

United States Senate

WASHINGTON, DC 20510

September 16, 2016

The Honorable John Kerry
Secretary of State
U.S. Department of State
2201 C Street, NW
Washington, D.C. 20520

Dear Secretary Kerry,

We write to express our concern regarding a recent report released by the Senate Homeland Security and Government Affairs (HSGAC) Subcommittee on Permanent Investigations on the use of State Department grant funds provided to OneVoice Israel. This report found that State Department officials utterly failed to follow established procedures and guidelines to properly identify, mitigate, or guard against any risk that One Voice would misuse these funds before, during, and after the grant period. As a direct result of these failures, OneVoice was able to use the more than \$300,000 grant to build campaign infrastructure and resources which later were deployed in support of a negative campaign against Prime Minister Benjamin Netanyahu, his Likud Party, and the democratically-elected coalition government of Israel during the 2015 Israeli parliamentary election. I trust that these report findings, which indicate a complete breakdown of oversight and disregard for current State Department regulations and procedures, are just as alarming to you as they are to us.

This report found that State Department officials failed to properly vet the OneVoice grant proposal because they failed to properly conduct an analysis of risks in the pre-award phase. Federal standards as well as official State Department internal control policies require grants officials to identify and analyze relevant risks associated with grant requests that could interfere with State Department grant objectives.¹ In this case, the goal of the grant was to promote peace negotiations between Israel and Palestinians by appealing to a wide citizen base.²

According to the HSGAC report, State Department grant reviewers were aware that OneVoice had a history of trying to improperly influence political elections in Israel before approving the grant. In fact, OneVoice boasted in their grant proposal how, during the 2013 parliamentary election, the organization had operated a grassroots campaign to help “increase the number of center-left seats in the Knesset.”³ Despite knowledge of such activities, State Department officials failed to adequately document *any* assessment of the risk that OneVoice might continue obstructive efforts against a certain political party in the event of an election.⁴ They also failed to

¹ 2 CFR Chapter I, Chapter II, Parts 200, 215, 220, 225, and 230, *amending* 22 CFR Parts 135 and 145.

² HSGAC Report, p. 14.

³ *Id.* at 15-16.

⁴ *Id.*

assess the risks that OneVoice would use the funds acquired through the State Department grant in furtherance of these efforts.

Further, the HSGAC report reveals conflicting information from senior State Department officials about whether grantees are instructed not to use grant funds to meddle in a foreign election. One senior official with the Bureau of Near Eastern Affairs stated in a briefing that grantees are aware that using State Department grant funds to interfere in a foreign elections is a “red line” because grant contracts and cooperative agreements include language to that effect.⁵ However, no such provision was included in the OneVoice grant agreement that the State Department approved.⁶

Although State grant guidance also emphasizes a responsibility to mitigate and hedge against risks to the grant’s objectives throughout the grant life cycle,⁷ State Department officials also failed to conduct adequate oversight of the OneVoice grant during the grant period. The HSGAC report reveals that OneVoice crafted a memo to Michael Ratney, then-Consul General for Jerusalem and head officer in charge of operational grants in the area, outlining a political strategy to defeat the Netanyahu-led coalition in Israel’s next parliamentary election. Yet records show Mr. Ratney never responded to—and possibly never even reviewed—the memo.⁸

Unfortunately, it seems that inconsistency and apathy toward oversight of such grants at the State Department is not new. A July 2014 report released by the Government Accountability Office (GAO) found that “State has not consistently implemented the risk analysis . . . required by grants management policies and guidance, a fact that weakens assurance that grant funds are used as intended.”⁹ But although this report was released more than two years ago, and although the State Department concurred with each of GAO’s three recommendations for fixing the grants oversight process, all three of these recommendations remain “open,” including a recommendation to “help ensure that State's grants officials fully implement grants management policies and internal controls that are in place.”¹⁰

As a result of this breakdown in oversight procedure, the HSGAC report found that within weeks of the grant period ending, the OneVoice organization used the infrastructure built with the help of State Department grant funds to support the “V15” campaign, a political organizational movement with the goal of electing “anybody but Bibi [Netanyahu].”¹¹ In other words, more than \$300,000 worth of U.S. taxpayer dollars were effectively used to interfere with a democratic election in Israel, one of our nation’s closest allies.

In light of the report’s findings, I respectfully request a response to the following questions:

- Do you agree that this report highlights deviations from State Department policies regarding vetting and oversight of grants for civil society groups? If so, how?

⁵ HSGAC Report, pp. 14-15.

⁶ HSGAC Report, p. 15.

⁷ [GAO-14-635](#), “State’s Grants Management” (July, 2014), p. 12.

⁸ HSGAC Report, p. 17.

⁹ [GAO-14-635](#), “State’s Grants Management” (July, 2014), p. 12.

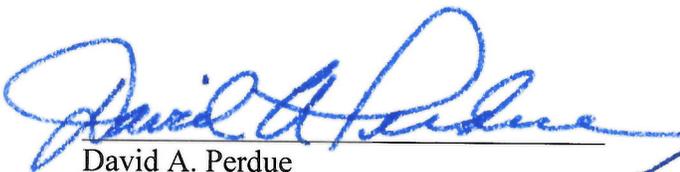
¹⁰ [“Open” Recommendations for GAO Report 14-635](#), GAO.gov.

¹¹ HSGAC Report, p. 1.

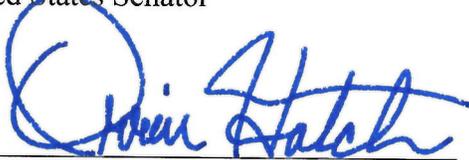
- Given that State Department regulations and internal guidance requires documentation of a risk analysis in the pre-award phase of every grant, was a risk analysis not compulsory for the OneVoice grant? Why was a risk analysis not documented in this case?
- Is a group's past political activity a factor used in consideration of a grant proposal? Is there usually "red line" language prohibiting funds from being used to influence a foreign election in State grant agreements, as the Bureau of Near Eastern Affairs official indicated? If so, why was such language not included in the OneVoice grant contract and/or cooperative agreement?
- Do other State Department grants for civil society and encouragement of political involvement not contain protections for future use of infrastructures built using State Department grant funds?
- What disciplinary action has been taken against Michael Ratney and the other officials who were sent the OneVoice plan to defeat the Netanyahu coalition?
- What steps have been taken to implement the three recommendations of the July 2014 GAO Report regarding implementation of grants policies at State? Specifically, what steps has State taken since this report was released to develop processes for ensuring compliance with risk analysis and documentation requirements? If no action has been taken, please explain why.
- What steps will you take in the future to ensure that State Department funds are not used to build campaign infrastructures that can be later used to improperly attempt to influence the election of allied democratically-elected foreign governments?

State Department grant policies and procedures are in place to ensure that taxpayer dollars are used to fund U.S. government initiatives and further U.S. interests. Our aid dollars should be going toward solving real problems, not contributing to the destabilization of allied governments. We look forward to your prompt and thorough response to these inquiries as well as any actions you plan to take as a result of these report findings.

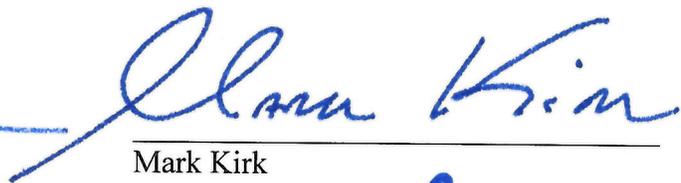
Sincerely,



David A. Perdue
United States Senator



Orrin Hatch
United States Senator



Mark Kirk
United States Senator



Marco Rubio
United States Senator



Mike Lee
United States Senator



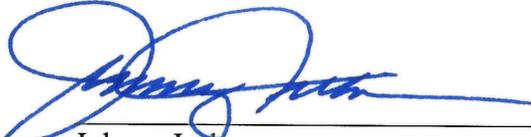
Pat Roberts
United States Senator



Deb Fischer
United States Senator



Ted Cruz
United States Senator



Johnny Isakson
United States Senator

Cc: Inspector General Steve Linick
U.S. Department of State