



## Office of Inspector General United States Department of State

ISP-I-22-01

Office of Inspections

October 2021

# (U) Inspection of the Office to Monitor and Combat Trafficking in Persons

## DOMESTIC OPERATIONS

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# HIGHLIGHTS

Office of Inspector General  
United States Department of State

ISP-I-22-01

## **(U) What OIG Inspected**

(U) OIG evaluated executive direction, policy and program implementation, foreign assistance program management, strategic planning, monitoring and evaluation, and resource management operations of the Office to Monitor and Combat Trafficking in Persons.

## **(U) What OIG Recommends**

(U) OIG made 5 recommendations to the Office to Monitor and Combat Trafficking in Persons.

(U) In its comments on the draft report, the Office to Monitor and Combat Trafficking in Persons concurred with all 5 recommendations. OIG considers all 5 recommendations resolved. The office's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The office's formal response is reprinted in its entirety in Appendix B.

**(U) October 2021**

**(U) OFFICE OF INSPECTIONS**

(U) DOMESTIC OPERATIONS

**(U) Inspection of the Office to Monitor and Combat Trafficking in Persons**

**(U) What OIG Found**

- (U) Stakeholders from Department of State offices, bureaus, and overseas missions and other Federal agencies described the office as a collaborative partner and a leader in the U.S. Government's initiatives to counter human trafficking abroad.
- (U) The Acting Director of the Office to Monitor and Combat Trafficking in Persons exhibited a positive tone in terms of integrity, planning, communicating, collaborating, and resilience.
- (U) The office developed a standard and consistent process for resolving disagreements when bureaus and overseas missions objected to their host country's tier ranking or accompanying narrative during the drafting of the annual Trafficking in Persons Report.
- (U) The Acting Director created a COVID-19 working group to identify and mitigate the impact of the pandemic on the office and its key stakeholders.
- (U) The office's foreign assistance programs were aligned with policy priorities but needed some improvements in maintaining files and preventing contractors from potentially performing inherently governmental functions.
- (U) The Office to Monitor and Combat Trafficking in Persons lacked standard operating procedures for many office processes and functions, which hampered operations.
- (U) Spotlight on Success: The office used an incremental approach to improve its strategic planning and performance management by creating a program design and monitoring working group that resulted in modifications to the office's Functional Bureau Strategy and the development of common performance indicators.

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## (U) CONTEXT

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(U) The Office to Monitor and Combat Trafficking in Persons (J/TIP) leads the Department of State's (Department) global engagement to combat human trafficking and coordinates anti-trafficking efforts across the U.S. Government. Established in 2000 by the Trafficking Victims Protection Act (TVPA),<sup>1</sup> J/TIP serves as an impetus for global efforts to end modern slavery. TVPA defines severe forms of trafficking in persons as: (1) sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or (2) the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.<sup>2</sup>

(U) J/TIP's strategic goals, as listed in its FY 2018-FY 2022 Functional Bureau Strategy (FBS)<sup>3</sup> and updated in 2020, are to:

- (U) Strengthen and inform foreign government and civil society effectiveness and response in the prosecution of traffickers.
- (U) Strengthen and inform foreign government and civil society effectiveness and response in the protection and identification of human trafficking victims.
- (U) Strengthen and inform foreign government and civil society effectiveness and response in the prevention of human trafficking.
- (U) Strengthen and institutionalize comprehensive anti-trafficking policies and strategies through partnerships to advance the fight against human trafficking.

(U) J/TIP seeks to meet its mission by analyzing foreign government efforts and global trafficking trends, targeting foreign assistance to build capacity of governments and civil society to reduce human trafficking, advancing the coordination of Federal anti-trafficking policies across U.S. Government agencies, and engaging with civil society, the private sector, and the public to advance the fight against human trafficking.

(U) As mandated by TVPA, J/TIP drafts the Department's annual Trafficking in Persons Report (TIP), which ranks each country on one of four tiers—Tier 1, Tier 2, Tier 2 Watch List, and Tier 3—reflecting the extent of a government's efforts to meet TVPA's minimum standards for the elimination of human trafficking.<sup>4</sup> Governments of countries in Tier 3, the lowest tier, may be subject to certain restrictions on foreign assistance following a determination by the President

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<sup>1</sup> (U) Victims of Trafficking and Violence Protection Act of 2000, Pub. L. No. 106-386, Division A – Trafficking Victims Protection Act of 2000, Sec. 105(e).

<sup>2</sup> (U) 22 U.S. Code § 7102(11).

<sup>3</sup> (U) The Functional Bureau Strategy is the Department's bureau- or office-level planning document that supports the Department and U.S. Agency for International Development Joint Strategic Plan. The FBS is a 4-year plan that provides a framework to coordinate decision-making, resource prioritization, business process improvement, and policy alignment.

<sup>4</sup> (U) See 22 U.S. Code § 7107(b).

to withhold U.S. Government non-humanitarian, non-trade-related foreign assistance, as defined in TVPA.<sup>5</sup>

(U) An Ambassador-at-Large leads J/TIP, supported by a Principal Deputy Director and two Deputy Directors. At the time of the inspection, the Ambassador-at-Large position had been vacant since January 2021, and the office was under the direction of the Principal Deputy Director. The office had 95 authorized positions, of which 84 were filled, including 59 Civil Service positions, 7 Foreign Service positions, and 18 third-party contractors. At the time of the inspection, J/TIP managed approximately \$143.7 million in active Federal assistance awards to help execute its mission.

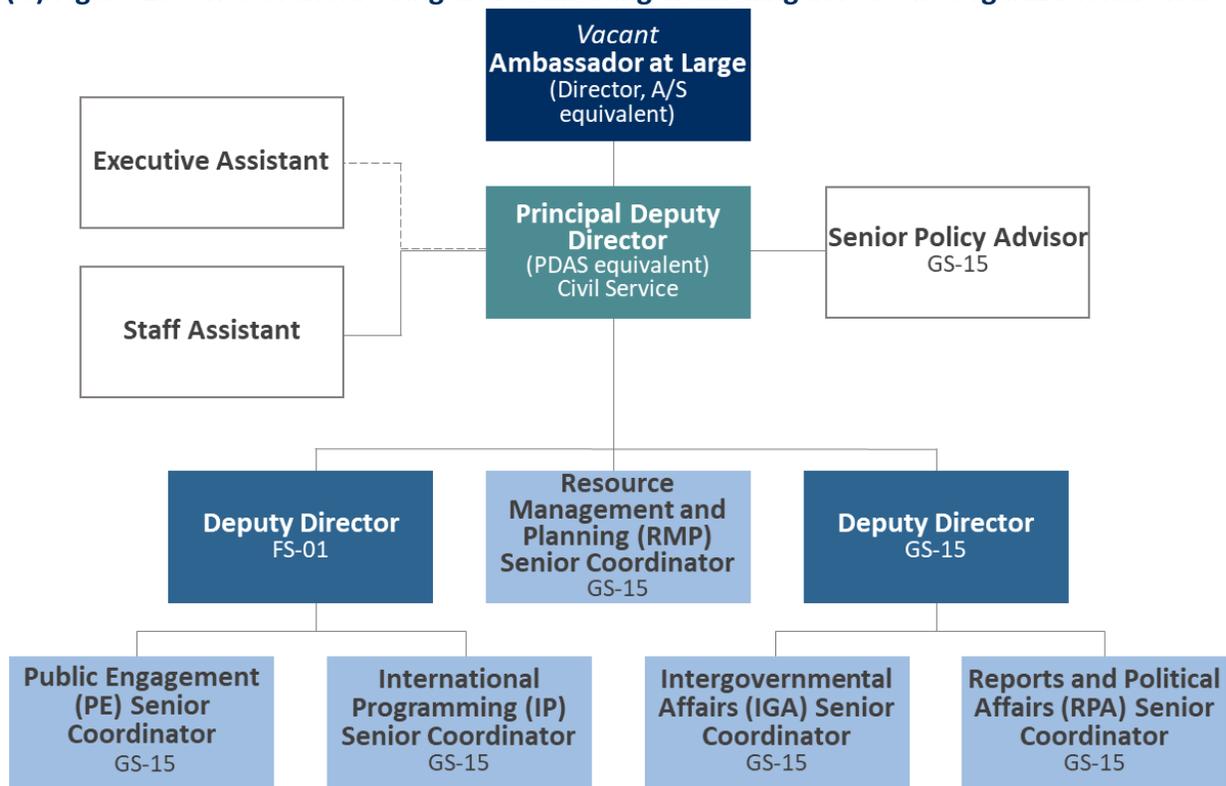
(U) Among other responsibilities,<sup>6</sup> the Ambassador-at-Large chairs the Senior Policy Operating Group on trafficking in persons, which coordinates interagency policy, grants, research, and planning issues involving international trafficking in persons; represents the Department in international and multilateral negotiations on human trafficking matters; oversees the drafting, production, and issuance of the annual TIP Report; and makes recommendations to the Secretary and the Department's Director of U.S. Foreign Assistance regarding funding for anti-trafficking projects. During the inspection, J/TIP began a previously planned reorganization to improve managerial oversight of the office's activities. The reorganization included adding a GS-15 Deputy Director position in the Front Office to oversee the Intergovernmental Affairs and Reports and Political Affairs teams; restructuring the Resource Management and Planning team so it would report directly to the Principal Deputy Director; and splitting the Public Engagement and Intergovernmental Affairs team into separate teams. Each of the five teams is headed by a senior coordinator. The reorganization is discussed in more detail later in the report. The new organization is shown in Figure 1, below.

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<sup>5</sup> (U) See 22 U.S. Code § 7107(d).

<sup>6</sup> (U) See 1 Foreign Affairs Manual (FAM) 045.5-1a.

**(U) Figure 1: Office of Monitoring and Combating Trafficking in Persons Organizational Chart**



Source (U): OIG generated from information provided by J/TIP.

(U) OIG evaluated J/TIP’s executive direction, policy and program implementation, foreign assistance, and resource management and management controls consistent with Section 209 of the Foreign Service Act of 1980.<sup>7</sup> Due to the COVID-19 pandemic, OIG conducted the inspection remotely.

## (U) EXECUTIVE DIRECTION

(U) OIG assessed J/TIP’s leadership based on responses to OIG’s staff questionnaire, interviews with staff and external stakeholders, OIG’s survey of embassy stakeholders, review and analysis of documents, and video observations of office meetings.

### (U) Tone at the Top and Standards of Conduct

(U) At the time of the inspection, the Principal Deputy Director, a member of the Senior Executive Service, led J/TIP as the Acting Director. She had been the office’s Principal Deputy Director since 2014 and had served as Acting Director twice before. Prior to her arrival in the office, she held positions in the Bureau of Democracy, Human Rights, and Labor, the Office of International Religious Freedom, the National Security Council, and at two overseas missions. A Foreign Service Deputy Director, who arrived in 2019, previously held positions in four domestic bureaus and at seven overseas missions.

<sup>7</sup> (U) See Appendix A.

(U) OIG determined that the Acting Director set a positive tone, consistent with Department leadership principles in 3 Foreign Affairs Manual (FAM) 1214b(1)-(10).<sup>8</sup> Specifically, the Acting Director modeled integrity by demonstrating high standards of conduct and ethics and expecting the same from her staff. For example, she ensured two employees were disciplined for administrative misconduct and that all staff in the office had taken ethics training. The Acting Director also planned strategically by using the FBS to ensure the office managed its core activities. Additionally, she implemented monitoring and evaluation practices to effectively manage office programs, as discussed later in this report. With respect to communication, she was in frequent contact with her staff through multiple weekly meetings, office hours, and all-hands meetings. In these meetings, she solicited input, and recognized staff for their accomplishments. Finally, with respect to collaboration, the Acting Director led U.S. “whole of government” efforts through collaboration with other agencies, bureaus, and embassies, who complemented the office’s constructive relationships and efforts to advance common goals, as discussed later in this report.

(U) OIG also found that the Acting Director—both as Principal Deputy Director and Acting Director—fostered resilience and showed empathy consistent with 3 FAM 1214b(10) while leading J/TIP through the COVID-19 pandemic. When the pandemic began, the office transitioned to maximum telework, adopted virtual processes, and reprogramed travel funds to purchase new laptop computers to facilitate telework. The Acting Director created a COVID-19 working group to identify and mitigate the impact of the pandemic on J/TIP and its key stakeholders. For example, factors such as teleworking, ordered departures, lockdowns, and changing priorities affected many of these stakeholders—bureaus, embassies, foreign governments, and nongovernmental organizations—and their work. The Acting Director and her staff were transparent with these stakeholders, coordinating with them early on about how J/TIP would assess anti-trafficking efforts during the pandemic.

(U) However, as described below, the Acting Director faced challenges with making timely decisions, managing the workload and workforce, and managing conflict.

### ***(U) Front Office Was Slow at Making Decisions***

(U) The Acting Director did not always follow Department leadership principles in 3 FAM 1214b(3) to be decisive. OIG found that many office staff members were frustrated by what they perceived as slow decision-making by the Front Office. Specifically, in OIG’s questionnaire and interviews, staff throughout J/TIP gave the Acting Director lower marks for decisiveness.<sup>9</sup> OIG found multiple causes for slow decision-making, including the Acting Director’s desire for harmony and, for more routine decisions, the lack of standard operating procedures. Overall,

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<sup>8</sup> (U) The Department’s leadership and management principles outlined in 3 FAM 1214 include (1) model integrity, (2) plan strategically, (3) be decisive and take responsibility, (4) communicate, (5) learn and innovate constantly, (6) be self-aware, (7) collaborate, (8) value and develop people, (9) manage conflict, and (10) foster resilience.

<sup>9</sup> (U) Staff rated the Acting Director on principles of good leadership detailed in 3 FAM 1214. Of these 10 principles, they rated her second lowest in decisiveness.

(U) OIG found this situation led to frustration, diffusion of accountability, lower morale, and delays in administrative and programmatic processes. For example, the decision in 2018 to award \$25 million in two cooperative agreements for the second year of the Program to End Modern Slavery took 2 months while the Acting Director sought to gain additional information and build a consensus among J/TIP staff, which delayed program implementation. OIG discussed these concerns with the Acting Director, who acknowledged that many decisions could be made more quickly and made a commitment to continue to take steps to improve decision-making, including through changing the frequency and effectiveness of management meetings and undertaking executive coaching.

***(U) Office Faced Workforce Challenges, Reorganized to Maximize Strengths***

(U) J/TIP leadership told OIG they were trying to mitigate mission-critical challenges, including a heavy and expanding workload, staff burnout, span of control issues, and attrition in key positions.<sup>10</sup> For example, 5 of the 22 country analysts left in a 6-month period in 2020. J/TIP leadership attributed these departures to heavy workload over tight timelines. The staff departures also created gaps in the team that writes the annual mandated TIP Report. In addition, because of the office's heavy workload, many staff members were unable to take advantage of professional development opportunities, such as external training and excursions. As Congress expanded J/TIP's mission over the past decade, the office added additional staff positions but few additional supervisors, which created span of control problems. For example, one senior coordinator and her deputy managed 90 programs around the globe and supervised 28 staff (with more than half coming on board in the last year during the pandemic). OIG also found that, in some cases, the office's expertise was concentrated in a single person, with no one cross-trained on that topic or function. For example, a vacancy in the single Human Resources Specialist position led to delays in filling other office vacancies. These delays, as well as supervisory span of control weaknesses, resulted in lower morale and internal conflict, as discussed further below.

(U) To manage the workforce in a way that maximized strengths and mitigated mission-critical challenges, consistent with 3 FAM 1214b(8), the Acting Director started to implement a reorganization of J/TIP during the inspection. The reorganization split the Public Engagement and Interagency Affairs team into two teams and added positions throughout J/TIP, including 10 new direct-hire employees, 3 new contractors, 3 new supervisory positions, and a new deputy director. Concurrent with the reorganization, the Acting Director started an office process improvement initiative to complement the reorganization.<sup>11</sup> This initiative was designed, among other things, to help address the workforce challenges through improvements in the work environment, mentoring activities, professional development opportunities, and awards.

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<sup>10</sup> (U) These same types of workforce problems also were found in OIG's prior inspections in 2005 and 2012. See OIG, *Report of Inspection, The Office to Monitor and Combat Trafficking in Persons* (ISP-I-06-04, November 2005); OIG, *Inspection of the Office to Monitor and Combat Trafficking in Persons* (ISP-I-12-37, June 2012).

<sup>11</sup> (U) The initiative focused on making improvements in four areas: standard operating procedures and internal communication; staff retention, diversity, and development; information learning and sharing; and development of the TIP Report.

### ***(U) Leadership Worked to Mitigate Workforce Conflict***

(U) The Acting Director and Senior Coordinators worked to mitigate workforce conflict, consistent with 3 FAM 1214b(9), but were not always successful. Based on OIG's questionnaire and interviews, staff throughout J/TIP gave the Acting Director low marks for conflict management.<sup>12</sup> OIG found long-standing cases of internal conflicts between both individuals and teams occurring during the inspection. OIG also found tensions that prevented closer coordination across J/TIP teams. Documents and interviews indicated several causes of staff conflict, such as personality conflicts, an expanding workload, long work hours, increased burn-out, and a competitive office culture. OIG found that while not always successful, the Acting Director and Senior Coordinators were aware of such tensions and took steps to contain the conflict. To address interpersonal conflict, they documented uncivil behavior, held counseling sessions, enlisted an ombudsman to mediate, and consulted with the Bureau of Global Talent Management's Management Support Unit. To address conflict between teams and burnout, the Acting Director created a resilience committee in mid-2019 and requested assistance from the Foreign Service Institute's Center for Excellence in Foreign Affairs. The Center conducted a resilience assessment in November and December 2019 and facilitated a training offsite for all staff in February 2020. During the course of the inspection, J/TIP leadership provided OIG with an action plan from its process improvement initiative, showing lines of effort to improve office-wide understanding of different teams' roles, to help with work-life balance, and to publish guidelines on harassment, bullying, and conflict resolution.

### **(U) Equal Employment Opportunity**

(U) OIG found that J/TIP leadership demonstrated general support for Equal Employment Opportunity (EEO) and diversity issues; however, OIG also identified deficiencies in the EEO program, as discussed below. The Acting Director regularly forwarded EEO related messages to staff, encouraged staff members to attend related events, and supported the office's Diversity and Inclusiveness Council. In addition, the Deputy Director represented the office on the Department's Agency Equity Team to implement Executive Order 13985<sup>13</sup> and provided progress reports to all staff in the biweekly all-hands meeting. According to the Department's Office of Civil Rights and J/TIP's EEO counselor, no EEO complaints had been filed in the 2 years prior to the inspection.

(U) However, some aspects of the office's EEO program did not meet Department requirements in 3 FAM 1514.<sup>14</sup> OIG found the Acting Director had neither publicized the name of J/TIP's EEO counselor nor met with her regularly to discuss the program. Several senior staff did not know the identity of the EEO Counselor. OIG also found that many J/TIP staff let their training lapse in

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<sup>12</sup> (U) Staff rated the Acting Director on principles of good leadership detailed in 3 FAM 1214. Of the 10 principles, they rated her lowest in conflict management.

<sup>13</sup> (U) Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, January 20, 2021.

<sup>14</sup> (U) 3 FAM 1514c sets EEO counselor training and responsibilities, requires unit heads to nominate EEO counselors and publicize their contact information, and strongly encourages unit heads to meet regularly with the counselors to review the EEO program at their office.

mandatory courses, such as basic EEO and Diversity Awareness (16 percent of staff were not current), anti-harassment (19 percent not current), and the No FEAR Act (81 percent not current).<sup>15</sup> The Acting Director and EEO Counselor attributed these lapses to the office's heavy workload and the lack of EEO complaints. In response to OIG's observations, the Acting Director and EEO Counselor started to take corrective actions, including publicizing the name of the EEO Counselor and ensuring that J/TIP staff were taking mandatory training, and committed to bringing the office into full compliance with EEO program requirements. Therefore, OIG did not make a recommendation in this report.

## (U) POLICY AND PROGRAM IMPLEMENTATION

### ***(U) Office Played Key Role in Whole-of-Government Efforts to Combat Trafficking***

(U) OIG found that J/TIP led U.S. Government efforts to fight human trafficking at both senior and working levels, in accordance with its responsibilities under TVPA and 1 FAM 045.5-2. Under TVPA, J/TIP supports the Secretary as chairperson of the President's Interagency Task Force to Monitor and Combat Trafficking, a Cabinet-level entity that coordinates interagency policies to combat human trafficking.<sup>16</sup> In addition, J/TIP leads the interagency Senior Policy Operating Group (SPOG), which coordinates interagency activities to support Federal policies related to trafficking in persons.<sup>17</sup>

(U) Representatives from other U.S. agencies praised J/TIP's organization of both the President's Interagency Task Force and SPOG meetings and associated activities, noting that J/TIP had a positive and collaborative approach to organizing, chairing, and following up on these meetings, consistent with 1 FAM 045.5-2. OIG's observation of an SPOG meeting found that J/TIP developed a detailed agenda which the Acting Director used to run the meeting. She facilitated interagency discussion of the focus topic using a background paper drafted and distributed by J/TIP. At the time of the inspection, SPOG was implementing a number of recommendations from the U.S. National Action Plan to Combat Human Trafficking,<sup>18</sup> including reviews of the screening forms and protocols used in all Federal operations targeting human

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<sup>15</sup> (U) J/TIP required staff to complete EEO and Diversity Awareness training (14 different Foreign Service Institute courses based on the employee's status and position), anti-harassment training required by 13 FAM 301.2-5, and No FEAR Act training required by 13 FAM 301.2-1.

<sup>16</sup> (U) The President's Interagency Task Force to Monitor and Combat Trafficking was established by the Trafficking Victims Protection Act of 2000, Pub. L. No. 106-386, Div. A, Sec. 105, codified at 22 U.S. Code § 7103. It generally meets annually, in a public event that highlights the Federal Government's anti-trafficking efforts and announces the Presidential Award for Extraordinary Efforts to Combat Trafficking. J/TIP manages the nomination process for this award, which was authorized by the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008, Pub. L. No. 110-457, Sec. 109, codified at 22 U.S. Code § 7109b.

<sup>17</sup> (U) SPOG was established by the Trafficking Victims Protection Reauthorization Act of 2003, Pub. L. No. 108-193, Sec. 6(c), codified at 22 U.S. Code § 7103(g). It meets up to four times a year and includes five standing committees, as well as ad hoc committees that meet more frequently to coordinate a broad range of interagency activity.

<sup>18</sup> (U) The National Action Plan to Combat Human Trafficking, developed by the White House together with J/TIP and other U.S. agencies, was launched at the October 2020 President's Interagency Task Force meeting.

trafficking, as well as protections for workers across employment-based nonimmigrant visa programs. U.S. agencies told OIG that J/TIP was a valuable collaborator and readily shared its expertise and contacts to help them in their own efforts to combat human trafficking.

(U) J/TIP also oversees additional anti-trafficking activity in accordance with TVPA and 1 FAM 045.5-2, including engagement with trafficking survivors (such as J/TIP's support of the U.S. Advisory Council on Human Trafficking<sup>19</sup>), as well as the anti-trafficking efforts of international and multilateral organizations.<sup>20</sup> In addition, J/TIP contributes to the U.S. Attorney General's annual report on trafficking, which it then uses as a key source for drafting the U.S. narrative of the TIP Report. Federal agencies complimented J/TIP's drafting of this narrative, which includes the activities of other agencies to fight trafficking. Finally, J/TIP drafted, together with the Department of the Treasury, an analysis of anti-money laundering efforts related to human trafficking.<sup>21</sup>

### ***(U) Office's Structure and Methodology for Trafficking in Persons Report Met Federal Requirements***

(U) OIG assessed the 2020 TIP Report and found its structure and content was consistent with TVPA requirements. OIG's review of each specific TVPA report requirement in 22 U.S. Code § 7107(b)(1),(2) found J/TIP met all requirements and included all required sections. For example, the 2020 TIP Report included a detailed explanation for each country that moved to a different tier from where the country was in the 2019 report, including whether concrete actions, or the lack thereof, by the country contributed to the change.

(U) OIG also found J/TIP's methodology to assess foreign government efforts met TVPA requirements. The office's Reports and Political Affairs team led the drafting of the report's country narratives by analyzing information gathered by U.S. embassies and other sources, such as nongovernmental organizations. To draft the 2021 report, which was released on July 1, 2021, J/TIP asked embassies to address 295 separate items. J/TIP then used the data to prepare a draft that addressed TVPA's minimum standards for combating trafficking and listed each country on a tier. OIG reviewed example drafts and found that almost all the sentences were footnoted so that J/TIP counterparts could ascertain sourcing. Once cleared within J/TIP, the office circulated the narratives to the relevant bureaus and embassies for comment. During this process, differences emerged on draft texts and the proposed ranking. Textual differences normally were resolved at the working level, but disagreements on tier rankings could require higher level resolution, as discussed below.

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<sup>19</sup> (U) The U.S. Advisory Council on Human Trafficking, which is comprised of human trafficking survivors and provides advice and recommendations to the interagency community, was established by the Justice for Victims of Trafficking Act of 2015, Pub. L. No. 114-22, Sec. 115.

<sup>20</sup> (U) OIG observed J/TIP lead the U.S. delegation to the May 2021 Organization of American States Sixth Meeting of National Authorities on Trafficking in Persons. J/TIP was scheduled to manage the U.S. chairmanship of this group until approximately mid-2023.

<sup>21</sup> (U) This report, published in October 2020, was required by Section 7154(a) of the National Defense Authorization Act for Fiscal Year 2020, Pub. L. No. 116-92, Sec. 7154.

**(U) Office Had Processes in Place to Coordinate Tier Decisions and Resolve Disagreements**

(SBU) ~~(SBU)~~ OIG found that J/TIP maintained relationships with domestic bureaus and overseas missions, which were important to resolving disagreements, in accordance with 1 FAM 045.5-2b. OIG observed meetings between J/TIP staff and regional bureau Front Office staff on tier disagreements in preparation for the 2021 TIP Report. (b) (5)

[REDACTED]

(U) In an OIG survey of embassy TIP reporting officers, 33 percent of respondents<sup>22</sup> said their embassy and J/TIP disagreed on tier rankings during the process. Of those who disagreed with J/TIP's draft ranking or narrative, 41 percent agreed that the final report resolved their concerns accurately, while 22 percent of respondents disagreed (the remainder neither agreed nor disagreed). Despite the differences that arose, regional bureau representatives told OIG that J/TIP had a standard, consistent process in place, including providing direct briefings to bureau leaders on the expected schedule of events. They appreciated J/TIP's regular communications, particularly advance notice of potential and automatic downgrades. Some regional representatives commented that their working relationship with J/TIP was excellent, with several noting improvement in their ability to work together, and at least one saying that the working relationship was the best in memory.

(U) J/TIP's Reports and Political Affairs team maintained a dialogue with embassy TIP reporting officers and organized webinars to train personnel on the report process. In OIG's survey of embassy TIP reporting officers, 92 percent of the respondents said the TIP instructions were clear and 94 percent said J/TIP staff members were responsive to their questions. In the survey, embassy TIP reporting officers generally agreed that J/TIP used their input in the final report (71 percent of respondents), and that other sources used by J/TIP in preparing the final report were reliable (75 percent). Nevertheless, there were disagreements at times on the weight placed on some nongovernmental sources, with 12 percent of respondents saying they did not agree that their input was accurately reflected in the final report.

**(U) Bilateral Relations and Waivers**

(U) Based on responses to OIG's survey, embassy TIP reporting officers generally saw the TIP Report as an important anti-trafficking tool. Most respondents (67 percent) agreed that the TIP Report provided important motivation for the host government to combat trafficking. Of

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<sup>22</sup> (U) OIG surveyed 187 embassy TIP reporting officers to get embassy perspectives on human trafficking and J/TIP's coordination on the TIP Report and related foreign assistance. OIG received 101 responses. See Appendix A for more information on the survey's methodology.

embassies providing the host government with an action plan, 65 percent of respondents said the plan led to specific actions to combat trafficking. As noted previously, countries on Tier 3 may be subject to assistance restrictions. However, the President may waive all or part of the restrictions upon a determination that such assistance would promote TVPA purposes or is otherwise in the national interest. J/TIP coordinates Department requests for such waivers by facilitating preparation of a memorandum of justification for the waivers in conjunction with both regional bureaus and relevant functional bureaus. In OIG's survey, of those embassies where the host government received a waiver, 93 percent of respondents said waivers enabled diplomatic engagement on embassy policy priorities while still recognizing the host government's need to improve its efforts to combat human trafficking.

## **(U) FOREIGN ASSISTANCE**

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(U) At the time of the inspection, J/TIP managed approximately \$143.7 million in active Federal assistance awards, including \$61 million in FY 2020 foreign assistance funds, to support anti-trafficking programs.<sup>23</sup> OIG determined that its foreign assistance programs were aligned with policy priorities and that J/TIP took deliberate actions to identify and mitigate the effect of the COVID-19 pandemic on its foreign assistance programs. OIG also found that J/TIP strategically managed its core activities and implemented monitoring and evaluation practices in accordance with Department requirements in 18 FAM 300. However, as described below, OIG found that J/TIP did not maintain required documentation for its Federal assistance awards and that it potentially risked having third-party contractors perform inherently governmental functions in their support for J/TIP foreign assistance programs.<sup>24</sup>

### ***(U) Office Did Not Manage Federal Assistance Awards in Accordance With Department Requirements***

(U) OIG found that J/TIP did not maintain required documentation for its Federal assistance awards in accordance with the Department's Federal Assistance Directive.<sup>25</sup> OIG reviewed 19 active and expired Federal assistance awards with a total value of approximately \$100.9 million.<sup>26</sup> OIG determined that none of the award files reviewed contained all required

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<sup>23</sup> (U) Federal assistance issued by the Department includes grants, cooperative agreements, awards to individuals, and property grants as well as grants or other funding agreements with Foreign Public Entities. Foreign assistance is defined under the Foreign Assistance Act of 1961, Pub. L. No. 87-195, codified at 22 U.S. Code § 2394, as any tangible or intangible item provided by the U.S. Government to a foreign country or international organization. At the time of the inspection, J/TIP used Federal assistance awards as its primary mechanism for providing such assistance.

<sup>24</sup> (U) Inherently governmental functions are those that require discretion in applying Government authority or judgment in making decisions for the Government. See Federal Acquisition Regulation 7.503, "Policy."

<sup>25</sup> (U) The Department's Federal Assistance Directive establishes internal guidance, policies, and procedures for all domestic and overseas grant-making bureaus, offices, and posts within the Department when administering Federal financial assistance.

<sup>26</sup> (U) OIG reviewed 19 of 88 Federal assistance awards J/TIP issued from FY 2018 through FY 2020. To determine this award sample, OIG selected the seven overall highest dollar value awards issued during this period, the seven highest dollar value awards issued to public international organizations, and the seven highest dollar value awards with periods of performance ending prior to FY 2020. Of those 21 awards, OIG removed 2 duplicates to form a final

documentation. For example, 5 of the 19 files did not include all required reporting documentation, such as award recipients' quarterly program performance and financial reports and grants officer representative (GOR) reviews of those documents.<sup>27</sup> Similarly, 14 of the 19 files lacked evidence that GORs oversaw the awards in accordance with their monitoring plans, including 9 of the 13 cooperative agreements that required the substantial involvement of J/TIP staff in the programs' activities.<sup>28</sup> For example, one cooperative agreement valued at \$21 million included requirements that J/TIP staff consult with the recipient regarding the development of monitoring and evaluation strategies, and review and approve training materials and any other materials intended to be publicly available. OIG's review of the agreement's award file found no documentation of these activities. Despite these documentation issues, OIG did not find evidence that foreign assistance funds were improperly expended.

(U) The Federal Assistance Directive requires that documentation supporting the issuance and management of Federal awards be present and complete in the official Federal award file.<sup>29</sup> For example, the Federal Assistance Directive requires GORs to provide written assessments of program performance reports.<sup>30</sup> Although J/TIP maintained internal standard operating procedures for managing assistance awards, the procedures lacked provisions regarding specific documentation requirements. According to grants staff, some of the activities did occur, but were not documented in the award files.<sup>31</sup> Grants staff also explained that some of the missing monitoring documentation was due to decisions to cancel activities during COVID-19 restrictions, but they had not updated individual monitoring plans to document these decisions. Furthermore, J/TIP did not have a process for supervisors to verify that award files were complete. The Government Accountability Office's *Standards for Internal Control in the Federal Government*, Principle 12.02, states that management should document internal

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sample of 19 awards. The sample included 13 cooperative agreements and 6 grants. These awards were subject to versions of the Department's Federal Assistance Directive as revised in October 2017, October 2018, and October 2019.

<sup>27</sup> (U) Federal Assistance Directive, Chapter 4, Section D (October 2017, and later revisions). A GOR assists the grants officer in overseeing certain aspects of an award. For example, a GOR has managerial responsibilities for the programmatic aspects of the award but cannot modify an award's terms and conditions or approve any actions which would result in an increased cost of performance. Federal Assistance Directive, Chapter 1, Section D.3, Chapter 2, Section P (October 2017, and later revisions).

<sup>28</sup> (U) A cooperative agreement is a type of award where the purpose is to transfer money, property, services, or anything else of value to the recipient to accomplish a public purpose, and where the Federal Government anticipates its substantial involvement with the recipient during the program's performance. Substantial involvement can include active collaboration with the recipient in the award's implementation, review and approval of the recipient's work stages, joint presentation of program results, or other specific programmatic oversight of the award beyond normal monitoring activities. Federal Assistance Directive, Chapter 2, Section A (October 2017 and later revisions).

<sup>29</sup> (U) Federal Assistance Directive, Chapter 2, Section I (October 2017 and later revisions).

<sup>30</sup> (U) Federal Assistance Directive, Chapter 4, Section D.2 (October 2017, and later revisions).

<sup>31</sup> (U) For example, during the inspection, J/TIP informed OIG that it stored proposal review documentation in the office's internal shared network drive instead of in the official award files. During the inspection, J/TIP agreed to include documents summarizing the panel review decisions and processes in the award files.

control responsibilities in the organization's policies.<sup>32</sup> By failing to maintain complete award management documentation in the official award files, J/TIP undermines its ability to demonstrate the effectiveness of its foreign assistance programs and increases the risk that potential waste, fraud, or abuse may go undetected.

**Recommendation 1:** (U) The Office to Monitor and Combat Trafficking in Persons should implement an oversight process for managing its Federal assistance awards in accordance with Department standards. (Action: J/TIP)

***(U) Office Risked Having Contractors Perform Inherently Governmental Functions***

(U) OIG found that contractors supporting J/TIP's foreign assistance programs were potentially performing inherently governmental functions. Although many staff members told OIG they understood which roles contractors could perform, J/TIP leadership told OIG they lacked such an understanding. During its review of Federal assistance awards, OIG identified several instances where contract staff prepared and submitted GOR reports with no apparent involvement from the GOR, who under Department's Federal Assistance Directive must be a U.S. Government employee or personal services contractor.<sup>33</sup> Additionally, several staff members and contractors told OIG that they do not see any significant difference in the work assigned to contractors and direct employees, and some contractors described themselves as the primary J/TIP representatives when communicating with Federal assistance award recipients. Federal Acquisition Regulation, Subpart 7.5, states that inherently governmental functions must be performed by a U.S. Government employee or personal services contractor. Furthermore, guidance from the Office of Management and Budget states that agencies shall provide greater attention and an enhanced degree of oversight to ensure that contractors' duties do not expand to include inherently governmental functions.<sup>34</sup> J/TIP leadership had a plan in place to hire a new deputy director to oversee foreign assistance work, but acknowledged they also needed to improve their understanding of the limitations on work done by contractors. Without appropriate controls and oversight of third-party contractors, J/TIP faced additional risks associated with the loss of Government control and accountability for policy and program decisions.

**Recommendation 2:** (U) The Office to Monitor and Combat Trafficking in Persons should implement written guidance clarifying roles and responsibilities for third-party contractors, in accordance with Department and Federal guidance. (Action: J/TIP)

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<sup>32</sup> (U) Government Accountability Office, *Standards for Internal Control in the Federal Government* 56 (GAO-14-704G, September 2014).

<sup>33</sup> (U) Federal Assistance Directive, Chapter 2, Section P (October 2017, and later revisions).

<sup>34</sup> (U) Office of Federal Procurement Policy, Policy Letter 11-01, "Performance of Inherently Governmental and Critical Functions," September 12, 2011. The policy letter also states that agencies shall take steps to employ and train an adequate number of Government staff to oversee contracts that have been awarded for the performance of activities closely aligned with inherently governmental functions or those where there is a potential for confusion as to whether the work should be performed by Government employees or third-party contractors.

***(U) Office Implemented Strategic Planning, Monitoring, and Evaluation***

(U) OIG found that J/TIP strategically managed its core activities and implemented effective monitoring and evaluation practices. Recent OIG inspections show that some offices in the Department struggle to implement 18 FAM strategic standards. Specifically, J/TIP used its FBS to set priorities, allocate resources, monitor the progress of counter-trafficking activities, and measure results. J/TIP's monitoring and evaluation practices were consistent with Department requirements as outlined in 18 FAM 301.4-4 and exceeded the required minimum number of evaluations. J/TIP took effective steps to integrate strategic planning with program management, as discussed below in the Spotlight on Success.

***(U) Spotlight on Success: Office Integrated Strategy and Performance Management***

(U) J/TIP actively used its Functional Bureau Strategy to align objectives with resources and to establish a framework to manage the office's performance. In addition, the office created a working group to integrate the Department's Managing for Results framework into its activities to assess progress toward strategic objectives. Notably, J/TIP had updated its Functional Bureau Strategy sub-objectives incrementally since 2018 while maintaining its core activities centered around the "3Ps"—prevention, protection, and prosecutions—a strategic paradigm from the Trafficking Victims Protection Act of 2000. J/TIP's FBS updates reflected an analysis of the strengths, weaknesses, opportunities, and threats within its mission environment. The office also established a new position charged with educating J/TIP's workforce on Department monitoring requirements and to standardize practices in this area. J/TIP's annual strategic review and emphasis on performance also resulted in the development of common performance indicators. For example, the office's Reports and Political Affairs team and Public Engagement and Intergovernmental Affairs team used the indicators to assess the enactment of trafficking in persons legislation by foreign governments and to track prosecutions of human traffickers. Similarly, J/TIP's International Programs team used the indicators to monitor foreign assistance programs and, in some cases, used data developed from this monitoring as a basis for adjusting programs.

***(U) Office Modified Foreign Assistance Programs in Response to the COVID-19 Pandemic***

(U) OIG found that J/TIP took action to identify and mitigate COVID-19's impact on its foreign assistance programs. Specifically, J/TIP's Acting Director commissioned a working group in July 2020, headed by J/TIP's Senior Coordinator for International Programs, to analyze the pandemic's impact on trafficking victims, vulnerable populations, and J/TIP's foreign assistance programs, and make recommendations to office leadership. For example, the working group analyzed how the pandemic affected human trafficking trends and considered how J/TIP could monitor foreign assistance programs in light of pandemic-related travel restrictions. The working group provided its findings and recommendations in three formal reports to the J/TIP Front Office.<sup>35</sup> Staff members told OIG that, as a result of the working group's findings, they

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<sup>35</sup> (U) J/TIP's internal pandemic impact reports included: "COVID-19's Impact on Governments Efforts, Civil Society, and Trafficking Trends" (October 6, 2020); "COVID-19's Impact on Foreign Assistance, Programming, and Trends Identified" (November 18, 2020); and "Engagement in Multilateral Organizations during the COVID-19 Pandemic: Challenges, Adaptations, and New Opportunities" (April 18, 2021).

adjusted foreign assistance programs during the pandemic, such as helping Federal assistance award recipients procure personal protective equipment, implementing remote monitoring of program activities, and extending the period of performance for Federal assistance awards to accommodate COVID-19-related program delays. Separately, J/TIP allocated \$3.5 million for new programs that addressed COVID-19's effect on human trafficking. However, although the office identified pandemic related impacts on programming such as the absence of site visits, OIG found that J/TIP did not update most GOR monitoring plans to reflect COVID-related changes. Based on OIG's observation, the J/TIP International Programs office agreed to include COVID mitigations in all monitoring plans as appropriate.

## **(U) RESOURCE MANAGEMENT AND MANAGEMENT CONTROLS**

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(U) The Resource Management and Planning (RMP) team was responsible for specific executive functions in J/TIP. Separately, the Office of the Executive Director in the Bureau of International Narcotics and Law Enforcement Affairs supported executive administrative services as described in a memorandum of agreement between J/TIP and the bureau.<sup>36</sup> Because support provided by the bureau was outside the scope of this inspection, OIG focused its review of resource management and management controls on the functions for which RMP was responsible. Those included the purchase card program, training, time and attendance, premium-class travel, contract management, budget execution, and financial management. OIG found that J/TIP properly submitted its FY 2020 Management Control Statement of Assurance report, which listed no deficiencies. OIG determined that, overall, RMP generally implemented applicable processes and procedures in accordance with Department guidance and policies, with the exceptions discussed below.

### ***(U) Lack of Standard Operating Procedures Hampered Operations***

(U) Despite RMP's overall positive performance, OIG found that a lack of standard operating procedures hampered operations. For example, all of RMP's 15 standard procedures were outdated or as was found in the J/TIP travel guidance, included inoperable links. Staff expressed frustration to OIG about travel planning, citing the lack of guidance and delays in approvals leading to the need to submit new travel requests. A 2019 survey of J/TIP staff by the Foreign Service Institute similarly determined that a lack of standard procedures to help employees make and manage travel logistics and reimbursements contributed to a high level of frustration, with travelers saying they spent an inordinate amount of time managing travel administrative tasks. In addition, staff reported that the lack of standard operating procedures regarding onboarding in the orientation materials hindered the integration of new employees into office operations. As stated in the Government Accountability Office's *Standards for Internal Control in the Federal Government*<sup>37</sup> Principle 3.10, effective documentation assists in promoting

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<sup>36</sup> (U) The Bureau of International Narcotics and Law Enforcement Affairs' Executive Office support to J/TIP encompassed components of budgeting and funds control, travel, general services, human resources, and information technology.

<sup>37</sup> (U) Government Accountability Office, *Standards for Internal Control in the Federal Government* 29 (GAO-14-704G, September 2014).

internal controls by establishing and communicating responsibilities to personnel. OIG determined that RMP's shifting priorities left the team without the necessary resources and time to create written procedures on the office's day-to-day functions. Furthermore, J/TIP staff increased dramatically during the past decade while the number of RMP staff members remained unchanged. The absence of standard operating procedures for key resource management processes reduced the office's efficiency and created risks that critical responsibilities would not be carried out effectively. Additionally, as noted earlier, the lack of standard operating procedures slowed decision-making on routine matters.

**Recommendation 3:** (U) The Office to Monitor and Combat Trafficking in Persons should implement standard operating procedures for its Resource Management and Planning processes. (Action: J/TIP)

***(U) Contracting Officer's Representatives Did Not Fully Administer Contracts in Accordance With Department Standards***

(U) J/TIP's three contracting officer's representatives (COR) did not fully administer assigned contracts in accordance with Department standards. OIG found missing documents in the review of the COR files for the seven Diplomatic Program-funded contracts valued at \$50.8 million. For example, CORs for all seven contracts did not prepare quality assurance surveillance plans as required by the Federal Acquisition Regulation Subpart 46.401(a).<sup>38</sup> In addition, the Contracting Officer did not designate a new COR upon the departure of the previous COR, as required in 14 Foreign Affairs Handbook (FAH)-2 H-141b(4) and 14 FAH-2 H-143a. Finally, the CORs did not consistently document the annual contractor performance assessments in the Contractor Performance Assessment Reporting System,<sup>39</sup> as required by 14 FAH-2 H-572<sup>40</sup> and 48 Code of Federal Regulations § 42.1502(a). The CORs told OIG they were unaware of some of the requirements and were unable to complete contract management duties because of competing priorities. Despite these issues, OIG's discussions with CORs and review of other file documentation showed the CORs monitored the contracts, received the goods and services for which they were invoiced, and addressed contract issues when they arose. Nevertheless, inadequate contract oversight can result in excessive costs, misuse of U.S. Government resources, and substandard contractor performance.

**Recommendation 4:** (U) The Office to Monitor and Combat Trafficking in Persons should require all contracting officer's representatives to administer contracts in accordance with Department standards. (Action: J/TIP)

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<sup>38</sup> (U) According to the regulation, quality assurance surveillance plans should specify all work requiring surveillance and the method of surveillance. In addition, the standard contract terms and conditions outline that the quality assurance surveillance plan is to provide U.S. Government surveillance of the contractor's quality control efforts to assure that they are timely, effective, and are delivering the results specified in the contract.

<sup>39</sup> (U) The Contractor Performance Assessment Reporting System, or CPARS, is the Government-wide evaluation reporting tool for all past performance reports on contracts and orders.

<sup>40</sup> (U) The contracting officer is responsible for ensuring that the evaluation takes place, but the COR may be tasked with evaluating contractor performance. See 14 FAH-2 H-572e.

***(U) Unliquidated Obligations Were Not Reviewed in a Timely Manner***

(U) J/TIP did not conduct a systematic review of its unliquidated obligations with no activity in more than 1 year. As of June 2021, J/TIP had \$496,000 in unliquidated obligations related to Diplomatic Program funds from FY 2016 to FY 2020.<sup>41</sup> Unliquidated obligations with no activity for more than one year must be targeted and de-obligated unless they can be documented as valid obligations, in accordance with 4 FAM 225d. Additionally, guidance in 4 FAM 225a requires procedures be established to review documents supporting unliquidated obligations monthly. However, as with other processes within J/TIP, the office did not have a standard operating procedure defining responsibilities and processes for systematically reviewing unliquidated obligations. The financial management staff told OIG that J/TIP's one budget analyst with de-obligation authority did not review the unliquidated obligations due to competing priorities. Failure to review and de-obligate unliquidated obligations in a timely manner can result in an accumulation of funds that could be put to better use.<sup>42</sup>

**Recommendation 5:** (U) The Office to Monitor and Combat Trafficking in Persons should review its unliquidated obligations in accordance with Department standards and put up to \$496,000 to better use. (Action: J/TIP)

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<sup>41</sup> (U) J/TIP's unliquidated obligation amounts included \$18,000 from 2020, \$42,000 from 2019, \$146,000 from 2018, \$220,000 from 2017, and \$71,000 from 2016.

<sup>42</sup> (U) In accordance with 1 FAM Exhibit 050(3)d(4), funds put to better use are funds that could be used more efficiently if management took certain actions, to include the de-obligation of funds from programs or operations.

## (U) RECOMMENDATIONS

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(U) OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to the Office to Monitor and Combat Trafficking in Persons. The office's complete response can be found in Appendix B.<sup>1</sup> The office also provided technical comments that were incorporated into this report, as appropriate.

**Recommendation 1:** (U) The Office to Monitor and Combat Trafficking in Persons should implement an oversight process for managing its Federal assistance awards in accordance with Department standards. (Action: J/TIP)

**Management Response:** (U) In its September 24, 2021, response, the Office to Monitor and Combat Trafficking in Persons concurred with this recommendation.

**OIG Reply:** (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Office to Monitor and Combat Trafficking in Persons implemented an oversight process for managing its Federal assistance awards in accordance with Department standards.

**Recommendation 2:** (U) The Office to Monitor and Combat Trafficking in Persons should implement written guidance clarifying roles and responsibilities for third-party contractors, in accordance with Department and Federal guidance. (Action: J/TIP)

**Management Response:** (U) In its September 24, 2021, response, the Office to Monitor and Combat Trafficking in Persons concurred with this recommendation.

**OIG Reply:** (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Office to Monitor and Combat Trafficking in Persons implemented written guidance clarifying roles and responsibilities for third-party contractors, in accordance with Department and Federal guidance.

**Recommendation 3:** (U) The Office to Monitor and Combat Trafficking in Persons should implement standard operating procedures for its Resource Management and Planning processes. (Action: J/TIP)

**Management Response:** (U) In its September 24, 2021, response, the Office to Monitor and Combat Trafficking in Persons concurred with this recommendation.

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<sup>1</sup> (U) OIG faced delays in completing this work because of the COVID-19 pandemic and resulting operational challenges. These challenges included the inability to conduct most in-person meetings, limitations on our presence at the workplace, difficulty accessing certain information, prohibitions on travel, and related difficulties within the agencies we oversee, which also affected their ability to respond to our requests.

**OIG Reply:** (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Office to Monitor and Combat Trafficking in Persons implemented standard operating procedures for its Resource Management and Planning processes.

**Recommendation 4:** (U) The Office to Monitor and Combat Trafficking in Persons should require all contracting officer's representatives to administer contracts in accordance with Department standards. (Action: J/TIP)

**Management Response:** (U) In its September 24, 2021, response, the Office to Monitor and Combat Trafficking in Persons concurred with this recommendation.

**OIG Reply:** (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Office to Monitor and Combat Trafficking in Persons required all contracting officer's representatives to administer contracts in accordance with Department standards.

**Recommendation 5:** (U) The Office to Monitor and Combat Trafficking in Persons should review its unliquidated obligations in accordance with Department standards and put up to \$496,000 to better use. (Action: J/TIP)

**Management Response:** (U) In its September 24, 2021, response, the Office to Monitor and Combat Trafficking in Persons concurred with this recommendation.

**OIG Reply:** (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Office to Monitor and Combat Trafficking in Persons reviewed its unliquidated obligations in accordance with Department standards and put up to \$496,000 to better use.

## (U) PRINCIPAL OFFICIALS

(U) Title	Name	Arrival Date <sup>a</sup>
<b>Assistant Secretary:</b>		
Ambassador	Vacant	
<b>Deputy Directors</b>		
Principal Deputy Director	Kari Johnstone <sup>b</sup>	9/2014
Deputy Director, Public Engagement and Intergovernmental Affairs	Catherine Kay	8/2019
Deputy Director, Reports and Political Affairs and International Programs	Vacant	
Senior Coordinator, Resource Management and Planning	Ericka Moten	3/2011
Senior Coordinator, Public Engagement	Vacant	
Senior Coordinator, Intergovernmental Affairs	Vacant	
Senior Coordinator, Reports and Political Affairs	Desiree Suo Weymont	8/2010
Senior Coordinator, International Programs	Susan Snyder	2/2020

<sup>a</sup> (U) The arrival date denotes the date the employee started working in the Office to Monitor and Combat Trafficking in Persons, not necessarily their placement in the current position.

<sup>b</sup> (U) At the time of the inspection, Kari Johnstone was serving as the Acting Director of the Office to Monitor and Combat Trafficking in Persons.

**Source:** (U) Generated by OIG from data provided by the Office to Monitor and Combat Trafficking in Persons.

## (U) APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

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(U) This inspection was conducted from March 15 to July 6, 2021, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspections Handbook, as issued by the Office of Inspector General (OIG) for the Department and the U.S. Agency for Global Media (USAGM).

### **(U) Objectives and Scope**

(U) The Office of Inspections provides the Secretary of State, the Chief Executive Officer of USAGM, and Congress with systematic and independent evaluations of the operations of the Department and USAGM. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980.

- **(U) Policy Implementation:** whether policy goals and objectives were being effectively achieved and U.S. interests were accurately and effectively represented; and whether all elements of an office or mission were being adequately coordinated.
- **(U) Resource Management:** whether resources were being used and managed with maximum efficiency, effectiveness, and economy; and whether financial transactions and accounts were properly conducted, maintained, and reported.
- **(U) Management Controls:** whether the administration of activities and operations met the requirements of applicable laws and regulations; whether internal management controls had been instituted to ensure quality of performance and reduce the likelihood of mismanagement; and whether instances of fraud, waste, or abuse existed and whether adequate steps for detection, correction, and prevention had been taken.

(U) OIG's specific objectives for the inspection of the Office to Monitor and Combat Trafficking in Persons (J/TIP) were to determine whether J/TIP:

- (U) Senior leadership followed leadership and management principles, with special emphasis on how they collaborated and managed conflict internally and with external stakeholders.
- (U) Followed Department guidelines for strategic planning and whether its offices were effectively followed and implemented responsibilities in J/TIP's strategic plan.
- (U) Leadership dealt with the COVID-19 pandemic proactively, innovatively, and with resilience.
- (U) Prepared the Trafficking in Persons Report (TIP Report) in accordance with requirements.
- (U) Maintained effective relationships with domestic bureaus and overseas missions.
- (U) Advanced Federal anti-trafficking policies and programs through its coordination and organization of the President's Interagency Task Force to Monitor and Combat Trafficking in Persons, as well as the Assistant Secretary-level Senior Policy Operating Group.

- (U) Managed its workforce to maximize strengths and mitigate mission-critical weaknesses, including its reorganization.
- (U) Managed Federal assistance awards in compliance with Department guidance.
- (U) Had procedures to ensure that contractors assisting in program management were not performing inherently governmental functions.
- (U) Complied with requirements regarding program planning and project design, monitoring and evaluation.
- (U) Adjusted monitoring and evaluation plans to accommodate for COVID-19 related restrictions on travel and in-person communication.
- (U) Contracting officer's representatives administered contracts in accordance with Department standards.
- (U) Followed Department guidelines to reconcile unliquidated obligations.
- (U) Implemented applicable resource management processes and procedures in accordance with Department guidance and policies.

## **(U) Methodology**

(U) OIG used a risk-based approach to prepare for this inspection. Due to the COVID-19 pandemic and taking into consideration relevant guidance, OIG conducted the inspection remotely and relied on audio- and video-conferencing tools in lieu of in-person interviews with Department and other personnel. OIG also reviewed pertinent records; circulated surveys and compiled the results; and reviewed the substance of this report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG used professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop its findings, conclusions, and actionable recommendations.

(U) During the inspection, the team used a survey to obtain the perspectives of embassies regarding human trafficking in their host country and J/TIP's coordination with the embassies on the annual TIP Report and related foreign assistance. OIG sent the 21-question survey to TIP reporting officers who worked on the TIP Reports at 187 embassies. The surveys included questions on input to the TIP Report, tier rankings and how disagreements with J/TIP are resolved, how trafficking issues affected bilateral relations, J/TIP-related foreign assistance, and the application of sanctions and waivers. OIG received responses from 101 of the 187 embassies.

## (U) APPENDIX B: MANAGEMENT RESPONSE

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**United States Department of State**

*Washington, D.C. 20520*

September 24, 2021

UNCLASSIFIED

**TO:**          OIG – Sandra Lewis, Assistant Inspector General for Inspections

**FROM:**      J/TIP - Kari Johnstone, Acting Director

**SUBJECT:**   Response to Draft OIG Report – Inspection of the Office to Monitor and Combat Trafficking in Persons (J/TIP)

Thank you for sharing the draft report on OIG’s inspection of J/TIP. We very much appreciated the professionalism and collegiality of the inspection team, including the thoughtful leadership of Stephen Caldwell. J/TIP is grateful for the opportunity to formally respond to the draft OIG inspection report and recommendations. J/TIP is committed to transparency and a learning culture, recognizing that all organizations have room for improvement and should adapt with changing circumstances, challenges, and opportunities. We deeply appreciate the candor and constructive spirit of feedback that J/TIP staff and colleagues throughout the Department and interagency shared with the OIG, which informed the balanced assessment in the report and the constructive recommendations.

We concur with all of the recommendations provided by OIG and provide the following comments in response:

**OIG Recommendation 1:** The Office to Monitor and Combat Trafficking in Persons should implement an oversight process for managing its Federal assistance awards in accordance with Department standards.

**Management Response: Concur.** The International Programs Team and the Grants Officers will work together to review and implement SOPs, timelines, a checklist, and a periodic peer review and management oversight spot check system to ensure the TIP Office is managing its Federal assistance awards in accordance with Department standards.

**OIG Recommendation 2:** The Office to Monitor and Combat Trafficking in Persons should implement written guidance clarifying roles and responsibilities for third-party contractors, in accordance with Department and Federal guidance.

**Management Response: Concur.** The International Programs Team will draft, share, and implement guidance on roles and responsibilities for third-party contractors in accordance with Department and Federal Guidance in consultation with the Resources Management and Planning team.

**OIG Recommendation 3:** The Office to Monitor and Combat Trafficking in Persons should implement standard operating procedures for its Resource Management and Planning processes.

**Management Response: Concur.** The Resource Management and Planning team (RMP) is in the process of updating existing and creating new Standard Operating Procedures; when appropriate, it will provide links to Department references for operational processes. It will store all this information in an easy-to-access shared location. RMP has already implemented Administrative Notices, located on SharePoint, to track Department guidance/decisions on executive functions ranging from compensation to travel to ensure transparency, ease of access, and reference for new staff members. The team also circulates this information to staff via email and shares updates during staff meetings. The team will hire a third-party contractor to assist with drafting SOPs and other administrative duties associated with the office-wide effort to improve office processes.

**OIG Recommendation 4:** The Office to Monitor and Combat Trafficking in Persons should require all contracting officer's representatives to administer contracts in accordance with Department standards.

**Management Response: Concur.** The TIP Office will implement annual inspections of COR files and provide each designated COR with a checklist. Additionally, RMP will hire a GS-14 Procurement Specialist responsible for contract management and administration. (see the attached checklist)

**OIG Recommendation 5:** The Office to Monitor and Combat Trafficking in Persons should review its unliquidated obligations in accordance with Department standards and put up to \$496,000 to better use.

**Management Response: Concur.** The budget analysts on the Resource Management and Planning team will monitor Unliquidated Obligations (ULOs) monthly. The team will monitor all un-expired accounts by running and reviewing monthly Global Business Intelligence (GBI) reports. J/TIP has already reduced its ULO balances for fiscal years 2020 and 2019 from \$1,748,000 to \$458,000.

The point of contact for this memorandum is Ryan Mulvenna.

## (U) ABBREVIATIONS

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COR	Contracting Officer's Representative
EEO	Equal Employment Opportunity
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FBS	Functional Bureau Strategy
GOR	Grants Officer Representative
J/TIP	Office to Monitor and Combat Trafficking in Persons
RMP	Resource Management and Planning
SPOG	Senior Policy Operating Group
TIP Report	Trafficking in Persons Report
TVPA	Trafficking Victims Protection Act

## **(U) OIG INSPECTION TEAM MEMBERS**

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Colleen Ayers

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John Hardman

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## **HELP FIGHT**

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