

GAO

Report to the Honorable
Richard G. Lugar, Ranking Minority
Member, Committee on Foreign
Relations, U.S. Senate

September 2007

DEPARTMENT OF STATE

Human Capital Strategy Does Not Recognize Foreign Assistance Responsibilities





Highlights of [GAO-07-1153](#), a report to the Honorable Richard G. Lugar, Ranking Minority Member, Committee on Foreign Relations, U.S. Senate

Why GAO Did This Study

The Secretary of State has made foreign assistance a pillar of the department's Transformational Diplomacy Initiative and has sought better policy coordination, planning, and oversight by establishing a Director of Foreign Assistance (F Bureau). Even though the U.S. Agency for International Development has been the principal agency for development and humanitarian aid, State has had a significant role delivering this type of assistance. Thus, it is essential that State have the right staff, with the right skills, in the right places to carry out its foreign assistance management responsibilities and ensure that U.S. funds are well spent. As requested, this report (1) describes the size and scope of development and humanitarian foreign assistance programs managed by State, (2) describes State's approaches to managing and monitoring such programs, and (3) evaluates State's processes for determining its human capital requirements for managing these programs.

What GAO Recommends

GAO recommends that State (1) define the skills and competencies it needs to manage its foreign assistance responsibilities and develop critical information on staff currently doing so, and (2) develop a strategy to address any gaps it identifies. State agreed with our recommendations and plans to take appropriate action.

To view the full product, including the scope and methodology, click on [GAO-07-1153](#). For more information, contact Jess Ford at (202) 512-4128 or fordj@gao.gov.

DEPARTMENT OF STATE

Human Capital Strategy Does Not Recognize Foreign Assistance Responsibilities

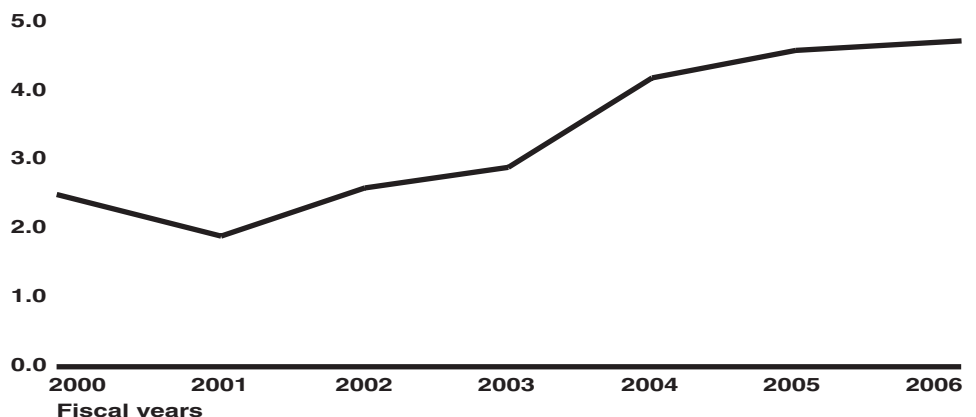
What GAO Found

In fiscal year 2006, State had about \$4.7 billion available for development and humanitarian assistance activities, nearly double the amount it was responsible for managing in 2000. This funding supported, for example, programs aimed at alleviating poverty and the suffering of refugees, as well as funding international drug interdiction efforts. State primarily uses grants and cooperative agreements to deliver this type of assistance.

State manages its development and humanitarian assistance programs centrally, obligating about 80 percent of the funds and making awards from headquarters. State uses a variety of oversight approaches. Grants officers and grants officer representatives have formal oversight responsibilities, but other staff also carry out functions informally. A mix of headquarters and overseas staff monitor program implementation.

State's strategic workforce planning does not reflect its foreign assistance activities. A key principle of strategic workforce planning is to define the critical skills and competencies that will be needed to achieve current and future programmatic goals. State has not defined its staff needs to manage and monitor its foreign assistance programs and has not collected critical information on current staff with these responsibilities. Moreover, GAO found inconsistent training and skills requirements for staff involved in foreign assistance oversight. For example, grants officers—who are responsible for the legal aspects of entering into, amending, and terminating awards—must meet educational and training requirements, while grants officer representatives—who are delegated some monitoring responsibilities—do not. Further, a recent State survey suggests that Foreign Service officers overseas recognize that there is a gap in their foreign assistance management skills. Various State officials have concerns about the department's ability to effectively manage its development and humanitarian assistance. Finally, State has not used strategic workforce planning to align F Bureau budget reforms with staffing and skill requirements.

Funding Available to State for Development and Humanitarian Assistance
Dollars in billions



Source: GAO analysis of U.S. budget and State allotment reports.

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Abbreviations

DRL	Bureau of Democracy, Human Rights, and Labor
F Bureau	Office of the Director of Foreign Assistance
FSI	Foreign Service Institute
G/TIP	Office to Monitor and Combat Trafficking in Persons
INCLE	International Narcotics Control and Law Enforcement
INL	Bureau of International Narcotics and Law Enforcement Affairs
MEPI	Middle East Partnership Initiative
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PRM	Bureau of Population, Refugees, and Migration
USAID	U.S. Agency for International Development

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United States Government Accountability Office
Washington, DC 20548

September 28, 2007

The Honorable Richard G. Lugar
Ranking Minority Member
Committee on Foreign Relations
United States Senate

Dear Senator Lugar:

The Secretary of State has designated foreign assistance as a pillar of the Transformational Diplomacy Initiative, which aims to integrate U.S. foreign assistance activities into overall diplomatic efforts. Accordingly, in January 2006, the Secretary established the Office of the Director of U.S. Foreign Assistance (F Bureau) to serve as an umbrella leadership structure for aligning foreign assistance policy, planning, and oversight. According to the Director of the F Bureau, foreign assistance is a mainstream commitment of the U.S. government, because—in addition to its traditional objectives—it has been elevated to a national priority as a core part of U.S. national security strategy.

The U.S. Agency for International Development (USAID) has been and remains the principal U.S. agency for delivering development and humanitarian assistance, such as democracy and refugee programs, which fall under the U.S. government's broad foreign assistance efforts. Nonetheless, the Department of State (State) has a significant role in providing this type of assistance. State received about \$23 billion from fiscal years 2000 through 2006 for delivering such assistance, and annually it has been responsible for managing between 7 and 11 percent of total U.S. government developmental and humanitarian assistance over this time period. Due to this higher profile for foreign assistance in State, it is essential that State have the right staff, with the right skills, in the right places to implement its foreign assistance management responsibilities and ensure that U.S. funds are well spent.

As you requested, this report (1) describes the size and scope of development and humanitarian foreign assistance programs managed by State; (2) describes State's approaches, including types of staff involved, to managing and monitoring international development and humanitarian assistance programs; and (3) evaluates State's processes for determining its human capital requirements for managing foreign assistance programs.

To determine the size and scope of State's development and humanitarian assistance, we first reviewed U.S. budget documents and used State allotment reports to capture the fiscal accounts that were available to State for obligation between fiscal years 2000 and 2006. For the purposes of this review, we defined foreign assistance management as obligating funds, selecting grantees, making assistance awards, and monitoring the implementation of development and humanitarian assistance programs. To identify State's approaches to managing programs, we reviewed program information and interviewed agency officials. To assess foreign assistance human capital requirements, we reviewed staffing, workload, and workforce planning data, and interviewed agency officials. We focused on the portion of the International Affairs budget defined by the Office of Management and Budget (OMB) as development and humanitarian assistance, which includes funding for Migration and Refugee Assistance, International Narcotic Control and Law Enforcement (INCLE), and other fiscal accounts.¹ We met with five functional bureaus/offices that manage development and humanitarian assistance programs and all six regional bureaus. We also met with officials of F Bureau, Bureau of Administration, Office of the Procurement Executive; Bureau of Human Resources; Bureau of Resource Management; the Foreign Service Institute (FSI); State's Office of the Inspector General; and USAID. We determined that the budget and obligations data we used were sufficiently reliable for the purposes of this report, based on our review of the reasonableness and consistency of methodology and discussions with knowledgeable officials. We conducted our review between August 2006 and August 2007 in accordance with generally accepted government auditing standards. A detailed description of our scope and methodology is included in appendix I of this report.

Results in Brief

State had about \$4.7 billion available in fiscal year 2006 for its development and humanitarian assistance activities, which was nearly double the amount it was responsible for managing in fiscal year 2000. These amounts consisted mostly of annual appropriations and unused portions from previous years. This increased funding, and related management responsibilities, supported activities in such areas as economic, social, and political assistance; and it included programs aimed

¹Our scope of work represents a subset of the foreign assistance programs that State is responsible for and does not include military, antiterrorism, cultural and educational exchange programs, and some assistance programs receiving less than \$20 million.

at alleviating poverty, alleviating the suffering of refugees, as well as international drug interdiction efforts. Most of the increase in available funding was from fiscal accounts that are annually appropriated to State, such as (1) the migration and refugee assistance account and (2) the INCLE and Andean Counterdrug Initiative accounts. About a quarter of the overall increase was from other fiscal accounts, such as the economic support fund account and the assistance for Eastern Europe and the Baltic States account. Many State bureaus manage development and humanitarian assistance funding, primarily through the use of grants and cooperative agreements.

State uses a variety of approaches to manage its foreign assistance responsibilities. The bureaus and offices principally responsible for this assistance obligated about 80 percent of their funds and awarded the majority of their grants and cooperative agreements from headquarters. A variety of staff are involved in managing State's foreign assistance activities. Some employees, such as grants officers, are formally assigned managerial and monitoring roles and responsibilities, while others are not. The location of staff that monitor the implementation of the programs varies. Seven of the bureaus have no assigned overseas staff and rely mainly on headquarters staff to monitor the implementation of some of their grants. Three of the State bureaus we visited have overseas staff specifically assigned to monitor the implementation of their programs overseas. For example, the Bureau of Population, Refugees, and Migration (PRM) has 22 refugee coordinators assigned to overseas posts to oversee the bureau's refugee activities.

State's strategic workforce planning does not reflect its foreign assistance activities. A key principle of strategic workforce planning is to define the critical skills and competencies that will be needed to achieve current and future programmatic goals. However, State has not identified the skills and competencies needed by its staff to manage and monitor foreign assistance activities and has not collected critical information on current staff with foreign assistance management responsibilities. For example, most of the bureaus we visited could only provide estimates of the number of staff working on their foreign assistance programs. Moreover, we found that State has inconsistent training and skills requirements for staff involved in foreign assistance oversight. We found, for example, grants officers—who are responsible for the legal aspects of entering into, amending, and terminating awards—must meet educational and training requirements, while grants officer representatives in some State Bureaus—who are delegated some of these monitoring responsibilities—do not have to meet such requirements. Further, a recent survey

conducted by State suggests that Foreign Service officers overseas recognize that there is a gap in their foreign assistance management skills. Grant officers and other officials whom we spoke with have concerns about the department's ability to effectively carry out its grant management responsibilities. Finally, State has not used strategic workforce planning to align the efforts of the F Bureau to reform the foreign assistance budget with staffing and skill requirements.

This report recommends that the Secretary of State (1) take steps to define the skills and competencies the department's employees need to manage foreign assistance responsibilities, including developing information on the number and type of staff who are currently managing foreign assistance programs, their roles and responsibilities, workload, experience, and training; and (2) develop a strategy to address any gaps it identifies.

In commenting on a draft of this report, the Department of State generally concurred with the report's findings, conclusions, and recommendations and described steps it plans to take to address the recommendations. For example, the Bureau of Human Resources will define critical skills and competencies needed by all State employees managing foreign assistance. Nevertheless, State expressed concern that our draft did not adequately reflect the department's oversight of its foreign assistance programs and described PRM's monitoring and evaluation procedures as an example. We have included additional details on PRM's monitoring efforts throughout the report as appropriate.

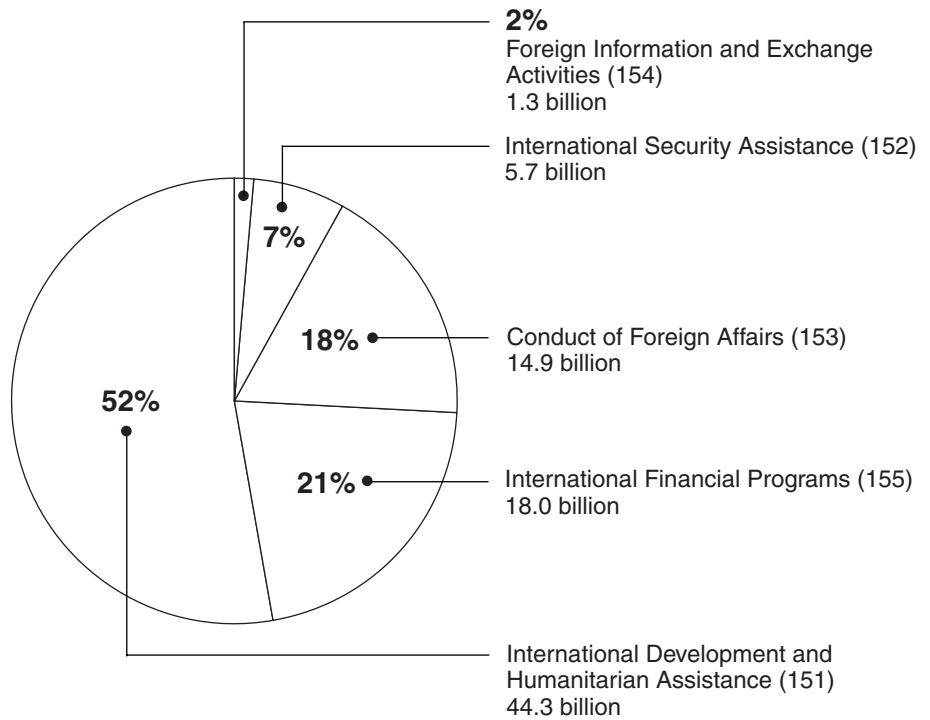
Background

Development and humanitarian assistance is one of five parts of the International Affairs (function 150) budget that support U.S. government foreign assistance efforts. Development and humanitarian assistance includes State and USAID assistance activities, the Millennium Challenge Corporation, the Peace Corps, Treasury contributions, and, from fiscal year 2003 through 2006, spending for the relief and reconstruction of Iraq. In fiscal year 2006, development and humanitarian assistance made up \$44 billion,² or just over one-half of the total \$84 billion of International Affairs (function 150) budget funds available to support foreign assistance (see fig. 1).³

²Amount includes about \$6 billion of economic support funding.

³From fiscal year 2000 through 2006 development and humanitarian assistance, including economic support funding, increased from \$26 billion to \$44 billion.

Figure 1: Five Types of International Affairs (function 150) Budget Funding Available for Fiscal Year 2006



Source: GAO analysis of actual fiscal year 2006 data as reported in the fiscal year 2008 International Affairs (function 150) budget.

Note: Includes funding available for obligation in fiscal year 2006 regardless of when funds were appropriated.

The four other types of funding in the International Affairs (function 150) budget that support foreign assistance activities include the following:

- International security assistance, to finance and train foreign militaries, promote nonproliferation activities, and support international peacekeeping operations;
- The conduct of foreign affairs, which fund the salaries, information technology, housing, and security for State staff, including those with responsibilities to administer and monitor foreign assistance activities;
- Foreign information and exchange activities, which include fiscal accounts supporting education, cultural exchange activities, and U.S. broadcasts overseas; and

-
- International financial programs, which primarily support the International Monetary Fund and the Export-Import Bank of the United States.

(See app. II for a break down of budget amounts available from each part of the International Affairs (function 150) budget in recent years.)

Of the total \$44 billion of development and humanitarian assistance available in fiscal year 2006, State received about \$5 billion, or 11 percent.⁴ Other agencies received more of these funds, including USAID, which received about \$15 billion, or 34 percent, and the Department of Treasury, which received about \$13 billion, or about 30 percent.

In January 2006, the Secretary of State established F Bureau to serve as an umbrella leadership structure for coordinating all foreign assistance policy, planning, and oversight. The purpose of this reorganization was to

- ensure that foreign assistance is used as effectively as possible to meet broad foreign policy objectives,
- more fully align the foreign assistance activities carried out by the Department of State and USAID, and
- demonstrate responsible stewardship of taxpayer dollars.

In announcing these changes, the Secretary noted that “the current structure of America’s foreign assistance risks incoherent policies and ineffective programs and perhaps even wasted resources.”

The director of U.S. Foreign Assistance serves concurrently as the USAID Administrator, and has authority over all State and USAID foreign assistance funding and programs.⁵ According to State, the F Bureau provides coordination and guidance to all foreign assistance delivered through other agencies and entities of the U.S. government.

⁴In fiscal year 2006 State’s development and humanitarian assistance, including economic support funding, was 22 percent of State’s total funding through the International Affairs budget.

⁵USAID’s status as an independent organization with an administrator reporting directly to the Secretary of State remains unchanged.

Specifically, the director was given authority over program planning, implementation, and oversight of the various bureaus and offices within State and USAID, to

- develop a coordinated U.S. government foreign assistance strategy, including developing 5-year country specific assistance strategies and annual country-specific assistance operational plans;
- create and direct consolidated policy, planning, budget and implementation mechanisms and staff functions required to provide umbrella leadership to foreign assistance;
- provide guidance to foreign assistance delivered through other agencies and government entities, including the Millennium Challenge Corporation and the Office of the Global AIDS Coordinator; and
- direct the required transformation of the government's approach to foreign assistance in order to achieve the President's Transformational Development Goals.

State's Amount of International Development and Humanitarian Assistance Has Increased Significantly in Recent Years

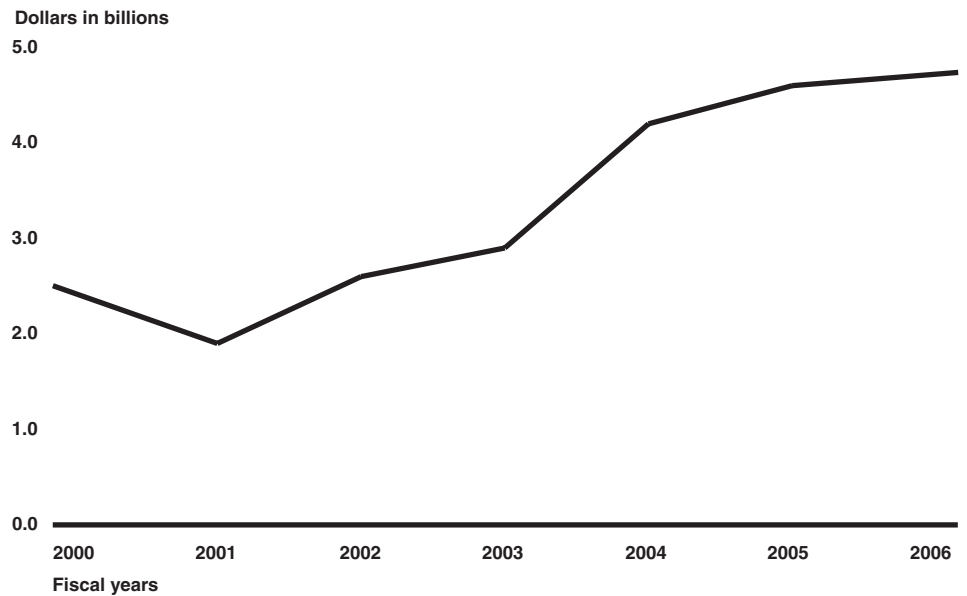
State's funding available for international development and humanitarian assistance, such as democracy promotion, drug interdiction, and refugee assistance, nearly doubled between fiscal years 2000 and 2006. State uses certain fiscal budget accounts to fund its development and humanitarian assistance programs, with accounts related to refugees and international narcotics control providing the most funding.

Funding Available for State's International Development and Humanitarian Assistance Doubled between 2000 and 2006

State's funding for international development and humanitarian assistance nearly doubled from \$2.4 billion in fiscal year 2000 to \$4.7 billion in fiscal year 2006. This increase in the funds available each year for obligation meant more management responsibilities for State. This funding consisted primarily of annual congressional appropriations and unused portions from previous fiscal years, but it excluded money that State allocated to other agencies to obligate. After decreasing slightly in fiscal year 2001, the

available funding increased steadily through fiscal year 2006, with the sharpest increases coming after fiscal year 2003 (see fig 2).

Figure 2: State Funding Available for International Development and Humanitarian Assistance, Fiscal Years 2000 through 2006



Source: GAO analysis of U.S. budget and State allotment reports.

Note: From 2003 to 2006 supplemental funding for Iraq reconstruction were included.

These increased amounts varied by assistance areas (see table 1). About a quarter of the overall increase in funding available to State was from (1) fiscal accounts annually appropriated to the President, such as the economic support fund account, and (2) the assistance for Eastern Europe and the Baltic States account—which fund assistance in areas such as economic support, democracy promotion, and efforts to combat human trafficking. However, most of the increase was from migration and refugee assistance, Global HIV/AIDS assistance, INCLE, and drug interdiction accounts that are annually appropriated to State.⁶

⁶State also uses funding from the international narcotics control and law enforcement account to fund its efforts to combat human trafficking.

Table 1: Development and Humanitarian Assistance Funding Available to State for Fiscal Years 2000 and 2006, by Assistance Areas

Dollars (rounded) in millions

Assistance areas	2000	2006
Economic support, democracy promotion, human trafficking	\$58	\$705
Migration and refugee assistance	819	947
Global HIV/AIDS Initiative	N/A	251
Iraq Reconstruction	N/A	282
Contributions to international organizations	309	308
International narcotics, law enforcement, and drug interdiction	1,207	2,153
Other humanitarian assistance	3	9
Total	\$2,396	\$4,655

Source: GAO analysis of the U.S. budget and State allotment reports.

The amounts appropriated by Congress to particular areas do not always match the amounts available to State each year because appropriated funds may be available for obligation for more than a year or transferred to other agencies.⁷ For example, according to State officials, State allocates most of the funding that it is appropriated from the Global HIV/AIDS Initiative account to other agencies, which then obligate the funds. For instance, in fiscal year 2006, State allocated over 90 percent of the nearly \$2 billion Global HIV/AIDS Initiative appropriation to USAID, the departments of Health and Human Services and Labor, and others. State also received funding from the supplemental appropriation for Iraq Reconstruction.⁸ (See app. III for a breakdown of State’s funding from development and humanitarian assistance fiscal accounts for fiscal years 2000 through 2006).

⁷From fiscal year 2000 through fiscal year 2006, development and humanitarian assistance funds available to State for obligation from current year appropriations rose from \$2.1 billion to \$3.4 billion.

⁸Emergency Wartime Supplemental Appropriations Act, 2003, Pub. L. No. 108-11, 117 Stat. 559; Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004, Pub. L. No. 108-106, 117 Stat. 1209 (2003); Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005, Pub. L. No. 109-13, 119 Stat. 231; Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006, Pub. L. No. 109-234, 120 Stat. 418.

Many State Bureaus Manage Certain Types of Development and Humanitarian Assistance

Many State bureaus are responsible for managing at least some types of development and humanitarian assistance funds. Fifteen State functional bureaus and all six regional bureaus have received development and humanitarian assistance funds to some degree since fiscal year 2000. The primary users of this funding among the bureaus include the following:

- Bureau of Democracy, Human Rights, and Labor (DRL);
- The Office to Monitor and Combat Trafficking in Persons (G/TIP);
- Bureau of Population, Refugees, and Migration (PRM);
- The Office of the U.S. Global HIV/AIDS Coordinator;
- Bureau of International Narcotics and Law Enforcement Affairs (INL)
- Bureau of European and Eurasian Affairs; and
- Bureau of Near Eastern Affairs.

These bureaus and offices that manage development and humanitarian assistance rely on funding from particular assistance accounts. DRL and G/TIP primarily receive funds from the economic support fund to manage their respective programs.⁹ In addition, G/TIP receives some funds from the INCLE fiscal account. PRM manages money from the migration and refugee assistance and emergency refugee migration assistance accounts, and the Office of the Global AIDS Coordinator manages money from State's Global HIV/AIDS initiative fiscal account. INL manages most of State's funding from the INCLE account, and it manages all of State's funding from the Andean counterdrug initiative account. The Bureau for European and Eurasian Affairs manages assistance for Eastern Europe and Baltic States and the assistance for the independent states of the former Soviet Union accounts. Finally, the Bureau of Near Eastern Affairs uses funds from the economic support fund to manage its Middle East Partnership Initiative (MEPI) democracy promotion programs.

State does not always obligate all of its available funds each year. State's authority to commit unobligated funds for spending can be carried over to

⁹DRL also received an appropriation through the Democracy Fund in fiscal year 2006.

the following year or may expire, depending on how long Congress makes the appropriated funding available. State obligates funds on particular foreign assistance activities as it awards grants, enters into contracts, and enters into cooperative agreements.¹⁰

State primarily uses grants and cooperative agreements to fund development and humanitarian assistance activities. State defines a grant as assistance used to support a public purpose, but for which no substantial involvement by government is anticipated. A cooperative agreement is a type of grant that State uses if it anticipates substantial government involvement during the course of the agreement. There are exceptions to State's reliance on grants and cooperative agreements for delivering foreign assistance. PRM primarily uses voluntary contributions to deliver foreign assistance through international organizations. According to PRM officials, voluntary contributions do not have the same terms or conditions required for grants or cooperative agreements, but PRM contribution letters require international organizations to maintain financial reports and accounting records, provide documentation for payment requests, and submit published program and financial reports to PRM in accordance with each international organizations' policies and procedures. According to State, INL mainly delivers its assistance through bilateral agreements with foreign governments.¹¹

State Uses a Variety of Approaches to Manage and Monitor Development and Humanitarian Assistance Programs

State primarily manages its development assistance and humanitarian programs centrally, obligating the majority of the funds and making the assistance awards from State headquarters in Washington, D.C. Grants officers and grants officer representatives have formal oversight responsibilities, though other staff also carry out such functions informally. A mix of headquarters and overseas staff monitor the implementation of program activities, and only a few bureaus have staff overseas specifically assigned to their programs.

¹⁰See next section for a report on State's obligated, or committed assistance funding.

¹¹INL, and to a lesser extent, PRM, also use contracts to deliver foreign assistance, according to bureau officials.

Most Programs are Centrally Managed

State generally carries out its program planning, solicitation of proposals, selection of grantees, and approval of the release of funds for overseas programs from its headquarters in Washington, D.C. The major bureaus and offices that are responsible for development and humanitarian assistance made assistance awards and obligated the majority of their funds—about 77 percent of the \$2.6 billion¹² in total obligations in 2006—from their headquarters in Washington. Three bureaus and one office—PRM, DRL, the Bureau of South and Central Asian Affairs and the Office of the Global HIV/AIDS Coordinator—obligated all of their funds from headquarters during fiscal year 2006. An exception was the Bureau of East Asian and Pacific Affairs, for which overseas posts obligated 86 percent of the funds. Generally, funds were obligated for assistance awards to U.S.-based nongovernmental organizations with ties to overseas organizations. The bureaus and offices in our scope awarded over 7,000 grants and cooperative agreements totaling about \$1.2 billion in fiscal year 2006.¹³ Table 2 shows funds obligated in Washington and overseas during fiscal year 2006 for these bureaus and offices.

¹²This amount includes operating expenses, voluntary contributions, and contracts as well as grants and cooperative agreements.

¹³We cannot attest to the reliability of this information due to problems State has identified with the quality of its grants management database. The department has identified a number of problems with the accuracy and completeness of the data. State is undertaking corrective actions. State's long-term solution is the joint assistance management system, which will serve as the mandatory system of record for all assistance actions awarded by State both domestically and overseas. However, implementation of this system is estimated for fiscal year 2009 at the earliest.

Table 2: Obligation of Funds during Fiscal Year 2006

Dollars (rounded) in millions

Bureau/Office	Program expenses obligated at headquarters	Program expenses obligated by overseas posts	Operating expenses	Total assistance account obligations	Percent obligated for program expenses at headquarters
International Narcotics and Law Enforcement ^a	\$659	\$470	\$53	\$1,182	56%
Population, Refugees, and Migration	995	0	23	1,017	98%
Democracy, Human Rights, and Labor	160	0	1	161	99%
Trafficking in Persons	20	2	0	22	89%
Global HIV/AIDS Coordinator	3	0	11	14	24%
Regional bureaus					
European and Eurasian Affairs	60	15	3	78	77%
Near Eastern Affairs	52	4	0	56	93%
African Affairs	28	0.7	0	28	98%
Western Hemisphere Affairs	4	0.4	0.2	4.6	87%
East Asian and Pacific Affairs	0.5	3	0	3.5	14%
South and Central Asian Affairs	0.2	0	0	0.2	100%
Total	\$1,981	\$495	\$91	\$2,567	77%

Source: Department of State.

Note: Operating expenses were only counted if they came out of economic support funds or a development and humanitarian assistance account.

^aINL also receives funding from the assistance for Eastern Europe and Baltic States and assistance for the independent states of the former Soviet Union accounts that is not included in this table.

Assistance awards and funds obligated by overseas posts were small in comparison with those obligated at headquarters. For example, in fiscal year 2006 the overseas posts, under the jurisdiction of the Bureau of Near Eastern Affairs, obligated about \$4 million in MEPI funds, compared with over \$50 million obligated at headquarters. The bureau's regional office in Tunis obligated and disbursed the bulk of the \$4 million to be used for small grants of no more than \$100,000 (the grants were generally \$25,000 or less). In addition, some bureaus allot small amounts of funds to overseas posts for grants up to \$20,000. For example, PRM administers the Ambassador's Fund for Refugees, which generally supports small projects, such as digging a well in a refugee camp. PRM allotted \$578,000 to U.S. embassies, primarily in Africa, for such activities in fiscal year 2006. G/TIP administers a similar program, the Ambassador's Fund for Anti-Trafficking

in Persons Initiative, typically in Africa, for public awareness campaigns. In 2006 G/TIP had 54 active grants totaling about \$4.9 million. Twenty-nine of the 54 grants were for small grants of \$20,000.

Grants Officers and Grants Officer Representatives Have Formal Oversight Responsibilities

Grants officers are responsible for the legal aspects of entering into, amending, and terminating awards. Such actions include the following:

- approving the initial determination by the program office of the appropriate assistance instrument to be utilized;
- determining a potential recipient's responsibility and management competence in carrying out a planned activity;
- preparing the award with the departmentwide standard award form;
- preparing and executing amendments to awards such as adjustments to the scope, budget, and period of performance; and
- carrying out all other responsibilities, as required, to ensure prudent award and administration of assistance for State within the scope of all applicable State policies, OMB circulars, and federal regulations.

State has 39 grants officers, including 10 that work directly for the Office of Acquisitions Management of State's Bureau of Administration. Five of the Administrative Bureau grants officers are responsible for awarding grants for DRL, G/TIP, and all of the regional bureaus as well as nine other bureaus. The Procurement Executive within the Bureau of Administration provides overall leadership of the procurement and grants functions for the Department of State and issues procurement and grants policy, provides quality assurance and statistical reporting, and appoints grants officers. Four of the seven primary bureaus delivering development and humanitarian assistance have grants officers assigned to their programs: PRM and the Bureau of Near Eastern Affairs each have five grants officers, INL has two, and the Bureau of East Asian and Pacific Affairs has one. The Administrative Bureau grants officers serve as a resource to overseas posts as well as to program and regional bureaus that have their own grants officers.

Some of the grants officers' duties are delegated to other staff. State Policy Directive 16 authorizes grants officers to designate technically qualified personnel as grants officer representatives to assist in grants management. The directive is mandatory for domestic grant activities, which according

to State's Office of the Procurement Executive means awards granted by a U.S.-based grants officer, and is recommended for overseas grant activities. Grants officer representatives are responsible for ensuring that State exercises prudent management and oversight of the award. The representatives receive an official designation letter when they are appointed that describes their authorities and responsibilities. Some of the grants officer representatives' authorities and responsibilities include the following:

- coordinating and consulting with the grantee on all programmatic, scientific, and/or technical matters that may arise in the administration of the grant;
- evaluating project performance to ensure compliance with the grant terms and conditions;
- assisting the grantee in problem identification and resolution;
- promptly notifying the grants officers in writing of any noncompliance or deviation in performance or failure to make progress;
- visiting the grantee's place of performance to evaluate progress or problems, with prior approval from the grants officers;
- promptly submitting findings to the grants officers through a trip report after visiting the grantee's location of performance;
- receiving and reviewing required grantee reports (progress, financial, or other) on behalf of the government to ensure they are timely and complete; and
- preparing a statement of satisfactory performance, or a statement of any deviations, shortcomings, shortages, or deficiencies upon completion of the grant.

The grants officer representative designation letter also describes the limitations to the grants officer representative's authority. For example, the grants officer representative does not have the authority to modify or alter the grant or any of its terms and conditions.

However, not all staff responsible for monitoring the implementation of foreign assistance activities receive formal appointments as grants officer representatives. For example, PRM grant officials told us that PRM does

not designate its staff as grants officer representatives.¹⁴ State's Procurement Executive officials could not tell us the extent to which staff from the six regional bureaus and the overseas posts were officially designated as grants officer representatives. PRM officials said the primary responsibility for monitoring PRM program activities rests with its refugee coordinators,¹⁵ and that these staff are aware of their oversight responsibilities although they do not receive a formal designation letter. Further, the officials said each PRM grant and cooperative agreement formally designates grant monitoring responsibilities. In addition, the PRM officials said that the bureau sends the refugee coordinators instructions on monitoring and evaluating the grants when it notifies them of grant awards.

State Uses Headquarters and Overseas Staff to Monitor Assistance Activities

A variety of headquarters and overseas staff—regardless of whether they are officially assigned to a program or formally appointed as grants officer representatives—are responsible for monitoring foreign assistance activities. Monitoring is an important control to ensure that grantees comply with applicable rules and regulations. Federal monitoring requirements are detailed in the Code of Federal Regulations and OMB circulars such as OMB Circular A110, which, in part, states that federal agencies prescribe the frequency of performance reports, obtain financial information from grantees, and make site visits as needed.¹⁶ The grants officer determines the monitoring activities that will be required to ensure that a recipient is in adherence with department, bureau, and program requirements. State includes its monitoring requirements in the individual grant or cooperative agreement—which commits the department to exercise federal stewardship responsibility, including, but not limited to performing site visits; reviewing and responding to performance, technical, or subject matter, and financial reporting and audits—to ensure that the objectives, terms, and conditions of the award are accomplished.

¹⁴PRM plans to revise its procedures to implement the grants policy directive requiring formal designation of a grants officer representative.

¹⁵ State officials later told us that PRM program officers in Washington, particularly those in regional assistance and refugee admissions offices, have monitoring and evaluating responsibilities.

¹⁶OMB, *Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*.

The bureaus in our scope that obligated the greatest amount of development and humanitarian assistance funds—PRM and INL—have overseas staff specifically assigned to manage and monitor their programs. PRM has about 22 full-time Foreign Service officers serving as refugee coordinators at 18 overseas posts to oversee refugee programs. Many of the coordinators have regional responsibility over a number of countries, and are assisted by Foreign Service nationals. PRM processed 481 grant, cooperative agreement, and contribution funding actions in fiscal year 2006. INL, which primarily provides foreign assistance through bilateral agreements with foreign governments, uses about 35 Foreign Service officers and 428 Foreign Service nationals overseas who are assigned to manage its programs in about 47 locations overseas.

DRL and G/TIP rely mainly on headquarters staff to monitor their programs. DRL—which obligated considerably more funds than the remaining bureaus—uses its 36 headquarters policy analysts and program officers to monitor program implementation, including the overseas activities of the grantees. DRL staff monitor grant activities, as follows:

- maintaining contact with grantees, often through e-mail and meetings in Washington, D.C.;
- reading grantee quarterly reports to assess how well grantees are meeting their goals and objectives; and
- holding semiannual, internal review panels to determine whether each grant requires follow-up.

DRL staff may also make monitoring trips to the projects in order to assess the grant. G/TIP, which receives a comparatively small amount of funds, uses a similar process for monitoring its centrally managed programs from headquarters. Although these bureaus use headquarters staff for monitoring, they also request assistance from the overseas posts. For example, DRL encourages the overseas posts to review proposals, attend events that grantees hosts in their country, send feedback to DRL, visit grantees regularly, and meet with DRL staff during their visits. G/TIP also encourages overseas staff to visit its centrally managed grants. However, DRL officials stated that they cannot directly task overseas staff to monitor their programs, because any help overseas staff provide to DRL is beyond the overseas staffs' assigned duties.

Five of the six regional bureaus generally use their headquarters' desk officers and varying levels of assistance from the overseas posts to

monitor their programs. The Bureau of Near Eastern Affairs—which obligated a small amount of funds compared with PRM and INL—has full-time coordinators for MEPI. All of these staff are locally engaged, and are located at five overseas posts in Oman, Bahrain, Lebanon, Egypt, and Morocco. In addition, overseas posts are responsible for monitoring the implementation of the small grants they award. Table 3 shows the primary location of staff primarily responsible for monitoring the implementation of the foreign assistance activities of the bureaus and offices within the scope of our review.

Table 3: Primary Monitoring Responsibilities

Bureau/Office	Headquarters staff	Overseas staff assigned to specific program	Overseas staff not specifically assigned to program
International Narcotics and Law Enforcement		X	
Population, Refugees, and Migration		X	
Democracy, Human Rights, and Labor	X		
Trafficking in Persons	X		
Regional bureaus			
European and Eurasian Affairs		X	X
Near Eastern Affairs	X	X	X
African Affairs	X		X
Western Hemisphere Affairs	X		X
East Asian and Pacific Affairs	X		X
South and Central Asian Affairs	X		

Source: Department of State.

Note: The Office of the Global Aids Coordinator is not included because other U.S. agencies account for the use of Global HIV/AIDS funds.

State Does Not Use Strategic Workforce Planning to Support Its Foreign Assistance Efforts

A key principle of strategic workforce planning is to define the critical skills and competencies that will be needed to achieve current and future programmatic goals.¹⁷ However, State does not have an accurate picture of the number and type of staff responsible for overseeing and monitoring foreign assistance responsibilities. Without this critical information, State cannot develop strategies, such as training, to address any gaps in the number, skills, and competencies of its workforce—another key strategic workforce planning principle. Internal control standards also require that all personnel possess and maintain a level of competence that allows them to accomplish their assigned duties.¹⁸ We found that State has inconsistent training and skills requirements for staff involved in foreign assistance oversight. For example, grants officers—who are responsible for the legal aspects of entering into, amending, and terminating awards—must meet educational and training requirements, while grants officer representatives in some State Bureaus—who are delegated some of these monitoring responsibilities—do not have to meet such requirements. In addition, grants officers responsible for awarding grants for several of the bureaus within the scope of our work and other officials whom we met with in State’s Bureau of Administration expressed concern about their ability to handle their grant monitoring responsibilities because of workload, staffing, and training issues. Finally, State has not used strategic workforce planning to align the efforts of its recently established Office of the Director of Foreign Assistance to reform the foreign assistance budget with staffing and skill requirements.

State Has Not Determined Foreign Assistance Skills Requirements

We have developed a model of strategic human capital planning to help agency leaders effectively use their personnel, or human capital, and determine how well they integrate human capital considerations into daily decisionmaking and planning for the program results they seek to achieve. Our human capital model is consistent with similar efforts by OMB and the Office of Personnel Management (OPM) to develop federal human capital

¹⁷GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#), (Washington, D.C.: Dec. 11, 2003).

¹⁸See *GAO’s Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999). The five standards for internal control include: control environment, risk assessment, control activities, information and communications, and monitoring. One factor in the internal control environment is management’s commitment to competence. See also *Internal Control Management and Evaluation Tool*, [GAO-01-1008G](#) (Washington, D.C.: August 2001).

standards.¹⁹ Under the principles of effective workforce planning an agency should determine the critical skills and competencies that will be needed to achieve current and future programmatic results. State needs people with foreign assistance management skills and competencies to achieve its development and humanitarian goals and objectives. Agencies can take a range of approaches to identifying current and future skills requirements, but they should be based on the collection of fact-based information.²⁰ State has not taken such action for staff with foreign assistance management responsibilities. For example, there is no specific foreign assistance grant management skill set for Foreign Service officers, according to a senior Human Resources official. Moreover, State has never specifically examined foreign assistance workload indicators to identify resulting workforce needs, according to its workforce planners. Further, although the delivery of development and humanitarian assistance is a critical component of three of State's seven strategic goals it is not part of the official State mission as communicated by the current workforce plan.

State Has Not Collected Critical Information on Current Staff with Foreign Assistance Management Responsibilities

The collection of information on critical skills and competencies needed to perform an agency's mission is one step in determining current and future human capital needs. Such information includes the number, type, and skills of staff involved in the oversight and monitoring of foreign assistance activities. However, State does not have complete and accurate information on staff that manage and monitor foreign assistance programs. We asked the bureaus and officers in our scope of work to provide information on the number and type of staff in headquarters and overseas posts that work on their development and humanitarian assistance programs and the amount of time they spend on those programs. Only 3 of the 10 bureaus could provide detailed information on overseas staff devoted to their programs. INL and PRM—the two program bureaus with overseas staff assigned to their programs—were able to provide the

¹⁹In 2001, OMB announced the President's Management Agenda, designed to address management weakness across the government. As part of this initiative, in October 2002, OPM released a Human Capital Assessment and Accountability Framework that built on its prior guidance for workforce planning. It has also developed Human Capital Standards for Success, which is consistent with the GAO model. OPM's Human Capital Assessment and Accountability Framework and Human Capital Standards for Success can be found at its Web site at www.opm.gov. OPM's Web site also provides a link to the President's Management Agenda and the Strategic Management of Human Capital Initiative, or this document can be accessed through OMB's Web site at www.whitehouse.gov/omb.

²⁰GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003).

number of headquarters and overseas staff devoted to their programs, while the Bureau of Near Eastern Affairs was also able to provide data on the number, type of staff, and percentage of time devoted to MEPI programs in 15 countries. However, the other bureaus could provide only estimates of overseas staff devoted to foreign assistance activities. A few bureaus, such as South and Central Asian Affairs, Western Hemisphere Affairs, and African Affairs, referred to the information they provided as best guesses. East Asian and Pacific Affairs Bureau officials said they had to query their overseas posts to obtain the staffing information they provided.

State officials attributed the difficulty in identifying current staff devoted to foreign assistance activities to a variety of factors. For one, State's primary role has traditionally been to implement U.S. foreign policy. State bureaus and offices manage foreign assistance programs in support of their foreign policy objectives, and some staff in policy positions may also work on foreign assistance programs. Therefore, it is difficult to separate the foreign assistance activities from State's diplomatic functions, according to State resource managers. Moreover, State's mission planning process only tracks staff time by strategic objective and cannot identify staffing devoted to a specific program.

State workforce planners said they do not have a systematic way of identifying personnel working on foreign assistance unless it is obvious from their job title. In response to our request for information, the workforce planners were able to identify about 300 foreign assistance-related full-time positions in headquarters functional bureaus. They said State's most recent domestic staffing model does not contain the critical information necessary to identify foreign assistance-related functions in the regional bureaus.

Furthermore, State does not have a systematic way of identifying all staff officially designated as grants officer representatives, because State does not maintain a comprehensive list of these designees. Grants officers stated that the letters designating the grants officer representatives are included in the grants file; however, State's current grants database management system does not capture information on grants officer representatives, according to Administrative Bureau procurement officials. Thus there is no systematic workforce information on staff to whom foreign assistance responsibilities are delegated. Moreover, it is not clear whether staff with grants management responsibility who are not officially appointed as grants officer representatives are bound by the same

responsibilities, authorities, and limitations described in the designation letter.

State Does Not Have Consistent Training Requirements for Staff Managing Foreign Assistance Activities

In accordance with internal control standards all personnel should possess and maintain a level of competence that allows them to accomplish their assigned duties, as well as understand the importance of developing and implementing good internal control. This includes identifying appropriate knowledge and skills as well as providing needed training.²¹ However, as State does not have complete data that would allow it to identify any gaps in the numbers, skills, and competencies it needs to manage foreign assistance programs and develop strategies—such as providing training—to address those gaps, State cannot assure itself that all employees who manage and monitor foreign assistance activities have the necessary skills.

We found that State has inconsistent training and skills requirements for its staff involved in foreign assistance oversight. For example, grants officers must meet a number of requirements under State Grant Policy Directive 1 to obtain a Grants Officer Warrant to award federal assistance. This directive establishes State's policy that grants officers possess the minimum qualifications necessary to ensure that federal assistance agreements issued by State are sound and in compliance with laws and regulations. The directive requires domestic applicants to meet specific education and training qualifications to obtain a grants warrant—such as completion of a 56-hour course in grants management training and 4-year course of study leading to a bachelor's degree. The warrant limits the dollar amount of awards the officers can make. In contrast, State does not have agencywide training requirements for grants officer representatives who are often delegated some of the grants officers' oversight responsibilities. For example, State Policy Directive 16 states that education and special training may be considered when designating grants officer representatives, but it does not provide specifics on what training and education to consider. Further, grants officers do not have control over whether or not the grants officer representatives are qualified, because the bureau for which the assistance award is made generally appoints the grants officer representative when it submits the award package to the grants officer for final processing. For example, Near Eastern Affairs Bureau and INL grants officers stated that program staff with subject area knowledge are designated as grants officer

²¹[GAO/AIMD-00.21.3.1](#).

representatives and that these staff do not have to meet any specific training requirements.

Overseas staff with foreign assistance management responsibilities also do not always have to meet foreign assistance management specific training or experience requirements. For example, INL officials said that Foreign Service officers applying for their bureau's overseas positions did not have to meet any specialized management skill requirements. INL human resources officials added that INL has difficulty matching staff with the assignments because there is no guidance on skills requirements. Further, some DRL and G/TIP officials stated that overseas staff generally lacked the training to monitor their grants. Moreover, State's Inspector General reported that Foreign Service officers overseas with MEPI responsibilities lacked grants related training. The Inspector General further reported that political and economic officers supporting small bilateral MEPI grants and larger regional initiatives did not have grants training and showed an uncertain grasp of their oversight responsibilities and of MEPI expectations.²² Lack of properly trained staff could negatively impact State's ability to effectively deliver foreign assistance, and would be an internal control weakness that puts grants at risk.

Several of the Administration Bureau and Near Eastern Affairs Bureau grants officers we interviewed recommended that all grants officer representatives receive training, such as the grants management courses offered by FSI: "Introduction to Grants and Cooperative Agreements for Federal Personnel" and "Monitoring Grants and Cooperative Agreements." The former course is required for Public Diplomacy officers substantially involved in pre and postaward assistance processes overseas. Any Federal personnel responsible for overseeing administrative, financial, or program performance of grant recipients would benefit from the latter class, according to the FSI course catalog.

Although State does not have agencywide training requirements, some individual bureaus do. For example, DRL has internal training requirements for bureau staff who serve as grants officer representatives, requiring them to complete the two FSI classes on grants management, according to DRL officials. In addition, PRM officials stated that the bureau—which does not designate grants officer representatives—

²²OIG Report No. ISP-1-06-18, *Review of Middle East Partnership Coordination and Implementation*, March 2006.

requires its headquarters and overseas staff to take the FSI's Population, Refugee and Migration Officers Monitoring and Evaluation Workshop. FSI also offers a week-long introductory orientation for staff who work on refugee issues led by PRM officials.

Moreover, an FSI survey in response to employee requests for grants management training suggests that Foreign Service officers overseas recognize that there is a gap in their foreign assistance management skills. FSI officials stated that the Institute conducted a needs assessment, including a survey, in response to anecdotal information about the need for the training. The officials said that based on the survey responses, FSI created a new training course—Managing Foreign Assistance Awards Overseas. According to FSI, the new training was designed to meet the changing needs of Foreign Service officers under the Diplomatic Readiness and Transformational Diplomacy Initiatives. The 3-day elective course is geared toward economic and political officers who need to learn the fundamentals of assistance awards management and who will have project management or oversight responsibilities. According to FSI, the course targets officers who will design, develop, and oversee assistance programs at post in support of mission performance plan goals, and is not geared toward officers providing assistance on activities managed from headquarters. FSI began offering the course in April 2007. The FSI officials said they were not aware of any additional training needs or proposed training related to foreign assistance management.

State Officials Concerned About Department's Ability to Effectively Manage Grants

Grants officers and other officials whom we met with expressed concern about their ability to handle their grant management responsibilities to ensure that federal funds are being spent as intended. For example, we interviewed all five Administrative Bureau grants officers responsible for awarding grants for some of the bureaus and offices in our scope. We also interviewed Bureau of Near Eastern Affairs and INL grants officers. The Administrative Bureau grants officers who are responsible for much of State's development and humanitarian assistance awards stated that they did not have sufficient time to fully oversee the implementation of the grants, including pre and postaward activities. Preaward activities include determining the level of competition, soliciting the proposal, and selecting the grantee. Postaward activities include the monitoring required to ensure a recipient is in adherence with State, bureau, and program requirements.

Various officials with whom we spoke expressed concerns about preaward management activities. Two of the Administrative Bureau grants

officers told us they were concerned about whether program and regional bureau staff were sufficiently knowledgeable to solicit proposals and competitively select grantees. These grants officers stated they generally are not involved in the process for soliciting proposals and selecting the grantee because of their workload. Instead, the program bureau is responsible for the review and selection of assistance recipients prior to the award. The grants officers said that, as a result, they did not know whether the solicitations complied with relevant laws and regulations. For example, one of the grants officers did not believe a program bureau selecting grantees had sufficiently advertised its grant solicitations to reach the most potential grantees possible. Other State officials with whom we met raised this same issue. Moreover, in June 2006, State's Inspector General raised concerns about the lack of competition for some foreign assistance awards, reporting that PRM had not consistently followed State or U.S. government policies that require applications for federal assistance to be solicited in a manner that provides for competition.²³ In response, PRM established policies and procedures that require that all awards are advertised and that relevant State regulations to justify noncompetitive awards are complied with, according to PRM officials.

The Administrative Bureau grants officers and other officials with whom we spoke also discussed postaward activities. For example, three of the grants officers told us they were concerned about the lack of time they had to devote to the grants after funds are obligated. They said they receive a number of program and financial reports from the grantees at the same time and consequently do not have enough time to thoroughly review them. They said that they rely on the grants officer representatives, who are not subject to agencywide training requirements, to review the reports and notify them of problems. The grants officers further stated that their workload did not permit them to close out the grants and that they had to rely on what the grantee reported.

Grants officers and other officials also discussed issues related to site visits to monitor the grantees. For example, Administrative Bureau grants officers expressed concerns over their lack of opportunity to make site visits. They said that the program bureaus responsible for the grants would have to set aside travel funds for them to travel, but that this is rarely

²³OIG Report No. ISP-I-05-40, *Inspection of the Bureau of Population, Refugees, and Migration*, June 2006.

done. Most of the grants officers we interviewed said that they have not traveled overseas for monitoring visits and that they rely on the grants officer representatives to perform this duty. However, some of the Administrative and Near Eastern Affairs Bureau grants officers said the grants officer representatives do not consistently inform them of upcoming site visit. Grants Policy Directive 16 requires the grants officer representatives to obtain prior approval from the grants officer before visiting the grantee's place of performance to evaluate progress or performance. For example, one of the grants officer said the grants officer representative does not consult with her on whether there are financial issues to be addressed, and another stated that the grants officer representatives focus more on programmatic rather than management or financial issues. Both stated that they do not receive any reports after site visits.

We also met with about 20 DRL program and policy officers who serve as grants officer representatives, and they generally indicated that grant oversight would be improved by more frequent site visits to monitor grantee activity.²⁴ The DRL grants officer representatives said they make site visits as workload, travel funds, and conditions in the country permit. A G/TIP grants officer representative expressed similar concerns, stating that G/TIP does not have the time or the budget to visit every grantee. State's Inspector General has found the lack of monitoring to be an issue in the past, and reported in 2005 that G/TIP did not adequately monitor its grantee activities. The report found that the grants officer for G/TIP relied on a G/TIP grants officer representative who in turn relied on overseas posts to monitor grantee activity. The Inspector General found very few embassy evaluations verifying monitoring had been occurring and recommended that G/TIP improve its recordkeeping.²⁵

State Has Not Yet Integrated Workforce Planning into Foreign Assistance Reform Efforts

State is implementing foreign assistance budgetary reforms without considering the potential impact of these reforms on its staffing and skills requirements, which does not conform to strategic workforce principles. One such principle is that an agency's management lead the effort to align its human capital program with current and emerging mission and

²⁴State does not require a specific number of site visits.

²⁵OIG Report No. ISP-I-06-04, *Inspection of the Office to Monitor and Combat Trafficking in Persons*, November 2005.

programmatic goals.²⁶ The Secretary of State recently established the F Bureau within State to serve as an umbrella leadership structure for aligning and coordinating all foreign assistance, policy, planning, and oversight. Since its establishment, the F Bureau has developed a strategic framework for foreign assistance and established new priority objectives. The budget reforms could result in some countries and programs receiving more funding, while others receive less. Such changes could shift where staff with foreign assistance responsibilities are needed from one bureau to another or from headquarters to overseas missions. For example, the fiscal year 2008 budget request includes INCLE funds for many countries that had no such funding in previous years. However, as of July 2007, State had not begun to align human capital resources with the reforms, according to a senior F Bureau official. The official said that the F Bureau would eventually address human capital requirements, but he did not provide a time frame. Further, State's Human Resources Bureau officials told us they had not attended meetings in which foreign assistance budget decisions were made that could potentially impact human capital requirements. Moreover, the Human Resources Bureau had not taken any workforce planning actions related to F Bureau reform efforts, and its future role had not been determined. Consequently, the impact of the F Bureau reforms on foreign assistance staffing and skills requirements is not clear to State officials.

Conclusions

Strategic workforce planning focuses on developing long-term strategies for acquiring, developing, and retaining an organization's total workforce to meet the needs of the future. A key principle of strategic workforce planning is to define the critical skills and competencies that will be needed to achieve current and future programmatic goals. However, despite its increasing role in development and humanitarian assistance, State has limited data to determine whether department staff responsible for managing and monitoring the programs have sufficient skills to ensure that applicable U.S. laws and regulations are being complied with and U.S. dollars are being spent as intended. Moreover, bureaus and offices that manage development and humanitarian assistance programs could not readily provide data on staffing devoted to foreign assistance activities, particularly overseas staffing. In accordance with human capital principles and internal control standards, agencies should have individuals with specialized knowledge, skills, and abilities necessary to perform complex

²⁶ [GAO-04-39](#).

and technical administrative responsibilities—such as managing grants—effectively. However, we found that State does not have departmentwide skills and training requirements for all staff who are formally or informally delegated some of the oversight and monitoring responsibilities of grants officers, who have formal responsibility for overseeing grants.

Recommendations

We recommend that the Secretary of State (1) take steps to define the skills and competencies the department's employees need to manage foreign assistance responsibilities, including developing information on the number and type of staff who are currently managing foreign assistance programs, their roles and responsibilities, workload, experience, and training and (2) develop a strategy to address any gaps it identifies.

Agency Comments and Our Evaluation

The Department of State provided written comments on a draft of this report. These comments and our response are reprinted in appendix IV. State also provided technical comments, which we have incorporated into this report as appropriate.

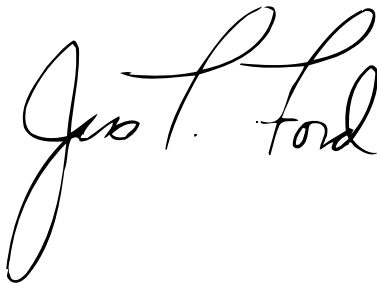
In commenting on a draft of this report, the Department of State generally concurred with the report's findings, conclusions, and recommendations. To address the recommendations State plans to (1) define critical skills and competencies needed by all department employees managing foreign assistance, (2) align workforce planning strategies with the management of foreign assistance programs departmentwide, (3) review the overseas staffing and domestic staffing models to determine if refinements are required to the components that address foreign assistance programs, (4) review the workforce plan to determine where enhancements to include aspects of foreign assistance functions are warranted, and (5) consider further training of personnel with grants management responsibilities.

Although State agreed with our recommendations, the letter expressed concern that the draft report did not adequately reflect the department's current oversight of its foreign assistance programs. State provided a detailed description of how PRM monitors and evaluates its programs as an example. We noted State's concerns in the results in brief section of this report and have included additional details on PRM's monitoring efforts as appropriate.

We are sending this report to other interested Members of Congress and to the Secretary of State. We will also make copies available to others upon request. In addition, the report will be available at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4128 or fordj@gao.gov. Contact points for our offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix V.

Sincerely yours,

A handwritten signature in black ink that reads "Jess T. Ford". The signature is written in a cursive style with a large, looping initial "J" and a distinct "T" and "F".

Jess T. Ford
Director, International Affairs and Trade

Appendix I: Scope and Methodology

To determine the size and scope of the Department of State's (State) development and humanitarian assistance, we first reviewed U.S. budget documents to identify funding supporting U.S. foreign assistance, as well as State's part in supporting these overall efforts. We then reviewed the portion of the U.S. budget that funded development and humanitarian assistance and used State allotment reports to capture the fiscal accounts that were available to State for obligation between fiscal years 2000 and 2006.

To identify overall funding supporting U.S. government foreign assistance activities, we reviewed the U.S. budget general fund to identify International Affairs (function 150) budget accounts. Function 150 budget accounts are classified by the Office of Management and Budget (OMB)¹ as those related to

- international development and humanitarian assistance (function 151),
- international security assistance (152),
- the conduct of foreign affairs (153),
- foreign information and exchange activities (154), and
- international financial programs (155).

We focused on the general fund because it contains the fiscal accounts that are funded from regular congressional appropriations, as opposed to accounts that are nonbudgetary or receive appropriations from other general fund accounts, or trust funds that hold foreign government payments, gifts, or contributions. To capture funds available for obligation, including the congressional appropriation as well as funds carried over from the previous year, we used the amounts shown on line 23.90 (total budgetary resources available for obligation) of the program and financing table of the Department of State and Other International Programs budget appendix for fiscal years 2002 through 2008.² We used the budgets for

¹OMB periodically consults with the congressional budget office and relevant budget and appropriation committee staff members regarding these classifications.

²We also included function 150 budget lines from the budget appendixes of the U.S. Departments of Agriculture and Defense, along with those for the Executive Office of the President and Other Independent Agencies.

these years because they have final (actual) amounts for fiscal years 2000 through 2006. If line 23.90 was not applicable for a certain account, such as when no unobligated funds were being carried over, we used line 22.00 (new budget authority). For accounts that had not received new funds, we used line 21.40 (unobligated balance brought forward from the previous year).

To identify the 150 budget accounts from which State received funding, we used Treasury budget identification codes as well as assistance account information obtained from State's office of the director of foreign assistance. We also referred to Treasury Financial Management Service's combined statement on appropriations and outlays to identify accounts from which State received 150 funds and accounts State sent to other agencies, such as the Global HIV/AIDS Initiative account. From the function 150 fiscal accounts we separated out development and humanitarian budget lines (function 151) as well as the economic support fund. While the economic support fund is not a function 151 account, we included it in our scope of development and humanitarian assistance fiscal accounts because it was a primary account that State used for funding this type of assistance.

To identify State's share of the 151 account, we used allotment reports provided by State's resource management office that reported how much development and humanitarian assistance State received annually, by fiscal account. These allotment amounts included funds carried over from the previous year, and so represented funds available to State for obligation. We used transfer data from State's resource management office to identify transfers of the economic support fund and other fiscal accounts to the International Narcotics Control and Law Enforcement account (INCLE) and the Andean Counterdrug Initiative. We determined State's allotment and transfer information was sufficiently reliable for our purposes, through (1) discussions with State resource management officials and (2) cross-checks with the U.S. budget appendix, the Treasury Financial Management Service's combined statement, and publicly available information from the U.S. Agency for International Development (USAID).

To identify State's approaches to managing programs, we reviewed program information, including obligations data, monitoring plans, trip report templates, grant policy directives, and grants data. For the purposes of this review, we defined foreign assistance management as obligating funds, selecting grantees, making assistance awards, and monitoring the implementation of development and humanitarian assistance programs.

The sources of the obligations data were excel spreadsheets used to track transactions, including obligations and State's central financial management system. We reviewed the data for reasonableness and consistency of methodology and discussed the accuracy of the data with knowledgeable officials at the bureaus and offices that provided the data. Based on our analysis and discussions with the officials, we determined that these data are sufficiently reliable for our purposes. We also obtained information on the number of grants from State's grants management database, but, as mentioned in this report, we determined this information was not reliable; and therefore, we did not use these data as support of our findings.

To assess foreign assistance human capital requirements, we reviewed staffing, workload, workforce planning documents, and data from State's Workforce Plan. We also reviewed our reports on human capital management and strategic workforce planning and consulted with GAO experts on these issues. We also assessed the extent to which certain management functions related to determining skills and training requirements met internal control standards for the federal government. We interviewed agency officials at the Bureau of Human Resources, Bureau of Resource Management, the Foreign Service Institute, and the State's Office of the Inspector General. We also discussed staffing and skills requirements with all of the program and regional bureaus in our scope.

The bureaus and offices in our scope included the Bureaus of Democracy, Human Rights, and Labor; International Narcotics and Law Enforcement Affairs; Population, Refugees, and Migration; the Office of the U.S. Global AIDS Coordinator, the Office to Monitor and Combat Trafficking in Persons, and all of the regional bureaus: African Affairs; East Asian and Pacific Affairs; European and Eurasian Affairs; Near Eastern Affairs; South and Central Asian Affairs; and Western Hemisphere Affairs. We also met with officials of the Office of the Director of Foreign Assistance; Bureau of Administration, Office of the Procurement Executive; and USAID. We interviewed a non-statistical sample of 11 grants officers that included 5 officers from the bureau responsible for awarding grants for all of the bureaus we examined. We also interviewed another non-statistical sample of 21 program and policy officers that serve as grant officer representatives. We selected these individuals to ensure that we covered the range of actual grant officers as well as the program and policy officers that serve as grant officers. We reviewed State's fiscal year 2005 Performance and Accountability Report, publicly available assistance account obligation information, and the foreign assistance framework

developed by the Office of the Director of Foreign Assistance to identify State program bureaus with comparable assistance activities to USAID. We excluded bureaus that managed military, antiterrorism, and cultural and educational exchange programs. With the exception of the regional bureaus, we also excluded some bureaus and offices managing developmental and humanitarian assistance programs obligating less than \$20 million.

We conducted our review between August 2006 and August 2007 in accordance with generally accepted government auditing standards

Appendix II: Amounts Available from Each Part of the International Affairs (function 150) Budget, Fiscal Years 2000 through 2006

Dollars in millions							
Part	2000	2001	2002	2003	2004	2005	2006
151: International Development and Humanitarian Assistance	\$25,580	\$25,580	\$28,453	\$35,361	\$52,695	\$48,690	\$44,287
152: International Security Assistance	5,633	4,568	5,289	7,077	5,321	6,128	5,696
153: Conduct of Foreign Affairs	8,871	9,884	11,227	11,052	12,297	14,690	14,891
154: Foreign Information and Exchange Activities	883	954	1,092	1,181	1,156	1,146	1,316
155: International Financial Programs	26,616	31,848	29,976	31,396	28,559	24,635	18,039
Total	\$67,583	\$72,834	\$76,037	\$86,067	\$100,028	\$95,289	\$84,229

Source: GAO analysis of International Affairs (function 150) budget.

Note: Fiscal years 2003 through 2006 included supplemental funding for relief and reconstruction in Iraq.

Appendix III: State's Available Funding from Development and Humanitarian Assistance Fiscal Accounts for Fiscal Years 2000 through 2006

Dollars in millions

Fiscal accounts	2000	2001	2002	2003	2004	2005	2006	Total
Migration and refugee assistance	\$770	\$721	\$813	\$841	\$831	\$904	\$900	\$5,781
International Narcotics Control and Law Enforcement	382	354	476	470	589	1,285	1,599	5,155
Andean Counterdrug Initiative	825	95	449	700	637	620	554	3,880
Iraq reconstruction supplemental	N/A	N/A	N/A	39	1,205	684	282	2,210
International organizations	309	302	300	293	298	303	308	2,113
Economic support fund	28 ^a	76	296	198	302	371	382	1,654
Assistance for Eastern Europe and the Baltic States	2 ^a	143	127	118	125	130	111	756
Assistance for the Independent States of the Former Soviet Union	27 ^a	98	87	126	99	123	118	679
Emergency refugee and migration assistance	49	86	78	80	69	44	47	453
Global HIV/AIDS Initiative	N/A	N/A	N/A	N/A	14	77	251	342
International disaster and famine assistance	N/A	N/A	N/A	N/A	42	63	N/A	104
Democracy fund	N/A	N/A	N/A	N/A	N/A	N/A	94	94
Tsunami fund	N/A	N/A	N/A	N/A	N/A	10	9	19
Child survival and health	N/A	N/A	4 ^a	5 ^a	4 ^a	4 ^a	N/A	16
Development assistance	3 ^a	3 ^a	N/A	2	0	0	N/A	8
Total	\$2,396	\$1,879	\$2,628	\$2,873	\$4,215	\$4,618	\$4,655	\$23,264

Source: GAO analysis of International Affairs (function 150) budget and State allotment reports.

Note: Amounts capture funding from certain fiscal accounts, such as the economic support fund account and the assistance for Eastern Europe and the Baltic States account that State received but then transferred into the international narcotics control and law enforcement account.

^aAmounts that are primary allocations to State from USAID. While these amounts remained on USAID's budget, State had authority to obligate the funds.

Appendix IV: Comments from the Department of State



United States Department of State

*Assistant Secretary for Resource Management
and Chief Financial Officer*

Washington, D.C. 20520

SEP 14 2007

Ms. Jacquelyn Williams-Bridgers
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "DEPARTMENT OF STATE: Human Capital Strategy Does Not Recognize Foreign Assistance Responsibilities," GAO Job Code 320449.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Peggy Hoyle, Policy Coordination Director, Office of the Director of Foreign Assistance, at (202) 647-2624.

Sincerely,

A handwritten signature in cursive script that reads "Marilyn P. Wiles".

Marilyn P. Wiles (Acting)

cc: GAO – Adam Cowles
F – Henrietta Fore (Acting)
State/OIG – Mark Duda

Department of State Comments on GAO Draft Report

**DEPARTMENT OF STATE: Human Capital Strategy Does Not
Recognize Foreign Assistance Responsibilities**
(GAO-07-1153, GAO Code 320449)

Thank you for allowing the Department of State the opportunity to comment on the draft report, "*Department of State: Human Capital Strategy Does Not Recognize Foreign Assistance Responsibilities.*" We appreciate the recommendations offered by the GAO therein.

We agree that there is value in researching and establishing a specific set of foreign assistance skills, to include grant management, for both Foreign Service Officers and Civil Service Program Managers responsible for foreign assistance implementation. The Department's Bureau of Human Resources (HR) will define critical skills and competencies needed by all Department employees managing foreign assistance, working with the Office of the Director of Foreign Assistance (F). HR can provide the analytical skills required to identify competency gaps, which may be used by F and other bureaus in determining hiring strategies and training requirements for employees working and managing foreign assistance programs. Recently, HR partnered with F to develop position descriptions and then classified the positions with major foreign assistance components. These descriptions, along with expert knowledge from bureau managers and F, will be key in defining the required critical skills and competencies and enabling the alignment of workforce planning strategies with the management of foreign assistance programs Department-wide.

We note the Bureau of Administration (A) is currently involved with a government-wide working group under the auspices of the Grants Policy Committee that will establish competencies, skills and training, and certification programs at a core level for civil service grants professionals in federal awarding agencies, pass-through entities, and recipients. A Bureau will coordinate with HR to ensure that HR benefits from developments arising from this forum which might be useful with respect to defining skills for foreign assistance.

In terms of the staffing models, HR plans to review the overseas and domestic staffing models to determine if refinements are required to the components that address foreign assistance programs. The models, which

are aligned with the Department's strategic goals, already intertwine aspects of foreign assistance as they apply in each strategic goal and related priorities. HR will also review the Department's workforce plan to determine where enhancements to include aspects of foreign assistance functions are warranted. We anticipate that these changes will be based on the gap analysis of critical skills and competencies.

To the extent resources permit, the Department will consider further training of grants personnel and grants management, especially in light of the increases in foreign assistance programs. Greater centralization of the grants business management function and increased staffing levels, in conjunction with adequate travel funding to ensure adequate oversight of grantees, is a key component for successful grants management.

As above, while the Department is taking steps consistent with the GAO's recommendation, we are concerned that the draft report does not adequately reflect the Department's oversight of its foreign assistance programs. The Report does not recognize the significant responsibilities and capacity for program monitoring and evaluation that currently exist within the Department. The case of the Bureau of Population, Refugees and Migration (PRM) provides an example.

PRM program officers in every office in Washington have monitoring and evaluation (M&E) responsibilities, particularly those in regional assistance and refugee admissions offices, but also officers responsible for the USG relationship with multilateral partners (UNHCR, ICRC, IOM), as well as policy, budget and grants officers. Washington-based program officers travel at least annually to monitor programs in the field, supplementing the work of PRM's Refugee Coordinators, who hold primary responsibility for field monitoring.

In addition to field travel, PRM staff conduct ongoing desk monitoring by reviewing program and financial reports, triangulating information about field conditions with awardees' reporting, communicating regularly with awardees to address concerns and provide guidance on program progress, meeting with key stakeholders, and consulting independent or third-party information sources. In FY 2006, PRM program officers and Refugee Coordinators reported through formal channels the results of their monitoring and evaluation of 74% of PRM's foreign assistance programs.

While staff in the Bureau's Comptroller's office have formal training and certification as grants officers, PRM program officers receive significant training to be able to monitor and evaluate foreign assistance programs according to international humanitarian standards and Department strategic priorities. The Bureau's annual Monitoring & Evaluation Workshop, while located at the Foreign Service Institute, is organized and conducted largely by experienced PRM staff and technical experts (e.g., colleagues from the Centers for Disease Control and Prevention). This week-long course teaches basic monitoring and evaluation methods (e.g., how to write strong program objectives & indicators), as well as standards for humanitarian response across all program sectors, such as health and nutrition, water and sanitation, shelter, gender-based violence, etc. The course is required for all incoming PRM staff, including Washington-based program officers and field-based Refugee Coordinators.

In addition to its annual M&E Workshop, the PRM Bureau conducts semi-monthly training sessions on specific M&E topics throughout the year for all Washington-based PRM staff. Information from these sessions is posted on PRM's intranet site, making the training materials accessible to PRM's staff overseas. To support Bureau-wide responsibilities for M&E, PRM's Office of Policy and Resource Planning includes a small M&E unit dedicated to organizing training, developing guidance and tools, reviewing program objectives, indicators and reports, and providing tailored guidance for field monitoring. This unit conducts staff surveys and analyzes the PRM policies and procedures to identify gaps in M&E skills and capacities and develop training and other tools accordingly.

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Jess Ford (202) 512-4128

Staff Acknowledgments

In addition to the individual named above, Adam Cowles (Assistant Director); Donald Morrison, and La Verne Tharpes made key contributions to this report. The team benefited from the expert advice and assistance of Martin de Alteriis, Joe Carney, William Doherty, Clarette Kim, Grace Lui, Jeremy Sebest, and Mona Sehgal.

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