupported costs related to Fondazione Associazione Volontari Per Servizio Internazionale's cooperative agreement (SPRMCO23CA0207) for beneficiary housing are supported and (b) recover any costs determined to be unsupported.

Management Response: PRM concurred with the recommendation, stating that it "will review the unsupported costs for allowability and recover any costs determined to be unsupported."

OIG Reply: On the basis of PRM's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM has (a) determined whether the \$108,000 in unsupported costs related to Fondazione Associazione Volontari Per Servizio Internazionale's cooperative agreement (SPRMCO23CA0207) for beneficiary housing were supported and (b) recovered any costs determined to be unsupported.

The Department's Federal Assistance Directive states that all foreign nonprofit and for-profit organizations that spend \$750,000 or more in Department funds in the organization's fiscal year are required to contract and undergo a single or program-specific audit annually. The NOFO must alert applicants to this requirement.²⁷ OIG found that PRM did not request a single or program-specific audit before issuing the award and the NOFO associated with this award only stated that organizations must submit their "most recent external audit report." AVSI Foundation submitted a financial statements audit. Although the financial statement auditor's unmodified opinion on AVSI Foundation's financial statements provides some assurance as to the accuracy of AVSI Foundation's financial data, it does not replace the need for a single or program-specific audit, which is necessary to validate that the award recipient complied with internal controls requirements. OIG is therefore offering the following recommendation.

Recommendation 8: OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement internal controls to ensure that non-federal entities meet the single or program-specific audit requirement before receiving an award.

²⁶ During interviews, beneficiaries stated to OIG that AVSI Brasil provided housing for up to 3 months.

²⁷ Federal Assistance Directive, Chapter 2, Section J.3 (October 2022), page 55.

Management Response: PRM concurred with the recommendation, stating that it “will review the current single or program-specific audit guidance and provide additional instructions if deemed necessary to ensure non-federal entities meet requirements.”

OIG Reply: On the basis of PRM’s concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that PRM has developed and implemented internal controls to ensure that non-federal entities meet the single or program-specific audit requirement before receiving an award.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement internal controls to ensure that performance progress reports are complete before finalizing an award's monitoring plan and report.

Recommendation 2: OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement oversight and governance processes for the use of Artificial Intelligence for reviewing awards' performance reports.

Recommendation 3: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine whether the \$400 in questioned costs related to HIAS Inc.'s cooperative agreement (SPRMCO23CA0242) for a meal that was contractually required to include wine are allowable and (b) recover any costs determined to be unallowable.

Recommendation 4: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine whether the \$2,324 in questioned costs related to Fondazione Associazione Volontari Per Servizio Internazionale's cooperative agreement (SPRMCO23CA0207) for a contracted social worker are supported and (b) recover any costs determined to be unsupported.

Recommendation 5: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine whether the \$2,430 in questioned costs related to Pan American Development Foundation Inc.'s cooperative agreement (SPRMCO23CA0344) for clothing are allowable and (b) recover any costs determined to be unallowable.

Recommendation 6: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine the correct Modified Total Direct Cost and associated indirect cost reimbursement related to Fondazione Associazione Volontari Per Servizio Internazionale's cooperative agreement (SPRMCO23CA0207) and (b) recover any costs (at least \$36,891) determined to be in excess of what is allowable.

Recommendation 7: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine whether the \$108,000 in unsupported costs related to Fondazione Associazione Volontari Per Servizio Internazionale's cooperative agreement (SPRMCO23CA0207) for beneficiary housing are supported and (b) recover any costs determined to be unsupported.

Recommendation 8: OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement internal controls to ensure that non-federal entities meet the single or program-specific audit requirement before receiving an award.

APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

The Office of Inspector General (OIG) conducted this audit to determine whether selected recipients of Bureau of Population, Refugees, and Migration (PRM) cooperative agreement funds supporting stability and assistance efforts in the Western Hemisphere (1) achieved the goal of socioeconomically integrating beneficiaries into their host countries and (2) expended funds in accordance with federal requirements, Department of State (Department) policies and guidance, and award terms and conditions.

OIG conducted this audit from October 2024 to April 2025 in the Washington, DC, metropolitan area and conducted audit fieldwork in Brazil, Colombia, and Ecuador. The scope of this audit was three cooperative agreement awards issued in FY 2023 to three nongovernmental organizations (NGO) that conducted socioeconomic integration activities. OIG conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

To obtain background information for this audit, OIG reviewed federal regulations, including Title II of the Code of Federal Regulations (C.F.R.), Part 200, and the Federal Acquisition Regulation. OIG also reviewed Department policies related to federal financial assistance, including the Foreign Affairs Manual and the Federal Assistance Directive. Additionally, OIG reviewed PRM guidance and standard operating procedures for monitoring and evaluating recipient performance. OIG interviewed award recipient personnel and PRM officials to gain an understanding of the NGOs' programs and PRM's monitoring efforts. In addition, OIG reviewed the selected recipients' cooperative agreements, policies, and standard operating procedures to gain an understanding of requirements associated with costs.

To determine whether selected recipients achieved the goal of socioeconomically integrating beneficiaries into their host countries, OIG selected a sample of beneficiaries (10 from each award recipient) and reviewed documentation to determine the extent of assistance provided. OIG also interviewed the 30 beneficiaries to confirm that assistance was provided and that it improved their socioeconomic integration into the host country. Moreover, OIG compared reported performance data for selected performance indicators to data maintained in the selected award recipients' databases and supporting documentation to assess its accuracy and whether it met PRM reporting requirements.

To determine whether selected award recipients spent funds in accordance with federal requirements, Department policies and guidance, and award terms and conditions, OIG selected a sample of expenditures from the recipients' general ledgers and compared them to the award's terms and conditions, budget, federal requirements, and original supporting documentation. To determine whether the selected recipients accurately reported financial information, OIG compared data included in the financial reports to the recipients' financial and

indirect costs data, as well as to data from the Global Financial Management System, which is the Department's domestic accounting system.

Data Reliability

OIG used data from the award recipients to determine whether recipients achieved the goal of socioeconomically integrating beneficiaries into their host countries. OIG verified whether the performance data reported by recipients were reliable by comparing data in fourth quarter performance progress reports to supporting documentation. Based on the testing performed, OIG determined that data quality for two of the award recipients was sufficiently reliable to achieve the objective of the audit. For the third award recipient, OIG found that the program performance data were of undetermined reliability because of incomplete reporting by the recipient. Although OIG could not determine the reliability of the data, OIG was able to use other data to test the accuracy of reported performance information for selected indicators (see Finding A for the results of that testing).

OIG used computer-processed data from the Global Financial Management System to obtain expenditure amounts for FY 2024 to test the accuracy of the selected award recipients' financial report submitted for the reporting period ending June 30, 2024.¹ The Global Financial Management System is used to prepare the Department's annual financial statements, which are audited annually by independent certified public accountants. OIG determined, based on how the data would be used and the verification of cash receipts reported on the award recipients' federal financial report, that the data were sufficiently reliable to fulfill the objective of this audit.

OIG obtained the selected award recipients' quarterly financial reports for FY 2024. OIG reviewed and verified the data included in the financial report submitted for the reporting period ending June 30, 2024,² using the recipients' general ledger data, data from the Global Financial Management System, and the recipients' Negotiated Indirect Cost Rate Agreement (or, in the case of one recipient, a percentage of its modified total direct costs). OIG also used the recipients' general ledger data to select a sample of expenditures to determine whether the expenditures were allowable, reasonable, allocable, and supported, as well as whether they were made in accordance with the award's terms and conditions, the award's budget, and federal requirements. Each of the award recipients had financial statement audits, with all three recipients receiving unmodified opinions for their financial statements. In addition, two of the three award recipients had audits of their major federal programs that found compliance with requirements that could have a direct and material effect on each of its major federal programs. The third award recipient did not have an audit of its major federal programs. OIG determined, based on how the data would be used, that the data were sufficiently reliable for the purposes of this audit.

¹ For one of the recipients, OIG reviewed and verified the data included in its financial report submitted for the reporting period ending September 30, 2024.

² For one of the recipients, OIG reviewed and verified the data included in its financial report submitted for the reporting period ending September 30, 2024.

Work Related to Internal Control

During the audit, OIG considered a number of factors, including the subject matter of the project, to determine whether internal control was significant to the audit objective. Based on its consideration, OIG determined that internal control was significant for this audit. OIG then considered the components of internal control and the underlying principles included in the *Standards for Internal Control in the Federal Government*³ to identify internal controls that were significant to the audit objective. Considering internal control in the context of a comprehensive internal control framework can help auditors to determine whether underlying internal control deficiencies exist.

OIG concluded that two of five internal control components from the *Standards for Internal Control in the Federal Government*—Control Activities and Monitoring—were significant to the audit objective. The Control Activities component includes the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity’s information system. The Monitoring component relates to activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews. OIG also concluded that four of the principles related to the selected components were significant to the audit objective, as described in Table A.1.

Table A.1: Internal Control Components and Principles Identified as Significant

| Components | Principles |
|--------------------|---|
| Control Activities | Management should design control activities to achieve objectives and respond to risks. |
| Control Activities | Management should implement control activities through policies. |
| Monitoring | Management should establish and operate activities to monitor the internal control system and evaluate the results. |
| Monitoring | Management should remediate identified internal control deficiencies on a timely basis. |

Source: Generated by OIG from an analysis of internal control components and principles from the Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014).

OIG interviewed Department and NGO officials and reviewed documents to obtain an understanding of the internal controls related to the components and principles identified as significant for this audit. OIG assessed the design and implementation of key internal controls. Specifically, OIG

- Reviewed the selected awards’ performance indicators for compliance with “specific, measurable, achievable, realistic, and time-bound” criteria.
- Reviewed award recipients’ performance indicator data and reports for compliance with data collection and calculation requirements.

³ Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014).

- Reviewed selected expenditures for compliance with federal requirements, Department policies and guidance, and award terms and conditions.
- Reviewed award modification documentation, including emails, for oversight related to requests for funding and changes to budgets.
- Reviewed monitoring plans and monitoring reports, including site visit reports, for compliance with substantial involvement requirements.

Internal control deficiencies identified during the audit that are significant within the context of the audit objective are presented in the Audit Results section of this report.

Sampling Methodology

OIG's overall sampling objective was to select NGOs that received PRM cooperative agreement funds supporting stability and assistance efforts in the Western Hemisphere. In addition, for each award recipient, OIG's sampling objectives were to select (1) beneficiaries to determine the extent of assistance provided and assess the extent that the assistance improved their socioeconomic integration into their host countries, (2) performance indicators related to socioeconomic integration, (3) beneficiaries associated with the selected performance indicators to assess the accuracy of award recipients' performance information, and (4) expenditures to determine whether they were allowable, reasonable, allocable, and supported.

Selection of Awards

For the project universe, OIG identified 148 awards issued by PRM from FY 2022 through FY 2024, valued at \$141,056,856. To determine the universe for selecting award recipients, OIG included only those awards that (1) were cooperative agreements awarded in FY 2023 valued at more than \$2,000,000 and (2) included the performance indicator that measures the number of individuals participating in livelihood and economic empowerment activities. This resulted in a target universe of 18 cooperative agreements. From this target universe, OIG selected the three awards with the largest number of beneficiaries, as shown in Table A.2.

Table A.2: Awards Selected for Audit Work

| Award Recipient | Country | Number of Beneficiaries | Award Total |
|--|----------|-------------------------|---------------------|
| HIAS Inc. ^a | Ecuador | 5,350 | \$5,200,000 |
| Fondazione Associazione Volontari Per Servizio Internazionale (AVSI Foundation) ^b | Brazil | 4,000 | \$2,476,317 |
| Pan American Development Foundation, Inc. (PADF) ^b | Colombia | 3,000 | \$3,000,000 |
| Total | | 12,350 | \$10,676,317 |

^a The period of performance was from September 16, 2023, to September 15, 2024.

^b The period of performance was from September 30, 2023, to September 29, 2024.

Source: Generated by OIG from data provided by PRM and the Department's myGrants database.

Selection of Beneficiaries To Test Socioeconomic Integration

To determine whether award recipients achieved the goal of socioeconomically integrating beneficiaries into their host countries, OIG selected 10 beneficiaries from each award for a total of 30 beneficiaries. For HIAS Inc., OIG randomly selected 10 individuals who, according to award recipient reports, had a higher household income level 6 months after receiving seed capital and grants and who were in Quito, Ecuador, which was where audit fieldwork was performed. For Fondazione Associazione Volontari Per Servizio Internazionale (AVSI Foundation), OIG randomly selected 10 individuals who were hired by Fibrafort, a boat manufacturer in Itajaí, Brazil. Because of a pause in U.S. foreign development assistance,⁴ the award recipient could not travel with OIG to another city but was able to schedule virtual interviews with beneficiaries employed by Fibrafort. For Pan American Development Foundation, Inc. (PADF), OIG randomly selected 10 individuals located in Cali, Colombia, whom the award recipient reported as being part of a family who improved its income through participation in the program. OIG selected Cali because of the local security environment in other locations in Colombia.

Selection of Beneficiaries and Performance Indicators To Test Accuracy of Reported Performance

To assess the accuracy of award recipients' performance information, OIG selected performance indicators related to socioeconomic integration and beneficiaries associated with the selected performance indicators. OIG selected all outcome performance indicators that the award recipients reported on for the (1) "Protection: Sociocultural Inclusion and Social Cohesion" sector and (2) "Livelihoods and Economic Empowerment" sector, which are directly related to socioeconomic integration, and one cross-cutting (i.e., applies to all sectors) outcome performance indicator. The selected performance indicators are detailed in Table A.3.

Table A.3: Performance Indicators Selected

| Award Recipient | Performance Indicators |
|------------------------|--|
| HIAS Inc. | PRM-3 (Cross-cutting): Percentage of participants who report that humanitarian assistance is delivered in a safe, accessible, accountable, and participatory manner. |
| | PRM-L2 (Livelihoods and Economic Empowerment): Percentage of individuals with an account at a bank or other financial institution or with a mobile-money service provider. |
| | PRM-L3 (Livelihoods and Economic Empowerment): Percentage of individuals (working age) who are unemployed. |

⁴ On January 20, 2025, during OIG's fieldwork, the President issued a Presidential Action ordering all department and agency heads with responsibility for U.S. foreign development assistance programs to immediately pause new obligations and disbursements of development assistance funds to foreign countries and implementing NGOs, international organizations, and contractors pending reviews of such programs for programmatic efficiency and consistency with U.S. foreign policy. The responsible department and agency heads were ordered to determine within 90 days whether to continue, modify, or cease each foreign assistance program based on the review recommendations, with the concurrence of the Secretary of State.

| Award Recipient | Performance Indicators |
|------------------------|--|
| | Custom-4 (Protection: Sociocultural Inclusion and Social Cohesion): Percentage of individuals who report improved social connectedness after receiving HIAS Inc. services. |
| | Custom-6 (Livelihoods and Economic Empowerment): Percentage of households that demonstrate improved self-reliance at the end of the program. |
| | Custom-8 (Livelihoods and Economic Empowerment): Percentage of individuals who report a higher household income level 6 months after receiving seed capital and grants. |
| AVSI Foundation | PRM-3 (Cross-cutting): Percentage of participants who report that humanitarian assistance is delivered in a safe, accessible, accountable, and participatory manner. |
| | PRM-L3 (Livelihoods and Economic Empowerment): Percentage of individuals (working age) who are unemployed. |
| PADF | PRM-3 (Cross-cutting): Percentage of participants who report that humanitarian assistance is delivered in a safe, accessible, accountable, and participatory manner. |
| | Custom-1 (Livelihoods and Economic Empowerment): Number of families who improve their living conditions due to their participation in the program when compared to the baseline. |
| | Custom-2 (Livelihoods and Economic Empowerment): Number of families who improve their income due to their participation in the program when compared to the baseline. |
| | |

Source: Generated by OIG based on performance indicators associated with the selected award recipients.

OIG selected up to 10 beneficiaries for each selected performance indicator for each award. For HIAS Inc., OIG randomly selected 10 beneficiaries for performance indicators PRM-3, PRM-L2, Custom-4, and Custom-6 from data provided by HIAS Inc. For performance indicator PRM-L3, OIG removed beneficiaries who did not have a final survey, and then randomly selected 10 beneficiaries from the remaining list. Finally, for performance indicator Custom-8, HIAS Inc. reported seven beneficiaries who had received seed capital or grant funds and whose business was still active after 6 months. OIG selected all seven beneficiaries. For AVSI Foundation, OIG was unable to select beneficiaries for performance indicator PRM-3 because the survey data were anonymous. For performance indicator PRM-L3, OIG randomly selected 10 beneficiaries from data provided by AVSI Foundation. For PADF, OIG randomly selected 10 beneficiaries for performance indicators PRM-3 and Custom-1 from data provided by PADF. For performance indicator Custom-2, OIG selected the same 10 beneficiaries who were originally selected for interviews.

Selection of Expenditures

To determine whether recipients expended funds in accordance with requirements, OIG obtained all expenditures associated with award SPRMCO23CA0207 in AVSI Brasil’s FY 2024 general ledger through June 30, 2024, all expenditures associated with award SPRMCO23CA0242 in HIAS Inc.’s FY 2024 general ledger through June 30, 2024, and all expenditures associated with award SPRMCO23CA0344 in PADF’s FY 2024 general ledger through June 30, 2024. OIG selected expenditures for testing from each of the following budget

categories as applicable: personnel, travel, supplies, contractual, construction, other direct costs, and cash and voucher assistance. OIG judgmentally selected a dollar value cutoff for each budget category and removed all expenditures below that dollar value, which resulted in the target universe for each budget category for the recipient.⁵ See Table A.4 for the project universe and target universe of expenditures by recipient.

Table A.4: Total Expenditures in Project Universe and Target Universe by Recipient

| Award Recipient | Number in Project Universe | Amount in Universe | Number in Target Universe | Amount in Target Universe (%) |
|------------------------|-----------------------------------|---------------------------|----------------------------------|--------------------------------------|
| HIAS Inc. | 12,164 | \$3,948,522 | 1,890 | \$1,885,641 (48) |
| AVSI Foundation | 4,556 | \$1,673,083 | 162 | \$455,892 (27) |
| PADF | 1,055 | \$1,317,431 | 700 | \$712,269 (54) |
| Total | 17,775 | \$6,939,036 | 2,752 | \$3,053,802 (44) |

Source: Generated by OIG from data provided by the selected recipients.

Selection of Performance and Financial Reports

To determine whether the performance and financial reports were accurate, OIG judgmentally selected and reviewed, from a universe of all FY 2024 performance and financial reports submitted by the three selected award recipients (24 reports), the third quarter financial report submitted by HIAS, Inc. and PADF, the fourth quarter financial report submitted by AVSI Foundation, and the final performance progress reports of all three recipients, which covered all of FY 2024.

Prior Office of Inspector General Reports

OIG has not audited PRM’s humanitarian assistance efforts in the Western Hemisphere in the last 10 years. However, in May 2024, OIG issued a report related to humanitarian assistance in Ukraine. Specifically, OIG reported that the terms and conditions in humanitarian assistance voluntary contribution awards in Ukraine did not include measurable objectives. Thus, PRM was not positioned to track progress toward intended program results supporting Ukraine. Although PRM conducted monitoring activities, it did not track award progress against measurable objectives and performance indicators. OIG made nine recommendations intended to improve PRM’s risk assessment process and award monitoring.⁶ As of May 2025, two recommendations remain open and are considered resolved pending further action, while the remaining recommendations have been implemented and closed.

⁵ For HIAS Inc., OIG judgmentally selected two distinct dollar cutoffs for cash and voucher assistance expenditures, removing all expenditures not within the dollar cutoffs to obtain two different types of cash and voucher assistance expenditures.

⁶ OIG, *Audit of the Department of State’s Humanitarian Response to the Ukraine Crisis* (AUD-GEER-24-16, May 2024).

APPENDIX B: BUREAU OF POPULATION, REFUGEES, AND MIGRATION RESPONSE



United States Department of State

Washington, D.C. 20520

June 17, 2025

UNCLASSIFIED
MEMORANDUM

TO: OIG/AUD – Gayle Voshell, Acting

FROM: PRM – Spencer Chretien 

SUBJECT: Draft Report on *Audit of Selected Bureau of Population, Refugees, and Migration Awards Supporting Stability and Assistance Efforts in the Western Hemisphere*

(U) Thank you for the opportunity to provide comments on and respond to the draft audit of selected Bureau of Population, Refugees, and Migration (PRM) awards supporting stability and assistance efforts in the Western Hemisphere.

(U) PRM concurs with the eight audit recommendations for the bureau. Additionally, there are comments provided in the report, which is attached to this letter

Attachments

1. Recommendations and Responses
2. Comments on Audit Report

UNCLASSIFIED

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-2-

Response to the Draft Report, Audit of Selected Bureau of Population, Refugees, and Migration Awards Supporting Stability and Assistance Efforts in the Western Hemisphere

Recommendations and Responses

Recommendation 1. OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement internal controls to ensure that performance progress reports are complete before finalizing an award's monitoring plan and report.

PRM Response: Concur. PRM concurs with the intent of the recommendation. The Bureau has extensive staff training on reviewing partner performance progress reports and finalizing the award monitoring plan and report. However, PRM will review current guidance and training and strengthen internal controls to ensure completion of performance progress reports.

Recommendation 2: OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement oversight and governance processes for the use of Artificial Intelligence for monitoring awards' performance reports.

PRM Response: Concur. PRM concurs with the intent of the recommendation. The Bureau follows Department guidance on AI use, including the Guidance on AI for Grants Management. PRM will implement internal oversight and governance processes for the use of Artificial Intelligence related to monitoring award performance reports and agrees that continued staff training on AI policies will be helpful given the rapidly evolving nature of the Department's AI guidance and tools.

Recommendation 3: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine whether the \$400 in questioned costs related to HIAS Inc.'s cooperative agreement (SPRMCO23CA0242) for a meal that was contractually required to include wine are allowable and (b) recover any costs determined to be unallowable.

PRM Response: Concur. PRM will review the questioned costs for allowability and recover any costs determined to be unallowable.

Recommendation 4: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine whether the \$2,324 in questioned costs related to Fondazione Associazione Volontari Per Servizio Internazionale's cooperative agreement (SPRMCO23CA0207) for a contracted social worker are supported and (b) recover any costs determined to be unsupported.

PRM Response: Concur. PRM will review the questioned costs for allowability and recover any costs determined to be unallowable.

Recommendation 5: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine whether the \$2,430 in questioned costs related to Pan American Development

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Foundation Inc.'s cooperative agreement (SPRMCO23CA0344) for clothing are allowable and (b) recover any costs determined to be unallowable.

PRM Response: Concur. PRM will review the questioned costs for allowability and recover any costs determined to be unallowable.

Recommendation 6: OIG recommends that the Bureau of Population, Refugees, and Migration (a) determine the correct Modified Total Direct Cost and associated indirect cost reimbursement related to Fondazione Associazione Volontari Per Servizio Internazionale's cooperative agreement (SPRMCO23CA0207) and (b) recover any costs (at least \$36,891) determined to be in excess of what is allowable.

PRM Response: Concur. PRM will review the Modified Total Direct Costs and indirect costs for allowability and recover any costs determined to be unallowable.

Recommendation 7: OIG recommends that the Bureau of Population, Refugees, and Migration determine whether the \$108,000 in unsupported costs related to Fondazione Associazione Volontari Per Servizio Internazionale's cooperative agreement (SPRMCO23CA0207) for beneficiary housing are supported and (b) recover any costs determined to be unsupported.

PRM Response: Concur. PRM will review the unsupported costs for allowability and recover any costs determined to be unsupported.

Recommendation 8: OIG recommends that the Bureau of Population, Refugees, and Migration develop and implement internal controls to ensure that non-federal entities meet the single or program-specific audit requirement before receiving an award.

PRM Response: Concur. PRM will review the current single or program-specific audit guidance and provide additional instructions if deemed necessary to ensure non-federal entities meet requirements.

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PRM Comments on the Draft Report, Audit of Selected Bureau of Population, Refugees, and Migration Awards Supporting Stability and Assistance Efforts in the Western Hemisphere

The following are comments concerning the specified sections of the report:

- Page 4. The report states that, “PRM used an Artificial Intelligence tool to summarize the recipient’s performance, the resulting Artificial Intelligence analysis was also incomplete. As a result, PRM did not fully determine whether the recipient successfully met all award objectives specified in the award.” In PRM’s discussions of Finding A, PRM believes it is important to accurately reflect the use of AI as supplementary to the Program Officer’s review. The Program Officer conducted a comprehensive review of the recipient’s report and then used an approved AI tool, StateChat, to supplement the review and analysis. However, StateChat is not capable of reading the performance indicator table format and was not used for that part of the review. The oversight identified by the OIG, which was the recipient’s omission of two required indicators, was not related to the use of StateChat.

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ABBREVIATIONS

| | |
|-----------------|---|
| AVSI Brasil | Associacao Voluntarios Para O Servicio Internacional – Brasil |
| AVSI Foundation | Fondazione Associazione Volontari Per Servizio Internazionale |
| C.F.R. | Code of Federal Regulations |
| GOR | Grants Officer Representative |
| MPR | monitoring plan and report |
| MTDC | modified total direct cost |
| NGO | nongovernmental organization |
| NOFO | Notice of Funding Opportunity |
| OIG | Office of Inspector General |
| PADF | Pan American Development Foundation, Inc. |
| PRM | Bureau of Population, Refugees, and Migration |
| SMART | specific, measurable, achievable, relevant, and time-bound |

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