

applicable Federal assistance regulations.²⁹ This bureau had taken substantial steps to improve its processes and had seen genuine change as a result.

Nonetheless, OIG continued to find grants management practices that did not comply with Department requirements. Problems that were noted across multiple inspection reports included missing performance or financial reports; insufficient site visits; improper closeout procedures; and a lack of pre-award evaluation criteria, risk assessments, and monitoring plans.³⁰ Overlooking formal steps for soliciting, evaluating, monitoring, and documenting grant awards risks using funds on projects that do not match mission priorities or providing funds to grantees that lack the capacity to implement the grant objectives. In another manifestation of this problem, in an inspection of the Bureau of Near Eastern Affairs (NEA), OIG found that a majority of public diplomacy grants reviewed were awarded noncompetitively and without documented justification.³¹ Furthermore, most did not have required monitoring and evaluation plans.

The causes of these deficiencies varied, but OIG reports often identified staffing shortages, poor training, and high turnover. Competing priorities also played a role because Grants Officers and Grants Officer Representatives frequently have other responsibilities that are unrelated to oversight of grants. For example, at Embassy Rangoon, 3 staff managed 38 active grants throughout the country in addition to carrying out other responsibilities.³² The report noted that this was a heavy work load for grants management staff under any circumstance, but it was particularly so in Burma where many of the grants were being implemented in remote locations.

OIG's reports provided recommendations directed at these issues. For example, to guide staff with grants management responsibilities, bureaus and posts should establish and implement formal standard operating procedures for conducting grants management activities that comply with Department requirements.

Ensuring Proper Invoice Review and Approval Processes

Proper invoice review and approval processes are a crucial aspect of ensuring that the Department receives the benefit of its contracts and that the Department is able to take appropriate steps if contractors are not performing appropriately. In FY 2017, OIG issued two audit reports that highlighted domestic bureaus' successful efforts to improve the invoice review and approval process for specific contracts under their purview. OIG reported that NEA developed a standard operating procedure for invoice review and provided invoice examiner training to its staff.³³ These standard operating procedures led, at least in part, to OIG's finding that the percentage of allowable and supported costs approved for payment under the Baghdad Operations and Maintenance Support Services Contract improved over time.³⁴ Similarly, OIG found that the Bureau of South and Central Asian Affairs established internal controls that complied with applicable invoice review requirements and that the bureau had paid no money in prompt payment interest penalties related to the Afghanistan Life Support Services Contract in FY 2016.³⁵

Again, though, OIG continued to identify ways that the Department could improve its practices. For example, despite implementing a standard operating procedure and

²⁹ OIG, *Inspection of Bureau of Population, Refugees, and Migration* (ISP-I-17-10, February 2017).

³⁰ OIG, *Management Assistance Report: Improved Oversight Needed to Standardize the Use of Risk Assessments and Monitoring Plans for Overseas Grants* (ISP-17-33, July 2017); see also ISP-I-17-05A, January 2017; ISP-I-17-07A, January 2017; ISP-I-17-08A, January 2017; ISP-I-17-12, May 2017; ISP-I-17-16, May 2017; and ISP-I-17-19, June 2017.

³¹ OIG, *Inspection of the Bureau of Near Eastern Affairs* (ISP-I-17-22, May 2017).

³² ISP-I-17-05A, January 2017.

³³ OIG, *Audit of Baghdad Diplomatic Support Center Task Orders Awarded Under Operations and Maintenance Support Services Contract SAQMMA12D0165* (AUD-MERO-17-45, June 2017).

³⁴ *Ibid.*

³⁵ OIG, *Audit of the Bureau of South and Central Asian Affairs Invoice Review Process for the Afghanistan Life Support Services Contract* (AUD-MERO-17-47, June 2017).