United States Government Accountability Office

Report to Congressional Requesters

April 2023

PERSONNEL PRACTICES

OPM Can Improve Oversight and Transparency of Agencies’ Hiring of Political Appointees into Career Federal Positions

GAO-23-105066

April 2023

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GAO Highlights

Highlights of GAO-23-105066, a report to congressional requesters

Why GAO Did This Study

Federal agencies must use appropriate authorities and follow proper procedures in hiring current or recent political appointees into career positions, including obtaining prior approval from OPM.

GAO was asked to provide information on political to career hires and examine the implementation and effectiveness of OPM's policies for reviewing them. This report examines, among other things, (1) appointments of current or recent political appointees to career positions; (2) OPM's procedures for reviewing agency requests to make such appointments; and (3) OPM's reporting to Congress on these appointments.

GAO obtained and corroborated OPM data on the number of proposed hires OPM reviewed and agencies intended to complete from March 18, 2016, through January 20, 2021. GAO also assessed OPM's reviews of all approved requests during the same period.

What GAO Recommends

GAO is making three recommendations in this report, including that OPM (1) should examine how the public information on political appointees OPM is mandated to provide can be used by agencies to better identify political appointees and (2) should complete the remaining steps needed to ensure that reports to Congress on agency requests to appoint current or recent political appointees to career positions are included on its website. OPM generally agreed with GAO's recommendations.

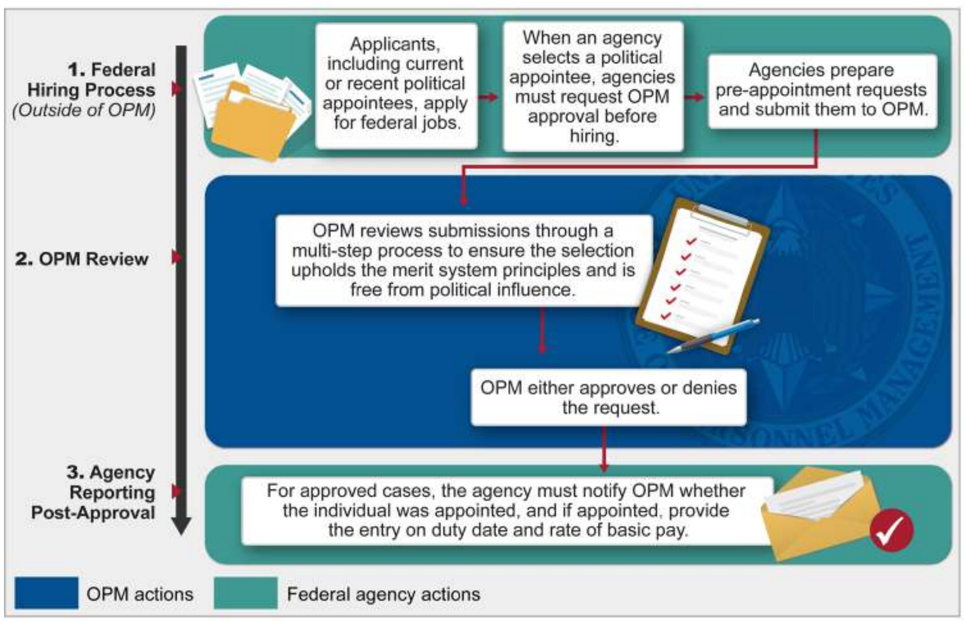
View GAO-23-105066. For more information, contact Alissa H. Czyz, (202) 512-3058, czyza@gao.gov

What GAO Found

The Office of Personnel Management (OPM) approved 129 of 187 agency requests to hire political appointees into permanent career positions from March 18, 2016, through January 20, 2021. OPM returned 26 requests that were not subject to its review or were withdrawn by the agency and denied the remaining 32. Agencies followed through and completed 125 such hires during this period, including 38 made without first obtaining OPM approval as required.

OPM has informed agencies that they must obtain its approval before hiring current or recent political appointees into career jobs. However, agency officials told GAO that it is sometimes difficult for agency staff to identify job applicants who were political appointees. Recent legislation requiring OPM to create an online listing of political appointees could help with this issue if OPM approaches this effort with agencies' information needs in mind.

OPM and Agency Procedures when Agencies Propose Hiring Current or Former Political Appointees into Career Positions



Source: GAO analysis of Office of Personnel Management (OPM) doumentation and djvstock/Stock.Adobe.com icons. | GAO-23-105066

For requests OPM approved, GAO found that agencies generally followed proper procedures in making the selections. OPM denied 32 requests for varying reasons, such as agencies bypassing qualified veterans. GAO found gaps in documentation regarding supervisory reviews in certain cases, and OPM adjusted its review process to address these gaps.

OPM reported on political to career hiring as required by law. OPM also released redacted versions of these reports in response to Freedom of Information Act requests and plans to provide them on a public website but has encountered technical delays in doing so, which impede the public's access to the reports.

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Abbreviations

EHRI	Enterprise Human Resources Integration
FOIA	Freedom of Information Act
IC	intelligence community
OPM	Office of Personnel Management
OSC	Office of Special Counsel
PAS	Presidential appointee with Senate confirmation
PLUM Act	Periodically Listing Updates to Management Act of 2022
SES	Senior Executive Service
SOP	standard operating procedures
Transitions Act	Edward "Ted" Kaufman and Michael Leavitt Presidential Transitions Improvements Act of 2015

U.S. GOVERNMENT ACCOUNTABILITY OFFICE

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Congressional Requesters

Current or former political appointees in the federal government sometimes apply for career positions which, unlike political appointments, typically continue across presidential administrations. These hires, like any selection for the career civil service, must conform to merit system principles and be free from political influence.

It is important that federal agencies use appropriate authorities and follow proper procedures in selecting people to fill open positions.[1] Most of these authorities and procedures are found in Title 5 of the U.S. Code, which includes broad principles (merit systems) governing federal personnel management. In addition, agencies are to seek the Office of Personnel Management's (OPM) approval prior to appointing any current or recent political appointee to a permanent career position.[2] We have previously reported that the ability to hire former political appointees into career positions can be an appropriate and valuable means of achieving a highly skilled workforce.[3]

You asked us to provide information on agencies' hiring of political appointees into career federal positions and to examine the implementation and effectiveness of OPM's policies and procedures for reviewing these selections. This report (1) examines appointments of

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[1]For purposes of the report, references to "appropriate authorities" are intended to encompass appropriate appointing authorities for the competitive service, excepted service, and senior executive service. For more information on appointments under these services, see https://www.opm.gov/policy-data-oversight/hiring-information/hiring-authorities/.

[2]OPM defines "appointment" as "any personnel action that brings an individual onto the rolls (staff) of an agency." OPM, *The Guide to Processing Personnel Actions, Ch. 35: Glossary of Terms Used in Processing Personnel Actions* (March 2017), available at https://www.opm.gov/policy-data-oversight/data-analysis-documentation/personnel-documentation/#url=Personnel-Actions. In this report, we use the terms "appointment" or "hire" to refer to such personnel actions, including the hiring of individuals into permanent career positions at federal agencies. We generally use the term "selection" to refer to the agency's use of an established procedure to choose an individual to hire. In addition, OPM generally defines a recent political appointee as a person who has served in a political position within the 5 years preceding the closing date of the vacancy announcement for the proposed career appointment.

[3]GAO, *Personnel Practices: Conversions of Employees from Political to Career Positions, May 2005-May 2009*, GAO-10-688 (Washington, D.C.: June 28, 2010).

current or recent political appointees into career positions from March 18, 2016, through January 20, 2021; (2) evaluates OPM's policies and procedures for reviewing requests from agencies to hire current or recent political appointees into career positions; (3) assesses the extent to which OPM has complied with mandated reporting requirements under the Edward "Ted" Kaufman and Michael Leavitt Presidential Transitions Improvements Act of 2015 (Transitions Act); and (4) examines the scope of OPM's authority to conduct pre-appointment reviews.[4]

To address our objectives, we obtained data from OPM on the number of agency requests to hire political appointees into career positions from March 18, 2016, through January 20, 2021, including requests submitted after January 20, 2021, for post-appointment review of hires that occurred before that date, and the outcomes of OPM's reviews of those requests. We also confirmed and, as applicable, corrected these data by requesting and reviewing information from 14 selected agencies that submitted requests to OPM. We selected the agencies with the most requests submitted to OPM, requests approved, requests denied, and post-appointment requests.[5] To assess the reliability of the data that OPM and agencies provided, we examined the data for obvious errors and inconsistencies, and we traced each data element to source documents, such as notifications of personnel actions. We found the data from both OPM and agencies to be sufficiently reliable for the purposes of our reporting objectives.

For each OPM-approved request in our scope, we reviewed OPM's case files, which document agency hiring decisions, and OPM's review guidance (called checklists) to help determine whether agencies used appropriate authorities and followed proper procedures in the selection process. For each case, two GAO analysts independently reviewed and

[4]In previous reports, we referred to appointments of current or recent political appointees to career positions as "conversions." GAO, *Personnel Practices: Actions Needed to Improve Documentation of OPM Decisions on Conversion Requests*, GAO-17-674 (Washington, D.C.: Aug. 28, 2017). However, in federal human capital management, the term "conversion" generally refers to a change from one appointment to another, under either the same or a different authority, in the same agency with no break in service or with a break of 3 days or less. To avoid confusion, in this report we generally use the terms "appointment," "hire," or "selection," as appropriate.

[5]See appendix I for the list of selected agencies. This list does not exactly match the data on requests by agency in appendix II because of differences in the data sources used. We selected agencies based primarily on the initial data OPM provided on agency requests in April 2021. Those data included some requests related to appointments that occurred before 2016 and did not include certain additional requests that OPM informed us about in February 2022 and April 2023.

assessed whether the agency used appropriate authorities and followed proper procedures in selecting the political appointee in question. A supervisor reviewed cases where one or both of the analysts identified potential issues or missing documentation. Consulting as needed with a GAO attorney, the supervisor further assessed the selection against relevant merit system principles and prohibited personnel practices. We requested additional information from OPM as needed and made a final determination about each case after reviewing information OPM provided.

We also reviewed OPM's standard operating procedures for reviewing agency requests and referring cases to the Office of Special Counsel (OSC).[6] In addition, we interviewed OPM officials charged with carrying out these procedures and obtained written responses from OPM to questions regarding their implementation.

We reviewed the reports OPM submitted to Congress pursuant to the Transitions Act and assessed these reports against the act's requirements.[7] We compared information OPM provided about the scope of its authority to conduct pre-appointment reviews with information from OPM case files and from six selected agencies.

We selected five of these six agencies because they had the greatest number of political appointees hired into career positions without first obtaining OPM's approval in the initial data we received from OPM in April 2021. Those data included hires made before March 18, 2016, but identified after that date. We selected the sixth agency, the Department of State, based on additional data we received from OPM in February 2022. Hires made before March 18, 2016, are not included in the data tables in this report.[8]

These six agencies are among the broader sample of 14 agencies described above. We obtained information from these six selected agencies about how OPM and agencies identify and review hires and proposed hires of former political appointees into career positions. The six

[6]OSC is an independent investigative and prosecutorial agency with the primary mission of protecting the employment rights of federal employees and applicants for federal employment. OPM is required, if it finds evidence of matters within OSC's jurisdiction, to refer evidence of such matters to OSC. 5 C.F.R. § 5.3(a)(2).

[7]Pub. L. No. 114-136, § 4, 130 Stat. 301, 305-307 (2016).

[8]Specifically, table 2 below, which lists the departments and agencies that hired political appointees into career positions without obtaining prior OPM approval from March 18, 2016, through January 20, 2021, does not include unapproved hires made before March 18, 2016. Therefore, the selection of agencies does not exactly match the agencies with the greatest number of hires listed in table 2.

agencies include the Departments of Agriculture, Defense, Energy, Health and Human Services, Homeland Security, and State. For more detailed information on our objectives, scope and methodology, see appendix I.

We conducted this performance audit from March 2021 to April 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Political appointments are generally made by the administration in office to support and advocate the President's political goals and policies. These positions are noncareer appointments that are not subject to the statutory and regulatory provisions governing career appointments in the competitive, excepted, or senior executive service. Political appointees make or advocate policy for a presidential administration or support those positions. They generally serve at the pleasure of the appointing administration and do not have the civil service protections afforded to other federal employees.

Categories of political appointees subject to OPM's review include the following:

- **Presidential appointees with Senate confirmation (PAS)** exist at the top of the federal personnel hierarchy in terms of responsibility (e.g., cabinet members and other agency heads).
- **Presidential appointees** generally serve in high-level executive positions (e.g., serving in the Executive Office of the President or on advisory committees or commissions).
- **Noncareer Senior Executive Service (SES)** positions are political appointees who are added to agencies' rolls as noncareer members of the SES. These political appointees serve in positions with responsibility for formulating, advocating, and directing administration policies (e.g., Chiefs of Staff).
- **Schedule C appointee** positions are of a confidential or policy-determining nature, but generally subordinate to PAS, presidential appointees, or SES positions (e.g., staff positions and speechwriters.)

Other categories of political appointees are also subject to OPM's review, including those serving under agency-specific authorities, limited-term and limited-emergency SES appointments, and selected Schedule A appointments.[9]

Federal agencies must use appropriate authorities and follow proper procedures in hiring for career positions. The majority of authorities and procedures governing appointments to career positions are outlined in Title 5 of the U.S. Code and Title 5 of the Code of Federal Regulations. Merit system principles are one of the fundamental statutory requirements applying to civil service appointments. These principles require that agencies follow a selection process that is fair, open, and based on skills, knowledge, and ability. Another key provision under Title 5 prohibits certain personnel practices, including granting any job applicant a preference or advantage not authorized by law and failing to fulfill veterans' preference requirements.[10]

Federal employees in the civil service are employed in either the competitive service, the excepted service, or the SES.[11] Competitive service hiring is generally done through the competitive examining process, which includes specific requirements regarding public notice and assessment of applications. The President has delegated authority to OPM to make excepted service appointments for when it is neither feasible nor practical to use the competitive examination process.

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[9]While Schedule A also includes many nonpolitical career appointments, OPM's guidance specifies that the following two categories of political appointments under Schedule A are subject to OPM's pre-appointment review: (1) appointments made by the President without confirmation by the Senate; and (2) assistants to top-level federal officials if the position is being filled by a person designated by the President as a White House Fellow. See OPM Oversight FAQs at https://www.opm.gov/policy-data-oversight/oversight-activities/faqs; 5 C.F.R. § 213.3102(c), (z).

[10]5 U.S.C. § 2302.

[11]The competitive service includes all civil service positions in the executive branch, except for SES positions, Senate-confirmed appointees (unless otherwise provided), and positions which are specifically excepted from the competitive service by or under statute. 5 U.S.C. § 2102. The excepted service consists of those civil service positions which are not in the competitive service or the SES. 5 U.S.C. § 2103.

OPM's Pre-Appointment Reviews

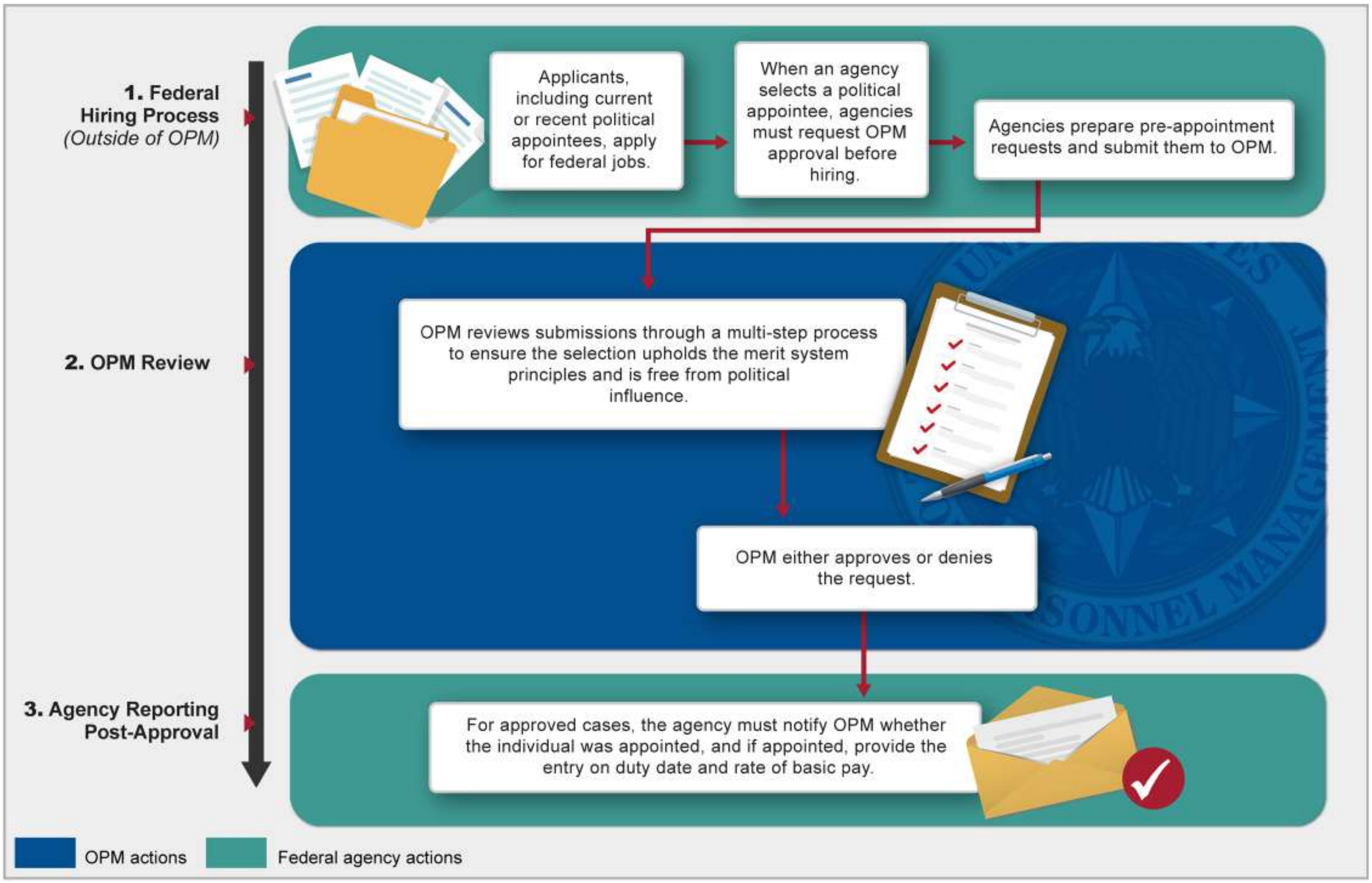
OPM has oversight authority to ensure that federal agencies are following the merit system principles when hiring.[12] It also has authority to order agencies to take corrective actions regarding any agency hiring action when it determines the action was contrary to any law, rule, regulation, or standard established by OPM. Agencies are required to comply with such orders.[13] As one aspect of carrying out these duties, OPM requires agencies to request its approval before appointing a current or recent political appointee to a career position. OPM generally defines a recent political appointee as a person who has served in a political position within the 5 years preceding the closing date of the vacancy announcement for the proposed career appointment. The scope of OPM's review generally includes any proposed hire of a current or recent political appointee into any permanent position in the competitive service, non-political excepted service, or career SES. We discuss the scope of OPM's authority to review agency requests later in this report.

As shown in figure 1, agencies complete their standard hiring processes, identify the individual they intend to select, and if the individual is a current or recent political appointee, submit a request with supporting documentation to OPM for pre-appointment approval. Upon receipt of the request, OPM evaluators and supervisors review the submitted agency documentation in a multi-step process.

[12]OPM is responsible for enforcement of laws, rules, and regulations governing the civil service. 5 U.S.C. § 1103(a)(5)(A). OPM is required to establish and maintain an oversight program to ensure that activities conducted by agencies under authority delegated by OPM are in accordance with merit system principles and the standards established by OPM for agencies to follow. 5 U.S.C. § 1104(b)(2); 5 C.F.R. § 250.102; *See also* 5 U.S.C. § 1303; 5 C.F.R. § 5.2.

[13]5 U.S.C. § 1104(c); 5 C.F.R. § 5.3; 5 C.F.R. pt. 10; 5 C.F.R. § 250.103.

Figure 1: OPM and Agency Procedures when Agencies Propose Hiring Current or Former Political Appointees into Career Positions



Source: GAO analysis of Office of Personnel Management (OPM) doumentation and djvstock/Stock.Adobe.com icons. | GAO-23-105066

Post-Appointment Reviews and Regularization of Appointments

Agencies sometimes hire former political appointees into career positions without requesting the required approval from OPM. When OPM becomes aware of such an unapproved hire, it conducts post-appointment reviews using the same standard procedure as for pre-appointment reviews.

Under OPM policy, failure to obtain OPM's prior approval does not, by itself, render an appointment invalid. However, if OPM identifies improprieties in the agency's selection process, OPM may require that agencies regularize the appointment. Regularizing an appointment means correcting the illegal component of an appointment.[14]

OPM policy states that agencies should attempt to regularize erroneous hires by determining whether the employee could have been properly hired at the time the error was made, such as by reviewing previously advertised positions for which the employee was qualified or identifying noncompetitive hiring authorities for which the employee was eligible. In cases where these alternatives are not possible, the agency can terminate or cancel the appointment.[15] Alternatively, the agency may apply for a variation from OPM, consistent with law.[16] A variation allows the employee to retain pay received and credit for service performed while on the erroneous appointment.

Agencies Followed Proper Procedures in Making Most Appointments, but Some Were Made Prior to Receiving OPM Approval

[14]*See* Avalos v. Department of Housing and Urban Development, 963 F.3d 1360, 1364 n.2 (Fed. Cir. 2020).

[15]A termination is a personnel action that ends the individual's employment with the agency. A cancellation of a personnel action rescinds an earlier action that was improper. See OPM, *The Guide to Processing Personnel Actions, Ch. 31: Separations by Other than Requirement* and *Ch. 32: Interim Relief Actions, Corrections, Cancellations and Replacement Actions for Cancellations* (March 2017), available at https://www.opm.gov/policy-data-oversight/data-analysis-documentation/personnel-documentation/#url=Personnel-Actions.

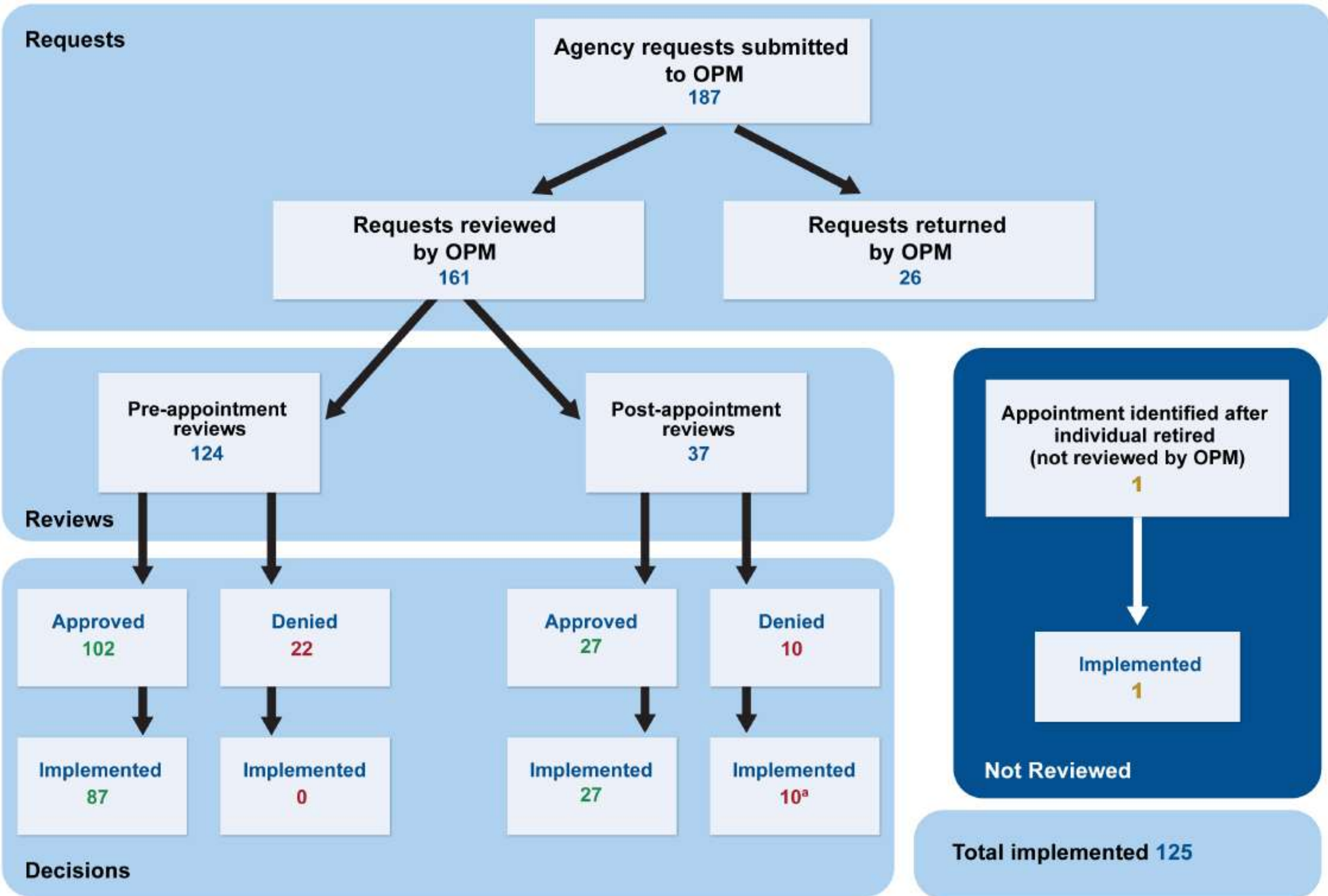
[16]The Director of OPM is authorized, whenever there are practical difficulties and unnecessary hardships in complying with the strict letter of the regulation, to grant a variation from the strict letter of the regulation if such a variation is within the spirit of the regulations, and the efficiency of the government and the integrity of the competitive service are protected and promoted. 5 C.F.R. § 5.1.

OPM Received 187 Agency Requests to Hire Political Appointees into Career Positions

As shown in figure 2, agencies submitted 187 requests to OPM for approval to hire a current or recent political appointee into a permanent career position. The agencies proposed to complete these hires during the period of our review, March 18, 2016, through January 20, 2021. OPM returned 26 of the 187 requests to the respective agency without reviewing them. In these instances, the agency may have asked to withdraw the request, the applicant may have declined the position, or OPM may have determined that the proposed hire was outside of its scope of review.[17] In total, agencies made 125 appointments of current or recent political appointees to career positions during this period.

[17]OPM officials said that agencies occasionally provide details regarding the reason for withdrawing requests; however, OPM does not ask agencies for this information. OPM officials told us that OPM has not identified instances where an agency withdrew a request and then hired the political appointee without approval. According to the OPM officials, if this were to happen, OPM would identify the hire using regular reports generated from its Enterprise Human Resources Integration (EHRI) database.

Figure 2: Hiring of Former Political Appointees into Career Positions, March 18, 2016, through January 20, 2021



Source: GAO analysis of Office of Personnel Management (OPM) doumentation. | GAO-23-105066

Note: "Implemented" refers to cases in which a current or recent political appointee was appointed to a career position, including cases in which the appointment was subsequently cancelled or the person left the position.

[a]Agencies hired these individuals without obtaining prior OPM approval. OPM conducted post-appointment reviews of these cases and subsequently denied them. In all 10 of these denied post-appointment review cases, agencies either cancelled the appointment or took steps to correct the improper appointment.

Table 1 shows the agencies that made the greatest number of career appointments of current or recent political appointees during the time period.

Table 1: Departments and Agencies that Made Three or More Appointments of Current or Recent Political Appointees into Permanent Career Positions from March 18, 2016, through January 20, 2021

Departments and Agencies	Number of career appointments
Department of Justice	17
Department of Defense	15
Department of Homeland Security	15
Consumer Financial Protection Bureau	6
Department of the Interior	6
Department of Veterans Affairs	5
Department of Agriculture	4
Department of Commerce	4
Department of Housing and Urban Development	4
Department of State	4
U.S. International Trade Commission	4
Department of Energy	3
Department of the Treasury	3
Department of Transportation	3
General Services Administration	3
U.S. Agency for International Development	3

Source: GAO analysis of OPM and agency information. | GAO-23-105066

OPM reviewed 161 agency requests to determine whether (1) agencies followed merit system principles and (2) each selection appeared to be free of political influence. Agencies submitted the majority of the requests, 124 of the 161, prior to making the appointment, in accordance with OPM's requirement that agencies obtain OPM approval in advance.

However, in the other 37 cases, agencies hired the political appointee into the career position without first requesting OPM's approval, and only later submitted a post-appointment request for OPM to review. In many of these cases, the agency submitted the request after receiving notification from OPM of the error. Table 2 shows the numbers of these hires made by agency. It also includes one hire made without OPM's approval, at the Department of Justice, that OPM chose not to review because the individual had retired from the career position by the time the appointment was identified as subject to OPM review.

Table 2: Departments and Agencies that Hired Political Appointees into Career Positions without Obtaining Prior OPM Approval from March 18, 2016, through January 20, 2021

Departments and Agencies	Number of hires made without prior approval from OPM
Department of Defense	10
Department of Homeland Security	7
Department of State	4
Department of the Interior	2
General Services Administration	2
Department of Agriculture	1
Department of Energy	1
Department of Housing and Urban Development	1
Department of Justice	1[a]
Department of Transportation	1
Department of Veterans Affairs	1
Environmental Protection Agency	1
Federal Deposit Insurance Corporation	1
Federal Labor Relations Authority	1
Federal Mine Safety and Health Review Commission	1
Millennium Challenge Corporation	1
Social Security Administration	1
U.S. Agency for International Development	1
Total	**38**

Source: GAO analysis of data reported by Office of Personnel Management (OPM). | GAO-23-105066

Note: With the exception of the one hire at the Department of Justice, OPM conducted post-appointment reviews for all of these hires, following the same process and applying the same standards used for its pre-appointment reviews.

[a]OPM did not review because individual was not in position when identified as subject to OPM review.

Appendix II provides data on requests reviewed by OPM and hires of political appointees into career positions that agencies made from March 18, 2016, through January 20, 2021. Appendix III provides specific details on characteristics of the political and career positions. This includes titles and offices, grades, salaries, and appointment dates. Appendix IV provides numbers of hires by category of political and career position and by appointing authority.

Agencies Generally Followed Proper Procedures in Making Most Appointments in Requests OPM Approved

As also shown in figure 2, OPM approved 102 of the 124 pre-appointment review requests and retroactively approved 27 of the 37 post-appointment review requests. We reviewed each of the 129 OPM-approved cases, 102 pre-appointment and 27 post-appointment, and found, based on our review of OPM documentation, that agencies generally used appropriate authorities and followed proper procedures in selecting political appointees for career positions.[18]

For nearly all of the approved cases, the agencies generally followed the requirements associated with each appointing authority, including the merit system principles of fair and open competition and fair and equitable treatment of applicants. The procedural requirements for the hiring process vary by appointing authority. For example, some appointing authorities, such as competitive examination and the career SES, require public notice of the job opportunity and specify procedures for assessing qualifications and rating applicants. Others, such as hiring under Schedule A for people with disabilities and hiring under Title 50 of the U.S. Code for intelligence community positions, allow agencies in certain circumstances to hire without competition or announcement of a job opportunity.[19]

In three of the 129 approved cases, OPM's case files did not provide sufficient information for us to make a determination as to whether the agencies had followed proper procedures in making the appointments. Two of these requests, submitted in 2016, were for appointments to competitive service positions. The case files did not include key documents, such as resumes and other application materials. Without those documents, we were unable to determine whether all the

[18]In addition to these 129 cases, we reviewed case files for nine additional requests that OPM approved. These were post-appointment requests submitted after March 18, 2016, for appointments made before that date. These appointments occurred during the period covered by our August 2017 report, but were not included in our review of approved cases for that report, because OPM did not identify the appointments until after they had been made. Therefore, we reviewed them for this report, to determine whether agencies had followed proper procedures and used appropriate authorities in making these appointments. We found that agencies appeared to have used appropriate authorities and followed proper procedures in seven of these nine cases. In the remaining two cases, OPM granted variations to address errors in the initial appointment. OPM also denied one post-appointment request for a hire that occurred before March 18, 2016. These 10 cases are not included in the totals for the period March 18, 2016, through January 20, 2021, in figure 2 or elsewhere in this report.

[19]As we discuss later in this report, OPM officials told us that OPM no longer reviews appointments under this hiring authority for intelligence community components. However, OPM reviewed four such appointments during the period of our review. OPM also reviewed two additional requests from intelligence community components.

requirements of the competitive examining process were satisfied. OPM officials told us that in 2016, when OPM reviewed these requests, OPM did not require evaluators to retain these documents, and that OPM updated its policies in 2018 to require that key documents be retained in case files.

In the remaining case, we had questions about how the agency solicited applications for the position and evaluated applicants. The documentation in the case file provided by OPM did not answer these questions. OPM officials told us that, as part of OPM's pre-appointment review, they had asked the agency for documentation of these steps in the hiring process, and the agency told OPM that the documentation did not exist. According to OPM officials, additional documentation in the case file and information agency officials provided in interviews with OPM constituted sufficient evidence for OPM to approve the request. However, without documentation of how the agency solicited applications for the position or evaluated applicants, we were unable to determine whether the agency followed proper procedures in this case.

OPM Denied Nearly 20 Percent of Agency Requests because Agencies Could Not Demonstrate Adherence to Merit System Principles

OPM denied 22 of the 124 pre-appointment requests and 10 of the 37 post-appointment requests for hires or intended hires during the period we reviewed, for a total of 32 denials. OPM's reasons for denying requests included agencies'

- giving unauthorized advantage to the selectee,
- handling veterans' preference improperly, and
- submitting insufficient documentation to OPM.

In each of the 32 cases, OPM stated that it could not conclude that the involved agency adhered to merit system principles or that the selection was free of political influence.

In seven of the 22 pre-appointment denied cases and two of the 10 post-appointment denied cases, OPM identified and referred evidence of potential prohibited personnel practices to the Office of Special Counsel (OSC). In one of the seven pre-appointment cases, OSC determined that agency officials had committed a prohibited personnel practice by reposting a job opportunity under a different hiring authority after realizing that the political appointee they intended to hire was not eligible under the authority they initially used. According to OSC, the agency agreed to take corrective action by training its human capital staff on prohibited personnel practices and procedures for hiring former political appointees into career positions. In light of the agency's corrective action and after reviewing the facts of the case, OSC declined to pursue disciplinary action. OSC officials said that in determining whether to pursue disciplinary action, OSC considers factors including the strength and sufficiency of the evidence, the seriousness of the alleged violation, and the relevant case law.

OSC closed the remaining six cases for the following reasons: the selectee was no longer employed by the agency (one case); OSC lacked jurisdiction (two cases); and insufficient evidence that a prohibited personnel practice had occurred (three cases).

In one of the two post-appointment cases OPM referred, OSC closed the case without recommending disciplinary action. In the other, OSC told us its investigation was ongoing as of April 2023.[20]

For hires that OPM reviews post appointment and subsequently denies, OPM sends the involved agency a letter explaining the proper procedures for requesting OPM's approval to hire a political appointee into a career position and corrective actions required for the specific case. These actions may include cancelling personnel actions, reannouncing the position, separating the selected individual, or hiring another individual. OPM may also refer the case to OSC if OPM suspects any prohibited personnel practices have occurred.

In each of the 10 denied post-appointment cases, OPM instructed the involved agency to take corrective action. In three of these cases, the agency terminated or cancelled the appointment of the individual who had been hired improperly. In the remaining seven cases, according to OPM, the agencies took steps outlined in OPM's decision letter to correct the improper appointment, such as reviewing the selection process to determine whether the political appointee could have been selected if the agency had followed proper procedures.

[20]Separately, we reported in 2017 that two OSC investigations of cases OPM had referred were still ongoing. Since then, OSC has closed the investigations. In both cases, OSC found that agency officials committed prohibited personnel practices. In one case, in response to OSC's findings, the agency agreed to provide additional guidance and training to its human capital staff on merit system principles and prohibited personnel practices, as well as counsel the officials involved in the case about future prevention of prohibited personnel practices. In the second case, the agency agreed to provide training to senior officials regarding federal hiring, prohibited personnel practices, and the requirements and prohibitions relating to hiring a Schedule C political appointee into a competitive service position. See GAO-17-674.

OPM Has Issued Guidance, but Agencies Continue to Hire Some Political Appointees into Career Positions without OPM Approval

There is currently no government-wide mechanism for identifying individuals as former political appointees during the hiring process or shortly after they are hired, or for preventing these appointments from occurring without OPM's review and approval. OPM has used data from its federal employee database called Enterprise Human Resources Integration (EHRI) to identify career appointments where agencies failed to request approval, but it has generally taken at least 6 months, and in a few cases more than 2 years, for OPM to identify such appointments.[21] OPM officials told us that in 2019 and 2020, challenges with transferring data into EHRI from agency information technology systems delayed the availability of agency data, contributing to the longer timeframes.

OPM relies on agencies to identify appointments subject to OPM's review from among the many selections for career positions made each year. Officials from six agencies that hired political appointees into career jobs without OPM approval said that agency human capital staff are not always aware of job applicants' prior political service. One official told us that it is especially difficult for human capital staff to identify applicants as political appointees when the political appointment occurred at a different agency. Agency staff generally have better information about political appointees within their own agency than they do about political appointees at other agencies. In almost two-thirds of the hires made without OPM's prior approval, the selectee's political appointment was at a different agency from the career position. Officials at one agency suggested that OPM could make additional data available to agencies to help human capital staff properly identify political appointees during the agency's hiring process, such as providing a list of current and former political appointees that human capital staff could check for each hire.

Officials we interviewed at these six agencies said they were aware of OPM's guidance on its review requirement and shared the guidance with human capital staff in their agencies. OPM issued memorandums to agencies on August 11, 2016; February 23, 2018; February 22, 2021; and December 30, 2022, informing them about the purpose and scope of the pre-appointment review requirement. OPM also includes guidance on its website on the scope of the pre-appointment review requirement, procedures for submitting requests, and related topics.

In the December 30, 2022, memorandum, OPM recommended that agencies include a question about political appointee status on job

[21]EHRI is the primary government-wide source for information on federal employees. It includes information on most, but not all, political and career civil service positions at federal agencies.

applications. Officials from four agencies told us they do ask applicants about their political appointee status and this information is helpful for identifying cases subject to OPM review. However, human capital staff may sometimes overlook applicants' responses to this question. For example, we found two post-appointment cases at different agencies where the selectee answered "yes" to a question about political appointee status, but the agencies did not submit requests for pre-appointment review to OPM. Officials from one agency told us in December 2022 that they had recently learned that they could add a question about political appointee status to the agency's application templates and had begun doing so.

Agencies have limited access to information about individuals' past service across the government, including political appointments, other than what an applicant provides. In December 2022, the Periodically Listing Updates to Management Act of 2022 (PLUM Act) was enacted as part of the National Defense Authorization Act for Fiscal Year 2023.[22] The PLUM Act requires OPM to establish—by 1 year from the date of enactment—and maintain a public website to provide information on political appointees. The act requires agencies to update information about their political appointees at least once a year.

Notwithstanding the guidance and information OPM has provided to agencies, the lack of a government-wide mechanism for identifying political appointees during the hiring process for career positions has contributed to agencies' continued hiring of some political appointees without OPM pre-approval. The information provided through the website to be established under the PLUM Act could help agencies identify proposed hires that are subject to OPM review, if agencies used it for that purpose and if the data are provided in a manner by OPM that facilitates such use.

[22]The PLUM Act addressed a matter for congressional consideration that we made in March 2019. GAO, *Federal Ethics Programs: Government-wide Political Appointee Data and Some Ethics Oversight Procedures at Interior and SBA Could Be Improved,* GAO-19-249 (Washington, D.C.: Mar. 14, 2019)

OPM Generally Employed a Thorough Review Process, but Did Not Always Document Supervisory Review or Decisions about OSC Referrals

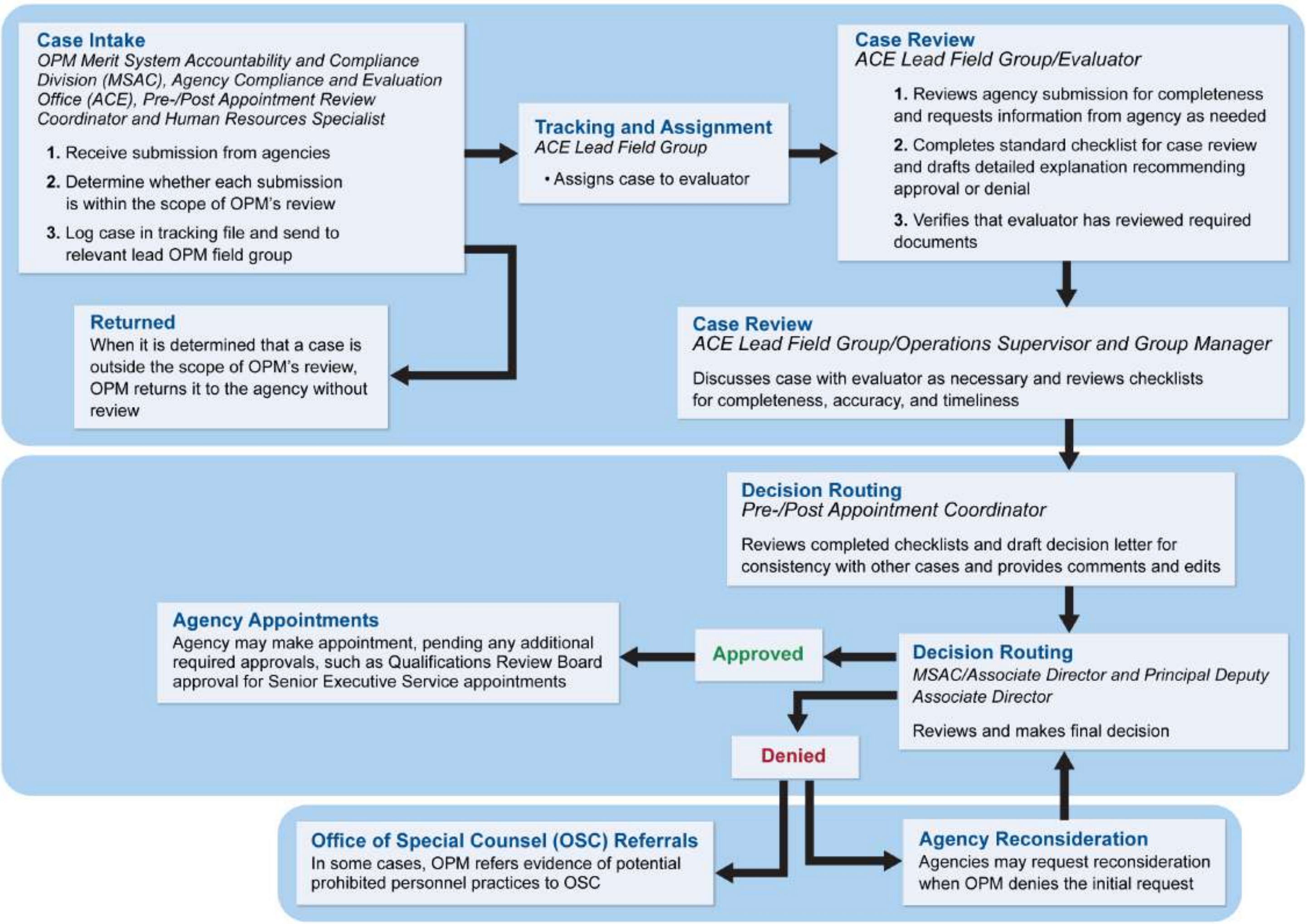
OPM Staff Review Agency Submissions before Approving or Denying Requests for Career Hires

OPM's review process for requests to hire a political appointee into a career position involves a detailed assessment by an OPM evaluator and multiple levels of review by OPM officials, as shown in figure 3. When OPM receives a request from an agency, OPM assigns one or more evaluators to review the submitted agency documentation.

Once the OPM evaluators have made a preliminary determination, two supervisors and OPM's Pre-/Post Appointment Review Coordinator review the evaluators' work. Two senior officials within OPM's Merit System Accountability and Compliance Division participate in the final decision to approve or deny the agency's request: the Associate Director and Principal Deputy Associate Director. OPM, if it believes the involved agency committed a prohibited personnel practice, may refer the case to OSC for additional investigation.

The agency documentation that OPM reviews before approving or denying a request includes, among other things, the complete recruitment file for the proposed selection, names and titles of all agency officials involved in the hiring process, and position descriptions for the career and political positions. For some requests, a complete case file can include thousands of pages of documentation. OPM evaluators sometimes interview agency officials involved in the selection process or otherwise obtain responses from the agency to questions about the selection process. The evaluators document their review of each case using checklists that address each step of the standard federal hiring process and include citations to relevant OPM guidance documents, such as the Delegated Examining Operations Handbook.

Figure 3: OPM Procedures for Reviewing Agency Requests to Hire Current or Recent Political Appointees into Career Positions



Source: GAO analysis of Office of Personnel Management (OPM) doumentation. | GAO-23-105066

OPM Checklists Were Missing Supervisory Signatures in Some Cases

In August 2017, we recommended that OPM require evaluators to verify they have reviewed all documentation required by OPM checklists before recommending approval or denial of a political to career appointment request.[23] In November 2018, in response to our recommendation, OPM

[23]GAO, *Personnel Practices: Actions Needed to Improve Documentation of OPM Decisions on Conversion Requests*, GAO-17-674 (Washington, D.C.: Aug. 28, 2017).

revised its pre-appointment review process to require that case file evaluators using OPM checklists indicate on such checklists that they reviewed all applicable documentation before recommending approval or denial. The revised process also requires signatures from an Operations Supervisor and a Group Manager, two OPM officials responsible for reviewing the evaluator's work.

About one-third of the checklists OPM completed from November 2018 through January 20, 2021, were missing one or more required signatures of approval. Based on our review of case files for approved cases and of OPM's reasons for denying cases, we do not believe that the missing signatures affected the accuracy of OPM's determinations.

OPM told us that the missing signatures were likely an oversight. OPM also stated that at some times during this period, some Operations Supervisor and Group Manager positions were vacant, which contributed to the lack of both officials' signatures on checklists. In February 2023, OPM updated its pre-appointment review process and standard operating procedures (SOP) to state that the Pre-/Post Appointment Review Coordinator must verify that supervisory signatures and date of concurrence are included on the checklists. This improved documentation of its supervisory reviews in future cases will provide greater assurance that all steps in the review process have been completed and adequately reviewed.

OPM Did Not Always Document Its Decisions about Whether to Refer Denied Cases to OSC

OPM did not always provide sufficient documentation to support its decisions about referring or not referring cases to OSC for requests it reviewed. For example, we asked OPM about three of the 23 denied cases in which no referral was made to OSC including two instances where the case files included notes stating that a prohibited personnel practice may have occurred. For one case, OPM officials told us that the note was an error. For the second case, OPM officials told us that based on the totality of facts collected in the case, OPM determined a referral to OSC was not warranted. For another denied case, we asked OPM to explain why the reasons OPM cited for denial did not constitute a prohibited personnel practice. OPM officials told us that the individuals who primarily worked on the case were no longer working at OPM and that OPM could not provide documentation to explain why the case was not referred to OSC.

We also asked OPM to describe its rationale for referring two cases to OSC involving an intelligence agency and a government corporation, respectively. OPM officials replied that OPM did so per its responsibilities to make referrals to OSC under 5 C.F.R. § 5.3(a)(2). This regulatory provision requires OPM, if it finds evidence of matters within OSC's jurisdiction, to refer evidence of such matters to OSC. However, OSC clearly states on its website that OSC does not have authority, or has limited authority, over the agencies in question and therefore cannot obtain corrective action with respect to violations of prohibited personnel practices.

In October 2022, OPM officials notified its review staff via email that for cases with a recommendation to deny, they are to document whether the case is recommended for referral to OSC or not, and to include rationale (reasons why or why not) to support the referral recommendation. In February 2023, OPM revised its pre-appointment review process and SOP to include this additional requirement. This revision will help ensure that staff appropriately and consistently consider referrals of cases to OSC for investigation.

OPM Reported to Congress on Agency Requests as Required by Law but Has Not Yet Made These Reports Public

OPM Has Issued Reports to Congressional Committees

The Edward "Ted" Kaufman and Michael Leavitt Presidential Transitions Improvements Act of 2015 (Transitions Act) requires OPM to report annually to Congress, and during certain periods quarterly, on agency requests to appoint political appointees or former political appointees to covered civil service positions.[24] The Transitions Act requires OPM to report, for each request,

- the date on which the request was received by OPM;

[24]Pub. L. No. 114-136, § 4, 130 Stat. 301, 305-307 (2016).

- the name of the individual and the title, office, and agency of the political position held[25];
- the date of the individual's political appointment (and for former political appointees, the date on which the individual ceased to serve in a political position);
- the grade and rate of basic pay for the individual as a political appointee;
- the title, office, agency, grade, and rate of basic pay for the proposed career position;
- whether OPM approved or denied the request; and
- the date the agency appointed the political appointee to the covered civil service position, if applicable.

From September 2016 through January 2021, OPM provided 14 reports to Congress on requests submitted by agencies from March 18, 2016, through January 20, 2021.[26] The reports generally incorporated the data elements required by the Transitions Act.[27] We identified one agency appointment request that OPM did not include in its reports to Congress as required under the Transitions Act, a request submitted by the Department of Defense in January 2019, which OPM approved. OPM officials attributed the omission to an administrative oversight and told us that they plan to include the omitted case in their next annual report to Congress. Although not specifically required under the Transitions Act,

[25]The Transitions Act allows OPM to exclude the name and title when the individual was not appointed to the civil service position or when the request was pending at the end of the period covered by the report. *See* Pub. L. No. 114-136, § 4(c), 130 Stat. 301, 307 (2016). Covered political positions include (1) positions described under 5 U.S.C. §§ 5312-5316 (Executive Schedule); (2) noncareer SES appointments as defined in 5 U.S.C. § 3132(a)(7), and (3) Schedule C positions under subpart C of 5 C.F.R. pt. 213. Covered civil service positions include all appointed positions in executive agencies that are not temporary or political. See Pub. L. No. 114-136, § 4(a), 130 Stat. 301, 305 (2016).

[26]The 14 reports were three quarterly reports for the period March 18, 2016, through January 20, 2017; three annual reports, for 2017, 2018, and 2019, respectively; three quarterly reports for the period January 1, 2020, through September 30, 2020; two separate reports, for October 1, 2020, through November 30, 2020, and December 1, 2020, through January 20, 2021, issued in response to a congressional request to expedite the quarterly report; and three additional reports for the period October 1, 2016, through January 20, 2017, issued in response to a congressional request.

[27]We identified a few reports that were missing elements for some positions, such as the basic rate of pay or office name.

the reports also included OPM post-appointment reviews of appointments that occurred without first seeking OPM approval.

Some appointments are subject to OPM's pre-appointment review requirement but are not subject to reporting under the Transitions Act. Specifically, OPM reviews, but is not required to report, proposed hires of individuals who have served in any of the following types of political appointments: (1) limited-term and limited emergency SES positions; (2) political Schedule A positions; and (3) certain appointments made under agency-specific authorities. We identified 10 requests that OPM reviewed during the period March 18, 2016, through January 20, 2021, that OPM told us were not subject to the reporting requirement and were therefore not included in the Transitions Act reports.

OPM Has Not Proactively Disclosed Reports on Agency Requests to the Public

The public, as well as Congress, has an interest in information about hiring of political appointees into career positions. The Freedom of Information Act (FOIA) is one of several laws enacted to improve the public's access to government information and promote the principles of openness and accountability in government.[28] It requires agencies to proactively disclose certain records.[29] The FOIA Improvement Act of 2016 expanded proactive disclosures by requiring agencies to make available for public inspection in an electronic format records that have been released in response to a FOIA request and requested three or more times.[30]

According to OPM officials, during our review period, OPM received 18 FOIA requests for its reports to Congress on hiring of current or recent political appointees into career positions. OPM officials told us that they provided copies of the reports to the requesters with appropriate redactions of personal information.

Although OPM has not included the reports to Congress on its website, when we discussed this issue with OPM officials, they agreed that these reports fall under FOIA's proactive disclosure requirement. In August 2022, OPM officials told us that OPM's FOIA program was pending public

[28]5 U.S.C. § 552. In addition, the Open, Public, Electronic and Necessary Government Data Act, Pub. L. No. 115-435, Tit. II, 132 Stat. 5529, 5534 (2019), and the Digital Accountability and Transparency Act, Pub. L. No. 113-101, 128 Stat. 1146 (2014), among other efforts, have taken steps to improve the availability, transparency, and quality of federal data.

[29]35 U.S.C. § 552(a)(2).

[30]FOIA Improvement Act of 2016, Pub. L. No. 114-185, § 2,130 Stat. 538 (2016), *codified at* 5 U.S.C. § 552.

rollout of a new electronic reading room, and that they planned to release the reports through this reading room when it becomes available. According to the officials, several steps needed to be taken before the reading room could be made public, including finalizing standard operating procedures and obtaining approval from the Office of Management and Budget. In December 2022, OPM officials told us that the release of the reading room had been delayed, and that they would instead post redacted versions of the reports from 2016 through the present to OPM's website, separate from the FOIA reading room, in 2023. However, according to the officials, before posting the reports, OPM needs to reformat them to be machine-readable and to comply with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended.[31] Until OPM completes these steps and releases the reports publicly, the public will not have ready access to certain information about appointments of political appointees to career positions.

OPM Could Not Fully Identify Exceptions to Its Oversight Authority

OPM has broad authority to conduct pre-appointment reviews for appointments throughout the federal government. However, there are exceptions to OPM's authority, and there is no single source of information that currently encompasses all of these exceptions.

According to OPM officials, the authority to conduct pre-appointment reviews derives from OPM's authority to oversee compliance with civil service laws, including the federal merit system principles. However, various authorities not only provide exceptions to OPM's oversight authority but also trigger OPM's review where OPM's oversight would not otherwise apply. For example, OPM does not have authority over career senior executive hiring at certain agencies, including the Federal Elections Commission, Election Assistance Commission, Securities and Exchange Commission, Office of the Comptroller of the Currency, and Consumer Financial Protection Bureau.[32] Conversely, government corporations are generally statutorily exempt from OPM's oversight of merit system principles, but OPM has reviewed competitive service appointments at government corporations, on the basis of its oversight authority over the entire competitive service.

According to OPM officials, OPM generally reviews all proposed hires of current or recent political appointees that are within its oversight authority, except for (1) hires into temporary or term-limited positions, (2) proposed career hires of current or former political appointees for reinstatement to

[31] 29 U.S.C § 794d.

[32] See 5 U.S.C. § 3132(a)(1).

federal jobs at the same or lower grade than that of a career position they previously held, or (3) subsequent career hires of former political appointees whose hires into an initial career position have already been approved.

In a letter to congressional committees sent on February 19, 2021, OPM stated that it neither reviews nor has reviewed career appointments in the intelligence community (IC).[33] The letter stated that some hiring actions within IC agencies are subject to merit system principles, but those agencies, rather than OPM, oversee the application of the principles.[34] However, during the course of our review, we found that OPM reviewed six requests it received from IC components. These cases predate the 2021 letter to congressional committees, and OPM officials told us that they no longer review hiring in the intelligence community.

In addition, a comprehensive list of information about the type of positions to which current or recent political appointees could be appointed without OPM review does not currently exist. Such information could be useful to inform oversight or legislation. Internal control standards state that management should externally communicate the necessary quality information to achieve the entity's objectives. Among the agencies that OPM identified in response to our request for a list of exclusions from its authority to require pre-appointment review of proposed appointments of current or recent political appointees were intelligence agencies and

[33]The IC components referenced by OPM are the Office of the Director of National Intelligence; the Central Intelligence Agency; the intelligence components of the Departments of Energy, Homeland Security, State, and the Treasury; the intelligence components of the Federal Bureau of Investigation and Drug Enforcement Administration; and Defense intelligence components. These components include the Defense Intelligence Agency, National Geospatial Intelligence Agency, National Security Agency, National Reconnaissance Office, and the intelligence and counterintelligence components of the military services.

[34]Specifically, OPM stated, "While enforcement of the merit system principles in each executive agency is governed by such rules, regulations, and directives that the President may prescribe, under a statutory exception, enforcement of the merit system principles in IC elements is reserved to the heads of those elements. Accordingly, in promulgating Civil Service Rules governing merit system oversight of agencies, the President explicitly excluded IC elements from the definition of agencies that are subject to OPM's oversight. Thus, while merit system principles have been made applicable to hiring by Defense intelligence components under 10 U.S.C. § 1612, oversight is conducted by the Department of Defense, not by OPM." Letter from Office of Personnel Management to U.S. House of Representatives, Permanent Select Committee on Intelligence, Committee on Oversight and Reform, and Committee on Armed Services sent on February 19, 2021 (footnotes omitted).

GAO. OPM also identified senior executive positions at certain agencies as outside of its authority.

However, some agencies identified additional exclusions for us. Specifically, officials from the Departments of Agriculture, Homeland Security and State, respectively, told us that the following categories of employees are not subject to OPM's review: County Office employees of the Farm Service Agency hired under Title 7 of the U.S. Code; employees of the Federal Emergency Management Agency hired under the Stafford Act; and employees of the State Department hired under the United Nations – United States Participation Act.

Furthermore, because agency-specific statutes, regulations, or policies may also apply to a hiring action and could either limit or trigger OPM's review, upon receipt of a request for pre-appointment review, OPM makes a case-by-case determination of whether the appointment falls within OPM's scope of review. As a result, OPM may identify additional agencies and positions that are outside of its scope of pre-appointment review. This case-by-case approach may be necessary to the extent that various laws and regulations may govern a particular appointment. However, collecting and disseminating information about agencies and positions that OPM or other agencies have already determined are excluded from OPM's pre-appointment review could streamline OPM's reviews, as well as facilitate its responses to congressional inquiries.

Conclusions

The merit-based hiring of current or former political appointees into career positions can help contribute to building a highly qualified federal workforce. OPM's pre-appointment reviews of these hires help safeguard the merit system principles and ensure that hiring into the career civil service is not based on political considerations.

OPM's reviews could be more effective if agencies are better able to identify political appointees during the application process for selection to career positions. It can be challenging for agencies to do so because they sometimes lack information about individual applicants' prior federal service. The public information about political appointees to be provided under the PLUM Act could provide agencies with a useful tool to help ensure that proposed hires are reviewed by OPM as appropriate, if OPM approaches the effort with agencies' needs in mind.

In addition, the Transitions Act improved the information available to congressional oversight committees, by requiring regular reporting from OPM on agencies' requests to hire political appointees into career positions and the outcomes of OPM's reviews of these requests. In accordance with FOIA proactive disclosure requirements, OPM officials said they plan to release redacted versions of these reports to the public, but have not completed the steps to do so and have encountered delays. Making these reports accessible to the public in an expedient manner will increase transparency of the agencies' hiring of political appointees into career positions and OPM's oversight of that process.

Transparency and oversight could be further enhanced by more complete information about the scope of OPM's authority to review these hires, as agency-specific statutes, regulations, and policies can affect OPM's oversight of pre-appointment reviews. Collecting and disseminating information about agencies and positions that are excluded from OPM's pre-appointment review would provide Congress, agencies, and the public with a clearer understanding of the limitations of OPM's scope of review and could help OPM streamline its review process.

Recommendations for Executive Action

We are making the following three recommendations to OPM:

The Director of OPM should examine how the public information on political appointees OPM is mandated to provide under the PLUM Act can be used by agencies to better identify political appointees subject to OPM's pre-appointment reviews. (Recommendation 1)

The Director of OPM should complete the remaining steps needed to ensure that, consistent with proactive disclosure requirements, reports to Congress on agency requests to appoint current or recent political appointees to career positions are included on OPM's website with other frequently requested records. (Recommendation 2)

The Director of OPM should work with agencies to collect and disseminate information about the scope of its pre-appointment review authority, including information that identifies those agencies and positions that are not subject to OPM's authority. (Recommendation 3)

Agency Comments and Our Evaluation

We provided a draft of this report to OPM, USDA, DOD, DOE, HHS, DHS, HUD, DOI, DOJ, State, DOT, Treasury, VA, CFPB, USITC, and OSC for review and comment. In its written comments, which are reproduced in appendix V, OPM concurred with two of our recommendations and partially concurred with the third. OPM, USDA, DOD, DOE, USITC, and OSC provided technical comments, which we incorporated into the report as appropriate. The remaining 10 agencies told us they had no comments on the draft report.

OPM partially concurred with the recommendation that it should examine how agencies could use the public information on political appointees to be provided under the PLUM Act to identify political appointees subject to OPM's pre-appointment reviews (Recommendation 1). OPM stated that the PLUM Act information, which will be provided on a public website, can serve as an additional mechanism for agencies to identify political appointees from other agencies or organizations. OPM also stated that it uses information from its Executive and Schedule C system to publish the Plum Book, and that it plans to enhance this system to alert agencies and OPM when a political appointee is selected for a Career Senior Executive Service position. However, OPM said it does not believe the PLUM Act information will have a considerable impact on agencies' compliance with submitting requests for pre-appointment review to OPM. OPM stated that it would not be efficient for staff in human resources offices to perform manual searches on the PLUM Act website for every proposed career selection. OPM believes that the most efficient means of obtaining information about whether someone is a current or recent political appointee is to add a question to each job announcement asking applicants to self-identify as a current or recent political appointee. OPM also added that agencies should train their human resources specialists to look at those responses.

We agree with OPM that the PLUM Act information could help agencies identify political appointees from other agencies or organizations. We continue to believe that, as OPM implements the act, it should take the opportunity to examine how agencies can use the information for this purpose. Doing so could involve working with agency human capital staff to identify efficient ways for OPM to provide the information and for agencies to use it. Our recommendation does not specify that OPM should require agencies to conduct a manual search prior to each selection for a career position.

As we state earlier in this report, the lack of a government-wide mechanism for identifying political appointees during the hiring process for career positions has contributed to agencies' continued hiring of some political appointees without OPM's pre-approval, and the PLUM Act information could help address this issue. We also state that OPM, in guidance to agencies, has recommended that agencies include a question about political appointee status on job applications. Agencies that ask this question told us it is helpful for identifying cases subject to OPM review. However, we found that human capital staff sometimes overlook applicants' responses to this question. Therefore, using the PLUM Act information could help ensure that agencies are fully identifying appointments for OPM review.

OPM agreed with our recommendation that it should complete the remaining steps needed to ensure that reports to Congress on requests to appoint current or recent political appointees to career positions are included on OPM's website (Recommendation 2). OPM stated that it is making final preparations to disclose 16 of these reports to the public, including working to make the reports conformant with the accessibility requirements of section 508 of the Rehabilitation Act of 1973, as amended.

OPM also agreed with our recommendation that it should work with agencies to collect and disseminate information about the scope of its pre-appointment review authority (Recommendation 3). OPM stated that it intends to provide briefings for agencies that will include updates about agencies or components not subject to OPM's pre-appointment review authority. Such briefings would partially address the recommendation by disseminating information to agencies. To fully address the recommendation, OPM will also need to collect information from agencies. As detailed in this report, we found that some of the agencies selected for this review identified exclusions from OPM's review authority that OPM had not identified in its responses to our requests.

We are sending copies of this report to the appropriate congressional committees, the Director of the Office of Personnel Management, the Special Counsel, the Director of the Consumer Financial Protection Bureau, the Chairman of the U.S. International Trade Commission, the Attorney General, the Secretaries of Agriculture, Defense, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, State, Transportation, the Treasury, and Veterans Affairs, and other interested parties. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

If you or your staffs have any questions about this report, please contact me at (202) 512-3058 or czyza@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 key contributions to this report are listed in appendix VI.

Alissa H. Czyz

Alissa H. Czyz
Director, Strategic Issues

List of Requesters

The Honorable Gary C. Peters
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Jamie B. Raskin
Ranking Member
Committee on Oversight and Accountability
House of Representatives

The Honorable Mark Takano
Ranking Member
Committee on Veterans' Affairs
House of Representatives

The Honorable Benjamin L. Cardin
United States Senate

The Honorable Thomas R. Carper
United States Senate

The Honorable Chris Van Hollen
United States Senate

The Honorable Gerald E. Connolly
House of Representatives

Appendix I: Objectives, Scope, and Methodology

The objectives of this engagement were to provide information on appointments of political appointees to career positions, and examine the Office of Personnel Management's (OPM) oversight of these appointments. Specifically, this report (1) examines appointments of current or recent political appointees into career positions from March 18, 2016, through January 20, 2021; (2) evaluates OPM's policies and procedures for reviewing requests from agencies to hire current or recent political appointees into career positions; (3) assesses the extent to which OPM has complied with mandated reporting requirements under the Edward "Ted" Kaufman and Michael Leavitt Presidential Transitions Improvements Act of 2015 (Transitions Act); and (4) examines the scope of OPM's authority to conduct pre-appointment reviews.

For the purposes of our review, we included appointments agencies completed or intended to complete during the period beginning March 18, 2016, and ending January 20, 2021. This period begins with the enactment of the Transitions Act and the beginning of OPM's reporting to Congress on requests submitted by agencies, as required by the act. The period ends with the January 2021 presidential transition.

Following OPM's definition of the scope of its review requirement, we reviewed appointments to permanent career positions of individuals who, at any point during the 5 years preceding the career appointment, held political appointments in the federal government.

We excluded from our review two categories of hires for which OPM does not require agencies to obtain pre-appointment approval:

- proposed career hires of current or former political appointees for reinstatement to a federal job at the same or lower grade than that of a career position they previously held; and
- subsequent career hires of former political appointees whose appointment to an initial career position has already been approved.

For the purpose of this review, we defined political appointees as OPM does in its political to career appointments review policy. The definition encompasses the following categories:

- Presidential appointees with Senate confirmation (PAS);
- Presidential appointees without Senate confirmation (PA);
- Political appointees, as defined under 5 U.S.C. §§ 5312-5316 (relating to the Executive Schedule);
- Political Schedule A appointees:

- Appointments made by the President without confirmation by the Senate (5 C.F.R. § 213.3102(c)).
- Assistants to top-level federal officials if the position is being filled by a person designated by the President as a White House Fellow (5 C.F.R. § 213.3102(z)).

- Schedule C appointees (5 C.F.R. §§ 213.3301-3302);
- Noncareer Senior Executive Service (SES) appointees (5 U.S.C. § 3132(a)(7); 5 C.F.R. § 317, subpart F);
- Limited Term SES appointees (5 U.S.C. § 3132(a)(5); and 5 C.F.R. § 317, subpart F);
- Limited Emergency SES appointees (5 U.S.C. § 3132(a)(6); and 5 C.F.R. § 317, subpart F);
- Appointees serving in a political capacity under agency-specific authority; and
- Appointees serving in provisional appointments related to one of the categories of political appointments listed above.

Also following OPM's definition, we defined permanent career positions as non-time-limited appointments in either the competitive service, career SES, or career excepted service (non-Schedule C).

To address our first objective, we obtained data from OPM on its reviews of agency requests to appoint political appointees to career positions during the time period covered in our review. We confirmed and, as needed, corrected these data by requesting and reviewing information from selected agencies that submitted requests to OPM.[1] We selected 13 agencies on the basis of the initial data we received from OPM in April 2021: the Departments of Agriculture, Defense, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Transportation, the Treasury, and Veterans Affairs; the Consumer Financial Protection Bureau, and the U.S. International Trade Commission. We considered the following factors when selecting our sample of agencies: (1) agencies that submitted the most number of requests to OPM, (2) agencies that received the most number of requests approved by OPM, (3) agencies that received the most number of requests denied by OPM, and (4) agencies that had the most number of post-appointment review cases. After receiving additional data from OPM in February 2022, we added one agency, the Department of State, to our

[1]In some instances, agencies may not end up appointing candidates whose selections were approved by OPM.

selection, for a total of 14 agencies. We selected State because the additional data included three post-appointment requests from State, that is, appointments initially made without OPM's approval. After accounting for these additional cases, we determined that State had the third highest number of post-appointment review cases in our updated data. We asked these 14 agencies to corroborate (1) the number of requests to appoint political appointees to career positions each agency made to OPM and (2) the number of these appointments the agencies completed during the period of our review. To assess the reliability of the data that OPM and agencies provided, we examined the data for obvious errors and inconsistencies, and we traced each data element to source documents, such as notifications of personnel actions. We found the data from both OPM and agencies to be sufficiently reliable for the purposes of our reporting objectives.

We assessed OPM's reviews of all requests in our scope that OPM approved. Specifically, we examined OPM's review checklists and OPM case files documenting the selection process for each of these hires or proposed hires. If we had questions concerning specific cases, we collected additional information from OPM. Our review was designed to determine whether it appeared, from the case file documentation, that appropriate authorities were used and proper procedures were followed in making and reviewing these hires or proposed hires. For each case, two GAO analysts independently reviewed submitted checklists and documentation, appropriate laws and regulations, in consultation with a GAO attorney, and the circumstances for each request to assess whether the agency used appropriate authorities and followed proper procedures in selecting the political appointee in question. Each analyst used a data collection instrument to assess OPM's review of the case and to provide a written explanation of the analyst's determination about the hiring action. A supervisor reviewed cases where one or both of the analysts identified potential issues or missing documentation. Consulting as needed with a GAO attorney, the supervisor further assessed the selection against relevant merit system principles and prohibited personnel practices. We requested additional information from OPM as needed and made a final determination about each case after reviewing information OPM provided.

We identified the number of requests in our scope that OPM denied, and why OPM denied them. We reviewed cases referred to the Office of Special Counsel (OSC) for investigation, and described the outcome of its reviews of the cases. We interviewed OSC about its procedures for reviewing referred cases. We also summarized cases where OPM directed agencies to implement corrective actions after OPM reviewed and denied the requests.

We used data provided by OPM to identify instances during the period of our review when agencies hired political appointees into career positions without first obtaining OPM approval. We asked OPM to describe the outcomes of OPM post-appointment reviews of these appointments, including any corrective actions requested by OPM and acted on by agencies. We reviewed relevant OPM documents and interviewed OPM officials charged with administering OPM's political appointment review procedures to better understand how OPM monitors appointments that agencies make, including those not reviewed by OPM prior to the appointment. We obtained information from six of our 14 selected agencies about steps OPM and agencies have taken to identify and review hires and proposed hires of former political appointees into career positions: the Departments of Agriculture, Defense, Energy, Health and Human Services, Homeland Security, and State. We selected five of these six agencies because they had the greatest numbers of political appointees hired into career positions without first obtaining OPM's approval, based on the initial data we received from OPM in April 2021. Those data included hires made before March 18, 2016, but identified after that date. As described above, we added the sixth agency, State, to the selection after we received additional data from OPM in February 2022.

To address our second objective, we reviewed OPM's standard operating procedures for reviewing case files and for making referrals to OSC. We interviewed OPM officials and obtained written responses to questions regarding the implementation of these procedures and assessed OPM's actions against relevant internal control standards. We interviewed OSC officials about OSC's communications with OPM about referred cases.

To address our third objective, we reviewed applicable sections of the Transitions Act that requires OPM to include in its reports to Congress agency personnel requests to appoint current or former political appointees to covered civil service positions. We compared these criteria with information from reports that OPM submitted to Congress. We also obtained information from OPM about whether its disclosure of these reports to the public was consistent with the Freedom of Information Act's

(FOIA) proactive disclosure requirements for frequently requested records.

To address our fourth objective, we requested and obtained OPM's opinions on the scope of its legal authority to review appointments of current or former political appointees to civil service positions. We obtained information from OPM, including a copy of a February 19, 2021, letter OPM sent to congressional committees regarding OPM's authority to review appointments to career positions in the intelligence community. We compared this information against the data OPM provided on political to career hiring during the time period of our review and against information from the case file documents OPM provided. From six selected agencies that made hires without OPM approval, we obtained information about career positions within those agencies that, according to the agencies, are not subject to OPM's pre-appointment review requirement.

We conducted this performance audit from March 2021 to April 2023 in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Agency Requests to Hire Political Appointees into Career Positions from March 18, 2016, through January 20, 2021

Table 3: Number of Requests to Hire Current or Recent Political Appointees into Career Positions that Agencies Submitted for Office of Personnel Management (OPM) Review and Intended to Complete from March 18, 2016, through January 20, 2021

Departments and agencies	Number of requests submitted to OPM	Number of requests not reviewed by OPM (returned)	Number of requests that OPM approved[a]	Number of requests that OPM denied[a]	Number of hires made by agencies[b]
Commodity Futures Trading Commission	2	0	1	1	1
Consumer Financial Protection Bureau	7	0	7	0	6
Consumer Product Safety Commission	1	0	1	0	1
Court Services and Offender Supervision Agency	1	0	1	0	1
Department of Agriculture	5	0	4	1	4
Department of Commerce	5	1	4	0	4
Department of Defense	20	4	12	4	15
Department of Education	1	0	0	1	0
Department of Energy	4	1	2	1	3
Department of Health and Human Services	2	0	2	0	0
Department of Homeland Security	22	4	15	3	15
Department of Housing and Urban Development	6	1	3	2	4
Department of Justice	23	2	18	3	16
Department of Labor	3	1	2	0	2
Department of State	4	0	4	0	4
Department of the Interior	7	0	6	1	6
Department of the Treasury	8	1	5	2	3
Department of Transportation	7	3	4	0	3
Department of Veterans Affairs	7	0	6	1	5
Environmental Protection Agency	2	0	1	1	1
Export-Import Bank	4	1	2	1	1
Federal Communications Commission	1	1	0	0	0
Federal Deposit Insurance Corporation	2	0	2	0	2
Federal Energy Regulatory Commission	3	0	2	1	1
Federal Housing Finance Agency	2	0	2	0	2
Federal Labor Relations Authority	1	0	1	0	1
Federal Mediation and Conciliation Service	1	1	0	0	0
Federal Mine Safety and Health Review Commission	2	0	1	1	2
General Services Administration	4	1	1	2	3

Gulf Coast Ecosystem Restoration Council	1	0	1	0	1
Millennium Challenge Corporation	3	0	3	0	2
National Aeronautics and Space Administration	1	1	0	0	0
National Endowment for the Arts	1	0	0	1	0
National Labor Relations Board	2	0	0	2	0
National Women's Business Council	1	1	0	0	0
Occupational Safety and Health Review Commission	1	0	1	0	1
Overseas Private Investment Corporation	1	0	1	0	1
Pension Benefit Guaranty Corporation	1	1	0	0	0
Securities and Exchange Commission	3	0	2	1	2
Small Business Administration	2	0	2	0	1
Social Security Administration	1	0	1	0	1
U.S. Access Board	1	0	1	0	1
U.S. Agency for International Development	3	0	3	0	3
U.S. Commission on Civil Rights	1	0	1	0	1
U.S. International Development Finance Corporation	1	0	0	1	0
U.S. International Trade Commission	6	1	4	1	4
Total	**187**	**26**	**129**	**32**	**124**[c]

Source: GAO analysis of OPM and agency information. | GAO-23-105066

[a]Includes OPM pre-appointment and post-appointment reviews of appointments agencies intended to take effect from March 18, 2016, through January 20, 2021.

[b]Includes hires made by agencies but denied by OPM post-appointment. Therefore, the number of hires for some agencies is higher than the number of approved requests. In some of these denied post-appointment cases, the agency terminated or cancelled the appointment in response to OPM's decision.

[c]Does not include one additional case in which OPM identified a hire made without its approval but for which the agency did not submit a formal request because the individual had already retired by the time the appointment was identified as being subject to OPM's review.

Appendix III: List of Federal Selections of Political Appointees to Career Positions that OPM Approved and Agencies Completed from March 18, 2016, through January 20, 2021

Table 4: Characteristics of Federal Selections of Political Appointees to Career Positions that the Office of Personnel Management (OPM) Approved and Agencies Completed from March 18, 2016, through January 20, 2021

Selections are listed by the department or agency that appointed a political appointee to a career position.

Political Appointee		Career Position		
Title, office, and department/agency	**Type of political appointment, grade, and rate of basic pay[a]**	**Title, office, and department/agency**	**Type of career appointment, grade, and rate of basic pay[a]**	**Date appointed**
Appointments to career positions in the Department of Agriculture				
Federal Coordinating Officer Federal Emergency Management Agency Department of Homeland Security	Political Schedule A GS-0301-15 $121,958	Administrative Officer Agricultural Research Service Department of Agriculture	Competitive Service GS-0341-11 $67,354	8/7/2016
Chief of Staff Risk Management Agency Office of the Administrator Department of Agriculture	Noncareer Senior Executive Service (SES) ES-0301-00 $160,000	Associate Administrator Risk Management Agency Department of Agriculture	SES ES-0340-00 $186,501	1/17/2021
Senior Advisor Office of the Secretary Immediate Office Assistant Secretary for Administration Department of Agriculture	Schedule C GS-0301-14 $102,705	Management and Program Analyst Departmental Administration Office of Human Resources Management Office of the Director Department of Agriculture	Competitive Service GS-0343-14 $105,373	12/20/2020
Chief of Staff Office of the Administrator Rural Housing Service Department of Agriculture	Schedule C GS-0301-15 $109,591	Deputy Administrator for Management Office of the Associate Administrator for Management and Technology, Food and Nutrition Service Department of Agriculture	SES ES-0340-00 $170,358	4/17/2016
Appointments to career positions in the Department of Commerce				
Special Assistant Administration for Children and Families Department of Health and Human Services	Schedule C GS-0301-13 $91,080	Writer-Editor Office of Inspector General Department of Commerce	Competitive Service GS-1082-13 $113,650	7/24/2016

Associate Director of Legislative and Intergovernmental Affairs Office of the Secretary Department of Commerce	Schedule C GS-0301-14 $93,081	Attorney Advisor Office of the General Counsel Department of Commerce	Excepted Service GS-0905-14 $90,172	12/25/2016
Senior Advisor International Trade Administration Enforcement and Compliance Department of Commerce	Schedule C GS-0301-15 $106,068	Senior International Trade Compliance Analyst International Trade Administration Enforcement and Compliance Department of Commerce	Competitive Service GS-1801-14 $108,702	4/17/2017
Director of Outreach Economic Development Administration Department of Commerce	Schedule C GS-0301-15 $133,444	Regional Director Economic Development Administration Department of Commerce	SES ES-0301-00 $168,200	4/17/2016
Appointments to career positions in the Department of Defense				
Senior Advisor Executive Secretariat Office of the Secretary Department of State	Noncareer SES ES-0130-00 $142,830	Deputy Director Defense Security Cooperation Agency Department of Defense	SES ES-0301-00 $151,400	1/23/2017
Special Advisor to the Assistant Secretary of the Army Office of the Assistant Secretary of the Army Department of Defense	Schedule C GS-0343-15 $120,952	Attorney (Deputy Director) Immediate Office of the Chief of Naval Operations Department of Defense	Excepted Service GS-0905-15 $122,643	2/12/2018
Special Assistant Veterans Employment and Training Department of Labor	Schedule C GS-0301-11 $52,329	Operations Support Officer Defense Intelligence Agency Department of Defense	Excepted Service GG-0132-08 $50,904	2/21/2017
Special Assistant National Protection and Programs Directorate Department of Homeland Security	Schedule C GS-0301-14 $91,074	Associate Director of Committee on Foreign Investments in the United States Operations Office of the Secretary of Defense Department of Defense	Competitive Service NH-0301-4 $111,534	6/25/2018
Staff Assistant White House Medical Unit Washington Headquarters Services Department of Defense	Schedule C GS-0301-12 $73,090	Health Systems Specialist White House Medical Unit Washington Headquarters Services Department of Defense	Competitive Service GS-0670-13 $79,243	12/8/2019

Special Assistant Office of the Vice Chairman National Transportation Safety Board	Schedule C GS-0301-15 $119,139	Supervisory Attorney Advisor Fiscal, Ethics & Administrative Law Division Office of the General Counsel United States Air Force Department of Defense	Excepted Service NH-0905-IV $123,950	9/1/2019
Financial Specialist Department of the Air Force Office of the Secretary of the Air Force (Headquarters) Department of Defense	Schedule C GS-0501-09 $44,471	Financial Management Specialist Personnel and Training Division Office of the Assistant Secretary of the Air Force Department of Defense	Competitive Service GS-0501-09 $44,471	11/10/2019
Advance Officer Office of the Secretary of Defense Secretary of Defense Travel Operations Department of Defense	Schedule C GS-0301-15 $113,012	Security Specialist Immediate Office of the Secretary of Defense Department of Defense	Competitive Service GS-0080-15 $113,012	4/12/2020
Special Assistant to the Assistant Secretary of Defense (Team Chief) (Legislative Affairs) Office of the Assistant Secretary of Defense for Legislative Affairs Department of Defense	Schedule C GS-0301-13 $73,115	Criminal Investigator Naval Criminal Investigative Service Department of the Navy Department of Defense	Excepted Service GS-1811-11 $69,951	10/27/2019
Special Assistant for Homeland Defense and DSCA Office of the Assistant Secretary of Defense for Homeland Defense and Global Security Office of the Under Secretary of Defense for Policy Department of Defense	Schedule C GS-0301-15 $124,360	Commander’s Action Group Deputy U.S. Pacific Fleet Department of Defense	Competitive Service GS-0301-15 $124,360	4/28/2019
Deputy Assistant Secretary of Defense for Senate Affairs Office of the Assistant Secretary of Defense for Legislative Affairs Department of Defense	Noncareer SES ES-0301-00 $145,845	Human Resource Specialist (Military) Defense Finance and Accounting Service Department of Defense	Competitive Service GS-0201-13 $102,288	8/31/2020

Special Assistant for Strategic Readiness Review Immediate Office of Director White House and Congressional Liaison Office Office of the Secretary of the Navy Department of Defense	Noncareer SES ES-0301-00 $179,700	Administrative/Technical Specialist Naval Surface Warfare Center Carderock Division Naval Sea Systems Command Department of Defense	Competitive Service NT-0343-05 $102,288	8/30/2020
Appointments to career positions in the Department of Energy				
Deputy Commissioner Bureau of Reclamation Commissioner's Office Department of the Interior	Noncareer SES ES-0340-00 $163,700	Assistant Administrator for Corporate Liaison Western Area Power Administration Department of Energy	Excepted Service GS-0301-15 $131,466	9/1/2019
Deputy Solicitor - Water Resources Office of the Solicitor Department of the Interior	Noncareer SES ES-0905-00 $162,000	Chief Counsel Office of General Counsel Environmental Management Consolidated Business Center Department of Energy	SES ES-0905-00 $172,508	9/13/2020
Appointments to career positions in the Department of Homeland Security				
General Counsel Office of General Counsel Merit Systems Protection Board	Noncareer SES ES-0905-00 $179,700	General Attorney Office of Chief Counsel Field Counsel Chicago U.S. Customs and Border Protection Department of Homeland Security	Excepted Service GS-0905-13 $96,958	6/25/2017
Senior Advisor Special Representative for the Arctic Under Secretary for Economic Growth, Energy, and the Environment Office of the Secretary Department of State	Schedule C GS-0130-15 $124,408	Program Analysis Officer Office of Mission Support Integration Deputy Commandant for Mission Support U.S. Coast Guard Department of Homeland Security	Competitive Service GS-0343-15 $124,408	9/17/2017
Confidential Assistant to Chief of Staff National Endowment for the Arts National Foundation on the Arts and the Humanities	Schedule C GS-0301-07 $36,538	Program Support Specialist Grants Program Directorate Protection and National Preparedness Federal Emergency Management Agency Department of Homeland Security	Excepted Service GS-0301-09 $43,251	4/2/2017

Deputy White House Liaison Office of the Secretary Office of the Chief of Staff Department of Homeland Security	Schedule C GS-0301-12 $62,722	Staff Action Officer Office of Intelligence and Analysis Office of the Secretary Department of Homeland Security	Excepted Service GS-0301-12 $63,600	4/15/2018
Core Supervisory Emergency Management Federal Emergency Management Agency Department of Homeland Security	Political Schedule A GS-0089-15 $110,686	Director National Integration Center Federal Emergency Management Agency Department of Homeland Security	SES ES-0340-00 $164,271	9/3/2017
Supervisory Emergency Management Specialist (Federal Coordinating Officer) Federal Emergency Management Agency Department of Homeland Security	Political Schedule A GS-0089-15 $112,912	Emergency Management Specialist Federal Emergency Management Agency Department of Homeland Security	Competitive Service GS-0089-15 $112,912	12/11/2016
Federal Coordinating Officer Federal Emergency Management Agency Department of Homeland Security	Political Schedule A GS-0301-15 $119,756	National Incident Management Assistance Team Leader West Federal Emergency Management Agency Department of Homeland Security	SES ES-0301-00 $154,892	6/12/2016
Special Assistant to Commissioner U.S. Commission on Civil Rights	Schedule C GS-0301-14 $98,307	Attorney Advisor Office of the Chief Counsel Federal Emergency Management Agency Department of Homeland Security	Excepted Service GS-0905-14 $99,684	8/18/2019
Deputy Chief of Staff (Operations) Secretary's Immediate Office Department of the Interior	Noncareer SES ES-0301-00 $162,000	Supervisory Management and Program Analyst Countering Weapons of Mass Destruction Operations Support Directorate Department of Homeland Security	Competitive Service GS-0343-15 $131,242	4/26/2020
Special Assistant Office of Policy and Strategy U.S. Citizenship and Immigration Services Department of Homeland Security	Schedule C GS-0301-11 $53,805	Congressional Liaison Specialist Office of Legislative and Intergovernmental Affairs External Affairs Directorate U.S. Citizenship and Immigration Services Department of Homeland Security	Competitive Service GS-0301-14 $90,621	11/24/2019

White House Liaison Officer Immediate Office of the Secretary Department of Homeland Security	Schedule C GS-0301-13 $76,687	Staff Action Officer Office of Intelligence and Analysis Department of Homeland Security	Excepted Service GS-0301-13 $81,304	9/13/2020
Chief Counsel U.S. Citizenship and Immigration Services Office of Chief Counsel Department of Homeland Security	Noncareer SES ES-0905-00 $174,000	DHS Attaché to London Office of Strategy, Policy, and Plans Department of Homeland Security	Competitive Service SL-0301-00 $177,306	1/5/2020
Special Assistant Office of Policy Integration and Implementation Assistant Secretary for Policy Office of the Secretary Department of Homeland Security	Schedule C GS-0301-12 $62,101	Information Technology Specialist (INFOSEC) Cybersecurity and Infrastructure Security Agency Department of Homeland Security	Competitive Service GS-2210-12 $64,490	3/4/2019
Attorney Advisor Office of Legislative Affairs Department of Justice	Schedule C GS-0905-14 $88,136	General Attorney Immigration and Customs Enforcement Office of Principal Legal Advisor Department of Homeland Security	Excepted Service GS-0905-14 $102,274	9/27/2020
Appointments to career positions in the Department of Housing and Urban Development				
Special Advisor Office of the Assistant Secretary for Public and Indian Housing Department of Housing and Urban Development	Schedule C GS-0301-13 $74,584	Supervisory Community Planning and Development Specialist Office of Community Planning and Development Department of Housing and Urban Development	Competitive Service GS-0301-15 $103,672	12/11/2017
Analyst Office of the Staff Secretary White House Correspondence White House	PA AD-0301-00 $42,000	Law Clerk (Legal Honors Intern) Office of General Counsel Department of Housing and Urban Development	Excepted Service GS-0904-11 $55,756	3/1/2021b
Commissioner American Battle Monuments Commission	PA Uncompensated	Director of International and Philanthropic Innovation Office of Policy Development and Research Department of Housing and Urban Development	Competitive Service GS-0301-15 $102,646	4/25/2016
Appointments to career positions in the Department of the Interior				

Counselor to the Secretary of the Interior Immediate Office of the Secretary Department of the Interior	Noncareer SES ES-0905-00 $162,000	Administrative Law Judge Office of Hearings and Appeals Department of the Interior	Excepted Service AL-0935-03 $114,000	4/26/2020
Deputy Solicitor (Energy and Mineral Resources) Office of the Solicitor Department of the Interior	Noncareer SES ES-0905-00 $170,000	Chief Administrative Judge-Interior Board of Land Appeals Office of Hearings and Appeals Department of the Interior	Excepted Service SL-0905-00 $187,000	4/26/2020
State Executive Director Farm Service Agency Department of Agriculture	Schedule C GS-0301-15 $120,807	State Director, Oregon Office of the State Director Department of the Interior	SES ES-0340-00 $166,910	6/21/2020
Principal Deputy Director Fish and Wildlife Service Department of the Interior	Noncareer SES ES-0301-00 $162,000	Utah State Director Bureau of Land Management Office of the State Director Utah State Office Department of the Interior	SES ES-0340-00 $179,140	8/2/2020
State Director Rural Development Office of the Georgia State Director Department of Agriculture	Schedule C GS-0301-15 $103,672	Park Manager (Superintendent) National Park Service Department of the Interior	Excepted Service GS-0025-13 $99,691	3/3/2019
Appointments to career positions in the Department of Justice				
Senior Advisor Office on Violence Against Women Department of Justice	Schedule C GS-0301-13 $73,846	Policy Analyst Partnerships and Technical Assistance Division Community Policing Advancement Directorate Office of Community Oriented Policing Services Department of Justice	Excepted Service GS-0301-13 $73,846	7/10/2016
Deputy Special Counsel Policy and Congressional Affairs Office of Special Counsel	Schedule C GS-0905-15 $153,730	Attorney Advisor Office of the Inspector General Department of Justice	Excepted Service GS-0905-15 $127,913	5/12/2019
Counsel Office of the Director Executive Office of the U.S. Attorney Department of Justice	Schedule C GS-0905-14 $87,263	Trial Attorney Criminal Division Office of International Affairs Department of Justice	Excepted Service GS-0905-15 $105,123	5/27/2018

Counsel Office of the Deputy Attorney General Department of Justice	Schedule C GS-0905-14 $92,349	Assistant United States Attorney United States Attorney's Office District of Maryland Department of Justice	Excepted Service AD-0905-23 $70,192	9/30/2018
General Counsel Office of the General Counsel Office of Personnel Management	Noncareer SES ES-0905-00 $173,000	Assistant United States Attorney United States Attorney's Office Southern District of Mississippi Department of Justice	Excepted Service AD-0905-29 $115,988	6/23/2019
Senior Counselor Office of Legal Policy Department of Justice	Noncareer SES ES-0905-00 $175,500	Assistant United States Attorney Office of the United States Attorney Middle District of Alabama Department of Justice	Excepted Service AD-0905-29 $124,503	4/14/2019
Deputy Administrator Federal Motor Carrier Safety Administration Department of Transportation	Noncareer SES ES-0340-00 $179,700	Director Appropriations Liaison Office Justice Management Division Department of Justice	SES ES-0301-00 $191,340	3/29/2020
Senior Counsel Office of Legal Policy Department of Justice	Schedule C GS-0905-15 $106,595	Trial Attorney Civil Division Department of Justice	Excepted Service GS-0905-15 $109,366	4/26/2020
Senior Advisor Immigration and Customs Enforcement Office of the Assistant Secretary Department of Homeland Security	Noncareer SES ES-0301-00 $174,875	Chief Immigration Judge Executive Office for Immigration Review Department of Justice	SES ES-0905-00 $185,368	6/29/2020
Deputy Assistant Attorney General Office of the Assistant Attorney General Department of Justice	Noncareer SES ES-0905-00 $178,835	Assistant United States Attorney United States Attorney's Office Northern District of Texas Department of Justice	Excepted Service AD-0905-29 $130,000	7/5/2020
Chief of Staff and Counsel Office of the Assistant Attorney General Civil Rights Division Department of Justice	Schedule C GS-0905-13 $76,687	Assistant United States Attorney Office of United States Attorney District of Columbia Department of Justice	Excepted Service AD-0905-23 $81,304	8/30/2020
Principal Deputy Assistant Attorney General Office of Legal Counsel Department of Justice	Noncareer SES ES-0905-00 $183,100	Deputy Solicitor General Office of the Solicitor General Department of Justice	SES ES-0905-00 $192,500	9/13/2020

Counselor to the Attorney General Office of Attorney General Department of Justice	Noncareer SES ES-0905-00 $151,500	Assistant United States Attorney Criminal Division Virginia, Eastern Department of Justice	Excepted Service AD-0905-28 $85,000	11/22/2020
Chief of Staff and Counsel Office of Legal Policy Office of the Assistant Attorney General Department of Justice	Schedule C GS-0905-15 $113,012	Assistant United States Attorney U.S. Attorney's Office Middle District of North Carolina Criminal Division Department of Justice	Excepted Service AD-0905-29 $103,493	1/3/2021
Assistant Secretary Bureau of Consular Affairs Department of State	PAS EX-93001-04 $161,900	Deputy Director Executive Office for Immigration Review Department of Justice	SES ES-0905-00 $181,048	12/20/2020
Attorney Advisor Office of the Director Executive Office for United States Attorneys Department of Justice	Schedule C GS-0905-15 $119,756	Trial Attorney Public Integrity Section Criminal Division Department of Justice	Excepted Service GS-0905-15 $133,444	4/3/2016
Appointments to career positions in the Department of Labor				
Special Assistant Office of the Assistant Secretary for Administration and Management Department of Labor	Schedule C GS-0301-13 $78,770	International Relations Officer Office of Child Labor, Forced Labor, and Human Trafficking Department of Labor	Excepted Service GS-0131-12 $80,731	7/24/2016
Special Assistant Occupational Safety and Health Administration Office of the Secretary Department of Labor	Schedule C GS-0301-13 $77,070	Statistician Occupational Safety and Health Administration Directorate of Enforcement Programs Department of Labor	Competitive Service GS-1530-14 $88,136	1/8/2017
Appointments to career positions in the Department of State				
Senior Vice President and Chief of Staff Office of the Chairman Office of the Chief of Staff Export-Import Bank	Schedule C SL-0301-00 $179,900	Program Analyst Bureau of International Organization Affairs Office of Management Policy and Resource Department of State	Excepted Service GS-0343-15 $138,572	9/29/2019
Staff Assistant Office of Global Women's Issues Office of the Secretary Department of State	Schedule C GS-0301-09 $43,251	Foreign Affairs Officer Bureau for International Narcotics and Law Enforcement Affairs Department of State	Competitive Service GS-0130-11 $55,204	7/19/2020

Deputy Director Faith-Based and Community Initiatives U.S. Agency for International Development	Political AD AD-0301-00 $94,012	Foreign Affairs Officer Office of the Assistant Secretary Bureau of Democracy, Human Rights, and Labor Office of Western Hemisphere Affairs Department of State	Excepted Service GS-0130-13 $99,665	1/19/2020
Staff Assistant Bureau of Western Hemisphere Affairs U.S. Mission to the Organization of American States Department of State	Schedule C GS-0301-12 $61,486	Foreign Affairs Officer Bureau of Western Hemisphere Affairs Office of Regional Economic Policy and Summit Coordination Department of State	Competitive Service GS-0130-13 $81,304	1/19/2020
Appointments to career positions in the Department of the Treasury				
Advisor to the Assistant Secretary Assistant Secretary Indian Affairs Office of the Secretary Department of the Interior	Schedule C GS-0301-12 $64,813	Financial Analyst Community Development Financial Institutions Fund Under Secretary for Domestic Finance Departmental Offices Department of the Treasury	Competitive Service GS-1160-13 $74,584	5/30/2017
Senior Advisor Under Secretary for Terrorism and Financial Intelligence Office of Terrorism and Financial Intelligence Department of the Treasury	Schedule C GS-0301-15 $99,628	Special Advisor to the Principal Deputy Assistant Secretary Departmental Offices Office of Intelligence and Analysis Department of the Treasury	Excepted Service GS-0301-15 $138,572	12/23/2019
Senior Advisor Office of the Under Secretary for Terrorism and Financial Intelligence Department of the Treasury	Schedule C GS-0301-15 $109,490	Director of the Office of Illicit Finance Office of Intelligence and Analysis Department of the Treasury	Excepted Service GS-0301-15 $109,490	7/10/2016
Appointments to career positions in the Department of Transportation				

Senior Advisor for Economic and Regulatory Analysis Office of the Secretary Office of the Assistant Secretary for Transportation Policy Office of Transportation Policy Development Department of Transportation	Limited Term SES ES-0110-00 $161,387	Chief Economist Office of the Secretary Office of the Assistant Secretary for Transportation Policy Department of Transportation	SES ES-0110-00 $166,000	1/22/2017
Associate Director for Communications Census Bureau Department of Commerce	Noncareer SES ES-0301-00 $140,000	Deputy Assistant Administrator for Corporate Communications Federal Aviation Administration Department of Transportation	Excepted Service EV-0340-02 $148,000	12/25/2016
Confidential Assistant to the Chairman Occupational Safety and Health Review Commission	Schedule C GS-0301-13 $73,115	Attorney-Advisor Pipeline and Hazardous Materials Safety Administration Department of Transportation	Excepted Service GS-0905-12 $63,600	1/7/2018
Appointments to career positions in the Department of Veterans Affairs				
District Veterans Experience Officer Office of Policy and Planning Department of Veterans Affairs	Noncareer SES ES-0301-00 $157,000	District Veterans Experience Officer North Atlantic District Office MyVA Veterans Experience Office Department of Veterans Affairs	SES ES-0301-00 $166,420	9/4/2016
Special Assistant Deputy Assistant Secretary for Intergovernmental and International Affairs Department of Veterans Affairs	Schedule C GS-0301-12 $66,241	Program Analyst Loan Guaranty Service Veterans Benefits Affairs Department of Veterans Affairs	Competitive Service GS-0343-13 $73,846	9/18/2016
Chief of Staff Veterans Health Administration Department of Veterans Affairs	Noncareer SES ES-0671-00 $179,700	Executive Director, Medical Center Veterans Health Administration Department of Veterans Affairs	SES ES-0670-00 $190,400	5/24/2020
Advisor Fish and Wildlife Service Department of the Interior	Schedule C GS-0301-12 $62,722	Program Application Specialist Veterans Health Administration Department of Veterans Affairs	Competitive Service GS-0301-09 $59,316	7/5/2020
Policy Advisor Office of the Administrator Wage and Hour Division Department of Labor	Schedule C GS-0301-13 $78,681	Attorney-Adviser (General) Ethics Specialty Team Office of General Counsel Department of Veterans Affairs	Excepted Service GS-0905-12 $80,197	1/3/2021

Appointments to career positions in the Commodity Futures Trading Commission				
Economist Office of the Chairman Commodity Futures Trading Commission	Schedule C CT-0110-15 $188,233	Deputy Director Division of Clearing and Risk Commodity Futures Trading Commission	Competitive Service CT-1101-16 $203,292	10/14/2018
Appointments to career positions in the Consumer Financial Protection Bureau				
Senior Advisor Office of the Director Office of Personnel Management	Noncareer SES ES-0301-00 $168,850	Chief of Staff Office of the Director Consumer Financial Protection Bureau	Competitive Service CN-0301-82 $179,936	1/8/2017
Public Affairs Specialist Office of Communications Office of Personnel Management	Schedule C GS-1035-14 $91,074	Public Affairs Specialist External Affairs Division Consumer Financial Protection Bureau	Competitive Service CN-1035-53 $95,763	1/22/2017
Attorney Advisor Office of Legislative Affairs Department of Justice	Schedule C GS-0905-13 $74,584	Congressional Liaison Office of Legislative Affairs Consumer Financial Protection Bureau	Competitive Service CN-0301-52 $85,074	5/28/2017
Deputy Assistant Secretary, Financial Departmental Offices Department of the Treasury	Noncareer SES ES-0301-00 $158,700	Assistant Director Mortgage Markets Division of Research, Markets and Regulations Consumer Financial Protection Bureau	Competitive Service CN-0301-82 $189,873	7/23/2017
Special Counsel and Senior Advisor Office of the General Counsel Office of Personnel Management	Noncareer SES ES-0905-00 $183,300	Supervisory Attorney-Advisor (Assistant General Counsel) Office of Litigation and Oversight Legal Division Consumer Financial Protection Bureau	Excepted Service CN-0905-71 $149,153	10/15/2017
Deputy Assistant Attorney General Civil Division Office of the Assistant Attorney General Department of Justice	Noncareer SES ES-0905-00 $178,835	Assistant Director, Enforcement Division of Supervision, Enforcement, Fair Lending, and Equal Opportunity (SEFL) Consumer Financial Protection Bureau	Excepted Service CN-0905-82 $209,746	2/16/2020
Appointments to career positions in the Consumer Product Safety Commission				
Executive Assistant Office of the Commissioner Consumer Product Safety Commission	Schedule C GS-0301-12 $86,021	Consumer Ombudsman Office of the Executive Director Consumer Product Safety Commission	Competitive Service GS-0301-15 $127,596	4/12/2020

Appointments to career positions in the Court Services and Offender Supervision Agency				
Chairman, U.S. Parole Commission U.S. Parole Commission Office of the Chairman Department of Justice	PAS EX-0185-04 $155,500	Deputy Director Office of the Director Pre-Trial Services Agency for the District of Columbia Court Services and Offender Supervision Agency	SES ES-0340-00 $175,500	8/5/2018
Appointments to career positions in the Environmental Protection Agency				
Confidential Assistant Office of the Secretary Department of Agriculture	Schedule C GS-0301-09 $43,251	Physical Scientist Office of Chemical Safety and Pollution Prevention Office of Pesticides Programs Biopesticides and Pollution Prevention Division Biochemical Pesticides Branch Environmental Protection Agency	Competitive Service GS-1301-11 $53,062	6/24/2018
Appointments to career positions in the Export-Import Bank				
Special Advisor Office of the General Counsel Export-Import Bank	Schedule C GS-0301-11 $57,393	Attorney Advisor Litigation, Fraud and Compliance Division Office of the General Counsel Export-Import Bank	Excepted Service GS-0905-12 $66,829	1/17/2021
Appointments to career positions in the Federal Deposit Insurance Corporation				
Deputy General Counsel Office of the General Counsel Department of Education	Schedule C GS-0905-15 $129,517	Counsel Legal Division Office of the General Counsel Federal Deposit Insurance Corporation	Excepted Service CG-0905-15 $172,698	12/25/2016
Assistant Secretary for Public Affairs Office of Public Affairs Department of Housing and Urban Development	PA EX-0301-04 $155,500	Director Office of Communications Federal Deposit Insurance Corporation	Competitive Service EM-0301-00 $186,379	6/23/2019
Appointments to career positions in the Federal Energy Regulatory Commission				
Senior Counsel Civil Division Department of Justice	Schedule C GS-0905-15 $110,460	Trial Attorney (Public Utilities) Office of General Counsel Solicitors Office Federal Energy Regulatory Commission	Excepted Service GS-0905-15 $110,460	3/15/2021[b]

Appointments to career positions in the Federal Housing Finance Agency				
Senior Advisor Office of Legislative Affairs Department of the Treasury	Schedule C GS-0301-13 $73,846	Senior Congressional Affairs Specialist Office of Congressional Affairs and Communications Federal Housing Finance Agency	Competitive Service EL-0301-13 $121,000	2/21/2017
Director, MYRETIREMENT Departmental Offices Under Secretary Domestic Finance Department of the Treasury	Noncareer SES ES-0301-00 $158,700	Supervisory Attorney Advisor Office of the Director Division of Resolution Federal Housing Finance Agency	Excepted Service EL-0905-15 $224,406	1/31/2021[b]
Appointments to career positions in the Federal Labor Relations Authority				
National Ombudsman and Assistant Administrator for Regulatory Enforcement Fairness Office of the National Ombudsman Small Business Administration	Noncareer SES ES-0340-00 $168,036	Chief Counsel Office of the Member Federal Labor Relations Authority	Excepted Service SL-0905-00 $177,278	8/16/2020
Appointments to career positions in the Federal Mine Safety and Health Review Commission				
Commissioner Office of the Commissioner Federal Mine Safety and Health Review Commission	PA EX-0301-04 $155,500	Administrative Law Judge Office of the Chief Administrative Law Judge Federal Mine Safety and Health Review Commission	Excepted Service AL-0935-03 $141,800	1/31/2021[b]
Appointments to career positions in the General Services Administration				
Assistant Secretary for Management Office of Management Department of Education	PA EX-0301-04 $157,100	Regional Commissioner Federal Acquisition Service General Services Administration	SES ES-0340-00 $175,000	1/8/2017
Appointments to career positions in the Gulf Coast Ecosystem Restoration Council				
Interim Executive Director Gulf Coast Ecosystem Restoration Council	Limited Term SES ES-0301-00 $140,000	Executive Director Gulf Coast Ecosystem Restoration Council	SES ES-0301-00[c]	10/2/2016
Appointments to career positions in the Millennium Challenge Corporation				
Deputy Press Secretary Office of Public Affairs Environmental Protection Agency	Schedule C GS-0301-13 $78,770	Press Secretary Department of Congressional and Public Affairs Millennium Challenge Corporation	Competitive Service MC-0301-4A $108,360	5/29/2016

Special Assistant Deputy Assistant Secretary of Defense East Asia Department of Defense	Schedule C GS-0301-12 $62,101	Program Officer (Country Operations) Office of the Chief Executive Officer Department Compact Operations, VP Office Millennium Challenge Corporation	Competitive Service MC-0301-4B $87,344	3/18/2018
Appointments to career positions in the Occupational Safety and Health Review Commission				
Attorney-Advisor (Counsel to a Commissioner) Office of the Commissioner II Occupational Safety and Health Review Commission	Schedule C GS-0905-15 $113,701	Supervisory Attorney-Advisor Office of the General Counsel Occupational Safety and Health Review Commission	Excepted Service GS-0905-15 $116,658	3/1/2020
Appointments to career positions in the Overseas Private Investment Corporation				
Special Assistant to Vice President and General Counsel Office of Legal Affairs Overseas Private Investment Corporation	Schedule C AD-0301-00 $74,841	Project Finance and Insurance Project Specialist Structured Finance and Insurance Department Overseas Private Investment Corporation	Competitive Service GS-1101-11 $60,981	9/15/2019
Appointments to career positions in the Securities and Exchange Commission				
Confidential Assistant Office of the Commissioner Securities and Exchange Commission	Schedule C SK-0301-11 $97,061	Senior Program Information Specialist Office of the Secretary Securities and Exchange Commission	Competitive Service SK-0301-12 $108,457	7/24/2016
Senior Officer Office of the Executive Staff Securities and Exchange Commission	Schedule C SO-0340-02 $257,686	Supervisory Management and Program Analyst Office of Compliance Inspections and Examinations Securities and Exchange Commission	Competitive Service SK-0343-17 $203,142	5/10/2020
Appointments to career positions in the Small Business Administration				
State Director State Offices Office of the Puerto Rico State Director Department of Agriculture	Schedule C GS-0301-15 $105,123	District Director Office of Field Operations (OFO) Region II Puerto Rico/Virgin Islands District Office Hato Rey, Puerto Rico Small Business Administration	Excepted service GS-0340-15 $117,824	1/17/2021
Appointments to career positions in the Social Security Administration				

Confidential Assistant Office of the Commissioner U.S. International Trade Commission	Schedule C GS-0301-11 $51,811	Contact Representative Philadelphia Region Social Security Administration	Competitive Service GS-0962-05 $37,113	9/17/2017
Appointments to career positions in the U.S. Access Board				
Member U.S. Access Board	PA AD-0301-00 $654.72	Executive Director U.S. Access Board	SES ES-0301-00 $175,000	12/20/2020
Appointments to career positions in the U.S. Agency for International Development				
Senior Advisor Bureau for Democracy, Conflict, and Humanitarian Assistance U.S. Agency for International Development	Political AD AD-0301-15 $102,646	Disaster Operations Specialist Bureau for Democracy, Conflict, and Humanitarian Assistance U.S. Agency for International Development	Competitive Service GS-0301-14 $104,717	11/28/2016
Congressional Liaison Specialist Bureau for Legislative and Public Affairs Office of Legislative Affairs Division of Senate Affairs U.S. Agency for International Development	Political AD AD-0301-00 $62,722	Congressional Liaison Specialist Bureau for Legislative and Public Affairs U.S. Agency for International Development	Competitive Service GS-0301-13 $78,681	10/25/2020
Advisor Bureau for Asia U.S. Agency for International Development	Political AD AD-0301-00 $62,722	International Cooperation Specialist Bureau for Africa U.S. Agency for International Development	Competitive Service GS-0136-13 $78,681	10/25/2020
Appointments to career positions in the U.S. Commission on Civil Rights				
Special Assistant to Commissioner U.S. Commission on Civil Rights	Schedule C GS-0301-14 $85,544	Attorney Advisor Office of the General Counsel U.S. Commission on Civil Rights	Excepted Service GS-0905-12 $86,021	11/24/2020
Appointments to career positions in the U.S. International Trade Commission				
Staff Assistant Office of the Commissioner U.S. International Trade Commission	Schedule C GS-0301-15 $123,178	General Attorney Office of the General Counsel U.S. International Trade Commission	Excepted Service GS-0905-15 $126,147	5/15/2018

Staff Assistant Office of Commissioner Broadbent U.S. International Trade Commission	Schedule C GS-0301-15 $113,701	International Economist Office of Industries U.S. International Trade Commission	Competitive Service GS-0110-14 $114,789	8/18/2019
Staff Assistant (Legal) Office of the Commissioner U.S. International Trade Commission	Schedule C GS-0301-15 $135,019	Supervisory International Trade Analyst Office of Investigations U.S. International Trade Commission	Competitive Service GS-1105-15 $135,019	3/15/2020
Staff Assistant (Legal) Commissioner's Office U.S. International Trade Commission	Schedule C GS-0301-15 $130,022	Attorney Advisor Office of Administrative Law Judges U.S. International Trade Commission	Excepted Service GS-0905-15 $130,022	5/29/2016

Source: GAO analysis of Office of Personnel Management (OPM) data. | GAO-23-105066

[a]We report on the rates of basic pay for the political and career positions, which in some cases do not include the full salary for the position. OPM officials confirmed that in the data we received from OPM, the reported rates of basic pay for both the political and career positions do not include locality pay. Many federal positions, including positions in the General Schedule (GS) pay plan with official worksites in the United States, are eligible for locality pay. Certain federal positions, such as most Senior Executive Service positions, would not be eligible for locality pay.

[b]Although the individual was hired into the career position after the time period covered by our review (March 18, 2016, through January 20, 2021), we include the appointment because the agency requested OPM's approval for the hire during the time period.

[c]OPM files did not include information on pay for this appointment.

Legend:

AD: Administratively determined; rate set by agency.

AL: Administrative Law Judges

CG: Corporate Grade. Code is for use by the Federal Deposit Insurance Corporation only.

CN: Consumer Financial Protection Bureau employees

CT: Nonsupervisory employees at Commodity Futures Trading Commission other than consultants under 5 U.S.C. 3109. Code is for use by the Commodity Futures Trading Commission only.

EL: Non-executive positions at the Federal Housing Finance Agency. Code is for use by the Federal Housing Finance Agency only.

EM: Executive Grade. Code is for use by the Federal Deposit Insurance Corporation only.

ES: Senior Executive Service

EV: Federal Aviation Administration Executive Compensation Plan. Code is for use by the Federal Aviation Administration (Department of Transportation) only.

EX: Executive Schedule

GG: Grades similar to General Schedule

GS: General Schedule

MC: Employees of the Millennium Challenge Corporation appointed under Public Law 108-199 only. Code is for use by the Millennium Challenge Corporation only.

NH: Business Management and Technical Management Professional DOD Acquisition Workforce Demonstration Project. Code is for use by the Department of the Air Force, Department of the Army, Department of Defense, and Department of the Navy only.

NT: Demonstration Administrative and Technical. Code is for use by the Department of the Navy only.

PA: Presidential appointee in a position not requiring Senate confirmation

PAS: Presidential appointee in a position requiring Senate confirmation

SK: Securities and Exchange Commission individuals formerly under the GS, GM and EZ pay plans. Code is for use by the Securities and Exchange Commission only.

SES: Senior Executive Service

SL: Senior level positions

SO: Senior Officers. Code is for use by the Securities and Exchange Commission only.

Note: This table includes all the hires that OPM approved, either pre- or post-appointment during the time period covered by our review. It does not include the cases in which OPM approved the request, but agencies did not complete the hire. It also does not include the hires that were made without OPM's prior approval and subsequently denied by OPM in post-appointment reviews.

Appendix IV: Hires of Current or Recent Political Appointees into Career Positions by Type and Appointing Authority

This appendix provides additional information on 114 Office of Personnel Management (OPM)-approved appointments that agencies made from March 18, 2016, through January 20, 2021.[1] Table 5 includes information on the numbers of OPM-approved appointments that agencies completed by categories of political positions covered by OPM's review.

Table 5: Types of Political Positions for Appointments Approved by Office of Personnel Management (OPM) and that Agencies Made from March 18, 2016, through January 20, 2021

Categories of political positions	Number of OPM-approved hires that agencies completed
Schedule C	68
Noncareer Senior Executive Service (SES)	28
Presidential appointee without Senate confirmation (PA)	6
Political Schedule A	4
Administratively determined	4
Limited-term SES	2
Presidential appointee with Senate confirmation (PAS)	2
Total	114

Source: GAO analysis of OPM data. | GAO-23-105066

Agencies made the 114 approved hires into the following categories of career positions and used the following hiring authorities:

- Agencies hired 49 individuals into career excepted service positions. Agencies used the Schedule A (attorney) hiring authority for 25, Schedule A (disability) for eight, and Assistant United States Attorneys hiring authority for six of these excepted service positions. Agencies used other hiring authorities for the remaining 10 excepted service positions, including Title 50 (intelligence) and agency-specific hiring authorities.
- Agencies hired 45 individuals into competitive service positions. Agencies used the competitive examining hiring authority in 32, veterans hiring authorities in six, career reinstatements in three, and other authorities in the remaining four of these competitive service positions.
- Agencies hired 20 individuals to career Senior Executive Service (SES) positions using the career SES hiring authority.

[1]OPM approved 114 of 125 appointments that agencies completed from March 18, 2016, through January 20, 2021. We do not discuss in this appendix the 10 denied post-appointment cases or the one case in which an agency did not submit a formal post-appointment request for OPM approval because the individual had retired by the time the appointment was identified.

Appendix V: Comments from the Office of Personnel Management

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

Merit System Accountability and Compliance

Mr. Clifton G. Douglas, Jr.
Assistant Director
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Douglas:

Thank you for providing us the opportunity to respond to the U.S. Government Accountability Office (GAO) draft report, *Personnel Practices: OPM Can Improve Oversight of Agencies' Hiring of Political Appointees into Career Federal Positions*, GAO-23-105066, GAO job code number 105066.

We recognize that even the most well-run programs benefit from external evaluations, and we appreciate your input as we continue to enhance our program. Technical comments are provided in the enclosure to this letter. In addition, the response to your recommendations is provided below.

Recommendation 1: The Director of OPM should examine how the public information on political appointees OPM is mandated to provide under the PLUM Act can be used by agencies to better identify political appointees subject to OPM's pre-appointment reviews.

Management Response: OPM partially concurs. OPM's Executive and Schedule C System (ESCS) collects, stores, and provides information on Federal employees by agency, organization, position, individual, request, and other HR-related information for the Federal Government's Senior Executive Service (SES), Senior Level (SL), Scientific and Professional (ST), Presidential, and Schedule C appointees. Information from ESCS is used in the publishing of the quadrennial Plum Book. Federal agencies' HR personnel use ESCS to maintain and update data on, and have the capability to identify, their agency senior officials (to include Presidential and Political appointees).

Under the PLUM Act, OPM is in the beginning stages of making Plum Book information publicly accessible through a web-based site. This site can serve as an additional mechanism for agencies to identify political appointees not currently within their agency and organization. Additionally, included in future enhancements to ESCS are triggers to alert OPM and agencies of current or past political appointees that are selected for Career SES positions. However, additional mechanisms will be considered for competitive service positions.

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Mr. Clifton G. Douglas, Jr. Page 2

We do not agree that information made public by the PLUM Act will have a considerable impact on agencies' compliance with submitting requests for pre-appointment review to OPM. Prior to making a selection for any Federal career position (including competitive and excepted service positions), human resources offices would have the added, manual step of consulting the PLUM Act web-based site. They would have to perform a search on the proposed selectee to determine whether they are a current or former political appointee. This is not efficient. Additionally, the majority of human resources offices that fill Federal career positions are often different than agency executive resources offices, who are most familiar with presidential and political appointments, the PLUM Act/book resources, OPM's ESCS, and the SES, etc. The most efficient means of obtaining information about whether someone is a current or recent political appointee is to add a question to each job announcement asking applicants to self-identify as a current or recent political appointee. Agencies should train their HR Specialists to look at those responses.

Recommendation 2: The director of OPM should complete the remaining steps needed to ensure that, consistent with proactive disclosure requirements, reports to Congress on agency requests to appoint current or recent political appointees to career positions are included on OPM's website with other frequently requested records.

Management Response: OPM concurs. OPM currently is making final preparations to disclose 16 reports to the public. The 16 reports have been redacted in accordance with FOIA exemptions to safeguard personal privacy. OPM is working to make the reports conformant with the accessibility requirements of section 508 of the Rehabilitation Act of 1973, as amended. OPM will post reports on OPM's website upon completion of 508-conformance work.

Recommendation 3: The Director of OPM should work with agencies to collect and disseminate information about the scope of its pre-appointment review authority, including information that identifies those agencies and positions that are not subject to OPM's authority.

Management Response: OPM concurs. OPM will continue to provide agencies updates by memoranda and briefings on OPM's pre/post-appointment review process and their related responsibilities. The briefings will reinforce issued guidance, communicate key reminders, and provide updates about agencies and/or components not subject to OPM's pre-appointment review authority.

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Ana A. Mazzi, Principal Deputy Associate Director, Merit System Accountability and Compliance, at (202) 606-4309 or ana.mazzi@opm.gov.

Sincerely,

MARK LAMBERT
Digitally signed by MARK LAMBERT
Date: 2023.03.30 10:27:23 -04'00'

Mark W. Lambert
Associate Director

Enclosure

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

Alissa H. Czyz at (202) 512-3058 or czyza@gao.gov

Staff Acknowledgments

In addition to the contact named above, key contributors to this report were Clifton G. Douglas, Jr. (Assistant Director), Theodore Alexander (Analyst in Charge), Sherrice Kerns, Bailey McCoy, Sarahi Robles, Tania Uruchima, and Jessica Walker. In addition, Arpita Chattopadhyay, Karin Fangman, Amalia Konstas, Serena Lo, Robert Robinson, Tyler Spunaugle, Clarette Yen, and Mercedes Wilson-Barthes made significant contributions to this report.

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United States Government Accountability Office

Report to Congressional Committees

July 2024

HUMAN TRAFFICKING

Agencies Need to Adopt a Systematic Approach to Manage Risks in Contracts

GAO Highlights

Highlights of GAO-24-106973, a report to congressional committees

July 2024

HUMAN TRAFFICKING

Agencies Need to Adopt a Systematic Approach to Manage Risks in Contracts

Why GAO Did This Study

U.S. laws prohibit federal contractors, subcontractors, grantees, and subgrantees from engaging in severe forms of human trafficking and trafficking-related activities.

Congress included a provision in statute for GAO to assess federal oversight of efforts to prevent trafficking for federally funded awards and to report violations. This report examines the extent to which DHS, DOD, State, and USAID (1) used a systematic approach to managing trafficking risks in contracting, and (2) communicated and met federal anti-trafficking requirements, as well as (3) how many referrals agency suspension and debarment officials received.

GAO reviewed a nongeneralizable sample of 12 contracts awarded in fiscal years 2022 and 2023 by the four agencies identified by OMB as having significant contract spending or heightened risk of trafficking. GAO reviewed the contract files for documentation related to federal and agency anti-trafficking requirements. GAO also reviewed relevant statutes, federal and agency regulations, guidance, and training, and interviewed OMB and agency officials.

What GAO Recommends

GAO is making nine recommendations, including that the four agencies should each take continued actions to manage trafficking risks in government procurements, and review contracting officials' compliance with federal anti-trafficking requirements in contracts. The four agencies concurred with the recommendations.

View GAO-24-106973. For more information, contact Mona Sehgal at (202) 512-4841 or sehgalm@gao.gov, or Latesha Love-Grayer at (202) 512-4409 or lovegrayerl@gao.gov.

What GAO Found

Since 2000, Congress has increased requirements to prevent trafficking in federal contracting, but related trafficking allegations continue.

In response to a 2019 memorandum from the Office of Management and Budget (OMB), three of the four agencies in GAO's review—the Departments of Homeland Security (DHS), Defense (DOD), and State—have taken initial steps to identify trafficking risks in their contract spending. The U.S. Agency for International Development (USAID) did not conduct the analysis that OMB recommended. Further, none have taken a systematic approach to managing trafficking risks in contracting. This approach would include identifying and analyzing, developing responses to, and communicating the risks to contracting officials. Such an approach would better position agencies to support the U.S. policy of zero-tolerance for human trafficking.

Systematic Approach to Managing Trafficking Risks in Contracts

Source: GAO; Ainul/stock.adobe.com (illustration). | GAO-24-106973

All four agencies communicated federal anti-trafficking requirements to contracting officials through training and guidance. Most contracting officials GAO spoke with had completed the training and were aware of how they should report trafficking violations. However, compliance with requirements was inconsistent. Nine of the 12 contracts in GAO's review did not meet one or more of the anti-trafficking requirements, such as obtaining a required anti-trafficking certification from contractors.

Further, agencies require certain contractors to develop an anti-trafficking compliance plan, but contracting officials are not required to request the plans. GAO found that four of the six plans provided by contractors did not meet all federal requirements for what must be included in a compliance plan. Reviewing implementation of, and compliance with, federal anti-trafficking requirements in contracts would help to assure agencies that contracting officials and contractors are fulfilling their responsibilities to prevent trafficking in federal contracts.

Suspension and debarment offices at all four agencies said they received no referrals of Inspector General-investigated trafficking allegations against recipients of contracts, grants, and cooperative agreements for fiscal years 2022 and 2023. The DOD Inspector General reported conducting investigations into trafficking allegations during this time. Contractors also reported taking actions against subcontractors that violated their anti-trafficking policies.

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Abbreviations

CTIP	Combating Trafficking in Persons
DHS	Department of Homeland Security
DOD	Department of Defense
ERM	Enterprise Risk Management
FAC	Federal Acquisition Certification
FAR	Federal Acquisition Regulation
ILO	International Labour Organization
OMB	Office of Management and Budget
USAID	U.S. Agency for International Development

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Congressional Committees

The U.S. has a zero-tolerance policy regarding human trafficking by government and contractor personnel.[1] Consistent with this policy, U.S. law prohibits federal contractors, subcontractors, grantees, and subgrantees from engaging in severe forms of human trafficking—also known as trafficking in persons—and trafficking-related activities.[2] Severe forms of human trafficking generally involve the exploitation of a person for compelled labor, services, or commercial sex acts using force, fraud, or coercion. Trafficking-related activities include using misleading recruitment strategies, charging recruitment fees, confiscating identity or immigration documents, and providing unsafe housing.[3] As we have previously reported, low-wage and migrant workers face riskier employment conditions, including restricted movement, withheld wages, and increasing debts, which are indicators of trafficking.[4]

Since 2000, Congress has established and increased requirements in federal contracting to prevent trafficking and for reporting and remedying violations. However, allegations of trafficking continue. According to the White House's 2021 National Action Plan to Combat Human Trafficking, as understanding of trafficking has grown, the U.S. has found it to be more pervasive than previously understood.[5] The International Labour Organization estimated in 2022 that 27.6 million people worldwide are

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[1]Exec. Order No. 13,627, 3 C.F.R., 2015 Comp., p. 309.

[2]22 U.S.C. § 7104(g).

[3]For the purposes of this report, we refer to severe forms of human trafficking, trafficking-related activities, and procurement of commercial sex acts during the period of performance of a contract as trafficking. Activities constituting prohibited trafficking are further defined in 22 U.S.C. §§ 7102(11) and 7104(g) and Federal Acquisition Regulation (FAR) Subpart 22.17.

[4]GAO, *Human Trafficking: Oversight of Contractors' Use of Foreign Workers in High-Risk Environments Needs to Be Strengthened*, GAO-15-102 (Washington, D.C.: Nov. 18, 2014).

[5]The White House, "The National Action Plan to Combat Human Trafficking," (Washington, D.C.: December 2021), https://www.whitehouse.gov/wp-content/uploads/2021/12/National-Action-Plan-to-Combat-Human-Trafficking.pdf.

subjected to trafficking, and in 2024 illegal profits from underpayment of this labor in the private economy are estimated at $236 billion per year.[6]

The Trafficking Victims Prevention and Protection Reauthorization Act of 2022 includes a provision for us to assess federal oversight in federal contracts related to the prevention of trafficking and reporting to suspension and debarment officials of trafficking allegations against recipients of federal contracts, grants, or cooperative agreements.[7] This report examines the extent to which the Departments of Homeland Security (DHS), Defense (DOD), and State, and the U.S. Agency for International Development (USAID) (1) took a systematic approach to managing trafficking risks in contracting, and (2) communicated Federal Acquisition Regulation (FAR) anti-trafficking requirements to contracting officials and met those requirements,[8] as well as (3) the number of substantiated trafficking allegations on contracts, grants, or cooperative agreements that were referred to agency suspension and debarment officials. It focuses on the most recent 2 full fiscal years at the time of our review, fiscal years 2022 and 2023. We selected these agencies because the 2021 National Action Plan identified them as having significant spending or heightened risk of trafficking on contracts.

To determine the extent to which the four agencies took a systematic approach to managing trafficking risks in contracts, we obtained information from agency trafficking and procurement policy officials, including through semi-structured interviews. We identified actions the agencies have taken in response to the Office of Management and Budget's (OMB) 2019 *Anti-Trafficking Risk Management Best Practices & Mitigation Considerations*.[9] We also compared these actions against selected components of OMB's Enterprise Risk Management guidance,

[6]International Labour Organization (ILO), Walk Free, and International Organization for Migration, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage* (Geneva, Switzerland: September 2022). ILO, *Profits and poverty: The Economics of Forced Labour*, Second edition (Geneva, Switzerland: International Labour Office, 2024). © ILO.

[7]Trafficking Victims Prevention and Protection Reauthorization Act of 2022, Pub. L. No. 117-348, § 121 (2023). Suspension and debarment officials can determine whether individuals and entities that have engaged in serious misconduct are disqualified from government contracting or non-procurement awards, including temporarily.

[8]FAR 22.17, Combating Trafficking in Persons, FAR 52.222-50, FAR 52.222-56.

[9]Office of Management and Budget, *Anti-Trafficking Risk Management Best Practices & Mitigation Considerations*, M-20-01 (Washington, D.C.: Oct. 21, 2019).

our *Standards for Internal Control in the Federal Government*, and essential elements of our *Enterprise Risk Management framework*.[10]

To assess the extent to which agencies communicated FAR requirements to combat trafficking and the contracting officers met those requirements, we selected a nongeneralizable sample of 12 contracts—three from each agency—using agency and government-wide contract data.[11] Our criteria for selection included (1) contracts with overseas performance and estimated value of over $550,000 (indicators that the FAR is likely to require contractors to have an anti-trafficking compliance plan), and (2) performance in countries or product service codes at risk for trafficking.[12] We generally selected higher dollar value contracts that provided variation in the goods or services purchased and performance locations. We also reviewed agency training and guidance; obtained information through semi-structured interviews conducted with responsible contracting officials, including contracting officers and their representatives; and compared contract documentation and contracting officials' statements against selected FAR provisions and our *Standards for Internal Control in the Federal Government*. In addition, we obtained input from policy officials.

To determine the number of referrals that agencies' suspension and debarment officials received in fiscal years 2022 and 2023, we requested information from the offices responsible for supporting suspension and debarment decisions about referrals they had received, if any, of reports documenting Inspector General investigations that substantiated

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[10]Office of Management and Budget, *Management's Responsibility for Enterprise Risk Management and Internal Control*, OMB Circular No. A-123 (July 15, 2016). GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014); and *Enterprise Risk Management: Selected Agencies' Experiences Illustrate Good Practices in Managing Risk*, GAO-17-63 (Washington, D.C.: Dec. 1, 2016).

[11]We use "contracts" to describe the awards reviewed, which included contracts and delivery/task orders that can be issued pursuant to certain contracts.

[12]These contracts were for a product service code that agency officials, or OMB's Office of Federal Procurement Policy, identified as being at potential risk or performed in a country that State identified as higher risk of trafficking (see appendix I for more information about State's identification of these countries). Department of State, "Trafficking in Persons Report" (June 2023), accessed August 25, 2023, https://www.state.gov/reports/2023-trafficking-in-persons-report/. Product service codes indicate what was bought for each contract action reported in the Federal Procurement Data System. We used the codes included in the Federal Procurement Data System Product and Service Codes Manual April 2022 (last updated February 9, 2023).

trafficking allegations.[13] We also reviewed the related statute, the FAR, and OMB regulations for grants and agreements and conducted semi-structured interviews with officials from the four selected agencies' suspension and debarment programs.[14]

For additional information on our objectives, scope, and methodology, see appendix II.

We conducted this performance audit from July 2023 to July 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

U.S. Laws to Address Trafficking in Federal Grants, Contracts, and Cooperative Agreements

Since 2000, the U.S. government has enacted laws related to preventing trafficking, enhancing accountability and enforcement around trafficking, and preventing federal procurement dollars from funding such activities.[15] These laws address trafficking in grants, contracts, or cooperative agreements to be performed inside or outside the U.S. For example, the Trafficking Victims Protection statute states that the government may terminate, without penalty, any grant, contract, or cooperative agreement if the recipient or subrecipient,

[13]As of October 2022, 22 U.S.C. § 7104b requires agency heads to refer these reports to agency suspension and debarment officials. Pub. L. No. 117-211, § 2 (2022).

[14]22 U.S.C. § 7104b(c)(1), FAR Subpart 22.17, and 2 C.F.R. § 175. For the purposes of this report, we use "suspension and debarment" when referring to the agency suspending and debarring officials and the staff in the offices supporting them.

[15]See Trafficking Victims Protection Act of 2000, Pub. L. No. 106-386, Div. A (2000); National Defense Authorization Act for Fiscal Year 2013, Pub. L. No. 112-239, Title XVII (2013); End Human Trafficking in Government Contracts Act of 2022, Pub. L. No. 117-211 (2022). In this report, we refer to Title 22, chapter 78 of the U.S. code as the Trafficking Victims Protection statute.

- engages in, or uses labor recruiters, brokers, or other agents who engage in severe forms of trafficking;[16]
- procures a commercial sex act during the period of time that the grant, contract, or cooperative agreement is in effect;
- uses forced labor in the performance of that grant, contract, or cooperative agreement; or
- commits acts that directly support or advance trafficking.[17]

The statute also requires trafficking safeguards in grants, contracts, and cooperative agreements, such as requiring contracting officials to refer credible information of a potential trafficking violation to the agency's Inspector General for investigation.[18] More recently, the End Human Trafficking in Government Contracts Act of 2022 extended anti-trafficking efforts by requiring that agency heads refer Inspector General reports substantiating allegations of trafficking to agency suspension and debarment officials.[19]

Federal Acquisition Regulation Anti-Trafficking Requirements

The FAR implements U.S. policy prohibiting trafficking activities in acquisitions through requirements for awareness, compliance, and enforcement to prevent trafficking in or related to government-funded contracts.[20] Since 2007, it has required all U.S. government contracts to include a clause prohibiting trafficking. In January 2015, the FAR Council

[16]The term "severe forms of trafficking in persons" means—(A) 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 (B) 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. 22 U.S.C. § 7102(11).

[17]Acts that support or advance trafficking include: (A) destroying, concealing, removing, confiscating, or otherwise denying an employee access to that employee's identity or immigration documents; (B) failing to provide return transportation or pay for return transportation costs to an employee from a country outside the United States to the country from which the employee was recruited upon the end of employment if requested by the employee, other than in certain excepted cases; (C) soliciting a person for the purpose of employment, or offering employment, by means of materially false or fraudulent pretenses, representations, or promises regarding that employment; (D) charging recruited employees placement or recruitment fees, or; (E) providing or arranging housing that fails to meet the host country housing and safety standards. 22 U.S.C. § 7104(g).

[18]22 U.S.C. §§ 7101(a), 7104(g), 7104a, 7104b.

[19]Pub. L. No. 117-211 (2022).

[20]FAR Subpart 22.17.

amended the FAR clause to clarify prohibited practices. The FAR now requires prime contractors to establish and adhere to an anti-trafficking compliance plan for certain contracts and ensure that subcontractors and agents do so as well.[21] An agent is any individual authorized to act on behalf of the organization, including a director, an officer, an employee, or an independent contractor. See appendix III for key anti-trafficking requirements, which include:

- **Anti-trafficking provision and clause, FAR 52.222-50, *Combating Trafficking in Persons*:** All solicitations and contract awards are required to include a clause that informs contractors about the U.S. prohibitions on trafficking and their anti-trafficking obligations, as applicable. These include requirements for anti-trafficking compliance plans and what these plans must include, notifying employees about prohibited trafficking activities, submitting annual certifications to the contracting officer that the contractor is complying with the compliance plan, and reporting trafficking allegations to the contracting officer and agency Inspector General. It also requires contractors (and subcontractors) to include the substance of the anti-trafficking clause in all subcontracts.
- **Certification provision, FAR 52.222-56**, ***Certification Regarding Trafficking in Persons Compliance Plan*:** Covered solicitations are required to include a provision that apparently successful offerors must certify, prior to award, that they have implemented an anti-trafficking compliance plan.[22] These offerors also must certify, among other things, that the offeror has reason to believe there have been no prohibited activities or that appropriate actions have been taken. Covered solicitations include those for contracts for services or products that include non-commercially available off-the-shelf items

[21]The revision implements Exec. Order No. 13,627, 3 C.F.R. p. 309 and Pub. L. No. 112-239, Title XVII. The FAR Council assists in the direction and coordination of federal government-wide procurement policy and procurement regulatory activities. Membership includes DOD, the National Aeronautics and Space Administration, and the General Services Administration. 41 U.S.C. § 1302(a). Under the authority of the FAR Council, revisions to the FAR are coordinated through the Defense Acquisition Regulations Council, directed by DOD, and the Civilian Agency Acquisition Council, of which State, DHS, and USAID are members.

[22]22 U.S.C. § 7104a.

with an expectation that a portion of the contract performed outside of the U.S. is valued at least $550,000.[23]

- **Contractor anti-trafficking compliance certifications:** Based on the above provisions and clause, prior to contract award and annually thereafter, covered contractors must certify that (1) they have implemented an anti-trafficking compliance plan that meets FAR minimum requirements, and (2) they have reason to believe there have been no abuses or that appropriate actions have been taken. The requirement flows down, such that prime contractors are to obtain these certifications from each covered subcontractor.[24]
- **Contractor anti-trafficking compliance plan:** For contracts that include non-commercially available off-the-shelf items or services with an expectation that a portion of the contract performed outside the U.S. is valued at least $550,000, contractors and covered subcontractors must maintain an anti-trafficking compliance plan during the performance of the contract. The plan must be appropriate to the size and complexity of the contract and the nature and scope of its activities, such as the number of non-U.S. citizens expected to be employed and the risk that the contract or subcontract will involve services or supplies susceptible to trafficking. At a minimum, it must generally include (1) an awareness program to inform contractor employees about the government's policy prohibiting trafficking-related activities, (2) a process for contractor and subcontractor employees to report trafficking activity without fear of retaliation, (3) a recruitment and wage plan, (4) a housing plan if the contractor or subcontractor intends to provide or arrange housing, and (5) procedures to prevent agents and subcontractors from engaging in trafficking and to monitor, detect, and terminate any agents engaged in trafficking-related activities.

[23]41 U.S.C. § 1908 requires an inflation adjustment of statutory acquisition-related thresholds every 5 years. As a matter of policy, DOD, the General Services Administration, and the National Aeronautics and Space Administration use the same methodology to adjust non-statutory acquisition-related thresholds in the FAR. On October 1, 2020, the threshold for agencies to include the clause at FAR 52.222-56 in covered contracts increased from $500,000 to $550,000.

[24]A covered subcontractor means any supplier, distributor, vendor, or firm that furnishes supplies or services to or for a prime contractor or another subcontractor.

Office of Management and Budget, and Agency Anti-Trafficking Risk Management

OMB oversees agency performance, procurement, financial management, and information technology. It is also generally responsible for the coordination and review of federal regulations. OMB co-chairs the Senior Policy Operating Group's Procurement & Supply Chains Committee together with State's Office to Monitor and Combat Trafficking in Persons and the Department of Labor's International Labor Affairs Bureau.[25] The committee seeks to ensure agencies understand their anti-trafficking responsibilities under the FAR and provides a forum where agencies can work through challenges related to strengthening procurement safeguards and supply chain efforts.

In October 2019, OMB issued a memorandum, *Anti-Trafficking Risk Management Best Practices & Mitigation Considerations*, to enhance the effectiveness of anti-trafficking requirements in federal acquisition.[26] OMB directed agencies to designate an agency trafficking expert and an agency procurement trafficking point of contact to facilitate collaboration among agency stakeholders on implementing requirements in federal contracts to prevent trafficking. OMB encouraged these officials to analyze their spending to identify procurement areas at risk for trafficking, communicate areas of high-risk to contracting officials, and incorporate contract safeguards to mitigate those risks. See table 1 for these officials at the four agencies in our review.

Table 1: Agency Trafficking Experts and Procurement Trafficking Points of Contact for Selected Agencies

Agency	Agency trafficking expert	Procurement trafficking point of contact
DHS	Section Chief, Countering Human Trafficking, Homeland Security Investigations	Procurement Analyst, Office of the Chief Procurement Officer
DOD	Director, Office to Combat Trafficking in Persons, Office of the Under Secretary of Defense for Personnel and Readiness	Procurement Analyst, Defense Pricing and Contracting, Office of the Under Secretary of Defense for Acquisition and Sustainment
State	Senior Supply Chains Advisor, Office to Monitor and Combat Trafficking in Persons	Procurement Analyst, Office of the Procurement Executive/ Policy Division
USAID	Counter-Trafficking in Persons Team Lead, Justice, Rights, and Security; Bureau for Democracy, Human Rights, and Governance	Deputy Director, Office of Acquisition and Assistance, Bureau for Management

[25]The Senior Policy Operating Group coordinates activities of federal departments and agencies regarding policies involving international trafficking in persons and implementation of the Trafficking Victims Protection statute. 22 U.S.C. § 7103; see 22 U.S.C. Ch. 78. The group has five standing committees to advance its work, such as Procurement & Supply Chains, and ad hoc working groups formed to accomplish specific goals, such the Rights and Protections of Temporary Workers.

[26]OMB, M-20-01.

Source: GAO analysis of Departments of Homeland Security (DHS), Defense (DOD), and State; U.S. Agency for International Development (USAID); and Office of Management and Budget (OMB) information. | GAO-24-106973

To assist with agencies' analysis of their trafficking risks in procurements, OMB, as a co-chair of the Procurement & Supply Chains Committee, provided agencies with a template that highlighted products and services at risk of trafficking and agency contract data for contracts performed in countries in which trafficking is a concern. Specifically, the template included:

- **Contract obligation data.** OMB shared 5 years of agency contract obligation data downloaded from the System for Award Management—a publicly available source for agency contract award data.
- **At-risk product and service categories.** OMB, working with State anti-trafficking officials, identified more than 50 procurement categories at risk of trafficking.[27] These categories were gleaned from Department of Labor reports of items known to be produced with forced or child labor and the Responsible Sourcing Tool, which identifies the types of jobs and products that are at risk of trafficking.[28] These include construction and guard services and products such as personal protective equipment.
- **Countries in which trafficking is a concern.** OMB, using State's annual Trafficking in Persons report, identified countries whose governments have not taken actions to prevent or prosecute trafficking.[29] Services performed in, or items obtained from, countries

[27]Categories refer to product service codes that indicate what was bought for each contract action.

[28]Department of Labor, "List of Goods Produced by Child Labor or Forced Labor and List of Products Produced by Forced Labor or Indentured Child Labor," https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods. The Department of Labor also offers Business Tools for Labor Compliance in Global Supply Chains, such as its Comply Chain tool found at https://www.dol.gov/agencies/ilab/comply-chain. The Responsible Sourcing Tool is the result of a collaboration between Verité, an independent civil society organization and State. It provides free information and tools to help companies, federal contractors, contracting professionals, and others understand and prevent the risks of human trafficking in supply chains. See https://www.responsiblesourcingtool.org/.

[29]The Procurement & Supply Chains Committee template highlighted Tier 3 countries. As previously mentioned, see appendix I for more information about the countries that State identified as in Tier 3.

that have not taken actions to prevent or prosecute trafficking may be at higher risk.

Implementation of anti-trafficking requirements is a shared responsibility involving multiple agency offices and officials. DHS, DOD, State, and USAID have offices with experts that support agency anti-trafficking efforts and promote anti-trafficking resources on their websites (appendix IV).[30] In addition, agency procurement executives are responsible for providing guidance and establishing policies and procedures for their agency's respective contracting actions, including anti-trafficking responsibilities (see table 2).

Table 2: Agency Procurement Executives and Their Anti-Trafficking Responsibilities

Agency	Official	Examples of Anti-Trafficking Responsibilities
DHS	Chief Procurement Officer	Serves as the Senior Accountable Official responsible for preventing trafficking in agency contracting actions through the implementation of anti-trafficking rules and practices.
DOD	Under Secretary of Defense for Acquisition and Sustainment	Advises and assists with Federal Acquisition Regulation and Defense Federal Acquisition Regulation Supplement cases related to government-wide and DOD anti-trafficking programs, including implementing anti-trafficking policy requirements for defense contractors.
State	Deputy Assistant Secretary and Senior Procurement Executive	Evaluates and monitors procurement system performance in accordance with applicable laws and regulations, such as anti- trafficking regulations.
USAID	Senior Procurement Executive	Ensures anti-trafficking clauses are included in contracting actions and responds to potential violations.

Source: GAO summary of Departments of Homeland Security (DHS), Defense (DOD), and State; U.S. Agency for International Development (USAID); and Office of Management and Budget information. | GAO-24-106973

Generally, agencies' suspension and debarment programs serve in the public interest to protect the federal government from potential harm posed by individuals or entities whose conduct, such as engaging in trafficking, constitutes cause for exclusion from being eligible for federal contracts. Agencies can conduct an administrative proceeding, which may result in government action to suspend, debar, or require contractors to take steps to prevent future harm. After a final determination is made that the allegations are substantiated, information is recorded in the Federal Awardee Performance and Integrity Information System and is subsequently available in the government-wide System for Award

[30]For example, State publishes information about agencies' anti-trafficking resources and tools for raising public awareness about the risks and signs of trafficking. See https://www.state.gov/humantrafficking-public-awareness-training/.

Management.[31] Contracting officials are required to review the information contained in this system before deciding to make an award to an entity or person above the simplified acquisition threshold.[32]

Enterprise Risk Management

Agencies should implement a forward-looking risk management process to identify challenges early, bring them to the attention of agency leadership, and develop solutions, according to OMB. OMB's *Management's Responsibility for Enterprise Risk Management and Internal Control* requires agencies to use Enterprise Risk Management as a decision-making tool.[33] Enterprise Risk Management allows management to understand an agency's portfolio of top risk-exposure to identify and analyze threats and opportunities that could affect the agency's success in meeting its goal. According to OMB, Enterprise Risk Management should be used in coordination with our *Standards for Internal Control in the Federal Government*, which maintains that agencies should identify, analyze, and respond to risks related to achieving their defined objectives.[34]

In alignment with these standards and guidance, we previously identified essential elements that together form a continuous process for agencies to use for managing enterprise risks. These elements include identifying,

[31]The Federal Awardee Performance and Integrity Information System is a module in the government's contractor performance assessment record system. Certain information, such as a record documenting a trafficking violation, is then made publicly available in the System for Award Management, which contains contractor responsibility and qualification information, exclusions, and entity and contract data. We have ongoing work assessing the quality of the data in this system.

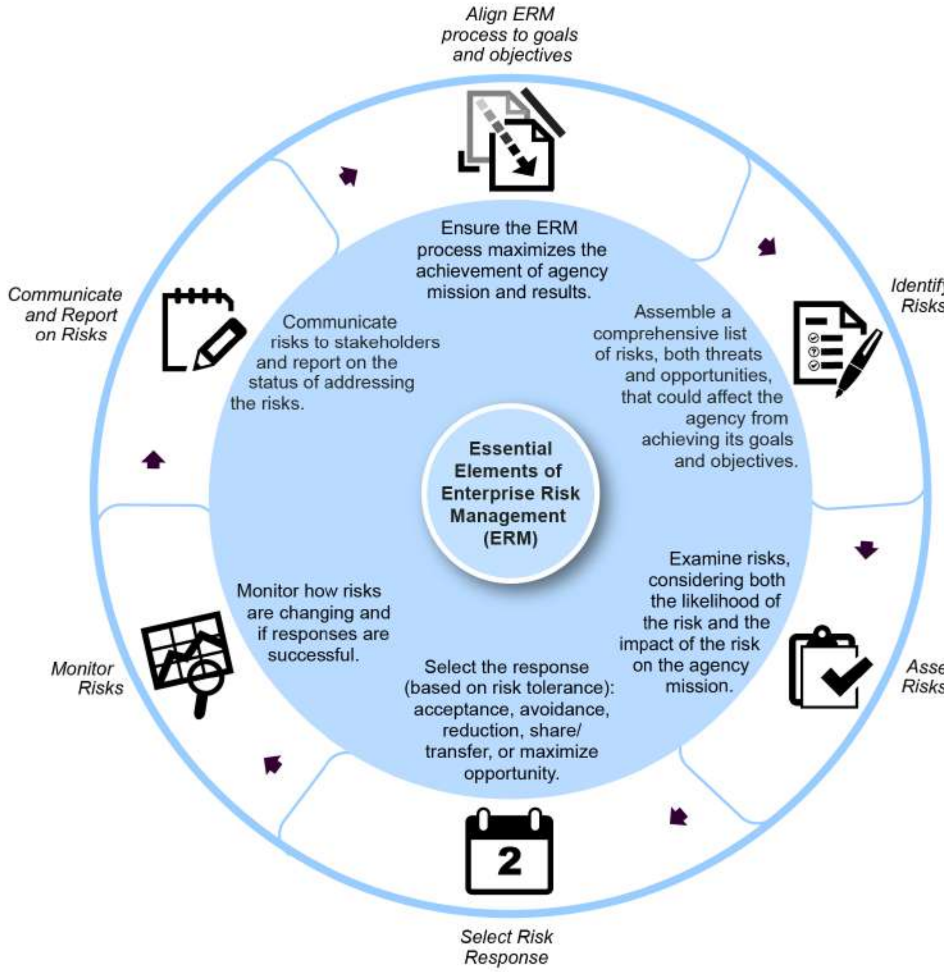
[32]The simplified acquisition threshold is generally $250,000. See exceptions in FAR 2.101.

[33]OMB Circular A-123.

[34]In the context of this report, "identify" includes systematically identifying the sources of risk as they relate to achieving the U.S. policy for zero tolerance of trafficking in contracting and is done by examining contributing internal and external factors. "Analyze" includes examining risks—considering both the likelihood of the risk and the impact of the risk to achieving the U.S. policy—to help prioritize risk response. It is important to use the best information available to make the risk assessment as realistic as possible. "Respond" includes management's review of its prioritized list of risks from its analysis and selection of the most appropriate treatment strategy to manage the risk. This may include acceptance, avoidance, reduction, sharing, or transfer of risks. See GAO-14-704G.

assessing, monitoring, and communicating and reporting risks (see fig. 1).[35]

Figure 1: Essential Elements of Federal Government Enterprise Risk Management



Source: GAO risk management criteria (GAO-17-63); GAO (icons). | GAO-24-106973

Related GAO Reports and Agency Responses

Over the last decade, we have reported on federal agency anti-trafficking efforts in government contracting and found gaps that could impede these

[35]The essential elements fit together in a continuous process: (1) align the process to goals and objectives, (2) identify risks, (3) assess risks, (4) select risk response, (5) monitor risks, and (6) communicate and report on risks. See GAO-17-63.

efforts.[36] For example, in 2014, we reported that DOD, State, and USAID acquisition officials responsible for contracting and procurement oversight were not always aware of, or fulfilling, their anti-trafficking responsibilities.[37] In 2021, we also reported similar findings for DOD.[38] In response to a number of recommendations that we made to improve the awareness and execution of anti-trafficking efforts, agencies have taken steps to improve oversight of contracts. For example, agencies required acquisition-specific anti-trafficking training and improved resources to assist contracting officials in monitoring for trafficking, and FAR Subpart 22.17 was updated to define recruitment fees. The FAR prohibits contractors from charging employees or potential employees recruitment fees, which are currently defined as fees of any type, including charges, costs, assessments, or other financial obligations, that are associated with the recruiting process, regardless of the time, manner, or location of imposition or collection of the fee. Examples of fees are described in the FAR anti-trafficking provision and clause (52.222-50).

Agencies Have Taken Initial Steps but Have Not Taken a Systematic Approach to Manage Trafficking Risks in Government Contracting

While the four agencies in our review have taken some steps, none have taken a systematic approach to managing trafficking risks, which would help agencies support the U.S. policy of zero tolerance for trafficking. OMB's *Management's Responsibility for Enterprise Risk Management and Internal Control* and our *Standards for Internal Control in the Federal Government* state that managers should identify, analyze, and respond to risks related to achieving the defined objectives.[39] Our standards also state that management should internally communicate the necessary quality information to achieve the entity's objectives. As previously mentioned, we identified essential elements for managing enterprise risks that align with OMB guidance and our standards. Together, the OMB guidance, our standards, and essential elements can provide a helpful framework for a systematic approach that agencies can use to manage specific risks, such as trafficking risks in their contracts.

Components of a systematic approach to managing trafficking risks in contracting would include identifying and analyzing the type and level of

[36]GAO, *Human Trafficking: U.S. Agencies' International Efforts to Fight a Global Problem*, GAO-22-106029 (Washington, D.C.: Sept. 1, 2022).

[37]GAO-15-102.

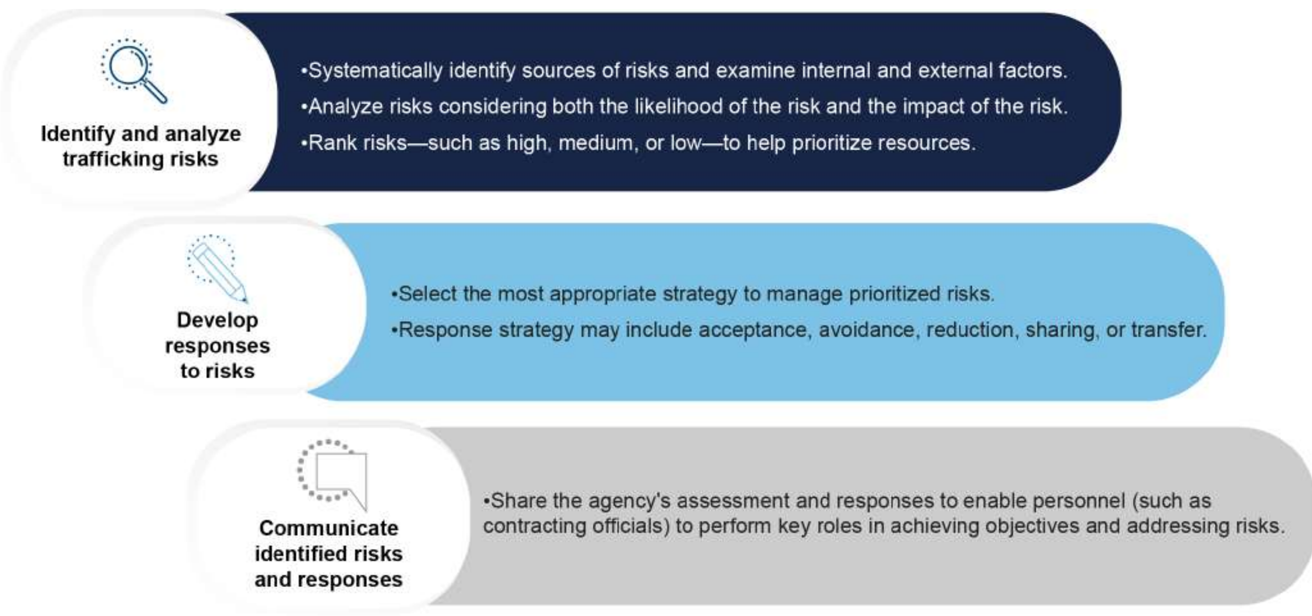
[38]GAO, *Human Trafficking: DOD Should Address Weaknesses in Oversight of Contractors and Reporting of Investigations Related to Contracts*, GAO-21-546 (Washington, D.C.: Aug. 4, 2021).

[39]OMB Circular A-123. GAO-14-704G.

risks for trafficking, developing responses to these risks, and communicating this information to contracting officials. For example, as part of risk identification and analysis, agencies could rank their trafficking risks, which can better position contracting officials to apply limited resources to address higher-ranked risks. An agency developed response for higher-risk contracts could include obtaining contractor anti-trafficking compliance plans—a FAR safeguard—and verifying contractor implementation of requirements. Agencies can communicate mitigating procedures for what, if any, steps contracting officials should take based on the identified level of risk. Without taking steps to (a) identify and analyze trafficking risks, (b) develop responses, and (c) communicate trafficking risks and responses, agencies cannot then regularly monitor whether their trafficking risks have changed and the effectiveness of responses—another integral component of a risk management process. See figure 2.

Figure 2: Selected Components of a Systematic Approach to Manage Trafficking Risks in Contracting

A systematic approach enables agencies to address trafficking risks to help achieve the U.S. policy of zero-tolerance of trafficking in contracting.



Source: GAO and Office of Management and Budget information; Ainul/stock.adobe.com (illustration). | GAO-24-106973

In response to OMB's 2019 *Anti-Trafficking Risk Management Best Practices* memorandum or a subsequent request from the Senior Policy Operating Group's Procurement & Supply Chains Committee, DHS, DOD, and State took initial steps to analyze contract spending to identify trafficking risks. However, we found that the agencies' efforts to identify trafficking risks in contracting—the first step in a systematic approach—varied and had limitations. Further, while USAID analyzed part of its supply chain, it did not complete the analysis that OMB and the committee encouraged, even though USAID's Administrator has emphasized in public remarks the need to counter trafficking overseas.

The following sections provide information on each of the agency's approaches.

DHS Efforts to Identify and Analyze, Develop Responses, and Communicate Agency Trafficking Risks in Contracting

DHS identified, analyzed, and communicated some trafficking risks in contracting. However, DHS did not use a systematic approach to manage its trafficking risks.

Identify and analyze trafficking risks. DHS took steps to identify and analyze some trafficking risks in its contracts. Specifically, in May 2022, DHS procurement officials used the template to examine 5 years of contract data to identify spending in certain countries and in product and service categories identified as being at higher risk for trafficking.

DHS did not document in its analysis or convey to us how it concluded that the categories officials identified were considered at-risk for trafficking. DHS officials said they identified housekeeping and custodial services, personal protective equipment, grounds maintenance, and construction as trafficking risks in contracting. However, some of these categories did not appear in the department's risk analysis. For example, custodial services and grounds maintenance were not listed in the analysis DHS provided us. Additionally, some of the categories listed in the analysis, such as construction, had no associated obligations during the 5-year period.

DHS's analysis also did not include a consideration of the likelihood and impact of the identified trafficking risks in contracting. For example, DHS did not rank the identified trafficking risks—such as high, medium, and low—associated with the types of products and services it procures through contracts, as recommended in risk management practices. Doing so would better position DHS to prioritize and focus agency resources on the highest-risk areas for trafficking. DHS officials noted that their initial analysis, which focused on foreign countries, had limited usefulness due to the agency's mostly domestic mission.

Subsequently, DHS conducted a second analysis of its domestic spending focused on one service category, housekeeping, which officials said is at heightened risk for trafficking. DHS's analysis identified that over $300 million was obligated for housekeeping services between December 1, 2010, and November 30, 2022. However, it was unclear from DHS's initial analysis how it determined that this service category was higher risk. DHS officials said the intent of this second analysis was to establish procedures to identify and share information about acquisitions at risk for trafficking across the agency. However, officials said they have not yet shared this analysis agencywide.

Develop responses to identified trafficking risks. DHS did not establish specific responses for the trafficking risks it identified in its initial analysis or subsequent analysis of housekeeping services. In keeping with risk management practices, risk responses would include procedures for what actions, if any, contracting officials should take based on agency-identified ranking of their trafficking risks in contracts. However, DHS procurement officials said they had not made changes to agency contracting policy, procedures, or oversight based on their assessment.

Communicate identified trafficking risks and responses. DHS communicated information about some trafficking risks through a flyer and general trafficking information on its website as part of the agency's public awareness campaign.[40] A DHS official said the agency has not published the findings of the identified risk areas or formally shared them. However, DHS officials said the agency is looking to identify methods for communicating this type of information.

DHS trafficking experts and procurement officials said they are trying to find a meaningful way to identify areas at risk for human trafficking and create actionable steps for contracting officials. They said this is an ongoing effort and they may identify trafficking risks through other means, such as working with victim services groups. As previously mentioned, risk responses could inform actions, if any, contracting officials should take based on agency-identified ranking of trafficking risks in contracts. In addition, the agency should communicate identified risks and corresponding responses, if applicable, to contracting officials. According to DHS officials, the agency aims to have a better understanding of its procurement trafficking risks prior to considering or implementing

[40]According to DHS's website, the agency's Blue Campaign is a public awareness program to educate the public, law enforcement, and other industry partners to recognize and respond to potential instances of trafficking. See https://www.dhs.gov/blue-campaign.

additional contractor requirements and safeguards. However, when asked, they did not specify a time frame or outline their plans.

DOD Efforts to Identify and Analyze, Develop Responses, and Communicate Agency Trafficking Risks in Contracting

DOD took steps to analyze and communicate agency spending in a few known areas, such as trafficking risks in Iraq and Afghanistan. However, the agency did not take a systematic approach to manage its trafficking risks in contracting such as identifying its current higher-risk product and service categories.

Identify and analyze trafficking risks. DOD took steps to identify and analyze some trafficking risks in its contracts. In December 2021, DOD's trafficking expert sponsored a postgraduate student group's analysis that examined 3 years of contract spending in countries, including Tier 2 Watch List and Tier 3 countries, for personal protective equipment, construction, and food and food services. The group analyzed spending in a few, known at-risk categories and did not analyze the range of potential relevant spending to identify trafficking risks. Specifically, the group analyzed construction and food-related services based on trafficking that occurred during operations in Iraq and Afghanistan.[41] The group found that DOD obligated about $351 million in these categories in these countries and about $13.1 billion overall in these countries.

DOD has not updated this analysis and no additional analysis is underway, according to a DOD official. DOD trafficking experts also said the categories evaluated may not reflect the department's current higher-risk categories. Further, DOD's analysis did not rank trafficking risks—such as high, medium, and low—associated with the types of products and services it procures through contracts. Doing so would better position DOD to prioritize and focus agency resources on the higher-risk areas for trafficking. DOD trafficking experts said they are a small office with limited capacity, and identified DOD's Office of the Under Secretary for Acquisition and Sustainment and contracting experts as better positioned to complete a procurement spending analysis to identify current trafficking risks. A DOD procurement official did not see a gap in the agency's approach to managing its contracting-related trafficking risks. The official also noted that the office responsible for contract policy is small and,

[41]Naval Postgraduate School, Acquisition Research Program, *The Price of Slavery: An Analysis of Human Trafficking Policy and Spending in Department of Defense Procurement*, NPS-AM-22-016 (Monterey, Calif.: December 2021). The analysis also included special case countries, which are listed in appendix I.

currently, one person is responsible for DOD anti-trafficking contracting policy as well as other policy areas.

DOD trafficking experts said they are considering conducting analyses based on components' self-reporting of past trafficking allegations to help identify the agency's trafficking risks. However, when asked, they did not specify a time frame or outline their plans.

Develop responses to identified trafficking risks. A DOD procurement official did not describe establishing specific responses for the trafficking risks identified in the analysis. As previously mentioned, risk responses would include procedures for what actions, if any, contracting officials should take based on agency-identified ranking of their trafficking risks in contracts.

Communicate identified trafficking risks and responses. DOD's trafficking expert communicated the results of the department's initial assessment on DOD's public website, which the agency cites as a resource in DOD's required anti-trafficking training. In addition, DOD officials said the analysis was briefed to OMB, the Procurement & Supply Chains Committee, and DOD Exchanges and Commissaries.[42] However, DOD did not communicate specific responses contracting officers could take based on trafficking risk identification and analysis. In keeping with risk management practices, the agency should communicate identified trafficking risks and corresponding responses, if applicable, to contracting officials.

State Efforts to Identify and Analyze, Develop Responses, and Communicate Agency Trafficking Risks in Contracting

State conducted limited initial analysis to identify and analyze its trafficking risks. Nevertheless, State updated its policies with additional steps that contracting officials should take for all covered contracts and conducted workshops for contracting officials to communicate information about aspects of trafficking risks and their responsibilities.

[42]We previously reported that DOD Commissaries and Exchanges have taken a fragmented approach to prevent the resale of goods produced through forced labor. DOD concurred with our recommendations that it establish an overarching policy and consistent processes to better prevent the availability of goods produced by forced labor, and establish an oversight mechanism to monitor implementation. DOD identified the Combating Trafficking in Persons Program Manager as responsible for collecting and sharing available federal information to identify risks. GAO, *Forced Labor: Actions Needed to Better Prevent the Availability of At-Risk Goods in DOD's Commissaries and Exchanges*, GAO-22-105056 (Washington, D.C.: Feb. 3, 2022).

Identify and analyze trafficking risks. State took steps to identify and analyze some trafficking risks in its contracts. In early 2022, State anti-trafficking experts used the template to examine spending in certain countries and product and service categories of concern in 5 years of contract data.[43] Using this information, State officials said they identified certain categories—construction, private security, and facilities administration (i.e., housekeeping, landscaping, and cafeteria services)—as being at higher risk for trafficking and areas of high spending. However, State officials told us that this analysis was an introductory step to considering trafficking risks in the agency's spending.

State did not document in its analysis or convey to us how it concluded that the categories officials identified were considered at-risk for trafficking. For example, it did not summarize spending by construction, private security, and facilities administration. The analysis also did not include a consideration of the likelihood and impact of the identified trafficking risks in contracts. For example, State did not rank trafficking risks it identified—such as high, medium, and low—associated with the types of products and services it procures through contracts, as recommended in risk management practices. Doing so would better position State to prioritize and focus agency resources on the higher-risk areas for trafficking. State trafficking experts explained that they conducted a limited spend analysis because spending data are not the only means for identifying trafficking risks. These officials said there would be value in conducting a more robust analysis to obtain more insight into supplier relationships, but did not have the resources to do so. They said a more robust analysis would help them to put in place extra compliance efforts targeted at the most dollars at-risk.

Develop responses to identified trafficking risks. As of March 2023, State was in the process of developing a risk response for construction—one of the agency's identified contracting categories at higher risk of trafficking. State's Trafficking in Persons office began working in late 2022 with Verité, a supply chain management and labor rights nongovernmental organization, to pilot a new risk mapping process. According to officials, acquisition personnel can use the process to assess and prevent human trafficking risks during the planning, solicitation, and monitoring of high-risk, high-volume contracts. The pilot focuses on State's construction contracts and officials said that the tool

[43]As previously stated, OMB, working with State anti-trafficking officials, identified more than 50 procurement categories at risk of trafficking using Department of Labor reports of items known to be produced with forced or child labor and the Responsible Sourcing Tool.

has the potential to be adapted for other trafficking risks. While State did not establish responses for its other agency-identified trafficking risks, the Trafficking in Persons office, through its contract with Verité, expanded the Responsible Sourcing Tool with tailored due diligence toolsets, including for the private security and facilities services sectors. Additionally, State updated its policies in May 2023 with additional steps that contracting officials should take for all covered State solicitations and contracts, not just those considered to be at higher risk for trafficking.[44] As previously mentioned, covered solicitations and contracts include those that require contractor anti-trafficking compliance plans. Responses include encouraging contracting officials to use the Responsible Sourcing Tool to identify trafficking risks and providing checklists to help them review contractor documents for compliance with agency and federal anti-trafficking requirements. State officials are unsure of the extent to which contracting officials are currently using the Responsible Sourcing tool, but are conducting contract file reviews that will determine whether contracting officials are using the checklists.

Communicate identified trafficking risks and responses. State communicated information through workshops for contracting officials about aspects of trafficking risks and their responsibilities. Officials said almost two-thirds of the acquisition workforce has participated in these workshops over the past 2 years. The workshops describe risk factors for trafficking, such as recruitment of low-wage labor and employment of third country nationals. These workshops also provide information about the scope of government contracts, contracting officials' FAR responsibilities, and actions these officials should take if there is a higher risk of trafficking in planned acquisitions. State has also communicated through updated guidance the responses that contracting officials should take for covered solicitations and contracts. However, a State official said that they have not informed contracting officials about the spend analysis.

State procurement officials said they are beginning to assess the effectiveness of their general anti-trafficking responses through reviews of contract compliance with federal and State anti-trafficking requirements, which started in March 2024. While State identification and analysis of trafficking risks was not clear, the agency has taken a broader approach and has developed responses and communicated expectations to its contracting officials for all covered solicitations and contracts. State is

[44]State procurement officials said they updated their policies following an audit by the Office of Inspector General. We discuss this audit further in the next objective.

well-positioned to take the next step in a risk management approach to monitor the effectiveness of its risk responses and reassess whether the agency needs to revisit its identification and analysis of trafficking risks.

USAID Efforts to Identify and Analyze, Develop Responses, and Communicate Agency Trafficking Risks in Contracting

USAID examined trafficking risks in one region for suppliers of its information and communications technology products. However, USAID did not use a systematic approach to identify and analyze, develop responses, and communicate its trafficking risks in contracting.

Identify and analyze trafficking risks. USAID officials said that as part of addressing the agency's supply chain risks identified through its Enterprise Risk Management process, they conducted a pilot program. The pilot examined whether any of the agency's information and communications technology suppliers procure goods or components from companies in the Xinjiang Uyghur Autonomous Region of the People's Republic of China. According to USAID, suppliers' location in the Xinjiang Uyghur Autonomous Region is a proxy indicator for forced labor and warrants further investigation to determine if companies should be added to various lists the U.S. government maintains of companies that use forced labor.[45] USAID is coordinating follow-up efforts on its pilot with OMB and the Department of Labor's International Labor Affairs Bureau.

USAID did not analyze its spending to identify procurement areas at risk for trafficking as recommended by OMB's October 2019 memorandum to agencies. Officials questioned the usefulness of analyzing procurement data to identify trafficking risks, but did not say what other methods they thought would be better. Further, officials said they did not have the resources to conduct a spending analysis.

In January 2024, USAID trafficking experts and procurement officials said the agency does not have specific processes to identify trafficking risks in contracts. However, officials described conducting analyses that may have a link to trafficking. For example, officials from USAID's Responsibility, Safeguarding, and Compliance Division conducted analyses for past violations focused on sexual exploitation and abuse. They said that they plan to do more analyses in the next 6 to 12 months but have not outlined their plans for more thorough trend analysis.

[45]USAID performed this analysis in response to a 2021 law, referred to as the Uyghur Forced Labor Prevention Act, and associated entity list. See Pub. L. No. 117-78.

Develop responses to identified trafficking risks. Officials said they consider trafficking risks as part of their Enterprise Risk Management and have developed tools for contracting officials with information about general trafficking risks in contracting and FAR anti-trafficking requirements. In keeping with risk management practices, developing responses to identified trafficking risks would include procedures for what, if anything, contracting officials should do based on agency-identified risk ranking. As previously mentioned, the agency has not fully identified trafficking risks related to its contracting, which is a key step before developing responses.

Communicate identified trafficking risks and responses. USAID has communicated information about some trafficking risks to contracting officials through training and other resources. USAID has identified resources, such as technical experts, and several anti-trafficking guidance documents, such as the Counter-Trafficking in Persons Field Guide. The technical experts largely focus on implementing the agency's development projects rather than USAID's contracting actions, which made up less than 18 percent of the agency's obligations in fiscal year 2023. The January 2023 Field Guide is a reference tool to help officials design anti-trafficking programs using a survivor-centered approach. However, in keeping with risk management practices, management should communicate procedures that contracting officials should take for contracts based on agency-identified trafficking risk ranking specific to contracts.

Overall, the four agencies can take additional actions to implement systematic risk management approaches that align with the U.S. policy of zero tolerance for trafficking. A first step in such an approach is to identify and analyze procurements, including considering known potential trafficking risks in the categories of products or services being acquired and the country in which they are being implemented, as well as other information such as past trafficking allegations and violations, to determine those that have the highest risk for trafficking. Such identification and analysis would enable agencies to have the most current and relevant information when developing responses to address trafficking risks systematically. Doing so could provide better assurance to agency officials that their efforts to mitigate trafficking risks are responsive to the likelihood or impact of the risk. Further, communicating high-risk categories and appropriate risk prevention and mitigation responses to contracting officials could better position agencies to help achieve the U.S. policy of zero-tolerance of trafficking.

Agencies Communicated, but Contracting Officials Inconsistently Met, Federal Procurement Anti-Trafficking Requirements

To address trafficking risks in overseas contracting, DHS, DOD, State, and USAID have communicated FAR anti-trafficking requirements to contracting officials through acquisition training and guidance. Most contracting officials we spoke with completed the training and were generally aware of how they should report trafficking violations. However, we found that contracting officials across the four agencies inconsistently met one or more of the anti-trafficking requirements in nine of the 12 contract files we reviewed. In addition, these contracts required a contractor anti-trafficking compliance plan that provides additional safeguards. However, contracting officials considered the contracts low risk and took limited steps to monitor contractor compliance with FAR anti-trafficking requirements. We found that four of the six contractor anti-trafficking compliance plans that contracting officials provided did not meet all minimum requirements.

Agencies Have Communicated Federal Requirements in Acquisition Training and Guidance

To address trafficking risks in contracts, the four agencies have communicated FAR anti-trafficking requirements to contracting officials through acquisition training. Most contracting officials we interviewed had taken the required anti-trafficking training.[46] Currently, DHS, DOD, and State require contracting officials to regularly take anti-trafficking acquisition training. USAID recently required federal anti-trafficking training for acquisition personnel to maintain their certification, aligning with OMB's October 2023 policy update, but that is a one-time training requirement. OMB's update notified agencies that all civilian acquisition personnel must take the anti-trafficking acquisition training no later than June 2024 to maintain their Federal Acquisition Certifications in

[46]Of the 27 contracting officials we spoke with or requested documentation from, 22 took the acquisition-specific training. Ten of these officials said they were prompted by our request for interviews and questions about acquisition training to take the training or took the training after our initial interactions with them. The remaining five contracting officials have not taken the training—two at State and one each at DHS, DOD (Navy), and USAID. For the Navy official, the anti-trafficking training did not appear on the list of required trainings and the individual said they had not been aware of the requirement. State and USAID contracting officials took other, non-acquisition, anti-trafficking training. The Navy is updating its anti-trafficking guidance to establish processes to ensure training completion in response to a 2022 Navy Inspector General recommendation.

Contracting.[47] Officials from all four agencies said they are monitoring contracting officials' training completion statuses, and DHS and State officials also said they plan to follow up with those who did not complete the training.

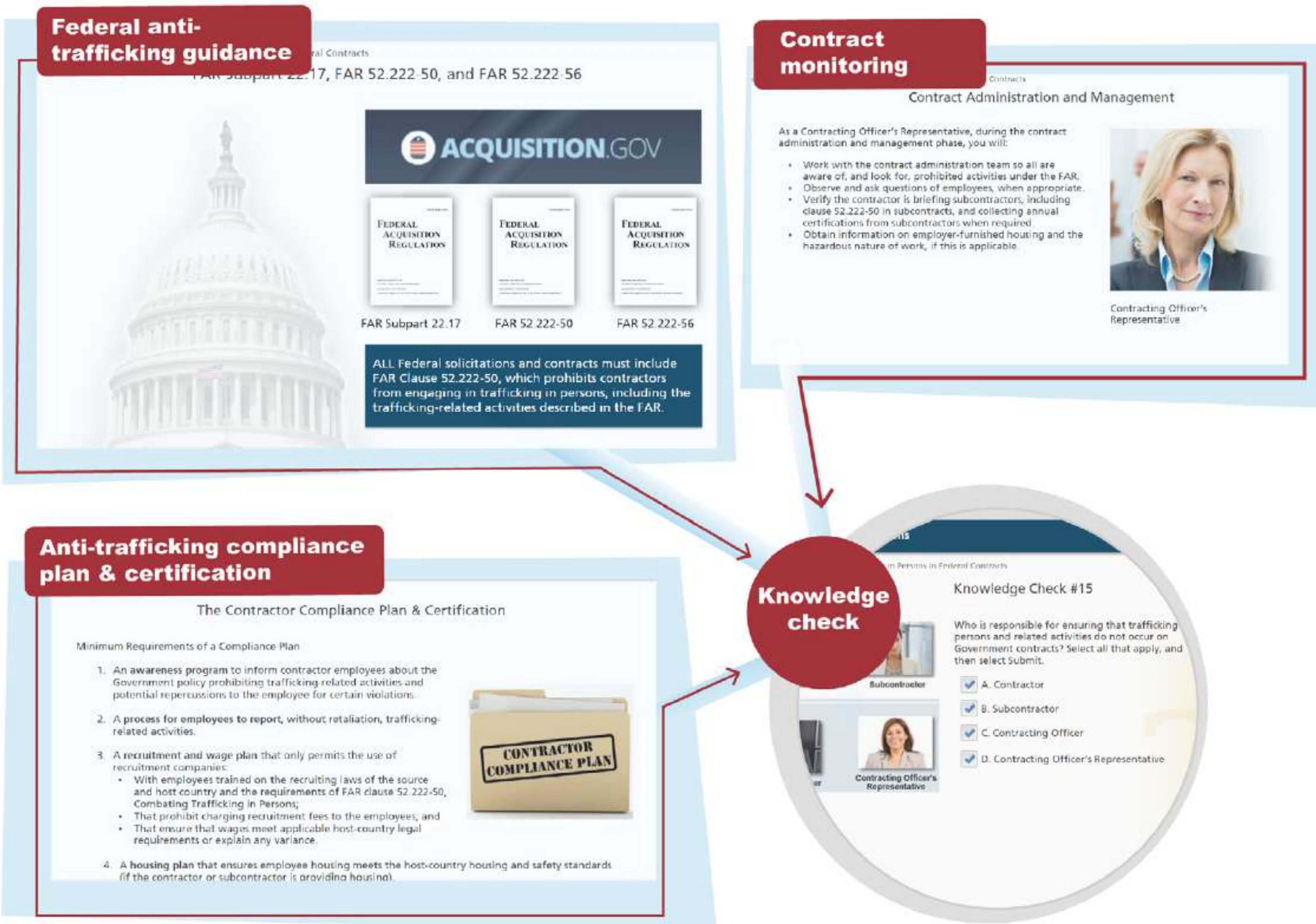
The Federal Acquisition Institute has developed anti-trafficking acquisition training, available to all federal personnel including at DHS, State, and USAID, and DOD has a similar training for its contracting officials.[48] Anti-trafficking acquisition training is intended to inform contracting officials about indicators of trafficking, types of procurements that may be at risk of trafficking, the FAR anti-trafficking requirements, and their anti-trafficking responsibilities for contracts.[49] Figure 3 shows excerpts from the Federal Acquisition Institute's anti-trafficking training course.

[47]Office of Federal Procurement Policy, Office of Management and Budget, *Acquisition Flash 2024-1: FY24 Assignment of Mandatory Training for Civilian Agency FAC-C (Professional), FAC-COR, and FAC-P/PM Holders* (October 19, 2023). In fiscal year 2024, the Office of Federal Procurement Policy also issued a memorandum of understanding with DOD to recognize the parity and reciprocity between the Federal Acquisition Certification in Contracting and DOD's Contracting Professional Certification. DOD shares a common set of certification standards for its defense acquisition personnel (in terms of education, training, certification exams, and experience).

[48]DOD has developed multiple Combating Trafficking in Persons training courses including those geared toward military and contracting officials. The anti-trafficking acquisition (including contracting, grants, and cooperative agreements) training is designed for DOD personnel with job responsibilities that require daily contact with DOD contractors, grant and cooperative agreement recipients, or foreign national personnel. USAID also requires all personnel to complete its Countering Trafficking in Persons Code of Conduct training. This 45-minute online training educates agency personnel about what trafficking is and their responsibilities under the code to help combat it. USAID personnel can access this training via the agency's learning management system—USAID University.

[49]Federal Acquisition Institute, "Federal Acquisition Certification - Combating Trafficking in Persons Training (FAC-022)," Department of Defense, "Combating Trafficking in Persons (CTIP) for Acquisition and Contracting Professionals Course," DOD CTIP-AP-US012.

Figure 3: Topics Covered in the Federal Acquisition Institute's "Federal Acquisition Certification - Combating Trafficking in Persons" Training



Source: GAO summary of Federal Acquisition Institute's Federal Acquisition Certification-Combating Trafficking in Persons Training (FAC-022). | GAO-24-106973

The agencies have established and shared guidance for implementing FAR anti-trafficking provisions, and some provide additional anti-trafficking guidance. See appendix V for a list of agencies' anti-trafficking guidance and resources. The agencies have shared this information with contracting officials through a variety of methods, such as guidance, web resources, newsletters, and workshops, as well as through the anti-trafficking training mentioned above. For example, DHS, State, and USAID issued alerts to remind contracting officials about FAR anti-trafficking requirements. DHS, DOD, State, and USAID also have links to anti-trafficking information for contracting officials such as agency policies, codes of conduct, guidebooks, and trainings on publicly available websites. State officials also said that State's Office to Monitor and Combat Trafficking in Persons leads a session at a biannual workshop for contracting officer's representatives. The session covers information on prohibited activities, human trafficking indicators, FAR requirements, and monitoring for trafficking.

Contracting Officials Were Generally Aware of Their Trafficking Reporting Responsibilities

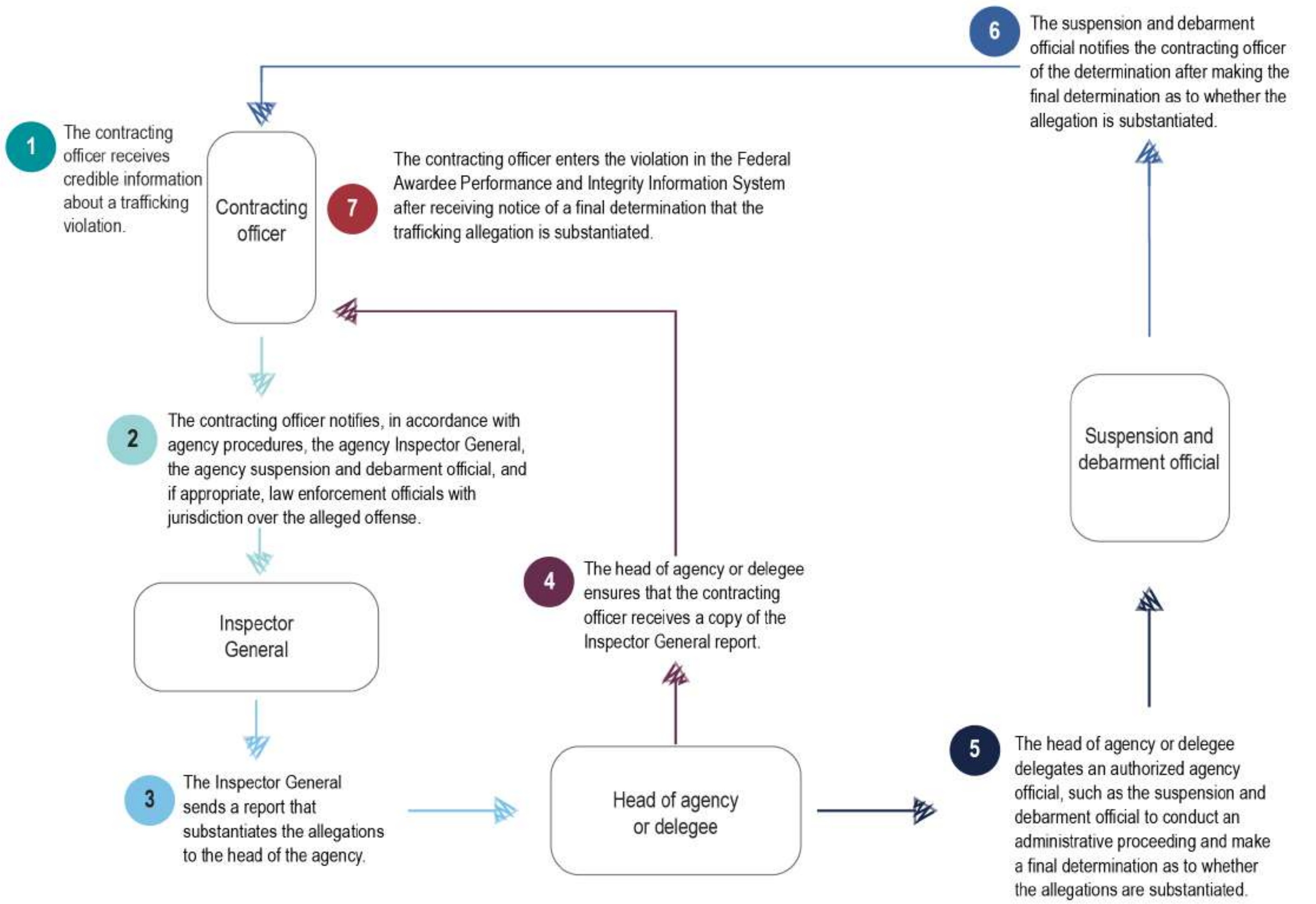
Contracting officials told us that none of the contracts we reviewed had allegations of trafficking and that they were aware that they must report such allegations. Agencies rely, in part, on contractors to self-report, but anyone can report potential trafficking violations through trafficking hotlines or to Inspectors General and contracting officials. For example, if contractors were to receive credible information about a trafficking allegation such as through monitoring or reporting,[50] the FAR anti-trafficking clause requires that they notify the contracting officer and Inspector General.[51] Contracting officers are also required to notify the Inspector General if they receive credible information of a violation, such as from the contracting officer's representative. Contracting officials we spoke with at each of the four agencies knew to elevate allegations, such as reporting directly to the agency Inspector General, consulting their legal department, or reviewing the FAR to ensure proper reporting. Several contracting officials said they would also report to other entities including criminal investigation divisions, immediate supervisors or branch chiefs, and regional security officers. See figure 4 for a notional example of FAR reporting requirements.

[50]FAR 22.1704 does not define credible information. The Trafficking Victims Protection Reauthorization Act of 2017 defined credible information for the purpose of Chapter 78 of Title 22 of the U.S. Code, and includes, for example, information from survivors of human trafficking, vulnerable persons, and whistleblowers, as well as all relevant media and academic reports that, in light of reason and common sense, are worthy of belief. Pub. L. No. 115-427, § 2 (2019), codified at 22 U.S.C. § 7102(6).

[51]DOD and USAID also have additional requirements for reporting trafficking allegations. For example, USAID guidance requires contracting officers to consult with the USAID Labor Compliance Advisor about credible trafficking allegations. USAID, Procurement Executive*, Procurement Executive Bulletin No. 2019-03 Reissuance* (Nov. 15, 2022).

Figure 4: Notional Example of FAR Reporting Requirements for Trafficking Allegations and Violations Substantiated by an Inspector General Investigation

Steps in the reporting process for credible information that was received by a contracting officer, substantiated by an Inspector General investigation, and submitted to an agency suspension and debarment official.[a]



Source: GAO summary of the Federal Acquisition Regulation (FAR) Subpart 22.17 and 22 U.S.C. § 7104b. | GAO-24-106973

[a]Contracting officers can receive credible information from a variety of sources, including their representatives, contractors, subcontractors, and contractor employees. If a contractor receives credible information of a trafficking violation, the FAR anti-trafficking clause requires them to report it to the contracting officer and to the Inspector General. Contracting officers can also direct the contractor to take specific steps to address the alleged violation or enforce the requirements of its anti-trafficking compliance plan. For more information about remedies, see appendix III.

Contracting Officials Did Not Consistently Take Action to Ensure Compliance with Federal Procurement Anti-trafficking Requirements

We determined that contracting officials at each of the four agencies did not take action to ensure compliance with one or more FAR anti-trafficking requirements in the 12 contract files we reviewed. Contracting officials at the four agencies met the FAR requirement to include the anti-trafficking clause in each of their solicitations and contracts, but generally did not include the certification provision or obtain contractors' anti-trafficking certifications. Table 3 summarizes our findings.

Table 3: DHS, DOD, State, and USAID Implementation of Key FAR Anti-Trafficking Requirements in 12 Selected Contracts

	Agency implementation (number of contracts)			
FAR anti-trafficking requirements	**DHS**	**DOD**	**State**	**USAID**
Insert anti-trafficking provision and clause in all solicitations and contracts (52.222-50)	3 of 3	3 of 3	3 of 3	3 of 3
Insert certification provision in applicable solicitations (52.222-56)	1 of 3	2 of 3	2 of 3	2 of 3
Obtain contractor anti-trafficking compliance certification prior to award and annually thereafter (52.222-56 and 52.222-50)[a]	1 of 3	2 of 3	1 of 3	0 of 3

Source: GAO analysis of Federal Acquisition Regulation (FAR) Subpart 22.17, and selected Department of Homeland Security (DHS), Department of Defense (DOD), Department of State, and U.S. Agency for International Development (USAID) contract files. | GAO-24-106973

Note: Implementation is based on GAO's review of a nongeneralizable sample of 12 contracts—three from each agency—awarded in fiscal years 2022 and 2023. All 12 contracts were required to have the two provisions, the clause, and, at a minimum, the certification prior to award. These requirements apply if any portion of a contract or subcontract is for supplies other than commercially available off-the-shelf items, to be acquired outside the United States, or services to be performed outside the United States; and has an estimated value that exceeds $550,000.

[a]GAO reviewed the contract file for annual certifications if the contract period of performance was greater than 1 year and the certification was due during its review.

Nine of the 12 contracts in our sample were missing one or more of the FAR anti-trafficking requirements. Overall, we found:

Certification Provision

The anti-trafficking certification provision, 52.222-56, is included in solicitations—requests to submit offers or quotations—and informs contractors that for certain larger contracts requiring performance overseas or for products obtained overseas, they must certify that they will comply with the FAR requirement to maintain an anti-trafficking compliance plan appropriate to the size and complexity of the contract and the nature and scope of its activities.

Source: GAO summary of Federal Acquisition Regulation (FAR) Subpart 22.17. | GAO-24-106973

- **Contracting officers included the anti-trafficking provision and clause.** Contracting officers included the anti-trafficking provision and the clause in all 12 solicitations and contracts.
- **Contracting officers did not consistently include the certification provision in the solicitation.** For five of the 12 contract files, contracting officers did not include the certification provision in the solicitation—with at least one contract for DHS, DOD, State, and USAID missing this provision. By omitting the certification provision, agencies did not notify the offerors in advance through the solicitation that if they were awarded the contract, they must maintain an anti-trafficking compliance plan and submit certification of compliance with that plan prior to award.

FAR Anti-trafficking Compliance Certifications

The FAR requires contractors and covered subcontractors to certify, prior to award and annually thereafter, that they have implemented an anti-trafficking compliance plan for certain large, overseas contracts and that they have reason to believe there have been no abuses or that appropriate actions have been taken.

This certification is required for contracts for services or products that include non-commercially available off-the-shelf items with an expectation that a portion of the contract performed outside the U.S. is valued at least $550,000.

Source: GAO summary of Federal Acquisition Regulation (FAR) Subpart 22.17. | GAO-24-106973

- **Contracting officials did not consistently obtain required anti-trafficking compliance certifications.** For eight of the 12 contracts, contracting officials did not obtain at least one of the required compliance certifications—prior to award or annually thereafter—or they obtained the initial certification after awarding the contract.

The FAR states that prior to award, contractors must certify and that annually thereafter contractors must submit certification to the contracting officer. According to OMB documentation, these certifications are specific to a contract, and therefore contractors must provide an individual certification for each contract.[52] An OMB official said that the contractors' certifications of Representations and Certifications within SAM.gov were not sufficient to satisfy the FAR requirement. However, agencies' officials expressed different views on how contractors can fulfill the anti-trafficking compliance certification requirements. For example, DOD and State officials said that the contractors' Representations and Certifications in SAM.gov were sufficient to fulfill the anti-trafficking compliance certification prior to award.[53] See table 4 for agency officials' responses.

Table 4: Officials' Responses as to Whether SAM.gov Representations and Certifications Fulfill FAR Contractor Anti-trafficking Certification Requirements

	Agency officials' statements			
Contractor anti-trafficking certifications	**DHS**	**DOD**	**State**	**USAID**
Anti-Trafficking Provision and Clause (52.222-50) – due annually after award	No	Yes	No	No
Certification Provision (52.222-56) – due prior to award	No	Yes	Yes[a]	—[b]

Source: GAO analysis of Federal Acquisition Regulation (FAR) Subpart 22.17, and Department of Homeland Security (DHS), Department of Defense (DOD), Department of State, and U.S. Agency for International Development (USAID) interviews. | GAO-24-106973

Note: These requirements apply if any portion of a contract or subcontract is for supplies other than commercially available off-the-shelf items, to be acquired outside the United States, or services to be performed outside the United States; and has an estimated value that exceeds $550,000.

[a]State officials said that the Representations and Certifications in SAM.gov were sufficient to fulfill the certification prior to award because the certification provision language was included.

[52]OMB M-20-01, Attachment D.

[53]We reviewed DOD and State contractors' information in SAM.gov and confirmed that for two of each agency's contracts, timely information was available. For the other contract at each agency, the contractors were eligible for exemptions from registering in SAM.gov. For one of those contracts, the State contracting officer had documented the contractor's certification. The DOD contracting officer did not document contractor certification for one contract, which has since ended.

[b]USAID officials did not offer their view of whether SAM.gov Representations and Certifications fulfilled the certification prior to award and deferred to the Office of Management and Budget.

When we raised this variation in agency interpretation with OMB, OMB officials reiterated the existing FAR language. Without having clear guidance, contracting officials may be applying different standards across agencies. *Standards for Internal Control in the Federal Government* state that management should document responsibilities through policies.[54] Clear guidance and direction from OMB to agencies on the expectations would help to ensure that all agencies are appropriately addressing these requirements.

The agencies we spoke with varied in explanations provided for why all the FAR requirements presented in table 3 were not fully met. DHS officials suggested that contracting officials' workload could be a contributing factor and said they will follow up with contracting officials to address missing information in the contract files we reviewed. DOD and State officials did not explain, when we asked, why these FAR requirements were not fully implemented on the contracts we reviewed. USAID officials said their contract writing system includes the anti-trafficking provision and clause in all solicitations and contracts, but the certification provision is only included when applicable based on contract amount and place of performance. USAID officials said the additional step may contribute to the provision's omission and attributed the missing certifications to human error.

All four agencies have reported taking or planning to take steps to review their compliance with FAR anti-trafficking requirements in solicitations and contracts, and some have taken steps to address deficiencies previously identified. However, the planned reviews do not explicitly include checking for contractor certifications.

- **DHS reviews have not included checking for anti-trafficking compliance certifications in contract files.** DHS officials said they conduct periodic reviews of compliance with contract requirements, which include checking for compliance with FAR anti-trafficking requirements in solicitations and contracts. However, those reviews do not include verifying that contracting officials have obtained compliance certifications. In addition, while DHS officials said they plan to coordinate a DHS-wide effort to review contracts, when asked, they did not specify whether this effort will verify that certifications

[54]GAO-14-704G.

have been obtained. Ensuring components conduct additional reviews of whether contracting officials included the certification provision in covered solicitations and obtained contractor anti-trafficking compliance certifications would help DHS comply with the FAR requirements.

- **DOD reviews may not check for all anti-trafficking requirements.** DOD procurement policy officials said they conduct reviews prior to award to check for compliance with FAR anti-trafficking requirements in covered solicitations and contracts, and periodic reviews of their contracts more broadly for compliance with the FAR. An official said these periodic reviews do not include checking for the certification provision, and officials did not specify whether reviews would include contractor certifications.[55] DOD procurement policy officials also said that components have internal review procedures that DOD does not oversee. Ensuring components conduct reviews of contracting officials' implementation of anti-trafficking requirements—such as the inclusion of the certification provision regarding contractors' compliance certifications—in covered solicitations and contracts, and verifying that officials obtained contractor anti-trafficking compliance certifications, would help DOD comply with the FAR requirements.
- **State reviews include most anti-trafficking requirements.** State procurement policy officials said they began a review in March 2024 of contracting officials' compliance with FAR and agency anti-trafficking requirements, including in solicitations and contracts and the initial anti-trafficking compliance certification.[56] They said that based on the findings of the review, they will determine whether there is a need to revise internal policy and provide additional targeted training or guidance, or further develop existing tools available to

[55]Recent DOD Inspector General audits have focused on issues other than the inclusion of the certification provision or contractors' compliance certifications in contracts. However, DOD's Inspector General found, among other things, that Air Force and Army officials did not include a version of the anti-trafficking clause that addressed Kuwaiti labor law. The Inspector General recommended that the Air Force and Army verify those 46 contracts had been updated. Department of Defense, Office of Inspector General, *Followup Evaluation of Report No. DODIG-2019-088, "Evaluation of DoD Efforts to Combat Trafficking in Persons in Kuwait," June 11, 2019*, DODIG-2022-082 (Washington, D.C.: April 2022).

[56]State officials said the review was developed to determine whether officials are complying with FAR and agency anti-trafficking policies. They explained that they updated the policies as part of the agency's response to findings in a 2022 Office of Inspector General report, which we discuss later. U.S. Department of State, Office of Inspector General, *Audit of Department of State Actions to Prevent Unlawful Trafficking in Persons Practices When Executing Security, Construction, and Facility and Household Services Contracts at Overseas Posts,* AUD-MERO-22-28 (May 2022).

contracting officials. As State implements its reviews, also determining whether contracting officials obtained contractors' annual anti-trafficking compliance certifications in its reviews would help State comply with that FAR requirement.

- **USAID reviews do not include anti-trafficking compliance certifications.** USAID officials said they conduct periodic reviews of their contracts, which include checking for compliance with FAR anti-trafficking requirements in solicitations and contracts, but they did not identify checking for certifications as part of this process. Including whether contracting officials obtained contractor anti-trafficking compliance certifications in its reviews would help USAID comply with the FAR requirement.

  In September 2023, the USAID Inspector General found that that seven out of 27 awards reviewed for the Asia region did not include the correct anti-trafficking clause in the solicitation, award, or both. In addition, 18 out of the 27 awards did not have all the required anti-trafficking compliance certifications on file.[57] The Inspector General recommended that the regions responsible for the specific contracts develop and implement an action plan to ensure each USAID mission's monitoring and enforcement practices comply with anti-trafficking regulations, policies, and procedures.[58] In response, the relevant USAID entities in the Asia region are developing standard operating procedures to review existing awards and taking corrective measures to notify implementers that they must comply.[59] The missions expect to complete these actions in summer 2024. The Inspector General also recommended that USAID develop and implement an action plan to clarify guidance and improve training for agency officials on their roles and responsibilities for monitoring and enforcing compliance with trafficking requirements. In response, USAID officials told us they shared existing guidance broadly with

[57]USAID, Office of Inspector General, *Counter Trafficking in Persons: Improved Guidance and Training Can Strengthen USAID's C-TIP Efforts in Asia,* Audit Report 5-000-23-001-P (Bangkok, Thailand: Sept. 11, 2023). The USAID contracts in our review were not performed in the Asia region, but we also found that USAID contracting officers did not consistently include the certification provision or obtain contractor anti-trafficking certifications.

[58]USAID missions are offices in countries around the world that are executing USAID's organizational mission.

[59]The term "implementer" refers to the contractor or grant or cooperative agreement recipient.

agency officials and addressed the training recommendation through the recent OMB training requirement.

The FAR requires agencies to include the appropriate anti-trafficking provisions in their covered solicitations and ensure that covered contractors provide required certifications. Further, *Standards for Internal Control in the Federal Government* states that management should periodically review its policies, procedures, and related control activities for continued relevance and effectiveness in achieving the organization's objectives.[60] Agencies conducting reviews of whether contracting officials are including relevant provisions and the clause in solicitations and contracts, and obtaining contractor compliance certifications, would help them to better understand the extent to which officials are meeting FAR anti-trafficking requirements. In addition, such reviews would provide valuable information that agencies could use when assessing whether safeguards to respond to high-risk contracts are effective as part of a systematic approach to managing trafficking risks.

Contracting Officials Varied in Their Monitoring of Contractor Anti-trafficking Efforts

The contracts in our sample met the threshold for an additional trafficking safeguard requiring contractors to maintain an anti-trafficking compliance plan due to their dollar amounts and overseas contract performance. However, contracting officials generally viewed the contracts as low risk for trafficking and conducted limited monitoring of contractor anti-trafficking efforts. Further, we found that four of the six anti-trafficking compliance plans that contractors provided did not meet all the FAR minimum requirements that applied.

Contracting Officials' Monitoring Efforts

Contracting officers are generally responsible for ensuring contractors' compliance with the terms of a contract, including anti-trafficking requirements. Although not required, contracting officers can request and review the contractor's anti-trafficking compliance plan.[61] Contracting officers can also delegate monitoring activities to their representatives. Federal anti-trafficking training suggests examples of monitoring activities, such as interviewing workers to ensure passports or visas are not being withheld by contractors and that housing conditions are adequate, as well as discussing FAR anti-trafficking requirements with

[60]GAO-14-704G.

[61]State guidance requires contracting officers to obtain an anti-trafficking compliance plan from all offerors during the proposal process. Contracting officers or contracting officer's representatives then evaluate those plans using a checklist to ensure the plans meet applicable FAR and agency requirements.

contractors.[62] For example, contracting officials may discuss with contractors their anti-trafficking responsibilities during a post-award briefing.

We found that contracting officials' implementation of monitoring activities varied across, and within, agencies. Table 5 summarizes whether contracting officials documented or reported taking these monitoring steps for the 12 contract files that we reviewed.

Table 5: Agency Anti-trafficking Monitoring Activities for 12 Selected Contracts

	Activity documented in contract file or reported by contracting officials			
Example of possible monitoring activity	**DHS**	**DOD**	**State**	**USAID**
Requested contractor's anti-trafficking compliance plan	0 of 3	0 of 3	1 of 3	0 of 3
Delegated monitoring responsibilities to contracting officer's representatives	0 of 3	2 of 3	1 of 3	0 of 3
Other activities, such as interviewing workers and observing work sites	0 of 3	3 of 3	2 of 3	2 of 3
Discussed anti-trafficking requirements with contractor	0 of 3	2 of 3	2 of 3	1 of 3

Source: GAO analysis of selected Department of Homeland Security (DHS), Department of Defense (DOD), Department of State (State), and U.S. Agency for International Development (USAID) contract files and officials' statements. | GAO-24-106973

Note: GAO reviewed three contracts from each agency.

Contracting officials said they are not aware of trafficking concerns on the 12 contracts. Although these contracts met the threshold for an additional safeguard—the anti-trafficking compliance plan—at least one contracting official for each contract said that the risk for trafficking was low. Some of the reasons contracting officials determined trafficking risk was low included (1) employees completed background checks or possessed security clearances, (2) employees are American citizens, (3) employees are local citizens rather than third country nationals,[63] and (4) contract activities occurred on a secure compound or military installation overseas with limited access. However, we have previously reported that trafficking can occur on military bases overseas.[64] For example, military criminal

[62]After being notified about our review, one USAID contracting officer sent 40 shipping contractors with whom they work a reminder about the U.S. anti-trafficking policy and information about the FAR requirements for anti-trafficking compliance plans and the potential consequences if a plan is not furnished upon request.

[63]A third country national is a person working for a contractor who is neither a citizen of the U.S. nor the host country.

[64]GAO-21-546.

investigators substantiated that a DOD contractor providing food services on military installations in Kuwait from 2015 through 2017 failed to pay employees a full salary, withheld employee passports, charged excessive recruitment fees, and housed employees in substandard living conditions.[65]

Contracting officials at DOD, State, and USAID generally acknowledged the potential risk for trafficking on construction contracts.[66] They reported taking additional steps to monitor for potential trafficking activity on these contracts, such as visiting work sites and interviewing workers. However, contracting officials on three of the seven construction contracts we reviewed said they experienced challenges with monitoring due to local security situations and restrictions on movement, preventing them from visiting the construction sites and conducting monitoring more regularly. The FAR Council indicated that obtaining the contractor's anti-trafficking compliance plan could be useful in similar situations.[67] OMB's 2019 memo also suggests that, when an acquisition involves high risk for trafficking, contractors should provide the contracting officer with a copy of their anti-trafficking compliance plan. OMB officials said that agencies are in the best position to determine what is high risk based on their circumstances. However, contracting officials from all four agencies said they did not know whether their agencies had identified any procurement categories as at-risk for trafficking, and as previously mentioned, we

[65]Department of Defense, Office of Inspector General, *Evaluation of DoD Efforts to Combat Trafficking in Persons in Kuwait,* DODIG-2019-088 (June 11, 2019).

[66]According to the Responsible Sourcing Tool, construction is one of the most physically hazardous industries for workers as well as one of the primary sectors in which workers are highly vulnerable to forced labor. Migrant workers make up a significant proportion of the workforce on most construction sites and are particularly vulnerable to labor exploitation and forced labor. Migrant workers often work informally and they suffer from the risks that many low-skilled migrant workers face, including low wages and the lack of social or legal protections.

[67]The 2015 final rule amending Subpart 22.17 included links to agency guidance on monitoring. The rule made a comment that the prime contractor's monitoring efforts will vary based on the risk of trafficking related to the product or service being acquired and whether or not the contractor has direct access to a work site. Where a prime contractor has direct access, the prime contractor would be expected to look for signs of trafficking at the workplace, and if housing is provided, inspect the housing conditions. For cases where the employees and subcontractors are distant, or for lower-tier subcontractors, the prime contractor must review the plans and certifications of its subcontractors to ensure they include adequate monitoring procedures, and to compare this information to public audits and other trafficking data available. Federal Acquisition Regulation; Ending Trafficking in Persons, 80 Fed. Reg. 4967 (Jan. 29, 2015).

found that three of the four agencies had not communicated the results of their risk analysis to acquisition personnel.

While not required, contracting officials from each of the four agencies identified benefits that would come from having the contractor's anti-trafficking compliance plan. For example, they said that requesting the plan early in the contracting process would ensure the contractor is aware of and understands its anti-trafficking responsibilities. In addition, having the plan would better position them to monitor and hold the contractor accountable to actions the contractor said it would take to prevent or mitigate trafficking. However, contracting officials on six contracts also said that requesting contractors' anti-trafficking compliance plans before award could be a deterrent to bidders or an additional burden on the contracting officials that may slow down the award process.

Contractor Anti-trafficking Compliance Plans

Six contractors provided anti-trafficking compliance plans, according to contracting officials—two from DHS, one from DOD, two from State, and one from USAID. We found that four of these six plans did not meet all the minimum requirements of the anti-trafficking provision and clause. Contracting officials on the other six contracts did not request anti-trafficking compliance plans from the contractors and did not provide it in response to our requests.

- For one USAID contract, contracting officials said they received the contractor's plan as part of an agency-required gender plan.[68] We found that the anti-trafficking section of the gender plan did not include any of the minimum requirements and instead included the contractor's anti-trafficking compliance certification.
- Three plans did not meet all the anti-trafficking provision and clause minimum requirements because they omitted one or more requirements, such as the recruitment and wage plan and procedures to prevent agents and subcontractors from engaging in trafficking. One of these plans was a subcontractor's anti-trafficking compliance plan, which the contracting officer said they had reviewed and determined that it met all the requirements.

[68]USAID policy states that a Gender Plan of Action should outline how the contractor will integrate attention to gender equality into the work plan. USAID, *ADS Chapter 205: Integrating Gender Equality and Women's Empowerment in USAID's Program Cycle* (Apr. 26, 2023).

Anti-trafficking Compliance Plan Minimum Requirements

The FAR anti-trafficking provision and clause require covered contractors to have a compliance plan that is appropriate to the size and complexity of the contract and to the nature and scope of the activities. At a minimum, the plan must generally include:

- an awareness program to inform contractor employees about the government's policy prohibiting trafficking-related activities,
- a process for employees to report trafficking activity without fear of retaliation,
- a recruitment and wage plan,
- a housing plan if the contractor or subcontractor intends to provide or arrange housing, and,
- procedures to prevent agents and subcontractors from engaging in trafficking and to monitor, detect, and terminate any agents engaged in trafficking-related activities.

Source: GAO summary of Federal Acquisition Regulation (FAR) 52.222-50. | GAO-24-106973

- One of the two anti-trafficking compliance plans that met all the minimum requirements was for the contractor's parent company, according to a State official. It did not include any contract-specific information. However, according to OMB, contractors do not have to develop a plan specifically for each contract if the plan is suitable to address the nature and scope of activities to be performed and the size and complexity of its contract work.[69]

State and USAID Inspectors General have identified a lack of oversight of contractors' anti-trafficking compliance plans and their compliance with anti-trafficking provision and clause minimum requirements in the awards they reviewed.

- In May 2022, the State Inspector General reported that contracting officials did not always request or review anti-trafficking compliance plans and none of the 13 plans they reviewed met all of the selected criteria. The Inspector General recommended that contracting officials obtain and review these plans.[70] In response, State established a requirement that, when applicable, bidders must provide anti-trafficking compliance plans with their proposals.[71] This guidance applied to one contract in our sample, but the contracting officer did not obtain the contractor's plan at proposal. The solicitation included the plan as a deliverable due 30 days after award, but contracting officials did not request the plan at that time because of project delays. They received the plan about 7 months after award. According to State officials, their new quality assurance reviews are to examine whether contractors' anti-trafficking compliance plans are in the contract file and assess whether contracting officials evaluated contractors' compliance plans against minimum requirements.
- The September 2023 USAID Inspector General report previously mentioned also found that of the 27 awards reviewed in Asia, 10 implementers did not have a compliance plan and none of the 17 plans reviewed included all the minimum requirements.[72] As discussed in the previous section, the Inspector General made

[69]OMB, M-20-01.

[70]U.S. Department of State, Office of Inspector General, AUD-MERO-22-28.

[71]U.S. Department of State, Office of the Procurement Executive, *Combating Trafficking in Persons Requirements*, Acquisition Alert 23-18 (May 19, 2023). This alert was replaced in October 2023 by the Department of State Acquisition Manual, which contains the same requirement.

[72]The awards reviewed included contracts and assistance awards. USAID, Office of Inspector General, Audit Report 5-000-23-001-P.

recommendations aimed at improving compliance with anti-trafficking regulations, policies, and procedures, which the relevant USAID missions are addressing.

As previously mentioned, agencies have plans to review whether they have met some anti-trafficking requirements, but the information DHS, DOD, and USAID officials provided does not include whether they will review contractors' anti-trafficking compliance plans. Contracting officers are responsible for ensuring compliance with anti-trafficking requirements, which is an important step for achieving the U.S. policy of zero human trafficking, including in the performance of contracts. *Standards for Internal Control in the Federal Government* state that management should periodically review its policies, procedures, and related control activities for continued relevance and effectiveness in achieving organizational objectives like this one. While the FAR does not require contracting officials to conduct specific monitoring activities, verifying contractor compliance with anti-trafficking compliance plan minimum requirements—especially for agency-identified higher risk contracts—would help to assure agencies that contractors are fulfilling their responsibilities and could be part of a systematic approach to managing trafficking risks. Furthermore, we previously identified that underreporting is a known issue due to the clandestine nature of trafficking.[73] This further underscores the importance of contracting officials and contractors explaining to contractor employees their rights and reporting mechanisms and ensuring they can access the means of reporting, such as by phone.

Suspension and Debarment Offices Reported Receiving Information but No Referrals of Trafficking Allegations for Fiscal Years 2022 and 2023

We found that none of the four agencies' suspension and debarment offices reported receiving referrals of Inspector General-substantiated reports of trafficking allegations related to contracts, grants, or cooperative agreements recipients in fiscal years 2022 and 2023. As of October 2022, U.S. law requires that an agency head refer to suspension and debarment officials any reports of Inspector General investigations that substantiate trafficking allegations.[74] A referral is typically a written request prepared in accordance with agency procedures and guidelines and supported by documentary evidence. Referrals are presented to the suspension and debarment offices for issuance of a notice of suspension

[73]GAO, *Human Trafficking: Better Data, Strategy, and Reporting Needed to Enhance U.S. Antitrafficking Efforts Abroad,* GAO-06-825 (Washington, D.C.: July 18, 2006).

[74]22 U.S.C. § 7104b(c)(1).

or proposed debarment.[75] Inspectors General can also provide information to suspension and debarment officials without making a formal report to agency heads or providing information as part of a formal referral.

The law includes a responsibility for agency heads to refer Inspector General reports that substantiate trafficking allegations. USAID guidance identifies the Director, Office of Acquisition and Assistance with the Bureau for Management as the responsible official. DHS officials said they are in the process of designating the responsible official, and DOD and State officials said they are in the process of updating their guidance to reflect the October 2022 requirement. DHS, DOD, State, and USAID officials told us there has not been any confusion about the process for referring Inspector General reports.

Other allegations may arise that are not investigated and substantiated by Inspectors General and therefore are not covered by the amended statute's reporting requirement. Nevertheless, suspension and debarment offices can learn about trafficking allegations that are (1) reported by contractors or implementers, (2) shared by agency investigative divisions, or (3) published in media reports. For example, suspension and debarment officials at DOD reported considering or taking actions during fiscal years 2022 and 2023 based on information disclosed by contractors. The contractors reported the information to the Inspector General, which shared the information with the suspension and debarment offices but did not separately investigate the incidents.

- **The Army is considering actions for an allegation received during fiscal year 2023.** The Army suspension and debarment office reported reviewing one allegation for potential action it received through the DOD Inspector General via the contractor mandatory disclosures in September 2023. The prime contractor reported its subcontractor failed to process work permits and withheld employees' passports. However, the action is not being considered based on receipt of a DOD Inspector General investigation or formal referral from the agency head.
- **Two DOD services took action during fiscal years 2022 and 2023.** According to a Navy official, the Navy suspension and debarment office has been monitoring a trafficking-related suspension, pending a

[75]Interagency Suspension and Debarment Committee Section 873 Report to Congress, Fiscal Years 2021 and 2022. See FAR Subpart 9.6; 2 C.F.R. part 180.

final court decision, to determine whether additional action is needed. The Navy suspended an individual in fiscal year 2021 after the contractor notified the DOD Inspector General about a trafficking allegation. The contractor learned of the employee’s arraignment for trafficking a minor in media reports. However, the action was not taken based on formal referral from the DOD Inspector General or the agency head.

In fiscal year 2022, the Army debarred an individual for a trafficking incident that occurred in fiscal year 2021, according to Army officials. The contractor reported a violation of its anti-trafficking policy to the Inspector General and terminated an employee after learning that the employee procured commercial sex.

Neither of the actions are identified as trafficking records in the government’s system containing contractor responsibility and qualification information—the Federal Awardee Performance and Integrity Information System. Contracting officers are required by the FAR to record trafficking-related final determinations for contractors in this system. As previously mentioned, officials said these actions were not taken against the contractors, but individual employees that the contractors fired.

We also learned of other trafficking allegations received during this time that have not resulted in referrals or suspension and debarment action, and were reported as handled by the contractors. For example, allegations were reported to but not investigated by the DOD Inspector General for two contracts. The allegations related to these two contracts were identified through U.S. Army Corps of Engineers surveys of workers or were reported by the contractor. The alleged violations, according to the Army Corps, included subcontractors withholding pay, not paying sick leave per local labor law, withholding a passport, and not providing transportation for the subcontractor’s employee to return to their home country or country where they were recruited. For these allegations, Army Corps officials said the prime contractors followed up on the allegations made against subcontractors and remediated the situation through corrective actions or by terminating the subcontractor. Army Corps officials notified the Inspector General and Army criminal investigative division, both of which declined to investigate the allegations, stating that the prime contractors were handling the incidents. Army Corps officials confirmed that one of the contractors took corrective actions and that the other is in the process of taking corrective actions. However, the Army Corps continues to receive new information through its worker surveys about potential violations for one contractor. The Army Corps has been following up with the contractor, and an Army Corps official said that the contractor has been responsive to the issues raised.

In addition, we learned about trafficking allegations that the DOD Inspector General received during fiscal year 2023 and was in the process of investigating. DOD and USAID Inspectors General also reported that some allegations received in fiscal year 2023 were missing sufficient information to corroborate and substantiate the allegations.[76]

Conclusions

Human trafficking is an abhorrent act that affects millions of people worldwide. Since 2000, Congress has taken action to increase protections in federal contracts against trafficking, but allegations of trafficking persist. While three of the four agencies we reviewed took initial steps to analyze their contract spending for trafficking risks, none have plans to implement a systematic approach to managing their trafficking risks in contracting. Identifying and analyzing the types of procurements that are higher-risk for trafficking, ensuring that safeguards are in place to respond to risks, and communicating higher-risk categories to contracting officials could better position agencies and contracting officials to help achieve the U.S. policy of zero tolerance for human trafficking. Moreover, agencies would better position contracting officials to implement trafficking risk management responses by ensuring contracting officials are aware of procurements that are at heightened risk of trafficking and the mitigating actions the agency expects. For example, responses to agency-identified higher-risk contracts may include verifying whether contractors' anti-trafficking compliance plans meet requirements. Sharing timely information with contracting officials about contracting-related risks could also help officials focus their limited resources.

We also found that contracting officials did not consistently implement some FAR requirements to combat trafficking, and their monitoring of contractor compliance was limited for the contracts we reviewed. Conducting regular reviews of contracting officials' implementation of anti-trafficking requirements—particularly for contracts that agencies determine to be higher risk—can help ensure that agencies put appropriate safeguards in place to prevent and mitigate trafficking. Furthermore, monitoring contractor compliance can help ensure that contractors understand their responsibilities to establish and maintain anti-trafficking programs. Doing so could reduce the likelihood of, or help

[76]Information reported by the USAID Office of the Inspector General, April 16, 2024. Department of Defense, Office of the Inspector General, *2023 Combating Trafficking in Persons Annual Self-Assessment Report* (Nov. 16, 2023).

to quickly identify and address, trafficking in contracting. Finally, clarifications from OMB can help with more consistency in agencies' interpretation of FAR requirements regarding documentation from contractors.

Recommendations for Executive Action

We are making a total of nine recommendations, including two each to DHS, DOD, State, and USAID; and one to OMB. Specifically:

The Secretary of Homeland Security should ensure that the Chief Procurement Official, in consultation with agency trafficking experts, establishes a timeline for and implements a systematic approach to managing trafficking risks in procurements. This approach should include

- identifying and analyzing agency procurement-related trafficking risks for their level of trafficking risk,
- developing responses to address their highest risks, such as obtaining contractor anti-trafficking compliance plans and verifying contractor implementation of requirements, and
- communicating this information to contracting officials. (Recommendation 1)

The Secretary of Defense should ensure that the Under Secretary of Defense for Acquisition and Sustainment, in consultation with agency trafficking experts, prioritizes developing and implementing a systematic approach to managing trafficking risks in procurements. This approach should include

- identifying the agency's current trafficking risks and analyzing at-risk procurements for their level of risk,
- developing responses to address those risks, such as obtaining contractor anti-trafficking compliance plans and verifying contractor implementation of requirements, and
- communicating this information to contracting officials. (Recommendation 2)

The Secretary of State should ensure that the Deputy Assistant Secretary and Senior Procurement Executive, in consultation with agency trafficking experts, identifies a time frame to reevaluate whether the agency's responses to contracting-related trafficking risks are working and if the agency needs to do a broader risk assessment. (Recommendation 3)

The Administrator of USAID should ensure that the Senior Procurement Executive, in consultation with agency trafficking experts, develops and implements a systematic approach to managing trafficking risks in procurements. This approach should include

- identifying and analyzing procurements for their level of trafficking risk,
- developing responses to address those risks, such as obtaining contractor anti-trafficking compliance plans and verifying contractor implementation of requirements, and
- communicating this information to contracting officials. (Recommendation 4)

The Secretary of Homeland Security should ensure that the Chief Procurement Officer ensures components conduct reviews of a subset of contracts to determine whether contracting officials implemented federal anti-trafficking requirements, including incorporating the certification provision in covered solicitations and obtaining contractor anti-trafficking certifications prior to award and annually thereafter. (Recommendation 5)

The Secretary of Defense should ensure that the Under Secretary of Defense for Acquisition and Sustainment ensures components conduct reviews of a subset of contracts to determine whether contracting officials have implemented federal anti-trafficking requirements, including incorporating the certification provision in covered solicitations and obtaining contractor anti-trafficking certifications prior to award and annually thereafter. (Recommendation 6)

The Secretary of State should ensure that the Deputy Assistant Secretary and Senior Procurement Executive assesses whether contracting officials obtained applicable annual contractor anti-trafficking certifications as part of the agency's review of its awarded contracts. (Recommendation 7)

The Administrator of USAID should ensure that the Senior Procurement Executive reviews a subset of contracts to determine whether contracting officials have implemented federal anti-trafficking requirements, including incorporating the certification provision in covered solicitations and obtaining contractor anti-trafficking certifications prior to award and annually thereafter. (Recommendation 8)

The Director of OMB, in coordination with other agencies as appropriate, should clarify to agencies whether an entity's annual Representations and

Certifications in SAM.gov are sufficient to document contractor certifications related to combating trafficking in persons and determine whether there are any changes needed to SAM.gov. (Recommendation 9)

Agency Comments and Our Evaluation

We provided a draft of this report to DHS, DOD, State, USAID, and OMB for review and comment. DHS, DOD, State, USAID, and OMB provided technical comments, which we incorporated as appropriate.

DHS, DOD, State, and USAID concurred with our recommendations and provided written comments that are reprinted in appendixes VI, VII, VIII, and IX, respectively. In their comments, agencies highlighted plans to address the recommendations with varying levels of detail. For example, DOD did not provide specific details of how it will address the recommendations we made to it, whereas DHS identified specific actions and the time frame in which those actions will be completed. In addition, some agencies elaborated on actions they have taken since receiving our draft report. For example, as of June 2024, USAID officials examined their procurement spending and determined that the agency's highest trafficking risk contracts have a place of performance in Tier 3 countries and developed responses that its contracting officials should take.

In an email, OMB staff provided comments on the recommendation we made to that agency. For recommendation 9, OMB suggested that we recommend that OMB, working with GSA, should ensure SAM.gov's entity annual representations and certifications match those required under the Federal Acquisition Regulation. We agree that removing the anti-trafficking language from SAM.gov's entity annual representations and certifications would help to avoid confusion and is one way to address our recommendation. However, we maintain the original phrasing of our recommendation to allow for flexibility in agency response.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, the Secretary of Homeland Security, the Secretary of State, the Administrator of USAID, the Director of OMB, and other interested parties. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

If you or your staff have any questions about this report, please contact Mona Sehgal at (202) 512-4841 or sehgalm@gao.gov or Latesha Love-Grayer at (202) 512-4409 or lovegrayerl@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 key contributions to this report are listed in appendix X.

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List of Committees

The Honorable Patty Murray
Chair
The Honorable Susan M. Collins
Ranking Member
Committee on Appropriations
United States Senate

The Honorable Jack Reed
Chairman
The Honorable Roger F. Wicker
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Gary C. Peters
Chairman
The Honorable Rand Paul, M.D.
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Tom Cole
Chairman
The Honorable Rosa DeLauro
Ranking Member
Committee on Appropriations
House of Representatives

The Honorable Mike Rogers
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable James Comer
Chairman
The Honorable Jamie Raskin
Ranking Member
Committee on Oversight and Accountability
House of Representatives

Appendix I: Department of State Trafficking in Persons Report Tiered Country List

The Department of State places countries into one of four tiers—Tier 1, Tier 2, Tier 2 Watch List, Tier 3—based on the extent of their government's efforts to meet the minimum standards for the elimination of trafficking of the Trafficking Victims Protection Act of 2000, as amended.[1] Tier 1 is the highest ranking, for governments that fully meet the act's minimum standards for the elimination of trafficking. Tier 2 ranking indicates countries whose governments do not fully meet the act's minimum standards but are making significant efforts to bring themselves into compliance with those standards. A Tier 2 Watch List ranking indicates that while a country's government is making significant efforts similar to Tier 2, the estimated number of victims of severe forms of trafficking is very significant or is significantly increasing, and the country's efforts to bring themselves into compliance with the act's minimum standards do not include proportional actions or there is a failure to provide evidence of increasing efforts. A Tier 3 ranking indicates a country whose government does not meet the act's minimum standards and is not making significant efforts to do so. In addition, State identified special case countries in which there are conflict, insecurity, and humanitarian crises. Table 6 lists countries at higher risk of trafficking according to State's June 2023 annual trafficking report.[2]

Table 6: Department of State Tier 2 Watch List, Tier 3, and Special Case Rankings as of June 2023

Ranking	Countries		
Tier 2 Watch List	Bolivia	Gabon	Montenegro
	Botswana	Haiti	Mozambique
	Brunei	Iraq	Serbia
	Bulgaria	Kuwait	Solomon Islands
	Republic of the Congo	Lebanon	South Africa
	Dominican Republic	Madagascar	Trinidad and Tobago
	Egypt	Malaysia	Vanuatu
	El Salvador	Marshall Islands	Vietnam
	Eswatini	Mauritius	

[1]See 22 U.S.C. § 7106.

[2]Department of State, "Trafficking in Persons Report" (June 2023), accessed August 25, 2023, https://www.state.gov/reports/2023-trafficking-in-persons-report/.

Ranking	Countries		
Tier 3	Afghanistan	Curaçao	Nicaragua
	Algeria	Djibouti	Papua New Guinea
	Belarus	Equatorial Guinea	Russia
	Burma	Eritrea	Sint Maarten
	Cambodia	Guinea-Bissau	South Sudan
	Chad	Iran	Syria
	People's Republic of China	Democratic People's Republic of Korea	Turkmenistan
	Cuba	Macau S.A.R.	Venezuela
Special Case	Libya		
	Somalia		
	Yemen		

Source: Department of State Trafficking in Persons Report, June 2023. | GAO-24-106973

Note: The Department of State ranks countries based on their efforts to meet the minimum standards from the Trafficking Victims Protection Act of 2000, as amended, for the elimination of trafficking. A Tier 2 Watch List ranking indicates a government that is making significant efforts to meet the act's minimum standards but additional factors are present such as the country's failure to take proportional concrete actions to address a very significant estimated number of victims. A Tier 3 ranking indicates a government that does not meet the act's minimum standards and is not making significant efforts to do so. Special case countries face conflict, insecurity, and humanitarian crises.

Appendix II: Objectives, Scope, and Methodology

The Trafficking Victims Prevention and Protection Reauthorization Act of 2022 included a provision for us to assess federal oversight in federal contracts related to the prevention of trafficking and reporting to suspension and debarment officials of trafficking allegations against recipients of federal contracts, grants, or cooperative agreements (Pub. L. No. 117-348, § 121 (2023)).[1] We examined: (1) the extent to which the Departments of Homeland Security (DHS), Defense (DOD), and State, and the U.S. Agency for International Development (USAID) took a systematic approach to managing and analyzing trafficking risks in contracts, (2) the extent to which these selected agencies communicated and met Federal Acquisition Regulation (FAR) anti-trafficking requirements, and (3) the number of substantiated trafficking allegations on contracts, grants, or cooperative agreements that were referred to agency suspension and debarment officials. We focused on the most recent 2 full fiscal years completed at the time of our review, fiscal years 2022 and 2023. We selected DHS, DOD, State, and USAID because the 2021 National Action Plan to Combat Human Trafficking identified these agencies as having significant spending or heightened risk of trafficking on contracts.

To determine the extent to which the four agencies took a systematic approach to managing trafficking risks in contracts, we reviewed the actions the agencies took to identify risks in response to the Office of Management and Budget's (OMB) *Anti-Trafficking Risk Management Best Practices & Mitigation Considerations*.[2] We then compared these actions against OMB's Enterprise Risk Management guidance, our *Standards for Internal Control in the Federal Government*, and the Enterprise Risk Management essential elements that we identified in our

[1]For the purposes of this report, we refer to severe forms of human trafficking, trafficking-related activities, and procurement of commercial sex acts during the period of performance of a contract as trafficking. Activities constituting prohibited trafficking are further defined in 22 U.S.C. §§ 7102(11) and 7104(g) and Federal Acquisition Regulation Subpart 22.17.

[2]Office of Management and Budget, *Anti-Trafficking Risk Management Best Practices & Mitigation Considerations*, M-20-01 (Washington, D.C.: Oct. 21, 2019).

prior work.[3] We reviewed agencies' spending analyses, where applicable, either in response to the OMB memo, *Anti-Trafficking Risk Management Best Practices & Mitigation Considerations*, or at the request of the Senior Policy Operating Group's Procurement & Supply Chains Committee to identify agency contracting trafficking risks.[4] As part of our assessment, we described agencies' methodologies for initially identifying trafficking risks in contracts and subsequent plans to identify risks. We also conducted semi-structured interviews with representatives from each of the agencies' trafficking experts and procurement points of contact, as defined by OMB.

To assess the extent to which agencies communicated, and contracting officials met, FAR requirements to combat trafficking, we reviewed applicable sections of the FAR, agency guidance, acquisition-specific anti-trafficking training, and a nongeneralizable sample of 12 contracts.[5] We also conducted semi-structured interviews with contracting officials. In addition, we obtained input from policy officials.

FAR. We reviewed relevant sections and clauses of the FAR, such as FAR Subpart 22.17, *Combating Trafficking in Persons*, the compliance plan certification provision, FAR 52.222-56, Certification Regarding Trafficking in Persons Compliance Plan, and the anti-trafficking provision and clause, FAR 52.222-50, *Combating Trafficking in Persons*. We identified several requirements for contracting officials and contractors as well as optional activities (see appendix III).

[3]Office of Management and Budget, *Management's Responsibility for Enterprise Risk Management and Internal Control*, OMB Circular No. A-123 (July 15, 2016). GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014). Principle 7 of our standards states that management should identify, analyze, and respond to risks related to achieving the defined objectives. Principle 14 states management should internally communicate the necessary quality information to achieve the entity's objectives. Our *Enterprise Risk Management* essential elements include (1) aligning enterprise risk management processes to goals and objectives, (2) identifying risks, (3) assessing risks, (4) selecting risk responses, (5) monitoring risks, and (6) communicating and reporting on risks. GAO, *Enterprise Risk Management: Selected Agencies' Experiences Illustrate Good Practices in Managing Risk*, GAO-17-63 (Washington, D.C.: Dec. 1, 2016).

[4]Office of Management and Budget, M-20-01. OMB's memo stated that to understand their trafficking risk profiles, agencies should review their contract spending and ensure necessary safeguards and reviews are in place for high-risk areas.

[5]We use "contracts" to describe the awards reviewed, which included contracts and delivery/task orders that can be issued pursuant to certain contracts.

Agency guidance. We identified relevant guidance by requesting that agency officials provide us with policies and procedures that outline anti-trafficking activities and responsibilities in contracts. We also identified additional documents through our background research and analysis of the documents provided. We then searched for instructions to contracting officials about implementing FAR requirements and any additional guidance for anti-trafficking efforts during contract performance.

Anti-trafficking training. We reviewed the Federal Acquisition Institute's Federal Acquisition Certification (FAC-022) *Combating Trafficking in Persons* training. We also reviewed DOD's *Combating Trafficking in Persons* training. Additionally, we obtained acquisition-specific anti-trafficking training certifications from contracting officials associated with our sample of selected contracts. We compared contracting officials' training certification dates with training requirements described in agency and OMB guidance.

We reviewed contract documentation and contracting officials' actions for a nongeneralizable sample of 12 contracts—three from each agency. We selected these contracts using agency and government-wide contract data for fiscal years 2022 and 2023. Our criteria for selection included (1) contracts with overseas performance and estimated value of over $550,000 (indicators that the FAR is likely to require contractors to have an anti-trafficking compliance plan), and (2) performance in countries or product service codes at risk for trafficking.[6] Our selected contracts ranged from about $637,000 to $590 million. We selected contracts that provided variation in the goods or services purchased and performance locations and that generally were higher dollar value.

To determine the extent to which contracting officials met FAR anti-trafficking requirements, we requested and reviewed contract files for the sample to identify whether officials included the required provisions and clause and obtained contractor anti-trafficking compliance certifications prior to award and annually thereafter. For contractor certifications, we reviewed the files received and requested the required certifications from

[6]These contracts were for a product service code that agency officials, or OMB's Office of Federal Procurement Policy, identified at potential risk or performed in a country that State identified as higher risk of trafficking. Department of State, "Trafficking in Persons Report" (June 2023), accessed August 25, 2023, https://www.state.gov/reports/2023-trafficking-in-persons-report/. Product service codes indicate what was bought for each contract action reported in the Federal Procurement Data System. We used the codes included in the Federal Procurement Data System Product and Service Codes Manual April 2022 (last updated February 9, 2023).

agency officials, if not included. We reviewed the available certifications for the appropriate language and dates reflecting their submission either prior to award of the associated contract or 1 year from the contract's award date, as required.[7] We also reviewed the agency documentation for implementation of agency specific anti-trafficking guidance for contracting officials.

To determine the extent to which contracting officials monitored for contractor compliance with anti-trafficking requirements, we reviewed the contract files for delegation of monitoring responsibilities in contracting officer's representative's designation letters, documentation of discussions with contractors about the U.S. anti-trafficking policy, plans for or documentation of monitoring activities conducted, and contractor anti-trafficking compliance plans.

We requested to speak with the contracting officers and their representatives for each of the 12 contracts in our sample. For two of the 12 contracts, we did not speak to the contracting officer's representative because one had limited involvement in the contract performance, and the other had not been assigned at the time of our interviews. For some contracts, we also spoke to contracting officials that had been previously involved in the contract.

We conducted semi-structured interviews with the contracting officers and their representatives, as available. We discussed their roles and responsibilities, such as including the required FAR clause and provisions and obtaining contractors' anti-trafficking certifications. We also discussed officials' monitoring activities, whether they requested and reviewed anti-trafficking compliance plans, and how they would report trafficking allegations. In addition, we discussed their views on anti-trafficking training, trafficking risks generally and for the selected contracts, experience with trafficking in contracts, and any challenges experienced implementing FAR requirements and meeting agency guidance. Our analysis of the interviews did not examine overall contract oversight or extent of challenges. Instead, it highlighted anti-trafficking-related oversight in the selected contracts.

[7]In addition, we conducted a separate analysis of contractors' Representations and Certifications available in SAM.gov because some officials viewed these as sufficient for documenting required contractor anti-trafficking compliance certifications. The System for Award Management is the government-wide authoritative source for information about contractor responsibility and qualifications, exclusions, and entity and contract data.

To determine the extent to which selected contractor compliance plans met the FAR minimum requirements for an anti-trafficking compliance plan, we reviewed the contract files provided and contracting officials' responses to determine if an anti-trafficking compliance plan was included in the contract file.[8] We compared each of the plans against the minimum requirements established in the FAR. For each minimum requirement, we identified indicators that the compliance plan addressed the requirement and used that to review the compliance plans.

We compared contract documentation and contracting officials' statements against selected FAR provisions and the *Standards for Internal Control in the Federal Government* Principle 12. This principle states that management should periodically review its policies, procedures, and related control activities for continued relevance and effectiveness in achieving the organization's objectives. The results of this analysis are not generalizable beyond the sample of contracts and uses in this report.

We shared our findings with agency officials responsible for procurement policy to clarify statements that contracting officials made about System for Award Management Representations and Certifications documenting contractor compliance with FAR anti-trafficking certifications, and to notify them about the solicitations missing required provisions. We obtained information about agency contract compliance reviews and whether agencies have reviewed or have plans to review contracts for compliance with FAR anti-trafficking requirements and agency anti-trafficking guidance. We also reviewed recent Inspector General reports from DOD, State, and USAID.[9]

To determine the number of referrals that agencies' suspension and debarment officials received in fiscal years 2022 and 2023, we requested information from the offices responsible for supporting suspension and debarment decisions about referrals they had received, if any, of reports

[8]FAR Subpart 22.17.

[9]Department of Defense, Office of Inspector General, *Followup Evaluation of Report No. DODIG-2019-088, "Evaluation of DoD Efforts to Combat Trafficking in Persons in Kuwait," June 11, 2019*, DODIG-2022-082 (Washington, D.C.: April 2022). U.S. Department of State, Office of Inspector General, *Audit of Department of State Actions to Prevent Unlawful Trafficking in Persons Practices When Executing Security, Construction, and Facility and Household Services Contracts at Overseas Posts,* AUD-MERO-22-28 (May 2022). USAID, Office of Inspector General, *Counter Trafficking in Persons: Improved Guidance and Training Can Strengthen USAID's C-TIP Efforts in Asia,* Audit Report 5-000-23-001-P (Bangkok, Thailand: Sept. 11, 2023).

documenting Inspector General investigations that substantiated trafficking allegations.[10] We also obtained corroborating information from procurement officials that there have been no referrals. We reviewed the related statute, FAR and a pending case, and OMB regulations for grants and agreements.[11] In addition, we conducted semi-structured interviews with officials from the four agencies' suspension and debarment programs to discuss allegations received on the part of contractors or grant or cooperative agreement recipients, how they receive information about trafficking allegations, and their processes for addressing such allegations, including any actions taken or considered.

We conducted this performance audit from July 2023 to July 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[10]As of October 2022, 22 U.S.C. § 7104b requires agency heads to refer these reports to agency suspension and debarment officials. Pub. L. No. 117-211, § 2 (2022).

[11]22 U.S.C. § 7104b(c)(1), FAR Subpart 22.17 and FAR Case 2024-004 to implement Pub. L. No. 117-211, § 2 (2022), and 2 C.F.R. § 175. For the purposes of this report, we use "suspension and debarment" when referring to the agency suspending and debarring officials and the staff in the offices supporting them.

Appendix III: Key Federal Acquisition Regulation (FAR) Requirements

- **Anti-trafficking provision and clause, FAR 52.222-50, *Combating Trafficking in Persons*:** The anti-trafficking provision and clause is required in all solicitations and contract awards. It informs contractors about the U.S. prohibitions on trafficking and their anti-trafficking obligations, as applicable, such as requirements for anti-trafficking compliance plans and what the plans must include, notifying employees about prohibited trafficking activities, submitting annual certifications that the contractor is complying with the compliance plan, and reporting trafficking allegations. It also requires contractors (and subcontractors) to include the substance of the anti-trafficking clause in all subcontracts.
- **Certification provision, FAR 52.222-56, *Certification Regarding Trafficking in Persons Compliance Plan*:** The certification provision is required in solicitations for contracts for services or products that include non-commercially available off-the-shelf items and with an expectation that the portion of the contract performed outside the U.S. is valued at least $550,000. It requires apparently successful offerors to submit a certification, prior to award, that, among other things, they have implemented an anti-trafficking compliance plan and that the offeror has reason to believe there have been no prohibited activities or that appropriate actions have been taken.
- **Contractor anti-trafficking compliance certifications:** Based on the above provisions and clause, covered contractors must certify that (1) they have implemented an anti-trafficking compliance plan that meets minimum requirements outlined in the anti-trafficking provision and clause, and (2) they have reason to believe there have been no abuses or that appropriate actions have been taken. The certification provision requires this certification prior to award and the anti-trafficking clause requires this certification annually thereafter. In addition, the requirement flows down—prime contractors are similarly to obtain these certifications from each covered subcontractor.
- **Contractor anti-trafficking compliance plan:** For contracts that include non-commercially available off-the-shelf items or services with an expectation that a portion of the contract performed outside the U.S. is valued at least $550,000, contractors and covered subcontractors must maintain an anti-trafficking compliance plan during the performance of the contract. The plan must be appropriate to the size and complexity of the contract and the nature and scope of its activities, including the number of non-

U.S. citizens expected to be employed and the risk that the contract or subcontract will involve services or supplies susceptible to trafficking. At a minimum, it must generally include (1) an awareness program to inform contractor employees about the government's policy prohibiting trafficking-related activities, (2) a process for employees to report trafficking activity without fear of retaliation, (3) a recruitment and wage plan, (4) a housing plan if the contractor or subcontractor intends to provide or arrange housing, and, (5) procedures to prevent agents and subcontractors from engaging in trafficking and to monitor, detect, and terminate any agents engaged in trafficking-related activities.

- **Violations:** It is a violation of the FAR anti-trafficking Subpart if—(1) the contractor, contractor employee, subcontractor, subcontractor employee, or agent engages in severe forms of trafficking during the period of performance of the contract; (2) the contractor, contractor employee, subcontractor, subcontractor employee, or agent procures a commercial sex act during the period of performance of the contract; (3) the contractor, contractor employee, subcontractor, subcontractor employee, or agent uses forced labor in the performance of the contract; or (4) the contractor fails to comply with the requirements of the clause at 52.222-50, Combating Trafficking in Persons.
- **Reporting:** Upon receipt of credible information regarding a defined trafficking violation, the contracting officer—(1) shall promptly notify, in accordance with agency procedures, the agency Inspector General, the agency debarring and suspending official, and if appropriate, law enforcement officials with jurisdiction over the alleged offense; and (2) may direct the contractor to take specific steps to abate the alleged violation or enforce the requirements of its compliance plan. Contractors are required to notify the contracting officer and agency Inspector General immediately of any credible information it receives from any source that alleges a contractor employee, subcontractor, subcontractor employee, or their agent has engaged in conduct that violates the anti-trafficking prohibitions in the anti-trafficking clause. Contractors must also disclose any actions taken against contractor employee, subcontractor, subcontractor employee, or their agent pursuant to this clause.
- **Remedies:** Based on receipt of credible information or substantiated allegations, the suspension and debarment official may use the suspension and debarment procedures to suspend, propose for debarment, or debar the contractor, if appropriate,

also considering mitigating and aggravating factors.[1] Mitigating factors include whether the contractor had an anti-trafficking compliance plan or awareness program at the time of the violation, was in compliance with the plan at the time of the violation, and has taken appropriate remedial actions for the violations, that may include reparation to victims for such violations. Aggravating factors include whether the contractor failed to abate an alleged violation or enforce the requirements of a compliance plan, when directed by a contracting officer to do so.

After a final determination has been made as to whether the allegations are substantiated, the contracting officer may also consider mitigating and aggravating factors when considering taking additional remedies.

- **Recording:** After a final determination has been made as to whether the allegations are substantiated, the contracting officer must record it in the Federal Awardee Performance and Integrity Information System.[2]

[1]Suspension and debarment procedures are provided in FAR Subpart 9.4.

[2]The Federal Awardee Performance and Integrity Information System is a module in the government's contractor performance assessment record system. Certain information, such as a record of trafficking, is then made publicly available in the System for Award Management, which contains contractor responsibility and qualification information, exclusions, and entity and contract data. We have ongoing work assessing this system.

Appendix IV: Agency Anti-trafficking Offices

Table 7: DHS, DOD, State, and USAID Anti-trafficking Offices

Agency	Office	Anti-trafficking activities
DHS	Center for Countering Human Trafficking	Coordinating the agency's cross-department efforts related to countering sex trafficking, forced labor, and importation of goods produced with forced labor; identifying and reporting incidents of human trafficking; and training.
DOD	Combating Trafficking in Persons Program Management Office	Facilitating DOD's efforts to prevent trafficking; developing DOD's anti-trafficking guidance, training, and anti-trafficking awareness materials; coordinating inter- or intra-agency anti-trafficking efforts; and collecting data from components' annual self-assessments of their efforts to combat trafficking.[a]
State	Office to Monitor and Combat Trafficking in Persons	Leading the department's global efforts to combat human trafficking overseas and preparing and issuing the annual Trafficking in Persons Report to Congress, which assesses the anti-trafficking efforts of all countries, assigns them tier rankings based on those efforts, and guides the department's engagement with foreign governments on human trafficking issues.
USAID	Office for Justice, Rights, and Security	Oversees the agency's anti-trafficking efforts; interagency coordination and reporting, data collection, and evaluation for related research; and providing technical assistance and training.
	Responsibility, Safeguarding, and Compliance Division	Overseeing the agency's safeguarding efforts to prevent and respond to trafficking.

Source: GAO summary of Departments of Homeland Security (DHS), Defense (DOD), and State, and U.S. Agency for International Development (USAID) information. | GAO-24-106973

[a]DOD components submit annual self-assessments that include information on their methods for tracking training, suspected or confirmed trafficking incidents, and efforts to ensure contractors do not engage in trafficking.

Appendix V: Agency Anti-trafficking Regulations, Guidance, and Resources

Table 8 includes a non-exhaustive list of regulations, guidance, and resources with specific sections and application to anti-trafficking efforts.

Table 8: Government-wide and Selected Agencies' Anti-Trafficking Regulations, Guidance, and Resources

Agency	Guidance Document or Resource
Government-wide	Federal Acquisition Regulation Subpart 22.17, Combating Trafficking in Persons
	2 C.F.R. § 175, Award Term for Trafficking in Persons
	Office of Management and Budget, *Anti-trafficking Risk Management Best Practices & Mitigation Considerations*, M-20-01 (Washington, D.C.: Oct. 21, 2019).
	Office of Management and Budget, Office of Federal Procurement Policy, Acquisition Flash 2024-1: FY24 Assignment of Mandatory *Training for Civilian Agency FAC-C (Professional), FAC-COR, and FAC-P/PM Holders* (Oct. 19, 2023).
	Office of Management and Budget, Office of Federal Procurement Policy, Acquisition Flash 2024-2: *Training and Development of Civilian Agency Acquisition Professionals (*Mar. 19, 2024).
	Federal Acquisition Institute, "Federal Acquisition Certification - Combating Trafficking in Persons Training (FAC-022)," https://login.fai.gov/sites/fai/files/FAC_022-Combating_Trafficking_in_Persons/story.html.
	U.S. Department of Labor, "Better Trade Tool," dol.gov/BetterTradeTool.
	U.S. Department of Labor, "Comply Chain," https://www.dol.gov/agencies/ilab/comply-chain
	U.S. Department of State, Trafficking in Persons reports, https://www.state.gov/trafficking-in-persons-report/
	Verité and Department of State, "Responsible Sourcing Tool," https://www.responsiblesourcingtool.org/
Department of Homeland Security (DHS)	DHS, *Department of Homeland Security Acquisition Manual*, 3042.302-71 (July 2023).
	DHS, Chief Procurement Officer, Acquisition Workforce Mandatory Training – *Combating Trafficking in Persons*, Acquisition Alert 22-15, Memorandum for the DHS Acquisition Workforce (July 26, 2022).
	DHS, *Contracting Officer Representative Guidebook* (May 2023).
	DHS, "DHS Center for Countering Human Trafficking," accessed April 8, 2024, https://www.dhs.gov/dhs-center-countering-human-trafficking.
Department of Defense (DOD)	DOD, Defense Federal Acquisition Regulation Supplement Procedures, Guidance, and Instruction 222.17.
	DOD, *Combating Trafficking in Persons*, DOD Instruction 2200.01 (Arlington, Va.: June 21, 2019).
	DOD, DOD *Standard for Contracting Officer's Representative Certification*, DOD Instruction 5000.72 (Mar. 26, 2015)(incorporating change 2, Nov. 6, 2020).
	DOD, *Contracting Officer's Representatives Guidebook* (October 2022).
	DOD, "Combating Trafficking in Persons," accessed April 5, 2024, https://ctip.defense.gov/.
Department of State	Department of State, Foreign Affairs Manual and Handbook, Monitoring Contractor Performance, 14 FAH-2-520 (April 19, 2019).
	Department of State, *Department of State Acquisition Manual* (October 2023).
	Department of State, Overseas Buildings Operations Office of Construction Management Construction Alert A-2023-10 (Nov. 29, 2023).
	Department of State, "Office to Monitor and Combat Trafficking in Persons," accessed April 5, 2024, https://www.state.gov/bureaus-offices/under-secretary-for-civilian-security-democracy-and-human-rights/office-to-monitor-and-combat-trafficking-in-persons/.

Agency	Guidance Document or Resource
U.S. Agency for International Development (USAID)	USAID, *Procurement Executive Bulletin No. 2019-03 Reissuance* (Nov. 15, 2022).
	USAID, *Counter-Trafficking in Persons Field Guide* (January 2023).
	USAID, *Counter-Trafficking in Persons Code of Conduct Guidance* (Sept. 17, 2015).
	USAID, *Counter-Trafficking in Persons and Contractor/Recipient Compliance: Agency-Wide Standard Operating Procedure* (June 2012).
	USAID, "Countering Trafficking in Persons," accessed April 5, 2024, https://www.usaid.gov/trafficking.

Source: GAO summary of DHS, DOD, State, USAID, and Office of Management and Budget information. | GAO-24-106973

Appendix VI: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, DC 20528

Homeland Security

June 24, 2024

Mona Seghal
Director, Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548-0001

Re: Management Response to Draft Report GAO-24-106973, "HUMAN TRAFFICKING: Agencies Need to Adopt a Systematic Approach to Manage Risks in Contracts"

Dear Ms. Seghal:

Thank you for the opportunity to comment on this draft report. The U.S. Department of Homeland Security (DHS, or the Department) appreciates the U.S. Government Accountability Office's (GAO) work in planning and conducting its review and issuing this report.

DHS leadership is pleased to note GAO's recognition that the Department has taken initial steps to identify and analyze trafficking risks in contracting spending, such as DHS procurement officials using the Office of Management and Budget's template to examine five years of contract data to identify spending in certain countries and in product and service categories identified as being at higher risk for trafficking. DHS will continue its efforts to educate the DHS acquisition workforce regarding human trafficking, to include continuing ongoing efforts communicating Federal Acquisition Regulation (FAR) anti-trafficking requirements to contracting officials through training and guidance. On January 17-18, 2024, for example, the DHS Center for Countering Human Trafficking hosted a two-day Virtual Human Trafficking Seminar, which presented DHS's counter-human trafficking efforts guided by the strategic goals of Prevention, Protection, Prosecution, Partnership and Enabling. This seminar, joined by nearly 700 attendees, increased the knowledge of DHS's counter-human trafficking efforts, as well as how the victim-centered and survivor-informed approach is used across all DHS Components.

The Department remains committed to identifying, analyzing, and communicating trafficking risks in contracting by taking a systematic approach to managing its trafficking risks, and developing actionable steps for DHS contracting officials. This will focus on the DHS Office of the Chief Procurement Officer (OCPO) ensuring that the FAR anti-trafficking requirements are consistently met in all solicitations and contracts where required. These requirements will include, but are not limited to, obtaining anti-trafficking compliance plans and annual certifications thereafter, and engaging in other monitoring activities where appropriate.

The draft report contained nine recommendations, including two for DHS with which the Department concurs. Enclosed find our detailed response to each recommendation. DHS previously submitted technical comments addressing several accuracy, contextual, and other issues under a separate cover for GAO's consideration, as appropriate.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Sincerely,

JIM H CRUMPACKER

Digitally signed by JIM H CRUMPACKER
Date: 2024.06.24 15:37:15 -04'00'

JIM H. CRUMPACKER
Director
Departmental GAO-OIG Liaison Office

Enclosure

2

Enclosure: Management Response to Recommendations Contained in GAO-24-106973

GAO recommended that Secretary of Homeland Security:

Recommendation 1: Ensure that the Chief Procurement Official, in consultation with agency trafficking experts, establishes a timeline for and implements a systematic approach to managing trafficking risks in procurements. This approach should include:

- identifying and analyzing agency procurement-related trafficking risks for their level of trafficking risk,
- developing responses to address their highest risks, such as obtaining contractor anti-trafficking compliance plans and verifying contractor implementation of requirements, and
- communicating this information to contracting officials.

Response: Concur. The DHS OCPO, in consultation with Department trafficking experts, will develop a systematic approach to managing trafficking risks in procurements. Specifically, on June 7, 2024, DHS initiated a discovery period to identify, analyze, and communicate trafficking risks in contracting. Once complete, OCPO will use the results of the discovery to inform development of a complete implementation plan that will ensure: compliance plans and annual certifications are obtained; contractor implementation of requirements are verified; and contracting officers and contract administration teams understand their role in combatting human trafficking by Federal contractors. Estimated Completion Date (ECD): June 30, 2025.

Recommendation 5: Ensure that the Chief Procurement Official ensures components conduct reviews of a subset of contracts to determine whether contracting officials implemented federal anti-trafficking requirements, including incorporating the certification provision in covered solicitations and obtaining contractor anti-trafficking certifications prior to award and annually thereafter.

Response: Concur. DHS OCPO currently reviews Contracting Activities' contract files on a periodic basis. As part of those reviews, OCPO assesses whether the covered solicitations and contracts include FAR clause 52.222-50.[1] DHS OCPO will revise the review checklist, for Fiscal Year (FY) 2025 reviews, to include all contractor anti-trafficking clauses and certifications required prior to award. OCPO will also conduct a special review in FY 2025 to verify that contracting officers continue to receive certifications and implemented Federal anti-trafficking requirements throughout the life of each covered contract. ECD: September 30, 2025.

[1] "Combating Trafficking in Persons," dated May 2024; https://www.acquisition.gov/far/52.222-50

3

Appendix VII: Comments from the Department of Defense

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION
AND SUSTAINMENT

Ms. Mona Sehgal
Director, Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, NW
Washington DC 20548

Dear Ms. Sehgal,

This is the Department of Defense (DoD) response to the GAO Draft Report GAO-24-106973, "HUMAN TRAFFICKING: Agencies Need to Adopt a Systematic Approach to Manage Risks in Contracts," dated May 31, 2024 (GAO Code 106973). Please find the enclosed responses to the DoD recommendations.

My point of contact for this report is Mr. Larry McLaury, who may be reached at osd.pentagon.ousd-a-s.mbx.asda-dp-c-contractpolicy@mail.mil.

Sincerely,

TENAGLIA.JOHN.M.1154945926
Digitally signed by TENAGLIA.JOHN.M.1154945926
Date: 2024.07.01 10:51:26 -04'00'

John M. Tenaglia
Principal Director,
Defense Pricing, Contracting, and Acquisition Policy

Enclosure:
As stated

GAO DRAFT REPORT DATED MAY 31, 2024
GAO-24-106973 (GAO CODE 106973)

"HUMAN TRAFFICKING: AGENCIES NEED TO ADOPT A SYSTEMATIC APPROACH TO MANAGE RISKS IN CONTRACTS"

DEPARTMENT OF DEFENSE COMMENTS TO THE GAO RECOMMENDATION

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense should ensure that the Under Secretary of Defense for Acquisition and Sustainment, in consultation with agency trafficking experts, prioritizes developing and implementing a systematic approach to managing trafficking risks in procurements. This approach should include:

- identifying the agency's current trafficking risks and analyzing at-risk procurements for their level of risk,
- developing responses to address those risks, such obtaining contractor anti-trafficking compliance plans and verifying contractor implementation of requirements, and
- communicating this information to contracting officials.

DoD RESPONSE: Concur. We will review the criteria and processes described in the report to develop a systematic approach that identifies the level of risk for trafficking in person in procurements. The information will be communicated to contracting officials to help identify and develop responses for procurements with high risk of trafficking, and where appropriate, verify that contractor compliance plans are in place in response to the risk for the contract.

RECOMMENDATION 6: The GAO recommends that the Secretary of Defense should ensure that the Under Secretary of Defense for Acquisition and Sustainment ensures components conduct reviews of a subset of contracts to determine whether contracting officials have implemented federal anti-trafficking requirements, including incorporating the certification provision in covered solicitations and obtaining contractor anti-trafficking certifications prior to award and annually thereafter.

DoD RESPONSE: Concur. We will provide information to component contracting officials to review a subset of high risk trafficking in persons contracts to ensure contracting officials include the certification provision in covered solicitations. Consistent with policy at Federal Acquisition Regulation (FAR) 22.1703, the information will direct the components to obtain the contractor's certification and compliance plans prior to award and annually thereafter to ensure the contractor has implemented anti-trafficking requirements.

Appendix VIII: Comments from the Department of State

United States Department of State
Comptroller
Washington, DC 20520

JUL - 2 2024

Kimberly Gianopoulos
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Gianopoulos:

We appreciate the opportunity to review your draft report, "HUMAN TRAFFICKING: Agencies Need to Adopt a Systematic Approach to Manage Risks in Contracts." GAO Job Code 106973.

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

Sincerely,

James A. Walsh

Enclosure:
As stated

cc: GAO – Mona Sehgal
OIG - Norman Brown

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Department of State Response to GAO Draft Report
HUMAN TRAFFICKING: Agencies Need to Adopt a Systematic Approach to Manage Risks in Contracts
(GAO-24-106973, GAO Code 106973)

Thank you for the opportunity to provide comments to GAO draft report, *"Human Trafficking: Agencies Need to Adopt a Systematic Approach to Manage Risks in Contracts."*

The Bureau of Administration, Office of the Procurement Executive (A/OPE) recognizes the importance of managing human trafficking risks in the State Department's procurement activity. We are pleased that GAO recognizes State's ongoing work in this area and assessed State as well-positioned to continue the agency's risk management approach. We also acknowledge improvements can be made in systematically identifying and analyzing, developing responses to, and communicating human trafficking risks to contracting officials and federal contractors. To that end, we support GAO's recommendations for State.

Recommendation 3: The Secretary of State should ensure that the Deputy Assistant Secretary and Senior Procurement Executive, in consultation with agency trafficking experts, identify a timeframe to reevaluate whether the agency's responses to contracting-related trafficking risks are working and if the agency needs to do a broader risk assessment.

State concurs with GAO's recommendation. As outlined in the report, State is piloting a new risk mapping process for acquisition personnel to assess and prevent human trafficking risks during the design, solicitation, and monitoring of construction contracts. We anticipate that lessons learned from this pilot will be adapted to other high-risk, high-volume contracts. Communicating the information to the acquisition workforce, including our Contracting Officer Representatives, through better communication tools and forums will help State further expand our approach in this area. When the Human Trafficking Risk Mapping pilot is complete, we will review the outcomes

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together with State's procurement policies, operations, and training to determine whether a broader risk assessment would be beneficial.

Recommendation 7: The Secretary of State should ensure that the Deputy Assistant Secretary and Senior Procurement Executive assess whether contracting officials obtained applicable annual contractor anti-trafficking certifications as part of the agency's review of its awarded contracts.

State concurs with GAO's recommendation. Compliance with current regulatory requirements is a key success factor. GAO found agencies were interpreting compliance provisions differently and has recommended that OMB provide agencies with greater clarity. State has instituted some internal control measures regarding compliance.

During interviews, State shared with GAO that the A/OPE Collaborative Business Review is in its pilot phase. This initial review will assess whether contracting officers reviewed contractor compliance plans prior to award and also confirm whether they obtained copies of the certification for the award file. Should these reviews determine certifications were not appropriately obtained, additional clarification of requirements will be provided to the workforce, as will training tools, to improve compliance.

Over the last several years, contracting policy modifications, tools development, and quality assurance programs have addressed previous programmatic omissions and misunderstandings. State anticipates that as these methodologies mature and communications to the procurement workforce increase, State's management of human trafficking risks in contract spending will be a model across government.

Appendix IX: Comments from the U.S. Agency for International Development

USAID
FROM THE AMERICAN PEOPLE

Mona Sehgal
Director, Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20226

June 26, 2024

Re: Human Trafficking: Agencies Need to Adopt a Systematic Approach to Manage Risks in Contracts (GAO-24 -106973)

Dear Ms. Sehgal:

I am pleased to provide the formal response of the U.S. Agency for International Development (USAID) to the draft report produced by the U.S. Government Accountability Office (GAO) titled, "Human Trafficking: Agencies Need to Adopt a Systematic Approach to Manage Risks in Contracts" (GAO-24 - 106973). The report has two recommendations for USAID.

USAID concurs with both recommendations. GAO's first recommendation (Recommendation #4) was to develop and implement a systematic approach to managing trafficking risks in procurements. USAID has reviewed high risk product service codes previously provided by the Senior Policy Operating Group (SPOG) as well as risk in the Tier 3 countries where we operate. USAID will instruct Contracting Officers (COs) to explicitly request the contractor submit the anti-trafficking compliance plan and the delegated COR to review the plan for adequacy. GAO's second recommendation (Recommendation #8) was to review a subset of contracts to determine whether contracting officials have implemented federal anti-trafficking requirements. USAID will pursue an automated means of reviewing a sample of contract files in our Agency Secure Image and Storage Tracking System (ASIST) for certain key documents, to include required anti-trafficking certifications. More detailed information on both recommendations is included in the attached response.

I am transmitting this letter and the enclosed comments from USAID for inclusion in the GAO's final report. Thank you for the opportunity to respond to the draft report, and for the courtesies extended by your staff while conducting this engagement. We appreciate the opportunity to participate in the complete and thorough evaluation of our approaches to manage counter-trafficking of persons in contracts.

Sincerely,

Colleen R. Allen

Colleen Allen
Assistant Administrator

COMMENTS BY USAID *ON THE DRAFT REPORT PRODUCED BY THE GAO, Human Trafficking Agencies Need to Adopt a Systematic Approach to Manage Risks in Contracts* (GAO-24-106973)

The U.S. Agency for International Development (USAID) would like to thank the U.S. Government Accountability Office (GAO) for the opportunity to respond to this draft report. We appreciate the extensive work of the GAO engagement team, and the specific findings that will help USAID develop a more systematic approach to manage trafficking risk in our contracting, more effectively communicate federal anti-trafficking requirements to staff, and evaluate compliance with these requirements. USAID will use this valuable feedback to align our staffing to achieve greater effectiveness toward achieving our global mission while increasing awareness of anti-trafficking requirements, fraud risk assessment, and training.

USAID would like to offer some additional insights, context and suggestions to this report to the two recommendations for action on the Agency's behalf:

Recommendation: The Administrator of USAID should ensure that the Senior Procurement Executive, in consultation with agency trafficking experts, develop and implement a systematic approach to managing trafficking risks in procurements. This approach should include:
• identifying and analyzing procurements for their level of trafficking risk;
• developing responses to address those risks, such as obtaining contractor anti-trafficking compliance plans and verifying contractor implementation of requirements; and
• communicating this information to contracting officials.

USAID Response: USAID concurs with this recommendation.

USAID has reviewed high risk product service codes previously provided by the Senior Policy Operating Group (SPOG). In the previous five fiscal years (FY 2019-2023), USAID awarded 1,215 contracts covered by CTIP clauses and provisions (greater than $550K, work performed overseas, not commercially available off-the-shelf items). Of this number, over 70 percent were for professional services and these contracts often imbed other activities that are not captured with product service codes. As such, USAID has determined that relying on product service codes to identify high risk procurements may not accurately reflect underlying activities.

USAID has also reviewed risk in the countries where we operate. USAID has identified Tier 3 countries as high risk. This includes Afghanistan, Algeria, Belarus, Burma, Cambodia, Chad, China (People's Republic of), Cuba, Curacao, Djibouti, Equatorial Guinea, Eritrea, Guinea-Bissau, Iran, Korea (Democratic People's Republic of), Macau, Nicaragua, Papua New Guinea, Russia, Sint Maarten, South Sudan, Syria, Turkmenistan, and Venezuela. This list will be reviewed and updated annually based upon the Department of State's Trafficking in Persons Report.

M/OAA will instruct Contracting Officers (COs) to explicitly request the contractor submit the anti-trafficking compliance plan to the CO and delegated Contracting Officer's Representative (COR) for contracts identified as high risk:

- For existing contracts, the CO will be instructed to request the plan, in accordance with the existing contract clause.
- For new contracts, in addition to relying on the contract clause, the CO should include the compliance plan as a contract deliverable to the CO and COR in Section F.

The delegated COR is responsible for reviewing the plan for adequacy, i.e., it meets the minimum requirements of FAR 52.222-50, and for monitoring the contractor's compliance with the plan.

M/OAA will communicate these changes to COs by revising operational policy in the ADS and/or revising existing guidance found in the trafficking Procurement Executive Bulletin (PEB). M/OAA will work with our training division and the Bureau for Planning Learning and Resource Management (PLR) to ensure that CORs are aware of their CTIP-related responsibilities.

Additionally, M/OAA will explore the ability of our contract writing and filing systems, to identify contracts with a place of performance in a high risk country and identify additional compliance plan reporting requirements. M/OAA anticipates that this recommendation will be completed by the end of FY 2025.

Recommendation: The Administrator of USAID should ensure that the Senior Procurement Executive reviews a subset of contracts to determine whether contracting officials have implemented federal anti-trafficking requirements, including incorporating the certification provision in covered solicitations and obtaining contractor anti-trafficking certifications prior to award and annually thereafter.

USAID Response: USAID concurs with this recommendation.

The Federal Acquisition Regulation (FAR) contains a clear prescription for the inclusion of the countering trafficking in persons (CTIP) clause and provision in our solicitations and resulting contracts. M/OAA will reinforce existing regulations by reminding COs of the requirements to insert the required and applicable clause and provision in applicable contract and solicitations. M/OAA will remind COs to review their contract files annually to ensure that they are receiving the annual certification and ensure that they received the initial certification from the apparent successful offeror as a condition of award.

M/OAA will pursue an automated means of reviewing a sample of contract files in our Agency Secure Image and Storage Tracking System (ASIST) for certain key documents, to include required anti-trafficking certifications. M/OAA will also include the annual anti-trafficking certifications as part of our missing documents report to better monitor contractor compliance. M/OAA anticipates that this recommendation can be completed by the end of FY 2026.

Appendix X: GAO Contact and Staff Acknowledgments

GAO Contact

Mona Sehgal, (202) 512-4841 or sehgalm@gao.gov

Latesha Love-Grayer, (202) 512-4409 or lovegrayerl@gao.gov

Staff Acknowledgments

In addition to the individuals named above, Angie Nichols-Friedman (Assistant Director), Cheryl Goodman (Assistant Director), Leslie Ashton (Analyst-in-Charge), Naina Azimov, Bonnie Binggeli, Laura Greifner, Bridget Jackson, Anne Louise Taylor, and Robin Wilson made key contributions to this report. John Armstrong, Carole J. Cimitile, Gergana Danailova-Trainor, Jeffrey Fiore, Christopher Hayes, Helena Johnson, Jessica Karnis, Jean McSween, Gabriel Nelson, Andrew Powell, Scott Purdy, Jillena Stevens, and Tanya Waller also contributed.

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GAO
U.S. GOVERNMENT ACCOUNTABILITY OFFICE
Snapshot

China: Managing the Economic Relationship Requires Balancing Benefits and Risks

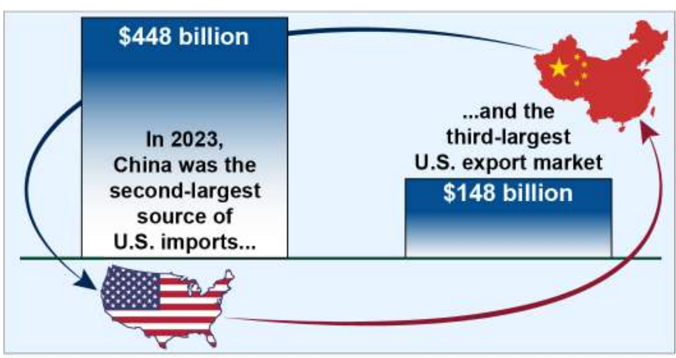
GAO-24-107189, April 2024

The U.S. and the People's Republic of China (PRC) are major partners and competitors in trade and investment, but PRC's use of harmful and unfair economic practices poses risks. Federal efforts to protect U.S. economic interests can be improved in areas such as resource management and public communication.

The Big Picture

Trade and investment between the U.S. and the People's Republic of China (PRC) have grown immensely in recent decades.

In 2023, PRC was the second-largest source of U.S. imports and the third-largest U.S. export market, according to the U.S. Census Bureau and the U.S. Bureau of Economic Analysis. In 2022, PRC-based foreign direct investment in the U.S. totaled almost $29 billion, and U.S. direct investment in PRC was $126 billion, according to the U.S. Bureau of Economic Analysis.



Source: U.S. Census Bureau, U.S. Bureau of Economic Analysis (data); CarryLove/stock.adobe.com; jpldesigns/stock.adobe.com (icons). | GAO-24-107189

But PRC is also a major competitor, and the U.S. Trade Representative warned that **"China routinely deploys economic and trade policies and practices that promote unfair competition and state-directed outcomes rather than fair competition and market-based outcomes."**

These practices include trade in illicit goods, use of forced labor, and theft of sensitive technologies.

Our extensive work in this area has identified actions that federal agencies should take to ensure that their workforce, information-sharing, data collection, and decision-making processes address these practices.

The U.S. government has programs to mitigate these economic security risks while maintaining an open investment climate and protecting the robust and codependent trade relations on which America's prosperity relies.

- Export controls are used to manage risks associated with exporting sensitive technology, while protecting contributions of foreign scholars.
- Tariffs that protect U.S. industries from certain PRC trade practices have exclusions to mitigate potential harm to U.S. companies and workers.
- Import restrictions are enforced to stop illicit trade, which threatens to harm the U.S. economy and consumer safety.

What GAO's Work Shows

We made numerous recommendations to bolster policymakers' efforts to combat PRC's harmful and unfair economic practices.

1. Enhanced resource management can help strengthen risk assessment and trade enforcement

Workforce planning can help ensure agencies have enough staff with the right skills to enforce import restrictions on goods made with forced labor.

The Executive Branch committee authorized to review certain foreign investment transactions that can result in foreign control of a U.S. business faces resource limitations due to its growing workload and the complexity of the transactions it reviews.

Resource assessments are crucial to ensuring the committee's effectiveness. Agencies still need to determine whether legislation is required to address security concerns posed by some foreign investments.

2. Improved federal communications can increase threat awareness and strengthen import restrictions

Targeted outreach to universities is a key enforcement mechanism to prevent unauthorized transfer of sensitive technology to PRC. Agencies still need to establish mechanisms to periodically assess risk factors used to prioritize universities for such outreach.

Additional guidance can support university efforts to properly safeguard export-controlled items and comply with export controls, but agencies still need to ensure they consistently interpret regulations.

Better public communication can strengthen enforcement of prohibitions on importing goods produced by forced labor, such as seafood.

Improved information sharing with companies can strengthen enforcement of prohibitions on importing counterfeit goods. Agencies still need to evaluate the effectiveness of their enforcement efforts.

Agencies need to enhance policies, such as conflict of interest procedures, to help mitigate threats of foreign influence in federally funded research.

3. Data improvements can help identify economic security risks

Agencies still need to take steps to enhance data collection and sharing on foreign investments in agricultural land to increase the visibility of potential security risks.

Improved data on students from countries of concern, such as PRC, can strengthen efforts to identify and assess technology transfer risk.

Enhanced data analysis of duties collected to remedy unfair trade practices can help identify risks, and agencies still need to take further steps to mitigate nonpayment risk.

4. Consistent, timely, and transparent federal decision-making can minimize harm to U.S. firms caused by tariffs

We found that consistent and timely decisions are needed on company requests for exclusion from certain tariffs on imports from PRC that protect against excess global supply. Agencies still need to take steps to minimize errors in requests and improve timeliness.

Public guidance to companies requesting relief from paying certain steel and aluminum tariffs should be complete and up-to-date, and agencies still need to create a policy to update their guidance.

Challenges and Opportunities

Despite recent declines in its economy, PRC's power continues to grow. Experts have warned that PRC's ambitious infrastructure investments and role in implementing development programs may expand its global economic and political influence. For example, its "Belt and Road Initiative," sometimes referred to as the New Silk Road, is designed to link global trade routes through physical infrastructure. PRC-based companies dominate supply chains for both critical minerals and everyday goods, and recent disruptions have highlighted subsequent vulnerabilities, such as product shortages and inflationary pressures.

To protect a fair and open economic system, the U.S. must balance the benefits and risks of trade and investment with PRC. Policymakers continue to combat economic risks through actions such as preventing theft of sensitive technologies, strengthening import prohibitions on goods made with forced labor, and reviewing potential national security risks of PRC-based ownership of agricultural land. With continued focus, policymakers can further enhance these efforts to counteract PRC abuses and enforce rules against unfair trade and labor practices.

Contact Us:

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Contributors: Adam Cowles (Assistant Director), Diana Blumenfeld (Analyst in Charge), Debbie Chung, and Neil Doherty made key contributions to this Snapshot.

Source: Alberto Masnovo/stock.adobe.com (cover photo); GAO (icons).

United States Government Accountability Office

Report to Congressional Requesters

April 2025

PAYMENT CARDS

Costs and Benefits for Federal Entities

GAO-25-107298

GAO Highlights

Highlights of GAO-25-107298, a report to congressional requesters

Why GAO Did This Study

Federal entities accept payment cards from the public for postage, train travel, national park entry, and other payments. Entities also provide cards to employees for work-related purchases.

GAO was asked to review federal entities' acceptance and use of payment cards. This report examines (1) fees paid by selected federal entities to payment card companies in FY 2023; (2) these entities' efforts to reduce fees; and (3) the benefits of accepting and using payment cards.

GAO analyzed aggregated data on payment card fees from seven federal entities, selected because collectively they represent a substantial number of federal entities that accept cards and a range of card management practices and transaction volumes. The entities are Amtrak, Treasury's Bureau of the Fiscal Service, The Smithsonian Institution, U.S. Postal Service, Army and Air Force Exchange Service, Marine Corps Community Services, and Navy Exchange Service Command. GAO also conducted selected analysis of the Internal Revenue Service.

GAO reviewed industry documentation about payment card fees and other arrangements among selected federal entities and payment card companies, as well as documentation related to the General Services Administration SmartPay program. Additionally, GAO conducted a literature review and interviewed industry and subject matter experts and officials from the selected federal entities.

For more information, contact Michael E. Clements at clementsm@gao.gov.

April 2025

PAYMENT CARDS

Costs and Benefits for Federal Entities

What GAO Found

More than 85 federal entities collected over $43 billion from consumers who used credit, debit, or other payment cards for goods, services, and other payments in fiscal year (FY) 2023 (the most recent data available at the time of the review). The entities in turn paid about $784 million in fees ($1.06 on average per transaction) to card issuers, networks, and companies that facilitated the transactions. Fees paid amounted to 1.8 percent of revenue (which falls within the range of published industry estimates for U.S. merchants).

Acceptance of Payment Cards by Selected Federal Entities, Fiscal Year 2023

Entity	Transactions (millions)	Transaction revenues ($ million)	Fees paid by entities ($ million)
Treasury Bureau of the Fiscal Service	153	$18,602	$312
Other entities	590	$25,001	$472
Total	**743**	**$43,604**	**$784**

Source: GAO analysis of data from selected federal entities. | GAO-25-107298

Notes: Numbers may not sum to totals because of rounding. Bureau of the Fiscal Service manages payment card acceptance for an estimated 81 federal entities. Payment cards include credit, debit, and other types of cards, with associated fees paid to card issuers, card networks, and processing companies that facilitated the card transactions.

Transaction fees include an interchange fee set by card networks (e.g., Mastercard, Visa) and paid to the card issuers. Interchange fees accounted for nearly 90 percent of the fees selected entities paid in FY 2023. Network, processing, and other fees made up the remainder. The Department of the Treasury's Bureau of the Fiscal Service manages card payment acceptance and pays fees on behalf of an estimated 81 federal entities. In FY 2023, it paid about $299 million in interchange and network fees and about $13 million in processing and other fees. Other entities (e.g., Amtrak, U.S. Postal Service) maintain their own relationships with payment card companies and pay fees directly.

Federal entities have taken steps to reduce payment card costs. For example, five of the selected federal entities told GAO they reduced fees by meeting transaction volume thresholds. One entity limited the types of payment cards accepted for certain transactions, and another limited transaction amounts. However, two entities described challenges navigating complex network rules in their efforts to reduce fees. Additionally, two entities reported unsuccessful negotiations with card networks to lower interchange fees.

Federal entity officials said entities receive several benefits from accepting and using payment cards. For example, accepting cards helps reduce the administrative burden of handling cash and checks and enhance customer satisfaction by meeting consumer expectations for card payment options. Benefits of providing cards to employees for work-related purchases include lower administrative costs, such as those for cash advances, and closer tracking of employee spending to help prevent fraud. Also, payment cards provided through the GSA SmartPay program generate spending-based refunds, which totaled $488 million in FY 2023 based on net eligible funds of $37 billion spent.

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Abbreviations

Amtrak	National Railroad Passenger Corporation
BFS	Bureau of the Fiscal Service
DOD	Department of Defense
FY	fiscal year
GSA	General Services Administration
IRS	Internal Revenue Service
MCC	merchant category codes
NAFI	Nonappropriated Fund Instrumentalities
PIN	personal identification number
USPS	United States Postal Service

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

April 30, 2025

Congressional Requesters

Credit and debit card payments accounted for 60 percent of all U.S. consumer payments in 2023.[1] Like private businesses, many federal entities accept credit, debit, and other payment cards from the public for a wide variety of goods, services, and other payments, such as postage, train tickets, and national park entry fees. Acting as "merchants" in these transactions, federal entities pay fees to the card networks, financial institutions that issue the cards, and other companies that facilitate the transactions (payment card companies). The card networks, which include American Express, Mastercard, and Visa, generally set the largest of the fees that merchants pay for each transaction. The financial institution that issues the card to the consumer (known as the card issuer) receives the fee. Additionally, federal entities provide cards to their employees for work-related purchases, such as travel.

Given the widespread acceptance and use of payment cards by federal entities, you asked us to analyze data on the fees paid by federal entities to card networks and card issuers for accepting payments by credit, debit, and prepaid cards, and benefits of accepting and using cards.[2] This report examines (1) the total amount of fees paid by selected federal entities to payment card companies for card transactions processed in fiscal year (FY) 2023; (2) efforts by selected federal entities to reduce fees; and (3) the benefits federal entities gain from accepting and using payment cards.

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[1]Berhan Bayeh, Emily Cubides and Shaun O'Brien, *2024 Findings from the Diary of Consumer Payment Choice* (Washington, D.C.: 2024). The *Survey and Diary of Consumer Payment Choice* is a collaboration of the Federal Reserve Banks of Atlanta and Boston and FedCash Services. See also Federal Reserve, *Federal Reserve Payments Study, 2022* (Washington, D.C.: 2024). According to this study, the value of debit, credit, and prepaid card payments made in the U.S. was $9.43 trillion in 2021, and the value of these payments increased by 10 percent each year from 2018 through 2021.

[2]We previously reported on fees that federal entities pay to card networks and card issuers and the benefits federal entities identified from accepting payment cards, such as increased sales, better tracking of transactions, and reduced fraud. See GAO, *Credit and Debit Cards: Federal Entities Are Taking Actions to Limit Their Interchange Fees, but Additional Revenue Collection Cost Savings May Exist,* GAO-08-588 (Washington, D.C.: May 15, 2008).

To determine fees that federal entities incurred for accepting payment cards, we analyzed aggregated data from the Department of the Treasury's Bureau of the Fiscal Service (BFS), which processes and generally bears the cost of payment card transactions on behalf of many federal entities; the National Passenger Railway Corporation (Amtrak); The Smithsonian Institution; U.S. Postal Service (USPS); and three selected Department of Defense (DOD) Nonappropriated Fund Instrumentalities (NAFI)—the Army and Air Force Exchange Service, Marine Corps Community Services, and Navy Exchange Service Command.[3] We selected these federal entities because they collectively represent a substantial number of federal entities that accept payment cards and reflect a range of payment card management practices and transaction volumes. We analyzed FY 2023 data (the most recent data available at the time of our review) from these entities on total payment card transaction volume and dollar value, and total transaction fees by fee type, card type, and card network.[4]

To identify federal efforts to reduce the costs of accepting payment cards, we reviewed published industry documentation and documentation about fees and other arrangements among selected federal entities, processing companies, financial institutions, and networks. We also interviewed federal entity officials and representatives of two networks and one financial institution.

To identify benefits of accepting and using cards, we reviewed documents and interviewed officials from the selected federal entities to gather their

[3]DOD defines a nonappropriated fund instrumentality as a DOD organizational and fiscal entity supported in whole or in part by nonappropriated funds. Department of Defense Instruction No. 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources*, encl. 2, ¶ E2.13 (Oct. 31, 2007, amended Mar. 20, 2008). For more information about NAFIs, see GAO, *Principles of Federal Appropriations Law*, Third Edition, GAO-08-978SP, vol. III, ch. 15 (Washington, D.C.: Sept. 2008), 15-226-15-276, in conjunction with GAO, *Principles of Federal Appropriations Law: Annual Update to the Third Edition*, GAO-15-303SP (Washington, D.C.: Mar. 2015), 15-3-15-4. We also conducted selected analysis on the Internal Revenue Service (IRS). IRS contracts with three companies to process credit and debit card payments made by taxpayers who opt to pay their income taxes by payment card. IRS does not pay payment card fees for these transactions. Instead, taxpayers pay a convenience fee to the company that processes the card transaction.

[4]We assessed the reliability of the data we received from each entity by checking for errors within the data, reviewing samples of reports, and obtaining responses to questions from knowledgeable staff. We determined that the data for all selected federal entities were reliable for the purposes of summarizing fees that federal entities paid to card networks, financial institutions, and processors.

perspectives. We also reviewed documentation and interviewed officials from the General Services Administration (GSA), which administers the SmartPay purchase card program used by federal entities. Additionally, we collected and analyzed data from GSA on purchase card refunds.[5]

We also conducted a literature review of research on benefits and costs of accepting and using cards, including studies in peer-reviewed journals, as well as news articles, public statements, and congressional testimonies. Based on the results of this review, we selected a nonprobability sample of eight organizations whose representatives we interviewed about the potential benefits and challenges associated with accepting and using payment cards. For more information on our objectives, scope, and methodology, see appendix I.

We conducted this performance audit from January 2024 to April 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Payment Card Transactions and Participants

Consumers commonly use payment cards (including credit, debit, prepaid, and charge cards) to pay merchants for goods and services.

- **Credit cards** allow consumers to pay for goods and services using funds loaned by the card issuer, typically a commercial bank or other financial institution. Consumers can either pay the account balance in full by the end of the billing cycle or pay part of the balance and pay interest and other fees on the remaining balance.
- **Debit cards** enable consumers to draw funds directly from their financial institution accounts to pay for purchases. Debit transactions can be authorized via a signature or a personal identification number (PIN). Signature debit and PIN debit transactions have different

[5]To assess the reliability of the GSA data, we interviewed staff about the source of the data and GSA’s quality control steps. We determined the data were reliable for reporting on the aggregate size of the refunds.

authorization processes and are routed over different network infrastructure.[6]

- **Prepaid cards** are not linked to an individual's financial institution demand deposit account. Instead, consumers load funds onto the card prior to purchase. These cards are issued by financial institutions that hold the funds that have been loaded onto the card.
- **Charge cards** must be paid in full at the end of each billing cycle and are issued by financial institutions.

The financial institutions that issue these cards have relationships with one or more card networks. In the U.S., the largest networks are American Express, Discover, Mastercard, and Visa. There are also several other debit card networks.

The parties involved in a typical payment card transaction depend in part on the card network. For example, Mastercard and Visa transactions involve the card network, card issuer, consumer, merchant and acquirer (or processor) (see table 1).[7]

Table 1: Participants in Mastercard and Visa Transactions

Card issuer	the financial institution that issued the consumer's payment card
Consumer	the cardholder who initiates the payment
Merchant	the entity accepting the card payment
Acquirer and processor	the merchant's financial institution (acquirer) and associated payment processing company (processor), which process the transaction
Card network	the network facilitating the transaction

Source: GAO summary of industry information. | GAO-25-107298

Note: Certain other card networks, such as American Express and Discover, also act as issuer.

Merchants pay a merchant discount fee (also referred to as a transaction fee) to the processor or acquirer, which in turn pay fees to the card issuer and network.

[6]Signature debit transactions are processed on credit card network infrastructure and involve two steps—authorization is transmitted in one message and clearing information is transmitted in a separate message. In contrast, PIN debit cards are processed through a single-message system that authorizes and clears the charge within a single message.

[7]American Express and Discover operate differently from Mastercard and Visa, with the former two acting as a combined issuer and network for their respective transactions.

In a typical Mastercard or Visa transaction, the merchant's processor or acquirer charges a merchant discount fee, which includes the following components:

- **The interchange fee** is paid by the merchant's bank or acquirer to the card issuer (typically the financial institution that issued the card).[8] The networks establish the rates that determine the interchange fees and adjust the rates semiannually. The interchange rate assessed on a card transaction is generally composed of (1) a fixed fee per transaction and (2) a percentage of the value of the consumer's purchase.
- **Network fees** are generally fixed fees per transaction that are established by each card network. The fees are paid to the card network as compensation for operating the network.
- **Payment processor or acquirer fees** make up the remainder of the merchant discount fee. They are paid to the processor or acquiring bank for their services, which include routing the transactions to appropriate networks and issuers.[9]

Some merchants pass all or a portion of the merchant discount fee on to the consumer by adding a surcharge or convenience fee when consumers use a credit card.[10]

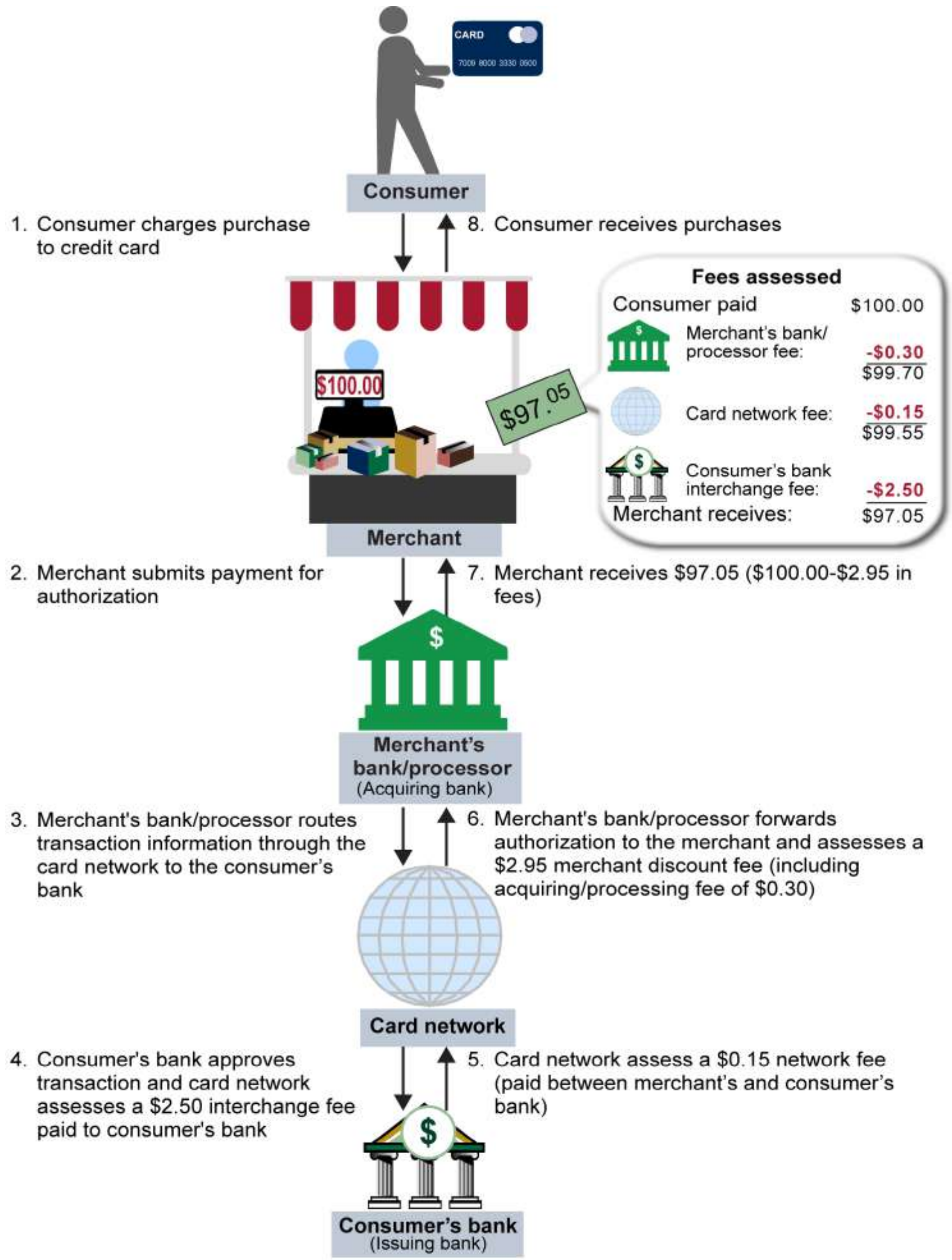
Figure 1 illustrates the role of the parties involved in a typical credit card transaction and the flow of fees among them.

[8]According to officials of one network, transaction fees compensate issuers for their cost of funds in the period between their settlement with the merchant and when they are paid by the cardholder, and the risks they take on for fraud or non-payment by cardholders. Fees may also reflect administrative costs to issue the card and issuer costs for rewards that issuers offer to consumers who use the cards to make purchases.

[9]Merchants may work directly with either acquiring banks or payment processors.

[10]A merchant's ability to add surcharges or convenience fees depends on applicable laws and network rules, according to literature we reviewed. *See, e.g.,* Matthew C. Luzadder and Alla M. Taher, "The Changing Landscape of Interchange Fees and Surcharges," *The Review of Banking and Financial Services*, vol. 40, no. 12 (Dec. 2024), 129-135; Tom Witherspoon and Audrey Carroll, "NY's Revamped Card Surcharge Ban Is Unique Among States," *Law360* (Feb. 2024).

Figure 1: Illustrative Example of an Approved Credit Card Transaction



Source: GAO (analysis and icons). | GAO-25-107298

Note: This graphic illustrates a typical merchant accepting Visa or Mastercard but processes and fees vary. For example, for the Department of the Treasury's Bureau of Fiscal Service, interchange and other fees are not "deducted" from the transaction amount that is collected by the federal entity. Instead, transactions are settled "at par," with associated costs of card acceptance paid separately. For cards issued by American Express or Discover, the card network also acts as issuer.

Debit Card Interchange Fee Regulation

Debit card interchange fees have been subject to federal regulation since 2011.[11] Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, any interchange fee for electronic debit transactions must be reasonable and proportional to the cost incurred by the card issuer with respect to the related transaction.[12] The Board of Governors of the Federal Reserve System implemented this requirement through Regulation II, which became effective on October 1, 2011.[13] Regulation II established a cap on interchange fees for electronic debit transactions, setting the limit at the sum of (1) $0.21 per transaction and (2) 5 basis points (0.05%) of the transaction's value.[14]

However, small issuers and certain types of debit cards are exempt from these requirements.[15] Regulation II also prohibits network exclusivity, requiring issuers and networks to enable processing of electronic debit transactions on at least two unaffiliated networks.[16] Additionally,

[11]For purposes of this regulation, debit cards include general-use prepaid cards, among other things. *See*, *e.g.*, 12 C.F.R. § 235.2(f). Interchange fees are any fees established, charged, or received by a payment card network and paid by a merchant or acquirer to compensate the issuer of the card for its involvement in an electronic debit transaction. *See*, *e.g.*, 12 C.F.R. § 235.2(j). Note that entities that employ a three-party system—that is, where one entity acts as a systems operator, issuer and potentially acquirer—are not payment card networks for purposes of the rule. 12 C.F.R. app. A to pt. 235, commentary to § 235.2(m).

[12]Pub. L. No. 111-203, tit. X, § 1075(a)(2), 124 Stat. 1376, 2068-2074 (2010) (codified at 15 U.S.C. § 1693*o*-2).

[13]Federal Reserve, Debit Card Interchange Fees and Routing, Final Rule, 76 Fed. Reg. 43,394 (July 20, 2011) (codified as amended at 12 C.F.R. pt. 235).

[14]12 C.F.R. § 235.3(b). Under Regulation II, electronic debit transaction means the use of a debit card by a person as a form of payment in the United States to initiate a debit to an account, but excludes transactions initiated at an ATM, including cash withdrawals and balance transfers initiated at an ATM. 12 C.F.R. § 235.2(h). A basis point is one-hundredth of 1 percent. Card issuers who meet certain fraud prevention standards can charge an additional $0.01 per transaction. The Federal Reserve developed the interchange fee cap in 2011, using data voluntarily reported by large debit card issuers for transactions performed in 2009. Since that time, the Federal Reserve has collected debit card transaction data on a mandatory basis every other year. In 2023, the Federal Reserve proposed lowering the interchange fee cap based on the latest data and making other changes to Regulation II. Federal Reserve, Debit Card Interchange Fees and Routing, Notice of Proposed Rulemaking, 88 Fed. Reg. 78,100 (Nov. 14, 2023).

[15]An issuer is exempt if it holds the account being debited and, together with its affiliates, has assets of less than $10 billion. 15 U.S.C. § 1693*o*-2(a)(6); 12 C.F.R. § 235.5(a). The act and regulation also exempt debit cards issued under government-administered payment programs and certain reloadable prepaid cards, with some exceptions. 15 U.S.C. § 1693*o*-2(a)(7); 12 C.F.R. § 235.5(b)-(d).

[16]12 C.F.R. § 235.7(a), app. A to pt. 235, comment to § 235.7(a).

merchants must be allowed to direct the routing of the electronic debit transactions over these networks.[17]

In contrast to debit card interchange fees, interchange fees for credit card transactions are not specifically regulated at the federal level.[18] These fees have long been the subject of debate: merchants argue that networks charge higher-than-competitive fees, while the banking industry argues that the fees reflect the cost of providing the transactions.[19] Members of Congress proposed legislation in 2023 that would require the Federal Reserve to regulate network competition for credit card transactions.[20] This would include, for example, prohibiting covered card issuers and networks from restricting the processing of credit transactions to the two networks with the largest market shares.[21] The legislation is designed to lower credit card interchange fees by increasing competition in the market.[22]

[17]12 C.F.R. § 235.7(b), app. A to pt. 235, comment to § 235.7(b).

[18]Separately, certain payment card networks and issuers have been the subject of ongoing antitrust litigation since 2005. See *e.g. In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation*, No. 1:05-md-01720 (E.D.N.Y.). The plaintiffs are merchants who allege that network interchange fees, and associated rules, are anticompetitive and violate federal and state antitrust laws. Effective in 2023, the defendants entered into a $5.6 billion settlement with a class of plaintiffs seeking monetary damages for past injury. The remaining class of plaintiffs—those seeking equitable relief—reached a proposed settlement with the defendants in 2024. The proposed settlement included reductions and caps on credit card interchange fee rates over several years, as well as various changes to network rules. See *In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation*, No. 1:05-md-01720, Doc. 9179-2 (E.D.N.Y. Mar. 26, 2024). However, the court did not approve the proposed settlement.

[19]Congressional Research Service, *Credit Card Swipe Fees and Routing Restrictions*, R48216 (Oct. 8, 2024). See also GAO, *Credit Cards: Rising Interchange Fees Have Increased Costs for Merchants, but Options for Reducing Fees Pose Challenges*, GAO-10-45 (Washington, D.C.: Nov. 19, 2009).

[20]The Credit Card Competition Act of 2023 was introduced in both chambers of Congress but neither bill was enacted by the end of the 118th Congress. S. 1838, H.R. 3881.

[21]This requirement would not apply to credit cards issued in a 3-party payment system model. The legislation defines a covered card issuer as a card issuer that, together with its affiliates, has assets of more than $100,000,000,000.

[22]Credit Card Competition Act of 2023, 169 Cong. Rec. S5843 (daily ed. Dec. 7, 2023) (statement of Sen. Durbin). *See also* Congressional Research Service, *How the Credit Card Competition Act of 2023 Could Affect Consumers, Merchants, and Banks*, IF12548 (Washington, D.C.: Dec. 2023).

Federal Entities That Accept and Use Payment Cards

Federal entities that accept cards as a method of payment typically participate in BFS's Card Acquiring Service. The service supports various card acceptance points, including point-of-sale devices (for "card present" transactions) and Pay.gov (for "card not present" including e-commerce transactions). According to BFS officials, federal entities that settle funds through Treasury's General Account must use the Card Acquiring Service to process payment card transactions, absent a statutory authority providing otherwise. BFS operates the service through a financial agent, which provides acquiring bank services and partners with a card processor for transaction processing. The financial agent pays related card fees (interchange fees, network fees, and processing and other fees), which are then reimbursed by BFS, according to BFS officials.

Entities that accept payment cards but do not participate in BFS's Card Acquiring Service operate their own card processing programs. These entities pay the associated fees directly to the companies with which they maintain relationships. For example, Amtrak, Smithsonian, USPS, and certain DOD NAFIs have relationships with processors or acquirers to process payment cards for their customer transactions.[23] In addition, IRS contracts with three companies to process tax payments made by cards, and taxpayers are responsible for paying associated card fees.

In addition, federal entities provide cards to employees, such as through the GSA SmartPay program. To implement this program, GSA contracts with U.S. Bank and Citibank to offer cards for work-related purchases such as office supplies, business services, fuel and vehicle maintenance, and travel services. The federal entities select cards from among the four following business lines:

1. Purchase (for supplies and services)
2. Travel (for airline, hotel, and travel-related expenses)
3. Fleet (for fuel and supplies for government-issued vehicles)
4. Integrated (a combination of purchase, travel, or fleet cards)

As part of the GSA SmartPay program, federal entities maintain task orders with one or both of the two banks that issue these cards. Entities may receive refunds, which are monetary payments from the banks

[23]Smithsonian officials told us they pay card acceptance fees from revenue-generating functions (such as sales) rather than federally appropriated funding. Military exchanges also rely on nonappropriated funding, such as sales revenue, to cover operating expenses.

calculated based on spending volume and timely payment. GSA is compensated for administering the program through a contract access fee deducted from the refunds entities receive. Under the GSA SmartPay master contract, this contract access fee cannot exceed 6.5 basis points (0.065%) of eligible net charge volume.[24] The contract also provides for federal entities to negotiate task orders directly with the banks. The task orders establish terms such as which products and services the bank will provide and refund rates.

Over 85 Federal Entities Paid More Than $780 Million in Card Fees in FY 2023

Our analysis found that more than 85 federal entities collectively paid about $784 million in fees in FY 2023 to process payment card transactions (see table 2). These fees covered roughly 740 million transactions conducted using credit, debit, and other types of payment cards that accounted for more than $43 billion in revenue. Selected federal entities paid $1.06 in fees on average per transaction to card issuers, networks, and processors or acquirers. Fees paid were about 1.80 percent of revenue.[25]

To conduct this analysis, we obtained data from BFS, which manages approximately 2,000 card acceptance accounts for an estimated 81 federal entities.[26] We also obtained data from Amtrak, Smithsonian, USPS, and selected DOD NAFIs—the Army and Air Force Exchange

[24]All references to GSA's SmartPay Master Contract refer to the Conformed Generic Master Contract #GS-36F-GA00x thru Modification PO0021, (June 4, 2024). Eligible net charge volume refers to the portion of an entity's charges that are eligible for refunds.

[25]As part of our literature review, we reviewed recently published industry publications, websites, and other news sources to find estimates of fees U.S. merchants paid to accept payment cards. We compiled information from these sources and, based on this review, we found that fees U.S. merchants paid could range from approximately 1.0 percent to 4.4 percent of transaction revenue. We did not independently validate these estimates. As we discuss later, the fees paid by entities vary, such as by type of card.

[26]As noted previously, the BFS Card Acquiring Service manages card acceptance for other federal entities. We estimated that 81 federal entities participated in the Card Acquiring Service as of February 2024. To estimate the number of entities that participate, we obtained information from BFS on the total number of accounts maintained by its financial agent (as of February 2024, accounts totaled 2,078). We then verified the entity names associated with each account against the list of federal entities in the Federal Register and individual entity websites.

Service, Marine Corps Community Services, and Navy Exchange Service Command.[27]

Table 2: Payment Card Transaction Revenues and Fees Paid by Selected Federal Entities, Fiscal Year 2023

Entity	Transactions (millions)	Transaction revenues ($ million)[a]	Fees ($ million)[b]
Treasury Bureau of the Fiscal Service[c]	153	$18,602	$312
Other entities	590	$25,001	$472
Total	**743**	**$43,604**	**$784**

Source: GAO analysis of federal entity data. | GAO-25-107298

Note: Numbers may not sum to totals because of rounding.

[a]Payment cards include credit, signature debit, personal identification number debit, and prepaid cards.

[b]Fees include interchange fees, network fees, and processing and other fees federal entities pay to the companies that facilitate the transactions.

[c]The Department of the Treasury's Bureau of the Fiscal Service manages payment card acceptance for an estimated 81 federal entities.

The total amount of fees each entity pays depends on a range of factors. These include the number and total dollar value of the transactions and the type of card used (credit or debit).

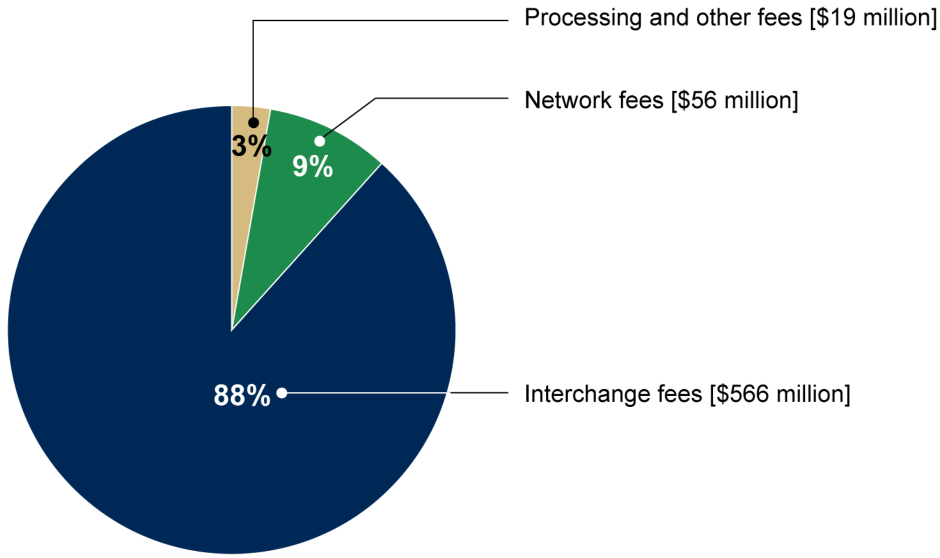
Number of and dollar value of transactions. The total fees an entity pays to companies that facilitate payment card transactions depends on the number and dollar value of transactions. Entities with higher sales volumes and revenues from card payments generally incur higher fees.

In addition, our analysis found that total fees increased or decreased in tandem with the transaction revenue over time. For example, BFS's Card Acquiring Service payment card transaction revenue collections on behalf of federal entities increased by about 20 percent between FY 2019 and 2023, growing from approximately $16 billion (in 2023 dollars) to approximately $19 billion. Correspondingly, total fees paid by BFS rose by about 22 percent, from approximately $254 million in FY 2019 (in 2023 dollars) to $312 million in FY 2023.

[27]IRS does not participate in BFS's Card Acquiring Service but does participate in Pay.gov for payments that IRS employees make to reimburse IRS under certain circumstances. According to IRS, the agency has statutory authority to contract for payment card acceptance services. Additionally, IRS is required to pass related transaction fees on to the taxpayer. *See* 26 U.S.C. § 6311; 26 C.F.R. § 301.6311-2.

Type of card used. The type of card used—credit or debit—also significantly affects the fees entities incur, particularly the interchange fee, and interchange fees accounted for nearly 90 percent of the total fees paid by selected federal entities in FY 2023 (see fig. 2).

Figure 2: Payment Card Fees Paid by Selected Federal Entities, Fiscal Year 2023



Source: GAO analysis of federal entity data. | GAO-25-107298

Notes: Data represent credit and debit card (payment card) fees from selected entities. These fees comprise interchange fees paid to the card-issuing financial institutions, network fees paid to participating card networks, and processing and other fees paid to companies processing the transactions. Some entities' data for interchange fees include data for card networks that do not charge separate network fees.

Card issuers provide various types of cards with differing interchange rates based on regulatory requirements, risk considerations, processing costs, associated cardholder rewards programs, and other factors. Fees entities pay to accept credit cards are generally higher than for debit cards in part because debit card interchange fees are regulated and capped.[28] Credit cards issued to individual consumers generally have lower interchange rates than credit cards issued to commercial entities, for example. Card networks set interchange rates (which determine the

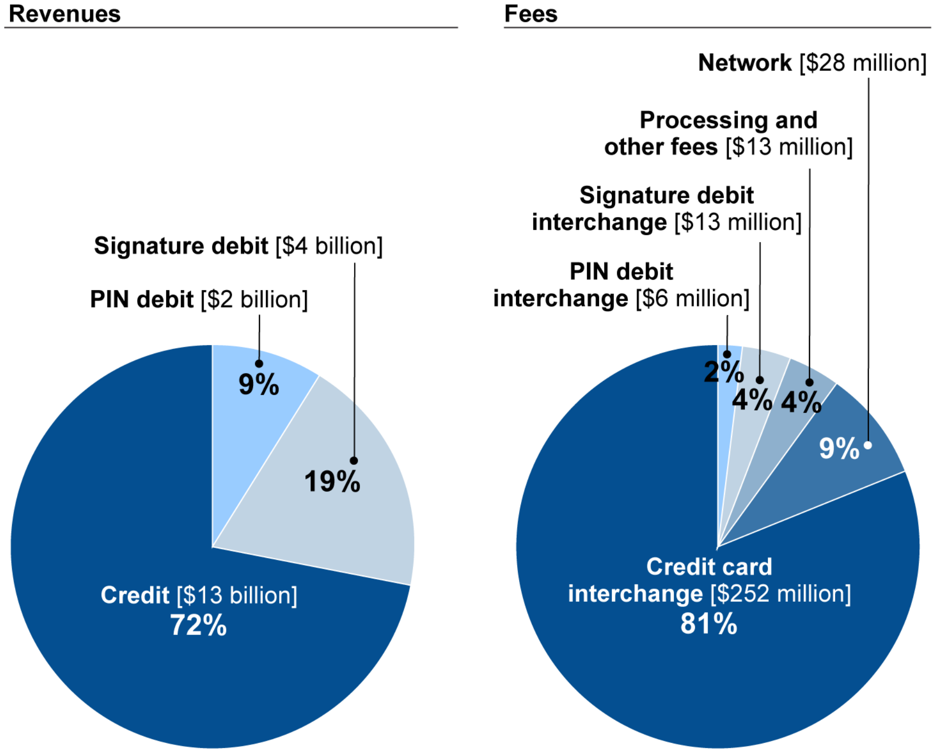
[28]Debit card interchange fees are typically lower than those for credit cards also in part because debit card transactions withdraw money directly from a cardholder's bank account and therefore are less risky for card issuers than credit cards.

interchange fees entities pay) based on a number of factors, one of which is the transaction type. In-person, card-present transactions generally pose lower risk of fraud, while card-not-present transactions (e.g., online purchases) carry higher risks of fraud and chargebacks, resulting in higher interchange fees.[29] Another factor is the type of card. For example, rewards credit cards that offer cash back or points generally have higher interchange fees than non-rewards credit cards. Further, the merchant's business line or merchant category can also affect the interchange rate, as discussed later in the report.

In general, when more consumers use credit cards instead of debit cards, entities pay higher fees. For example, we found that over two-thirds of BFS payment card revenue collected on behalf of federal entities was generated through credit card payments. Therefore, credit card interchange fees represented the highest share of BFS's total fees, accounting for 81 percent of the total fees (see fig. 3).

[29]A chargeback is a refund for a transaction provided to a cardholder when a customer disputes a debit or credit card transaction. The card issuer must determine whether to provide that cardholder with this refund.

Figure 3: Payment Card Revenues and Fees Paid by the Bureau of the Fiscal Service (BFS), Fiscal Year 2023



Acronym

PIN = personal identification number

Source: GAO analysis of BFS data. | GAO-25-107298

Note: BFS is a component of the Department of the Treasury that manages card acceptance operations for an estimated 81 federal entities. Interchange fees are paid to the card-issuing financial institutions, network fees are paid to participating card networks, and processing and other fees are paid to companies processing the transactions. Debit card transactions are verified using a signature or a personal identification number; fees may differ for the two types of transactions. Data for interchange fees include data for card networks that do not charge separate network fees.

In addition to the interchange fees, entities paid fees to card networks, acquirers, and to processors. Processing fees include other costs entities incur to accept card payments. Such costs could include software for network infrastructure, fraud prevention measures, hardware for processing, and point-of-sale card terminal rentals.

Federal Entities Took Steps to Reduce Costs of Accepting Cards but Identified Challenges

Steps Entities Took to Reduce Costs Included Optimizing Rates and Limiting Card Types Accepted

Federal entities in our review took steps to reduce fees or other costs associated with the acceptance of payment cards. These included optimizing rates and pricing models, limiting card acceptance by transaction amount or card type, passing fees on to consumers, conducting analyses, and considering alternative service providers.

Optimizing MCC interchange rates. To reduce payment card fees, federal entities have leveraged merchant category codes (MCC), which card networks use to classify transactions according to business type.[30] Networks such as Mastercard and Visa publish schedules with interchange rates corresponding to merchant categories.[31] According to published 2023–2024 schedules for Mastercard and Visa, interchange rates for consumer credit cards ranged from under 1 percent to approximately 3 percent, plus a fixed amount per transaction.[32] Public sector rates were generally on the lower end of this range, with Mastercard's published public sector rate at 1.55 percent (plus $0.10), for example. Moreover, card networks may offer larger supermarkets lower consumer credit card interchange rates than the public sector, according to network officials. For example, the lowest rate for the supermarket MCCs in the 2023–2024 MCC schedule published by Mastercard is 1.15% + $0.05.

[30]The International Organization for Standardization defines MCCs based on the types of goods and services sold by merchants. See https://www.iso.org/obp/ui/en/#iso:std:iso:18245:ed-2:v1:en, accessed Oct. 3, 2024.

[31]See Mastercard 2023–2024 U.S. Region Interchange Programs and Rates (Apr. 14, 2023), https://www.mastercard.us/content/dam/public/mastercardcom/na/us/en/documents/merchant-rates-2023-2024.pdf, accessed June 25, 2024, and Visa USA Interchange Reimbursement Fees (Oct. 14, 2023), https://usa.visa.com/content/dam/VCOM/download/merchants/visa-usa-interchange-reimbursement-fees.pdf, accessed April 19, 2024.

[32]Mastercard 2023–2024 U.S. Region Interchange Programs and Rates (Apr. 14, 2023); Visa USA Interchange Reimbursement Fees (Oct. 14, 2023).

Federal entities have reduced fees in some cases by categorizing transactions under MCCs that have lower rates. For example, according to BFS officials, BFS's financial agent has undertaken efforts in the past to reduce fees associated with the Defense Commissary Agency's transactions by negotiating with card networks a reduced supermarket MCC rate that is generally available only to supermarkets with higher transaction volumes than the Defense Commissary Agency.[33]

Meeting transaction volume thresholds. Officials from five federal entities in our review told us they have reduced fees by meeting transaction volume thresholds. Some networks establish tiered interchange rates, offering lower rates as transaction volumes increase.[34] Merchants with high transaction volumes—typically determined by total transactions or dollar amount under a given MCC—generally qualify for lower-rate tiers.

Selecting optimal pricing models. Federal entities have worked with processors to select a pricing model that reduces card processing fees. Three pricing models are common among processors or acquirers, based on our review of industry documentation.

1. **Interchange plus:** Acquirers or payment processors pass through network and interchange fees, adding their own processing fees.
2. **Tiered pricing:** Acquirers or processors structure fee rates based on risk factors and other requirements.
3. **Flat-rate (blended) model:** Merchants pay a uniform rate for all transactions, blending credit and debit card rates.

A few entities' officials told us they operate under the interchange-plus model. Merchants generally choose models that best fit their business needs and may select in part according to their size. Larger merchants may choose the interchange-plus processing model because their high

[33]Some networks offer tiered interchange rates (based on transaction volume) for merchants in the supermarket MCC.

[34]Mastercard's and Visa's published interchange rates included tiered rates for merchants in certain merchant categories. For example, with respect to Mastercard, the minimum annual volume for its supermarket programs was $6 billion for Tier 1, $2 billion for Tier 2, and $750 million for Tier 3. Mastercard 2023–2024 U.S. Region Interchange Programs and Rates (Apr. 14, 2023). With respect to Visa, the minimum annual volume was $23.26 billion for Tier 0, $12.64 billion for Tier 1, $4.99 billion for Tier 2, and $1.13 billion for Tier 3. Visa also imposed other types of thresholds for each tier (for example, based on transaction count). Visa USA Interchange Reimbursement Fees (Oct. 14, 2024).

transaction volumes and ability to analyze transaction types may enable them to take advantage of lower fee rates. Smaller merchants may choose a flat-rate (blended) model to simplify their management of card payments.

Increasing authorization rates. Card issuers may decline transactions if they cannot verify the cardholder's identity or suspect fraud. Disputed charges can result in chargebacks, which require refunds and incur additional fees.

Officials from some entities we interviewed reported taking steps to increase the proportion of successfully authorized transactions, which helps them qualify for the lowest fee tiers established with their processor or network. For example, officials from one entity told us they work with their processor to meet network requirements for securing or verifying consumers' identities. This effort has raised their authorization rates, thereby reducing fees. Other reported practices include using an encrypted credit card access program provided through the acquirer and implementing address verification for card-not-present transactions.[35]

Routing transactions over lower-cost networks. Processors can reduce merchants' costs by routing transactions through networks with lower fees. The routing process depends on a number of factors, such as the type of payment card, the specific card issuer, and applicable legal requirements. For example, under Regulation II, merchants must be allowed to direct the routing of electronic debit transactions over at least two unaffiliated networks. Officials of three of the entities we reviewed noted that their processors route debit transactions to networks with the lowest interchange rates.

Limiting payment card acceptance by transaction amount or card type. To reduce costs, some federal entities limit the size of the transaction or the types of payment cards they accept for specific products or transactions. For example, BFS's Card Acquiring Service imposes a $24,999.99 maximum on total daily credit card transactions processed from a single payer. No such limit is imposed on debit card transactions. Another entity does not accept PIN debit card payments because the expenses required to implement hardware, security, and

[35]Address verification can minimize the risk of fraudulent transactions by comparing the billing address provided by a consumer with the billing address on the account to confirm they match. Processors can also help entities implement secure processing technologies, such as point-to-point encryption or tokenization.

software for PIN debit payments would outweigh the potential benefits, according to an analysis the entity conducted.

Passing fees on to consumers. Officials from two federal entities told us they pass all or a portion of transaction fees to card-using consumers. For example, IRS is authorized by law to accept tax payments by credit and debit card, provided that all payment card fees for such transactions are passed on to the taxpayer.[36] Similarly, the Defense Commissary Agency is required by law to charge a user fee to certain veterans and caregivers of veterans who use a debit or credit card at commissaries.[37] The fee is intended to offset the additional costs to the government associated with card use by the patrons, including expenses related to card network use and related transaction processing fees. However, aside from the Defense Commissary Agency, BFS officials stated that they were not aware of any statutory authorities that would authorize federal entities participating in the Card Acquiring Service to impose surcharges or convenience fees on card transactions.

Hiring consultants and conducting analysis. Two entities hired consultants with industry expertise to identify ways to reduce fees. These consultants provided information about what peers are paying for the same type of services. Officials of one entity said its consultant helped inform its negotiations, resulting in reduced fees. Independent research and analysis also have helped federal entities identify best practices. Officials from two entities noted that regular analysis of their transactions helped ensure compliance with contractual requirements and qualify for the lowest fee tiers. In addition, officials from two entities told us they informally shared best practices with other federal entities on ways to process transactions that reduce fees.

Considering alternative processors or acquirers. Like other merchants, a federal entity can select a payment processor or acquiring bank that offers services tailored to its needs. Officials from three entities in our review said they have conducted cost and service comparisons when selecting processors or acquirers. Officials from one entity said they

[36]*See* 26 U.S.C. § 6311; 26 C.F.R. § 301.6311-2. According to IRS, up to 3.5 percent of tax payments are paid with credit cards annually. IRS contracts with three companies to process card payments and collect related transaction fees directly from taxpayers. IRS evaluates the companies to ensure they meet performance standards and quality levels specified in the performance work statement.

[37]10 U.S.C. § 1065; 32 C.F.R. pt. 225. The user fee is in addition to a uniform surcharge imposed under other statutory provisions. See 10 U.S.C. § 2484(d).

reviewed their existing processor's pricing and considered an offer from a competitor. This led them to discuss better terms with the original processor. Contracting procedures differed among the federal entities in our review.[38]

Challenges to Reducing Costs Included Difficulty Auditing Fees and Negotiating Fee Reductions

While the entities we reviewed had some success in managing costs associated with accepting payment cards, they also identified challenges with certain efforts.

Difficulty auditing fee arrangements. Despite adopting a range of strategies and approaches to reducing fees, officials from two entities described challenges in analyzing complex network rules and validating fees.[39] Entities rely on processors for information about the fees charged for individual cards, which vary based on the card issuer's terms. Two entities conducted audits to validate card-related fees paid to processors, but both encountered challenges with analyses due to data limitations.[40] One entity's audit cited an inability to validate $23.4 million in fees. Its

[38]For example, IRS awards contracts through the Federal Acquisition Regulation system, which establishes a uniform set of policies and procedures for acquisition by executive branch agencies. This system consists of the Federal Acquisition Regulation (FAR), which is the primary document, and agency acquisition regulations that implement or supplement the FAR. However, we previously reported that certain federal entities, contracts, and agreements are not expressly subject to the FAR, including USPS, Amtrak, DOD military exchanges, Treasury's financial agency agreements, and Smithsonian contracts which do not involve federal funds. GAO, *U.S. Postal Service: Purchasing Changes Seem Promising, but Ombudsman Revisions and Continued Oversight Are Needed*, GAO-06-190 (Washington, D.C.: Dec. 15, 2005), 2; *Amtrak Management: Systemic Problems Require Actions to Improve Efficiency, Effectiveness, and Accountability*, GAO-06-145 (Washington, D.C.: Oct. 4, 2005), 36; *Forced Labor: Actions Needed to Better Prevent the Availability of At-Risk Goods in DOD's Commissaries and Exchanges*, GAO-22-105056 (Washington, D.C.: Feb. 3, 2022), 10–11; *Revenue Collections And Payments: Treasury Has Used Financial Agents in Evolving Ways but Could Improve Transparency*, GAO-17-176 (Washington, D.C.: Jan. 25, 2017), 4; *Smithsonian Institution: Additional Information Should Be Developed and Provided to Filmmakers on the Impact of the Showtime Contract*, GAO-07-275 (Washington, D.C.: Dec. 15, 2006), 3. As a result, the policies and procedures used by some federal entities in this review may differ.

[39]For example, published network rules we reviewed were over 400 pages.

[40]Navy Exchange Service Command Chief Audit Executive, *Credit Card Processing and Related Financial Systems Audit (13-10)*. The report found that in addition to card and assessment fees, the Navy Exchange Service Command was charged 49 other types of fees, accounting for approximately 93 percent of total credit card processing fees in FY 2013. See also Army and Air Force Exchange Service, *Report of Audit, Credit and Debit Card Receivables*, No. 2015-10 (Jan. 2016). This report identified cost-saving opportunities but highlighted difficulties in reconciling fees due to insufficiently detailed processor data.

chief audit executive noted challenges in verifying fee calculations across thousands of transactions with hundreds of associated fee types.[41]

Unsuccessful negotiations to reduce interchange fees. Officials of two federal entities told us they attempted to negotiate reduced interchange fees directly with networks but were unsuccessful. Network officials told us they generally do not negotiate interchange rates with individual merchants. Networks may negotiate rates in markets where they seek to expand card acceptance and transaction volumes, the officials said.[42]

Unsuccessful request for marketing funds. Officials from one entity told us they were unable to negotiate marketing funds from a card network to offset the cost of accepting payment cards (such as for software and hardware).[43] Networks sometimes provide merchants with marketing funds as an incentive to promote card use among consumers. However, the entity was unable to secure these funds, despite having received them previously.

Benefits of Accepting and Using Cards Include Customer Convenience and Refunds from Issuers

[41]Officials from both entities stated they review processor invoices to confirm the accuracy and consistency with previously established rates. Upon verification, payment is made.

[42]Card networks have negotiated reduced interchange rates with some public sector entities, including California's public transit system. See, for example, Ken Burgess, "Avoiding the Interchange Squeeze," *Mobility Payments Intelligence Report* (Jan. 18, 2023). https://www.mobility-payments.com/2023/01/18/avoiding-the-interchange-squeeze/, accessed May 24, 2024. For additional information about public transit challenges with payment card fees, see Aaron Klein, *How Better Payment Systems Can Improve Public Transportation* (Brookings Institution: Jan. 2023).

[43]As noted previously, costs of accepting cards include software for network infrastructure, fraud prevention measures, and processing; hardware for processing; and point-of-sale card terminal rentals.

Accepting Cards Helps Entities Meet Consumer Expectations and Track Spending Patterns

Federal entities accepting payment cards experience benefits such as enhanced customer satisfaction, improved operational efficiency, and the ability to track customer spending patterns, according to stakeholder interviews.

Customer satisfaction. Officials from all eight of the entities we reviewed that accept payment cards said that consumers expect to be able to use payment cards for purchases or payments.[44] For example, officials of two NAFIs reported that 90 percent or more of their sales come from credit or debit cards, and Amtrak officials also said cards account for over 90 percent of ticket sales revenue. Accepting cards online further enhances customer convenience.

Operational efficiency. Accepting payment cards improves efficiency compared with other forms of payment, according to officials of four entities, three industry representatives, and two subject matter experts we interviewed. Processing cash or checks can require staff or other resources to manage lock boxes or payment deposits. Card transactions are verified immediately, while checks may take days to process. The National Park Service's move to cashless fee collection in some national parks in recent years saved funds previously spent on processing cash, according to an agency press release.[45]

Ability to track spending patterns. Card acceptance gives federal entities insights into consumer spending patterns. Representatives of five entities told us they use data from processors or acquiring banks to track trends. For example, USPS receives daily and monthly reports that staff use to analyze spending trends, while Amtrak uses card data to track daily operations, analyze historical patterns, and improve budget forecasting. Amtrak staff noted that payment data revealed a trend of increased train travel during inclement weather, which informed budget forecasting.

Fraud prevention. Accepting payment cards can also help federal entities enhance security and prevent fraud. For example, USPS officials noted that card use reduces cash handling, mitigating theft risks.

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[44]IRS also contributed perspectives on the benefits of payment cards.

[45]See for example, National Park Service, April 12, 2023, https://www.nps.gov/deva/learn/news/cashless.htm. Accessed September 12, 2024. The park service participates in the BFS Card Acquiring Service.

Furthermore, card networks provide additional protections by screening transactions for potential fraud before authorization.

Aside from these categories of benefits, however, the federal entities we reviewed did not provide comprehensive data on cost savings from accepting cards, which is consistent with our 2008 findings.[46] Further, while studies from government, academic, and industry sources have compared the costs of different payment methods, precise savings estimates specific to federal entities remain difficult to calculate.

Benefits of Entities Using Cards Include Refunds, Efficiency, and Fraud Monitoring

A large number of federal entities offer payment cards for use by employees. This includes those entities participating in the GSA SmartPay program: the 24 federal entities subject to the Chief Financial Officers Act of 1990 and more than 90 other federal entities.[47] In FY 2023, entities used SmartPay cards to conduct over 88 million transactions, totaling more than $37 billion in spending on goods and services, according to GSA data.[48] The Department of Veterans Affairs and DOD accounted for the highest spending levels, according to our analysis.

[46]GAO-08-588.

[47]As of April 2024, approximately 115 federal entities held accounts with one or both of the banks under the GSA SmartPay program, including the 24 entities named in the Chief Financial Officers Act of 1990, Pub. L. No. 101-576, tit. II, § 205(a), 104 Stat. 2838, 2842 (codified as amended at 31 U.S.C. § 901). The act established chief financial officers to oversee financial management activities at 24 major executive departments and agencies. The entities are often referred to collectively as Chief Financial Officers Act agencies. They consist of the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, Treasury, and Veterans Affairs; the Environmental Protection Agency; GSA; National Aeronautics and Space Administration; National Science Foundation; Nuclear Regulatory Commission; Office of Personnel Management; Small Business Administration; Social Security Administration; and Agency for International Development. In addition to federal entities, Tribes and tribal organizations participate in GSA SmartPay.

[48]GSA awarded a master contract to two banks, which issue charge cards and provide other payment solutions to the entities that participate in the GSA SmartPay program. The master contract defines charge card as similar to a credit card, except that there is no line of credit established and the balance owed is due and payable in full upon receipt of the billing statement. GSA is compensated through a percentage-based fee deducted from the refunds that the banks return to the entities.

Seven entities in our review participate in the GSA SmartPay program; two also operate other payment card programs.[49] These entities identified the following benefits of using GSA SmartPay or similar programs.

Refunds

Entities receive refunds from the card issuers, which the GSA SmartPay master contract defines as monetary payments provided to agencies, based on the dollar or "spend" volume during a specified period.[50] In FY 2023, for example, organizations that participated in the GSA SmartPay program earned gross refunds of approximately $488 million. Net refunds totaled $472 million (see fig. 4). According to GSA, this net refund amount represented a 1.7 percent rate of return across all business lines, excluding payments that are not eligible for refunds.[51] For example, according to USPS, its employees spent $1.7 billion through purchase, fleet, travel, and uniform cards, and USPS received approximately $37 million in refunds.[52]

The refunds that participants receive are net of fees deducted to compensate GSA for managing the GSA SmartPay program. GSA's Center for Charge Card Management does not receive a direct appropriation, according to GSA officials. Instead, GSA receives a contract access fee deducted from each entity's gross refunds. This fee

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[49]The entities we reviewed that use payment cards are Treasury, USPS, Amtrak, the three DOD NAFIs, Defense Commissary Agency, Smithsonian, IRS, and GSA. Most entities participate in SmartPay. Some entities, such as DOD and Amtrak, also reported using charge card programs in addition to or instead of SmartPay. For example, two DOD NAFIs issue cards for purchase and travel through other banks. Amtrak officials reported using multiple charge card programs, including GSA SmartPay, for crew lodging and other purposes, some of which earn rewards similar to GSA SmartPay. Amtrak also uses a single-use card payment system for vendors, in addition to automated clearing house and wire check payments.

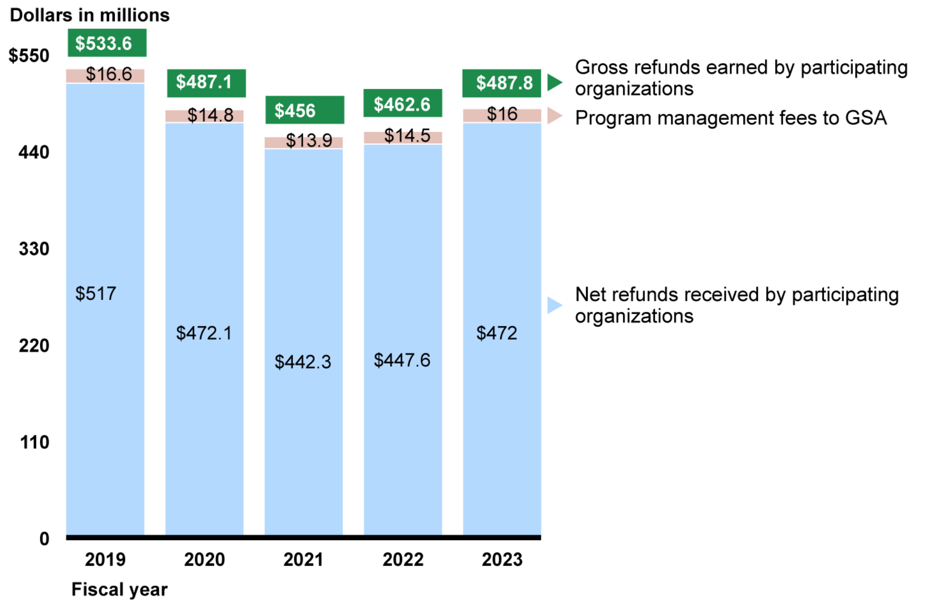
[50]Entities may refer to these refunds as rebates or cash back. According to the GSA SmartPay master contract, the refunds may include additional payments from the contractor to the agency to correct improper or erroneous refund payments or make an invoice adjustment. GSA officials distinguished refunds from rebates, describing the latter as commercially available offers.

[51]According to GSA documentation, GSA negotiates minimum refund rates with the banks that issue the payment cards based on spending volume and timeliness of payment. Each entity negotiates its refund rate in task orders with the issuing banks so refund rates vary. Office of Management and Budget Circular A-123, Appendix B, states that unless specific authority exists allowing refunds to be used for other purposes, refunds must be returned to the appropriation or account from which they were expended and can be used for any legitimate purchase by the appropriation or account to which they are returned, or as otherwise authorized by statute. (Aug. 2019).

[52]Eligible employees under USPS are issued uniform allowance purchase cards to purchase approved uniform items.

covers GSA's GSA SmartPay program management costs. GSA received almost $16 million in contract access fees in FY 2023.

Figure 4: GSA SmartPay Program Refunds, Fiscal Year 2019–2023 (in 2023 dollars)



Source: GAO analysis of GSA-provided data. | GAO-25-107298

Note: General Services Administration (GSA) contract access fees, which fund GSA's administration of the GSA SmartPay program, are deducted from total gross refunds. The data have been adjusted for inflation using Consumer Price Index data with base year 2023. The data represent refunds received by all GSA SmartPay participating organizations, including federal entities and Tribes and tribal organizations.

Operational Efficiency

Federal entity officials we spoke with said that charge card usage enhances operational efficiency by reducing administrative costs associated with employee spending.[53] This includes minimizing the need for cash advances and imprest funds.[54] Charge cards also enable timely purchases—for example, USPS drivers use GSA SmartPay fleet cards to buy gas as needed. GSA representatives told us that no formal analyses

[53]According to GSA officials, another benefit of the GSA SmartPay program is the ability to leverage commercial systems and practices under FAR part 12, such as account management, reporting, and data mining systems. In addition, banks are required to provide training to agency employees in groups of 20 or more.

[54]Imprest funds are fixed-cash or petty-cash funds in the form of currency or coin that have been advanced to a cashier as "Funds Held Outside of the Department of the Treasury."

have quantified the benefits of the GSA SmartPay program. But they noted it was more efficient for smaller purchases.[55]

Fraud Prevention

To mitigate fraud risks, federal entities have monitored charge card use and leveraged tools provided by issuing banks. Federal law and Office of Management and Budget memorandums require federal agencies to monitor charge card use among employees and report annually on internal controls.[56] Additionally, Offices of Inspectors General must periodically assess agency purchase and travel card programs to analyze the risk of improper charges. For example, a September 2024 GSA Office

[55]Our literature review and interviews with subject matter experts identified limited research on the quantitative benefits to federal entities of offering payment cards to employees. We identified a series of surveys that were conducted between 2014 and 2022 of private and public sector card issuers. See Richard J. Palmer and Mahendra Gupta, *The 2014 Purchasing Card Benchmark Survey Report* (2014) and Richard J. Palmer and Mahendra Gupta, *The 2017 Purchasing Card Benchmark Survey Report* (2017). See also Richard J. Palmer, Mahendra Gupta, and James Brandt, "Implementing card technology in government: different approaches, different outcomes," *Transforming Government: People, Process and Policy*, vol. 16, no. 1 (2022): 51–67. Based on results of these surveys and others, GSA estimated over $1.34 billion in administrative cost savings for FY 2022 from using cards instead of purchase orders. GSA officials said they were considering updating this estimate. We were not able to validate the methodology used for these estimates.

[56]For example, Government Charge Card Abuse Prevention Act of 2012, Pub. L. No. 112-194, 126 Stat. 1445; *Office of Management and Budget*, Implementation of the Government Charge Card Abuse Prevention Act of 2012, M-13-21 (Washington, D.C.: Sept. 2013), 1. Requirements may differ by agency or card type.

of Inspector General audit concluded that fraud risks were moderate in GSA's purchase card program and low in its travel card program.[57]

In addition, the GSA master contract requires issuing banks to provide GSA SmartPay participants with fraud analytics tools that test transactions against entity-specific rules. Amtrak officials noted that chip technology and real-time data help them prevent and detect unauthorized use. Officials from Smithsonian, USPS, and GSA said access to employee spending data also helps identify unusual activity. The ability to set card usage limits further helps prevent fraud, noted USPS officials.

Cardholders are generally protected from fraudulent transactions. If the cardholder reports unauthorized charges, the issuing financial institution investigates and may reverse the charge. This helps to shield the cardholder—or, in this case, the federal entity—from liability.

Other Benefits

Stakeholders we interviewed noted two additional benefits of charge card use by federal entities:

- The **GSA City Pair Program**, which uses the GSA SmartPay charge card, offers federal entities discounts on flights.[58]

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[57]In 2017, we reviewed GSA and selected other agencies' purchase card programs. We did not find evidence of fraud or improper payments but recommended that GSA reemphasize OMB guidance to obtain and retain complete documentation of micropurchases. GSA implemented this recommendation. We also recommended that the Department of the Interior reexamine its card program to require cardholders to document purchase request and preapproval for self-generated purchases for purchase card transactions. Interior stated it did not plan to take action on this recommendation and therefore we closed the recommendation as not implemented. GAO, *Government Purchase Cards: Little Evidence of Potential Fraud Found in Small Purchases, but Documentation Issues Exist*, GAO-17-276 (Washington, D.C.: Feb. 14, 2017). After we provided GSA with the official draft of this report, GSA released a statement describing certain actions it took to mitigate risk and improve oversight of the GSA SmartPay program. This included reducing card limits, instituting a review and approval process for future purchases, and looking into instances of fraud and abuse. GSA also asked certain other agencies participating in the GSA SmartPay program to reduce card limits and the number and usage of cards. GSA, *Statement regarding recent reporting about the GSA SmartPay® program*, Feb. 21, 2025, available at https://www.gsa.gov/about-us/newsroom/news-releases/statement-regarding-recent-reporting-about-the-gsa-smartpayr-program-02212025, accessed Apr. 16, 2025.

[58]Under the GSA SmartPay master contract, the issuing banks provide charge cards with specific account numbers that are only recognized by the City Pair Program.

- The **grace period** before payment due dates allows entities to charge expenses, pay them within the grace period, and use funds for other uses during that time.[59]

Agency Comments

We provided a draft of this report to Amtrak, BFS, DOD, GSA, IRS, Smithsonian, and USPS for review and comment. Amtrak, BFS, and Smithsonian provided technical comments, which we incorporated as appropriate. DOD, GSA, IRS, and USPS did not have any comments on the report.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees, Secretaries of Treasury and Defense, the President of Amtrak, Acting Administrator and Deputy Administrator of the General Services Administration, Acting Tax Commissioner of the Internal Revenue Service, Secretary of the Smithsonian Institution, Postmaster General (Acting) of USPS, and other interested parties. In addition, the report will be made available at no charge at the GAO website at www.gao.gov.

If you or your staff members have any questions about this report, please contact me at clementsm@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 key contributions to this report are listed in appendix II.

//SIGNED//

Michael E. Clements
Director, Financial Markets and Community Investment

[59]Entities also generated revenue from other payment card arrangements. For example, the Army and Air Force Exchange Service's Military Star card offers preferable interest rates, and the Exchange Service receives revenue from interest paid on outstanding balances.

List of Requesters

The Honorable Richard J. Durbin
Ranking Member
Committee on the Judiciary
United States Senate

The Honorable Roger Marshall, M.D.
United States Senate

The Honorable Peter Welch
United States Senate

The Honorable Lance Gooden
House of Representatives

The Honorable Zoe Lofgren
House of Representatives

The Honorable Tom Tiffany
House of Representatives

The Honorable Jeff Van Drew
House of Representatives

Appendix I: Objectives, Scope, and Methodology

This report examines (1) the total amount of fees paid by selected federal entities to processing companies, financial institutions, and card networks (payment card companies) for card transactions processed in fiscal year (FY) 2023; (2) efforts by selected federal entities to reduce these fees; and (3) the benefits federal entities gain from accepting and using payment cards.

Determining Fees Paid

To determine fees that federal entities incurred for accepting payment cards, we analyzed aggregated data from seven federal entities that accept payment cards. We selected these entities because they represent a substantial number of federal entities that accept payment cards and reflect a range of payment card management practices and transaction volumes. Our selection included entities that receive annual federal appropriations and those that rely on nonappropriated funds.

Specifically, we examined the Department of the Treasury's Bureau of the Fiscal Service (BFS), National Passenger Railway Corporation (Amtrak), The Smithsonian Institution, U.S. Postal Service (USPS), and selected Department of Defense (DOD) Nonappropriated Fund Instrumentalities (NAFI).[1] The NAFIs were the Army and Air Force Exchange Service, Marine Corps Community Services, and the Navy Exchange Service Command. We also conducted selected analysis of the Internal Revenue Service (IRS), which accepts payment cards but does not pay associated fees (the taxpayer pays a convenience fee directly to the card processor).[2]

To estimate the number of entities (81) that participate in BFS's Card Acquiring Service (which manages card acceptance operations for other federal entities), we obtained information from BFS on the total number of accounts maintained by its financial agent.[3] We then verified the entity

[1]DOD defines a nonappropriated fund instrumentality as a DOD organizational and fiscal entity supported in whole or in part by nonappropriated funds. Department of Defense Instruction No. 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources*, encl. 2, ¶ E2.13 (Oct. 31, 2007, amended Mar. 20, 2008). For more information about NAFIs, see GAO, *Principles of Federal Appropriations Law*, Third Edition, GAO-08-978SP, vol. III, ch. 15 (Washington, D.C.: Sept. 2008), 15-226-15-276, in conjunction with GAO, *Principles of Federal Appropriations Law: Annual Update to the Third Edition*, GAO-15-303SP (Washington, D.C.: Mar. 2015), 15-3-15-4.

[2]IRS contracts with three companies to process credit and debit card payments made by taxpayers who opt to pay their income taxes by payment card.

[3]As of February 2024, the number of accounts totaled 2,078.

names associated with each account against the list of federal entities in the Federal Register and individual entity websites.[4] One analyst verified the entity name against the public sources and a second analyst reviewed the work, resolving issues or discrepancies with a third analyst as needed.

We obtained FY 2023 data from the seven entities, which were the most current data available during the period of our review. We obtained data including total payment card transaction volume and dollar value, and total transaction fees by fee type, card type, and card network. Not all entities provided all these data elements. In addition, we received these data elements from BFS for FY 2019–2022 and used the Consumer Price Index to adjust prior year dollar values to reflect 2023 dollar values.

To assess the quality of the data provided by each entity, we checked for errors and followed up with entities to understand the reasons for those errors and obtain corrections. We also interviewed entity staff about their data processing and quality checks. In addition, we reviewed samples of reports and dashboards from card processors, who provide the source data to the entities. We obtained written responses to questionnaires or interviewed staff of the entities about the reliability of these source data. We determined that the data for all selected federal entities were reliable for the purposes of summarizing fees that federal entities paid to card networks, financial institutions, and processors.

Identifying Efforts to Reduce Costs

To identify the efforts these federal entities have taken to reduce costs related to accepting payment cards, we reviewed industry documentation published by card networks, processors, and financial institutions as well as industry analyses about steps merchants may take to reduce fees. Published documentation we reviewed included card network rules and payment processor guidance for merchants. We also reviewed documentation, such as agreements, about fees and other arrangements among the selected federal entities and payment card companies.

In addition, we interviewed officials of federal entities about efforts to reduce costs, including their negotiations with payment card companies

[4]See *Federal Register*, https://www.federalregister.gov/agencies, accessed May 29, 2024. Entities operated multiple accounts. When account names corresponded to smaller units within entities and were not listed, we searched individual entity websites to verify the information.

and challenges encountered. We also interviewed representatives of two networks and one card-issuing financial institutions.

Identifying Benefits of Cards

To identify benefits to federal entities of accepting and using cards, we collected General Services Administration (GSA) FY 2019–2023 data (the most current data available at the time of our review) on its GSA SmartPay purchase card program. We determined the total dollar amount its participants received in refunds. We used the Consumer Price Index to adjust prior year data to reflect 2023 dollar value. To assess the reliability of these data, we interviewed GSA staff about their data sources and quality control steps. We determined that the data were reliable for reporting on the aggregate size of the refunds.

To estimate the number of participants in GSA SmartPay, we obtained a list of account holders from GSA, provided via its two contracted banks. We verified the entity names associated with each account against federal entities listed in the Federal Register or individual entity websites as needed. One analyst verified the entity name against public sources, and a second analyst reviewed the work, and resolved any identified issues by conferring with a third analyst.

Additionally, we reviewed documents and interviewed officials from the selected federal entities to gather their perspectives. We also reviewed documentation and interviewed officials from GSA, which administers the SmartPay purchase card program used by federal agencies. We conducted a literature review of the benefits and challenges of accepting and using payment cards; we identified studies published in peer-reviewed journals, news articles, public statements, and congressional testimony on federal and other merchants' experiences accepting cards and providing cards to employees.

Based on the results of this review, our prior work, and recommendations from an initial selection of organizations, we selected a nonprobability sample of eight organizations whose representatives we interviewed about their perspectives on the benefits and challenges of accepting and using payment cards. These organizations were the Brookings Institution, California Department of Transportation, Electronic Payment Coalition, Merchant Payment Coalition, Olin Business School at Washington University in Saint Louis, Mastercard, Visa, and U.S. Bank.

This report omits information that federal entities deemed to be sensitive and require protection from public disclosure (for example, proprietary or competition-sensitive information). The report also omits attribution to specific federal entities in certain figures and examples due to the sensitive nature of the underlying information.

We conducted this performance audit from January 2024 to April 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: GAO Contact and Staff Acknowledgements

GAO Contact

Michael E. Clements, clementsm@gao.gov

Staff Acknowledgments

In addition to the contact named above, Karen Tremba (Assistant Director), Catherine Gelb (Analyst in Charge), Annie (Pin-En) Chou, Garrett Hillyer, Paulina Maqueda Escamilla, Siena Pilati, Abbie Sanders, Lindsey Shapray, Jena Sinkfield, and Haley Wall made key contributions to this report.

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United States Government Accountability Office

Testimony

Before the Subcommittees on Border Security and Enforcement and Oversight, Investigations, and Accountability, Committee on Homeland Security, House of Representatives

For Release on Delivery
Expected at 2 p.m. ET
Tuesday, November 19, 2024

UNACCOMPANIED CHILDREN

Efforts by the Office of Refugee Resettlement to Address GAO Recommendations

Statement of Kathryn A. Larin, Director,
Education, Workforce, and Income Security

GAO-25-107840

GAO Highlights

Highlights of GAO-25-107840, a testimony before the Subcommittees on Border Security and Enforcement and Oversight, Investigations, and Accountability, Committee on Homeland Security, House of Representatives

Why GAO Did This Study

Thousands of children enter the United States without a parent or guardian and without lawful immigration status each year. Many unaccompanied children have been exposed to trauma and violence and travelled great lengths to get to the United States. In addition, unaccompanied children may be at greater risk becoming child trafficking victims.

These children are generally referred to ORR for care by the Department of Homeland Security. ORR is responsible for coordinating and implementing the care and placement of unaccompanied children. In fiscal year 2023, ORR cared for about 119,000 unaccompanied children, according to agency data.

This testimony summarizes findings from GAO's 2016 and 2020 reports on ORR's role in the care and release of unaccompanied children. It provides an update on ORR's efforts to address nine recommendations contained in those reports. The reports identified several significant lapses in ORR's implementation of policies and procedures that could affect the quality of care provided to these children.

GAO's 2016 and 2020 reports contain a detailed description of the methodology used. Generally, GAO reviewed relevant federal laws and regulations and ORR policies and monitoring documentation. GAO also obtained the views of a range of relevant stakeholders such as ORR officials, state licensing agencies, staff at grantee facilities, and others.

View GAO-25-107840. For more information, contact Kathryn A. Larin at (202) 512-7215 or larink@gao.gov.

November 19, 2024

UNACCOMPANIED CHILDREN

Efforts by the Office of Refugee Resettlement to Address GAO Recommendations

What GAO Found

The Department of Health and Human Services' Office of Refugee Resettlement (ORR) has taken several steps to address prior GAO recommendations related to its role in caring for unaccompanied children—those that enter the United States without a parent or lawful immigration status. ORR awards grants to providers that operate facilities to house and care for unaccompanied children.

In its 2020 report, GAO found that ORR had awarded grants for 219 facilities operating in 25 states. ORR and state licensing agencies each play a role in overseeing facilities and ensuring that they meet health and safety standards, among others. Facilities generally must be licensed to operate in the state.

ORR took steps to sufficiently address five GAO recommendations, while ORR has partially addressed four others. The nine recommendations were related to:

- **Ensuring care providers are qualified (three recommendations).** GAO's 2020 report found that ORR's grant announcements used to solicit care providers for unaccompanied children were unclear. Specifically, it was unclear what information applicants were to submit on their licensing status and related concerns. This information helps ensure that providers are qualified to care for unaccompanied children. ORR took steps to address two recommendations that staff verify applicants' licensing and performance information. ORR partially addressed a third recommendation by requiring in recent announcements that applicants report any allegations of abuse or neglect or adverse licensing actions. GAO will close this recommendation when ORR clarifies that applicants should report licensing issues at all facilities that they operate.
- **Oversight and monitoring of facilities (three recommendations).** GAO's 2020 report also found that ORR did not provide clear instructions to grantees on including state licensing citations in their performance reports to ORR, which is needed for effective oversight of ORR facilities. ORR addressed two of GAO's recommendations by collecting information from its grantees on any state licensing citations and notifying grantees and ORR staff that grantees were required to report this information. ORR also addressed a third recommendation to develop plans to help meet its monitoring goals.
- **Information sharing (two recommendations).** In its 2020 report, GAO also found limited information sharing between ORR and state licensing agencies. ORR has partially addressed the recommendations by establishing communication channels and points of contact in some states. GAO will close the recommendations when ORR completes outreach to all states.
- **Tracking post-release services (one recommendation).** GAO's 2016 report found that there was limited information available on post-release services that ORR provides. These services include linking families to education and community resources, in-home counseling, and case management. Tracking these services would allow the information to be compiled in summary form and provide useful information to ORR and others. GAO will close this recommendation when ORR completes improvements to its case management system to enable tracking of post-release services.

Chairmen Higgins and Bishop, Ranking Members Correa and Ivey, and Members of the Subcommittees:

Thank you for the opportunity to discuss our work related to the Department of Health and Human Services' (HHS) Office of Refugee Resettlement's (ORR) responsibilities for unaccompanied children. Every year, thousands of children enter the United States without a parent or guardian and without lawful immigration status. Primary responsibility for ensuring the health, safety, and well-being of these children after they enter the country lies with ORR.

In 2016 and 2020, we issued reports related to ORR's role in the care and release of unaccompanied children.[1] These reports identified several significant lapses in ORR's implementation of policies and procedures that could affect the quality of care provided to these children. Our recent efforts have focused on monitoring the agency's progress in addressing recommendations contained in those reports.[2] Of nine recommendations we made in our 2016 and 2020 reports, ORR has addressed five of them.[3] ORR has partially addressed the remaining four recommendations.

My statement today will focus on ORR's efforts related to: (1) ensuring care providers are qualified; (2) overseeing and monitoring facilities that care for unaccompanied children; and (3) tracking services that are provided to these children after they are released to sponsors. My statement is based primarily on the findings from our 2016 and 2020 reports. Each of our prior reports contains a detailed description of the

[1]GAO, *Unaccompanied Children: HHS Can Take Further Actions to Monitor Their Care,* GAO-16-180 (Washington, D.C.: Feb. 5, 2016) and GAO, *Unaccompanied Children: Actions Needed to Improve Grant Application Reviews and Oversight of Care Facilities*, GAO-20-609 (Washington, D.C.: September 15, 2020).

[2]We have also issued reports related to the care and custody of unaccompanied children while they are in the custody of the Department of Homeland Security. For more information, including the status of recommendations that we have made in these reports, see: GAO, *Unaccompanied Alien Children: Actions Needed to Ensure Children Receive Required Care in DHS Custody,* GAO-15-521 (Washington, D.C.: July 14, 2015) and *Southwest Border: Actions Needed to Improve DHS Processing of Families and Coordination between DHS and HHS,* GAO-20-245. (Washington, D.C.: February 19, 2020).

[3]There are a total of 11 recommendations contained in our 2016 and 2020 reports. Nine are discussed in this testimony. This testimony does not discuss two recommendations in the 2016 report, one of which relates to how ORR determines the number of beds needed to house unaccompanied children, and one of which is similar to a monitoring-related recommendation in our 2020 report. ORR has addressed both these recommendations.

methodology we used. Generally, we reviewed relevant federal laws and regulations and ORR policies and monitoring documentation. We also obtained the views of a range of relevant stakeholders such as ORR officials, state licensing agencies, staff at ORR grantee facilities, and others.

The work upon which this statement is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Unaccompanied children are those who arrive in the U.S. without lawful immigration status and without a parent or guardian available to provide care and physical custody for them. These children are generally referred to ORR for care by the Department of Homeland Security.[4] ORR is responsible for coordinating and implementing the care and placement of unaccompanied children.

ORR is required to promptly place unaccompanied children in its custody in the least restrictive setting that is in the best interest of the child. In addition, ORR must provide proper physical care, including suitable living accommodations, and appropriate medical care and educational services. According to ORR, all children in its care receive classroom education, mental and physical health services, case management, recreation, and unification services that facilitate their release to family members or other sponsors who can care for them.

[4]Generally, children are to be transferred from DHS to HHS custody within 72 hours after a determination is made that they are unaccompanied children. In past work, we have recommended that both DHS and HHS should collaborate to address information sharing gaps to ensure that ORR receives information needed to make decisions for unaccompanied children, including those apprehended with an adult. The departments concurred with these recommendations and they have been partially addressed based on a number of steps DHS and HHS have taken to better share information on unaccompanied children. As of September 2024, the departments are continuing to work on a new interagency agreement to govern information sharing. GAO-20-245.

ORR awards grants to care providers that operate facilities to house and care for unaccompanied children.[5] The majority of children in ORR custody are cared for in shelter facilities. However, some are cared for in other settings, such as secure shelters for children with an offender history or residential treatment centers for children with diagnosed mental health disorders. In 2020, we reported that ORR had awarded grants for 219 facilities operating in 25 states.[6]

ORR and state licensing agencies each play a role in overseeing facilities and ensuring that they meet health and safety standards, among other things. With a few exceptions, facilities must be licensed to operate in the state.[7] Generally, both state licensing agencies and ORR monitor the facilities.

The number of unaccompanied children referred to ORR for care has increased substantially over time. In fiscal year 2012, nearly 14,000 children were referred to ORR. By fiscal year 2019, this number rose to more than 69,000 children. The agency's most recent data show that ORR cared for about 119,000 unaccompanied children in fiscal year 2023.[8] Many unaccompanied children have been exposed to trauma and violence and travelled great lengths to get to the United States. In

[5]The grants are cooperative agreements that are funded for a 3-year project period. Funds are awarded for the second and third years based on approved continuation applications, subject to satisfactory progress by the grantee and a determination that continued funding would be in the best interest of the federal government.

[6]GAO-20-609.

[7]In 2021, Texas and Florida state agencies that had previously licensed ORR grantee facilities were directed to discontinue these licenses. In states that do not allow state licensing of programs providing care and services to unaccompanied children, ORR expects these facilities to meet the state's licensing requirements that would otherwise be applicable. In addition, ORR funds facilities, which may be unlicensed, to provide temporary additional bed capacity during emergencies or influx periods. ORR provides additional monitoring to these unlicensed facilities.

[8]Department of Health and Human Services Office of Refugee Resettlement, "Fact Sheets and Data", https://www.acf.hhs.gov/orr/about/ucs/facts-and-data.

addition, unaccompanied children may be at greater risk of child trafficking victimization.[9]

ORR Took Steps to Address Two of Three Recommendations Aimed at Ensuring Providers Caring for Unaccompanied Children Are Qualified

Our 2020 report found that ORR's grant announcements used to solicit facilities to provide care for unaccompanied children were unclear about information applicants were required to submit regarding their licensing status or related concerns and past allegations of abuse or neglect. As a result, applicants provided inconsistent information.[10]

State licensing concerns may arise when providers do not meet certain standards, including standards related to the health and safety of children in care. We also found that ORR did not systematically confirm the state licensure information submitted by applicants or document a review of their past performance on ORR grants, when applicable.

Reviewing and obtaining consistent information on state licensure status and grantee past performance are key parts of ensuring that ORR providers are qualified to operate facilities to care for unaccompanied children. Taking these steps helps ORR reduce the likelihood of awarding grants to organizations that cannot obtain a state license or have a history of poor performance.

To address these concerns, we made three recommendations to ORR. The agency has taken steps to address two of them and has partially addressed the third recommendation (see table 1).

[9]GAO, *Child Trafficking: Addressing Challenges to Public Awareness and Survivor Support*, GAO-24-106038, (Washington, D.C.: December 11, 2023). Child trafficking generally refers to human trafficking involving individuals under the age of 18. Children may be trafficked for the purposes of commercial sexual exploitation, forced labor, or both. Survivors of child trafficking may suffer harmful, long-lasting effects, such as depression, suicidal thoughts, and substance use disorders.

[10]GAO-20-609.

Table 1: Status of GAO Recommendations to ORR Related to Ensuring Care Providers Are Qualified to Operate Facilities for Unaccompanied Children, as of September 2024

Recommendation	Steps taken by ORR	Status
The Director of ORR should clarify in its grant announcements the information and supporting documentation applicants are required to provide in their grant applications with respect to their state licensing status, eligibility, and allegations and concerns.	ORR's recent grant announcements have required applicants to report allegations of abuse and/or neglect, as well as any denial, suspension, and/or revocation of their license over the prior five years.	**Open: partially addressed.** We will close this recommendation when ORR releases future grant announcements clarifying that applicants are to report licensing issues at all facilities that they operate.
The Director of ORR should take steps to develop, and ensure that officials reviewing grant applications implement a process to verify the accuracy and completeness of information reported by grant applicants on state licensing status, eligibility, allegations and concerns.	ORR updated its guide for staff reviewing grant applications and training curriculum to add instructions for assessing licensing information included in grant applications. Staff are to determine whether the applicant is currently licensed and in good standing in the state in which it is proposing to provide services. Staff are instructed to take steps to verify the grantee's license and determine whether it has any disciplinary actions against it.	**Closed: implemented.**
The Director of ORR should ensure that the grant review process includes a documented review of applicants' past performance on ORR grants for those that have previously received grants to care for unaccompanied children. This could include, for example, a systematic review of previous quarterly and annual performance reports and a review of corrective actions issued by all ORR monitoring staff to all ORR-funded facilities previously operated by the applicant.	ORR updated its staff guidance and training curriculum on conducting and documenting reviews of grantee performance. ORR staff are to use information from grantee quarterly progress reports to ensure grantee performance is satisfactory and determine whether funding should be continued for another budget period. Staff are directed to pay particular attention to grantees' descriptions of any issues they experienced in the past reporting period. This includes all documented state licensing allegations or concerns, any corrective actions issued by ORR or others, and the steps the grantee took to resolve these issues.	**Closed: implemented.**

Source: GAO-20-609 and GAO review of Office of Refugee Resettlement (ORR) documentation. | GAO-25-107840

ORR Addressed Three of Five Recommendations Related to State Licensing Citations, Information Sharing, and Monitoring of Facilities Caring for Unaccompanied Children

ORR facilities generally must be licensed by a state licensing agency to provide residential care and services for unaccompanied children, or meet state licensing requirements if they are located in a state that does not allow state licensing of programs providing care and services to unaccompanied children, as previously noted.[11] States set the minimum standards of care for their facilities, including those related to child health and safety and physical building standards. State licensing agencies issue citations to state-licensed ORR grantees if licensing violations are found and grantees are expected to address them.

Our 2020 report found two areas lacking clarity regarding grantees' reporting of state licensing citations to ORR.[12] First, ORR did not provide clear instructions to grantees on whether and how they should include state licensing citations in their quarterly performance reports to ORR. Second, some ORR staff did not have a clear understanding of what grantees should report to them about state licensing citations. As we reported in 2020, ORR needs this information to have a record of state licensing deficiencies and whether they were addressed and to conduct effective oversight of ORR facilities.

To address these concerns, we made two recommendations to ORR that have been implemented by the agency (see table 2).

[11]ORR also requires its grantees to comply with various other requirements, such as those related to fire, health, and other safety standards.

[12]GAO-20-609.

Table 2: Status of GAO Recommendations to ORR Related to Grantee Reporting of State Licensing Citations, as of September 2024

Recommendation	Steps taken by ORR	Status
The Director of ORR should clarify in its instructions to grantees the information they are required to report on state licensing citations in their quarterly performance reports.	ORR is using its grantee quarterly performance report to collect information on any state licensing citations a grantee received during the quarter. ORR sent an email notifying grantees that they were required either to report any state licensing citations, suspensions, or revocations that the grantee or any subrecipients had received during the quarter or affirmatively note that no such licensing issues had occurred.	**Closed: implemented.**
The Director of ORR should take steps, such as through guidance or training, to ensure that project officers clearly understand the requirement that grantees report state licensing citations at any of their facilities within 24 hours and include state licensing citations in their quarterly performance reports.	ORR updated its staff training materials to clearly state that grantees must report a license revocation or suspension to ORR within 24 hours and that licensing citations should be reported in the section of the quarterly performance reports on significant findings and events.	**Closed: implemented.**

Source: GAO-20-609 and GAO review of Office of Refugee Resettlement (ORR) documentation. | GAO-25-107840

Our 2020 report also found that information sharing between ORR and state licensing agencies was limited. In addition, state licensing agencies and ORR staff said that improved information sharing would benefit their monitoring of facilities. Information sharing between ORR and state licensing agencies is important to ensure that both entities are aware of ongoing issues at ORR facilities.

To address these concerns, we made two recommendations, which ORR has partially addressed (see table 3).

Table 3: Status of GAO Recommendations to ORR Related to Information Sharing Between ORR and State Licensing Agencies, as of September 2024

Recommendation	Steps taken by ORR	Status
The Director of ORR should work with state agencies that license ORR-funded facilities to develop a plan for mutual information sharing, including processes for ORR outreach to states during the grant application review process and ongoing information sharing on ORR and state monitoring processes and identified deficiencies.	ORR is working to connect with state licensing agencies to establish communication channels to discuss any questions about licensing requirements that arise during the grant application review process. According to ORR, its goal is to develop mutually beneficial information-sharing relationships. ORR has entered into a Memorandum of Agreement with one state licensing agency.	**Open: partially addressed.** We will close this recommendation when HHS has demonstrated its outreach to all states where it has licensed grantee facilities about developing information-sharing protocols.
The Director of ORR should ensure that ORR provides and maintains a current point of contact for each state agency that licenses ORR grantees to facilitate information sharing regarding ORR-funded facilities.	ORR had a list of points of contact at 49 states' licensing agencies, as of February 2024. According to ORR, it plans to update the spreadsheet quarterly.	**Open: partially addressed.** We will close this recommendation when ORR has demonstrated that it has provided an ORR point of contact to state licensing agencies to whom they can direct questions or concerns.

Source: GAO-20-609 and GAO review of Office of Refugee Resettlement (ORR) documentation. | GAO-25-107840

With respect to monitoring, ORR requires grantees to take corrective action to address noncompliance it identifies through monitoring. Our 2020 report found that ORR had not met some of its monitoring goals or notified grantees of the need for corrective actions in a timely manner.[13] We also found that ORR had not ensured the facilities it funded were audited for compliance with standards to prevent and respond to sexual abuse and sexual harassment of children in their care, as required by ORR regulations. Without action, ORR risked continuing to not meet its own monitoring goals and requirements, which are designed to ensure the safety and well-being of children in its care.

To address these concerns, we made one recommendation, which ORR has implemented. Our recommendation called on ORR to develop a plan to guide and focus the agency's efforts to meet its goals to:

- conduct on-site monitoring visits to each facility at least every 2 years in accordance with ORR policy,
- report any noncompliance to the facility within 30 days of the site visit, in accordance with ORR policy, and

[13]GAO-20-609.

- conduct an audit of each facility's compliance with ORR standards on preventing and responding to sexual assault.

ORR fully addressed our recommendation by developing plans to address these issues. One plan for calendar year 2024 articulates ORR's goals to increase its workforce capacity to meet monitoring needs and submit monitoring reports within ORR's required timeframes. It also identifies targets, timeframes, and staff responsible for meeting its on-site facility monitoring goals. In addition, in October 2021, ORR contracted with an outside organization to conduct compliance audits related to preventing and responding to sexual assault, and this contract specifies timeframes for conducting the audits.

Going forward, continued work remains for ORR to meet the targets established in its plan. According to ORR officials, they lack the staff resources to fully meet their goals for increased monitoring of some facilities. For example, ORR documentation shows that as of April 2024, staff had met the requirement to monitor all of its standard, state licensed facilities within a two-year period. However, 24 facilities in Texas and Florida, which no longer license ORR grantees, were overdue for the more frequent, quarterly visits ORR now conducts to these facilities.[14] Further, in fiscal year 2023, ORR documentation shows that on average ORR staff took 31 days after a monitoring visit to submit the report to the facility, instead of the 30 days required to notify each facility as outlined by ORR policy. For seven facilities, staff took over 45 days to send the report.

With respect to auditing facilities' compliance with standards on preventing and responding to sexual assault, as of October 2023, ORR's new contractor had conducted audits at all facilities that had not been audited by the original contractor within the initial 3-year period set in regulation, according to ORR officials.[15] These officials told us they anticipated audits at an additional 70 facilities would be completed by October 2024. In addition, officials said that a newly formed Prevention of Child Abuse and Neglect team within ORR was working with the

[14]For states that stopped licensing ORR grantees, ORR now conducts quarterly monitoring visits.

[15]Each facility that houses unaccompanied children must be audited at least once within 3 years of February 22, 2016, and during each three-year period thereafter. 45 C.F.R. § 411.111(a).

contractor to ensure they meet the timelines specified in the contract going forward.

ORR Has Partially Addressed One Recommendation Related to Grantee Follow-up with Children and Their Sponsor After Release from ORR Care

In 2016, we reported that there was limited information available on post-release services provided to children after they leave ORR care.[16] Since that report, ORR has made changes to the timing and frequency of certain post-release services.[17] Specifically, in November 2023, ORR reported that post-release services providers would become responsible for a series of three virtual check-ins with all children and sponsors.[18] These providers would be expected to confirm that children are residing with their sponsors, enrolled in and attending school, aware of upcoming court dates, and healthy and safe.

Our recommendation from 2016 remains relevant. We recommended that ORR develop a process to ensure all information collected through its post-release efforts are reliable and systematically collected. Doing so, would allow this information to be compiled in summary form and provide useful information to other entities internally and externally.

ORR has begun taking some actions to address this recommendation, including awarding a contract in September 2023 to revamp its case management system known as the UC Portal. According to ORR, the contractor will replace and build technology to support the recent expansion of post-release services. The agency reported that responses from the virtual check-ins, including information on services provided, will be collected directly into the UC Portal.[19] In November 2023, ORR updated the UC Portal to include additional tracking of children post-

[16]GAO-16-180.

[17]At the time of our 2016 report, ORR provided post-release services to a small number of children, such as those who were victims of trafficking. ORR also conducted safety and well-being calls for all unaccompanied children released to sponsors. ORR guidance required the calls to occur 30 days after children were released from ORR care to sponsors. Staff were required to make a reasonable effort to contact the children and document the results of the call in the children's case files.

[18]From November 30, 2023 through July 31, 2024, unaccompanied children were most commonly released from ORR care to a sponsor that was a parent or legal guardian, according to ORR data.

[19]According to ORR's Policy Guide, post-release services may include linking families to educational and community resources, home visits, case management, in-home counseling, and other social welfare services, as needed.

release, including screens to update the child's current location, history of the child's moves, and whom the child is living with.

ORR reported that by the end of 2024, the Portal will be updated further to enhance and digitize information on post-release services. We are continuing to monitor ORR's efforts to address this recommendation and will close it once ORR completes improvements to the UC Portal and demonstrates that it can use the portal to collect reliable post-release services data and disseminate it internally and externally, as appropriate.

Chairmen Higgins and Bishop, Ranking Members Correa and Ivey, and Members of the Subcommittees, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Kathryn A. Larin, Director, Education, Workforce, and Income Security at (202) 512-7215 or larink@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Andrea Dawson (Assistant Director) and Lauren Gilbertson (Analyst in Charge). Additional contributors to this testimony were David Barish, Rebecca Gambler, Jean McSween, James Rebbe, Vernette Shaw, Almeta Spencer, David Watsula, and Adam Wendel.

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United States Government Accountability Office

Report to Congressional Committees

December 2025

HUMAN TRAFFICKING

Challenges and Opportunities Associated with Anti-Trafficking Projects in Conflict-Affected Countries

GAO-26-107406

GAO Highlights

HUMAN TRAFFICKING

Challenges and Opportunities Associated with Anti-Trafficking Projects in Conflict-Affected Countries

GAO-26-107406 December 2025

A report to congressional committees.

For more information, contact: Chelsa Kenney at kenneyc@gao.gov.

Why GAO Did This Study

Human trafficking is a global threat that armed conflict exacerbates. Russia's invasion of Ukraine in 2022 prompted widespread concern about trafficking in Ukraine and other conflict-affected countries. This report is one of several engagements GAO initiated in response to a provision in the Consolidated Appropriations Act, 2023.

This report describes State and USAID funding for anti-trafficking projects globally and in four conflict-affected countries—Ukraine, Moldova, Romania, and Ethiopia. Among other objectives, this report also describes challenges and opportunities to strengthen implementation of anti-trafficking projects in conflict-affected countries.

GAO analyzed agency documentation and funding data and interviewed and analyzed discussion responses from 47 agency officials and representatives from implementing partner organizations from eight discussion groups held from December 2024 to March 2025.

What GAO Found

The Department of State and U.S. Agency for International Development (USAID) have funded and implemented projects to combat forced labor and sex trafficking, including some projects in countries affected by armed conflict. From fiscal year 2020 through fiscal year 2024, State and USAID obligated about $437 million for anti-trafficking projects. This included funding for projects in conflict-affected countries such as Ukraine, Moldova, Romania, and Ethiopia. However, a January 2025 executive order paused U.S. foreign development assistance. In April 2025, State began a reorganization, and in July 2025, the Secretary of State announced that USAID had ceased providing foreign assistance. As a result, during the first two quarters of fiscal year 2025, State had no new obligations and de-obligated $1.4 million and USAID obligated $1 million and de-obligated about $1.1 million from anti-trafficking projects. As of September 2025, some of State's anti-trafficking programming remained. Agency officials said that, going forward, State planned to focus on producing its required annual Trafficking in Persons Report—a report describing the anti-trafficking efforts of the United States and foreign governments.

Officials from agencies and implementing partner organizations identified challenges affecting anti-trafficking project implementation in conflict-affected countries. They also identified opportunities to strengthen project implementation in any future efforts.

Stakeholders Identified Challenges and Opportunities to Strengthen Implementation of Anti-Trafficking Projects in Conflict-Affected Countries

Challenges to Implementation	Opportunities to Strengthen Implementation
• Prioritization of humanitarian aid over anti-trafficking efforts	• Continue U.S. policy emphasis on anti-trafficking efforts
• Increased vulnerabilities to trafficking in conflict-affected countries	• Build local partner capacity through training, technology, and best practices
• Changing trafficking patterns in conflict-affected countries	• Allow implementing partners greater flexibility to adapt when conflict interrupts planned anti-trafficking activities
• Impaired prevention and awareness among vulnerable populations	• Facilitate coordination among international and local anti-trafficking partners
• Interrupted access to conduct protection activities	• Provide additional funding for anti-trafficking programming
• Limited program management flexibility to adapt to changing circumstances in conflict	
• Difficulties in coordinating and partnering with local and international stakeholders	
• Limited local partner capacity to conduct anti-trafficking efforts	
• Corruption and evidence requirements for prosecuting trafficking cases	

Source: GAO analysis of discussion group responses. | GAO-26-107406

Note: We held eight discussion groups with a total of 47 stakeholders from December 2024 to March 2025. Stakeholders included U.S. agency officials managing anti-trafficking projects and representatives of organizations implementing projects in Ukraine, Romania, Moldova, and Ethiopia.

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Abbreviations

ADS	Automated Directives System
CPI	Common Performance Indicator
FY	Fiscal year
IJM	International Justice Mission
ILO	International Labour Organization
INL	Bureau of International Narcotics and Law Enforcement Affairs
IOM	International Organization for Migration
SPSD	Standardized Program Structure and Definitions
The Act	Trafficking Victims Protection Act of 2000
TIP Office	Office to Monitor and Combat Trafficking in Persons
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNODC	United Nations Office on Drugs and Crime
USAID	United States Agency for International Development

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December 17, 2025

Congressional Committees

Armed conflict increases the risk that men, women, and children—particularly those who are displaced—will fall prey to human traffickers while simultaneously making the risks of human trafficking more difficult to combat. Russia's full-scale invasion of Ukraine in February 2022 resulted in the internal displacement of nearly 17 million people within the country. In addition, almost 7 million people had fled Ukraine to other countries as of October 2024, according to the United Nations Office on Drugs and Crime (UNODC).

In the 5-year period covering fiscal years 2020 through 2024, the U.S. government appropriated $524.8 million for activities to combat trafficking in persons internationally. In the wake of Russia's invasion of Ukraine, the U.S. government also appropriated funds in supplemental appropriations aimed at assisting Ukraine and other countries adversely affected by armed conflict in that country for anti-trafficking assistance.[1]

"Human trafficking" and "trafficking in persons" are often used interchangeably to refer to a variety of criminal activities. According to the Department of State's *Trafficking in Persons Report*, the United States recognizes two primary forms of trafficking in persons: forced labor and sex trafficking. The report defines forced labor, sometimes referred to as

[1]The U.S. government has appropriated more than $174 billion in assistance for Ukraine and neighboring countries affected by the invasion through five Ukraine supplemental appropriations acts. Some of the amounts appropriated may be used for combatting human trafficking. For example, in 2022, $8.766 billion was appropriated in supplemental Economic Support Fund funding to USAID for assistance to Ukraine and countries impacted by the situation in Ukraine, including for programs to combat human trafficking. In addition, $400 million was appropriated in supplemental funding in another appropriations account to State for assistance to Ukraine and countries impacted by the situation in Ukraine, including for programs to combat human trafficking and to document Russian war crimes and crimes against humanity in Ukraine. Additional Ukraine Supplemental Appropriations Act, 2022, Pub. L. No. 117-128, 136 Stat. 1211, 1220 (2022). For purposes of this report, the five supplemental appropriations acts refer to applicable divisions of the following public laws: Ukraine Supplemental Appropriations Act, 2022, Pub. L. No. 117-103, div. N, 136 Stat. 49 (2022); Additional Ukraine Supplemental Appropriations Act, 2022, Pub. L. No. 117-128, 136 Stat. 1211 (2022); Ukraine Supplemental Appropriations Act, 2023, Pub. L. No. 117-180, div. B, 136 Stat. 2114 (2022); Additional Ukraine Supplemental Appropriations Act, 2023, Pub. L. No. 117-328, div. M, 136 Stat. 4459 (2022); and Ukraine Security Supplemental Appropriations Act, 2024, Pub. L. No. 118-50, div. B, 138 Stat. 895 (2024).

labor trafficking, as encompassing the range of activities involved when a person uses force, fraud, or coercion to exploit the labor or services of another person. It defines sex trafficking as encompassing the range of activities involved when a trafficker uses force, fraud, or coercion to compel another person to engage in a commercial sex act or causes a child to engage in a commercial sex act. The report also states that in any case where a child under the age of 18 is used for a commercial sex act, it is considered sex trafficking regardless of whether force, fraud, or coercion were used. The movement of a person is not required for forced labor or sex trafficking.[2] We refer to these terms as "trafficking" throughout this report. Similarly, we refer to efforts to combat or counter trafficking as "anti-trafficking" throughout this report.

Trafficking takes place in every region of the world, and its ramifications include:

- gravely damaging its victims both physically and emotionally,
- undermining government authority,
- fueling organized crime, and
- imposing both social and public health costs.

In 2022, United Nations (UN) agencies estimated that 27.6 million people globally were subject to forced labor at any given time, including 6.3 million exploited for commercial sex.[3] In 2024, UNODC found that among officially reported victims, about 40 percent were male and 60 percent were female. About 38 percent of victims were children. However, given the hidden nature of trafficking crimes, officially reported data on the

[2]Human trafficking is often confused with migrant smuggling, which is defined by the UN as the procurement, in order to obtain, directly or indirectly, a financial or other material benefit, of the illegal entry of a person into a State Party of which the person is not a national or permanent resident. In contrast, according to State, human trafficking involves the exploitation of a person for the purposes of compelled labor or commercial sex and can occur in either their home country or another country. Some migrants may agree to be smuggled into a country illegally but end up as victims of human trafficking when they are deceived, coerced, or forced into an exploitative situation later in the process. In the U.S., migrant smuggling is referred to as alien smuggling. According to State officials, human trafficking is a crime committed against a person; alien smuggling is a crime against a state. The focus of this report is human trafficking.

[3]*Global Estimates of Modern Slavery: Forced Labour and Forced Marriage.* International Labour Organization (ILO), Walk Free, and International Organization for Migration (IOM), Geneva, 2022

number of identified victims of trafficking from around the world only capture a portion of the estimated totals of all victims of trafficking.[4]

The Consolidated Appropriations Act, 2023 includes a provision for GAO to conduct oversight, including audits and investigations, of amounts appropriated in response to the war-related situation in Ukraine.[5] This report:

1. Describes the funding amounts that State and USAID have provided for anti-trafficking efforts in selected countries affected by conflict, including Ukraine, and the projects supported by these funds;[6]
2. Evaluates the extent to which these agencies monitor and report results of these projects and describes how these agencies adapted selected anti-trafficking projects to respond to implementation challenges cause by armed conflict; and
3. Discusses challenges in implementing anti-trafficking projects in selected conflict-affected countries as well as opportunities to address challenges identified by stakeholders.

To describe funding amounts that State and USAID have provided for anti-trafficking efforts in selected countries affected by conflict and the projects supported by these funding amounts, we reviewed State and USAID allocation and obligation funding data for anti-trafficking projects.[7]

To identify countries experiencing armed conflict, we used State's definition for armed conflict and data from the World Bank and other

[4]In reporting on this matter, State observed that aggregate data vary from year to year due to the hidden nature of trafficking crimes, shifts in government priorities, and a lack of uniformity in national reporting structures.

[5]Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, div. M, tit. VI, 136 Stat. at 5195. This report is one of several engagements GAO initiated in response to this provision in the Consolidated Appropriations Act, 2023.

[6]In July 2025, the Secretary of State announced USAID had officially ceased to implement foreign assistance. State had also completed a restructuring that may affect the provision of anti-trafficking assistance. The Department of Labor's Bureau of International Labor Affairs also funded projects designed to combat forced labor around the world. According to State officials, Labor terminated all of the Bureau's anti-trafficking programming in March 2025. We did not include Labor's anti-trafficking projects as part of this review.

[7]State's Standardized Program Structures and Definitions uses a Countering Trafficking in Persons code (PS.5) to indicate that an award's primary purpose is anti-trafficking. However, some projects may be coded under multiple codes if there are additional focuses. We excluded these projects from our analysis.

sources. We also identified countries experiencing substantial challenges from conflict in neighboring countries, including the arrival of large numbers of refugees, as documented by the United Nations High Commissioner for Refugees (UNHCR).[8] We analyzed allocation funding data from State's Office of Foreign Assistance and bilateral and regional award funding data from State's Office to Monitor and Combat Trafficking in Persons (TIP Office) to identify countries that are both adversely affected by conflict and recipients of substantial U.S. anti-trafficking assistance.

Using that information, we selected Ukraine and Ethiopia for further examination, considering geographic diversity and the types of armed conflict occurring in the countries. We also selected two of Ukraine's neighboring countries, Moldova and Romania, for further examination because these countries received anti-trafficking funding from State's TIP Office, had received refugees from Ukraine, and the 2024 *Trafficking in Persons Report* described trafficking issues related to the conflict in Ukraine in both countries.

In these four selected countries, State and USAID identified 22 anti-trafficking projects that were active at any point from October 1, 2019 (the start of fiscal year (FY) 2020), through March 31, 2024 (the mid-point of FY 2024). From those 22 projects we selected 11 for further review, focusing on those that addressed trafficking problems generated or exacerbated by conflict. We also considered the projects' implementing partners—such as nongovernmental organizations and international organizations—award amounts, and populations or issues the projects intended to address to ensure we reviewed a diverse selection of projects.

To evaluate the extent to which State and USAID had monitored and reported results of their anti-trafficking projects, we assessed State and USAID documentation, including agency monitoring and evaluation policies, grantee reporting for the 11 selected projects, and

[8]State's Bureau of Conflict and Stabilization Operations defined armed conflict as a state of disagreement or opposition between two or more parties, typically state or organized armed groups, that has escalated to the use of force employing weapons, military tactics, and strategies to gain control over territory, resources, or political power.

documentation of agency oversight and follow-up efforts.[9] We used agency criteria to evaluate whether State and USAID had established general and project-specific indicators and targets for each of the selected projects. We discussed instances where the agency or implementing partner had not established targets for project indicators with agency officials. To describe how State and USAID adapted the selected anti-trafficking projects to address implementation challenges caused by armed conflict, we reviewed project documentation and interviewed agency and implementing partner officials.

To identify the implementation challenges and possible opportunities to mitigate those challenges in implementing anti-trafficking projects in conflict-affected countries, we convened eight discussion groups with 47 total officials from State, USAID, implementing partner organizations, and relevant civil society organizations in Washington, D.C., and the selected countries. From December 2024 through March 2025, we conducted in-person meetings with the discussion groups in the U.S., Moldova, and Romania, and virtual meetings with the groups in Ukraine and Ethiopia. The views participants expressed during the meetings are not generalizable to all agency officials and implementing partners of U.S. programs.

We asked discussion group participants to identify (1) challenges of implementing anti-trafficking projects in conflict-affected countries and (2) possible actions to address those challenges. We conducted the discussion groups using the nominal group technique. Specifically, participants offered ideas as brief phrases or statements in response to our two questions. We asked for one idea from one group participant at a time and listed participants' ideas so the responses were visible to the entire group. Group participants then discussed each idea in turn for clarification and examples. This process resulted in a list of challenges to implementation and a list of possible actions to strengthen anti-trafficking efforts for each of the eight discussion groups. We used the resulting lists from the discussion groups to develop a content coding structure. Two analysts reviewed the qualitative data independently and applied the coding structure to identify common themes among the challenges and possible actions that the discussion groups identified. When the two

[9]The USAID policy requirements described in this report were current as of June 2025 before USAID ceased implementing certain foreign assistance programs. Any later proposed or finalized changes to USAID's policies have not been incorporated into this report.

analysts reached different conclusions about how to apply the coding structure to the data, they met to reconcile those differences.

We conducted this performance audit from February 2024 to December 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Trafficking Victims Protection Act of 2000

In 2000, Congress enacted the Trafficking Victims Protection Act of 2000 (the Act) and has reauthorized it several times, most recently in 2023.[10] As amended, the Act provides a framework for U.S. anti-trafficking efforts. The Act:

- addresses the prevention of trafficking, protection of victims, and prosecution of traffickers;[11]
- defines "severe" forms of trafficking;[12]

[10]Pub. L. No. 106-386, div. A, 114 Stat. 1464, 1466-91 (2000), as amended by Pub. L. No. 117-348, § 201, 136 Stat. 6223 (2023).

[11]Prevention, protection, and prosecution, generally known as the "three Ps," are the framework for anti-trafficking efforts. According to State, partnership is a complementary means to achieve progress across the three elements of the anti-trafficking framework and enlist all segments of society in the fight against trafficking.

[12]The Act defines severe forms of trafficking 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 acts 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. We refer to these terms throughout this report under the umbrella term "trafficking." The Act does not specify movement across international boundaries as a condition of trafficking. Pub. L. No. 106-386, § 103, 114 Stat. 1464, 1469 (2000), codified as amended at 22 U.S.C. § 7102.

- sets minimum standards for assessing foreign government efforts toward eliminating such forms of trafficking;[13]
- requires State to report each year on the extent that foreign governments meet the minimum standards;[14] and
- authorizes the President to provide assistance to foreign countries for programs, projects, and activities designed to meet the standards.[15]

State and USAID Roles and Responsibilities

State's Office to Monitor and Combat Trafficking in Persons (TIP Office), established pursuant to the Act, is responsible for bilateral and multilateral diplomacy, targeted foreign assistance, and public engagement on trafficking in persons.[16] The TIP Office also prepares and issues the annual *Trafficking in Persons Report* to Congress, which includes the TIP Office's assessment of the anti-trafficking efforts of 188 countries and territories, including the United States. The annual report guides State's engagement with foreign governments and multilateral organizations on human trafficking. Additionally, the TIP Office funded projects to strengthen foreign governments' ability to prevent human trafficking, protect victims, and prosecute traffickers. State officials said in August 2025 that following State's reorganization, the TIP Office would focus on meeting its statutory report-writing function. As of September 2025, some

[13]According to the Act, the minimum standards for the elimination of trafficking are that the government of the country of origin, transit, or destination for victims of severe forms of trafficking should (1) prohibit severe forms of trafficking in persons and punish acts of such trafficking, (2) prescribe punishment for the knowing commission of any act of sex trafficking involving force, fraud, coercion, or in which the victim of sex trafficking is a child incapable of giving meaningful consent, or of trafficking which includes rape or kidnapping or which causes a death, (3) prescribe punishment that is sufficiently stringent to deter the knowing commission of any act of a severe form of trafficking in persons and that punishment adequately reflects the heinous nature of the offense, and (4) make serious and sustained efforts to eliminate severe forms of trafficking. 22 U.S.C. § 7106.

[14]22 U.S.C. § 7107(b).

[15]22 U.S.C. § 2152d(a). The Act also states that it is the policy of the United States not to provide nonhumanitarian, nontrade-related foreign assistance to any government that does not comply with minimum standards for the elimination of trafficking, and is not making significant efforts to bring itself into compliance with the standards. 22 U.S.C. § 7107(a).

[16]22 U.S.C. § 7103(e). As of August 2025, as part of State's reorganization, the TIP Office now reports to the Assistant Secretary for the Bureau of Democracy, Human Rights, and Labor, which reports to the Under Secretary for Foreign Assistance, Humanitarian Affairs, and Religious Freedom. Previously, it reported to the Under Secretary for Civilian Security, Democracy, and Human Rights.

of State's anti-trafficking programming remained ongoing, according to State's website listing the TIP Office's projects.

The TIP Office also works with other State entities such as the Bureau of Population, Refugees, and Migration and the Bureau of International Narcotics and Law Enforcement Affairs (INL) to coordinate their anti-trafficking efforts.[17] In addition, the TIP Office worked with other agencies such as USAID and the Department of Labor, UN agencies, and other multilateral organizations to prevent and combat human trafficking in the United States and abroad.[18]

At the start of our review in February 2024, USAID administered projects to address trafficking in persons and integrated such projects into broader development efforts. USAID largely managed these projects at the country level, with project goals that aimed to address trafficking challenges specific to a country or region. USAID's Bureau for Democracy, Human Rights and Governance in Washington, D.C., was responsible for coordination and oversight of USAID's anti-trafficking efforts.

After we began our review, the President issued Executive Order 14169, "Reevaluating and Realigning United States Foreign Aid" on January 20, 2025.[19] The order called for department and agency heads with responsibility for U.S. foreign development assistance programs to immediately pause new obligations and disbursements of development assistance funds to foreign countries and implementing nongovernmental organizations, international organizations, and contractors pending reviews of such programs for programmatic efficiency and consistency with U.S. foreign policy. In March 2025, USAID and State notified Congress of their intent to undertake a reorganization of foreign assistance programming that would involve realigning certain USAID functions to State by July 1, 2025, and discontinuing the remaining USAID functions. State began the reorganization in April 2025. In July

[17]Projects funded by other State entities may have components that focus on anti-trafficking efforts among other topics.

[18]The Department of Labor's Bureau of International Labor Affairs also funded projects designed to combat forced labor internationally. According to State officials, Labor terminated all of the Bureau's anti-trafficking programming in March 2025. We did not include Labor's anti-trafficking projects as part of this review.

[19]Exec. Order No. 14169, Reevaluating and Realigning United States Foreign Aid, 90 Fed. Reg. 8619 (Jan. 20, 2025).

2025, the Secretary of State announced that USAID had officially ceased to provide foreign development assistance.

Armed Conflict Elevates Trafficking Risks

Armed conflict, whether between two or more countries or between government military forces and other armed groups within a country, can directly and indirectly heighten trafficking risks.[20] Conflict can directly increase the amount of human trafficking when armed groups engage in trafficking. For example, armed groups, including government forces and rebel groups, may coerce residents of conflict areas to perform forced labor in support of military operations or in income-generating activities, such as mining or agriculture. Conflict can also indirectly increase the amount of trafficking as criminal groups or individuals take advantage of potential victims' increased vulnerability.

Several factors contribute to this increased vulnerability to trafficking, including:

- **Deterioration in the rule of law.** Safeguards and protections available to individuals in peacetime decrease as impunity among traffickers increases during armed conflict.
- **Increased humanitarian assistance needs.** Armed conflict results in the loss of livelihoods and the impairment or even elimination of access to essential services and goods.
- **Social fragmentation.** Community and family support systems break down in the context of armed conflict.
- **Forced displacement.** UNHCR estimated that more than 123 million people worldwide were forcibly displaced at the end of 2024 due to conflict, violence, human rights violations, and other factors.

Once they reach their destination, migrants, including internally displaced persons and refugees, may remain vulnerable to trafficking due to multiple factors, including language and cultural barriers, lack of support networks, economic and social challenges, and lack of access to basic

[20]Other factors, such as natural disasters and climate change, can also lead to increased vulnerability to trafficking due to the displacement of populations, according to UNODC.

services. In 2022, UN agencies found forced labor to be three times as prevalent among adult migrant workers as among non-migrants.[21]

Defining Terms: Migrants, Internally Displaced Persons, and Refugees

Migrants: According to the International Organization for Migration (IOM), "migrant" is an umbrella term, not precisely defined under international law, that refers to a person who moves away from his or her usual place of residence, whether within a country or across an international border, whether temporarily or permanently, regardless of legal status. The term can include Internally Displaced Persons and Refugees:

Internally Displaced Persons: According to the United Nations High Commissioner for Refugees (UNHCR), the U.N. refugee agency, an internally displaced person is a person who has been forced or obliged to leave their home, as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, human rights violations, or natural or man-made disasters, but has not crossed into another country. Though remaining within their own countries, such persons may experience economic hardship and social isolation.

Refugees: UNHCR defines refugees as people who have been forced to flee their country and seek safety in another country because of feared persecution as a result of who they are, what they believe in or say, or because of armed conflict, violence or serious public disorder. Refugees are entitled to certain legal protections but may experience economic deprivation and social isolation nonetheless.

Source: U.N. Organizations. | GAO-26-107406

Conflict and Trafficking in Ukraine, Moldova, and Romania

According to the International Organization for Migration (IOM), the Russian invasion of Ukraine resulted in nearly 17 million residents becoming internally displaced in 2022 (about 40 percent of the country's population). As of April 2025, more than 3.75 million remained internally displaced in Ukraine, according to UNHCR. Further, according to the UNODC, the invasion resulted in about 6.75 million people fleeing Ukraine by October 2024. Those fleeing Ukraine generally crossed land borders into neighboring countries, including Moldova and Romania.

Human Rights Watch reported more than 470,000 people crossing from Ukraine into Moldova in the immediate aftermath of the Russian invasion, while Government of Romania estimated that nearly 500,000 people sought refuge in Romania during the same period. In May 2025, UNHCR reported that Moldova was still hosting more than 131,000 refugees from

[21] *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage.* International Labour Organization, Walk Free, and International Organization for Migration, Geneva, 2022.

Ukraine while Romania was still hosting more than 186,000. In contrast, UNCHR estimated that both countries had each been hosting fewer than 20 refugees from Ukraine in 2021, prior to the 2022 invasion (see fig. 1).

Figure 1: Internally Displaced Persons Within Ukraine as of April 2025 and Refugees from Ukraine in Moldova and Romania as of May 2025

Sources: United Nations High Commissioner for Refugees (data); Map Resources (map). | GAO-26-107406

In the wake of Russia's 2022 invasion, international aid organizations warned that there could be a substantial surge in trafficking in Ukraine and among Ukrainians seeking refuge in other countries. Though data is limited, there does not appear to have been a surge of the magnitude that some had feared.[22] Still, a 2025 UNODC analysis suggests that some increase in trafficking has occurred.[23] Other UN agencies have also expressed concerns about a possible delayed surge as time passes, people remain displaced, savings run out, and host country assistance declines.

State's 2024 and 2025 *Trafficking in Persons Reports* for all three countries highlighted sex trafficking and forced labor issues, including online recruitment and elevated risk levels among children, members of minority groups, and, in Ukraine, people living in Russian-occupied parts of the country. The reports also noted the strain that Russia's invasion had placed on anti-trafficking efforts in all three countries. For example, because of the conflict, Ukraine has experienced reduced capacity in its law enforcement and provision of services for victims of trafficking.

Conflict and Trafficking in Ethiopia

Ethiopia faces overlapping humanitarian crises driven by internal ethnic and political conflict and conflict in neighboring countries. Following decades of regional conflict, a civil war broke out in Ethiopia in 2020. This conflict pitted the Ethiopian federal government, supported by the bordering country of Eritrea and forces from Ethiopia's Amhara regional state, against forces from the regional state of Tigray. While armed conflict between the federal government and forces from Tigray officially ended in late 2022, other conflict has continued in the country, with the government facing ongoing, ethnically-based insurgencies in both the Amhara and Oromia regions. In June 2025, UNHCR estimated that there were more than 1.9 million internally displaced persons in Ethiopia.[24]

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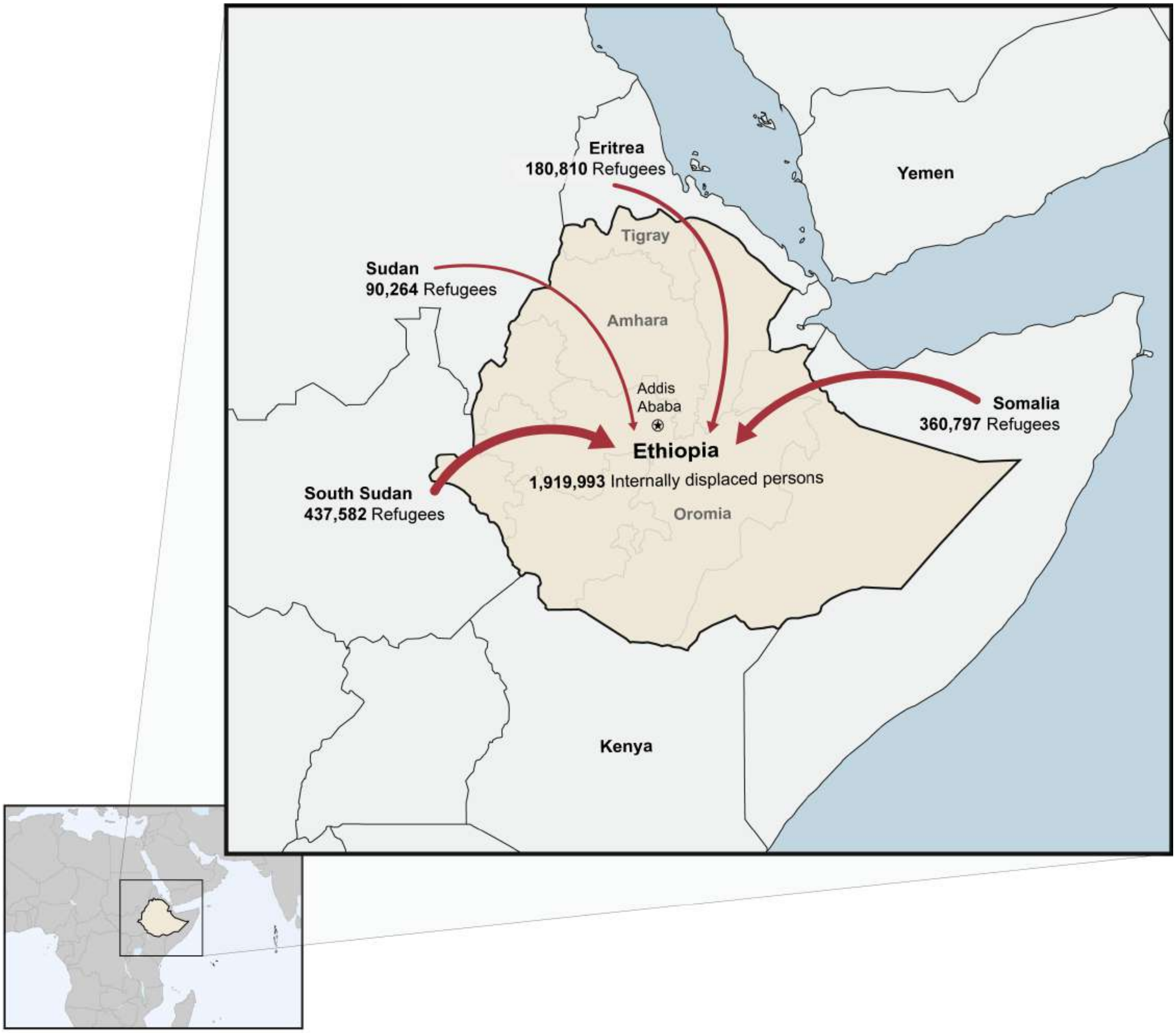
[22]According to IOM, the Ukrainian government's ability to continue functioning, as of August 2025, despite the challenges it continued to face, is a reason that the expected surge in trafficking did not occur. Also, European countries (including Moldova and Romania) have provided economic and social support for refugees of Ukraine, including providing temporary protection for eligible refugees from Ukraine.

[23]UNODC, *Study on Trafficking in Persons and Smuggling of Migrants in the Context of the Displacement caused by the War in Ukraine,* (United Nations publication, 2025).

[24]According to the International Organization for Migration, climate change has induced internal migration and displacement in Ethiopia. For example, changing rainfall patterns in the country have resulted in both frequent drought and instances of flooding. Both phenomena have resulted in the displacement of affected populations in the country.

In addition to the ongoing conflict within its own borders, Ethiopia hosts almost 1.1 million refugees from other countries—primarily the neighboring countries of Eritrea, Somalia, Sudan and South Sudan, according to UNHCR. All four of those countries face conflict or other challenges that fuel the displacement. (see fig. 2).

Figure 2: Internally Displaced Persons and Refugees from Neighboring Countries in Ethiopia as of June 2025



Sources: United Nations High Commissioner for Refugees (data); Map Resources (map). | GAO-26-107406

State's 2024 and 2025 *Trafficking in Persons Reports* for Ethiopia highlighted that traffickers exploit domestic and foreign victims within the country. Among other things, State noted (1) the exploitation of women and girls in domestic servitude and sex trafficking, and (2) the exploitation of men and boys for forced labor in several sectors, such as agriculture and construction. The reports stated that traffickers may promise urban work opportunities to exploit children from rural areas, whose parents—facing extreme economic pressure—may encourage them to work.

State observed that the millions of persons displaced within Ethiopia are increasingly vulnerable to trafficking due to a lack of access to justice, education, economic opportunity, and basic needs, such as food, water, and health services. Refugees from other countries in Ethiopia face similar challenges, including lack of economic opportunity and access to basic needs, which leaves them more vulnerable to trafficking.

State and USAID Funded and Implemented Anti-Trafficking Projects, Including in Countries Affected by Armed Conflict

For fiscal years 2020 through 2024, State and USAID together obligated a total of about $437 million for anti-trafficking projects around the world, including at least $38.2 million in Ukraine, Moldova, Romania, and Ethiopia.[25] Funding for such efforts was limited in fiscal year 2025 during the administration's review of foreign assistance.[26] For fiscal year 2025, as of August, State had not allocated any new funding and had de-obligated about $1.4 million for anti-trafficking projects. During the same period, USAID allocated less than $1 million, obligated about $1 million, and de-obligated about $1.1 million for anti-trafficking projects. We reviewed 11 anti-trafficking projects that were active during the time of our review in the four selected countries, totaling about $50 million. These projects address issues created or exacerbated by conflict in those countries.

[25]Following allocations of appropriated funds, an obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received. An agency incurs an obligation, for example, when it places an order, signs a contract, awards a grant or purchases a service.

[26]On January 20, 2025, the President issued an Executive Order pausing foreign development assistance for an assessment of programmatic efficiencies and consistency with United States foreign policy. Exec. Order No. 14169, Reevaluating and Realigning United States Foreign Aid, 90 Fed. Reg. 8619 (Jan. 30, 2025).

Anti-Trafficking Allocations and Obligations, Worldwide and in Selected Countries

From FY 2020 through FY 2024, State and USAID allocated about $461 million for anti-trafficking projects.[27] State's TIP Office reported a total allocation of $345 million for these years, with annual amounts increasing from $61 million in fiscal year 2020 to $76 million in fiscal years 2023 and 2024. State also allocated about $16.7 million for anti-trafficking projects managed by INL and State's regional bureaus from 2020 through 2024. However, as of August 2025, State officials said they had not yet completed its allocation process for FY 2025 and so had not allocated any funding for the TIP Office in that fiscal year.

USAID allocated nearly $99 million from FY 2020 through FY 2024, with annual amounts ranging from $9.2 million to $27.7 million. As of June 2025, USAID had allocated about $700,000 for FY 2025 (see table 1).

Table 1: Department of State and USAID Allocations by Fiscal Year of Appropriation for Anti-Trafficking in Persons Projects Worldwide, Fiscal Years 2020–2025Q2, as of August 2025

Dollars in millions

Agency	2020	2021	2022	2023	2024	2025	Total
State TIP Office	61.0	66.0	66.0	76.0	76.0	0.0[a]	**345.0**
Other State	2.5	3.4	6.1	2.5	2.3	0.0[a]	**16.7**
USAID	24.8	17.7	9.2	27.7	19.5	0.7	**99.7**
Totals	**88.3**	**87.1**	**81.3**	**106.2**	**97.8**	**0.7**	**461.4**

Legend: TIP Office = State Office to Monitor and Combat Trafficking in Persons; USAID = U.S. Agency for International Development

Source: Department of State and USAID data. | GAO-26-107406

Notes: Totals may not add up due to rounding. Data for fiscal year 2025 includes only the first two quarters. "Other State" and "USAID" amounts may include funding from Ukraine supplementals.

Data does not include allocations for anti-trafficking in persons activities that are not coded with State's Standardized Program Structure and Definitions (SPSD) trafficking in persons code (PS.5). Data also does not include funding that State identified as having multiple SPSD codes.

[a]According to State officials, as of August 2025, State had not completed the allocations process for fiscal year 2025. As such, the amount allocated for State's anti-trafficking in persons projects is zero as of August 2025.

From FY 2020 through the first two quarters of FY 2025, State obligated about $337 million for anti-trafficking projects. State's TIP Office oversaw about 93 percent of State's total obligations for anti-trafficking projects during this period. USAID obligated about $99 million during the same

[27]Funds for programs to combat human trafficking can come from multiple accounts, including for example the Development Assistance, Economic Support Fund, Assistance for Europe, Eurasia and Central Asia, and International Narcotics Control and Law Enforcements accounts. See e.g., Pub. L. No. 118-47, § 7060(f), 138 Stat. 460, 839 (2024).

period. For fiscal year 2025, as of August 2025, State had not allocated any new funding and had de-obligated about $1.4 million for anti-trafficking projects. During the same period, USAID allocated less than $1 million, obligated about $1 million, and de-obligated about $1.1 million for anti-trafficking projects (see table 2).

Table 2: Department of State and USAID Obligation Transactions for Anti-Trafficking in Persons Projects, Fiscal Years 2020–2025Q2, as of August 2025

Dollars in millions; amounts shown by the fiscal year in which the agencies obligated funding, not the year in which they allocated funding

	2020	2021	2022	2023	2024	2025	Total
State TIP Office	44.4	58.5	66.1	68.6	77.8	-1.3	**314.1**
State INL	5.9	5.2	2.2	3.9	3.1	0.0[a]	**20.3**
Other State	0.0	1.6	0.0	0.5	0.3	0.0	**2.4**
Subtotal - State	**5.9**	**65.3**	**68.3**	**73.0**	**81.2**	**-1.4**	**336.5**
USAID	25.1	17.7	9.2	27.7	19.5	-0.1[b]	**99.0**
Total	**75.4**	**83.0**	**77.5**	**100.7**	**100.7**	**-1.5**	**435.5**

Legend: INL = State Bureau of International Narcotics and Law Enforcement Affairs; TIP Office = State Office to Monitor and Combat Trafficking in Persons; USAID = U.S. Agency for International Development

Source: Department of State and USAID data. | GAO-26-107406

Notes: Totals may not add up due to rounding. Data for fiscal year 2025 includes only the first two quarters.

An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received. An agency incurs an obligation, for example, when it places an order, signs a contract, awards a grant or purchases a service. Negative numbers indicate the agency de-obligated funding.

State officials said that State generally undertakes obligation transactions for projects in the fiscal year following the allocation of funds. Data are shown by the fiscal year in which State obligated the funding, not the year in which it allocated the funding.

Although State allocated $78.3 million for anti-trafficking in persons projects in fiscal year 2024, State officials said that the TIP Office has been prevented from obligating fiscal year 2024 funds during fiscal year 2025. While not finalized as of August 2025, officials said that they expected State would de-obligate additional prior year funding during fiscal year 2025.

According to agency officials, funding for anti-trafficking activities can come from multiple funding accounts that provide funding for other activities. Data presented in the table includes obligations with State's Standardized Program Structure and Definitions (SPSD) code for trafficking in persons, PS.5, and represent funds from multiple funding accounts.

Data does not include obligation transactions for anti-trafficking in persons activities that are not coded with the PS.5 SPSD code for trafficking in persons. Data also does not include funding that State identified as having multiple SPSD codes. In addition, for State's TIP Office 2020 data, officials said that State coded funding at the general Peace and Security category, rather than the more specific PS.5 category for trafficking in persons.

[a]INL de-obligated about $40,000 from the anti-trafficking SPSD code in 2025.

[b]Data reflects USAID obligations of about $1 million and de-obligations of about $1.1 millions from the anti-trafficking SPSD code.

Of the $435.5 million obligated from FY 2020 through the first two quarters of FY 2025, State obligated about $24.5 million for projects in Ukraine, Romania, Moldova, and Ethiopia. USAID obligated an additional $13.7 million over this period for relevant assistance to Ukraine, bringing the total for both agencies for the period to about $38.2 million. USAID did not obligate any funds for projects in Ethiopia, Moldova, or Romania (see table 3).

Table 3: Department of State and USAID Obligation Transactions for Anti-Trafficking in Persons Projects in Ukraine, Moldova, Romania, and Ethiopia, Fiscal Years 2020–2025Q2

Dollars in millions; amounts shown by the fiscal year in which the agencies obligated funding, not the year in which they allocated funding

Country (Agency)	2020	2021	2022	2023	2024	2025	Total
Ukraine (State)	N/A	0.3	1.0	0.0	1.5	0.0	2.8
Moldova (State)	0.1	0.0[a]	0.5	2.0	0.0	0.0	2.6
Romania (State)	0.8	0.0	0.8	1.5	9.5[b]	0.0	12.6
Ethiopia (State)	2.5	0.0	0.4	3.6	0.0	0.0	6.5
Subtotal - State	**3.3**	**0.3**	**2.6**	**7.1**	**11.0**	**0.0**	**24.5**
Ukraine (USAID)	0.9	0.9	0.9	10.0	0.0	1.0[c]	13.7
Total	**4.2**	**1.2**	**3.5**	**17.1**	**11.0**	**1.0**	**38.2**

Legend: N/A = Not available; USAID = United States Agency for International Development

Source: Department of State and USAID data. | GAO-26-107406

Notes: Totals may not add up due to rounding. Data for fiscal year 2025 includes only the first two quarters.

An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received. An agency incurs an obligation, for example, when it places an order, signs a contract, awards a grant or purchases a service.

State officials said that State generally undertakes obligation transactions for projects in the fiscal year following the allocation of funds. Data are shown by the fiscal year in which State obligated the funding, not the year in which it allocated the funding.

According to agency officials, funding for anti-trafficking activities can come from multiple funding accounts that provide funding for other activities. As a result, data presented in the table includes obligations with State's Standardized Program Structure and Definitions (SPSD) code for trafficking in persons, PS.5, and represent funds from multiple funding accounts.

Data does not include obligation transactions for anti-trafficking in persons activities that are not coded with the PS.5 SPSD code for trafficking in persons. Data also does not include funding that State identified as having multiple SPSD codes. For State's TIP Office 2020 data, officials said that State coded funding at the general Peace and Security category, rather than the more specific category for trafficking in persons.

[a]In fiscal year 2021, State obligated $1,000 to a project in Moldova.

[b]The 2024 Romania total represents obligation for a Child Protection Compact, using fiscal year 2023 funds, that State announced at the end of fiscal year 2024. Such Compacts are multi-year plans developed by the U.S. and a foreign partner government directed at strengthening capacity to prosecute child traffickers, provide care for victimized children, and prevent child trafficking in all its forms.

[c]According to a USAID official, this amount was obligated pursuant to a bilateral agreement with the government of Ukraine but, as of June 2025, had not been awarded to a specific project. The official told us these funds will likely be de-obligated.

State and USAID Anti-Trafficking Projects in Ukraine, Moldova, Romania, and Ethiopia

Agencies generally do not aim to conduct anti-trafficking in countries affected by armed conflict, but do sometimes undertake such projects, as they have done in Ukraine, Moldova, Romania, and Ethiopia. State officials said anti-trafficking projects are designed to address country-specific challenges identified in its annual trafficking in persons report as well as other factors, including the host country's political will and capacity to address trafficking-related challenges. As such, they explained that the TIP Office generally provided assistance where there was a willing government partner and relative stability. Further, State officials said they generally do not intend to conduct anti-trafficking projects in countries where armed conflict occurs. Nonetheless, sometimes the agencies do undertake anti-trafficking projects in countries affected by armed conflict such as Ukraine, Moldova, Romania, and Ethiopia where conditions are stable enough to allow implementing partners to operate and for State to provide monitoring and oversight, according to State officials.

Selected Anti-Trafficking Projects in Ukraine, Moldova, and Romania

The seven State and USAID anti-trafficking projects in Ukraine, Moldova, and Romania we reviewed were ongoing in the second quarter of fiscal year 2024 and addressed issues created or exacerbated by Russia's invasion of Ukraine. For example, one regional State program was initiated in August 2023 to help protect refugees from Ukraine and other vulnerable populations from trafficking. Four of the seven projects were initiated after the 2022 Russian invasion, while the other three were extended or received additional funds to continue operating after the invasion with adjustments to address the invasion's impact on trafficking risk in these countries. The awarded amount for these seven projects totaled about $32.4 million. Table 4 provides summary information on these projects.

Table 4: Selected Department of State and USAID Anti-Trafficking in Persons Projects in Ukraine, Moldova, and Romania

Dollars in millions

Bureau or Office	Implementing partner	Project Title Project Description	Award Amount
Ukraine			
USAID Europe Bureau	IOM	Countering Trafficking in Persons and Ensuring Assistance to Vulnerable Groups in Ukraine[a] Increase awareness, assist victim rehabilitation, and improve coordination and information on trafficking in Ukraine	$24.0
State TIP Office	IOM	Addressing Trafficking in Persons and Related Risks in the Ukraine Emergency Response[b] Provide assistance to victims of or those vulnerable to trafficking due to the Russian invasion, such as displaced persons	$2.0
Moldova			
State TIP Office	IOM	Strengthening National Efforts to Prevent Trafficking in Persons and Rehabilitate Victims of Trafficking in the Republic of Moldova[a] Increase awareness, improve services for victims, strengthen legal framework, and support rehabilitation of victims	$1.4
	IOM	Reducing Community-Level Vulnerabilities to TIP in Moldova[b] Improve local actors' prevention capacities and increase victim participation in investigations and judicial proceedings	$1.0
State INL	IOM	Addressing Emerging Threats Related to Trafficking in Persons in Moldova[b] Strengthen law enforcement capacity, particularly in addressing the threat of online trafficking and connected crimes	$1.0
Romania			
State TIP Office	IJM	Strengthening Proactive Criminal Justice Response to Trafficking in Persons[a] Strengthen criminal justice system capacity and quality of social services to victims, train community responders	$1.5
	IJM	Regional Response to Trafficking in Persons within the Ukraine Crisis[b, c] Increase identification of trafficking victims, build capacity of service providers, and improve coordination of investigations	$1.5
Total			**$32.4**

Legend: IJM = International Justice Mission; INL = State Bureau for International Narcotics and Law Enforcement Affairs; IOM = International Organization for Migration; State TIP Office = State Office to Monitor and Combat Trafficking in Persons; USAID = U.S. Agency for International Development

Source: Department of State and USAID data. | GAO-26-107406

Notes: Totals may not add up due to rounding. All projects above were ongoing in the second quarter of fiscal year 2024.

[a]Project extended or adjusted its activities in response to the Russian invasion of Ukraine.

[b]Project initiated after or in response to the Russian invasion of Ukraine.

[c]Project also provides assistance to Bulgaria.

Selected Anti-Trafficking Projects in Ethiopia

The four anti-trafficking projects we reviewed in Ethiopia that were ongoing as of March 2024 had awarded amounts totaling about $17.5 million. While none of these projects were initiated specifically to address trafficking issues created by conflict, conflict has exacerbated the problems that they address: trafficking among vulnerable populations (such as child domestic workers, internal and transnational migrants, and disabled persons), weaknesses in protecting victims, and difficulties in prosecuting traffickers. For example, one project aimed to strengthen the National Referral Mechanism, a framework for identifying victims of trafficking and improving services for victims of trafficking throughout the country, including in regions that have endured internal conflict. Table 5 provides summary information on these four projects.

Table 5: Selected Department of State TIP Office Anti-Trafficking in Persons Projects in Ethiopia

Dollars in millions

Implementing partner	Project Title Project Description	Award Amount
Freedom Fund	Reducing the Prevalence of Domestic Servitude in Ethiopia Investigate and reduce the prevalence and causes of domestic servitude among women and children	$11.0
International Organization for Migration	Improving the Protection of Victims of Internal and Transnational Trafficking in Ethiopia Strengthen national legal mechanisms and improve services for victims	$1.9
U.N. Office on Drugs and Crime	Enhancing Effective and Victim-Centered Criminal Justice Responses to Trafficking in Persons in Ethiopia[a] Strengthen the capacity of victim protection and criminal justice entities	$1.5
Population Council	Forced Begging Among People with Disabilities in Ethiopia Research, design, and implement interventions to combat forced begging, then assess results	$3.1
Total		**$17.5**

Legend: TIP Office = State Office to Monitor and Combat Trafficking in Persons

Source: Department of State data. | GAO-26-107406

Notes: Totals may not add up due to rounding. Some elements of each project, such as activities or timelines, had to be adjusted due to internal conflict in Ethiopia. All projects were ongoing in the second quarter of fiscal year 2024.

[a]Project was terminated in February 2025 as part of the 2025 foreign assistance review. On January 20, 2025, the President issued an Executive Order pausing foreign development assistance for an assessment of programmatic efficiencies and consistency with United States foreign policy. Exec. Order No. 14169, Reevaluating and Realigning United States Foreign Aid, 90 Fed. Reg. 8619 (Jan. 30, 2025). The project had been scheduled to be completed in June 2025.

State and USAID Generally Monitored and Reported Results and Adjusted Selected Projects for Conflict-Related Challenges

State and USAID generally met their internal requirements for monitoring and reporting for the 11 selected projects we reviewed. To do so, the agencies used several tools to monitor the performance and report project-specific and agency-wide results of their anti-trafficking projects. These tools included monitoring plans with indicators to assess progress toward targets as well as periodic and final progress reports.[28] Agencies also worked with implementing partners to adjust project elements to respond to challenges associated with conflict were identified. For the three selected projects that had reached their expected end date (two State TIP Office and one USAID), we found that the projects generally achieved established targets.

State and USAID Generally Established Required Frameworks for Monitoring and Reporting Results of Selected Projects

At the time of our review, State and USAID had agency-wide criteria on monitoring and reporting results of foreign assistance projects. Both agencies also had project-specific requirements. These requirements included monitoring and reporting at set intervals on projects' progress and final results compared to targets established for performance indicators. These performance indicators—according to the policies of both agencies—monitor progress and measure actual results compared to expected results. Targets were required to be set for each performance indicator to establish the expected results over the course of each performance period.

More specifically, State had agency-wide guidance on monitoring and reporting the results of its foreign assistance projects. The agency's Federal Assistance Directive established agency-wide internal guidance, policies, and procedures for State bureaus and offices administering federal financial assistance. The Federal Assistance Directive instructs State's bureaus and offices to develop monitoring plans, conduct monitoring activities, and report on progress and performance. State generally addressed these requirements by setting targets for both broad, agency-wide indicators—called Common Performance Indicators (CPIs)—and project-specific performance indicators, and by tracking progress toward those targets in monitoring reports.[29]

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[28]Monitoring is the collecting of data to determine whether a project is being implemented as intended and the tracking of progress through preselected performance indicators during the life of a project.

[29]Agencies monitor and report on project results in various results monitoring documentation. State INL used quarterly reports, and the State TIP Office used Results Monitoring Plans and Logical Frameworks.

According to TIP officials, TIP Office program managers work with implementing partners during project development to identify appropriate CPIs from a master list of possible indicators. They then use the CPIs to report on performance for the entire office by aggregating results for all projects.[30] In addition, each of the selected State projects had a signed award containing project-specific monitoring and evaluation criteria. These criteria included requirements for quarterly reporting of project progress through indicator tracking tables and narrative reports.[31] The signed awards also required grantees to submit a final report upon project completion that should describe how the goals and objectives of the project were met or not. Table 6 provides examples of State's agency-wide and project-specific performance indicators for its anti-trafficking efforts.

Table 6: Examples of Department of State Performance Indicators for Anti-Trafficking in Persons Projects

Examples of Common Performance Indicators	Examples of project-specific performance indicators
• Number of trainings conducted • Number of individuals trained • Number of unique trafficking victims receiving one or more type of service	• Number of consultation meetings with local community leaders organized • Percent increase in number of citizens and refugees who access counseling services for safe migration or trafficking in persons prevention via anti-trafficking hotline after the launch of the awareness raising campaign • Number of Ukrainian refugees contacted for follow-up after self-reporting being at risk of trafficking

Source: GAO analysis of Department of State documents. | GAO-26-107406

30According to State officials, State INL does not use CPIs for anti-trafficking in persons projects. Instead, the project indicators are all specific to the given project.

31State's Program and Project Design, Monitoring, and Evaluation Policy states that at a minimum, all bureaus and independent offices are required to complete at least one evaluation per fiscal year. Also, those who receive and directly manage foreign assistance program funds must conduct evaluations of their major projects once in each program's lifetime, or once every five years. According to officials, as of April 2025, none of the selected projects meet the criteria in the Program and Project Design, Monitoring, and Evaluation Policy for evaluation selection. Separately, USAID award documentation also required the implementing partner to produce a mid-term report completed in November 2021.

Like State, USAID also had agency-wide criteria on monitoring and reporting results. USAID's Automated Directives System (ADS) outlined policies and procedures that guided the agency's programs and operations. The ADS directed USAID offices to develop monitoring, evaluation, and learning plans and report on performance progress.[32]

In addition to agency-wide criteria, the signed award for the selected USAID project contained project-specific monitoring and evaluation requirements. For example, the project required grantees to submit semiannual reports, performance monitoring and evaluation plans, and a final report. Table 7 provides examples of USAID's agency-wide and project-specific performance indicators for the selected anti-trafficking project.

Table 7: Examples of U. S. Agency for International Development (USAID) Anti-Trafficking in Persons Performance Indicators

Examples of standard performance indicators	Examples of project-specific performance indicators
• Number of service providers that receive training, technical assistance, or capacity building in victim-centered and trauma-informed services for victims of human trafficking • Number of victims of human trafficking receiving services (medical, repatriation, legal, transportation, etc.) • Number of survivors of human trafficking who have gained sustainable livelihoods through State and USAID foreign assistance	• Percent of covered regions that have institutionalized the developed anti-trafficking educational module • Percent increase in the number of calls due to targeted and nationwide prevention efforts • Number of people covered with hotline services • Number of protection beneficiaries (victims of exploitation, gender-based violence survivors, people most at risk of human trafficking) receiving services (medical, repatriation, transportation, etc.)

Source: GAO analysis of USAID documents. | GAO-26-107406

Both agencies also required the establishment of targets for each agency-wide and project-specific indicator that we found they had generally done. For example, State's Project and Program Design, Monitoring, and Evaluation Policy requires targets be set to indicate the expected change over the course of each period of performance. Offices such as the TIP Office must develop a monitoring plan that documents a baseline, milestones, and target for each indicator. Our review of monitoring documents indicated that eight of 11 selected projects had established targets for all indicators. For the remaining three projects, agencies had established targets for 142 of 145 combined agency-wide and project specific indicators.

[32]USAID used Monitoring, Evaluation, and Learning Plans to document its project results monitoring. As of May 2025, the ADS was no longer accessible online. At that time, USAID officials told us that they were unsure whether it remained in effect.

Table 8 summarizes the status of agency efforts to design performance indicators and set related targets for selected anti-trafficking projects.

Table 8: Department of State and U.S. Agency for International Development (USAID) Project Monitoring and Reporting Requirements for Selected Anti-Trafficking in Persons Projects, as of May 2025

U.S. Agency	Project Title	Monitoring and reporting requirements		
		Monitored and reported progress	Set indicators	Set targets for all indicators
Ukraine				
USAID	Countering Trafficking in Persons in Ukraine[a]	Yes	Yes	Yes
State TIP Office	Addressing Trafficking in Persons and Related Risks in the Ukraine Emergency Response	Yes	Yes	Yes[b]
Moldova				
State TIP Office	Strengthening National Efforts to Prevent Trafficking in Persons and Rehabilitate Victims of Trafficking in the Republic of Moldova[a]	Yes	Yes	Yes
	Reducing Community-Level Vulnerabilities to TIP in Moldova	Yes	Yes	No
State INL	Addressing Emerging Threats Related to Trafficking in Persons in the Republic of Moldova	Yes	Yes	Yes
Romania				
State TIP Office	Strengthening Proactive Criminal Justice Response to Trafficking in Persons in Romania[a]	Yes	Yes	Yes
	Regional Response to Trafficking in Persons within the Ukraine Crisis	Yes	Yes	Yes
Ethiopia				
State TIP Office	Reducing the Prevalence of Domestic Servitude in Ethiopia	Yes	Yes	Yes
	Improving the Protection of Victims of Internal and Transnational Trafficking in Ethiopia	Yes	Yes	Yes
	Enhancing Effective and Victim-Centered Criminal Justice responses to Trafficking in Persons in Ethiopia[c]	Yes	Yes	No
	Forced Begging Among People with Disabilities in Ethiopia	Yes	Yes	Yes

Legend: State TIP Office = State's Office to Monitor and Combat Trafficking in Persons; State INL = State's Bureau for International Narcotics and Law Enforcement,

Source: Department of State and USAID documentation. | GAO-26-107406

Notes: State's TIP Office, INL, and USAID's projects used different documents to monitor results of indicators and targets. The TIP Office tracked progress of project indicators and results in Quarterly reports, Results Monitoring Plans or Logical Frameworks, INL tracked progress in quarterly reports, and USAID tracked progress in Monitoring Evaluation and Learning Plans.

[a]These projects have reached their planned end date as of May 1, 2025.

[b]State officials said that in May 2025, State's TIP Office and International Organization for Migration in Ukraine set targets for the two performance indicators that had been missing.

[c]This project was terminated in February 2025 as part of the 2025 foreign assistance review. On January 20, 2025, the President issued an Executive Order pausing foreign development assistance for an assessment of programmatic efficiencies and consistency with United States foreign policy. Exec. Order No. 14169, Reevaluating and Realigning United State Foreign Aid, 90 Fed. Reg. 8619 (Jan. 30, 2025). The project had been scheduled to be completed in June 2025.

Following our inquiries, State officials addressed the missing targets we identified in the three selected projects in various ways.

- The TIP Office's Ukraine project supporting the National Toll-free Migrant Advice and Counter-Trafficking Hotline had targets for 15 of its 17 agency-wide indicators. The two indicators without targets were to measure (1) the number of calls received and (2) the number of victims referred to services through that hotline. During our review, State officials said that the TIP Office and IOM Ukraine set targets for the two indicators that were missing targets. This occurred more than halfway through the project's 4-year timeline. However, they noted that the implementing partner had been reporting on both of these indicators since the inception of the project even though there were no established indicator targets.
- As of March 2025, the TIP Office's Moldova IOM project on reducing community-level vulnerabilities to trafficking, had targets for 22 of its 24 agency-wide indicators. Two indicators were without targets more than halfway through the project's 3-year timeline. The project's activities include trainings in anti-trafficking and migration-related issues for groups including Moldova's Ministry of Labour and Social Protection. The two indicators without targets tracked how many people took action as a result of those trainings. Actions could include such things as contacting a community leader or signing an anti-trafficking petition. As of July 2025, TIP Office officials said that they and the implementing partner agreed to no longer include those indicators because of the difficulty in measuring the actions taken as a result of the training activities.
- As of March 2025, the TIP Office's UNODC project in Ethiopia on enhancing a victim-centered criminal justice response to trafficking in persons, had project-specific targets for 33 of its 34 indicators. One indicator did not have a target more than four years into the project and three months before the end of its timeline. The project's activities included enhancing the Witness Protection Directorate in the country. The indicator without a target tracked developing and supporting legislation in Ethiopia related to the Witness Protection Directorate. State officials said that the implementing partner did not set a target

for this indicator because it tracks the creation of a single product. Officials said that it therefore served as a milestone rather than a measurable target. In February 2025, State terminated the project as part of the foreign aid review.

State and USAID Worked with Implementing Partners to Adjust Elements of Selected Projects to Respond to Challenges from Armed Conflict

When armed conflicts broke out or evolved in ways that challenged planned projects, State and USAID worked with the implementing partners of the selected projects to adjust project activities, indicators, and timelines or provide additional funding.

Activities. State and USAID worked with implementing partners to adjust project activities when armed conflict challenged existing projects. For example, according to an implementing partner for a TIP Office project in Ethiopia, they adjusted activities related to police capacity building because the police were forced to focus on security problems and did not have resources to devote to trafficking. As a result, State worked with the implementing partner to refocus planned efforts for law enforcement training to target other criminal justice actors. In another example, in response to the refugee crisis in Moldova associated with the war in Ukraine, the TIP Office worked with an implementing partner to adjust the project's activities to focus on raising awareness among refugees and migrants coming from Ukraine.

USAID project documentation demonstrated how the agency and its implementing partner adjusted project activities in Ukraine to better reflect the shifting environment that resulted from the conflict with Russia. For example, the implementing partner added awareness-raising activities to combat trafficking among newly internally displaced persons and other conflict-affected populations.

Indicators. State and USAID worked with implementing partners to adjust project performance indicators for project elements affected by armed conflict. For example, State officials and the implementing partner for a TIP Office project in Moldova worked together to adjust a project goal to respond to the refugee crisis caused by the armed conflict in Ukraine, according to project documentation. Because of this development, the implementing partner also adjusted some project indicators and targets. Additionally, USAID officials said that they adjusted project indicators and targets in response to the changing environment for anti-trafficking caused by the ongoing war in Ukraine.

Timeframes. In some instances where armed conflict challenged anti-trafficking projects, State and USAID worked with implementing partners to adjust timeframes for completing the project and associated activities. For example, according to an implementing partner for an anti-trafficking project in Ethiopia, conflict in the country caused project implementation to lag so the project timeline was extended a year. Similarly, the implementing partner for a TIP Office project in Moldova reported that the war in Ukraine and the associated refugee crisis overwhelmed their staff and Moldovan government, which delayed implementation of project activities. The implementing partner said that the TIP Office worked with the implementing partner to extend the timeframe to allow them to meet the project's goals. According to project documents, USAID likewise extended the timeframe for its anti-trafficking project to respond to critical needs and emerging developments from Russia's invasion of Ukraine.

Additional funding. State and USAID sometimes provided additional funding to implementing partners to achieve envisioned project objectives when conflict presented challenges. According to an implementing partner operating a TIP Office project, the implementing partner was providing support in Addis Ababa to trafficking survivors from Tigray because the implementing partner would not return survivors to unsafe locations. However, lacking a budget for this support, they received additional funding from the TIP Office to meet the unforeseen expenses. As mentioned previously, when the TIP Office worked with the implementing partner in Moldova to adjust activities and timeframes for a project because of challenges from the war in Ukraine and the associated refugee crisis, the TIP Office also provided additional funding to support those changes to the project. USAID also provided additional funding for its anti-trafficking project in Ukraine in response to the ongoing war. According to project documents, USAID intended this additional funding to support efforts to provide assistance to victims of exploitation, gender-based violence survivors, and other vulnerable groups in addition victims of trafficking.

Three Completed Projects Generally Met Performance Targets

Of the 11 selected anti-trafficking projects we reviewed in depth, the three that had reached their end dates as of May 1, 2025, generally met performance targets.[33] First, State's project Strengthening Proactive Criminal Justice Response to Trafficking in Persons in Romania, which ended in September 2024, met targets for 22 of their 23 performance indicators. For example, the project met its targets for the number of

[33]In February 2025, State terminated one of our selected projects—the UNODC project in Ethiopia—as part of the 2025 foreign assistance review. However, as of May 21, 2025, a final report for that project was not available. In addition, since we completed our analysis of project documentation in May 2025, three more projects reached their end dates.

trainings conducted; people trained; times that trafficking-awareness materials were broadcast or published; and trafficking-related investigations, arrests, and prosecutions initiated as a result of the project's activities or in coordination with the implementing partners, among others. The one target that was not met was a goal of 15 training recipients taking action—such as contacting a community leader or signing an anti-trafficking petition—as a result of provided training.

Second, the USAID project Countering Trafficking in Persons in Ukraine, which also ended in September 2024, met targets for nine of its 11 performance indicators. For example, the project met its targets for the number of service providers that received training, technical assistance, or capacity building in victim-centered and trauma informed services; the number of protection beneficiaries receiving services; and the number of people covered by trafficking hotline services. However, the project did not meet targets for two of its 11 indicators. These indicators set goals of (1) 500 victims of human trafficking receiving medical, repatriation, legal, transportation, or other services and (2) 70 survivors of human trafficking who have gained sustainable livelihoods through State and USAID foreign assistance. According to officials, Russia's invasion of Ukraine—which began after this project was initiated—presented obstacles to achieving these targets.

Third, State's project Strengthening National Efforts to Prevent Trafficking in Persons and Rehabilitate Victims of Trafficking in the Republic of Moldova, which ended in January 2024, met 14 of its 15 project-specific performance indicators. For example, the project met its targets for the number of printed handouts distributed at border crossing points and number of individuals accessing a hotline per year. One target was not fully met, which aimed to identify at least 100 unique victims of trafficking annually in a region of Moldova, with at least 20 percent of those victims being migrants and refugees from Ukraine. However, the implementing partner succeeded in identifying 154 victims of trafficking, but only one case involved a Ukrainian citizen during the phase in which this target was active.

Stakeholders Identified Challenges and Opportunities to Strengthen Implementation of Anti-Trafficking Projects in Countries Affected by Armed Conflict

Discussion group participants identified implementation challenges and opportunities to strengthen U.S. anti-trafficking projects in conflict-affected countries. The 47 stakeholders in the eight discussion groups we held from December 2024 to March 2025 consisted of U.S. agency officials managing anti-trafficking projects, embassy officials, and representatives of organizations implementing projects in Ukraine, Moldova, Romania, and Ethiopia. We analyzed the participants' responses for common themes. We identified nine challenges to project implementation and five opportunities to strengthen implementation (see table 9).

Table 9: Stakeholders Identified Challenges and Opportunities to Strengthen Implementation of Anti-Trafficking in Persons Projects in Conflict-Affected Countries, December 2024–March 2025

Challenges to Implementation	Opportunities to Strengthen Implementation
• Prioritization of humanitarian aid over anti-trafficking efforts • Increased vulnerabilities to trafficking in conflict-affected countries • Changing trafficking patterns in conflict-affected countries • Impaired prevention and awareness among vulnerable populations • Interrupted access to conduct protection activities • Limited program management flexibility to adapt to changing circumstances in conflict • Difficulties coordinating and partnering with local and international stakeholders • Limited local partner capacity to conduct anti-trafficking efforts • Corruption and evidence requirements for prosecuting trafficking cases	• Continue U.S. policy emphasis on anti-trafficking efforts • Build local partner capacity through training, technology, and best practices • Allow implementing partners greater flexibility to adapt when conflict interrupts planned anti-trafficking activities • Facilitate coordination among international and local anti-trafficking partners • Provide additional funding for anti-trafficking programming

Source: GAO analysis of discussion group responses. | GAO-26-107406

Note: Stakeholders in GAO discussion groups included U.S. agency officials managing anti-trafficking projects, Embassy officials, and representatives of organizations implementing projects in Ukraine, Moldova, Romania, and Ethiopia.

Stakeholders Identified Challenges to Implementing Anti-Trafficking Projects in Countries Affected by Armed Conflict

Discussion group participants identified challenges of implementing anti-trafficking projects in conflict-affected countries. We analyzed their responses and identified nine common themes.

Prioritization of humanitarian aid over anti-trafficking efforts. Participants said that, during conflict, anti-trafficking efforts often become secondary to the humanitarian response. For example, during the conflict in Ethiopia, the implementing partner and other organizations prioritized saving lives over longer-term anti-trafficking efforts. Similarly, other participants said that dealing with the immediate problems of the conflict often fully occupies the local authorities and distracts attention from efforts like uncovering trafficking operations and identifying victims of trafficking.

Increased vulnerabilities to trafficking. Participants emphasized the increased vulnerabilities to trafficking from desperate economic conditions and hesitance to report trafficking to local authorities. For example, participants said such conditions in Moldova and Ethiopia, caused in part by the conflict, pushed people to migrate illegally or to pursue opportunities in the informal market, which increased vulnerability to trafficking. Participants also said that victims of trafficking often lack trust in the local authorities and so may not report instances of trafficking.

Quote

"Conflict complicates the nature and magnitude of trafficking as the instability creates an advantageous environment for traffickers."

Source: GAO discussion group participant. | GAO-26-107406

Changing trafficking patterns. Participants explained that, in addition to increasing the incidence of trafficking generally, conflict can also change how trafficking occurs. This may mean the objectives and funding allocations for anti-trafficking projects no longer align with needs. For example, participants said that Moldova is shifting from being an origin country to a destination for victims of trafficking, which introduces new problems. Other participants said that fraudulent recruitment and exploitation in Moldova is increasingly occurring online and that this required a shift in thinking and approach to implementing some anti-trafficking projects. Similarly, participants said that the refugee situation in Romania following the start of the conflict in Ukraine was also dynamic and made it difficult to design anti-trafficking programs. For example, refugees fleeing Ukraine were at greater risk of labor trafficking because they did not understand the local work conditions or speak the local language. For Ethiopia, participants said that an implementing partner's previous anti-trafficking efforts had focused on forced labor, but that conflict has contributed to an increase in forced criminality, which requires a different approach.

Quotes

"There are times when conflict makes it impossible to conduct [anti-trafficking] work in a specific city or area."

"People cannot move around freely when conflict is occurring, and that restricts operations."

Source: GAO discussion group participants. | GAO-26-107406

Impaired prevention and awareness among vulnerable populations. Participants said vulnerable populations in Moldova had limited awareness of the risk of trafficking and that implementing partners experienced difficulties in informing refugees about those risks as they rushed to escape the conflict in Ukraine. Participants said the disruption of government services from the conflict in Ethiopia, such as closing schools, impaired efforts to raise awareness about the risks of trafficking.

Quotes

"There are times when conflict makes it impossible to conduct [anti-trafficking] work in a specific city or area."

"People cannot move around freely when conflict is occurring, and that restricts operations."

Source: GAO discussion group participants. | GAO-26-107406

Interrupted access to conduct protection activities. Security risks limited U.S. agency and implementing partner access to conflict-affected areas and the intended beneficiaries of the anti-trafficking projects. For example, participants said that the lack of security limits the U.S. government's access and ability to gather information. Similarly, participants said that conflict amplifies concerns about the safety of local staff in Ethiopia and restricts their movement and access to some locations. For example, participants said that an implementing partner in Ethiopia limited its operations in the Amhara region after the offices and homes of its partners were looted following a flare-up of conflict.

Quotes

"A missile attack could occur while you are conducting an awareness raising session or while you are on the way to meet with a victim [of trafficking]. In both situations, your timeframes have to change because you can't keep doing that same activity like you planned."

"The labyrinthian approval process slows things down so much that opportunities to take effective action are gone by the time we obtain approval."

Source: GAO discussion group participants. | GAO-26-107406

Limited program management flexibility to adapt to changing circumstances in conflict. Participants said that agencies and implementing partners are slow to adapt or modify projects to respond to changing needs created by conflict. For example, participants from a U.S. agency said that launching a project and obligating funds can take longer than a year. According to these participants, modifications to the project timeline and funding is possible, but changing the scope, goals, or objectives of a project is more difficult. They said that a change in project direction would require ending the current project and going through project design and competitive bidding processes to address the new goals and objectives, which typically takes about two years. The participants also said that, should the agency determine to modify an award, the agency may need to notify and receive congressional approval.

Conflict can also create a need for flexibility in completing activities by the originally planned dates. In particular, if an active conflict begins while the implementing partner is conducting anti-trafficking activities, it may become difficult to complete activities on time. For example, participants said that active conflict situations in Ukraine have interrupted project activities and forced implementing partners to change their plans and timeframes. Similarly, participants said that conflict often means that project activities in Ethiopia stop and start repeatedly.

Quotes

"Law enforcement are often very uninformed on trafficking issues."

"Many first responders have not been trained to recognize and identify the indicators or signs of human trafficking."

Source: GAO discussion group participants. | GAO-26-107406

Difficulties coordinating and partnering with local and international stakeholders. Participants said that local organizations in Moldova were overwhelmed, making it difficult to identify local organizations to implement anti-trafficking projects and activities. Likewise, participants said that there was strain on the government in Romania prior to the conflict in Ukraine, and it became even more difficult to coordinate anti-trafficking efforts with them while they managed competing interests.

Conflict also heightened the need for regional and international partnerships. Discussion group participants in Romania said that there was no regional approach to respond to the growing trafficking vulnerabilities at the outset of the conflict in Ukraine. This resulted in disjointed efforts to address pieces of the interrelated trafficking situation stemming from the conflict in Ukraine. Similarly, participants said the complexity of the trafficking issues in Ethiopia requires a holistic approach that includes the government, nongovernmental organizations, private sector stakeholders, and international organizations.

Quotes

"Law enforcement are often very uninformed on trafficking issues."

"Many first responders have not been trained to recognize and identify the indicators or signs of human trafficking."

Source: GAO discussion group participants. | GAO-26-107406

Limited local partner capacity to conduct anti-trafficking efforts. Participants told us that local partners often did not have sufficient resources or trained personnel, which challenges project implementation. For example, participants said that local partners in Moldova did not have the resources to sustain the use of anti-trafficking technology and software. Others said that local partners in Romania have limited capacity to do activities that would make refugees from Ukraine less vulnerable to exploitation such as vetting landlords that house refugees, addressing needs of unaccompanied minors, or integrating refugees and potential victims into society.

Further, discussion group participants said the local partners did not have enough trained personnel to provide services to refugees. For example, participants said that it was difficult to recruit qualified staff to address the surging needs in Moldova. Others said that local partners in Moldova and Ukraine experienced turnover among their staff, which created a need for additional training.

Quote

"A failed, backlogged justice system can result in the inability to move forward in any anti-trafficking area, but most immediately, it can prevent the identification and prosecution of traffickers."

Source: GAO discussion group participant. | GAO-26-107406

Corruption and evidence requirements for prosecuting trafficking cases. Participants said corruption among law enforcement in Ethiopia was a challenge and that it impeded local law enforcement's willingness to engage in anti-trafficking efforts. Others said that high evidentiary standards to prosecute trafficking cases in Moldova incentivizes prosecutors to seek other kinds of charges, such as illegally crossing the border, instead of trafficking charges.

Stakeholders Identified Opportunities to Strengthen Anti-Trafficking Project Implementation in Countries Affected by Armed Conflict

In addition to implementation challenges, discussion group participants identified opportunities for U.S. agencies to strengthen anti-trafficking project implementation in conflict-affected countries. We analyzed their responses and identified five common themes.

Continue U.S. policy emphasis on anti-trafficking efforts. Participants said that U.S. agency stakeholders could continue to prioritize anti-trafficking efforts among other assistance types. For example, participants said that State's TIP Office should continue the annual publication of the *Trafficking in Persons Report* to bring attention and emphasis to anti-trafficking efforts. Other participants said that U.S. agencies could incorporate anti-trafficking into humanitarian, education, and other types of development assistance. For example, participants said that the U.S. could prioritize anti-trafficking programs, including encouraging countries to prioritize their own anti-trafficking efforts. Others said that the U.S. could advocate changes to the countries' current legislation for social assistance, education, health services, and housing solutions to better integrate refugees.

Build local partner capacity through training, technology, and best practices. Participants said that U.S. agencies could provide training to build law enforcement capacity to better implement anti-trafficking projects. Specifically, they said that U.S. agencies could provide training on investigating online trafficking—such as online sexual exploitation of children or fraudulent recruitment to illicit industries—and identifying victims of trafficking from among migration populations. For example, participants said that local partners in Romania would benefit from training on conducting financial and other investigations related to online trafficking. Other participants said U.S. agencies could support the development of information technology solutions to respond to online trafficking and provide software to support beneficiaries. Participants also said that agencies could share best practices to inform the evolving trafficking environment and develop tools and methodologies to counter new patterns in trafficking in Moldova. They also said that U.S. agencies could share best practices to support integrating refugees.

Allow implementing partners greater flexibility to adapt when conflict interrupts planned anti-trafficking activities. Participants said that U.S. agencies could build more flexibility into projects and allow for adapting project goals and objectives. For example, participants suggested that agencies could provide greater flexibility with project performance measurements and reporting targets. Further, agencies could provide local implementing partners with the flexibility to make some decisions in response to the conflict situation as it changes. Other participants said that agencies could offer flexibility in implementation to allow for changes in direction, strategy, and timelines. They also said that U.S. agencies could allow greater flexibility in funding to adapt when conflict disrupts activities.

Facilitate coordination among international and local anti-trafficking partners. Participants said that U.S. agencies could support regional cooperation and help develop regional approaches to anti-trafficking efforts. Similarly, other participants said that U.S. agencies could facilitate collaboration with other countries and relevant stakeholders to address trafficking issues. They also said that U.S. agencies could facilitate better cooperation between host county governments and implementing partners.

Provide additional funding for anti-trafficking programming. Participants said that U.S. agencies could provide funding at the regional level, structure funding so that it is sequenced, or require that some foreign assistance funding be allocated to long-term issues. For example, participants said that U.S. agencies could continue to support anti-trafficking programming in Ukraine during recovery and reconstruction efforts. Other participants said that U.S. agencies could consider increasing funding to address issues stemming from conflict as they arise.

Agency Comments

We provided a draft of this report to State and USAID for review and comment. We provided key facts to USAID in June 2025 and incorporated clarifications as appropriate. State and USAID did not have any comments on the report.

We are sending copies of this report to the appropriate congressional committees and the Secretary of State. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at kenneyc@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 key contributions to this report are listed in appendix I.

//SIGNED//

Chelsa Kenney
Director, International Affairs and Trade

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Appendix I: GAO Contact and Staff Acknowledgments

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Staff Acknowledgments

In addition to the contact named above, Katie Bolduc (Assistant Director), Leslie Holen (Assistant Director), Cody Knudsen (Analyst in Charge), Gergana Danailova, Thomas Friend, Samantha Lalisan, Mairé Lattanzi, Michael McAtee, Donna Morgan, and Grace Shawah made key contributions to this report.

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