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Office of Inspector General
United States Department of State

ISP-I-24-16

Office of Inspections

September 2024

Inspection of the Bureau of Political-Military Affairs

DOMESTIC OPERATIONS

UNCLASSIFIED



HIGHLIGHTS

Office of Inspector General
United States Department of State

ISP-I-24-16

What OIG Inspected

OIG evaluated the executive direction, foreign policy priorities, staffing, policy and program implementation, resource management operations, and information management operations of the Bureau of Political-Military Affairs.

What OIG Recommends

OIG made 21 recommendations to the Bureau of Political-Military Affairs. In its comments on the draft report, the bureau concurred with 20 recommendations and disagreed with 1 recommendation. OIG considers 20 recommendations resolved and 1 recommendation unresolved. The bureau's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The bureau's formal response is reprinted in its entirety in Appendix B.

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OFFICE OF INSPECTIONS
DOMESTIC OPERATIONS

Inspection of the Bureau of Political-Military Affairs

What OIG Found

- The Bureau of Political-Military Affairs' Assistant Secretary and Principal Deputy Assistant Secretary demonstrated Department of State leadership and management principles to communicate and foster resilience. The Assistant Secretary served as a principal advisor to Department leaders on policies relating to national security or U.S. military activities.
- The Bureau of Political-Military Affairs managed increased activity in several high-profile areas of concern to the Department, the administration, and Congress: support to Ukraine; the Indo-Pacific strategy, with a focus on Taiwan and the Australia-United Kingdom-United States enhanced security partnership; and support to Israel following the October 2023 Hamas attack.
- Bureau staffing did not keep pace with workload growth that resulted from the war in Ukraine, new Indo-Pacific strategy responsibilities, and the Israel-Hamas conflict. The bureau's efforts and Department workforce planning processes were ineffective in addressing the bureau's staffing requirements related to the surge of work on these foreign policy priorities.
- The bureau did not have a centralized system for tracking contracts. Contracting officer's representatives did not perform the majority of contract oversight.
- The bureau had deficiencies in grants management, including the lack of full and open competition for assistance awards.
- The bureau's systems development lifecycle process lacked documentation for management approvals and stakeholder decisions, and the bureau did not retain project documentation in a central location as required by Department standards.
- Spotlight on Success: The Bureau of Political-Military Affairs developed criteria-driven proposal processes for allocating certain assistance funding to meet specific strategic objectives.

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CONTEXT

The Bureau of Political-Military Affairs (PM) is the Department of State's (Department) principal liaison with the Department of Defense (DoD). In that respect, PM represents U.S. foreign policy considerations in DoD's planning processes and works closely with political-military experts worldwide to ensure full coordination in the planning and execution of security cooperation to advance the U.S. government's foreign policy objectives. PM has policy and program oversight responsibilities on a wide range of national security issues, including regional stability, military operations, security assistance, arms transfers, and defense trade.

PM faced an unprecedented increase in the volume and value of its military assistance and arms sales workload in the wake of Russia's February 2022 invasion of Ukraine. One of PM's core functions is to facilitate arms sales and export items required by U.S. allies and partners. In response to Russia's invasion, licensing requests for direct commercial sales of U.S.-origin military equipment to Ukraine, increased from less than \$20 million before the war's onset to more than \$600 million in FY 2022. Congressional appropriations for Foreign Military Financing (FMF) available to Ukraine and Europe increased by 1,355 percent from FY 2021 to FY 2022, also affecting the licensing workload. In addition to increased defense article sales and transfers, PM's workload in less public-facing areas, such as maintaining an appropriate level of engagement with DoD; overseeing nearly \$2 billion in contracts, grants, and interagency agreements (IAA); ensuring accountability; countering corruption; and protecting human rights, increased commensurately in the same time frame. Finally, China's posture toward Taiwan and the October 2023 onset of the Israel-Hamas conflict resulted in additional workload for the bureau. However, PM had no measurable increase in staff between February 2022 and October 2023.

PM's mission requires extensive policy coordination with a wide range of Department and interagency partners. PM works closely with Department leaders and multiple bureaus, DoD, and the White House (primarily the National Security Council) to formulate policy priorities. Within the Department, PM works most closely with the regional bureaus, the Bureau of International Security and Nonproliferation, and the Bureau of Democracy, Human Rights, and Labor (DRL). Policy and program work that PM leads requires highly specialized experience in areas such as weapons systems, regulatory and legal issues, regional foreign policy issues, peacekeeping, and humanitarian demining, among others. On an annual basis, PM has policy and program oversight responsibilities for approximately \$7 billion in security assistance, representing almost 20 percent of the total annual foreign assistance appropriations; oversees the sale and transfer of approximately \$150 billion in sensitive technology; and coordinates with DoD on an additional \$10 billion in security assistance.

Bureau Goals and Priorities

PM's Functional Bureau Strategy (FBS) was approved on April 12, 2022, and revised on November 29, 2023. In addition, the PM Assistant Secretary identified seven policy and management priorities aligned with the FBS' broad strategic framework:¹

- Russia/Ukraine: Leverage all PM tools to ensure Russia's unprovoked aggression against Ukraine remains a strategic failure.
- China: Leverage all PM tools to advance the administration's "invest, align, and compete" approach to China and the Indo-Pacific Strategy.²
- Lead on Security Policy, Cooperation, and Assistance: Assert the Department's lead role in providing foreign policy oversight and direction for security policy, cooperation, and assistance.
- Security Sector Governance: Expand PM's role in and work on Security Sector Governance in support of U.S. foreign policy goals to strengthen civilian security, promote accountability, counter corruption, and protect human rights.
- Congress and Outreach: Strengthen PM's working relationship with Congress to expedite arms transfers and security assistance; respond to congressional questions and concerns; and support PM priorities through continuing media and civil society outreach.
- People: Invest in and support PM employees, with a focus on improving diversity, equity, inclusion, and accessibility (DEIA) while balancing mission priorities, recruiting, and retaining top talent.
- Climate Security: Support, develop, and implement efforts to increase partners' resilience to climate change and to decrease the carbon footprint of PM assistance programs and arms transfers.

Bureau Functions

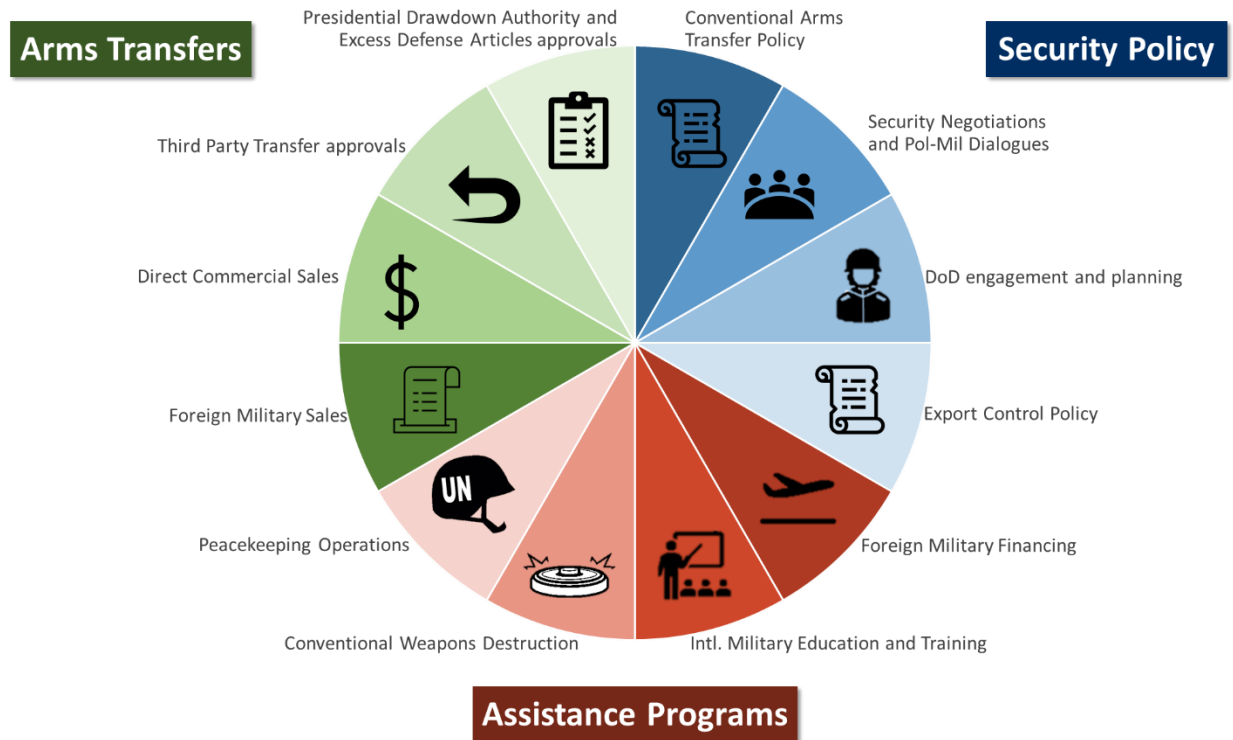
PM's functions generally fall into three categories: foreign assistance programs, arms transfers, and security policy, as shown in Figure 1. Foreign assistance programs are funded through FMF, Peacekeeping Operations (PKO), the Nonproliferation, Anti-terrorism, Demining, and Related

¹ PM's strategic framework encompasses five goals: (1) enhance partners' defense capabilities and interoperability to deter and defend against competitors and manage persistent threats; (2) strengthen coordination with allies and partners and with DoD to enable America's military to operate globally and better integrate diplomacy and defense; (3) foster sustainable and resilient security sectors that respect human rights, the rule of law, and democratic values; (4) secure U.S. technological advantages and sustain the competitive advantages of the U.S. national security innovation base and U.S. military; and (5) invest in and develop a diverse, equitable, inclusive, and accessible PM workforce equipped with the skills, data, IT, and infrastructure needed to drive global security policy and meet the challenges of the next decade.

² According to the White House's *U.S.-Indo-Pacific-Strategy of the United States*, February 2022, the United States is committed to an Indo-Pacific that is free and open, connected, prosperous, secure, and resilient. The strategy stated that the United States will strengthen its own role while reinforcing the region itself and will shape the strategic environment in which the People's Republic of China operates. This included supporting Taiwan's self-defense capabilities and modernizing its treaty alliance with Australia, among others.

Programs, and International Military Education and Training appropriations. Arms transfer functions include Foreign Military Sales (FMS), direct commercial sales, third-party transfers, and Presidential Drawdown Authority. Security policy issues include the Conventional Arms Transfer (CAT) policy, security negotiations and political-military dialogues, DoD engagement and planning, and export control policy.

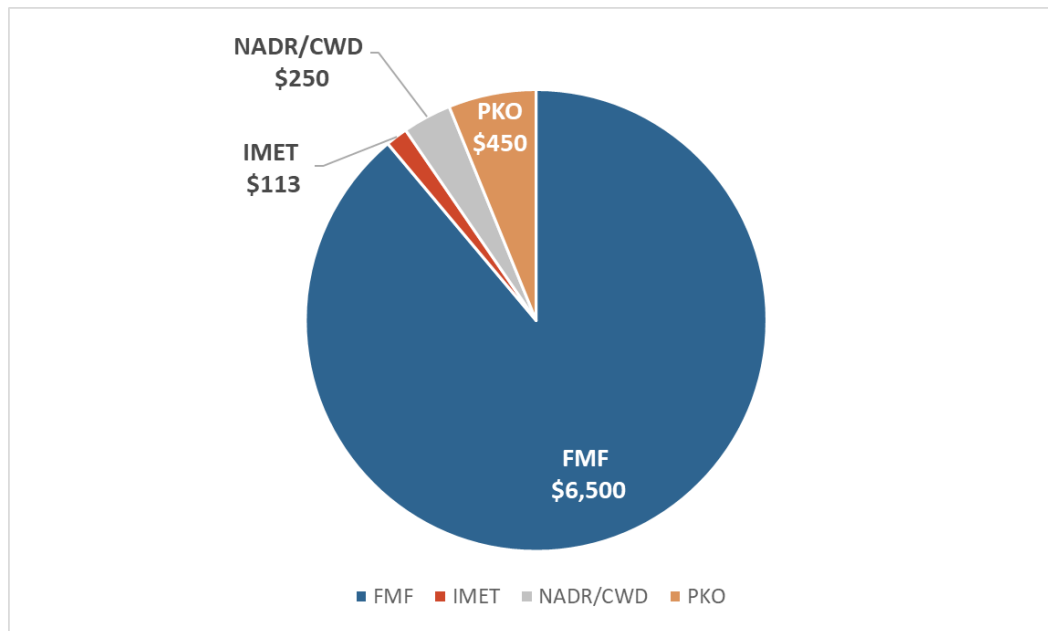
Figure 1: Bureau of Political-Military Affairs Functions



Source: OIG adapted from information provided by the Department.

Assistance Programs

The amount of PM’s annual foreign assistance appears in Figure 2.

Figure 2: Annual PM Managed Foreign Assistance Accounts

Note: Annual foreign assistance excluding Ukraine supplemental funds, in millions.

Source: OIG adapted from information provided by the Department.

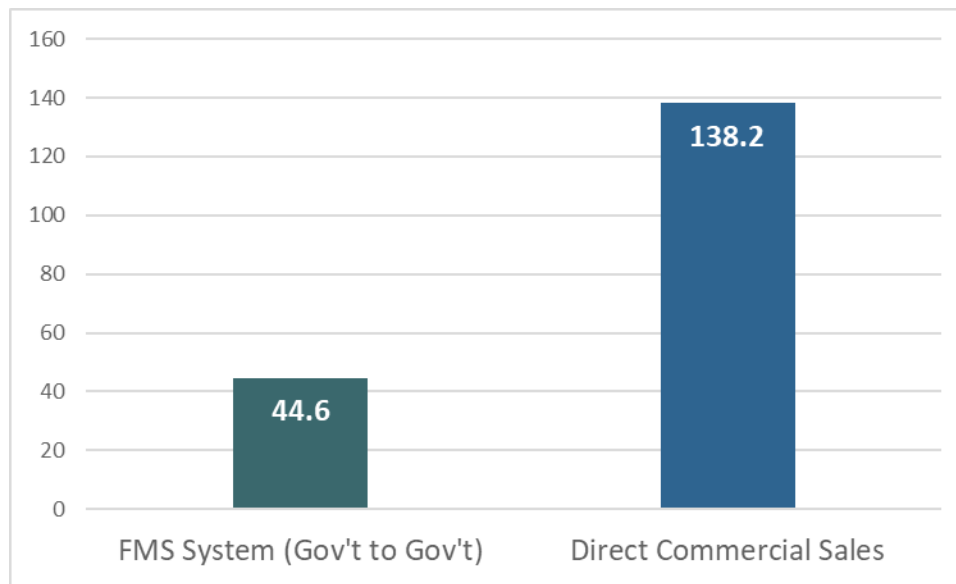
- Foreign Military Financing (FMF): FMF enables eligible partner nations to purchase U.S. defense articles, training, and services via grant assistance. FMF funding is approximately \$6.5 billion annually.
- Peacekeeping Operations (PKO): PKO funded programs support voluntary multinational stabilization efforts, help diminish and resolve conflict, enhance the ability of nations to address counterterrorism, maritime security threats and counter illicit trafficking, and reform military establishments. PKO funding is approximately \$450 million annually.
- Nonproliferation, Anti-terrorism, Demining and Related Programs/Conventional Weapons Destruction (NADR/CWD): Conventional Weapons Destruction supports the safe clearance of explosive hazards (including humanitarian demining assistance) as well as the security and safe disposal of excess small arms, munitions, and Man Portable Air Defense Systems (MANPADS). Conventional Weapons Destruction funding is approximately \$250 million annually.
- International Military Education and Training (IMET): IMET builds future alliances by fostering rapport between U.S. and foreign militaries through DoD-implemented exchanges that expose foreign students to U.S. military values, create a network of professional ties, and build long-term relationships. IMET funding is approximately \$113 million annually.
- Title 10 review process on behalf of the Secretary of State: PM has statutory coordination and concurrence responsibilities for more than 25 DoD authorities and

funding programs, notably the Building Partner Capacity (“Section 333”) programs and the Ukraine Security Assistance Initiative (USAI).³

Arms Transfers and Defense Trade

- Foreign Military Sales (FMS): PM manages approximately \$45 billion in annual government-to-government sales under the FMS program.
- Direct Commercial Sales: Through its licensing authority, PM regulates the export and other transfers of U.S.-origin defense articles and services sold from the private sector to foreign end-users (averaging \$138 billion in authorizations for FY 2021 through FY 2023) and is responsible for end-use monitoring of those defense articles.⁴ See Figure 3.

Figure 3: Annual Arms Transfers and Defense Trade



Note: Average annual value (FY 2021 through FY 2023) of implemented FMS and licenses authorized, in billions.

Source: OIG, adapted from information provided by the Department.

- Third-Party Transfers: PM is responsible for processing transfers, disposals, and changes in end use of U.S.-origin defense articles, services, and data.
- Presidential Drawdown Authority: Presidential Drawdown Authority authorizes the President to provide defense articles and services from DoD inventories to foreign countries and international organizations to respond to unforeseen emergencies. PM is responsible for the approval process, while DoD is responsible for the transfer and subsequent monitoring.

³ 10 U.S. Code Title 10, Subtitle A, Part I, Chapter 16, “Security Cooperation,” specifies which U.S. government security assistance programs require coordination and concurrence between the Departments of Defense and State.

⁴ For further discussion of PM’s end-use monitoring responsibilities, including for U.S.-origin defense articles and services exported through direct commercial sales, see OIG, *Review of Department of State End-Use Monitoring in Ukraine* (ISP-I-24-02, November 2023).

- Excess Defense Articles: Excess Defense Articles is a mechanism through which DoD disposes of excess military equipment by providing it to allied and friendly nations on a grant or sale basis. PM coordinates the approval of proposed transfers.

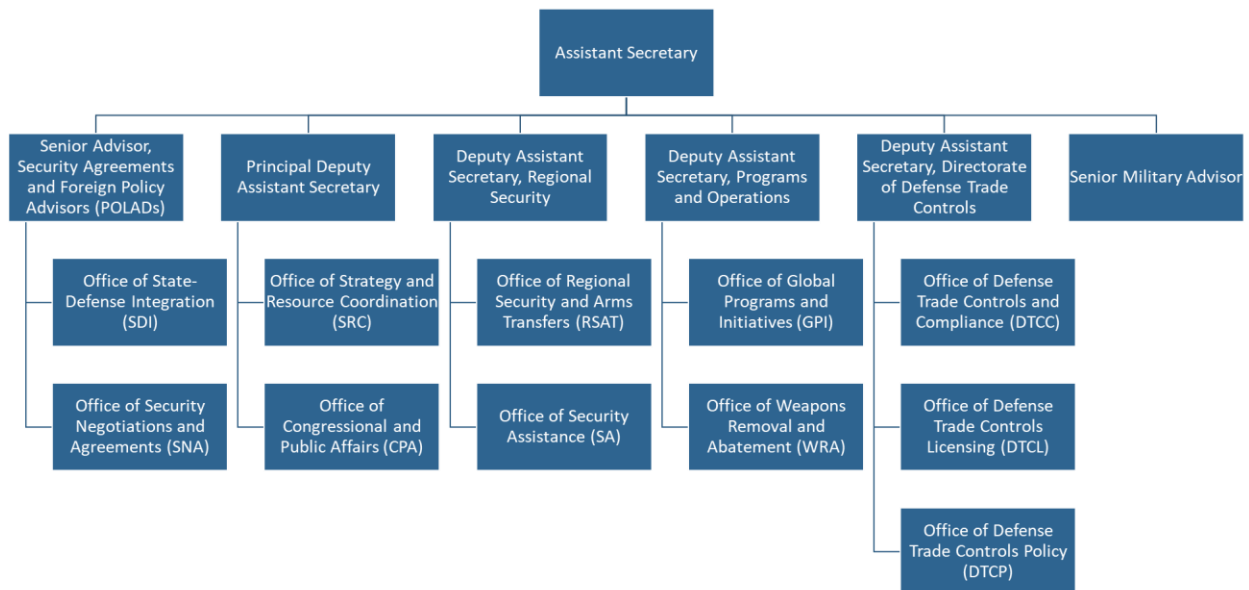
Security Policy

Other PM responsibilities include diplomatic clearance approvals for foreign state aircraft and naval vessels entering the United States and its territories, and the analysis of broad trends in international security affairs to determine their effect on U.S. policies. PM also leads the U.S. government’s negotiation of bilateral security agreements, such as Defense Cooperation Agreements and Status of Forces Agreements, provides foreign policy input to defense plans and strategies, and coordinates with DoD on personnel exchanges to strengthen the defense-diplomacy relationship.

Organization and Staffing

PM’s leadership included an Assistant Secretary, a Principal Deputy Assistant Secretary (PDAS), three Deputy Assistant Secretaries, and a Senior Advisor who collectively oversaw 11 offices (see Figure 4 below). At the time of the inspection, PM had approximately 500 staff, comprised of 173 Civil Service employees (including retired annuitants and interns), 88 Foreign Service officers, 209 contractors, and 25 military detailees. Additionally, PM was the home bureau for approximately 80 Foreign Policy Advisors (POLADs) assigned in 7 countries and 13 states to 40 different U.S. military commands and organizations.

Figure 4: Bureau of Political-Military Affairs Organization Chart



Note: PM had proposed a new organizational structure that was under review at the time of the inspection.

Source: OIG generated from information obtained from the Bureau of Political-Military Affairs, September 2023.

OIG evaluated the bureau's executive direction, foreign policy priorities, staffing, policy and program implementation, resource management operations, and information management operations consistent with Section 209 of the Foreign Service Act of 1980.⁵

EXECUTIVE DIRECTION

OIG assessed PM's leadership based on questionnaires completed by bureau staff, employee interviews, reviews of documents, and observations of bureau activities. OIG also conducted interviews with Department and interagency partners and defense industry representatives.

Tone at the Top

The Assistant Secretary joined PM in September 2021. Prior to joining the bureau, she served in several staff positions in Congress, most recently as the Democratic Staff Director of the Senate Foreign Relations Committee. The PDAS joined the bureau in July 2013 as the Director of the Office of Weapons Removal and Abatement (WRA) and later served as a Deputy Assistant Secretary and as acting PDAS. He became the PDAS in May 2022.

OIG found that the Assistant Secretary and the PDAS demonstrated many of the leadership and management principles described in 3 Foreign Affairs Manual (FAM) 1214, particularly to communicate and to foster resilience. Seventy-six percent of PM employees who responded to the 2022 Federal Employee Viewpoint Survey reported a high level of respect for PM's leadership, 14 percentage points above the Department average for responses to that question. Eighty-two percent of employees also gave PM's leaders positive marks for exhibiting honesty and integrity, 19 percentage points above the Department's survey average. Finally, PM employees, reported that their leaders generated high levels of motivation and commitment. Results of OIG surveys for the inspection paralleled those of the Federal Employee Viewpoint Survey. In addition, OIG interviews of PM employees particularly cited the PDAS for his mentoring and accessibility to employees. Front Office and employee interviews cited the Assistant Secretary's "priorities" meetings on policy issues, held after PM's in-person senior staff meetings, as effective in breaking down silos among offices and encouraging broad participation. The Front Office also distributed notes from the bureau's senior staff meetings to all offices.

The Assistant Secretary's commitment to open communication was tested during the inspection when she addressed concerns within PM on the U.S. policy response to the October 7, 2023, Hamas attack on Israel and provided venues for employees to express their views. The Assistant Secretary told OIG that the 6-week period following the Hamas attack on Israel had been the most challenging weeks of her tenure. Following the Hamas attack, a PM office director resigned and later wrote publicly about what he termed an absence of debate over arms transfers to Israel and "an unprecedented unwillingness to consider the humanitarian

⁵ See Appendix A.

consequences of ‘our’ policy decisions.”⁶ The Assistant Secretary told OIG that her view was that a presidential policy was in place, and her role was to let employees provide feedback and to inculcate within the bureau an environment that such feedback was welcomed. The Assistant Secretary sent a message to all PM employees on the importance of maintaining an open environment for dissent, and the Front Office later sent another message on use of the Dissent Channel.⁷ She met separately with the staff of various PM offices to discuss U.S. policy on the Israel-Hamas conflict and to respond to questions. The Assistant Secretary also hosted meetings for PM employees to raise their concerns and ask questions of the Secretary of State and of the acting Deputy Secretary. PM leadership told OIG they gave employees the opportunity to change portfolios if they were uncomfortable working on Israel and Gaza issues, but that none had requested a change at the time of the inspection.

OIG’s survey results found both the Assistant Secretary and PDAS fostered resilience among employees. PM employees told OIG they respected how the Front Office faced the increased workload on Ukraine but looked for more guidance on what issues to de-emphasize. The Assistant Secretary and others in Front Office leadership told OIG they strove to send positive messages on maintaining work-life balance but recognized that their own work hours due to demands from Ukraine and urgent Israel security assistance could send conflicting messages. One Front Office member summed it up as, “We think it’s okay for us to work late so others can go home. We recognize it is weird messaging.” Several employees cited the Assistant Secretary as setting a positive example on work-life balance under hectic work conditions.

Execution of Foreign Policy

OIG interviews of PM’s interlocutors elsewhere in the Department and in the interagency community cited PM’s policy expertise on security assistance as an important factor in PM’s influence. The Assistant Secretary’s responsibilities in 1 FAM 411.1 include serving as a principal advisor to Department leaders on policies relating to national security or U.S. military activities. OIG reviews of documents found the Assistant Secretary regularly provided advice and policy recommendations to Department leadership on PM’s two geographic priorities: China and Russia/Ukraine. PM also provided Department principals with options for implementation of the Australia-United Kingdom-United States (AUKUS) enhanced security partnership,⁸ and highlighted how the lack of U.S. production capacity caused delays in deliveries of weaponry committed to different U.S. defense partner countries.

⁶ Josh Paul, “This is not the State Department I know. That’s why I left my job,” *The Washington Post*, October 23, 2023, <https://www.washingtonpost.com/opinions/2023/10/23/state-department-quit-israel-arms/>.

⁷ The Dissent Channel was created to allow its users the opportunity to bring dissenting or alternative views on substantive foreign policy issues, when such views cannot be communicated in a full and timely manner through regular operating channels or procedures, to the attention of the Secretary of State and other senior Department of State officials in a manner which protects the author from any penalty, reprisal, or recrimination. See 2 FAM 071.1b.

⁸ The AUKUS partnership is discussed in more detail in the Foreign Policy Priorities section of this report under the heading, “Bureau Implemented Elements of the Indo-Pacific Strategy Consistent With Its Responsibilities.”

OIG interviews and reviews of documentation found that the PM Front Office used both formal and informal channels to influence interagency policy deliberations, consistent with the Assistant Secretary's responsibilities in 1 FAM 411.1 to provide guidance and coordinate policy formulation on national security issues. The Assistant Secretary and others in the PM Front Office engaged actively in the interagency process, especially with DoD and with the National Security Council. At the same time, some PM employees expressed frustration that PM sometimes did not receive timely readouts from National Security Council meetings when Department participation was limited, which raised risks that key information was not communicated to the bureau. OIG interviews of PM's working-level interlocutors in the Department and interagency community cited PM's lack of staffing as a factor limiting PM's influence at working levels, an issue described in greater detail in the Staffing section of this report.

OIG's calendar and document reviews found that the Assistant Secretary and others in the Front Office were in frequent contact with Congress on security assistance issues, another of PM's priorities for 2023. OIG interviews cited the Assistant Secretary's congressional experience as helpful in facilitating congressional clearance of the Department's notifications of security assistance proposals.

On assistance to Ukraine, OIG interviews highlighted PM's ability to speed up approvals to use Presidential Drawdown Authority to provide critical security assistance in a timely manner. OIG found that PM provided policy input and clearance on sensitive security assistance issues on Ukraine and generally on licenses and assistance to Israel following the Hamas attacks on October 7, 2023. PM also played an active role on other high-profile issues that evolved in the months leading up to and during the inspection, including security assistance to Taiwan and establishing the Civilian Harm Incident Response Guidance, a process to investigate reports of harm to civilians from U.S.-furnished or -authorized defense items.⁹ PM sent guidance to all embassies in August 2023 on the Civilian Harm Incident Response Guidance process and how Department employees could submit reports for review. As of December 2023, reported incidents were still being reviewed. Further details on some of these issues are included in the classified annex to this report.

Execution of Foreign Policy: Defense Industrial Base

The White House has identified the defense industrial base as a key sector where the U.S. government seeks to improve supply chain resilience. In November 2023, DoD produced its first National Defense Industrial Strategy,¹⁰ which noted that in recent years, supply chain vulnerabilities have surfaced, including during the COVID-19 pandemic, then with Russia's full-scale invasion of Ukraine, and the Hamas attacks on Israel. The strategy also stated, "The U.S. defense industry has been called on to surge production of military equipment in large quantities, especially munitions—from 155mm military artillery shells, a staple of armies since

⁹ Cable 23 STATE 94122, "New Department Civilian Harm Incident Response Guidance and Reporting Process," August 23, 2023.

¹⁰ Department of Defense, "National Defense Industrial Strategy," November 16, 2023.

the First World War, to the most sophisticated missile defense systems.” In the strategy, DoD stressed, “[a]s we seek to improve planning for delivery of military capabilities to international partners and to stabilize critical supply chains, improved visibility of partner requirements is imperative.” PM worked to improve visibility between partner nations and U.S. industry and, along with DoD, was working to speed the FMS process and facilitate production partnerships where possible.

OIG found that the Assistant Secretary and other bureau leaders consistently communicated with representatives of the U.S. defense industry on how the sustainability of the U.S. defense industry industrial base impacted U.S. government delivery of timely security assistance and military exports to its partners and allies. The Assistant Secretary prioritized visits and meetings with prime U.S. defense contractors that focused on production pipelines and their effects on U.S. allies and defense partners. Bureau leadership told OIG that, while DoD had the lead on defense production and relations with the U.S. defense industry, PM’s role was to communicate the views and concerns of U.S. allies and partners to U.S. industry. For example, in meetings with U.S. firms, the Assistant Secretary stressed the potentially negative impact of shutting down a production line once sufficient items had been produced for the U.S. military even though demand remained from overseas partners and allies. The Assistant Secretary also highlighted for Department principals the effects of production delays on key U.S. partner countries.

PM leadership told OIG they had encouraged the National Security Council to lead a Policy Coordinating Committee to focus on U.S. industry’s role in the sustainability of Ukraine’s defense industrial base. Following the inspection, PM participated in the National Security Council’s Defense Directorate’s Global Defense Production working group series, which PM reported became a sub-interagency policy committee process to explore ways to expand production of critical munitions and other defense articles.

During the inspection, the PDAS, one Deputy Assistant Secretary, and others in PM participated in preparations for a U.S. government, U.S. industry, and government of Ukraine conference focused on this topic that was held in December 2023 in Washington. Bureau leadership told OIG they aimed to have the conference focus U.S. industry on longer-term requirements to assist Ukraine while also encouraging Ukraine to set priorities for U.S. industry participation and address barriers to U.S. firms in Ukraine.

Internal Controls and Staffing

PM’s annual Statements of Assurance for 2021 and 2022 identified a significant deficiency in the Department’s training of contracting officer’s representatives (COR). However, the Statements of Assurance did not include corrective actions by the bureau to address the significant deficiency as required by Department guidelines in 2 FAM 021.3 and 2 FAM 022.7. PM officials told OIG the deficiency involved training that was outside PM’s purview and that they had contacted the Foreign Service Institute to discuss ways to improve COR training. PM’s 2023 Statement of Assurance did not include a significant deficiency for COR training. However, OIG interviews still found widespread dissatisfaction among PM employees with the quality of

COR training and with constraints on their ability to conduct on-site oversight of contracts. Deficiencies in contract oversight and the qualifications of PM's CORs are addressed in greater detail in the Resource Management section of this report.

PM took action during the inspection to address two internal controls issues raised by OIG. First, it submitted a bureau reorganization memorandum to the Under Secretary for Management to address offices that did not meet the minimum size required by 1 FAM 014.7d and to address changes to reporting structures. Second, the Assistant Secretary issued guidance to all employees on her views of acceptable risk in PM programs, consistent with requirements in 2 FAM 032.6e, that assistant secretaries set guidelines for risk tolerance.

OIG also found that PM's leadership did not adequately develop strategies to address the bureau's staffing needs to cope with increased security assistance resources and licensing demands. A consolidated analysis of the bureau's staffing problems appears in the Staffing section of this report.

Equal Employment Opportunity and Diversity, Equity, Inclusion, and Accessibility

OIG found that PM's Assistant Secretary prioritized Equal Employment Opportunity (EEO) issues and laid the groundwork to advance DEIA initiatives, consistent with the Front Office's 2023 priority. The Assistant Secretary acted in accordance with Department guidelines in 2 FAM 1510 to promote equal opportunity in every aspect of the Department's personnel policies and practices. The Department reported no concerns to OIG regarding the EEO environment in PM. OIG found that EEO materials were readily available on the bureau's OpenNet SharePoint site accessible to PM employees.

The Assistant Secretary and the PDAS participated regularly in DEIA events both within the bureau and externally. The Assistant Secretary established a position in the Front Office for a Senior Advisor on DEIA issues, consistent with Department guidance in cable 22 STATE 13392¹¹ that encouraged bureaus to provide resources to support DEIA initiatives. PM developed a survey of employees on DEIA issues in 2021 and 2022 to identify their highest priority issues. The bureau set up three DEIA working groups, which, under the guidance of the Senior Advisor, prepared proposals to advance DEIA initiatives in the bureau. Some bureau leaders told OIG the bureau had not yet seen concrete results from these DEIA initiatives. During the inspection, the working groups presented initiatives to the Assistant Secretary on issues such as mentoring, professional development opportunities, and establishing standard operating procedures on hiring. At the end of the inspection, those proposals were awaiting final approval from the Assistant Secretary.

¹¹ Cable 22 STATE 13392, "Diversity, Equity, Inclusion, and Accessibility (DEIA) Council Best Practices," February 11, 2022.

Strategic Planning

OIG found that PM's work adhered closely to its FBS which incorporated elements of regional strategies, thematic strategies, DoD strategies, and administration policies and priorities.¹² The Assistant Secretary disseminated PM's priorities through offsites, office meetings, and brown-bag sessions. PM advanced FBS priorities through internal and interagency policy discussions,¹³ as well as through foreign assistance programming, and tracked progress towards these priorities consistent with Department guidance in 18 FAM 301.2-4(D)c, to institute regular reviews to assess progress against bureau strategic objectives. The Assistant Secretary approved PM's revised FBS in November 2023, which updated objectives to reflect emerging issues and measured progress since the FBS' initial approval in April 2022. OIG found the bureau was strategic in its use of resources, with PM officials (1) ensuring that foreign assistance projects were directly tied to the FBS policy priorities, (2) tracking and analyzing PM's achievement of objectives,¹⁴ and (3) assigning funding to projects according to a strategic prioritization process, which maximized the impact of funds.

Spotlight on Success: Funding Linked to Strategies Provided Flexibility and Coherence

Customarily, the President's Budget Request for the FMF account specifies levels of funding for each country as a reflection of administration commitments; additional congressional earmarks further determine country funding levels. PM identified these pre-determined country allocations as a constraint on the Department's ability to direct FMF funds to cross-cutting priorities or emerging needs. To address this constraint, PM developed criteria-driven proposal processes for allocating certain funding to meet specific strategic objectives, building on approaches already used within the PKO account. First, PM set aside funding in the FMF account for specific strategic objectives, such as countering Russian influence. It then provided embassies with guidance on objectives and an opportunity to submit proposals addressing those objectives to PM for consideration. This process allowed PM to respond with greater agility to changing country conditions, make decisions on funding allocations closer to when funds were available to be used, and align funding with DoD security assistance planning cycles. PM used this process for a portion of the funding from Ukraine supplemental appropriations, which allowed PM to direct funds in ways that would induce military equipment donations to Ukraine and encourage a shift to U.S. military equipment. Other bureaus in the Department were pleased with the additional funding opportunities, noting that the new process allowed for more strategic decision-making. PM has continued these efforts by requesting regional funding in the FY 2024 budget for the FMF

¹² These included, among others: National Security Strategy; National Defense Strategy; National Military Strategy; U.S. Strategy on Women, Peace, and Security; U.S. Strategy to Prevent Conflict and Promote Stability; National Cybersecurity Strategy; Indo-Pacific Strategy; Root Causes Strategy; Conventional Arm Transfer Policy; Unmanned Aerial Systems Export Policy; Mitigating Civilian Harm Policy; Transitioning Off Russian Equipment Initiative; and climate security.

¹³ PM led an interagency working group on the Security Sector Governance priority and met with the National Security Council and DoD on Ukraine and other priority topics as appropriate.

¹⁴ Objective tracking included the Strategic Impact Assessment Framework report and both the Security Sector Governance and Security Cooperation Evaluation Framework indices.

account for projects in East Asia and the Pacific, Europe and Eurasia, South and Central Asia, as well as for emerging global priorities.

OIG reviewed PM's oversight of the strategies mentioned in footnote 12 and determined the bureau's attention to the U.S. Strategy on Women, Peace, and Security (WPS) was insufficient despite it being a crosscutting bureau strategy, as discussed below.

Bureau Did Not Give Implementation of the U.S. Strategy on Women, Peace, and Security Sufficient Attention

Although PM prioritized identifying participation of women in defense and security sectors as an FBS objective, the bureau had not fully integrated the WPS into its programs at the time of the inspection.¹⁵ PM counted the number of women trained through its programs but did not consistently incorporate WPS goals at the program planning stage and did not thoroughly incorporate WPS into all programs, including advocating for the promotion of women upon program completion. Although the WPS was a cross-cutting priority that affected multiple offices, the PM representative responsible for bureau-wide integration of the strategy worked in the Office of Global Programs Initiatives (GPI) and had a portfolio that included a range of other responsibilities unrelated to WPS. Responsibilities for coordination of WPS differed from those of other crosscutting priorities, such as climate security and the Indo-Pacific Strategy, which were coordinated in the PM Front Office. According to 1 FAM 014.5c, units reporting to the Assistant Secretary are a point for coordination for cross-cutting activities. By having the expert-level representative coordinating WPS implementation from within a single office, the bureau was at risk of not properly integrating WPS into program planning and accurately reporting to Congress on funds used to advance gender priorities. Consequently, the bureau was at risk of not adhering to *The Department of State's Plan to Implement the U.S. Strategy on Women, Peace, and Security*.

Recommendation 1: The Bureau of Political-Military Affairs should integrate the U.S. Strategy on Women, Peace, and Security into its programs and assign responsibility for the coordination of this strategy to the Front Office. (Action: PM)

Bureau Did Not Fulfill All Program Evaluation Requirements

OIG found that PM identified its major programs in the FBS, adhered to FBS priorities, revised priorities as appropriate, and, as required by 18 FAM 301.4-4(A), appointed a Bureau Evaluations Coordinator. However, the coordinator did not establish a bureau-wide approach to program monitoring and evaluation. As a result, the three PM offices managing foreign assistance funding—GPI, the Office of Security Assistance (SA), and WRA—did not coordinate or fulfill all their program evaluation activities. For example, PM did not send to the Department's Office of Foreign Assistance the bureau's completed evaluations, unclassified summaries for posting on the Department's public evaluation website, and the annual Bureau Evaluation

¹⁵ To implement this strategy, the Department developed an implementation plan called *The Department of State's Plan to Implement the U.S. Strategy on Women, Peace, and Security*.

Plan.¹⁶ PM corrected these documentation deficiencies during the inspection. However, OIG found that bureau-wide planning, coordination, and dissemination of evaluation findings were still deficient. For example, although both the Front Office-managed Security Cooperation Evaluation Framework¹⁷ pilot project and ongoing monitoring and evaluation activities by SA sought to assess the impact of FMF-funded programs, OIG found little evidence of coordination between them.¹⁸ OIG also found no evidence that PM leadership received systematic briefings on evaluation findings.¹⁹ Without incorporating all aspects of 18 FAM 301.4-4 requirements into its processes, PM policy and budget decision-making are unlikely to achieve the most effective U.S. foreign policy outcomes and greater accountability for the American people.

Recommendation 2: The Bureau of Political-Military Affairs should implement a detailed plan for the coordinated performance of all program evaluation requirements bureau-wide, including systematic briefings to bureau leadership on evaluation results. (Action: PM)

FOREIGN POLICY PRIORITIES

PM is responsible for security assistance programs and arms transfer authorities that are central to many of the Department's foreign policy priorities. PM managed increased activity in several high-profile areas of concern to the Department, the administration, and Congress. OIG reviewed PM's efforts in support to Ukraine; the Indo-Pacific strategy, with a focus on Taiwan and the AUKUS partnership; and support to Israel following the October 2023 Hamas attack. OIG found that PM generally met its responsibilities outlined in 1 FAM 410 and executed tasks that came from legislation and administration guidance. PM prioritized work in each of these areas. However, the bureau was challenged by coordinating multiple high priority issues, each of which required engagement with a range of DoD counterparts, Department bureaus, and the White House. In some cases, this risked PM not being able to coordinate within the Department as needed and potentially missing steps in established processes. Implementing these priority programs involved managing risks such as illicit diversion, technology capture, escalation, and defense industrial base capacity limits. The classified annex to this report contains additional discussion of issues relating to these priorities.

¹⁶ See 18 FAM 301.4-4, "Evaluation;" 18 FAM 301.4-4(B), "Bureau Evaluation Plans;" 18 FAM 301.4-4(F), "Evaluation Use;" and 18 FAM 301.4-4(G), "Dissemination Requirements for Evaluations."

¹⁷ In 2021, PM launched the Security Cooperation Evaluation Framework pilot to assess the long-term contributions of its programs and activities to foreign policy outcomes.

¹⁸ According to 18 FAM 301.4-4(A), the Bureau Evaluation Coordinator is responsible for coordinating monitoring and evaluation activities.

¹⁹ 18 FAM 301.4-4(F) states that "Once the evaluation is completed, bureaus and independent offices should respond to evaluation recommendations with a written summary to bureau or independent office leadership." It further states that "Bureaus and independent offices must consider evaluation findings to make decisions about policies, strategies, priorities, and delivery of services, as well as for planning and budget formulation processes."

Bureau Implemented Ukraine Security Assistance and Arms Transfer Reviews Consistent With Its Responsibilities

OIG determined that PM successfully met challenges associated with delivering security assistance and arms transfers to Ukraine. To reach this determination, OIG reviewed documents related to FMS, third-country transfers, FMF, and direct commercial sales; interviewed staff in the Department and other agencies; and assessed policy and strategy documents.

At the time of the inspection, four supplemental appropriations for Ukraine and other countries impacted by the war²⁰ had significantly increased the funding in accounts for which PM was directly responsible as well as funding in DoD accounts and authorities for transfer of DoD stocks for which PM had an approval responsibility. In response to Russia's full-scale invasion of Ukraine and through FY 2023, the United States provided more than \$43.8 billion in new military assistance to support Ukraine as well as neighboring countries impacted by the war, through programs requiring PM management or approval.²¹

OIG found that PM implemented Ukraine security assistance and arms transfer reviews consistent with PM's roles, responsibilities, and priorities detailed in 1 FAM 410. OIG found that PM offices prioritized Ukraine-related activities, consistent with administration strategy, the FBS, and the Assistant Secretary's guidance, to meet high-profile and immediate demands. OIG found that in many cases, PM implemented streamlined approaches to manage its Ukraine workload by concentrating the workload with a small group of people who developed expertise. All these activities involved extensive coordination within the Department, with other interagency partners, with the National Security Council, and with allies and partner nations. OIG found that PM coordinated with combatant commands, regional bureaus and embassies, new Ukraine coordination structures, and elements of DoD including the Office of Under Secretary of Defense for Policy and the Defense Security Cooperation Agency (DSCA), which implemented many Department and DoD programs.

Examples of PM's increased workload and efforts to meet priorities, shown in Figure 5, include:

- Congress increased the Presidential Drawdown Authority cap from \$100 million in FY 2021 to \$14.5 billion in FY 2023. The United States provided \$23.8 billion to Ukraine in the form of Presidential Drawdown Authority actions from DoD weapons and supplies, which required Department approval. The Office of Regional Security and Arms Transfers (RSAT) processed an unprecedented number of Presidential Drawdown

²⁰ Consolidated Appropriations Act, 2022, Public Law 117-103, Division N – Ukraine Supplemental Appropriations Act, 2022; Additional Ukraine Supplemental Appropriations Act 2022, Public Law 117-128; Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023, Public Law 117-180, Division B – Ukraine Supplemental Appropriations Act, 2023; Consolidated Appropriations Act, 2023, Public Law 117-328, Division M – Additional Ukraine Supplemental Appropriations Act, 2023.

²¹ This includes primarily funding and actions taken since February 2022 and certain support provided in anticipation of the war. For updated totals, see PM, U.S. Security Cooperation with Ukraine, <https://www.state.gov/u-s-security-cooperation-with-ukraine/>.

Authority packages for Ukraine, 44 packages since August 2021. By December 1, 2023, RSAT had also processed an additional eight packages to provide defense articles and services to Ukraine under previously directed drawdowns. In the two decades prior to August 2021, PM and DoD processed on average fewer than two Presidential Drawdown Authority packages per year, with a maximum of five per year.

- DoD's USAI account provided \$18.4 billion to Ukraine (an increase from \$275 million allocated in FY 2021), which required SA to manage the formal Department concurrence process and coordinate with PM managed programs also in Ukraine.
- PM also managed \$4.6 billion in supplemental appropriations from the FMF account for Ukraine and other countries impacted by the war. Congress increased appropriations for FMF available to Ukraine and Europe by 1,355 percent from FY 2021 to FY 2022.²² SA developed FMF grant support funding proposals to allow countries donating items to Ukraine to replace those items with U.S.-origin equipment and coordinated this support with DoD and with multiple embassies. Congress authorized new programs including FMF Direct Loans and Loan Guarantees for Ukraine (\$4 billion) and for North Atlantic Treaty Organization (NATO) allies (\$4 billion),²³ which increased SA's responsibilities for new interagency processes and engagement with countries previously not receiving FMF assistance.
- Licensing requests for direct commercial sales of U.S.-origin military equipment to Ukraine also increased from less than \$20 million before Russia's war against Ukraine to more than \$725 million in FY 2023.²⁴ The Office of Defense Trade Controls Licensing (DTCL) centralized license requests from U.S. brokers seeking to supply defense articles to Ukraine with one employee who had considerable firearms and law enforcement experience, which sped up the licensing process. DTCL held training sessions for new defense companies and recipients seeking licenses but unfamiliar with the process.
- RSAT oversaw the third-party transfer approval process including 160 requests from 23 NATO allies and other partners to transfer U.S.-origin military equipment to Ukraine, helping speed supplies to Ukraine from the region when speed was critical, RSAT also supported an emergency determination to waive congressional notification to speed a U.S. sale of ammunition in April 2022. PM managed an increase in funding for humanitarian demining in Ukraine from \$6 million in FY 2021 to \$91.5 million in FY 2022 and another \$90 million in FY 2023.

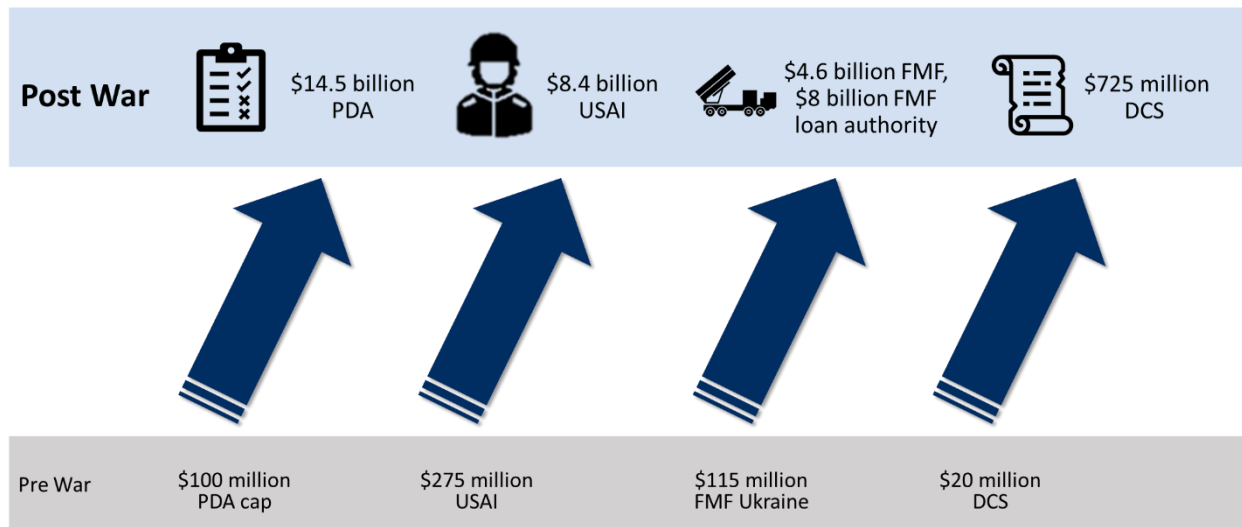
²² FMF for Ukraine will be covered in the planned Departments of State and Defense OIGs' *Joint Audit of the Foreign Military Financing (FMF) Program* (ongoing).

²³ As of September 30, 2023, PM had concluded a \$2 billion loan guarantee with Poland.

²⁴ PM is responsible for the end-use monitoring program for items licensed for direct commercial sale. See OIG, *Review of Department of State End-Use Monitoring in Ukraine* (ISP-I-24-02, November 2023).

- Due to PM’s experience chairing the interagency MANPADS Task Force, it also had a leading role in coordinating the U.S. Plan to Combat Illicit Diversion of Certain Advanced Conventional Weapons in Eastern Europe.²⁵
- The Office of Security Negotiations and Agreements conducted nine concurrent defense cooperative agreements in 2023, including with new and traditional NATO partners, up from two to three annually. In one example, to respond to an urgent strategic priority from DoD and the White House, the office completed an agreement in 7 months which would normally take 1 to 3 years.
- The Office of Congressional and Public Affairs’ (CPA) workload surged with Russia’s war against Ukraine. Engagement with Congress (member and staff inquiries, briefings, and hearings) rose by 60 percent from 2021 to 2022 and had risen in 2023 by an additional 13 percent at the time of the inspection. Media inquiries also increased, rising by 34 percent in 2022 and holding steady at that increased level in 2023. CPA consolidated its efforts across both types of work to streamline responses.

Figure 5: Increased Ukraine Related Workload



Source: OIG developed from Department information.

²⁵ See PM, U.S. Plan to Counter Illicit Diversion of Certain Advanced Conventional Weapons in Eastern Europe (October 27, 2022), <https://www.state.gov/u-s-plan-to-counter-illicit-diversion-of-certain-advanced-conventional-weapons-in-eastern-europe/>. See also OIG, *Classified Review of the Department of State’s Development and Implementation of the U.S. Plan to Counter Illicit Diversion of Certain Advanced Conventional Weapons in Eastern Europe* (ISP-S-24-11, July 2024).

New Unit to Support Ukraine Was Staffed With One Foreign Policy Advisor

In November 2022, DoD announced the establishment of the Security Assistance Group-Ukraine in Wiesbaden, Germany to support Ukraine's near-term needs on the battlefield and long-term requirements to deter and defend against future Russian aggression. The new group served to coordinate, along with U.S. allies and partners in Wiesbaden's International Donor Coordination Center, training and equipping the armed forces of Ukraine. The center coordinated donations of lethal and non-lethal security assistance to Ukraine from more than fifty countries, which by June 2023 totaled more than 150,000 tons of material and equipment and 600 varieties of weapon platforms and vehicles.

PM had one POLAD in Wiesbaden assigned to the U.S. Army Europe and Africa Command, responsible for U.S. Army resources in Europe and Africa. Although PM's POLAD program included 80 positions at U.S. military commands and organizations worldwide, OIG interviews and reviews of documents showed that PM had not directed additional POLAD resources to Wiesbaden to expand its capacity there, citing resource constraints and that the POLAD program was not designed to respond quickly to emerging needs.

Bureau Implemented Elements of the Indo-Pacific Strategy Consistent With Its Responsibilities

OIG found that PM managed increased activities related to implementing the administration's Indo-Pacific Strategy and military assistance to Taiwan. PM managed assistance funds in the region under the Countering People's Republic of China Influence Fund. In 2023, PM managed new programs for Taiwan, such as FMF and IMET, as well as the first use of Presidential Drawdown Authority for Taiwan. Interagency colleagues lauded PM's innovative work to assure that the various programs supporting the Taiwan effort complemented and leveraged each other to help maximize the effectiveness of the assistance and to fit Taiwan's preferences. PM worked on FMS and direct commercial sales for Taiwan and other Indo-Pacific countries, prioritizing Taiwan by assigning more personnel to cover the portfolio in RSAT and assuring that license requests received priority attention. OIG found that PM, in coordination with DoD, made progress on meeting the requirements of the Taiwan Enhanced Resilience Act,²⁶ but PM found some provisions difficult to implement in a way that also met the requirements of national security policy and other legal requirements. Officials at the Department and DoD told OIG that many of the provisions in the Taiwan Enhanced Resilience Act captured work already underway. PM's work regarding Taiwan is discussed further in the classified annex to this report.

In further support of the Indo-Pacific Strategy, on September 15, 2021, the White House released a joint statement by the leaders of the United States, the United Kingdom, and Australia announcing the establishment of the "enhanced trilateral security partnership called AUKUS."²⁷ OIG found the PM Front Office made AUKUS a priority, and the FBS outlined

²⁶ Public Law 117-263, Title LV, Subtitle A, Part 1 - *Implementation of an Enhanced Defense Partnership Between the United States and Taiwan*, codified at 22 U.S. Code Subchapter I (December 23, 2022).

²⁷ Joint Leaders Statement on AUKUS, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/09/15/joint-leaders-statement-on-aucus/>.

objectives to implement the partnership. Overall coordination for the Department resides in the Office of the Under Secretary of State for Arms Control and International Security,²⁸ and a Senior Advisor in that office filling a new position, began work in May 2023 to coordinate across the Department. OIG found PM's work supported the preparation of a legislative proposal on AUKUS to Congress in June 2023. PM participated in technical dialogues with partners at the working level and at senior levels, such as the Assistant Secretary's participation in the U.S.–Australia Alliance and Indo-Pacific Roundtable. PM continued work with DoD and partner nations to identify what changes were needed to each countries' respective export control regimes to allow for easier trade and information sharing. Meanwhile, PM prioritized and streamlined the clearance process on AUKUS-related transfers within existing mechanisms. OIG found that, although progress was being made in advancing the various aspects of the AUKUS partnership, full implementation awaited congressional and partner action. In addition, many staff members told OIG that they did not think that PM was adequately staffed to handle the demands that AUKUS placed on the bureau.

Bureau Generally Implemented Administration Policy Regarding Israel-Hamas Conflict Consistent With Its Responsibilities

OIG found that PM prioritized assistance to Israel by supporting FMS and FMF, as well as direct commercial sales. Through decades of policy and in law, the United States has committed to helping Israel maintain its Qualitative Military Edge.²⁹ In the wake of the Hamas terrorist attack on Israel in October 2023, the PM Front Office held daily meetings to ensure that FMS packages and direct commercial sales licenses were prioritized and moving quickly. In December 2023, PM prepared two emergency notifications that allowed the Department to waive the usual congressional notification period for two transfers of munitions. PM's work on Israel is discussed in more detail in the Executive Direction section of this report above and in the accompanying classified annex.

STAFFING

Bureau Efforts to Adjust Staffing and Department Workforce Planning Processes Were Ineffective in Response to Workload Surge

OIG found both PM's efforts and Department workforce planning processes were ineffective in addressing the bureau's staffing requirements related to the surge of work on the foreign policy priorities discussed in the previous section of this report. Russia's February 2022 invasion of

²⁸ PM is one of three bureaus that reports to this Under Secretary.

²⁹ "Qualitative Military Edge" is defined in 2008 legislation as "the ability [of Israel] to counter and defeat any credible conventional military threat from any individual state or possible coalition of states or from non-state actors, while sustaining minimal damage and casualties, through the use of superior military means, possessed in sufficient quantity, including weapons, command, control, communication, intelligence, surveillance, and reconnaissance capabilities that in their technical characteristics are superior in capability to those of such other individual or possible coalition of states or non-state actors." Qualitative Military Edge requirements affect decisions on transfers of U.S. origin military items to other countries in the region and the capabilities of items provided to Israel. See 22 U.S. Code § 2776.

Ukraine had an immediate effect on the full range of PM operations, including policy deliberations, media and congressional outreach, engagement with DoD, and facilitation and coordination of military assistance to allies and partners. Three offices with already substantial portfolios—SA, DTCL, and RSAT—were particularly affected by the increase in volume and value of military assistance and sales. Furthermore, the workload demands are likely to persist for several years.³⁰ Despite the workload surge that began with the invasion of Ukraine, PM staffing levels remained almost unchanged at the time of the inspection—more than a year and a half later.

OIG found that PM leadership increased its engagement on the staffing problem in the months leading up to the inspection and during the inspection, with some positive movement in addressing staffing needs. For example, PM used the Department’s new Direct Hire Authority, which reduced the time required to hire qualified candidates. Additionally, the bureau reprogrammed two vacant positions to address increases in Middle East and European portfolios. PM also requested congressional authorization to use FMF supplemental funds for program management staff and initiated discussions with DoD on using FMS fees to fund program management staff. PM continued to assess outyear requirements and advocate for its needs to Department leadership within formal budget processes. Finally, the PM Front Office approved premium compensation for staff overtime related to the Israel-Hamas conflict.

However, OIG found that PM leadership’s efforts to address urgent staffing needs did not adhere to the management principles outlined in the Government Accountability Office’s (GAO) *Standards for Internal Control in the Federal Government* (Green Book) or in the Department’s 3 FAM. GAO Green Book Principles 5.07 and 5.08 assign management the responsibility for relieving excessive pressure on an organization by providing additional resources or rebalancing workloads.³¹ In addition, according to 3 FAM 1214b(2), “Plan Strategically,” Department leaders should develop and promote attainable goals, provide a clear focus, and give appropriate direction. In addition, bureaus are required to consider workloads in outyear budget planning and position requirements, as described in 18 FAM 301.4-6(A), 4 Foreign Affairs Handbook (FAH)-3 H-114.2-2, and 3 FAM 2615.6. Specifically, OIG found that:

- PM leadership did not identify how staff could give appropriate attention to top priority work without sustained overtime or a reduction in attention to coordination and oversight responsibilities.
- PM did not make use of all available staffing options. For example, in January 2023, the Department notified Congress of its plans to obligate \$2 million in Ukraine supplemental

³⁰ PM is responsible for policy reviews, planning and coordination, program design, funds management, review of specific equipment purchases and exports, and monitoring programs. FMF funds are available for up to 9 years until they are used to purchase specific equipment, services, or training; SA has responsibilities during that duration. RSAT has responsibilities over the entire lifecycle of any transferred U.S.-origin equipment, including assessing and reporting any potential substantial violations of agreements under which items were transferred and approve any future re-transfer to other countries.

³¹ See GAO, *Standards for Internal Control in the Federal Government*, page 33 (GAO-14-704G, September 2014).

funds³² for PM to increase staffing. Specifically, PM planned to hire five staff members through limited non-career appointments³³ to manage increased security assistance to Ukraine. However, by the end of the inspection, PM had not hired any of these positions due to the PM Front Office and its Executive Office's miscommunication and lack of follow through with the Department's Bureaus of Global Talent Management and Budget and Planning.

- PM hesitated to shift employees among offices to meet the demands of increased security assistance to Ukraine and increased congressional and public affairs requests. The Assistant Secretary told OIG that PM's work was often too technical and compartmentalized for short-term transfers within the bureau to have an impact, although some managers thought that short-term transfers would help.³⁴

Several other factors outside PM's control also affected the bureau's ability to address urgent staffing requirements, including:

- The Department's annual budget planning process is not designed to address crisis staffing needs. PM submitted requests for additional staffing through that process, citing increased workloads, and received 5 of the 18 positions it requested in FY 2023.
- Although PM leadership alerted the Bureau of Global Talent Management and senior Department officials to the bureau's workload burdens and staffing limitations, OIG found little evidence that PM received any priority support for its urgent staffing problems.
- PM did not have the ability to increase staffing along with increases in funds managed. PM was unable to use supplemental appropriations enacted for Ukraine and Taiwan to secure additional permanent PM staff.³⁵
- PM also lacked authorities to access foreign assistance program funds or fees for permanent staff costs, unlike DoD and DSCA, which use FMF funds and FMS fees, respectively, for this purpose.³⁶
- PM was limited in its ability to reassign military advisors and POLADs due to current interagency agreements. There are also legal limitations on functions that can be

³² As noted in the Department's congressional notification, the planned obligations involved funds appropriated by the Additional Ukraine Supplemental Appropriations Act 2022, Public Law 117-128.

³³ According to 3 FAM 2296a, a limited non-career appointment is normally limited to the duration of the specific assignment for which the candidate is hired and normally may not exceed 5 years.

³⁴ During the inspection, PM sent requests to all bureau employees seeking volunteers for 2-to-6-month temporary duty assignments in RSAT, SA, and CPA to manage the increased workload of those offices.

³⁵ Supplemental funds are typically appropriated to cover non-recurring costs, and the Ukraine supplemental appropriations did not contain any provisions for permanent full-time employees.

³⁶ DoD accesses approximately \$70 million in FMF annually to fund positions. Similarly, DSCA collects fees on FMS cases that fund certain DoD functions. Certain Department bureaus also fund staff and management functions with foreign assistance program funds, in particular the Bureau of International Narcotics and Law Enforcement Affairs.

performed by staff funded by industry fees in the Directorate of Defense Trade Controls (DDTC)³⁷ and by contractors funded by specific programs.

Staff in PM, other Department bureaus, and DoD told OIG that staffing shortfalls in the wake of the conflicts in Ukraine and Israel and new initiatives in the Indo-Pacific region affected PM's ability to engage fully in policy discussions, policy oversight, and program management. Both PM and DoD staff confirmed that the bureau was not staffed sufficiently to provide more than the minimal review of DoD products requiring Department approval. For example, two DoD officials told OIG that prolonged PM staffing gaps led to delays developing a joint strategic security assistance plan for a specific country. To advance that effort, DoD reduced its required coordination with PM to a minimum and sometimes engaged with other partners, including regional bureaus, without PM participation. Lack of PM engagement risks inefficient allocations of funds or duplication of effort, program design that fails to meet Department foreign policy priorities, and the ceding of Department responsibilities to DoD.³⁸ Finally, PM staff told OIG that insufficient staffing also affected PM's ability to address new, cross-cutting, and longer-term strategic priorities.

PM staff also told OIG they did not think they could sustain the pace of work without increased staff. Some staff reported higher than normal levels of employee turnover because of sustained overtime, particularly in SA, which lost 20 percent of its full-time foreign assistance staff in the year prior to the inspection. Furthermore, PM staff in multiple offices reported that they were often unable to take time for training, professional development, or leave, and felt they were discouraged from requesting overtime pay or compensatory time.³⁹ Although PM initiated efforts to address staffing needs prior to the completion of the inspection, without securing long-term solutions, PM risks continued challenges managing its staff levels and potential negative impacts on its mission.

Recommendation 3: The Bureau of Political-Military Affairs, in coordination with the Bureau of Global Talent Management, should assess its outyear requirements for program management staffing and develop a bureau workforce plan that uses available personnel authorities, mechanisms, and funding sources to address ongoing staffing needs and balances the need for consistent staffing with the need for flexibility. (Action: PM, in coordination with GTM)

³⁷ According to the DDTC, PM is authorized to use registration fees from licenses to pay for certain staff costs in DDTC (see 22 U.S. Code § 2717), except for staff costs in DTCL. DTCL staff costs are paid for via the bureau's appropriated funding.

³⁸ In its December 2022 brief on oversight observations for the Department's Ukraine response, OIG noted that without appropriate staffing, overseas missions and Department bureaus face substantial risks of mission failure. See OIG, *Oversight Observations to Inform the Department of State Ukraine Response*, page 4 (OIG-23-01, December 2022).

³⁹ The Department did not issue biweekly overtime cap waivers for PM, requiring the bureau to approve overtime requests on a case-by-case basis.

Recommendation 4: The Bureau of Political-Military Affairs, in coordination with the Bureau of Legislative Affairs, should develop a legislative strategy to secure funding and authorities that enable the bureau to use Foreign Military Sales fees and foreign assistance program funds for staffing so that it can meet its responsibilities for management and oversight of foreign assistance programs and arms transfers. (Action: PM, in coordination with H)

POLICY AND PROGRAM IMPLEMENTATION

OIG assessed PM's policy and program implementation work, focusing on security assistance and the sale, licensing, or transfer of defense articles and related technology and services by SA, two offices in DDTC, and RSAT. As noted earlier, grant assistance and licensing value and volume increased with the Ukraine and Israel conflicts. Assistance and license processing involved various constituencies including multiple Department bureaus, DoD, the U.S. defense industry, and human rights non-governmental organizations, among others. Table 1, below, describes security assistance and arms transfer authorities and responsibilities for these PM offices.

Table 1: Security Assistance and Arms Transfer Authorities and Responsibilities

Category	Program/Account	Funding Source	Legal Authority	Implementation	PM Office	
Security Sector Assistance	Civilian Security Assistance	• Nonproliferation, Anti-terrorism, Demining and Related programs, Conventional Weapons Disposal (NADR/CWD)	State	State	State	WRA
	Military Assistance (equipment, training, etc.)	• Foreign Military Financing (FMF)	State	State	DoD	SA
		• Ukraine Security Assistance Initiative (USAI) • Building partner capacity programs (e.g. Section 333)	DoD	DoD (State concurrence)	DoD	SA
		• Presidential Drawdown Authority (PDA) • Excess Defense Articles (EDA)	DoD stocks of equipment	State	DoD	RSAT
		• Peacekeeping Operations (PKO)	State	State	State/DoD	GPI SA
		• International Military Education and Training (IMET)	State	State	DoD	SA
		• DoD Training Programs, various	DoD	DoD (State consultation/concurrence)	DoD	SA
Other Transfers of US Origin Equipment	• Foreign Military Sales (FMS)	Other country purchaser	State	DoD	RSAT	
	• Direct Commercial Sales (DCS)	Other country or commercial purchaser	State license (or Commerce)	Private company	DDTC	
	• Third Party Transfers (TPT) of US origin equipment	Other country stocks	State approval	Other country	RSAT (for FMS origin goods and services) DDTC (for direct commercial sales)	

Source: OIG adapted from information provided by the Department.

Office of Security Assistance

At the time of the inspection, SA was responsible for managing more than \$6.5 billion annually in the FMF, IMET, and PKO foreign assistance accounts.⁴⁰ For these accounts, SA oversaw funding allocations and coordinated planning and program design with other bureaus and agencies—primarily DoD—that implemented that funding. SA also acted on the Department’s behalf to review and concur on proposed DoD security assistance programs to ensure foreign policy considerations, legal requirements, and coordination with related Department-funded programs.⁴¹

OIG noted that staffing constraints affected SA’s capacity for planning and program management following initial obligation of funds. For example, SA staff told OIG they were only able to review equipment purchases for consistency with funding approvals and congressional notification although their handbook required them to assess specific equipment purchases against foreign policy objectives. OIG found that SA also lacked capacity to fully engage with DoD in the planning and review process for the increased volume of DoD-funded security assistance programs.⁴²

Although SA generally exercised the Secretary’s policy and legal authorities^{43,44} in internal and interagency deliberations on security and arms transfer policies, budget planning, and funding allocations consistent with its responsibilities,⁴⁵ OIG found specific deficiencies in program oversight, coordinated planning, and management of FMF administrative funds as discussed below.

⁴⁰ SA also managed security assistance funding allocated in the Countering Russian Influence Fund, the Countering People’s Republic of China Influence Fund, and the Prevention and Stabilization Fund. (See Strategic Planning section, Spotlight on Success).

⁴¹ This includes not only PM-managed programs but also international narcotics and law enforcement and counter terrorism programs.

⁴² This situation was further exacerbated by the timing of certain DoD review processes at the end of the fiscal year when SA staff finalized obligation of funds. GAO identified the lack of a joint planning process and timelines as issues that hindered the interagency coordination. See GAO, *Building Partner Capacity: DOD and State Should Strengthen Planning for Train and Equip Projects* (GAO-23-105842, August 2023).

⁴³ Section 622 of the Foreign Assistance Act of 1961, as amended, codified at 22 U.S. Code § 2382(c), and Section 2 of the Arms Export Control Act, codified at 22 U.S. Code § 2752(b). Under the authority of the President, the Secretary of State shall be responsible for:

- Continuous supervision and general direction of economic assistance, military assistance, military education and training, and sales and export programs.
- Determining whether there shall be a security assistance program or a sale to or financing for a country and the value thereof.
- Ensuring such programs are effectively integrated both at home and abroad and that the foreign policy of the United States is best served.

⁴⁴ These authorities include the Arms Export Control Act, Foreign Assistance Act, National Defense Authorization Acts, and delegations of authority from the Secretary. See 1 FAM 411.4.

⁴⁵ See responsibilities outlined in 1 FAM 411.1c, d, and e. See also Departments of State and Defense OIGs’ *Joint Audit of the Foreign Military Financing (FMF) Program* (ongoing) for further discussion of the FMF process.

Bureau Did Not Sufficiently Consider Sustainment Costs for Department of Defense Programs

OIG found that SA failed to engage its DoD partners adequately on program planning for outyear FMF budgeting. When DoD proposed its own security assistance programs, such as Section 333 or the USAI, appropriations authorities limited how much funding DoD could commit for future maintenance, parts, or other operational needs, such as training. Both SA and DoD staff told OIG that DoD generally assumed that future program continuation and long-term sustainment costs for DoD's non-FMF programs would be paid by FMF.⁴⁶ For example, PM allocated supplemental FMF appropriated for Ukraine for sustainment costs of equipment transferred under the USAI and the Presidential Drawdown Authority. In most cases, DoD asserted that the recipient of its non-FMF security assistance would pay for sustainment costs from national funds, but recipients made no formal commitments.

SA and DoD staff told OIG, and document reviews confirmed, that DoD did not provide estimates for long-term sustainment costs when they requested Department concurrence for their non-FMF security assistance programs. Although SA was responsible for planning outyear budget requirements for the FMF account, staff told OIG they did not make outyear costs for DoD's non-FMF assistance part of their concurrence process despite the potential impact on future FMF budgets. DoD assumptions of tacit approvals by the Department to fund future sustainment for DoD-provided items from FMF risk overcommitment of future FMF, constrain funds available to meet other foreign policy priorities, and reduce the Department's flexibility to address emerging needs.⁴⁷ Furthermore, if FMF is unavailable for sustainment of DoD programs, non-FMF funded equipment may become unusable, reducing military capability.

Recommendation 5: The Bureau of Political-Military Affairs should implement a process to assess long-term sustainment costs and funding mechanisms in its concurrence process for Department of Defense-provided equipment. (Action: PM)

Bureau's Oversight of Foreign Military Financing Administrative Funds Was Insufficient

OIG found that SA devoted limited attention to oversight of DoD's use of \$70 million annually in FMF administrative funds, which were requested and appropriated within the FMF account specifically to support FMF program implementation.⁴⁸ DSCA managed these administrative funding allocations to DoD components to support staff positions in DSCA, in the military services, and at U.S. embassies. OIG found no formal agreement between PM and DoD or agreed-upon guidance on how these administrative funds were to be used. OIG also found that SA engaged with DSCA only once a year and received limited information on how DoD spent the administrative funds it received. In addition, OIG noted that DSCA briefed the Office of

⁴⁶ For FMF-funded equipment purchases, PM incorporates sustainment costs as part of future budget planning.

⁴⁷ This issue has been identified in previous oversight work. See GAO, *Building Partner Capacity: DOD and State Should Strengthen Planning for Train and Equip Projects* (GAO-23-105842, August 2023); and GAO, *Counterterrorism: DOD Should Enhance Management of and Reporting on Its Global Train and Equip Program* (GAO-16-368, April 2016).

⁴⁸ As discussed elsewhere, SA accesses a smaller amount of FMF administrative funds for certain monitoring and evaluation functions.

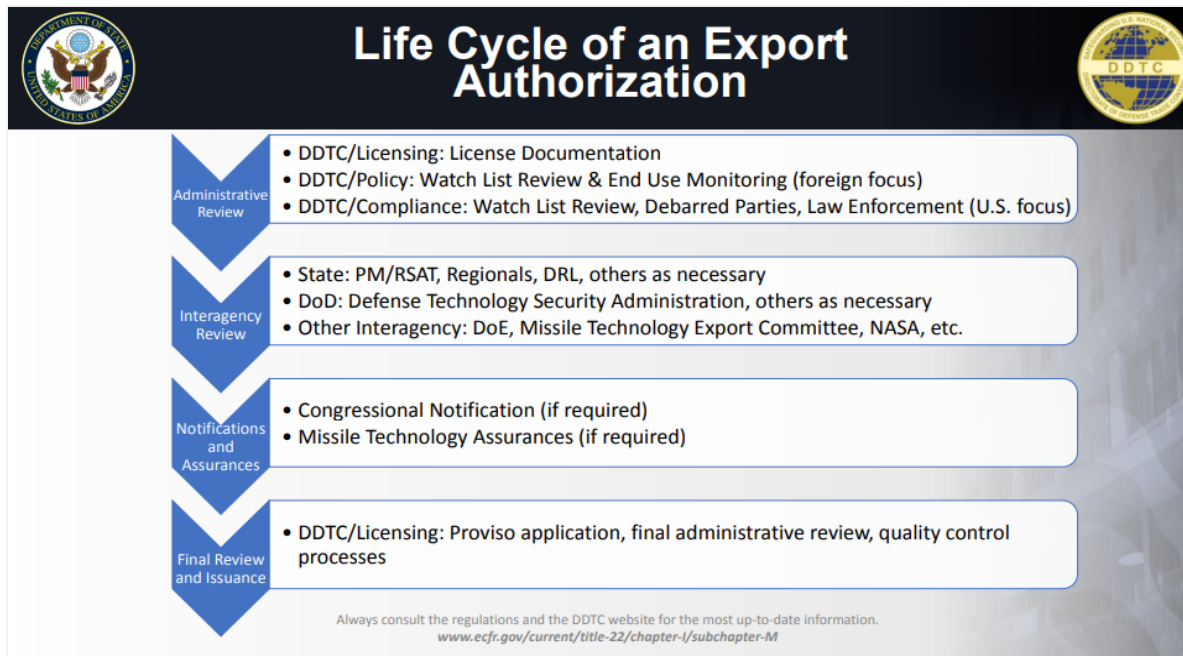
Management and Budget directly on requests for increases in FMF administrative funds before it discussed them with SA, which was responsible for their oversight. Consequently, SA could not influence DSCA’s fund allocations, although 1 FAM 416.2 gives them that responsibility as the FMF account manager.⁴⁹ This lack of SA oversight risks DoD use of funds for personnel implementing programs other than FMF.

Recommendation 6: The Bureau of Political-Military Affairs should develop and implement parameters and oversight procedures for Foreign Military Financing administrative funds used by the Department of Defense. (Action: PM)

Office of Defense Trade Controls Licensing

The regulation and oversight of commercial export licensing of U.S.-origin defense equipment and technologies is the responsibility of DDTC. DTCL, an office within DDTC, reviews and adjudicates requests to export, re-export, retransfer, temporarily import defense articles and defense services, and engage in brokering activities. DTCL can approve, deny, or return applications without action when essential information is missing. The licensing process is illustrated in Figure 6.

Figure 6: Licensing Process and Roles



Source: Bureau of Political-Military Affairs.

⁴⁹ Department guidance in 1 FAM 416.2b, describes the responsibilities of the Office of Security Assistance as directing U.S. military security assistance programs, including FMF, IMET, and PKO; policy development and review; budget formulation; and program oversight in cooperation with regional bureaus and DoD.

In FY 2023, the number of licenses reviewed and adjudicated increased over FY 2022 levels (although the FY 2023 total was slightly lower than FY 2021), but the value of the licenses increased more than 50 percent from FY 2021 to FY 2023, as detailed in Table 2.

Table 2: License Applications and Adjudications

	Case Volume/Value			Change 2021 to 2023
	2021	2022	2023	
Rolling Average in billions	\$114.1	\$127.1	\$138.1	21.0%
Licenses Adjudicated per FY	23,757	22,138	23,474	-1.2%
Total Value per FY in billions	\$103.3	\$153.6	\$157.5	52.5%

Notes: The rolling average reflects the 3-year average of the total value of license applications adjudicated with U.S. government position of “approve” or “approve with conditions” across the fiscal year and two previous fiscal years. Given the multiyear implementation timeframes for many arms transfers and defense trade cases, the Department uses a 3-year rolling average in reporting. The licenses adjudicated reflects the total number of license applications adjudicated per fiscal year. Lastly, the total value reflects the total value of license applications adjudicated with U.S. government position of “approve” or “approve with conditions” per fiscal year.

Source: OIG adapted from information provided by the Department.

An export control reform initiative launched in 2009 moved some items deemed non-sensitive from the Department’s U.S. Munitions List (USML) to the Department of Commerce Export Administration Regulations list. However, PM staff told OIG that the licenses that remained under the Department’s purview were the most complicated licenses. Despite an approximately 30 percent staff vacancy rate at the time of the inspection and more stringent quality controls resulting from the recommendations from a 2019 OIG audit (described below),⁵⁰ DTCL managed to prioritize license adjudications related to Ukraine and Israel by not holding some meetings, postponing information management projects that would benefit the licensing process in the longer term, and working long hours, especially at the supervisor level.

The 2019 OIG audit identified several deficiencies in DTCL operations.⁵¹ Because of its failure to adhere to standard operating procedures or to train all staff on updated procedures, DTCL approved some license applications that were missing required information. In addition, DTCL failed to certify to Congress some license applications for proposed direct commercial sales that required congressional notification. Finally, in a few applications, DTCL did not engage other Department bureaus and offices to obtain their positions on the proposed transactions as required. During the inspection, OIG found that, in response to the audit report, DTCL developed detailed standard operating procedures, relevant training for all adjudicators, and a system of second-level reviews for routine adjudications and higher-level management reviews for applications that were more controversial or complicated. Staff told OIG these steps increased consistency and reduced procedural errors. During the inspection, OIG noted that delays in license adjudication appeared to be due primarily to issues beyond DTCL’s control,

⁵⁰ OIG, *Audit of Department of State Directorate of Defense Trade Controls Export Licensing Processes* (AUD-SI-19-07, February 2019).

⁵¹ Ibid.

such as congressional holds, requirements for DoD and the Bureau of International Security and Nonproliferation approvals, and Blue Lantern checks.⁵² Industry contacts acknowledged DTCL's conundrum: it was required to follow law and internal regulations and yet was not always able under policy and law to explain why some cases were not adjudicated within the 60-day deadline required under National Security Presidential Directive (NSPD)-56.⁵³

DTCL staff, as well as staff from DoD and other Department offices who provided clearances prior to license authorization, told OIG that frequent disruptions in access to the USXPORTS⁵⁴ system were an impediment to timely license adjudication. According to DTCL staff, in addition to regular access issues, USXPORTS had two shortcomings: it lacked advanced analytical capabilities, and it could not be accessed by remote or teleworking employees. Staff who were processing clearances had to be physically present in a government facility to access the classified system, increasing the turnaround time for clearances. Additional technical issues with this system are discussed later in this report.

Office of Defense Trade Control Policy

The Office of Defense Trade Controls Policy (DTCP), an office within DDTC, had the stated mission to maintain a "modern and agile" munitions export control system responsive to geopolitical developments. DTCP's responsibilities included providing U.S. embassies with policy guidance in support of U.S. defense industry efforts to market products and services abroad; supporting foreign governments' understanding of U.S. export control policies and encouraging them to take effective munitions export control actions; and determining appropriate export licensing jurisdictions. According to 1 FAM 415.3e, DTCP is also responsible for designating articles on the USML. DTCP published one substantive USML regulation between March 2020 and November 2023.⁵⁵ DTCP staff provided OIG documentation to show that DTCP was working on three substantive USML regulations at the time of the inspection. OIG found DTCP's activities generally complied with Department standards with the exceptions discussed below.

⁵² Blue Lantern is the U.S. government's end-use monitoring program for the defense articles, technology, and services that DTCL adjudicates.

⁵³ NSPD-56, Defense Trade Reform, signed January 22, 2008, page 2, directed the Department to complete the review and adjudication of license applications within 60 days of receipt, except in cases where national security exceptions apply.

⁵⁴ USXPORTS is a classified, DoD-controlled and -maintained system of record that various offices and agencies use to recommend approval, denial, request additional information, or to provide provisos or conditions to license applications.

⁵⁵ DTCP published two other rules during this period—an interim rule and a temporary modification.

Commodity Jurisdiction Decisions Were Not Timely

OIG found DTCP decisions on commodity jurisdiction cases were not timely.⁵⁶ Commodity jurisdiction decisions require interagency concurrence, and DTCP worked primarily with DoD and the Department of Commerce to adjudicate them. According to DTCP's standard operating procedure, agencies reviewing DTCP commodity jurisdiction decisions should respond to DTCP's draft determinations in 30 days.⁵⁷ However, OIG reviewed 33 cases and found that 28 had been pending for 100 days or more. DTCP's notations on those 28 pending cases pointed to insufficient initial information from investigating agencies and extensive requests for additional information as probable reasons for delays. Delays in processing commodity jurisdiction cases could impact the case management of an agency's investigation or the conduct of commerce. At the time of the inspection, DTCP was prioritizing problematic commodity jurisdiction cases by seeking interagency concurrence through a policy paper process to settle differences on policy and interpretation that delayed decision-making.

Recommendation 7: The Bureau of Political-Military Affairs should implement a process, in coordination with relevant agencies, to reduce delays in completing commodity jurisdiction reviews. (Action: PM)

Regulatory Review Letters Not Issued in a Timely Manner

OIG found DTCP did not issue regulatory review letters (RRL) in a timely manner.⁵⁸ DTCP's RRL standard operating procedure states that the office's goal is to issue final responses to standard RRL requests within 2 weeks of their submission.⁵⁹ OIG reviewed DTCP's data on 70 RRL requests; of the 70 cases, 39 took 30 days or more to process, and 11 took more than 100 days. DTCP's standard operating procedure also states that RRLs are to be prioritized over other case work. Staff told OIG that they did prioritize this work given law enforcement case deadlines, but that delays in processing occurred when DTCP needed to request more information from submitting agencies. In addition, staff told OIG there had been a months-long pause—from the end of 2022 into the summer of 2023—on issuing RRLs while DTCP and its counsel deliberated on “discovery and deliberative process obligations and protections,” which may have contributed to some of the delays. DTCP was updating its standard operating procedures during the inspection to facilitate more timely agency responses to DTCP information requests. However, until the bureau standardizes instructions to agencies requesting RRLs, it is at risk of not providing timely information needed by agencies in support of law enforcement activities.

⁵⁶ Commodity jurisdiction reviews are done by DTCP if there is doubt about whether an article or service is covered by the USML or if DTCP needs to consider redesignation of an article or service on the USML to determine if an item or service is subject to the export licensing authority of the Department and the Department of Commerce.

⁵⁷ DTCP, “Second Level Review (SLR),” page 4 (July 17, 2023).

⁵⁸ RRLs are similar to commodity jurisdiction reviews in that they are used when an applicant is uncertain of the jurisdiction of goods, services, or information. They also carry the same legal weight as commodity jurisdiction reviews. RRLs are only accepted from government law enforcement agencies, and they do not involve interagency reviews.

⁵⁹ DTCP, “Law Enforcement Reviews Standard Operating Procedure,” page 14 (October 12, 2023).

Recommendation 8: The Bureau of Political-Military Affairs should standardize instructions for agencies requesting regulatory review letters. (Action: PM)

Office of Defense Trade Controls Policy Developed New Blue Lantern Procedures

DTCP managed Blue Lantern end-use monitoring checks. Under the Blue Lantern program, PM and U.S. embassy personnel worldwide conduct pre-license, post-license but pre-shipment, and post-shipment checks to verify the bona fides of foreign consignees and end-users and assess end-use and compliance with the licensing requirements. Favorable Blue Lantern checks result in a recommendation to DTCL for license issuance. In FY 2022, DTCP initiated 305 Blue Lantern checks, generated by a variety of mechanisms including DTCP staff assessments of anomalies.

However, this end-use monitoring process was designed for use in peacetime. Following the inspection in February 2024, in response to an earlier OIG report,⁶⁰ the Department released a new standard operating procedure developed by DTCP, on conducting end-use monitoring checks in non-permissive environments. The new standard operating procedure outlines a process for embassies to obtain designation as operating in non-permissive environments for the purpose of Blue Lantern checks. The new procedure also includes guidance on developing an end-use monitoring plan, risk assessment, and secondary inspection procedures. It also recognizes the use of live virtual inspections and the potential for additional technological solutions.

Office of Regional Security and Arms Transfers

RSAT oversees most government-to-government arms transfers under the FMS, Third-Party Transfer, and Excess Defense Articles programs, and reviews applications for export licenses for commercial arms sales for policy considerations. It also formulates, coordinates, and implements policy proposals on regional security issues. RSAT managed record increases in global FMS, as shown in Table 3.

⁶⁰ OIG, *Review of Department of State End-Use Monitoring in Ukraine* (ISP-I-24-02, November 2023).

Table 3: Defense Sales and Transfers Under the Foreign Military Sales (FMS) System

Fiscal Year	FMS Funded by Partner Nations	Programs Funded by FMF	Building Partner Capacity Programs and Certain Programs under the Foreign Assistance Act*	Total
FY 2023	\$62.25	\$3.97	\$14.68	\$80.90
FY 2022	\$43.07	\$6.65	\$2.21	\$51.93
FY 2021	\$28.67	\$3.80	\$2.34	\$34.81
FY 2020	\$44.80	\$3.30	\$2.69	\$50.79
FY 2019	\$48.25	\$3.57	\$3.57	\$55.39
FY 2018	\$47.71	\$3.52	\$4.43	\$55.66

* This is mainly Title 10 DOD BPC (Building Partner Capacity) funding, but also includes smaller amounts of Department of State Title 22 programs implemented by DoD through IAAs.

Note: Implemented value in billions.

Source: OIG generated from Department of State and DoD press releases.

Office of Regional Security and Arms Transfers Did Not Meet All License Review Deadlines

RSAT did not meet all license review deadlines. According to 1 FAM 416.1d(3), RSAT reviews applications for export licenses for commercial arms sales for policy considerations. However, as of November 2023, RSAT had missed the final deadline for clearing DTCL license applications in 94 cases, representing approximately 16 percent of licensing cases not adjudicated within 60 days. NSPD-56⁶¹ requires that licenses be reviewed and approved within 60 days of receipt, with certain exceptions. OIG determined that RSAT's delays did not fall into one of the exceptions listed in NSPD-56 and the implementing Federal Register Notice,⁶² namely national security, congressional notification, or end-user verification. RSAT staff said that workload and staffing issues led to the backlog, and they hoped to address the issue as staffing levels and workload stabilized. Delays in clearing licenses risk undermining the policy of the U.S. government to expedite to the extent possible export licenses to help partners and support the U.S. defense industry.

Recommendation 9: The Bureau of Political-Military Affairs should bring licensing reviews into compliance with federal standards. (Action: PM)

Office of Regional Security and Arms Transfers Did Not Document That It Fully Assessed the New Conventional Arms Transfer Policy

RSAT did not document that it fully considered information on human rights issues before it recommended approval of arms transfers requests, as required by the CAT policy. According to the February 2023 CAT policy,⁶³ no arms transfer was to be authorized if the United States

⁶¹ NSPD-56, January 22, 2008, page 2.

⁶² 74 Federal Register 63497 (December 3, 2009).

⁶³ White House, National Security Memorandum 18, Memorandum on United States Conventional Arms Transfer Policy (February 23, 2023).

assessed that it was more likely than not that the transfer would contribute to a violation of certain human rights.⁶⁴ RSAT prepared action memoranda seeking the Under Secretary for Arms Control and International Security's approval for each transfer that met certain criteria, especially those that required congressional notification. Those memoranda stated that RSAT was prepared to authorize the transfer having assessed all the criteria in the CAT policy.⁶⁵ RSAT relied on Country Team Assessments⁶⁶ submitted by embassies that included comments on the host countries' human rights, terrorism, and proliferation records, as well as on the potential for the misuse of the defense articles in question. However, Country Team Assessments—often drafted by embassy's DoD personnel, using a DoD template, with embassy Front Office concurrence—did not always reflect the increased emphasis on human rights and civilian harm in the newest CAT.

OIG reviewed 30 action memoranda from 2023 and found that 28 did not include context or an explanation of how RSAT's assessment of the human rights factors supported a positive recommendation for the transfer. RSAT used the same language in the 28 memoranda, despite other bureaus offering edits and comments. OIG also noted that comments from DRL were not routinely incorporated into the action memoranda. When OIG asked RSAT about that, RSAT said that DRL weighed in too late in the FMS case development cycle to have much impact, and that the comments were too long or not topical. The two memoranda that deviated from the same standard language were instances where at least one bureau insisted on a different recommendation, resulting in a "split memorandum." RSAT and DRL said they were working to improve when and how DRL provided input into CAT policy assessments. They also said that, when necessary, high-level (Assistant Secretary and above) discussions that happened informally, by email and phone, implemented the requirement for a CAT assessment, even if this was not reflected in the formal memoranda.

RSAT told OIG it was working with DoD to modify the template for the assessment to reflect the latest CAT policy's increased emphasis on human rights and civilian harm. At the time of the inspection, RSAT was also consulting with DRL on a revised framework for clearances. On October 6, 2023, GAO initiated an audit⁶⁷ that included in its scope a review of the extent to

⁶⁴ The administration's CAT policy states that decisions on all arms transfer cases will be made on a case-by-case basis, and consider a variety of considerations; one of which is "The risk that the recipient may use the arms transfer to contribute to a violation of human rights or international humanitarian law, based on an assessment of the available information and relevant circumstances, including the capacity and intention of the recipient to respect international obligations and commitments." The February 23, 2023 CAT added "no arms transfer will be authorized where the United States assesses that it is more likely than not that the arms to be transferred will be used by the recipient to commit, facilitate the recipients' commission of, or to aggravate risks that the recipient will commit: genocide; crimes against humanity; grave breaches of the Geneva Conventions of 1949, including attacks intentionally directed against civilian objects or civilians protected as such; or other serious violations of international humanitarian or human rights law, including serious acts of gender-based violence or serious acts of violence against children." National Security Memorandum 18 (February 23, 2023).

⁶⁵ These pre-transfer reviews are separate from Leahy human rights vetting of recipient units.

⁶⁶ The Country Team Assessment presents the coordinated position of senior U.S. embassy leadership in support of a proposed sale or transfer and provides key information necessary to evaluate and explain it.

⁶⁷ GAO, *End-Use Monitoring and Human Rights* (report not yet issued).

which the Department established expectations in policy and arms transfer that U.S.-origin defense articles would be used consistent with international humanitarian and human rights law. Accordingly, OIG did not make a recommendation in this report to address this issue.

RESOURCE MANAGEMENT

PM did not have its own executive office. Instead, one Executive Office (EX) served the Bureau of International Security and Nonproliferation, the Bureau of Arms Control, Deterrence, and Stability, and PM. EX provided PM's executive management and administrative services, including financial management, general services, human resources management, and information technology management.⁶⁸ OIG reviewed only EX functions that support PM. PM also had its own small management office, which assisted the PM Front Office and served as a liaison for PM customer service requests. OIG reviewed PM's internal control systems, and those of EX as they related to PM, in contract management, foreign assistance award management, human resources, general services, facilities management, and financial management. During the inspection, PM and EX corrected the following issues identified by OIG. Specifically, they:

- Provided documentation that open travel advances had been resolved and closed out (4 FAM 464).
- Strengthened internal controls regarding the use of premium travel (14 FAM 567).

OIG determined that PM and EX generally implemented required processes and procedures in accordance with applicable laws and Department guidance, except in the areas of contract management, foreign assistance award management, and human resources, as described below.

Contract Management

PM had 123 contracts and 33 IAAs worth more than \$1.5 billion. The Bureau of Administration's Office of Acquisitions Management provided 15 contracting officers (CO) for these awards, and PM provided the oversight staff: 16 CORs and assistant CORs, as well as 4 government technical monitors. OIG interviewed all COs, CORs, assistant CORs, and government technical monitors for all 123 contracts and reviewed the files and documentation for all 123 contracts. Specifically, OIG reviewed COR designation and training records, the completeness of contracting records in the Integrated Logistics Management System (ILMS)⁶⁹ and contractor performance assessment reports in the Contractor Performance Assessment Reporting System

⁶⁸ Bureau of International Security and Nonproliferation (ISN) staff told OIG that the ISN bureau has to approve and fund any EX positions dedicated to servicing PM.

⁶⁹ ILMS is an integrated web-based system that encompasses all Department supply chain functions in one system. ILMS is designed to upgrade Department supply chain management by improving operations in areas such as purchasing, procurement, warehousing, transportation, property management, personal effects, and diplomatic pouch and mail.

(CPARS) at CPARS.gov,⁷⁰ as well as 71 of the 123 contracts in PM's shared drive files. OIG identified several contract and COR program issues, as detailed below.

Bureau Did Not Have a Centralized System for Tracking Contracts

OIG found that neither PM nor EX staff maintained a current, accurate, and complete list of all active PM contracts and IAAs. EX staff told OIG they were not responsible for maintaining such a list. They said their sole role in PM contracts was to assign funding. PM management and Front Office staff said they only had visibility over five Front Office contracts managed by two CORs. The list of active PM contracts EX provided to OIG contained errors, and an updated list had to be pieced together from more than 20 different sources. Examples of the types of errors found included:

- More than 40 contracts on the active list were past their performance end dates and appeared to have expired. There was no evidence of expenditures beyond the performance end dates of any of the awards, but they had neither been reclassified as expired nor closed out.
- Two staff listed as COs were third-party contractors and ineligible to serve as COs.⁷¹
- Four staff no longer with PM were still listed as CORs. One employee departed in March 2021, another in November 2021, a third retired in December 2022, and a fourth left the Department in March 2023. PM staff told OIG that, given the outdated COR list, they did not know who to contact if they needed to modify a contract or get approval for travel or additional labor hours.
- The amounts of awards and other details also varied significantly among sources. For example, the amount of one award was \$870 million on PM's list, \$128 million in ILMS, and \$80 million according to COR staff.

Federal Acquisition Regulation (FAR) 4.802 states contract files must be maintained at the organizational level, and if contract files are decentralized to various organizational elements or offices, a central control and, if needed, locator system should be established to ensure the ability to promptly locate data. The position descriptions of PM and EX supervisors also indicated they were to have a role in managing contracts and the COR program.

Both PM and EX staff maintained that they did not have adequate staff to track contracts centrally. However, OIG found that some individual offices had office-level contract trackers for their awards. Data from those separate sources could be combined into a bureau-wide tracker and updated on a regular basis.

⁷⁰ The Contractor Performance Assessment Reporting System, or CPARS, is the government-wide evaluation reporting tool for all past performance reports on contracts and orders. An annual performance assessment must be completed in the system for each contract above the simplified acquisition threshold of \$250,000, according to Federal Acquisition Regulation (FAR) 42.1502(a) and (b).

⁷¹ See FAR 7.503.

Failure to maintain a current, accurate, and complete bureau-wide contract tracker meant that PM leadership and staff did not know what contract resources were available for bureau projects or who was responsible for implementing the contract projects. This lack of a centralized tracking system also resulted in inefficiencies, such as former CORs still receiving notifications to complete CPARS annual performance assessments for contracts even though they had departed PM and relinquished their COR duties. PM management's unfamiliarity with active PM contracts also made it difficult to establish a review system to ensure compliance with FAR 4.802 guidance requiring a contract tracking system. Finally, failure to properly identify CORs made it difficult to ensure they had the training, travel, and other resources necessary to perform their oversight duties.

Recommendation 10: The Bureau of Political-Military Affairs should implement a centralized contract tracking system in compliance with federal acquisition regulations. (Action: PM)

Contracting Officer's Representative Program Did Not Fully Comply With Department Standards

PM's COR program did not fully comply with Department standards. As noted earlier, PM identified insufficient COR training as the bureau's only significant deficiency in its 2021 and 2022 Statements of Assurance. PM officials told OIG they chose not to identify it as a significant deficiency in 2023 because they had made their concerns known to the Department, and the Bureau of Administration's Office of Acquisitions Management said it would set up a COR working group to address training issues. However, OIG reviewed PM's COR program and found COR training and other related COR deficiencies remained. OIG found that only 2 of the 20 CORs, assistant CORs, and government technical monitors were fully qualified, due to the following issues:

- Four government technical monitors lacked certifications issued by the Department's Office of the Procurement Executive (14 FAH-2 H-143a).⁷² The government technical monitors were still uncertified at the time of the inspection.
- Four CORs oversaw awards above their COR certification level⁷³ (14 FAH-2 H-113c(3)).
- CORs were missing 41 required delegation letters,⁷⁴ and government technical monitors were missing 4 (14 FAH-2 H-143.2). Delegation letters are important because they instruct new CORs on their duties and any restrictions on their activities.

⁷² According to 14 FAH-2 H-111, "[r]equirements for GTMs [or global technical monitors] are the same as CORs."

⁷³ Department guidance in 14 FAH-2 H-113c(1)-(3) states the three levels of Federal Acquisition Certification-Contracting Officer's Representative (FAC-COR) certification, and the experience and training requirements for each level of COR certification. CORs overseeing awards of more than \$5 million must be FAC-COR Level III certified.

⁷⁴ There were 20 PM CORs, assistant CORs, and government technical monitors, but 11 of the CORs were responsible for overseeing multiple awards. They were required to have a delegation letter for each award they oversaw.

- Five CORs and four government technical monitors had not completed all required COR training (14 FAH-2 H-143.1) and two CORs and one government technical monitor had not completed the required annual ethics training (13 FAM 301.2-3a).⁷⁵
- Two government technical monitors could not provide documentation that they submitted required OGE-450 financial disclosure statements (14 FAH-2 H-151c).⁷⁶

In addition to not meeting minimum training requirements for maintaining COR certification in some instances, PM staff told OIG they needed additional training in areas such as oversight of personal services contracts and information systems applications for electronic COR files, contractor performance reporting, invoicing, and other functions. PM staff told OIG they lacked guidance and often had to learn everything by themselves. PM staff described the systems they had to use as complicated and not user friendly. One told OIG the availability and quality of the Department's COR training was "abysmal," and a number of OIG survey responses and interviews supported this view.

PM staff told OIG the issues with the COR program occurred because training at the Department level was not always available and did not offer the practical guidance they needed. Staff told OIG their COR, assistant COR, or government technical monitor duties were ancillary duties, and that they were not able to devote much time to these duties. A non-compliant COR program increases the risk of contract mismanagement, such as occurred with CORs overseeing awards that exceeded their training and qualifications.

Recommendation 11: The Bureau of Political-Military Affairs should bring the contracting officer's representative program into compliance with Department standards. (Action: PM)

Contract File Management Did Not Comply With Department Standards

OIG reviewed contract files and documentation for all 123 PM contracts and found contract file management did not comply with Department standards. OIG found the files did not include the following key documents:

- CORs and COs did not complete, or completed incorrectly, contractor performance assessments in CPARS for 157 of the required 211 assessments.⁷⁷ Twenty assessments

⁷⁵ Department guidance in 13 FAM 301.2-3a states all Department staff who are required to complete annual financial disclosures must also complete annual ethics training. According to 14 FAH-2 H-151c, all CORs and government technical monitors are required to complete annual financial disclosures.

⁷⁶ According to 14 FAH-2 H-151c, FAR 3.104, and the Department of State Acquisition Regulation Part 603 prescribe procedures applicable to Department employees regarding standards of conduct and prohibited business practices.

⁷⁷ Seventy-eight of PM's 123 active contracts required annual CPARS performance assessments, some for multiple years, for a total of 211 CPARS assessments. Performance assessments are to be completed by CORs and COs within 120 days of the end of the performance period, or within 60 days of the anniversary of the contract award date for contracts lasting more than a year. Only 54 of the 211 required assessments were in the system. Any copies outside the CPARS.gov system would not comply with FAR or Department standards. Additionally, some

were incorrectly completed for multiple years, and 11 had been pending review since 2021 (14 FAH-2 H-572a, c, and d, FAR 42.1502(a) and (b)).

- Only 6 of 20 CORs maintained files in the ILMS e-Filing module for PM awards as required (14 FAH-2 H-142b(16)(b)).
- PM staff told OIG they kept most of their contract and COR files in PM's shared drive, rather than in ILMS. OIG reviewed 71 files in the shared drive, which included folders for deliverables, correspondence, invoices, CPARS or closeout documents, and solicitation documents, and found 46 of 71 deliverables folders did not have all the required documents. For example, one folder had only 118 of 291 required documents. Another folder required "100 percent inspection of deliverables," but there was no evidence on file that 100 percent of those deliverables had been reviewed. Additionally, 28 of 71 correspondence folders were empty, 23 of 71 invoice folders were empty, 11 of 71 CPARS or closeout folders were empty, and 10 of 71 solicitation document folders were empty (FAR 4.803 and 14 FAH-2 H-573.3 for contract files; FAR 1.604 and 14 FAH-2 H-517 for COR files).
- Three sole source justification and approval documents were signed by the COR but not by the CO or by the Department competition advocate (FAR 6.303 and FAR 6.304).
- One contract was a labor hours/time and materials contract that did not have a signed determination and finding document approving the use of that type of contract⁷⁸ (FAR 16.601(d)(1)).

Despite these issues, OIG's interviews with PM staff and Office of Acquisitions Management staff, as well as reviews of other documentation, showed the bureau monitored contracts, received goods and services for which it had contracted, and addressed contractor performance when issues arose.

PM staff told OIG they were unfamiliar with some requirements, lacked experience and training, and did not have sufficient time to oversee awards because of their other duties. Furthermore, some CORs reported difficulty using ILMS e-Filing, CPARS.gov, and other systems. Non-compliance with contract file and COR file requirements increases the risk of contract mismanagement.

Recommendation 12: The Bureau of Political-Military Affairs, in coordination with the Bureau of Administration, should bring its contract and contracting officer's representative files into compliance with Department and federal guidance. (Action: PM, in coordination with A)

were completed after due dates or for multiple years. They were to be completed within a required timeframe and were to only be completed for a single annual performance period.

⁷⁸ The FAR discourages the use of time and materials or labor hours contracts and states they only can be used if the contracting officer prepares a determination and finding document stating that no other contract type is suitable, and the head of contracting activity, or their designee, approves its use prior to the issuance of the contract (FAR 16.601(d)(1)).

Bureau Contracting Officer's Representatives Did Not Perform the Majority of Contract Oversight

PM relied on non-COR staff, such as PM country managers and program office directors, or on embassy staff from Regional Security Offices, Offices of Security Cooperation, or other embassy sections to conduct most site visits for overseas projects. OIG analysis of interview results and trip reports in PM's shared drive determined that CORs only conducted 18.33 percent of site visits, while non-COR staff conducted 81.67 percent. CORs said that their requests for site visits were denied by approving officials on a number of occasions, often without explanation. If program office or embassy staff visited projects instead of the CORs, OIG found the following issues:

- Program office or embassy staff had different purposes for their site visits and sometimes did not forward trip reports to CORs. When they did forward trip reports, their observations were often program-centric, rather than contract compliance-focused. COR staff stated that the reports did not provide the level of detail they needed to review compliance.
- Acquisition staff told OIG that PM program office staff, or embassy staff conducting site visits in lieu of CORs, required the training and qualifications necessary for designation as government technical monitors. There were only four PM government technical monitors reported to OIG, and none of them had the required training, certifications, or delegation memoranda.
- CORs also told OIG they lacked the latitude to determine when they should conduct site visits. For example, the program office directors did not always authorize CORs to visit projects during critical contract milestones.
- Additionally, several staff emphasized to OIG the need for more COR staffing. OIG determined that 14 of 20 CORs, assistant CORs, and government technical monitors had other full-time positions, some as office directors or deputy directors, and their COR duties were ancillary. They reported only spending, on average, 6 percent of their time overseeing each award for which they were responsible, and a majority were responsible for overseeing multiple awards.

Department policy states the CO authorizes the COR to “perform functions independently,” including “on-site visits.”⁷⁹ In addition, the Department's standard COR delegation letter says a COR's responsibility is “periodically visiting the contractor's workplace to inspect performance.” Department regulation states that other staff may be designated as government technical monitors to assist the COR, but they must be U.S. direct-hire government employees and have same training and certification as CORs.⁸⁰

⁷⁹ Department guidance in 14 FAH-2 H-513b(2) states COs authorize CORs to perform various responsibilities, including conducting site visits independently.

⁸⁰ Department of State Acquisition Regulation 642.271(a) states COs may appoint government technical monitors to assist with monitoring contractor performance. However, they must be a U.S. direct-hire government employee, and meet the same requirements for certification, designation, and training as CORs. Department of State Acquisition Regulation 642.271(a); Acquisition Alert 23-25.

PM staff said the bureau preferred to send country managers, portfolio managers, or other direct-hire and contractor program office staff on site visits because they were more familiar with technical aspects of the projects. They also said there were only a limited number of CORs, and that PM did not want them to be out of the office at the same time.

In one example of construction in Niger and Burkina Faso, the work at each site was reported as 80 percent complete. However, the actual completion level ranged from 0 to 60 percent for each task. In Niger, most of the buildings did not have roofs and ceilings, which meant that interior work could not start. The main cause was lack of oversight and not enough site visits. Limitations from the COVID-19 pandemic and lack of technical expertise were also contributing factors. As a result, the work was further behind than the contractor reported, the work that was completed had structural issues, and the contractor was overpaid.



Figure 7: Example of incomplete contract work. The work at a site in Niger was reported as 80 percent complete. However, many tasks were left unfinished, such as constructing an entry control point where nothing had been done. (Source: Bureau of Administration.)

Non-compliance with Department guidance authorizing CORs to conduct site visits, or allowing other, unqualified staff to conduct them instead, risks COs and CORs being unaware of contractor non-compliance with the contract's terms and conditions. It also risks those unqualified staff directing contractors to perform work outside the scope of the contract, thus increasing the risk of unauthorized commitments.

Recommendation 13: The Bureau of Political-Military Affairs, in coordination with the Bureau of Administration, should clarify roles and responsibilities for site visits conducted by staff other than designated contracting officer's representatives. (Action: PM, in coordination with A)

Foreign Assistance Award Management

In addition to the FMF and IMET allocations to partner nations overseen by SA discussed previously in this report, GPI and WRA managed foreign assistance in the form of contracts,⁸¹ grants, and cooperative agreements to their implementing partners. In FY 2023, GPI and WRA managed \$427 million in foreign assistance through approximately 280 grants and cooperative agreements. GPI awards support capacity building for peacekeeping troops, and WRA awards supported conventional weapons destruction, including humanitarian demining and physical security stockpile management. During the inspection, OIG reviewed 27 active, expired, and closed grants and cooperative agreements issued from FY 2017 through FY 2023 with a total value of \$119 million. OIG found that GPI and WRA generally managed their grants according to the Department's Federal Assistance Directive (FAD) standards but noted the two deficiencies discussed below. OIG also reviewed PM's IAAs and found one deficiency, which is also discussed below.

Bureau Did Not Conduct Full and Open Competition for Assistance Awards

OIG found that PM made most of its foreign assistance awards on a sole source basis rather than through open competition. In the 27 awards OIG reviewed, 96 percent were made on a sole source basis. In addition, OIG's documentation review found sole source justifications generally lacked sufficient detail to explain the basis for the determination. Chapter 2, Section F of the FAD outlines the Department's standards for open competition for all federal financial assistance opportunities. These requirements include developing a Notice of Funding Opportunity in the required format; publicly announcing the funding opportunity as widely as possible; and conducting an impartial merit review and evaluation of proposals.⁸²

GPI staff told OIG that full and open competition was not necessary, given the nature of the awards, many of which had only one possible recipient. Such awards included grants to the United Nations to fund staff positions and training, as well U.S. contributions to ongoing projects. WRA staff told OIG that lack of appropriate sole source justifications for other awards occurred, in part, because the office's standard operating procedure for grants did not include the requirement for full and open competition. WRA staff also told OIG that open competition for humanitarian mine action and physical security stockpile management programs was not always workable due to the bureau's need to obligate available funding prior to the funding's expiration and host governments' often lengthy licensing procedures for implementing partners, especially those with whom they did not have a previous relationship. However, WRA could not provide OIG evidence that they had engaged with governments to inform them of the Department's commitment to and requirement for full and open competition. Furthermore, the FAD states that lack of advance planning, rather than an unusual or compelling need, is not an adequate justification for non-competition.⁸³ Failure to conduct open competition denies WRA

⁸¹ Foreign assistance contracts are included in the Contract Management section above.

⁸² FAD, October 2022, Chapter 2, Section F.1.

⁸³ FAD, Chapter 2, Section F.2.

the opportunity to ensure a recipient continues to provide the overall best program and at a reasonable cost.

Recommendation 14: The Bureau of Political-Military Affairs, in coordination with the Bureau of Administration, should bring the bureau's practices with respect to sole source awards into compliance with Department standards. (Action: PM, in coordination with A)

Official Foreign Assistance Award Files Lacked Required Documentation

OIG found that PM did not maintain its foreign assistance award files in accordance with the FAD, which outlines the range of documentation to be uploaded into the State Assistance Management System (SAMS).⁸⁴ Required documents not uploaded into SAMS included: grantee application forms and other documents used to establish grantee eligibility; grants officer representative assessments of grantee reporting and performance progress; and site visit reports produced by PM staff or third-party monitors.⁸⁵ GPI used a grants officer in the Bureau of Administration to manage its awards, while WRA had its own grants officers. Of the 27 official award files reviewed in SAMS, OIG found that:

- Twenty-three files lacked the award recipient's official application form.⁸⁶
- Four files did not include evidence of the required System for Award Management eligibility for foreign federal assistance verifications.^{87,88}
- Twenty-four of the 26 awards made on a sole source basis lacked the required signed and dated sole source justification.⁸⁹
- Twenty-three of the 26 files for awards with performance periods longer than 12 months did not include the required grants officer representative annual program assessments.⁹⁰
- Twenty-three award files lacked substantive grants officer representative assessments of grantee quarterly reporting.⁹¹

Inadequate internal control processes and insufficient management attention to official award file maintenance resulted in these deficiencies. In response to OIG's observations, during the

⁸⁴ In February 2024, after the fieldwork phase of the inspection, PM transitioned from SAMS to MyGrants, which is now the Department's official federal assistance management system for PM grants.

⁸⁵ FAD, Chapter 2, Section G.1; Chapter 2, Section I; Chapter 2, Section J.1; Chapter 4, Section D.2; and Chapter 4, Section D.5.

⁸⁶ Ibid, Chapter 2, Sections G.1 and I.

⁸⁷ Ibid, Chapter 2, Section J.1.

⁸⁸ The System for Award Management (SAM.gov) is the official government website for entities, including potential Federal assistance awardees, to register to do business with the U.S. government. The site can also be used to determine whether an entity is excluded, suspended, or debarred from receiving federal grants, contracts, or other forms of federal financial and non-financial assistance and benefits.

⁸⁹ FAD, Chapter 2, Section F.3.

⁹⁰ Ibid., Chapter 4, Sections D and D.6.

⁹¹ Ibid., Chapter 4, Sections D and D.2.

inspection, PM produced and uploaded into SAMS some—but not all—missing documents that staff maintained in the offices' shared drives. However, at the close of the inspection, PM's official awards files remained incomplete and lacked documents required by the FAD.⁹² PM's failure to maintain and review its official awards file documentation in SAMS to confirm adherence to Department regulations decreases the effectiveness of oversight and increases the risk that foreign assistance award goals will not be achieved, putting PM's substantial foreign assistance resources at risk.

Recommendation 15: The Bureau of Political-Military Affairs should require all grants officers and grants officer representatives to monitor and track all award activity in the Department's official federal assistance management system in accordance with Department guidance. (Action: PM)

Bureau Conducted Oversight of Interagency Agreements But Did Not Adhere to Formal Reporting Requirements for Certain Department of Defense Activities

OIG found that sub-IIAs between PM and DoD contained monthly reporting requirements different from the prime IAA. OIG reviewed 11 (total value \$96 million)⁹³ IIAs executed with FY 2022 and FY 2023 foreign assistance funds. The IIAs were with DoD⁹⁴ and the U.S. Institute of Peace to support the Global Peace Operations Initiative and the Global Defense Reform Program, as well as an agreement with the Department of the Interior to fund staff in SA to conduct evaluations of FMF and IMET programs. Although the 11 files contained all required financial reporting, none of the four IIAs implemented through the DSCA for program management support to the Global Peace Operations Initiative and the Global Defense Reform Program contained monthly performance reporting. According to the IAA, DSCA was required to provide monthly reports of program activities. However, in addition to the prime IAA, each DSCA program had a sub-IIA, and those sub-IIAs did not specify monthly reporting requirements. Program support is subject to requirements in both the IAA and the sub-IIA. Although GPI did not receive monthly performance reports from DSCA, GPI staff who oversaw the DSCA IIAs described to OIG various measures that they used to conduct program oversight, such as regular and substantive contact with implementers. However, failure to provide for performance reporting on IIAs could reduce PM's ability to oversee programs and increase the

⁹² Ibid., Chapter 2, Sections L; J.1, and F.3.

⁹³ OIG did not include in this review agreements with other agencies that involved payment for services, such as for data from DoD's USXPORTS system, data from the Department of Health and Human Services' Payment Management System, interagency Administrative Law Judge services, and the Department of Commerce's Bureau of Industry and Security license data.

⁹⁴ IIAs were agreements between GPI and the Air Force Life Cycle Management Center, Defense Security Cooperation Agency, and Office of the Under Secretary of Defense.

risk of misuse or misappropriation of Department funds or an inability to achieve program objectives.

Recommendation 16: The Bureau of Political-Military Affairs should ensure oversight practices are consistent with reporting requirements in interagency agreements. (Action: PM)

Human Resources

Time and Attendance Requirements Were Not Consistently Followed

During the inspection, OIG identified time and attendance internal control deficiencies. Examples included:

- Approval of timesheets by individuals other than an employee's authorized supervisor (4 FAH-3 H-526.1-4, and 4 FAH-3 H-515.2).
- Timekeepers and timesheet approving officials having little visibility or contact with the employees for which they were managing timesheets (4 FAH-3 H-526.1-4).
- Discrepancies in recording and approving leave without pay and absence without official leave on timesheets (3 FAM 3511, 3 FAM 3513.3, 3 FAM 3521, and 3 FAM 3526).
- Inaccurate timesheet data entry (4 FAM 511, and 4 FAH-3 H-519.1).

OIG determined that these issues occurred, in part, because of a lack of standard, bureau-wide processes communicated to timekeepers and staff. Insufficient internal controls over time and attendance may result in salary overpayments or underpayments and elevate the risk of waste, fraud, and mismanagement.

Recommendation 17: The Bureau of Political-Military Affairs should implement a bureau-wide time and attendance policy that complies with Department guidance. (Action: PM)

INFORMATION MANAGEMENT

Two offices supported PM's information management operations. The Office of Defense Trade Controls Management (DTCM) staff provided DDTC mission-specific support, including the service desk and incident management, systems development, change and configuration management, and backup and disaster recovery. DTCM staff also managed the bureau's Defense Export Control and Compliance System (DECCS)⁹⁵ system. EX's Technology Division (EX/TD) handled IT-related support for the rest of PM, including desktop services, software development, IT project management, and content management. EX/TD staff also managed the

⁹⁵ DECCS is a system used by DDTC to adjudicate license applications submitted by U.S. citizens and specified foreign individuals for the export or temporary import of defense articles and defense services pursuant to the International Traffic in Arms Regulations. Additionally, DECCS provides for the storage and distribution of licensing and compliance information and facilitates the activities of License and Compliance Officers and their teams.

Diplomatic Clearance Application System.⁹⁶ The Bureau of Information Resource Management (IRM)⁹⁷ provided enterprise-related support to PM as part of the Department's IT Centralization effort.⁹⁸

OIG found that DTCM and EX/TD generally performed information management and information security functions in compliance with Department standards, including information systems security officer responsibilities, incident management reporting, contingency plan testing, and authorization to operate requirements for its systems. However, OIG found four areas of concern as discussed below.

Several Components of the Bureau's Systems Development Lifecycle Process Did Not Meet Department Standards

DTCM's systems development lifecycle process lacked documentation for management approvals and stakeholder decisions throughout the lifecycle of projects. DTCM also did not retain project documentation in a central location as required by Department standards. During the inspection, PM had five systems under development at a cost of more than \$11 million.⁹⁹ In a review of project files, OIG found documented management approvals were obtained only at the chartering process, the initial step for projects. OIG found no evidence of documented decisions between stakeholders and the development team. Additionally, OIG found that project documentation was maintained in several locations, including Microsoft Teams channels and multiple cloud-based document repository systems.

Guidance in 12 FAH-10 H-342.2-1, 5 FAH-5 H-217.1, 5 FAH-5 H-217.2, and 5 FAH-5 H-217.3 describes the Department's IT project methodology, including managers' and stakeholders' review and approval at "control gates"¹⁰⁰ throughout a project's lifecycle. Furthermore, guidance in 5 FAH-4 H-215.1-1d requires Department offices to issue procedures that explain to all personnel the central file used for file content and management.

DTCM staff told OIG that they received management approvals at the beginning and end of the development process and that management often conveyed decisions via instant messages, emails, or verbally during meetings. DTCM staff also told OIG that the development team did not consistently document stakeholder decisions, with project documentation stored in several

⁹⁶ The Diplomatic Clearance Application System is used by GPI to provide a web-based application for foreign embassies to electronically submit applications for overflight and ship clearances.

⁹⁷ The Department changed the name of the bureau to the Bureau of Diplomatic Technology in May 2024, after OIG concluded the fieldwork for this inspection.

⁹⁸ IT Centralization is a Department of State program created to centralize technology support services for more than 51 separate domestic bureau IT offices and to improve service and create an optimized and cost-effective IT infrastructure. Individual domestic bureaus maintain responsibility for the operations and maintenance of their respective corporate applications.

⁹⁹ According to PM staff, this amount also includes funds to support enhancements to existing applications.

¹⁰⁰ In project management, control gates are a point in time when the system development effort will be evaluated and when management will determine whether the project should continue as is, change direction, or be discontinued.

locations. DTCM staff commented that the fast pace of systems development may have contributed to the failure to meet Department standards. Without documented approvals and decisions, the bureau risks developing systems that do not meet cost, schedule, and performance goals.

Recommendation 18: The Bureau of Political-Military Affairs should revise the Office of Defense Trade Controls Management systems development lifecycle process to include documented stakeholder decisions and management approvals throughout the lifecycle of a project and mandate use of a central repository of required documentation according to Department standards. (Action: PM)

Bureau of Information Resource Management Might Have Charged the Bureau of Political-Military Affairs Incorrectly for IT Support

OIG found that IRM might have charged PM incorrectly for IT support. EX management and staff told OIG they thought IRM used incorrect and incomplete information to increase PM's fees for IT support as part of the Department's IT Centralization effort. IRM began sharing details with PM on cost increases in May 2022, yet some issues remained unresolved at the time of the inspection. PM management had questions regarding charges for desktop support, laptop equipment, mobile devices, and network ports, among other areas. For example, PM was charged for 1,000 data port connections, but the bureau did not have that many users, and IRM's records on the location of the relevant physical connections were vague. Furthermore, staff commented that IRM provided an estimated number of PM-owned desktops that was almost double that of the previous year, yet staff levels had not increased by that amount.

In reviewing documentation provided by IRM, OIG found that network end user device and helpdesk support services increased by 20 percent, and data port connectivity costs increased by more than 50 percent from FY 2023 to FY 2024. The laptop refresh cost per user increased by \$730 annually, and there were increased costs for GO desktop services as well.

During the inspection, EX/TD developed a multi-step plan to review the increased IRM costs, including tracking bureau user-assigned assets against information provided by IRM's Working Capital Fund and assessing the bureau's inventory of data port connections against information provided by IRM. The multi-step plan, once completed, will assist in addressing bureau leadership concerns about cost increases and in collaborating with IRM on disputed charges.

Recommendation 19: The Bureau of Political-Military Affairs, in coordination with the Bureau of Information Resource Management, should complete the assessment comparing bureau assets and inventory against Bureau of Information Resource Management data and correct any discrepancies. (Action: PM, in coordination with IRM)

Bureau Did Not Address Foreign Policy Advisor Connectivity Concerns

OIG found that POLADs—both domestically assigned and overseas—did not have adequate connectivity to Department systems. Domestically, PM staff told OIG that POLADs did not have

access to the classified system although EX/TD purchased equipment for this purpose totaling more than \$11,000 in 2019, including computers, printers, monitors, and personal identity verification, or PIV, card readers. Furthermore, overseas POLADs, while having classified connectivity, did not have unclassified system access. In accordance with 1 FAM 455.4(1) and (3), EX/TD is responsible for providing information technology and computer support to all PM operations and developing and implementing mechanisms for efficient and secure exchange of information among Department partners.

Although EX/TD purchased the classified equipment for domestic POLADs, they never distributed it to the POLADs because EX/TD did not have the correct encryption equipment, lacked initial travel funding for IRM personnel to install the equipment, were unable to travel due to COVID-19 pandemic restrictions, and experienced delays related to funding shortfalls. For overseas POLADs, EX/TD told OIG it was unaware that the POLADs required access to unclassified systems to do their work. The lack of routine outreach from EX/TD to POLAD management and staff contributed to needs not being addressed.

POLADs told OIG in a survey questionnaire and in interviews that maintaining access to Department systems was important to perform their work, including accessing Department-generated information. PM staff told OIG the issuance of laptops to overseas POLADs would help the POLADs maintain contacts in the Department, access unclassified information to inform discussions, and be better able to respond to inquiries from their DoD counterparts.

During the inspection, EX/TD and POLAD management began addressing both domestic and overseas issues. First, EX/TD and POLAD management determined that connectivity requirements for domestic POLADs had changed, and they also began the process of disposing and repurposing the previously purchased and unusable IT equipment. EX/TD also began discussions with POLAD management to determine an approach to provide laptops to overseas POLADs, including developing a prioritized list of POLADs by location and determining available inventory.

Recommendation 20: The Bureau of Political-Military Affairs should develop and implement a process for determining connectivity needs of domestic and overseas Foreign Policy Advisors on a continuous basis. (Action: PM)

Compatibility Issues Affected Data Transfers Between USXPORTS and the Defense Export Control and Compliance System

OIG found compatibility issues with data transfers between DoD's USXPORTS and PM's DECCS, an unclassified system. Specifically, PM staff told OIG that DTCM manually transferred data for years due to the lack of a cross-domain solution¹⁰¹ capable of transferring information between systems of different classification. Furthermore, DTCM was not able to download some data from USXPORTS because Department networks rejected file names that did not comply with

¹⁰¹ The goal of a cross-domain solution is to allow a trusted network domain to exchange information with other domains, either one-way or bi-directionally, without introducing the potential for security threats.

Department security parameters. PM used the data from the manual transfers to support both bureau and DoD commodity jurisdiction and licensing decisions.

PM staff and DoD staff both reported to OIG good communication and collaboration between agencies. Staff attended monthly meetings between agency points of contact to discuss issues and next action steps. DoD officials acknowledged to OIG that USXPORTS was a legacy system that was outdated; however, DoD recently changed the contractor responsible for USXPORTS and needed time to catch up on other work before focusing on USXPORTS enhancements. Both agencies acknowledged the needed updates to USXPORTS will take years to complete, and in the meantime, DTCM was working on potential solutions.

During the inspection, DTCM and IRM successfully tested a script solution to correct file name discrepancies. DTCM staff began updating their standard operating procedures to note the process changes. In addition, DTCM staff initiated discussions with IRM to determine a cross-domain solution to allow data transfers between systems. However, until a cross-domain solution is implemented, cumbersome manual processes and compatibility problems will reduce the efficiency of DTCM's operations.

Recommendation 21: The Bureau of Political-Military Affairs, in coordination with the Bureau of Information Resource Management, should determine a cross-domain solution to allow data transfers between systems. (Action: PM, in coordination with IRM)

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 Political-Military Affairs. The bureau's complete responses can be found in Appendix B. The bureau also provided technical comments that were incorporated into the report, as appropriate.

Recommendation 1: The Bureau of Political-Military Affairs should integrate the U.S. Strategy on Women, Peace, and Security into its programs and assign responsibility for the coordination of this strategy to the Front Office. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs integrated the U.S. Strategy on Women, Peace, and Security into its programs and assigned responsibility for the coordination of this strategy to the Front Office.

Recommendation 2: The Bureau of Political-Military Affairs should implement a detailed plan for the coordinated performance of all program evaluation requirements bureau-wide, including systematic briefings to bureau leadership on evaluation results. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs implemented a detailed plan for the coordinated performance of all program evaluation requirements bureau-wide, including systematic briefings to bureau leadership on evaluation results.

Recommendation 3: The Bureau of Political-Military Affairs, in coordination with the Bureau of Global Talent Management, should assess its outyear requirements for program management staffing and develop a bureau workforce plan that uses available personnel authorities, mechanisms, and funding sources to address ongoing staffing needs and balances the need for consistent staffing with the need for flexibility. (Action: PM, in coordination with GTM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs

assessed its outyear requirements for program management staffing and developed a bureau workforce plan that uses available personnel authorities, mechanisms, and funding sources to address ongoing staffing needs and balances the need for consistent staffing with the need for flexibility.

Recommendation 4: The Bureau of Political-Military Affairs, in coordination with the Bureau of Legislative Affairs, should develop a legislative strategy to secure funding and authorities that enable the bureau to use Foreign Military Sales fees and foreign assistance program funds for staffing so that it can meet its responsibilities for management and oversight of foreign assistance programs and arms transfers. (Action: PM, in coordination with H)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military Affairs concurred with the intent of this recommendation. The bureau noted that it received approval for Foreign Military Sales administrative funding for 12 full-time employee positions, beginning in FY 2026, but that it does not believe any legislative action is necessary to transfer the funds. The bureau received broad authority to use Foreign Military Financing administration funding for staffing in the FY 2024 appropriation to help meet its responsibilities for management and oversight of foreign assistance programs.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Political-Military Affairs has agreed on practices with relevant budget offices and the Department of Defense for the Bureau of Political-Military Affairs to access available funding and authorities that enable the bureau to use Foreign Military Sales fees and foreign assistance program funds for staffing so that it can meet its responsibilities for management and oversight of foreign assistance programs and arms transfers.

Recommendation 5: The Bureau of Political-Military Affairs should implement a process to assess long-term sustainment costs and funding mechanisms in its concurrence process for Department of Defense-provided equipment. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs implemented a process to assess long-term sustainment costs and funding mechanisms in its concurrence process for Department of Defense-provided equipment.

Recommendation 6: The Bureau of Political-Military Affairs should develop and implement parameters and oversight procedures for Foreign Military Financing administrative funds used by the Department of Defense. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs developed and implemented parameters and oversight procedures for Foreign Military Financing administrative funds used by the Department of Defense.

Recommendation 7: The Bureau of Political-Military Affairs should implement a process, in coordination with relevant agencies, to reduce delays in completing commodity jurisdiction reviews. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs implemented a process to reduce delays in completing commodity jurisdiction reviews.

Recommendation 8: The Bureau of Political-Military Affairs should standardize instructions for agencies requesting regulatory review letters. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs standardized instructions for agencies requesting regulatory review letters.

Recommendation 9: The Bureau of Political-Military Affairs should bring licensing reviews into compliance with federal standards. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 licensing reviews complied with federal standards.

Recommendation 10: The Bureau of Political-Military Affairs should implement a centralized contract tracking system in compliance with federal acquisition regulations. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs

implemented a centralized contract tracking system in compliance with federal acquisition regulations.

Recommendation 11: The Bureau of Political-Military Affairs should bring the contracting officer's representative program into compliance with Department standards. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 contracting officer's representative program complied with Department standards.

Recommendation 12: The Bureau of Political-Military Affairs, in coordination with the Bureau of Administration, should bring its contract and contracting officer's representative files into compliance with Department and federal guidance. (Action: PM, in coordination with A)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 contract and contracting officer's representative files complied with Department and federal guidance.

Recommendation 13: The Bureau of Political-Military Affairs, in coordination with the Bureau of Administration, should clarify roles and responsibilities for site visits conducted by staff other than designated contracting officer's representatives. (Action: PM, in coordination with A)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs clarified roles and responsibilities for site visits conducted by staff other than designated contracting officer's representatives.

Recommendation 14: The Bureau of Political-Military Affairs, in coordination with the Bureau of Administration, should bring the bureau's practices with respect to sole source awards into compliance with Department standards. (Action: PM, in coordination with A)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military Affairs disagreed with this recommendation. The bureau noted that it believes its current practices are compliant with existing guidance. The bureau stated that it recognizes the importance of conducting open competition for federal financial assistance and the Office of Weapons Removal and Abatement (WRA) will further institutionalize the benefits of open competition.

However, according to the bureau, when WRA relies on sole source awards rather than open competition, the decision is made to promote efficiency in conventional weapons destruction operations, and the justifications are compliant with existing regulations, to include exceptions to competition that is permissible by the Federal Assistance Directive for legislatively mandated awards (congressionally mandated earmark).

OIG Reply: OIG considers the recommendation unresolved. OIG acknowledges that the Foreign Assistance Directive allows exceptions to competition. However, the Bureau of Political-Military Affairs did not provide OIG any documentation of the Bureau of Administration, Office of the Procurement Executive (A/OPE) concurrences with the bureau's interpretation of the Federal Assistance Directive regarding earmarks. Additionally, this interpretation conflicts with information provided to OIG by A/OPE during the inspection and which indicates only earmarks that direct specific awards (i.e., recipient entities, not purposes, locations, or amounts) are justified for sole source. The recommendation can be closed when OIG receives and accepts documentation that the bureau's practices with respect to sole source awards complied with Department standards.

Recommendation 15: The Bureau of Political-Military Affairs should require all grants officers and grants officer representatives to monitor and track all award activity in the Department's official federal assistance management system¹ in accordance with Department guidance. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military Affairs concurred with this recommendation. The bureau noted system issues with the Department's new federal assistance management system, MyGrants, that may complicate compliance with the recommendation. These issues prevent the federal assistance team from monitoring and tracking award activity in accordance with Department guidance.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Political-Military Affairs required all grants officers and grants officer representatives to monitor and track award activity in the Department's official federal assistance management system in accordance with Department guidance.

Recommendation 16: The Bureau of Political-Military Affairs should ensure oversight practices are consistent with reporting requirements in interagency agreements. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military Affairs concurred with this recommendation.

¹ In February 2024, after the fieldwork phase of the inspection, the Bureau of Political-Military Affairs transitioned from the State Assistance Management System to MyGrants, which is the Department's official federal assistance award management system for the bureau's grants.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Political-Military Affairs ensured oversight practices are consistent with reporting requirements in interagency agreements.

Recommendation 17: The Bureau of Political-Military Affairs should implement a bureau-wide time and attendance policy that complies with Department guidance. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military Affairs concurred with the intent of this recommendation. The bureau recognized that compliance with Department guidance may not be consistent across the entire bureau but that it will work to ensure adherence to existing Department regulations.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Political-Military Affairs implemented a bureau-wide time and attendance policy that complies with Department guidance.

Recommendation 18: The Bureau of Political-Military Affairs should revise the Office of Defense Trade Controls Management systems development lifecycle process to include documented stakeholder decisions and management approvals throughout the lifecycle of a project and mandate use of a central repository of required documentation according to Department standards. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs revised the Office of Defense Trade Controls Management systems development lifecycle process to include documented stakeholder decisions and management approvals throughout the lifecycle of a project and mandated use of a central repository of required documentation according to Department standards.

Recommendation 19: The Bureau of Political-Military Affairs, in coordination with the Bureau of Information Resource Management, should complete the assessment comparing bureau assets and inventory against Bureau of Information Resource Management data and correct any discrepancies. (Action: PM, in coordination with IRM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs

completed the assessment comparing bureau assets and inventory against Bureau of Information Resource Management data and corrected any discrepancies.

Recommendation 20: The Bureau of Political-Military Affairs should develop and implement a process for determining connectivity needs of domestic and overseas Foreign Policy Advisors on a continuous basis. (Action: PM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs developed and implemented a process for determining connectivity needs of domestic and overseas Foreign Policy Advisors on a continuous basis.

Recommendation 21: The Bureau of Political-Military Affairs, in coordination with the Bureau of Information Resource Management, should determine a cross-domain solution to allow data transfers between systems. (Action: PM, in coordination with IRM)

Management Response: In its August 16, 2024, response, the Bureau of Political-Military 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 Political-Military Affairs determined a cross-domain solution to allow data transfers between systems.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Assistant Secretary	Jessica Lewis	9/2021
Principal Deputy Assistant Secretary	Stanley Brown	5/2022
Deputy Assistant Secretary (Regional Security)	Mira Resnick	1/2021
Acting Deputy Assistant Secretary (Defense Trade Controls)	Timothy Betts	5/2023- 10/2023
Acting Deputy Assistant Secretary (Defense Trade Controls)	Jae Shin ^a	10/2023
Deputy Assistant Secretary (Programs and Operations)	Rachel Schiller	6/2023
Senior Advisor	Linda Specht	6/2022

^a Jae Shin is the Director of the Office of Defense Trade Controls Compliance and became the acting Deputy Assistant Secretary in October 2023.

Source: Generated by OIG from data provided by the Bureau of Political-Military Affairs.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted from September 5, 2023, to March 29, 2024, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2020 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspections 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. Consistent with Section 209 of the Foreign Service Act of 1980, OIG's specific objectives for this inspection were to determine whether the Bureau of Political-Military Affairs:

- (1) Leadership was following the Department's leadership and management principles, the Department's guidelines on the functions of the PM bureau, and the Department's guidelines on enterprise risk management.
- (2) Was carrying out its program and policy implementation responsibilities in accordance with applicable standards.
- (3) Met requirements to plan and execute bureau outreach and messaging to key audiences and stakeholders. This includes media and press activities, developing and maintaining relationships with key congressional interlocutors, and engaging the nongovernmental organization and think tank communities.
- (4) Managed its resources in accordance with applicable Department standards and federal regulations.
- (5) Managed its information technology operations in compliance with applicable information security and management standards.

Methodology

OIG used a risk-based approach to prepare for this inspection. OIG conducted portions of the inspection remotely and relied on audio- and video-conferencing tools in addition to in-person interviews with Department and other personnel. OIG also reviewed pertinent records; circulated surveys and compiled the results; and discussed the substance of this report and its findings and recommendations with offices, individuals, and organizations affected by this inspection. OIG used professional judgment and analyzed physical, documentary, and testimonial evidence to develop its findings, conclusions, and actionable recommendations.

This review was conducted consistent with the Fiscal Year 2024 Joint Strategic Oversight Plan for Operation Atlantic Resolve, Including U.S. Government Activities Related to Ukraine, which was released in October 2023 by the Inspectors General of the Departments of State, Defense, and the U.S. Agency for International Development.

APPENDIX B: MANAGEMENT RESPONSE



United States Department of State

Washington, D.C. 20520

UNCLASSIFIED

August 16, 2024

TO: IG – Arne Baker, Assistant Inspector General for Inspections

FROM: PM – Stanley L. Brown, Acting Assistant Secretary

SUBJECT: Response to Draft OIG Report – Inspection of the Bureau of Political-Military Affairs

The Bureau of Political-Military Affairs (PM) has reviewed the draft OIG inspection report. We provide the following responses to the recommendations provided by OIG. The point of contact for this memorandum is Curt Velasquez, PM Acting Chief of Staff.

OIG Recommendation 1: The Bureau of Political-Military Affairs should integrate the U.S. Strategy on Women, Peace, and Security (WPS) into its programs and assign responsibility for the coordination of this strategy to the Front Office. (Action: PM)

Management Response: PM concurs with the recommendation. The Principal Deputy Assistant Secretary reassigned the Women, Peace, and Security (WPS) portfolio to the Front Office’s Strategy and Resource Coordination (SRC) unit in February 2024. SRC is coordinating closely with the Secretary's Office of Global Women's Issues (S/GWI) and within the Bureau on the Department’s update to its WPS Strategy Implementation Plan. After S/GWI releases the final Plan, SRC will coordinate closely with PM offices to advance its implementation plan and further integrate gender priorities into its programming. More specifically, PM will explore opportunities to: 1) build on existing WPS efforts in our peacekeeping

capacity-building and International Military Education and Training programs, and 2) more deliberately incorporate gender priorities into Conventional Weapons Destruction and strategic advisory support programs.

OIG Recommendation 2: The Bureau of Political-Military Affairs should implement a detailed plan for the coordinated performance of all program evaluation requirements Bureau-wide, including systematic briefings to Bureau leadership on evaluation results. (Action: PM)

Management Response: PM concurs with the recommendation. As a first step, PM will develop a detailed, Bureau-wide evaluation plan that includes more regular briefings to Bureau leadership. PM looks forward to working with OIG on a feasible timeline for implementation.

OIG Recommendation 3: The Bureau of Political-Military Affairs, in coordination with the Bureau of Global Talent Management (GTM), should assess its outyear requirements for program management staffing and develop a Bureau workforce plan that uses available personnel authorities, mechanisms, and funding sources to address ongoing staffing needs and balances the need for consistent staffing with the need for flexibility. (Action: PM, in coordination with GTM)

Management Response: PM concurs with this recommendation and has proactively addressed it by submitting the Bureau's latest reorganizational structure alignments and workforce planning documents to GTM. PM included, in our submission to GTM, plans to utilize existing available personnel authorities to address staffing needs. We also work with the Bureau of Budget and Planning (BP) and the Undersecretary for Arms Control and International Security's (T) family Executive Office (EX). (Please note that the three bureaus in the T family are served by one EX office known as ISN-PM-ADS EX). ISN-PM-ADS EX and PM work together to ensure that PM has the appropriate resources to sustain our staffing requirements. We continue to work closely with GTM and BP and remain committed to collaborating closely with them to finalize and implement our workforce reorganizational plan effectively.

OIG Recommendation 4: The Bureau of Political-Military Affairs, in coordination with the Bureau of Legislative Affairs, should develop a legislative strategy to secure funding and authorities that enable the Bureau to use Foreign Military Sales fees (FMS) and foreign assistance program funds for staffing so that it can meet its responsibilities for management and oversight of foreign assistance programs and arms transfers. (Action: PM, in coordination with H)

Management Response: PM agrees with the spirit of the recommendation to secure funding and authorities to enable the Bureau to use FMS fees and foreign assistance program funds for staffing. Indeed, after months of discussions, PM/RSAT received approval from DSCA to receive FMS Administrative funding for 12 FTE positions, beginning in FY26. We do not believe any legislative action is necessary to transfer the funds. PM/SA received broad authority to use FMF (Foreign Military Financing) Administration funding for staffing in the FY 2024 appropriation to help it meet its responsibilities for management and oversight of foreign assistance programs. A PM/SA FTE purchase request for 13 FTEs using this expanded FMF Administration funding authority is being coordinated with BP and GTM.

OIG Recommendation 5: The Bureau of Political-Military Affairs should implement a process to assess long-term sustainment costs and funding mechanisms in its concurrence process for Department of Defense-provided equipment. (Action: PM)

Management Response: PM concurs with this recommendation and shares OIG's concerns about the consequences of assumptions about the availability of FMF for sustainment costs. Over several years, State has informed DoD in multiple fora, written and in discussion, that DoD must not assume availability of FMF for outyear costs associated with DoD-procured defense articles for allies and partners without explicit State approval. PM/SA has initiated engagement with Office of the Secretary of Defense (OSD) Global Partnerships and Defense Security Cooperation Agency (DSCA) to develop a framework to assess sustainability and plan for long term

sustainment of these capabilities as a part of State's response to recommendations from GAO-23-105842. Additionally, PM/SA has disseminated guidance to Posts via ALDAC on how to provide feedback on security cooperation initiatives, including specifics on what to look for on sustainment and why.

OIG Recommendation 6: The Bureau of Political-Military Affairs should develop and implement parameters and oversight procedures for Foreign Military Financing administrative funds used by the Department of Defense. (Action: PM)

Management Response: PM fully concurs with this recommendation. After years of PM seeking accountability by DSCA for its use of FMF administration funds, especially for staff at DoD components, DSCA has begun an effort to fully account for all positions funded in this manner. DSCA has assured us that this will enable them to determine how many FMF-funded DoD positions exist and ensure they are aligned against State-funded security assistance programs. PM/SA has initiated development of an MOU with DSCA governing the use of FMF administration funding for staff with the goal of completion in FY 2025.

OIG Recommendation 7: The Bureau of Political-Military Affairs should implement a process, in coordination with relevant agencies, to reduce delays in completing commodity jurisdiction reviews. (Action: PM)

Management Response: PM concurs with the recommendation. The Office of Defense Trade Controls Policy (DTCP) has implemented a policy paper process that provides guidance to relevant reviewing agencies to promote consistency of analysis among stakeholders. DTCP is also working to update and enforce DDTC's existing interagency CJ processing guidelines and timelines; and implement a paper escalation process to reduce delays in scheduling meetings between principals. For example, DTCP is iteratively improving the policy paper process it implemented in 2023, aiming to conclude its first paper escalation in August 2024, and updating its draft guidelines.

OIG Recommendation 8: The Bureau of Political-Military Affairs should standardize instructions for agencies requesting regulatory review letters. (Action: PM)

Management Response: PM concurs with the recommendation. DTCP has reviewed its written instructions on requesting regulatory review letters (RRL) for standardization purposes to ensure that RRL submissions from agencies are sufficiently robust to facilitate prompt DTCP review and reply. Specifically, DTCP has reviewed and attached to this response the Office of Defense Trade Compliance's (DTCC) "Guidelines for Submitting Law Enforcement Support Requests" and DTCP's "Information Requirements for JRA, RR, and CJ" (which includes sections entitled "Jurisdiction Risk Assessment [First Level Review] Information Requirements," "Regulatory Review Information Requirements," and "Commodity Jurisdiction (CJ) Information Requirements"). DTCC has provided these documents to all submitting agencies via DTCC's Law Enforcement Liaison division. Further, DTCP has updated its standard operation procedures to reference these two instructions, and has assessed that, because the RRL process is technology-specific and agnostic with respect to the requesting entity, no agency-specific submission guidance is necessary at this time. [TAB 1 and 2]

OIG Recommendation 9: The Bureau of Political-Military Affairs should bring licensing reviews into compliance with federal standards. (Action: PM)

Management Response: PM concurs with this recommendation. To implement the recommendation, PM/RSAT is currently working to train new officers on licensing procedures and will work with PM/DDTC and DTSA to ensure RSAT officers are provided accounts for the software used to position cases in a timely manner. Additionally, RSAT has identified a license coordinator on each regional team to address backlogged cases, troubleshoot pending license reviews, and ensure potentially problematic licenses receive higher-level RSAT management review before they time out.

OIG Recommendation 10: The Bureau of Political-Military Affairs, in coordination with the Bureau of International Security and Nonproliferation, should implement a centralized contract tracking system in compliance with federal acquisition regulations. (Action: PM, in coordination with ISN-PM-ADS EX)

Management Response: PM concurs with this recommendation and has taken proactive steps to address this recommendation. We have shared an existing Federal Acquisition Regulation (FAR)-compliant contract tracker with the entire Bureau to establish a baseline framework. In addition, PM is developing a centralized, comprehensive contract tracking system in Power BI. This system will be driven by data from various sources, and ISN-PM-ADS EX aims to ensure that all PM Bureau contracts are easily accessible and manageable by the Bureau. This effort is designed to ensure full compliance with the FAR and to streamline contract oversight and management across the PM Bureau.

OIG Recommendation 11: The Bureau of Political-Military Affairs, in coordination with the Bureau of International Security and Nonproliferation, should bring the contracting officer's representative program into compliance with Department standards. (Action: PM, in coordination with ISN-PM-ADS EX)

Management Response: PM and ISN-PM-ADS EX concur with OIG that the contracting officer's representative (COR) program for the PM Bureau should be brought into compliance with Department standards. All CORs in the Bureau must be compliant with the required training to have access to the Invoice Processing Platform (IPP), which is the system that the Department uses to allow CORs to review and pay invoices. The status and dates of completed COR training for each COR should be contained in the contract list discussed in recommendation 10. PM is fully committed to bringing its COR program into compliance with Department standards. We are working diligently to ensure that all CORs are properly trained, nominated to serve as certified CORs, and equipped to perform their duties effectively. PM would appreciate receiving detailed information highlighting the specific areas of non-compliance identified by the OIG in

Recommendation 11. This will enable us to better understand and address the deficiencies, ensuring that the PM COR program meets the required standards comprehensively and effectively. PM Bureau's goal is to achieve full compliance and enhance the overall effectiveness of its personnel in contract management and oversight functions. [TAB 3]

OIG Recommendation 12: The Bureau of Political-Military Affairs, in coordination with the Bureau of Administration (A), should bring its contract and contracting officer's representative files into compliance with Department and federal guidance. (Action: PM, in coordination with A)

Management Response: PM concurs with the recommendation to ensure contract compliance. Several Contractor Performance Assessment Reports (CPARs) were incomplete due to COR staffing shortages and turnover. However, the Bureau has been actively working to resolve this deficiency. Since the OIG inspection, CORs have continued their push to catch up on completing overdue CPARs, as well as to ensure the completeness of contract files. Further, the Bureau will re-engage A Bureau to determine if previous issues related to the e-Filing system have been or can be addressed to effectively enable the transfer of files from office shared drives.

OIG Recommendation 13: The Bureau of Political-Military Affairs, in coordination with the Bureau of Administration, should clarify roles and responsibilities for site visits conducted by staff other than designated contracting officer's representatives. (Action: PM, in coordination with A)

Management Response: PM concurs with the recommendation to clarify roles and responsibilities for site visits conducted by staff other than designated CORs. However, PM notes that site visits are conducted for a range of project management functions beyond just contract oversight. Moreover, the scope of contracts and grants managed by the Bureau exceeds the capacity of CORs/GORs to conduct effective oversight without support from larger project management teams. As an example, one PM office has 8 CORs/GORs managing more than 110 active contracts and grants with 55 countries and organizations around the world. Accordingly, effective COR/GOR – and office – oversight of contracts/grants necessitates

reliance on inputs from site visits conducted by portfolio managers and other subject matter experts to support and supplement their efforts. Since the OIG inspection, some PM offices have updated their travel standard operating procedures (SOPs), which include pre-travel cross-team coordination to ensure COR requirements, as well as other stakeholder equities, are clearly defined for each site visit conducted and non-COR personnel have clearer guidance on how to best support oversight processes.

OIG Recommendation 14: The Bureau of Political-Military Affairs, in coordination with the Bureau of Administration, should bring the Bureau's practices with respect to sole source awards into compliance with Department standards. (Action: PM, in coordination with A)

Management Response: PM does not agree with this recommendation, as PM believes the Bureau's current practices are compliant with existing guidance. PM recognizes the importance of conducting open competition for Federal financial assistance opportunities. In FY 2024, PM issued 12 Notices of Funding Opportunity (NOFOs) to compete more than \$59,000,000 in NADR-CWD assistance. PM/WRA updates its SOPs with every regulation change and will complete more frequent, periodic internal SOP reviews and updates to further institutionalize the benefits of open competition. Review and comprehension of each SOP is also an integral part of the formal onboarding process for all PM/WRA employees.

When PM/WRA relies on sole sourcing awards rather than open competition, the decision is made to promote efficiency in conventional weapons destruction operations, and the justifications are compliant with existing regulations. Chapter 2.F.2-3 of the Foreign Assistance Directive (FAD) details exceptions to competition, one of which is: "A legislatively mandated award (Congressionally mandated earmark)." A/OPE, the office responsible for reviewing and updating the FAD annually, confirmed that PM/WRA can apply the "congressionally mandated earmark" exception in the FAD for sole source justifications to a specific proposed recipient.

The annual State Foreign Operations Appropriations Act (SFOAA) and accompanying Joint Explanatory Statement (JES) include mandatory directives for Conventional Weapons Destruction (NADR-CWD), of which a specific amount is directed for humanitarian demining. Within this directive, there are annual regional and/or bilateral earmarks (e.g., humanitarian demining in Southeast Asia, Sri Lanka, Angola, Zimbabwe). Pursuant to section 7019 of the annual SFOAA, these funding levels are mandatory and restrict PM's ability to go over or below those amounts. NADR-CWD Ukraine supplemental funds are also subject to the NADR base appropriation mandatory directives.

For example, in FY 2023 Congress appropriated \$264,103,000 for Conventional Weapons Destruction, of which \$218,350,000 is directed for humanitarian demining, of which \$73,000,000 is specifically required for humanitarian demining in Southeast Asia because it is in a table in the Joint Explanatory Statement. Congress appropriated an additional \$84,000,000 in the Additional Ukraine Supplemental Appropriations Act, 2023 (Div. M, P.L. 117-328) (AUSAA) which is subject to the terms and conditions of the FY 2023 NADR base appropriation.

All funding obligated under these mandatory directives through grants and cooperative agreements is exempt from competition given the justified exemption for legislatively mandated awards (Congressionally mandated earmarks) in the FAD. In accordance with the FAD, WRA will continue to seek A/OPE open competition exemption approval for all awards valued at \$10M+ and ensure that the office's SOPs formalize this practice as a written requirement.

Additionally, PM/WRA judiciously utilizes the exception to competition for "unique and exclusive capabilities of the recipient." Accreditation by the host country is required to operate in any country and is a necessarily rigorous process that ensures the operator has safe and effective SOPs aligned with the National Mine Action Standards. In many countries (e.g. Ukraine, Laos, and Israel), the accreditation process is extremely lengthy, from 9 months to 5 years, so switching operators would result in lengthy pauses to demining operations. Startup costs and training requirements

when switching operators are also prohibitive and would cause both a delay and be cost inefficient for U.S. taxpayer resources. In addition to the accreditation process, different states also control access to contaminated areas and often assign areas exclusively to a particular implementer. In Angola for example, the government assigned one NGO to clear areas surrounding the Okavango Delta. If PM wants to advance the joint U.S.-Angola priority of facilitating conservation through demining in this region, we must work through that NGO, as they are the only demining NGO accredited and permitted by the government to operate around the Okavango Delta.

Additionally, particularly when dealing with sensitive operations like physical security and stockpile management (PSSM) programs, in which award recipients have direct access to host government weapons stockpiles and therefore rely on a trustful relationship that has been built over many years, switching operators following a grant competition would require a new operator to build this trust with a host government to carry on a program. The host government's Ministry of Defense must trust WRA, U.S. Embassy counterparts, and the implementing partners for these programs to work. Once partner state security services and an implementing partner develop a relationship and start a PSSM program, the strength of these enduring relationships becomes critical to achieving objectives. In Lebanon, for example, it took one NGO more than two years to get the Lebanon Armed Forces (LAF) to engage in a PSSM program and an additional year for them to agree to work with the NGO. Their eventual willingness to work with that NGO was driven by the fact that the NGO was currently conducting demining operations in Lebanon and had passed employee vetting for more than 10 years as part of this work. Now, more than five years into the USG's PSSM project in Lebanon, the relationship between the NGO and the LAF has provided the NGO access to facilities and leadership that would likely take a new partner years to develop.

GPI relies on contracts to support competitive procurements. GPI does not use grants as an alternative to contracts but, rather, employs grants as an obligating mechanism when those funds are being directed to a specific organization or to support a government-to-government transfer of funds

for a specific project where competitive processes do not apply. For example, 73 percent of GPI/Peace Operations Capacity Building Division's grants are with the United Nations in support of specific extra-budgetary funded projects at the UN for which there are no alternative implementers.

OIG Recommendation 15: The Bureau of Political-Military Affairs should require all grants officers and grants officer representatives to monitor and track award activity in the State Assistance Management System in accordance with Department guidance. (Action: PM)

PM concurs with this recommendation. PM/WRA has SOPs in place for grants officers and grants officer representatives to monitor and track awards, and the office strives for full compliance. PM would like to highlight that ongoing issues with a new grants management system are creating difficulty with compliance. PM/WRA's award management system transitioned from SAMS Domestic to MyGrants in February 2024. Since the transition, PM/WRA has reported 39 system issues with the MyGrants Deployment team. These issues prevent the federal assistance team from monitoring and tracking award activity in accordance with Department guidance. While the MyGrants Deployment team has resolved some issues, several critical errors and losses in functionality remain unresolved.

OIG Recommendation 16: The Bureau of Political-Military Affairs should ensure oversight practices are consistent with reporting requirements in interagency agreements. (Action: PM)

Management Response: PM concurs with recommendation. PM is in the process of updating its MOU with DSCA and will continue to pursue efforts to ensure reporting consistent with IAA requirements.

OIG Recommendation 17: The Bureau of Political-Military Affairs should implement a Bureau-wide time and attendance policy that complies with Department guidance. (Action: PM)

Management Response: PM concurs with the spirit of the recommendation but seeks to clarify that OIG is not recommending PM establish a Bureau

policy on time and attendance; rather, PM should implement Department policy on time and attendance. Although some PM offices may already be fully compliant with Department guidance, PM recognizes that this compliance may not be consistent across the entire Bureau. Therefore, PM will work to ensure that all PM offices adhere to the Department's time and attendance guidance uniformly. To this end, we will reinforce the Department's existing policies and provide additional training and resources as needed to achieve full compliance bureau-wide.

OIG Recommendation 18: The Bureau of Political-Military Affairs should revise the Office of Defense Trade Controls Management systems development lifecycle process to include documented stakeholder decisions and management approvals throughout the lifecycle of a project and mandate use of a central repository of required documentation according to Department standards. (Action: PM)

Management Response: PM concurs with the recommendation. PM's Office of Defense Trade Controls Management (DTCM) took immediate action to implement the recommendation by creating a standard operating procedure (SOP) entitled "Stakeholder Engagement and Systems Development Lifecycle." The SOP details the systems development lifecycle process, including steps mandating the documentation of stakeholder decisions and management approvals. Throughout the systems development lifecycle process, DTCM obtains and documents all stakeholder decisions and any management approvals at each phase. The SOP outlines how stakeholder decisions and management approvals are obtained and documented (see attached SOP, section 5). It also provides instructions on using the central repository of required documentation (see SOP, section 6), ensuring consistent documentation, standardization, and accessibility throughout the project lifecycle. [TAB 4]

OIG Recommendation 19: The Bureau of Political-Military Affairs, in coordination with the Bureau of Information Resource Management, should complete the assessment comparing Bureau assets and inventory against Bureau of Information Resource Management data and correct any discrepancies. (Action: PM, in coordination with IRM)

Management Response: PM concurs with the recommendation. These efforts are progressing, and we should start seeing some of the billing corrections as early as in the next billing cycle.

OIG Recommendation 20: The Bureau of Political-Military Affairs should develop and implement a process for determining connectivity needs of domestic and overseas Foreign Policy Advisors on a continuous basis.
(Action: PM)

Management Response: PM concurs with this recommendation. Regarding unclassified systems, the POLAD Office surveyed Foreign Policy Advisors (POLADs) in February to assess their access to OpenNet from their Department of Defense (DoD) workstations using DoD networks and from their personal residences using GO applications and commercial internet service. The POLAD Office used that feedback to establish baseline expectations and equipment requirements, which were shared with ISN-PM-ADS_EX/TD, incorporated into the program's handbook, and communicated to POLADs at a semiannual training event in July. The POLAD Office will survey the cohort of POLADs after summer transfer season to determine whether existing expectations and needs remain consistent and will continue the survey and assessment cycle approximately every six months in conjunction with training.

Regarding classified systems: ClassNet access cannot be provided equitably to domestic or overseas POLADs in a cost-effective manner. Moreover, while direct access to ClassNet would facilitate POLAD's work, it is not required to perform the core functions of their detail assignments. PM and Bureau of Diplomatic Technology (DT) will continue to provide classified cable traffic to POLADs' email accounts on the DoD classified network (SIPR). Connectivity between State and DoD systems depends upon the active cooperation of information technology professionals at both agencies to enable and maintain POLADs' receipt of cables and systems access across two sets of enterprise firewalls.

OIG Recommendation 21: The Bureau of Political-Military Affairs, in coordination with the Bureau of Information Resource Management, should determine a cross-domain solution to allow data transfers between systems. (Action: PM, in coordination with IRM)

Management Response: PM concurs with the recommendation. Please note that IRM is now referred to as the Bureau of Diplomatic Technology (DT). DTCM is exploring various possibilities to ensure an efficient transfer process. DTCM IT Security and Operations team began testing DT's Cross Domain Solution (CDS) in July 2023 to determine whether the technology can be leveraged to automate the bi-directional file transfers from the Defense Export Control and Compliance System (DECCS) to USXPORTS (DoD/DTSA-owned and operated system), which are currently transferred manually from OpenNet to ClassNet using CD-ROMS. The team has conducted several tests but encountered some issues. DTCM will continue to collaborate with DT on a viable cross-domain solution. In addition, DTCM is also working with DoD/DTSA's IT team to determine a solution where the transfers are completed on the OpenNet instead of the ClassNet. This is an interagency activity that requires collaboration and coordination to ensure a secure and efficient data transfer process.

Attachments:

- Tab 1 – REC 8 Guidelines for Submitting Law Enforcement Requests
- Tab 2 – REC 8 Information Requirements for JRA Information Requirements
- Tab 3 – REC 11 Contracting Officers Representative Handbook
- Tab 4 – REC 18 Standard Operating Procedures DTCM

ABBREVIATIONS

AUKUS	Australia-United Kingdom-United States
CAT	Conventional Arms Transfer
CO	Contracting Officer
COR	Contracting Officer's Representative
CPA	Office of Congressional and Public Affairs
CPARS	Contractor Performance Assessment Reporting System
DDTC	Directorate of Defense Trade Controls
DECCS	Defense Export Control and Compliance System
DEIA	Diversity, Equity, Inclusion, and Accessibility
DoD	Department of Defense
DRL	Bureau of Democracy, Human Rights, and Labor
DSCA	Office of Under Secretary of Defense for Policy and the Defense Security Cooperation Agency
DTCL	Office of Defense Trade Controls Licensing
DTCM	Office of Defense Trade Controls Management
DTCP	Office of Defense Trade Controls Policy
EEO	Equal Employment Opportunity
EX	Executive Office
EX/TD	Executive Office, Technology Division
FAD	Federal Assistance Directive
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FAR	Federal Acquisition Regulation
FBS	Functional Bureau Strategy
FMF	Foreign Military Financing
FMS	Foreign Military Sales
GAO	Government Accountability Office
GPI	Office of Global Programs Initiatives
IAA	Interagency Agreement
IMET	International Military Education and Training

IRM	Bureau of Information Resource Management
MANPADS	Man Portable Air Defense Systems
NATO	North Atlantic Treaty Organization
NSPD	National Security Presidential Directive
PDAS	Principal Deputy Assistant Secretary
PKO	Peacekeeping Operations
PM	Bureau of Political-Military Affairs
POLAD	Foreign Policy Advisor
RRL	Regulatory Review Letter
RSAT	Office of Regional Security and Arms Transfers
SA	Office of Security Assistance
SAMS	State Assistance Management System
USAI	Ukraine Security Assistance Initiative
USML	U.S. Munitions List
WPS	U.S. Strategy on Women, Peace, and Security
WRA	Office of Weapons Removal and Abatement

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