



March 2020

ECONOMIC SANCTIONS

Treasury and State
Have Received
Increased Resources
for Sanctions
Implementation
but Face Hiring
Challenges

GAO Highlights

Highlights of [GAO-20-324](#), a report to the Committee on Foreign Affairs, House of Representatives

Why GAO Did This Study

The United States has implemented dozens of sanctions programs to counteract activities that threaten U.S. national interests. Sanctions may place restrictions on entire countries, sectors of countries' economies, or specific corporations or individuals. Examples of restrictions include limiting access to the U.S. financial system, freezing assets under U.S. jurisdiction, and restricting trade. The United States has implemented an increasing number of sanctions in recent years, including sanctions on countries that conduct a significant amount of international trade, such as Russia, Venezuela, and Iran.

GAO was asked to examine the resources U.S. agencies have devoted to sanctions implementation. This report examines (1) agencies' roles in sanctions implementation, (2) resources available to agency units that focus primarily on sanctions implementation, (3) the extent to which agency units that focus primarily on sanctions implementation have assessed their resource needs, and (4) agencies' reporting to Congress on sanctions implementation expenses and activities. GAO gathered data from 13 agencies and their sub-units to identify their roles and the personnel they used for sanctions implementation. GAO also reviewed agency reporting, planning, and budget documents and interviewed agency officials.

What GAO Recommends

GAO recommends that State include additional information about the expenditures it considers in its reporting for the Proliferation of Weapons of Mass Destruction sanctions program. State concurred with the recommendation.

View [GAO-20-324](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or GianopoulosK@gao.gov.

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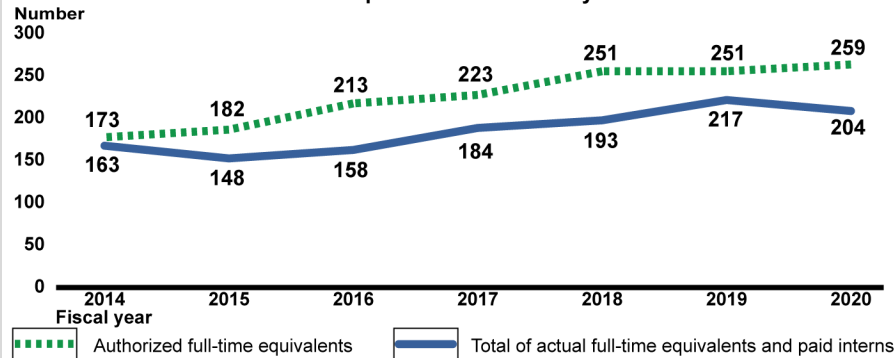
Treasury and State Have Received Increased Resources for Sanctions Implementation but Face Hiring Challenges

What GAO Found

Agencies may have one or more roles in sanctions implementation—for example, developing policy and investigating, enforcing, and prosecuting violations. The Departments of the Treasury, State, and Commerce each have a unit focused primarily on sanctions—Treasury's Office of Foreign Assets Control (OFAC), State's Office of Economic Sanctions Policy and Implementation (SPI), and Commerce's Bureau of Industry and Security's (BIS) Foreign Policy Division (FPD). GAO identified 10 other agencies with roles in sanctions implementation.

OFAC, SPI, and FPD generally received steady or growing resources in recent years, but OFAC and SPI face hiring challenges. In fiscal years 2014 to 2019, OFAC received a 58 percent budget increase and additional hiring authority, but vacancies ranged from 6 to 26 percent of its authorized full time equivalents (FTEs). OFAC attributed its hiring challenges to competition from other agencies and the private sector and the time needed for security clearances. State SPI received authority to hire six additional FTEs in fiscal year 2020, for a total of 21, but more than half of its authorized positions were vacant at the start of the fiscal year. FPD lacks funding to fill one of its 10 authorized positions.

Authorized and Actual Full-Time Equivalents for Treasury OFAC at the Start of the Fiscal Year



Source: GAO analysis of Department of the Treasury (Treasury) Office of Foreign Assets Control (OFAC) data. | GAO-20-324

Note: At the start of fiscal year 2019, authorized full-time equivalents remained at the 2018 level. When Treasury's 2019 appropriations were enacted, the authorized level increased to 261.

OFAC, SPI, and FPD all consider resource needs as part of annual budget processes, and OFAC has an ongoing process to assess its workforce needs. OFAC began its workforce planning process in fiscal year 2019 and expects to make preliminary recommendations in March 2020. According to SPI officials, SPI cited the increasing use of sanctions across multiple regions in justifying its request for additional fiscal year 2020 positions. BIS prepared a 2016 plan that assessed its workforce, including FPD, but stated that it no longer uses the plan.

Agencies provide information on selected sanctions expenses and activities in mandated reports. Treasury's reports on 25 sanctions programs include expenses for Treasury, State, and other agencies if relevant executive orders identify them. State reported activities for a weapons of mass destruction sanctions program but also reported no specific expenditures for the program. State reviewed program information to prepare the reports, but the reports do not describe what it considered, limiting information available to Congress.

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Abbreviations

AML	anti-money laundering
BIS	Bureau of Industry and Security
BSA	Bank Secrecy Act
CBP	U.S. Customs and Border Protection
CFTC	Commodity Futures Trading Commission
Commerce	Department of Commerce
DEA	Drug Enforcement Administration
DTSA	Defense Technology Security Administration
EAR	Export Administration Regulations
FBI	Federal Bureau of Investigation
FDIC	Federal Deposit Insurance Corporation
FinCEN	Financial Crimes Enforcement Network
FPD	Foreign Policy Division
FTE	full-time equivalent
HSI	Homeland Security Investigations
IEEPA	International Emergency Economic Powers Act
ICE	U.S. Immigration and Customs Enforcement
INL	Bureau of International Narcotics and Law Enforcement Affairs
INR	Bureau of Intelligence and Research
IO	Bureau of International Organization Affairs
IRS	Internal Revenue Service
ISN	Bureau of International Security and Nonproliferation
Kingpin Act	Foreign Narcotics Kingpin Designation Act
NCUA	National Credit Union Administration
NEA	National Emergencies Act
NNSA	National Nuclear Security Administration
OCC	Office of the Comptroller of the Currency
OEA	Office of Enforcement Analysis
OEE	Office of Export Enforcement
OFAC	Office of Foreign Assets Control
OMB	Office of Management and Budget
SEC	Securities and Exchange Commission

State	Department of State
SPI	Office of Economic Sanctions Policy and Implementation
Treasury	Department of the Treasury
TFFC	Office of Terrorist Financing and Financial Crimes
TFI	Office of Terrorism and Financial Intelligence
TSRA	Trade Sanctions Reform and Export Enhancement Act of 2000

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March 11, 2020

The Honorable Eliot L. Engel
Chairman
The Honorable Michael T. McCaul
Ranking Member
Committee on Foreign Affairs
House of Representatives

The United States implements dozens of economic sanctions programs to counteract activities that threaten U.S. national interests.¹ The number of U.S. sanctions programs has increased in recent years, as the United States has applied sanctions to serve a range of foreign policy goals. Sanctions may place restrictions on a country's entire economy, on targeted sectors of its economy, or on individuals or corporate entities for reasons such as the target's support for narcotics trafficking, weapons proliferation, human rights abuses, or terrorism. The increasing number of sanctions actions has led to concerns about whether U.S. agencies have sufficient resources to implement the sanctions.

You asked us to review issues related to the resources that agencies have devoted to sanctions implementation. This report examines (1) agencies' roles in sanctions implementation, (2) the resources available to agency units that focus primarily on sanctions implementation, (3) the extent to which agency units that focus primarily on sanctions implementation have assessed their resource needs, and (4) agencies' reporting to Congress on sanctions implementation expenses and activities.

To examine agencies' roles in sanctions implementation, we first identified agencies involved in sanctions implementation by reviewing sanctions authorities, including statutes and executive orders, agency

¹For the purposes of this report, "U.S. economic sanctions" refers to any restrictions or conditions that the U.S. government imposes on economic activity with respect to foreign countries or foreign entities for reasons of foreign policy or national security. Other types of sanctions might include military or diplomatic sanctions. In this report, we refer to U.S. economic sanctions as sanctions.

documents and websites, and interviewing agency officials.² We then used these interviews and documents to summarize agencies' principal roles in sanctions implementation, and we vetted this summary with the Departments of the Treasury (Treasury), State (State), and Commerce (Commerce), which we had previously identified as having units that focus primarily on sanctions implementation. We prepared a data collection instrument to obtain information on agency roles and resources for sanctions implementation from agencies across the government, pretested this instrument with several agency units, and made adjustments based on their feedback. We then sent the data collection instrument to all agencies or agency units that we had identified as having a role in sanctions implementation, requesting information about the specific actions these agencies perform for each role as well as information on the number of staff devoted to sanctions implementation as of fiscal year 2019.³

To examine the resources available to agency units that focus primarily on sanctions implementation, we reviewed congressional budget justifications and obtained and analyzed data on funding for sanctions-focused units at Treasury, State, and Commerce for fiscal years 2014 through 2019 and on personnel within these units as of the beginning of fiscal years 2014 through 2020. We determined that these data were sufficiently reliable for reporting on trends in funding, authorized full-time equivalents (FTE), and filled positions in these agency units.

To examine the extent to which agency units that focus primarily on sanctions implementation have assessed their resource needs, we interviewed agency officials and reviewed their written responses to our questions to identify their budget development process and any relevant workforce analyses and plans. We reviewed agency performance reports and annual reports and interviewed agency officials representing Treasury, State, and Commerce units that focus primarily on sanctions implementation to identify any additional information that can measure

²We included in our review the Department of State's (State) and the Department of the Treasury's (Treasury) members of the intelligence community—State's Bureau of Intelligence and Research and Treasury's Office of Intelligence and Analysis—as well as other agency units, such as the Department of Justice's Federal Bureau of Investigation and Drug Enforcement Administration, that are part of the intelligence community. We did not include the Office of the Director of National Intelligence or the Central Intelligence Agency in our review.

³For the purposes of this report, "agency unit" may refer to a bureau, division, office, or other subdivision of an agency.

changes in agency workload over time. We then reviewed that information and interviewed agency officials to assess how accurately it reflected each agency's sanctions workload. We also reviewed documentation of Treasury's ongoing workforce planning process to assess whether the process, if completed according to plan, would address principles of strategic workforce planning.

To examine agencies' reporting to Congress on sanctions implementation expenses and activities, we reviewed background information to identify mandated reports that included information on sanctions implementation expenses and activities. We asked officials of Treasury's Office of Foreign Assets Control (OFAC) to confirm the list of mandated reports that include sanctions expenses and activities. We also reviewed sanctions legislation to identify the specific requirements for these mandated reports. We then asked agency officials to provide copies of the most recently submitted mandated reports as of January 2019, and we analyzed the agencies and types of expenses the reports included.

We conducted this performance audit from October 2018 to March 2020 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. Sanctions

Sanctions are imposed pursuant to statute, executive order, or other authorities. For example, the President may use authorities granted in the International Emergency Economic Powers Act (IEEPA)⁴ and the National Emergencies Act (NEA)⁵ to issue executive orders authorizing sanctions. The United Nations Participation Act of 1945 provides the basis for the U.S.'s implementation of United Nations Security Council sanctions

⁴Pub. L. No. 95-223, title II, 91 Stat. 1626 (Dec. 28, 1977) (codified as amended at 50 U.S.C. §§ 1701-08).

⁵Pub. L. No. 94-412, 90 Stat. 1255 (Sept. 14, 1976) (codified as amended at 50 U.S.C. ch. 34).

mandated under Article 41 of the United Nations Charter.⁶ Sanctions provide a range of tools that Congress and the President may use to attempt to alter or deter the behavior of a foreign government, an individual, or an entity in furtherance of U.S. national security or foreign policy objectives. For example, sanctions may be imposed in response to human rights abuses, weapons proliferation, or occupation of a foreign country. Sanctions may include actions such as limiting trade; blocking assets and interests in assets subject to U.S. jurisdiction;⁷ limiting access to the U.S. financial system, including limiting or prohibiting transactions involving U.S. individuals and businesses; restricting private and government loans, investments, insurance, and underwriting; and denying foreign assistance and government procurement contracts.

The United States imposes comprehensive sanctions and targeted sanctions.

Comprehensive sanctions generally include broad-based trade restrictions and prohibit commercial activity with an entire country.⁸ Examples of comprehensive sanctions include U.S. sanctions against Iran and Cuba.

Targeted sanctions restrict transactions of, and with, specific persons or entities. For example, the U.S. sanctions program related to Somalia targets persons engaging in acts threatening the peace, security, or stability of that country.

- Sectoral sanctions are a form of targeted sanctions directed at a specified sector, or sectors, of a target's economy. For instance, Executive Order 13662 authorized sanctions targeting persons operating in certain sectors of the Russian economy as might later be determined by the Secretary of the Treasury in consultation with the Secretary of State, such as the financial services, energy, mining, and defense and related materiel sectors.

⁶22 U.S.C. § 287c.

⁷Blocking, or freezing, of property or assets is a way of controlling targeted property. According to OFAC, blocking immediately prohibits transfers or dealings of any kind with regard to the property.

⁸Comprehensive sanctions can contain exceptions for humanitarian assistance. For example, the United States maintains broad authorizations and exceptions that allow for the sale of food, medicine, and medical devices by U.S. persons or entities from the United States to Iran.

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- Supplementary sanctions, also known as secondary sanctions, target third-party actors doing business with, supporting, or facilitating targeted regimes, persons, and organizations. For example, in February 2017, Treasury imposed sanctions against 13 individuals and 12 entities for their involvement in, or support for, Iran's ballistic missile program as well as for acting for or on behalf of, or providing support to, Iran's Islamic Revolutionary Guard Corps—Qods Force.

OFAC's implementation of sanctions includes publishing the Specially Designated Nationals and Blocked Persons List of individuals, groups, and entities whose assets in the United States are blocked and with whom U.S. persons are prohibited from dealing. The addition of an individual, group, or entity to this list is referred to as a sanctions designation.⁹

Agencies may issue licenses to authorize transactions with sanctioned entities that otherwise would be prohibited by existing sanctions. According to OFAC, many of its licensing determinations are guided by U.S. foreign policy and national security concerns. In making these determinations, OFAC must often coordinate with State and other government agencies, such as Commerce. OFAC issues two types of licenses: (1) general licenses, which authorize a particular type of transaction for a class of persons without the need to apply for a specific license, and (2) specific licenses, which OFAC issues to a particular person or entity to authorize a particular transaction. Commerce's Bureau of Industry and Security (BIS) issues two forms of authorization: (1) an individual validated license requiring an application and (2) a license exception allowing an export or reexport, under stated conditions, for which no application is required.

Agency Roles and Selected Mandated Resource and Activity Reporting

Laws and executive orders establishing sanctions may designate agency implementation roles. Some sanctions-related executive orders designate both primary and consultative agencies. For example, Executive Order 13818 establishes sanctions that include blocking the U.S. assets of persons whom the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, determines to be responsible for, or complicit in, serious human rights abuse, among other

⁹Entities or groups listed include those owned or controlled by, or acting for or on behalf of, targeted country governments. OFAC also lists individuals, groups, and entities, such as terrorists and narcotics traffickers, designated under targeted sanctions programs that are not country specific.

measures. Executive orders may also broadly direct U.S. government agencies to take appropriate measures within their authorities to perform specified functions and duties. When roles are not assigned by the law or executive order authorizing the sanctions, agency roles are typically assigned through an interagency process.¹⁰

The IEEPA and the NEA mandate that the President report to Congress when using authorities granted under those laws.¹¹ The IEEPA requires the President to report, among other things, actions taken in the exercise of IEEPA authorities to Congress at least once during each succeeding 6-month period following the administration's initial reporting of the authorities' use.¹² The NEA requires the President to transmit a report to Congress within 90 days after the end of each 6-month period following a declaration of a national emergency, providing the total U.S. government expenditures that are directly attributable to the exercise of powers and authorities conferred by declaration of the emergency.¹³ The President has delegated responsibility for many of these reports to the Secretary of the Treasury.¹⁴ However, the President delegated responsibility for the report on the National Emergency With Respect to Proliferation of Weapons of Mass Destruction, Executive Order 12938, to the Secretary of State.¹⁵

The Foreign Narcotics Kingpin Designation Act (Kingpin Act), enacted in 1999, mandates that the President prepare classified reports by July 1 of each year that include the number of new Kingpin Act designations and

¹⁰For a more detailed discussion of this process, see GAO, *Economic Sanctions: Agencies Assess Impacts on Targets, and Studies Suggest Several Factors Contribute to Sanctions' Effectiveness*, [GAO-20-145](#) (Washington, D.C.: Oct. 2, 2019).

¹¹Sanctions programs that are not implemented under the IEEPA or the NEA are not included in these reports. For example, several sanctions and embargoes on Cuba predate passage of the two acts.

¹²50 U.S.C. § 1703(c).

¹³The reports are to cover the expenditures made in each 6-month period following the declaration of the national emergency. 50 U.S.C. § 1641(c).

¹⁴We reviewed the most recent versions, as of January 2019, of 25 reports that OFAC provided.

¹⁵Exec. Ord. No. 13313, § 1(a)(14), 68 Fed. Reg. 46,075 (July 31, 2003).

the personnel and resources directed toward the imposition of Kingpin sanctions.¹⁶

The Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) mandates that the applicable department or agency submit quarterly and biennial reports on activity under the act regarding the department or agency's determinations and processing of license applications for export of agricultural commodities, medicines, and medical devices to specified entities and destinations, including state sponsors of terrorism.¹⁷ OFAC and Commerce's BIS submit reports in response to the TSRA.

Strategic Workforce Planning

To implement sanctions, agencies need to identify the human resources needed for the work. Strategic workforce planning focuses on developing long-term strategies for acquiring, developing, and retaining an organization's total workforce to meet the needs of the future. Agency approaches to such planning can vary with each agency's particular needs and mission. We have previously identified five principles that a strategic workforce planning process should address¹⁸:

- 1) Involve top management, employees, and other stakeholders.
- 2) Determine the critical skills and competencies that will be needed.
- 3) Develop strategies that are tailored to address gaps in number, deployment, and alignment of human capital approaches.
- 4) Build the capability needed to address administrative, educational, and other requirements important to support workforce strategies.

¹⁶21 U.S.C. § 1903(d). We reviewed unclassified information from these reports. For more information about the Kingpin Act, see GAO, *Counternarcotics: Treasury Reports Some Results from Designating Drug Kingpins, but Should Improve Information on Agencies' Expenditures*, [GAO-20-112](#) (Washington, D.C.: Dec. 16, 2019).

¹⁷22 U.S.C. § 7205(b)-(c).

¹⁸GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003).

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- 5) Monitor and evaluate progress toward human capital goals and the contribution that human capital results have made toward achieving programmatic goals.

Treasury, State, and Commerce Have Units with Roles in Sanctions Implementation

Treasury, State and Commerce have units dedicated primarily to sanctions implementation and also have units with roles in sanctions implementation in addition to other responsibilities. Other agencies, including the Departments of Defense, Energy, Homeland Security, and Justice and federal financial regulatory agencies,¹⁹ play specific roles in sanctions implementation based on their expertise or broader duties.

Agencies May Have One or More Roles in Sanctions Implementation

Agencies' roles in sanctions implementation may be assigned to them in legislation, by executive order, in presidential memorandums, or through the interagency process. Table 1 shows the roles that agencies may have in sanctions implementation and examples of agency actions associated with each role.

¹⁹For the purposes of this report, "financial regulatory agencies" refers to the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Federal Reserve, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Securities and Exchange Commission.

Table 1: Agency Roles in Sanctions Implementation

Agency role	Examples of agency actions ^a
Development	- Developing, analyzing, and evaluating sanctions policy—for example, by drafting or amending executive orders, providing comments and feedback on proposed sanctions legislation, and drafting or amending regulations - Ensuring that sanctions are integrated into, and consistent with, U.S. foreign policy
Targeting	Gathering and providing legal review of evidence to support designation of a target for imposition of sanctions
Outreach and compliance	- Providing guidance to individuals, private industry, federal and state-level regulatory and law enforcement agencies, foreign governments, and the media - Regularly reviewing the compliance regimes of private sector businesses and financial institutions
Licensing	Reviewing and processing license applications to export to, re-export to, or conduct transactions with, a country, sector, or entity subject to sanctions
Investigation, enforcement, and prosecution	- Designating a target for imposition of sanctions - Developing investigative leads - Investigating alleged violations of U.S. sanctions laws or regulations - Reviewing financial transactions or export-related documentation - Denying trade with a country, sector, or entity designated under sanctions authorities - Denying visas to sanctioned individuals - Imposing civil or criminal penalties on entities determined to have violated sanctions laws or regulations

Source: GAO interviews with agency officials and review of agency documents. | GAO-20-324

^aAgency units may take part in a particular role but do not necessarily engage in all examples of actions listed. For the purposes of this report, “agency unit” may refer to a bureau, division, office, or other subdivision of an agency.

Treasury, State, and Commerce Have Units Dedicated Primarily to Sanctions Implementation

Treasury, State, and Commerce each have units that focus primarily on sanctions implementation and that act in all five of the roles we identified.

- Treasury.** Treasury’s OFAC, part of the department’s Office of Terrorism and Financial Intelligence (TFI), administers and enforces economic sanctions based on U.S. foreign policy and national security through consultation with the Secretary of State. OFAC acts under presidential national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction. OFAC consists of four offices:
 - The Office of Sanctions Policy and Implementation leads OFAC’s design, implementation, and evaluation of sanctions programs and develops OFAC’s public guidance, licenses, and regulations.
 - The Office of Compliance and Enforcement works to promote compliance with OFAC’s sanctions programs and investigates apparent violations.

-
- The Office of Global Targeting works with other units within TFI, other U.S. agencies, and foreign partners to identify and investigate targets for sanctions designation.
 - The Office of Sanctions Support and Operations supports all sanctions-related functions at OFAC, including human capital and budgetary functions.
 - **State.** State's Office of Economic Sanctions Policy and Implementation (SPI)—housed in the Bureau of Economic and Business Affairs, Division for Counter Threat Finance and Sanctions—is responsible for providing foreign policy guidance for the vast majority of sanctions programs and obtaining international cooperation with U.S. agencies enforcing sanctions. According to SPI, it acts as State's central coordinating office for 25 of the 30 sanctions programs that were active as of April 2019. SPI also implements sanctions under authorities delegated to the Secretary of State, including sanctions on Iran and Syria.
 - **Commerce.** In Commerce's BIS, the Foreign Policy Division (FPD) of the Office of Nonproliferation and Treaty Compliance is one of the components that implements sanctions through U.S. export controls.²⁰ The division is responsible for developing, analyzing, evaluating, and coordinating export controls related to sanctions policy.

In addition to having units that primarily focus on sanctions, Treasury, State, and Commerce have units that carry out roles in sanctions implementation in addition to other responsibilities.

- **Treasury.** Treasury has several other units that support sanctions implementation. For example, in TFI, the Office of Intelligence and Analysis examines classified and unclassified reporting, financial transactions, and open-source databases for evidence of sanctions violations. The Financial Crimes Enforcement Network monitors and analyzes financial information on threats, producing intelligence reports that may identify targets for designation and sanctions violators. In addition to TFI units, the Internal Revenue Service, the Office of International Affairs, and the Office of the General Counsel

²⁰The U.S. government implements an export control system to manage risks associated with exporting sensitive items and ensure that legitimate trade can still occur. For BIS's list of authorities underpinning export controls, including those related to sanctions, see <https://www.bis.doc.gov/index.php/documents/Export%20Administration%20Regulations%20Training/2263-2018-legal-authority-for-the-export-administration-regulations/file>.

also have roles in sanctions implementation. For example, the Office of International Affairs helps to assess the likely impact of sanctions and conducts outreach to foreign counterparts regarding sanctions implementation.²¹

- **State.** Units at State have sanctions implementation roles related to their expertise.²² Some of these units take actions in all five of the sanctions roles shown in table 1 and are responsible for specific sanctions authorities within State, according to State officials. For example, the Bureau of International Narcotics and Law Enforcement Affairs is responsible for coordinating and communicating State's position on existing or proposed new sanctions in relation to the Kingpin Act and transnational criminal organizations. According to State officials, the Bureau of Counterterrorism and Countering Violent Extremism leads State in designating Specially Designated Global Terrorists under Executive Order 13224 and Foreign Terrorist Organizations under Section 219 of the Immigration and Nationality Act. The Bureau of Economic and Business Affairs' Office of Threat Finance Countermeasures has a primary role in implementing sanctions under Executive Order 13224, which targets terrorist financiers and others who provide material support to terrorists.
- **Commerce.** Commerce has several other units that support sanctions implementation. For example, the Office of Export Enforcement provides input regarding sanctions proposals and feedback regarding any adverse impact to existing investigations. The Office of National Security and Technology Transfer Controls implements primarily sectoral sanctions by providing technical analyses of items and recommendations during sanctions development. The Office of Exporter Services provides a range of resources, including electronic resources and educational seminars, which provide exporters with guidance on export compliance processes and procedures.

Table 2 provides an overview of the various roles that Treasury, State, and Commerce units play in sanctions implementation. See appendix II for additional details.

²¹For a more detailed discussion of assessments of sanctions effectiveness, see [GAO-20-145](#).

²²State's regional bureaus and overseas posts also assist in sanctions implementation within their geographic area of responsibility. Our analysis does not include these units.

Table 2: Treasury, State, and Commerce Units' Roles in Sanctions Implementation

Agency	Agency unit ^a	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
Department of the Treasury	Internal Revenue Service–Criminal Investigations	•				•
	Office of the General Counsel	•	•	•	•	•
	Office of International Affairs	•	•	•	•	
	Office of Terrorism and Financial Intelligence (TFI), Financial Crimes Enforcement Network	•	•	•		•
	TFI, Office of Foreign Assets Control	•	•	•	•	•
	TFI, Office of Intelligence and Analysis	•	•			
	TFI, Office of Terrorist Financing and Financial Crimes	•	•	•	•	•
Department of State ^b	Bureau of Counterterrorism and Countering Violent Extremism	•	•		•	•
	Bureau of Economic and Business Affairs, Office of Economic Sanctions Policy and Implementation	•	•	•	•	•
	Bureau of Economic and Business Affairs, Office of Threat Finance Countermeasures	•	•	•	•	
	Bureau of Intelligence and Research		•	•		•
	Bureau of International Narcotics and Law Enforcement Affairs	•	•	•	•	•
	Bureau of International Organization Affairs	•	•	•	•	•
	Bureau of International Security and Nonproliferation	•	•	•	•	•
	Bureau of Political-Military Affairs, Directorate of Defense Trade Controls	•		•	•	•
	Office of the Legal Adviser	•	•	•	•	•
Department of Commerce	Bureau of Industry and Security (BIS), Export Administration, Office of Exporter Services	•		•		•
	BIS, Export Administration, Office of National Security and Technology Transfer Controls	•	•	•	•	•
	BIS, Export Administration, Office of Nonproliferation and Treaty Compliance, Foreign Policy Division	•	•	•	•	•
	BIS, Export Enforcement	•	•	•	•	•
	End-User Review Committee ^c	•	•	•	•	
	Office of the Chief Counsel for Industry and Security	•	•	•	•	•

Source: GAO analysis of agency units' responses to a questionnaire regarding their roles in sanctions implementation. | GAO-20-324

Note: Agency units shown in boldface focus primarily on sanctions implementation. Other units shown have roles in sanctions implementation among multiple other responsibilities. See [GAO-20-324](#), appendix II, for additional details.

^aFor the purposes of this report, “agency unit” may refer to a bureau, division, office, or other subdivision of an agency.

^bState’s regional bureaus and overseas posts also assist in sanctions implementation within their geographic area of responsibility. Our analysis does not include these units.

^cThe End-User Review Committee, composed of representatives of the Departments of State, Defense, Energy, and Commerce, and of other agencies, as appropriate, is responsible for placing entities on the Entity List on the basis of evidence that the entities pose a significant risk of involvement in activities contrary to U.S. national security or foreign policy interests. The Department of Commerce chairs the End-User Review Committee.

Other Agencies Have Roles in Sanctions Implementation in Addition to Other Responsibilities

Several other agencies have more-specific roles in sanctions implementation, with the extent of their involvement dependent largely on their area of expertise. These agencies carry out their sanctions-related roles in addition to other responsibilities.

- **Department of Defense.** The Office of the Under Secretary of Defense for Policy contributes to sanctions implementation, participating in all roles except targeting. The office coordinates department units’ reviews of sanctions proposals, provides the department’s recommendation to interagency partners during sanctions development, and represents the department during interagency discussions regarding sanctions enforcement.
- **Department of Energy.** The National Nuclear Security Administration supports sanctions by providing technical analyses of weapons of mass destruction and conventional arms transactions that may be subject to sanctions and by providing recommendations during sanctions development. The National Nuclear Security Administration also reviews export licenses for munitions and items with both military and commercial applications, known as dual-use items, which may include parties subject to sanctions.
- **Department of Homeland Security.** Units of the Department of Homeland Security also have varied roles in sanctions implementation. For example, the Human Rights Violators and War Crimes Unit in U.S. Immigration and Customs Enforcement’s Homeland Security Investigations includes a Global Magnitsky investigative support team, which targets serious human rights abusers and corrupt foreign officials through OFAC sanctions and visa

denials.²³ Units in U.S. Customs and Border Protection maintain a list of sanctioned countries and couriers for which shipment applications are rejected and use an automated targeting system to identify high-risk shipments and coordinate appropriate enforcement actions.

- **Department of Justice.** Multiple Department of Justice units contribute to sanctions implementation, participating in all roles except licensing. For example, the National Security Division works with law enforcement partners to facilitate the investigation and prosecution of sanctions violators.
- **Financial regulatory agencies.** Financial regulatory agencies with roles in sanctions implementation may review the compliance programs of the institutions they oversee with respect to OFAC requirements.²⁴ Some of these agencies can also enforce penalties for significant deficiencies in institutions' OFAC compliance programs. Financial regulatory agencies generally examine institutions' compliance with OFAC policies concurrently with examinations for compliance with the Bank Secrecy Act (BSA) and anti-money laundering (AML) statutes.²⁵

Table 3 provides an overview of the various roles of these agencies in sanctions implementation. Also see appendix II for additional details of agency units' sanctions implementation roles. See appendix III for information about agency units' number of personnel with sanctions implementation responsibilities.

²³The Global Magnitsky sanctions program targets human rights abuses and corruption, among other things. See, Global Magnitsky Human Rights Accountability Act, Pub. L. No. 114-328, Title XII, Subtitle F, 130 Stat. 20000, 2533 (Dec. 23, 2016) and Exec. Ord. Executive Order 13818. 82 Fed. Reg. 60,839 (Dec. 26, 2017).

²⁴Several financial regulatory agencies, including the Federal Reserve, the Federal Deposit Insurance Corporation, the National Credit Union Administration and the Office of the Comptroller of the Currency have entered into a memorandum of understanding with OFAC governing information sharing. The memorandum's provisions include notifying OFAC of any apparent unreported sanctions violations discovered in the course of examinations, to the extent permitted by law, and any significant deficiencies in a banking organization's policies, procedures, and processes for ensuring compliance with OFAC regulations.

²⁵Self-regulatory organizations for the securities and futures industries—including the Financial Industry Regulatory Authority and the National Futures Association—also have Bank Secrecy Act/anti-money laundering (BSA/AML) responsibilities and conduct BSA examinations of their members. Self-regulatory organizations are nongovernmental entities that regulate their members through the adoption and enforcement of rules and regulations governing business conduct subject to agency oversight.

Table 3: Other Agencies' Units' Roles in Sanctions Implementation

Agency	Agency unit ^a	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
Department of Defense	Office of the Undersecretary of Defense for Policy, including the Defense Technology Security Administration	•		•	•	•
Department of Energy	National Nuclear Security Administration	•	•	•	•	•
Department of Homeland Security	Coast Guard	•	•	•		•
	U.S. Customs and Border Protection			•		•
	U.S. Immigration and Customs Enforcement	•	•	•		•
Department of Justice	Criminal Division	•	•	•		•
	Drug Enforcement Administration		•			
	Executive Office for U.S. Attorneys	•	•	•		•
	Federal Bureau of Investigation – Cyber Division			•		•
	National Security Division	•	•	•		•
Financial Regulatory Agencies	Commodity Futures Trading Commission			•		•
	Department of the Treasury, Office of the Comptroller of the Currency			•		•
	Federal Deposit Insurance Corporation			•		•
	Federal Reserve			•		•
	National Credit Union Administration			•		•
	Securities and Exchange Commission			•		•

Source: GAO analysis of agency units' responses to a questionnaire regarding their roles in sanctions implementation. | GAO-20-324

Notes: See GAO-20-324, appendix II, for additional details.

^aFor the purposes of this report, "agency unit" may refer to a bureau, division, office, or other subdivision of an agency.

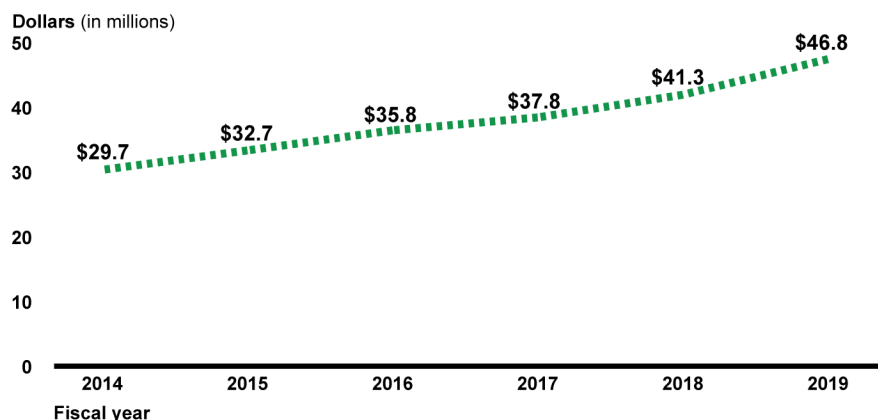
Sanctions Implementation Units at Treasury, State, and Commerce Have Received Steady or Increasing Resources but Faced Challenges in Filling Some Positions

All three of the sanctions implementation units we reviewed have generally received steady or increasing resources since fiscal year 2015 but have faced challenges in filling some positions. OFAC has received increasing inflation-adjusted budgetary and authorized human resources each fiscal year since 2015 but has consistently experienced a gap between the number of authorized and actual full-time equivalents (FTEs). OFAC officials attributed the gap to challenges in hiring due to competition from other agencies and the private sector and the time needed for new hires to obtain security clearances. State SPI has also generally received additional authorized inflation-adjusted budgetary and human resources but has not been fully staffed in recent years. Commerce's FPD has received relatively steady inflation-adjusted budgetary resources but, according to Commerce officials, lacks funding to fill one of its 10 positions.

Treasury's OFAC Received Increasing Resources in Fiscal Years 2015-2019 but Faces Hiring Challenges

OFAC received increasing budgetary resources in each of the last 5 fiscal years. In inflation-adjusted terms, OFAC's budgetary resources increased by a total of 58 percent, from approximately \$29.7 million in fiscal year 2014 to approximately \$46.8 million in fiscal year 2019. (See fig. 1.)

Figure 1: Total OFAC Budgetary Resources in Constant Fiscal Year 2018 Dollars, Fiscal Years 2014-2019



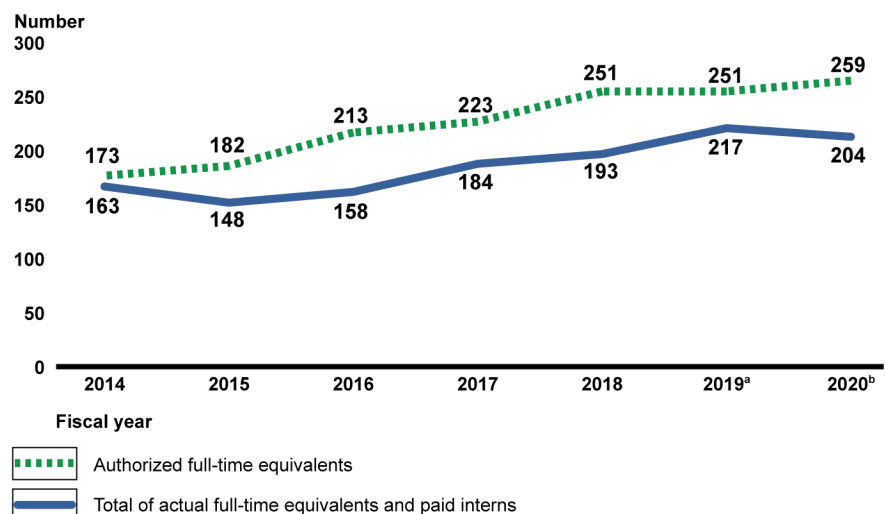
Source: GAO analysis of Department of the Treasury (Treasury) Office of Foreign Assets Control (OFAC) data. | GAO-20-324

Notes: Annual totals shown include funds appropriated directly to Treasury and allocated to OFAC as well as funds received from interagency transfers.

OFAC has also received authority to hire additional FTEs since fiscal year 2014, yet a number of the additional authorized positions have remained

unfilled.²⁶ According to OFAC officials, OFAC allocated most of its additional authorized FTEs to the Office of Global Targeting, which is responsible for conducting investigations of sanctions targets. At the start of fiscal year 2014, 10 of OFAC's 173 authorized positions (6 percent) were unfilled. By the start of fiscal year 2020, 55 of OFAC's 259 authorized positions (21 percent) were unfilled. In the intervening period, the gap between authorized and actual FTEs at the start of each fiscal year ranged from 34 to 58 positions (14 to 26 percent of authorized FTEs). (See fig. 2.)

Figure 2: OFAC Authorized and Actual Full-Time Equivalents, Fiscal Years 2014-2020



Source: GAO analysis of Department of the Treasury (Treasury) Office of Foreign Assets Control (OFAC) data. | GAO-20-324

Notes: Data shown reflect numbers of authorized and actual full-time equivalents (FTEs) at the beginning of each fiscal year.

^aAt the beginning of fiscal year 2019, authorized FTEs remained at the fiscal year 2018 level; when Treasury's fiscal year 2019 appropriations were enacted, the authorized level increased to 261.

^bAt the beginning of fiscal year 2020, OFAC was operating under a Continuing Resolution and its authorized FTEs therefore remained at the fiscal year 2019 level. During fiscal year 2019, according to OFAC officials, OFAC made minor internal workforce adjustments, reducing its number of authorized FTEs from the fiscal year 2019 full-year authorized level of 261 to 259: Two lower-grade FTEs were combined to create one higher-grade FTE, and one OFAC FTE was transferred to another office in Treasury's Office of Terrorism and Financial Intelligence.

²⁶An FTE is a standard measure of labor that reflects the total number of regular straight-time hours (i.e., not including overtime or holiday hours) worked by employees, divided by the number of compensable hours applicable to each fiscal year.

Despite the increase in authorized FTEs, OFAC has faced challenges in filling the additional positions. At the start of fiscal year 2020, 21 percent of OFAC's authorized sanctions investigator positions (13 of 62) were not filled.²⁷ Also unfilled were nine of 25 OFAC sanctions licensing officer positions, three of 18 enforcement officer positions, two of 15 sanctions policy analyst positions, and six of 14 sanctions compliance officer positions.²⁸ Officials of both OFAC and Treasury's Office of the Assistant Secretary for Management cited three primary challenges in hiring candidates with the necessary qualifications:

- Competition with other agencies, including those in the intelligence community, which can use direct-hire authority to expedite the hiring process²⁹
- Competition with the private sector, which offers higher salaries
- The time required for security clearance processing, which delays hiring for positions, such as sanctions investigators, who need a special sensitive investigation that must be adjudicated at the top secret/sensitive compartmented information level³⁰

Treasury does not currently have direct-hire authority for OFAC but can use other authorities to address hiring challenges. OFAC can use TFI's

²⁷Sanctions investigators review a wide range of intelligence and open-source information and prepare administrative records documenting the basis for designating sanctions targets.

²⁸At the start of fiscal year 2020, sanctions investigator positions made up just under a quarter of all positions in OFAC. Together, the positions of sanctions investigator, sanctions licensing officer, enforcement officer, sanctions policy analyst, and sanctions compliance officers made up just over half of all OFAC positions at the start of fiscal year 2020 and had 60 percent of OFAC's vacancies.

²⁹Direct-hire authority enables an agency with Office of Personnel Management approval to hire, after providing public notice, any qualified applicant without regard to certain competitive hiring requirements. Direct-hire authority expedites the typical hiring process associated with the competitive examining hiring authority in Title 5 of the United States Code by eliminating competitive rating and ranking procedures and veterans' preference.

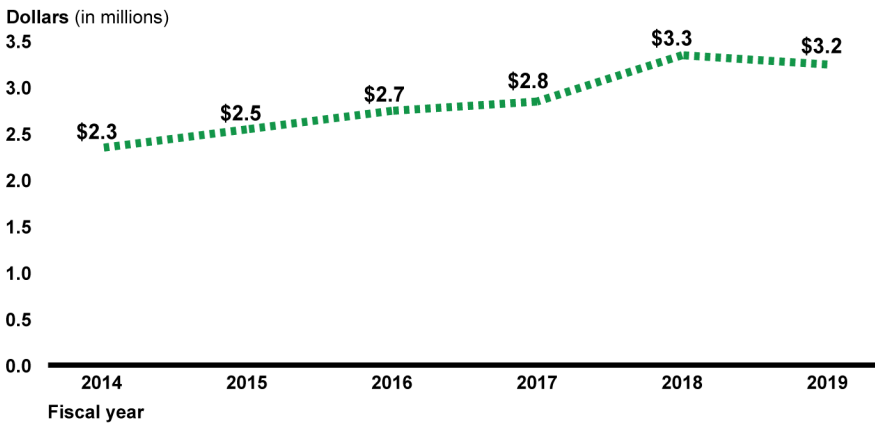
³⁰Security clearance processing times are a challenge throughout the executive branch. As of February 2019, the National Background Investigations Bureau—the agency responsible for personnel security clearance investigations—reported a backlog of approximately 565,000 investigations. We added the government-wide personnel security clearance process to our high-risk list in 2018. Our high-risk program identifies government operations with vulnerabilities to fraud, waste, abuse, and mismanagement or in need of transformation to address economy, efficiency, or effectiveness challenges. See GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

agency-specific schedule A authority, which excepts up to 100 positions at TFI from competitive selection requirements; schedule A authority is not specific to OFAC. In August 2019, officials of Treasury’s Office of the Assistant Secretary for Management stated that the office was not seeking direct-hire authority through the Office of Personnel Management. Additionally, the officials noted that Treasury has used flexibilities such as veterans’ hiring preferences to fill positions. However, in December 2019, Treasury officials stated that they had determined to seek direct-hire authority and would support the passage of legislation providing such authority.

State’s Office of Economic Sanctions Policy and Implementation Received an Overall Increase in Resources in Fiscal Years 2014-2019, but More Than Half of Its Positions Are Vacant

SPI received annual budgetary resource increases in fiscal years 2015 through 2018, before a slight decline in fiscal year 2019. In inflation-adjusted terms, SPI budgetary resources increased overall by 42 percent, from \$2.3 million in fiscal year 2014 to \$3.2 million in fiscal year 2019. (See fig. 3.)

Figure 3: Total SPI Budgetary Resources in Constant Fiscal Year 2018 Dollars, Fiscal Years 2014-2019



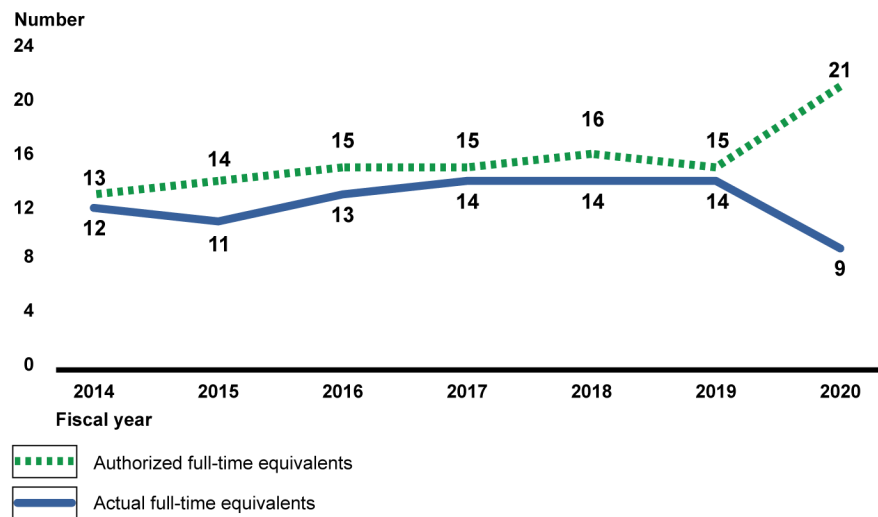
Source: GAO analysis of Department of State, Office of Economic Sanctions Policy and Implementation (SPI) data. | GAO-20-324

SPI has received authority to hire six additional FTEs for fiscal year 2020, but more than half of its authorized positions were vacant at the start of the year.³¹ SPI’s authorized FTEs ranged from 13 to 16 in fiscal years 2014 to 2019 and increased to 21 FTEs for fiscal year 2020. At the start

³¹The six-position increase consists of five additional foreign affairs officers and one additional foreign affairs officer supervisor.

of each fiscal year from 2014 to 2019, SPI had one to three fewer actual FTEs than authorized.³² However, the increase in authorized FTEs for fiscal year 2020 followed a decline in the number of filled positions during fiscal year 2019, when SPI lost more than a third of its staff. As a result, as of the beginning of fiscal year 2020, more than half of SPI's 21 authorized FTEs were unfilled. (See fig. 4.) According to SPI officials, the departures during fiscal year 2019 were for the most part unscheduled and resulted from staff promotions, moves to elsewhere in State, or resignations to accept positions in other agencies or the private sector. SPI officials added that a department-wide backlog in hiring constrained SPI's ability to fill these gaps and that the office would have to pay for the additional six FTEs without an increased budget. As of December 2019, State was recruiting to fill some of these positions, according to SPI officials. SPI expected one staff member to start in early January, had extended an offer to another, and was advertising to fill four additional positions.

Figure 4: Authorized and Actual SPI Full-Time Equivalents, Fiscal Years 2014-2020



Source: GAO analysis of Department of State, Office of Economic Sanctions Policy and Implementation (SPI) data. | GAO-20-324

Note: Data shown reflect numbers of authorized and actual full-time equivalents at the beginning of each fiscal year.

While SPI has generally received increased budgetary resources and authorized FTEs in recent years, State discontinued the Office of the

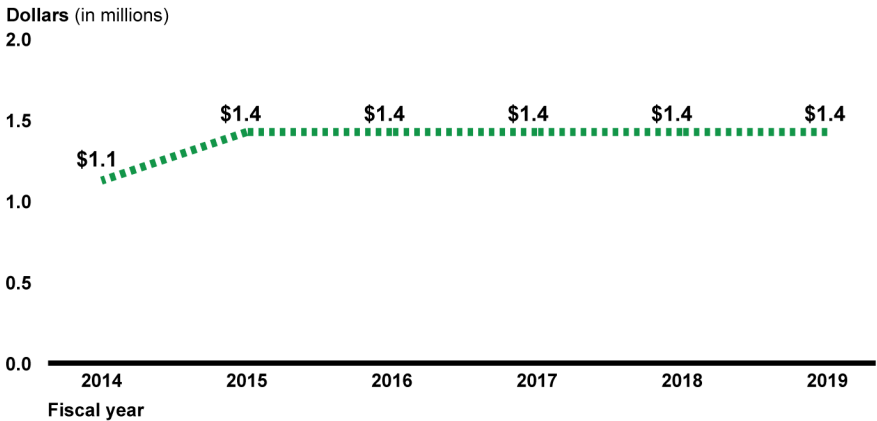
³²From January 2017 to May 2018, State maintained a hiring freeze on civilian employees.

Coordinator for Sanctions Policy, formerly housed in the Office of the Secretary.³³ The office was responsible for, among other things, coordinating sanctions strategies, integrating sanctions into foreign policy plans, and analyzing the effects of sanctions. According to data that State provided, the office had an authorized staff of seven FTEs at the start of each fiscal year from 2014 through 2018, with the exception of fiscal year 2016, when eight FTEs were authorized. State also reported that the office had one to four unfilled positions at the start of each fiscal year during this period.

Commerce’s FPD Has Received Relatively Constant Resources since Fiscal Year 2015

FPD received an overall increase in budgetary resources from fiscal year 2014 to fiscal year 2019, but most of the increase occurred from fiscal year 2014 to fiscal year 2015. Overall, FPD’s budgetary resources increased by 28 percent, adjusted for inflation, from fiscal year 2014 to fiscal year 2019. However, after a 24 percent increase in fiscal year 2015, resources remained steady through fiscal year 2019 at approximately \$1.4 million per year, adjusted for inflation.³⁴ (See fig. 5.)

Figure 5: BIS Foreign Policy Division’s Total Budgetary Resources in Constant Fiscal Year 2018 Dollars, Fiscal Years 2014-2019



Source: GAO analysis of Department of Commerce, Bureau of Industry and Security (BIS) data. | GAO-20-324

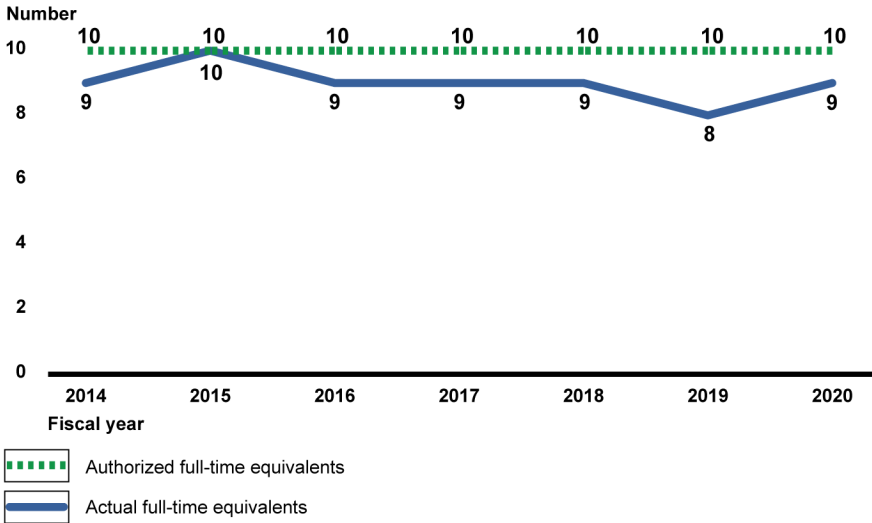
FPD has had the same number of authorized FTEs since fiscal year 2014, maintaining an authorized level of 10 FTEs from fiscal year 2014 to

³³State created the office in January 2013 and discontinued it in late 2017.

³⁴FPD requested \$1.47 million for fiscal year 2020 (\$1.53 million in fiscal year 2018 dollars).

fiscal year 2020. FPD generally had one fewer actual FTE than authorized as of the beginning of each fiscal year. (See fig. 6). At the beginning of fiscal year 2020, according to Commerce officials, the Foreign Policy Division lacked funding to advertise and hire for the vacant position. According to Commerce officials, FPD receives a funding amount for personnel and the funding they have received is sufficient for nine FTEs.

Figure 6: BIS Foreign Policy Division’s Authorized and Actual Full-Time Equivalents, Fiscal Years 2014-2020



Source: GAO analysis of Department of Commerce, Bureau of Industry and Security (BIS) data. | GAO-20-324

Note: Data shown reflect numbers of authorized and actual full-time equivalents at the beginning of each fiscal year.

Agencies Assess Resource Needs through the Annual Budget Process and OFAC Has Begun Workforce Planning, but All Agencies Face Challenges in Determining Needs

Officials at sanctions-focused units at Treasury, State, and Commerce all described their use of the annual budget process to assess their resource needs, and Treasury and Commerce have undertaken broader planning efforts. Treasury's OFAC has begun an internal workforce planning process that, if implemented as described, would satisfy principles for strategic workforce planning that we have previously identified. According to State SPI officials, SPI assesses its resources in the annual budget formulation process and has been able to add temporary positions in response to workforce needs. Commerce BIS officials stated that they shift resources in response to needs, and BIS has previously prepared a budget strategy that included its office primarily responsible for sanctions implementation. Treasury, State, and Commerce all face challenges in measuring changes in their sanctions workload over time.

Treasury OFAC Assesses Resources through Budget Development and Has an Additional Ongoing Workforce Planning Effort

Treasury's OFAC reviews and requests resources as part of the annual TFI budget development process, which considers OFAC's requests along with those of other TFI components. According to OFAC officials, OFAC submits its funding and resource needs to TFI for consideration. The OFAC budget justification for TFI includes the number of positions requested for all OFAC components as well as a description of each request. According to OFAC, once TFI has considered all of its component submissions, TFI submits its budget request to the Assistant Secretary for Management, who considers it as part of Treasury's larger budget request. OFAC also stated that it has also used quarterly meetings and discussions as part of Treasury's quarterly performance reviews to review resource needs and challenges.

In addition to undertaking reviews as part of the budget process, OFAC launched a workforce planning effort in fiscal year 2019 and stated that it would be led by OFAC's Office of Sanctions Support and Operations. As part of this effort, the Office of Sanctions Support and Operations stated that it plans to use Treasury's department-wide workforce planning model and tools to gather information from OFAC's component offices as a basis for, among other things, analyzing risks to OFAC's mission, identifying resource gaps, and developing an action plan to address them. OFAC further stated that it plans to use its ongoing workforce planning model to assess the effectiveness of its current hiring authorities. In October 2019, OFAC officials stated that they expected to submit preliminary recommendations for each OFAC component to OFAC leadership by the end of December 2019. However, OFAC officials later stated that, because of the departure of the Assistant Director of Management Programs—the OFAC senior leader responsible for

implementing the workforce planning initiative—on October 1, 2019, the planned date to submit preliminary recommendations to OFAC leadership was rescheduled to March 31, 2020.

We analyzed the model and tools that OFAC is using for its ongoing resource analysis, to determine whether the process they set out would address five principles for strategic workforce planning that we had previously identified.³⁵ We concluded that, if it were implemented as OFAC documents describe, the process would satisfy these principles. For example, the process calls for involving management and employees during its development and implementation and calls on managers to consider critical skills and competencies in their workforce analysis.

State SPI Assesses Workforce Needs through the Budget Process and Has Filled Positions on a Temporary Basis

State SPI requests resources as part of its annual budget process. State does not request a separate budget for SPI but instead combines SPI with the Office of Threat Finance Countermeasures (TFC) in its annual budget request. According to SPI officials, State sends the combined request for TFC and SPI to the Office of Management and Budget (OMB) every year, although the resources obtained may not reflect SPI's original request. For example, SPI officials stated that SPI requested a greater increase in authorized positions for fiscal year 2020 than it ultimately received.

SPI officials described ways that they assess staff workloads and seek to add or adjust resources on a continual basis. According to SPI officials, they have worked to fill positions on a temporary basis in response to rising needs. For example, SPI was authorized to add three temporary positions to cover the additional workload from Iran and Venezuela sanctions in early 2019. According to SPI officials, in justifying the request for additional temporary positions, SPI noted a significant increase in officer workload during the reimposition of sanctions against Iran, as well as maximum-pressure campaigns against Iran and Venezuela and increased activity related to existing and new sanctions authorities. As of October 2019, State planned to convert the three positions to permanent

³⁵We previously reported that workforce planning should (1) involve top management, employees, and other stakeholders; (2) determine the critical skills and competencies that will be needed; (3) develop strategies that are tailored to address gaps in number, deployment, and alignment of human capital approaches; (4) build the capability needed to address administrative, educational, and other requirements important to support workforce strategies; and (5) monitor and evaluate progress toward human capital goals and the contribution that human capital results have made toward achieving programmatic goals. See [GAO-04-39](#).

positions. Similarly, SPI officials stated that SPI justified its request for an increase in positions for fiscal year 2020 by noting an increasing use of sanctions as part of U.S. maximum economic pressure campaigns across multiple regions.

Agency approaches to workforce planning can vary depending on each agency's particular needs and mission. For subunits such as SPI, using the budget process, identifying changing priorities, and responding flexibly to those changes can address workforce planning needs. SPI officials further stated that SPI expects to review its workforce needs and structure if new executive orders delegate additional sanctions authorities to the Secretary of State.

Commerce Assesses Needs through the Budget Process and Shifts Personnel in Response to Demands

Commerce BIS units such as FPD assess and communicate their resource needs as part of the annual budget formulation process, according to BIS officials. BIS officials described budget formulation at Commerce as a "bottom-up" process, with BIS units providing information that is folded into Commerce's overall budget. During this process, BIS budget office staff meet with program staff, review budget guidance provided by OMB as well as BIS's own guidance, and ask program officials to identify any new initiatives or any new requirements for resources. According to BIS officials, each program office prepares a summary description of the request and needed resources for approval by the Assistant and Deputy Assistant Secretary for that office, the Deputy Under Secretary, and ultimately the BIS Under Secretary. According to BIS officials, BIS's budget office then requests additional information about the approved activities. BIS's Budget Office in turn submits the materials to the Commerce Departmental Budget Officer, who takes into account any known OMB and congressional viewpoints and department priorities. According to BIS officials, because of competing priorities, BIS funding priorities are not always carried over into the department's overall request. BIS officials noted that, absent additional resources, they have some flexibility to shift personnel within the bureau to address periods of increased sanctions-related demand. For smaller units such as FPD, using the budget process, identifying changing priorities, and responding flexibly to those changes can address their workforce planning needs.

Commerce previously prepared a multiyear budget strategy that assessed workforce needs throughout BIS, including FPD. In 2016, a contractor that Commerce hired prepared a Five-Year Budget Strategy Plan, which included workforce planning and projections. As part of the

assessment, the plan analyzed BIS license volume and estimated the amount of time that staff in the BIS Export Administration’s Office of Nonproliferation and Treaty Compliance (which includes FPD) spent on particular tasks, such as conducting license application reviews, making license determinations, and developing regulations related to sanctioned countries. The plan projected future BIS license volume, external factors that would affect BIS workload, and the future FTEs that BIS would need to perform its mission. The plan examined the workload projection and the effect of attrition and concluded that FPD would need 0.5 additional FTEs by 2020 and 1.25 additional FTEs by 2022. BIS officials stated that they initially used the budget strategy plan to help with budgeting. However, according to the officials, the plan and its assumptions quickly became obsolete and they did not use it in subsequent years. In addition, BIS officials stated that the plan did not recognize BIS’s ability to shift resources or request appropriations as needed.

Agencies Face Challenges in Measuring Workload to Assess Resource Needs

Treasury, State, and Commerce units that focus primarily on sanctions implementation have information that can measure changes in agency workload over time; however, agency officials cited challenges in using this information as accurate measures of workload for the purpose of informing resource needs. For example, counting the number of individual actions taken to implement sanctions (e.g., designations, licenses, or the imposition of a penalty) does not capture the actions’ varying complexity or the time spent on developing potential actions that are ultimately not taken. Agency officials noted that, in general, the drivers of their workloads are global events and U.S. foreign policy priorities that may lead to more or less sanctions activity. Table 4 shows (1) selected information that can be used to measure changes in agency workload over time and (2) the potential weaknesses of these measures.

Table 4: Selected Measures of Agency Sanctions Workload and the Measures’ Potential Weaknesses

Workload measure	Potential weakness
Treasury, State, and Commerce track the addition of new sanctions authorities and regulations.	• New sanctions authorities will increase workload to varying degrees. For example, agency officials cited implementation of Russia sanctions programs as greatly increasing their workload because of the requirements of the authorities and the integration of Russia into the world economy, while other sanctions authorities entail very limited activity. • Agencies devote resources to developing drafts of documents in support of potential sanctions programs that are ultimately not enacted.

Workload measure	Potential weakness
Treasury's OFAC, State, and Commerce track the number of entities they add to lists of prohibited or restricted parties.	- Sanctions designations vary greatly in the amount of resources required to target and eventually designate or list an individual or entity. - Not every targeting effort results in a designation or listing, so resources expended on targets not designated or listed are not captured by the number of designations or listings.
OFAC can track the number of FAQs it prepares to guide the private sector. Commerce includes information on outreach activities in its annual report to Congress.	FAQs and other sanctions-related outreach activities vary in complexity and the time needed to prepare them. For example, OFAC cited FAQs for the Venezuela sanctions as requiring greater resources to prepare than typical FAQs because of their relative complexity.
OFAC, State, and Commerce can each track the number of license applications as well as the processing time. OFAC tracks this information by sanctions program and year.	Some licenses are relatively routine and quick to process, while others are complex and take months. For this reason, an overall average processing time is of limited use as an indicator of workload.
Treasury and the Department of Justice track the number of enforcement actions and the criminal and civil penalties assessed for violations of sanctions authorities.	- Not all enforcement efforts result in enforcement actions or criminal or civil penalties. - The ultimate size of the penalty may not reflect the resources involved in taking actions and assessing penalties.

Legend: Commerce = Department of Commerce, FAQ = frequently asked question, OFAC = Office of Foreign Assets Control, State = Department of State, Treasury = Department of the Treasury.

Source: GAO analysis of agency reports and documents and GAO interviews with agency officials. | GAO-20-324

Agencies Provide Information on Sanctions Activities and Expenses in Selected Mandated Reports

OFAC and State each prepare and submit reports in response to the requirements of the IEEPA³⁶ and the NEA.³⁷ Both OFAC and State report sanctions implementation actions in response to the requirements of the IEEPA. OFAC's NEA-mandated reports generally include information on expenditures reported by Treasury and State and by any other agencies identified in the relevant executive order. However, according to State's most recent NEA reports, no specific State expenditures were directly attributable to the exercise of authorities conferred by the declaration of a national emergency under the NEA during the reporting period. In previous reviews, we and Treasury's Office of Inspector General have found weaknesses in the consistency and timeliness of OFAC reports mandated by the Kingpin Act and the TSRA, respectively.

³⁶50 U.S.C. § 1703(c)

³⁷50 U.S.C. § 1641(c).

OFAC's Mandated NEA Reports Include Expenses for Agencies with Roles in Sanctions Implementation, while State's Have Reported No Expenditures

IEEPA Reporting on Sanctions Activities

Both OFAC and State include information on actions taken to implement sanctions programs in response to the requirements of the IEEPA.³⁸ OFAC's reports on sanctions programs under the IEEPA include data on the number of designations and the type of entity designated, the number of licensing actions, and the number and value of blocked transactions for sanctions programs authorized by the IEEPA. State's IEEPA-mandated report for a weapons of mass destruction sanctions program (Executive Order 12938), prepared by State's Bureau of International Security and Nonproliferation (ISN), summarizes the actions State has taken to address nonproliferation through bilateral and multilateral channels, including actions taken against Russia, North Korea, Syria, and the reimposition of nuclear-related sanctions on entities in Iran. Both OFAC and State included the reports responding to IEEPA requirements as part of the same document submitted in response to the NEA report requirements.

NEA Reporting on Sanctions Expenditures

OFAC's reports on sanctions programs under the NEA³⁹ include a summary total of expenditures reported by various agencies to implement those programs, as well as a listing of the agencies whose expenditures are included in the reports. The reports state that the expenditures included are predominantly personnel wage and salary costs. OFAC contacts multiple agencies to compile estimates of total expenditures for its NEA reports. According to OFAC officials, OFAC contacts an agency about its expenditures if the relevant executive orders have delegated sanctions implementation authority to the agency or tasked it with certain duties. Using a standardized request message, OFAC asks such agencies to estimate their expenditures for the national emergency by, for example, estimating the hours spent by staff members on activities related to the emergency and multiplying that number by appropriate hourly compensation rates. OFAC stated that it always asks State to

³⁸50 U.S.C. § 1703(c).

³⁹50 U.S.C. § 1641(c).

provide estimated expenditure information and contacts other agencies to seek their expenditures on a program-by-program basis.

OFAC's NEA reports include Treasury and other agencies. All 25 of the NEA reports from mid- to late 2018 that we reviewed included Treasury expenditures, which were in many cases limited to OFAC and the Treasury Office of General Counsel. All but one report included State expenditures. Three reports included Commerce expenditures, five included Department of Homeland Security expenditures, and 12 included Department of Justice expenditures. While the reports did not include other agencies' expenditures, some of the reports explicitly acknowledged that they did not reflect certain operating costs incurred by the intelligence and law enforcement communities.

State ISN's May 2019 NEA-mandated report for Executive Order 12938 stated that there were no specific expenditures directly attributable to the exercise of authorities conferred by the declaration of a national emergency under the NEA during the 6-month reporting period. The prior two reports also stated that there were no specific expenditures directly attributable to the sanctions program. The reports included no other information about the program expenditures.

In response to our requests, State officials provided additional information about the NEA reporting of expenditures. According to the officials, State reported no expenditures for implementation activities for Executive Order 12938 because those activities have been subsumed into expenditures for normal, daily work—similar to overhead expenses. Expenditures for the implementation activities are mixed with, and indivisible from, the ongoing programming activities of the relevant offices and agencies. State officials indicated that State would report an amount other than zero if funds were reprogrammed, additional staff were required, or staff engaged in activities in addition to daily, normal work to implement the executive order. State officials also told us that they consulted State's Bureau of Arms Control, Verification and Compliance, regional bureaus, and offices in the Departments of Commerce, Defense, and Energy in preparing the report.

However, State's reports have not included any of these additional statements about the information that State considered in concluding there were no specific expenditures attributable to the sanctions program. *Standards for Internal Control in the Federal Government* states that management should externally communicate the necessary quality information to achieve the entity's objectives so that external parties can

help the entity achieve its objectives and address related risks.⁴⁰ Because State's reports do not include the additional information that State considered, Congress lacks complete information regarding sanctions implementation expenditures.

Prior Studies Have Noted Limitations in Other Required OFAC Sanctions Reporting

Kingpin Act Reports Do Not Provide Consistent Expenditure Data

We have previously found that agencies do not report expenditures in response to OFAC's Kingpin Act data requests in a consistent fashion. The Kingpin Act mandates that the President prepare a classified report to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate by July 1 of each year that, among other things, includes the status of sanctions imposed under the Kingpin Act and the personnel and resources directed to the imposition of Kingpin sanctions.⁴¹ OFAC compiles and submits these reports. OFAC's Kingpin reports include previous year and cumulative data on the number of asset-blocking actions and Kingpin designations. The reports also include Treasury, State, DOD, and Justice expenditures, which the reports indicate are mostly personnel salary costs. However, we recently found that the agencies did not use consistent methods, across agencies and time, in providing their expenditures to OFAC for Kingpin Act program activities.⁴² We recommended that the Secretary of the Treasury (1) ensure that OFAC provide its partner agencies more specific guidance regarding Kingpin Act-related expenditure data to improve the consistency of data submitted by these agencies and (2) disclose information about limitations in the consistency and reliability of the agency expenditure data in its annual reports to Congress.

⁴⁰GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

⁴¹21 U.S.C. § 1903(d). This reporting function was delegated to the Secretary of the Treasury. Executive Order No. 13313, § 1. We reviewed unclassified information from these reports.

⁴²[GAO-20-112](#).

Treasury's Inspector General
Has Recommended OFAC
Improve Timeliness of TSRA-
Mandated Reports

Treasury OFAC and Commerce BIS each submit reports to Congress mandated by the TSRA. Treasury's Inspector General found that OFAC had not submitted its reports in a timely fashion and recommended OFAC take steps to improve the timeliness of its submissions.⁴³

- **OFAC.** OFAC's TSRA-mandated reports include information about its determinations regarding applications for licenses as well as the time it spent processing the applications. In April 2018, Treasury's Office of Inspector General found that OFAC had not issued these reports in a timely manner and recommended that OFAC provide guidance to ensure that future TSRA-mandated reports are timely. According to the Treasury Office of Inspector General, Treasury's actions in response—bringing its submission of the TSRA-mandated reports up to date and revising its TSRA report procedures—satisfied the intent of the office's recommendation, but the Inspector General would continue to follow up.⁴⁴ However, OFAC's submission of the TSRA-mandated reports has continued to lag. OFAC released the TSRA-mandated reports for the second, third, and fourth quarters of fiscal year 2018 (i.e., January through September 2018) in November 2019; released the report for the first quarter of fiscal year 2019 in December 2019; and released the report for the second quarter of fiscal year 2019 in February 2020. OFAC's most recent biennial report, for October 2014 through September 2016, was issued in August 2019.
- **BIS.** BIS's TSRA-mandated reports include information about the licensing actions taken by BIS in relation to exports of agricultural commodities to Cuba, as well as processing times for those actions. BIS submitted its most recent report on January 17, 2020, covering the period from October 1 to December 31, 2019. BIS's most recent biennial report, for October 2016 through September 2018, was issued in November 2018.

⁴³The TSRA mandates that the applicable department or agency submit quarterly and biennial reports on activity under the act regarding determinations and processing of license actions for export of agricultural commodities, medicines, and medical devices to entities and destinations specified in the statute, including specified state sponsors of terrorism. 22 U.S.C. § 7205(b)-(c).

⁴⁴Treasury Office of the Inspector General, *Terrorist Financing/Money Laundering: OFAC's Licensing Program Would Benefit From System Enhancements*, OIG-18-043 (Washington, D.C.: Apr. 3, 2018).

Conclusion

The United States has increasingly relied on sanctions as a means to achieve important foreign policy goals. Implementing these sanctions involves multiple government agencies, some of which have multiple units with roles in sanctions implementation. Key agencies that implement sanctions have generally received steady or growing resources in recent years, but Treasury and State have staffing gaps and face challenges in securing the staff needed to fill their authorized positions. Treasury OFAC has an ongoing effort to assess its workforce needs, and Treasury, State, and Commerce all assess workforce needs through the budget process.

The IEEPA and NEA each include requirements for reports to Congress that Congress can use to review the activities and expenditures that have been used for implementing these sanctions. However, State's reports for Executive Order 12938 have not explained the information that State considered in reporting no expenditures. As a result, Congress does not have complete information about the data that State considers in calculating its sanctions implementation resources, which Congress could use to inform its review of agency resource requests.

Recommendation for Executive Action

The Secretary of State should direct the Assistant Secretary for International Security and Nonproliferation to include additional information about the expenditures it considers in its NEA-mandated reporting for Executive Order 12938.

Agency Comments

We provided a draft of this report to the Departments of Commerce, Defense, Energy, Homeland Security, Justice, State, and the Treasury, as well as the Commodity Futures Trading Commission, Federal Deposit Insurance Corporation, Federal Reserve System, Internal Revenue Service, National Credit Union Administration, Office of the Comptroller of the Currency, and Securities and Exchange Commission for review and comment. State provided official comments, which are reproduced in appendix IV. State concurred with our recommendation and indicated that it will provide additional clarity on its procedures in future NEA-mandated reporting for Executive Order 12938. The Departments of Commerce, Homeland Security, Justice, State, and the Treasury, as well as the Internal Revenue Service, Office of the Comptroller of the Currency, and Securities and Exchange Commission also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees and to the Secretaries of Commerce, Defense, Energy, Homeland Security, Justice, State, and the Treasury, as well as the Chairman and Chief Executive of the Commodity Futures Trading Commission, Chairman of the Federal Deposit Insurance Corporation, Chair of the Board of Governors of the Federal Reserve System, Commissioner of the Internal Revenue Service, Chairman of the National Credit Union Administration, the Comptroller of the Currency, and the Chairman of the Securities and Exchange Commission. 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 (202) 512-8612, or GianopoulosK@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 V.



Kimberly Gianopoulos
Director, International Affairs and Trade

Appendix I: Objectives, Scope, and Methodology

Our objectives were to examine (1) agencies' roles in sanctions implementation, (2) the resources available to agency units that focus primarily on sanctions implementation, (3) the extent to which agency units that primarily focus on sanctions implementation have assessed their resource needs, and (4) agencies' reporting to Congress on sanctions implementation expenses and activities.

To examine agencies' roles in sanctions implementation, we identified agencies involved in sanctions implementation by reviewing sanctions authorities, including statutes and executive orders, and agency documents and websites and interviewing agency officials.¹ We used these documents and interviews to summarize agencies' principal roles in sanctions implementation, and we vetted this summary with the Departments of the Treasury (Treasury), State (State), and Commerce (Commerce), which we had identified through our initial interviews and review of background materials as having units that focus primarily on sanctions implementation. We then prepared a data collection instrument to obtain information on sanctions implementation from agencies across the government. Using this instrument, we requested information about the specific actions these agencies performed for each of the roles we identified, the number of staff they devoted to sanctions implementation, and the estimated percentage of time these staff spent on sanctions implementation in fiscal year 2019. We also requested information about the sources and methods that agencies or agency units used to produce these estimates. We pretested the instrument with the Office of the Comptroller of the Currency and the Department of Homeland Security's U.S. Customs and Border Protection and made changes based on the results of the pretest before sending the instrument to all agencies or agency units that we had identified as having a role in sanctions implementation. To estimate in full-time equivalents (FTE) the staff resources that agencies devoted to sanctions implementation, we multiplied agencies' estimates of the number of staff devoted to sanctions implementation by the agencies' estimates of the percentage of time those staff spent on sanctions-related duties.

¹We included in our review State and Treasury's representatives in the intelligence community—State's Bureau of Intelligence and Research and Treasury's Office of Intelligence and Analysis—as well as other agency units such as the Federal Bureau of Investigation and Drug Enforcement Administration that are part of the intelligence community. We did not include the Office of the Director of National Intelligence or the Central Intelligence Agency in our review.

To examine the resources available to agency units that focus primarily on sanctions implementation, we reviewed congressional budget justifications and used a data collection instrument to obtain information on (1) funding for units that focused primarily on sanctions implementation at Treasury, State, and Commerce in fiscal years 2014 through 2019 and (2) personnel in these units as of the beginning of fiscal years 2014 through 2020. We compared the information that agencies provided with data in their congressional budget justifications and determined that these data were sufficiently reliable for reporting on trends in funding, authorized FTEs, and filled positions at these agency units. We then examined challenges associated with hiring for, and filling, positions at these agency units by interviewing agency officials and reviewing agencies' responses to our written questions.

To examine the extent to which agency units that primarily focus on sanctions implementation have assessed their resource needs, we interviewed agency officials and reviewed their written responses to our questions about their budget development processes and any relevant workforce analyses and plans they had prepared. We reviewed documentation of Treasury's ongoing workforce planning process against criteria for strategic workforce planning that we had previously identified, to assess whether the process, if completed according to plan, would address principles of strategic workforce planning that we had previously identified.² We reviewed agency performance reports and annual reports and interviewed agency officials representing Treasury, State, and Commerce units that focus primarily on sanctions implementation, to identify any additional information the agencies had that could measure changes in agency workload over time. We then reviewed that information and interviewed agency officials to assess how accurately the measures reflected each agency's sanctions workload.

To examine agency reporting to Congress on sanctions implementation expenses and activities, we reviewed background information on sanctions implementation to identify mandated reports that included

²We previously reported that strategic workforce planning should (1) involve top management, employees, and other stakeholders; (2) determine the critical skills and competencies that will be needed; (3) develop strategies that are tailored to address gaps in number, deployment, and alignment of human capital approaches; (4) build the capability needed to address administrative, educational, and other requirements important to support workforce strategies; and (5) monitor and evaluate progress toward human capital goals and the contribution that human capital results have made toward achieving programmatic goals. See [GAO-04-39](#).

information on sanctions expenses and activities. We confirmed our list of the mandated reports that included sanctions expenses and activities with Treasury's Office of Foreign Assets Control. We also reviewed sanctions legislation such as the International Emergency Economic Powers Act,³ the National Emergencies Act,⁴ the Foreign Narcotics Kingpin Designation Act⁵ and the Trade Sanctions Reform and Export Enhancement Act of 2000⁶ to identify the specific requirements for those mandated reports on agency expenses and activities. We then requested from agency officials copies of the agencies' most recently submitted mandated reports as of January 2019 and analyzed the agencies and types of expenses the reports identified. We requested information from agency officials and reviewed supporting documentation in order to describe how agencies estimated their expenses for sanctions implementation.

We conducted this performance audit from October 2018 to March 2020 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.

³50 U.S.C. § 1703(c).

⁴50 U.S.C. § 1641(c).

⁵21 U.S.C. § 1903(d).

⁶22 U.S.C. § 7205(b)-(c).

Appendix II: Agency Roles in Sanctions Implementation

To determine agencies’ roles in sanctions implementation, we sent a data collection instrument to all agency units that we had identified as having a role in sanctions implementation, requesting information on the specific actions the agency units perform for each role.¹ Tables 5 through 12 summarize the information provided in the agency units’ responses to the data collection instrument.

Table 5: Agency-Identified Roles in Sanctions Implementation, Department of the Treasury

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
Internal Revenue Service (IRS)–Criminal Investigations	On limited occasions, IRS–Criminal Investigations Office of International Operations provides input to the Department of the Treasury (Treasury) on items relating to sanctions. This limited input is provided directly by the attachés at overseas posts that cover the countries in question.	No role.	No role.	No role.	If an ongoing investigation by IRS–Criminal Investigations involves a sanctioned individual or entity, IRS–Criminal Investigations Office of International Operations will assist with coordinating actions that must be conducted outside the United States.

¹For the purposes of this report, “agency unit” refers to a bureau, division, office, or other subdivision of an agency.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
Office of the General Counsel	The Office of the General Counsel provides comprehensive legal advice and support to Treasury's administration of U.S. economic sanctions, including assisting in the development, analysis, and evaluation of sanctions policy. The office assists in drafting or amending executive orders, provides technical comments and feedback on proposed sanctions legislation, and assists in drafting or amending regulations.	The Office of the General Counsel provides legal advice and support with respect to Treasury's sanctions targeting efforts. This includes reviewing all proposed sanctions designations for factual and legal sufficiency. As necessary, and when requested by Treasury's Office of Foreign Assets Control (OFAC) and other operational elements, the Office of the General Counsel assists in coordinating with the intelligence and law enforcement communities.	The Office of the General Counsel provides legal advice and support with respect to Treasury's sanctions outreach and compliance efforts. This includes reviewing and providing comments on proposed guidance from OFAC and other operational components of Treasury to individuals, private industry, federal- and state-level regulatory and law enforcement agencies, foreign governments, and the media. The office also provides legal advice and support in connection with review of the compliance regimes of private sector businesses and financial institutions.	The Office of the General Counsel provides legal advice and support to OFAC's licensing function. This includes legal review of all proposed general licenses. It also includes legal review of many specific license applications together with OFAC's proposed specific granting and denial of licenses. The office's review of license applications includes, but is not limited to, applications for licenses to export to, reexport to, or conduct transactions with a country, entity or individual subject to sanctions. As necessary, the office also assists with interagency coordination with respect to licenses.	The Office of the General Counsel provides comprehensive legal advice and support to OFAC in connection with OFAC's enforcement function, which often results in imposition of civil money penalties for sanctions violations (or settlements with violators in lieu of imposition of penalties). The office reviews all proposed penalties and settlements for factual and legal sufficiency. The office frequently assists OFAC in coordinating with the Department of Justice regarding criminal prosecutions of sanctions violations.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
Office of International Affairs	The Office of International Affairs occasionally conducts macroeconomic assessments of the impact of specific sanctions to inform policymaking by the Office of Terrorism and Financial Intelligence (TFI). The office occasionally provides comments on proposed sanctions legislation or draft executive orders. With regard to sectoral sanctions, including but not limited to capital markets, the office has been primarily responsible for assessing the impact of potential options and mitigation of expected collateral effects.	For the targeting of entities that are controlled by Specially Designated Nationals, The Office of International Affairs has been called on to help provide ex ante assessments of likely impact, and occasionally to provide assistance to a foreign government dealing with the fallout of a designation. The Office of African Nations within the Office of International Affairs regularly participates in OFAC's Human Rights Targeting meetings.	The Office of International Affairs, including financial attachés, occasionally provides clarification on particular sanctions, especially those regarding the financial sector, when asked by private financial market participants and foreign government counterparts. The Office of Technical Assistance has deployed advisors to assist when banks have failed as a result of sanctions.	Most offices within the Office of International Affairs have no role in licensing. However, the Office of Western Hemisphere may provide input on licensing decisions in specific circumstances.	No role.
TFI Financial Crimes Enforcement Network (FinCEN)	FinCEN provides comments and feedback on proposed sanctions legislation.	FinCEN monitors and analyzes financial information on threat entities, networks, and jurisdictions, producing strategic and tactical intelligence reports that may identify targets for designation and sanctions violators. FinCEN also supports the development of sanctions designation packages where FinCEN has specific technical expertise.	FinCEN encourages compliance with OFAC designations through engagement with foreign counterparts; examinations; and industry outreach, including public guidance and symposiums.	No role.	FinCEN collects and provides financial data that OFAC uses to develop investigative leads and investigate possible violations of U.S. sanctions. FinCEN analyzes financial information on threat entities, networks, and jurisdictions, producing tactical and strategic intelligence reports that may generate leads on sanctions violators.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
			Additionally, FinCEN works closely with OFAC when drafting and issuing advisories that highlight sanctions actions and sanctions-related warning indicators for FinCEN stakeholders.		
TFI Office of Foreign Assets Control (OFAC)^a	OFAC coordinates with the Department of State (State), the National Security Council, and other stakeholders to craft sanctions policies that are most likely to achieve the desired foreign policy or national security objective while minimizing unintended effects. This coordination includes drafting new executive orders or amending existing ones, providing technical comments and feedback on proposed sanctions legislation, and drafting or amending regulations.	OFAC prepares target packages and evidentiary memoranda, based on all-source information, that meet the legal threshold for the imposition of sanctions on a foreign person. OFAC also carries out other targeting activities, such as investigations of petitions for removal and operational coordination with other government agencies.	OFAC promotes compliance with its sanctions programs by outlining compliance expectations for the public through outreach, dialogue, education, and guidance. OFAC conducts outreach to the financial sector, trade groups, and government agencies and regulators regarding U.S. economic sanctions and OFAC compliance programs. In analyzing apparent violations of its regulations, OFAC reviews the existence, nature and adequacy of the violator's sanctions compliance program.	OFAC authorizes transactions that would otherwise be prohibited according to sanctions programs by issuing licenses guided by U.S. foreign policy and national security concerns. OFAC issues both specific licenses, which authorize a particular person or entity to engage in a particular transaction or activity, and general licenses, which apply to a class of persons without the need to apply for a specific license.	OFAC conducts civil investigations of individuals and entities that may have engaged in violations of sanctions programs and regulations administered by OFAC. OFAC also liaises with federal and state law enforcement agencies, participates in global settlements with such agencies as appropriate, and provides witness testimony in criminal prosecutions of sanctions laws.

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Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
TFI Office of Intelligence and Analysis	The Office of Intelligence and Analysis conducts research and briefs policymakers on targets for possible sanctions and related actions; assesses the potential impact of sanctions; and provides comments and feedback on proposed sanctions legislation as it relates to the Office of Intelligence and Analysis and intelligence community equities.	The Office of Intelligence and Analysis develops networks and articulates requirements in support of designations. The office also clears intelligence reporting for use in public documents.	No role.	No role.	No role.
TFI Office of Terrorist Financing and Financial Crimes (TFFC)	TFFC coordinates counter-illicit financing policies, including the use of sanctions, for Treasury. TFFC reviews draft executive orders, draft legislation, and draft regulations to ensure alignment with national security goals.	TFFC coordinates with OFAC to provide recommendations on targets that would advance national security goals; evaluate policy impacts of upcoming designations; and devise foreign, industry, and public engagement strategies for amplifying the messaging and impact of sanctions actions.	TFFC engages with the public and private sectors both domestically and internationally, focusing on illicit financial activity and on strengthening the domestic and international financial systems. TFFC follows up with foreign governments to identify actions taken pursuant to designations affecting their jurisdictions and to press for action where appropriate.	TFFC provides guidance to OFAC, as appropriate, to ensure that licenses are authorized or denied in alignment with broader U.S. foreign policy.	TFFC provides feedback to TFI leadership on request, related to financial transactions to determine whether they are in violation of sanctions laws and authorities.

Source: GAO analysis of Treasury's responses to a questionnaire regarding the roles of its various units in sanctions implementation. | GAO-20-324

^aTreasury units shown in boldface focus primarily on sanctions implementation. Other units shown have roles in sanctions implementation as one of multiple responsibilities.

Table 6: Agency-Identified Roles in Sanctions Implementation, Department of State

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
Bureau of Counterterrorism and Countering Violent Extremism	The Bureau of Counterterrorism and Countering Violent Extremism plays a role in developing, analyzing and evaluating sanctions policy related to countering terrorism, including by drafting or amending executive orders and providing technical comments and feedback on proposed sanctions legislation. The bureau is responsible for researching, drafting, and developing administrative records used in the formal designation process for Specially Designated Global Terrorists under Executive Order 13224 or as a Foreign Terrorist Organization under Section 219 of the Immigration and Nationality Act. The bureau also leads State's designation of State Sponsors of Terrorism and the annual certification of countries not fully cooperating with U.S. counterterrorism efforts.	The Bureau of Counterterrorism and Countering Violent Extremism plays a role in targeting of individuals and entities for potential designation as a Specially Designated Global Terrorist under Executive Order 13224 or as a Foreign Terrorist Organization under Section 219 of the Immigration and Nationality Act or as State Sponsors of Terrorism or Not Fully Cooperating Countries.	No role.	The Bureau of Counterterrorism and Countering Violent Extremism reviews certain license applications, such as those related to counterterrorism-related designations.	The Bureau of Counterterrorism and Countering Violent Extremism leads the Department of State (State) in the designation of targets under the authorities in which it assists in targeting. Foreign Terrorist Organizations and Executive Order 13224 designations are posted on State's website and added by the Department of the Treasury (Treasury) to the Specially Designated Nationals and Blocked Persons List.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
Bureau of Economic and Business Affairs, Office of Economic Sanctions Policy and Implementation (SPI)^a	SPI provides foreign policy and internal technical guidance on the full range of sanctions matters, including regulatory policies, licensing, and designations. SPI collaborates with OFAC and the Department of Commerce's Bureau of Industry and Security (BIS) on license requests, drafting or amending executive orders, analyzing draft sanctions legislation, drafting or amending sanctions regulations, and other potential sanctions-related actions. SPI acts as the central coordinating office for State on the majority of sanctions programs (25 of 30).	Using authorities delegated to the Secretary of State, SPI prepares target packages and evidentiary memorandums, based on all-source information, that meet the legal threshold for the imposition of sanctions on a foreign person. SPI coordinates with appropriate State offices, the intelligence community, civil society, the law enforcement community, and (when appropriate) foreign counterparts to drive information production facilitating sanctions actions, complementing and augmenting OFAC's Office of Global Targeting. SPI facilitates State's review of proposed designation targets and evidentiary packages where the underlying authorities have been delegated to OFAC. Frequently, SPI works with regional and relevant functional bureaus, as well as posts, to develop potential targets.	SPI regularly briefs congressional members and staff and engages in press and private sector outreach in the United States and abroad, often in partnership with OFAC and BIS, to communicate current policies, better understand their impact, and solicit input on policy priorities and objectives. SPI regularly engages in bilateral and multilateral consultations with foreign counterparts to facilitate multilateral sanctions coordination; discuss bilateral policy priorities; and identify, develop, and coordinate sanctions actions to enhance sanctions impact and help cease activities of concern.	OFAC's Licensing Section consults with SPI to ensure that its actions are consistent with the national security and foreign policy of the United States. SPI serves as State's lead for the consultation process on these license requests and approves State's recommendation in consultation with departmental bureaus and offices. SPI also provides foreign policy guidance to BIS on certain license applications subject to Commerce export controls.	When requested, SPI provides assistance to OFAC and the Department of Justice on certain potential enforcement cases and potential prosecutions. In such cases, SPI may coordinate closely with our Office of the Legal Adviser, posts, regional bureaus, and the Bureau of Consular Affairs, particularly on issues that may require denial of visas to sanctioned individuals.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
Bureau of Economic and Business Affairs, Office of Threat Finance Countermeasures	The Office of Threat Finance Countermeasures is State's primary interlocutor with OFAC with respect to Executive Order 13224 targeting terrorist financiers and others who provide material support to terrorists. The office coordinates on behalf of State on the concurrence or nonconcurrence with specific designations. The office also provides expertise to other State offices with respect to the application or implications of terrorism finance designations. The office provides input on draft executive orders and analyzes draft sanctions legislation. Additionally, the office assists other parts of State in nominating domestically sanctioned individuals and entities for listing under UN Security Council Resolution 1267 (i.e., ISIS, Da'esh and al-Qaeda) and 1988 (i.e., Taliban) regimes to ensure that terrorism finance designations are integrated into, and consistent with, broader U.S. foreign policy.	The Office of Threat Finance Countermeasures coordinates with other State offices, the intelligence community, civil society, law enforcement agencies, and foreign partners to drive information production facilitating sanctions designations.	The Office of Threat Finance Countermeasures engages in private sector and diplomatic outreach to communicate policy priorities and dissuade actors from engaging in, or tolerating, potentially sanctionable activity. The office engages in bilateral and multilateral diplomacy to encourage foreign partners to designate targets either unilaterally or multilaterally.	OFAC consults with the Office of Threat Finance Countermeasures to determine whether granting a license to individuals or entities designated under Executive Order 13224 for providing material support to terrorists is consistent with the national security and foreign policy goals of the United States. The office consults with other State bureaus to establish a department position before providing a recommendation to OFAC.	No role.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
	The office manages coordination of State's concurrence with Treasury's finding of entities and jurisdictions being of "primary money laundering concern" and the imposition of "special measures" under Section 311 of the Patriot Act. The office also provides input on various country sanctions programs.				
Bureau of Intelligence and Research (INR)	No role.	INR's analytical offices and Sanctions Support Team, when requested, gather and provide information—both classified and open source—on sanctions targets to policy officials at State and Treasury. INR also coordinates these efforts with others in the intelligence and law enforcement communities as needed.	INR engages officials in foreign governments frequently in support of policy clients' requests for outreach and information sharing.	No role.	INR analytical offices and the Sanctions Support Team play an active role in investigating issues related to sanctions enforcement. INR briefs policy clients on relevant reporting and analysis of such developments as it is produced.
Bureau of International Narcotics and Law Enforcement Affairs (INL)	When required, INL provides input on proposed new or existing sanctions policies or regulations. In this regard, INL ensures that all such proposals are integrated into, and consistent with, broader U.S. foreign policies.	INL reviews U.S. sanctions evidentiary packages, when available, and advises on State concurrence. INL also proposes potential designations based on information it has received from posts or the intelligence community.	With both the Kingpin Act and transnational criminal organizations sanctions authorities, INL works closely with Treasury's Office of Foreign Assets Control (OFAC) to inform foreign governments of sanctions actions and coordinates media engagement once a target has been sanctioned.	The Bureau of Economic and Business Affairs requests INL to review and clear general licenses related to the three sanctions programs INL coordinates. However, INL's role is generally of a limited nature.	INL reviews U.S. sanctions evidentiary and proposes potential designations based on information it has received from posts or the intelligence community.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
		INL administers the concurrence process for proposed new sanctions or the review of existing sanctions in relation to policy objectives for two sanctions authorities: (1) the Kingpin Act and (2) sanctions against transnational criminal organizations. INL assists the Bureau of Economic and Business Affairs in the implementation of corruption-related sanctions under the Global Magnitsky Human Rights Accountability Act. For these three sanctions programs, INL's main role is to validate target proposals from a foreign policy perspective. Additionally, INL solicits nominations from embassies and regional bureaus for potential designation under all three sanctions programs.	INL conducts extensive outreach to nongovernmental organizations, the private sector, and foreign governments on the Global Magnitsky Human Rights Accountability Act. The purposes of this outreach are to encourage target submission and to encourage the creation of a similar sanctions program in other countries.		In addition, INL assesses all individuals designated under the corruption prong of the Global Magnitsky Human Rights Accountability Act sanctions program for potential visa restrictions under Presidential Proclamation 7750 or Section 7031(c) of the annual State appropriations bill.
Bureau of International Organization Affairs (IO)	IO is responsible for developing, analyzing, and evaluating United Nations (UN) sanctions policies, including by drafting or helping to draft UN Security Council resolutions to establish, revise, or terminate sanctions regimes.	IO conveys UN reporting related to potential U.S. targets to relevant policy offices and to counterparts in Treasury or offices responsible for drafting designations, to determine whether the United States can and should pursue designations. IO reviews U.S. sanctions evidentiary packages and proposes UN designation of targets who have engaged in UN-sanctionable activities.	IO provides guidance to federal authorities through briefings and responses to requests for information regarding the implementation of UN sanctions, including U.S. obligations under relevant UN sanctions regimes and options for exemptions or revisions to the scope of such sanctions.	IO is consulted on, or pursues, requests for the issuance of Treasury licenses (including for UN listed individuals or entities) as needed to further U.S. policy goals at the UN. IO also ensures consistency between U.S. licensing policies and UN exemptions.	IO assists with demarches to UN member states regarding enforcement of sanctions. IO conveys requests from sanctions experts or other UN actors to relevant U.S. agencies for investigation of possible sanctions violations.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
		IO drafts talking points and demarche cables to request counterparts at the U.S. Mission to the UN and overseas posts to seek additional information on targets for UN sanctions.	IO provides information to federal authorities about the applicability of UN or U.S. sanctions on U.S.-sponsored or U.S.-funded activities overseas, including trainings; arms and related assistance; or other support involving provision of assistance to UN-listed individuals or entities or provision of support involving UN-restricted items.		IO works with the intelligence community to review sanctions-related reporting, particularly reporting of noncompliance, and seeks interagency support to report violations to the relevant UN Security Council sanctions committee(s).
Bureau of International Security and Nonproliferation (ISN) ^b Office of Counter-Proliferation Initiatives	The Office of Counter-Proliferation Initiatives develops, negotiates, implements, and analyzes nonproliferation sanctions policy. The office's activities include drafting or amending UN Security Council resolutions and executive orders related to nonproliferation, providing technical comments and feedback on proposed sanctions legislation, and drafting or amending implementing regulations.	The Office of Counter-Proliferation Initiatives develops sanctions targets and investigative leads by reviewing, among other things, intelligence information, open-source reporting, information collected by other agencies, and diplomatic communications. The office searches for, and compiles, evidentiary memorandums to support sanctions designations under authorities tasked to the office and provides consultation on nonproliferation sanctions under consideration by other parts of the US government. The office also coordinates leads, potential prosecutions, and other actions with intelligence and law enforcement agencies.	The Office of Counter-Proliferation Initiatives provides guidance to foreign governments, private industry, individuals, and other U.S. government agencies to support compliance with sanctions authorities tasked to the office. The office generally does not interface with the media directly but instead supports media interface by senior officials, bureau leadership, and ISN's Office of Strategic Communication and Outreach.	The Office of Counter-Proliferation Initiatives is not part of the formal export license deliberative process. Rather, the office is consulted by the relevant interagency deliberative groups on the implications of certain transfers under U.S. or UN sanctions.	The Office of Counter-Proliferation Initiatives uses the same types of information to identify and prevent transfers to or from entities, individuals, and countries subject to U.S. or UN nonproliferation sanctions. The office also works to determine whether any such activity has triggered the imposition of penalties or reporting requirements of the various sanctions authorities for which the office is responsible.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
					The office reviews U.S. visa applications for nuclear nonproliferation concerns, including applicants who may be subject to sanctions.
ISN Office of Missile, Biological, and Chemical Nonproliferation	The Office of Missile, Biological, and Chemical Nonproliferation provides comments and feedback on proposals for new sanctions-related executive orders and legislation and on proposed modifications to existing nonproliferation sanctions authorities, as warranted.	The Office of Missile, Biological, and Chemical Nonproliferation chairs two interagency interdiction working groups that are responsible for identifying activities of concern with regard to missile and chemical and biological warfare proliferation and for taking action to stop them.	The Office of Missile, Biological, and Chemical Nonproliferation engages in outreach to Congress, private sector organizations, the public and foreign governments regarding nonproliferation sanctions authorities.	The Office of Missile, Biological, and Chemical Nonproliferation chairs two interagency license-review working groups relevant to missile and chemical and biological warfare export license requests.	The Office of Missile, Biological, and Chemical Nonproliferation is responsible for identifying and developing sanctions cases pursuant to the missile and chemical and biological warfare sanctions laws; Executive Order 12938; and the Iran, North Korea, and Syria Nonproliferation Act through its two interagency interdiction working groups.

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Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
ISN Office of Strategic Communication and Outreach	No role.	No role.	The Office of Strategic Communication and Outreach engages in outreach and messaging to civil society, private sector organizations, and the media regarding policies that fall within the purview of ISN. Specific actions with regard to sanctions policy would typically include working with subject matter experts to prepare media releases, fact sheets, and press guidance; developing sanctions messaging for ISN's social media platforms; updating the sanctions section of ISN's web page; organizing media interviews and briefings with senior ISN leadership; organizing industry briefings; and facilitating congressional notifications.	No role.	No role.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
Bureau of Political-Military Affairs, Directorate of Defense Trade Controls	The Directorate of Defense Trade Controls implements sanctions that affect munitions exports through its administration of the International Traffic in Arms Regulations. The directorate's activities include drafting, amending, and publishing updates to the regulations as warranted.	No role.	The Directorate of Defense Trade Controls provides guidance on International Traffic in Arms Regulations–related inquiries. The directorate provides such guidance through the issuance of advisory opinions, through information presented on the directorate's website, and in presentations and other public outreach activities.	The Directorate of Defense Trade Controls applies the relevant licensing policy articulated in International Traffic in Arms Regulations §126.1 when adjudicating an application to engage in a transfer with a proscribed destination.	The Directorate of Defense Trade Controls reviews export authorization requests for the presence of sanctioned entities and individuals and referral for potential investigation. The directorate coordinates with federal law enforcement on actions pertaining to transfers to sanctioned entities. The directorate reviews potential violations of the International Traffic in Arms Regulations and is responsible for civil enforcement actions pertaining to actual violations.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement, and prosecution
Office of the Legal Advisor	The Office of the Legal Advisor is regularly involved with the development of sanctions policy. The office collaborates with State policy offices and interagency counterparts on newly proposed executive orders. In addition, the office provides technical comments on proposed sanctions legislation and certain proposed regulatory changes by other agencies that implicate sanctions implementation.	The Office of the Legal Advisor may provide input to State policy bureaus on relevant authorities with respect to potential targeting leads and investigations. In addition, the Office of the Legal Advisor assists State policy offices with drafting the evidentiary record for designations under sanctions authorities implemented by State, including reviewing for legal sufficiency. For certain authorities not implemented by State, principally Treasury sanctions, the office typically reviews and advises State policy bureaus on any legal issues connected with proposed designations.	The Office of the Legal Advisor works closely with policy bureaus to help explain sanctions authorities to individuals, private industry, and foreign governments.	The Office of the Legal Advisor is consulted as part of State's Bureau of Economic and Business Affairs' process for providing foreign policy guidance to Treasury on licensing questions under Treasury's Trading with the Enemy Act, International Emergency Economic Powers Act, and Kingpin Act authorities.	The Office of the Legal Advisor carries out State's extradition responsibilities for sanctions-related prosecutions.

Source: GAO analysis of State's responses to a questionnaire regarding the roles of its various units in sanctions implementation. | GAO-20-324

^aState units shown in boldface focus primarily on sanctions implementation. Other units shown have roles in sanctions implementation among multiple other responsibilities.

^bISN provided information about the sanctions implementation roles of its offices separately.

Appendix II: Agency Roles in Sanctions Implementation

Table 7: Agency-Identified Roles in Sanctions Implementation, Department of Commerce

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
Bureau of Industry and Security (BIS), Export Administration, Office of Exporter Services	The Office of Exporter Services policy and compliance specialists contribute expertise gained through interaction with industry. For example, the office's Regulatory Policy Division works with subject-matter experts to implement sanctions, primarily by drafting rules that amend the agency's regulations to impose licensing restrictions.	No role.	The Office of Exporter Services has the lead within BIS on outreach and education efforts on the requirements of the EAR. The office organizes more than two dozen seminars annually at locations across the United States and coordinates the participation of BIS personnel in outreach events organized by other entities. Additionally, the office's two counseling divisions are the primary entry points for incoming questions from exporters. The office also has the lead within BIS on advising industry on the procedures and policies that can help ensure compliance with the EAR.	No role.	The Office of Exporter Services' compliance specialists may be called as expert witnesses to validate documents presented in enforcement cases.
BIS, Export Administration, Office of National Security and Technology Transfer Controls	The Office of National Security and Technology Transfer Controls works with the interagency to formulate targeted sanctions in response to specific activities. The office also ensures that export controls are integrated into U.S. sanctions programs and consistent with overall U.S. foreign policy. The office is responsible for developing, analyzing, evaluating and coordinating export	The Office of National Security and Technology Transfer Controls provides subject matter expert review of BIS licensing statistics, Automated Export System data and other trade information in support of adding entities to BIS's Entity List.^a As appropriate, an office representative participates in meetings of the End User Review Committee.^b	The Office of National Security and Technology Transfer Controls routinely provides sectoral sanctions policy guidance to the exporting community, including individual companies, industry and trade associations; nongovernmental and private voluntary organizations; relevant federal and state agencies, and the law	The Office of National Security and Technology Transfer Controls processes license applications for the export, reexport or transfer of items identified in sectoral sanctions.	The Office of National Security and Technology Transfer Controls' licensing officers provide official determinations on the classification of items and license requirements in support of investigations and prosecutions. Licensing officers are also called to be expert

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Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
	controls related primarily to sectoral sanctions. In addition, the office prepares options papers and information memoranda for BIS and Department of Commerce senior leadership, interagency partners and National Security Council staff. Working closely with the Regulatory Policy Division of the Office of Exporter Services, the office authors initial drafts of amendments to the EAR. In tandem with the Office of Congressional and Public Affairs, the office provides technical comments and feedback on proposed sectoral sanctions legislation. The office also provides input to proposed executive orders involving sanctions.	On request, the office assists other agencies with targeting for imposition of sectoral sanctions.	enforcement community.		witnesses at trials.
BIS, Export Administration, Office of Nonproliferation and Treaty Compliance, Foreign Policy Division (FPD)^c	FPD ensures export controls are integrated into U.S. government sanctions programs and consistent with overall U.S. foreign policy. FPD is responsible for developing, analyzing, evaluating, and coordinating export controls related to sanctions policy with a particular focus on State Sponsors of Terrorism, embargoes, and regimes acting contrary to U.S. foreign policy interests. FPD prepares options papers and information	FPD provides subject-matter-expert review of BIS licensing statistics, Automated Export System data and other trade information in support of adding entities to BIS's Entity List. As appropriate, an FPD representative participates in meetings of the End User Review Committee. On request, FPD assists other agencies with targeting for imposition of sanctions, particularly OFAC.	FPD routinely provides sanctions policy guidance to the exporting community, including individual companies, industry and trade associations, nongovernmental and private voluntary organizations, relevant federal and state level agencies, and the law enforcement community.	FPD processes license applications for the export, reexport, or transfer (in country) of items destined for sanctioned countries, entities or individuals. On request, FPD provides support to OFAC's licensing effort, particularly regarding the classification and reason for control	FPD provides support for the imposition of sanctions by placement on BIS's Entity List and OFAC's Specially Designated Nationals and Blocked Persons List. On request, FPD provides expert witnesses in support of prosecutions mounted by the Department of Justice.

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Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
	memorandums for BIS and Department of Commerce senior leadership, interagency partners, and National Security Council staff. Working closely with the Regulatory Policy Division of the Office of Exporter Services, FPD authors initial drafts of amendments to the EAR. In tandem with the Office of Congressional and Public Affairs, FPD provides technical comments and feedback on proposed sanctions legislation. FPD also provides input to proposed executive orders involving sanctions.			of items destined for Iran.	
BIS Export Enforcement ^d	BIS's Office of Export Enforcement (OEE) provides input to sanctions proposals and, where applicable, provides feedback regarding any adverse impact to existing investigations. BIS's Office of Enforcement Analysis (OEA) provides feedback regarding proposed sanctions legislation and Export Administration Regulations (EAR) amendments.	OEA uses all-source information to identify targets for entity list designations and provides investigative leads and case support to BIS special agents. For example, OEA may review information to support designation of a target for inclusion on one of the lists that BIS maintains.	OEE special agents perform outreach with members of the exporting community across the country. In addition, special agents speak at export compliance seminars and participate in panel discussions, working groups, and task forces that inform exporters, federal law enforcement agencies, and members of the intelligence community of OEE's mission, including sanctions enforcement. OEE also reviews compliance programs of private sector businesses and financial institutions as part of the	OEE special agents review license applications as relevant to investigative activities. OEA reviews and makes recommendations on license applications involving entities subject to sanctions.	OEE's criminal and administrative investigations target persons (i.e., entities, individuals, organizations) that may have violated existing sanctions under the EAR. OEE's investigations also seek to identify persons that should be made subject to the regulations' export license or clearance requirements. During the course of these investigations, OEE gathers

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Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
			investigative process to identify deficiencies and any related EAR violations. OEA provides guidance to private industry and foreign governments regarding BIS's implementation of sanctions.		evidence and develops further leads that may help inform a decision to recommend imposing criminal or administrative penalties. OEE enforces provisions of the EAR by conducting export control investigations and taking action where necessary to prevent future or imminent violations of the regulations. OEE's enforcement activities apply broadly to exports and reexports involving dual-use items subject to the EAR, including items destined for sanctioned entities and destinations.
End-User Review Committee	The End-User Review Committee Chair works with subject matter experts in the Committee agencies to compile information in support of Entity List nominations.	The End-User Review Committee Chair coordinates with Committee agencies to review, consider, and decide upon targets to add to the Entity List as well as to make determinations regarding modifications to, and removals from, the Entity List.	The End-User Review Committee Chair advises the public on Entity List requirements.	The End-User Review Committee Chair supports licensing officers by providing licensing determinations pertaining to entities on the Entity List.	No role.

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Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
Office of the Chief Counsel for Industry and Security	The Office of the Chief Counsel for Industry and Security addresses legal concerns specific to the Export Administration Regulations in agency and interagency meetings examining potential sanctions policy developments. The office also provides legal clearance of draft BIS sanctions policy/options papers. In addition, the office reviews draft executive orders and legislation authorizing new or expanded sanctions. Further, the office reviews all draft rules that amend the EAR to add or enhance sanctions.	The Office of the Chief Counsel for Industry and Security ensures that any additions to BIS's Entity List meet the EAR's legal standard. The office also reviews Entity List entries to ensure that they provide clear, accurate, and complete information to the exporting public.	At the request of BIS, the Office of the Chief Counsel for Industry and Security occasionally participates in outreach and educational events informing the exporting public, particularly the legal community, on sanctions policies. The office also reviews draft responses to advisory opinion requests seeking regulatory guidance.	The Office of the Chief Counsel for Industry and Security assists BIS with legal issues raised in license applications, including during the appeals of licensing application denials. The office also addresses broader legal issues related to the scope of licensing policies.	The Office of the Chief Counsel for Industry and Security represents BIS in all administrative enforcement matters involving violations of the EAR and also advises BIS on legal issues relating to investigations. In addition, the office advises the Department of Justice on criminal export control matters.

Source: GAO analysis of Commerce's responses to a questionnaire regarding the roles of its various units in sanctions implementation. | GAO-20-324

^aCommerce's Entity List identifies foreign parties that are prohibited from receiving controlled items unless the exporter first receives a license.

^bThe End-User Review Committee, composed of representatives of the Departments of State, Defense, Energy, and Commerce, and of other agencies, as appropriate, is responsible for placing entities on the Entity List on the basis of evidence that the entities pose a significant risk of involvement in activities contrary to U.S. national security or foreign policy interests. Commerce chairs the End-User Review Committee.

^cCommerce units shown in boldface focus primarily on sanctions implementation. Other units shown have roles in sanctions implementation as one of multiple responsibilities.

^dBIS Export Enforcement includes offices overseen by Commerce's Assistant Secretary for Export Enforcement: the Office of Enforcement Analysis, the Office of Export Enforcement, and the Office of Antiboycott Compliance. The Office of Antiboycott Compliance does not have a sanctions implementation role, according to Commerce officials.

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Table 8: Agency-Identified Roles in Sanctions Implementation, Department of Defense

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
Defense Technology Security Administration (DTSA)	DTSA has at times played a role in interagency development of specific sanctions policy. DTSA leads Department of Defense (DOD) reviews of proposed updates to U.S export control regulations that implement sanctions policy.	No role.	No role.	DTSA reviews license applications with sanctioned countries or listed entities as part of its broader responsibilities to provide a DOD national security review of export license applications for items subject to the International Traffic in Arms Regulations and the Export Administration Regulations.	DTSA has supported law enforcement investigations by providing technical analysis and testimony in court proceedings for export violations of the Arms Export Control Act. However, DTSA has seldom, if ever, provided these services for sanctions violations.
Office of the Under Secretary of Defense for Policy	The Office of the Under Secretary of Defense for Policy regularly participates in interagency discussions of sanctions policy, and on proposed sanctions against specific countries, organizations, corporate entities, or individuals. The office coordinates sanctions-related proposals with other DOD components and provides DOD's response/recommendation to interagency partners.	No role.	The Office of the Under Secretary of Defense for Policy regularly coordinates with other departments and agencies to conduct outreach to foreign governments regarding sanctions enforcement. The office is the lead when these discussions occur in military-to-military and defense channels.	No role.	Personnel at the Office of the Under Secretary of Defense for Policy engage with other departments and agencies and foreign governments to discuss investigation, enforcement, and prosecution of suspected sanctions violations. The office's role is to establish sanctions-related policy for DOD, identify where DOD can contribute to current interagency efforts, and represent DOD during interagency discussions regarding sanctions enforcement.

Source: GAO analysis of DOD's responses to a questionnaire regarding the roles of its various units in sanctions implementation. | GAO-20-324

Table 9: Agency-Identified Roles in Sanctions Implementation, Department of Energy

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
National Nuclear Security Administration (NNSA)	NNSA participates in interagency review of potential sanctions pursuant to the Chemical and Biological Weapons Act of 1991. NNSA provides technical analysis and policy recommendations for sanctions imposed by the Chemical and Biological Weapons Act of 1991 and for weapons of mass destruction and conventional arms cases that may be subject to sanctions pursuant to the Iran, North Korea, and Syria Nonproliferation Act.	NNSA supports the interagency review of proposed additions to sanctions administered by the Department of the Treasury's Office of Foreign Assets Control and to the Entity List maintained by the Department of Commerce.	NNSA supports and contributes to multilateral arrangements and international organizations to encourage partner countries to strengthen their domestic export control systems. NNSA also helps build the capacity of foreign partners to implement effective export control systems.	NNSA conducts export license reviews in support of dual-use and munitions cases. These license applications may include parties that are subject to sanctions.	NNSA provides technical analysis for weapons of mass destruction interdiction cases, some of which may be subject to sanctions pursuant to the Iran, North Korea, and Syria Nonproliferation Act or the Arms Export Control Act.

Source: GAO analysis of the Department of Energy's responses to a questionnaire regarding the roles of its various units in sanctions implementation. | GAO-20-324

Table 10: Agency-Identified Roles in Sanctions Implementation, Department of Homeland Security

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
Coast Guard	The Coast Guard primarily participates in a consultative role when approached by another agency with specific questions. For example, the Coast Guard may be asked to review language for a proposed executive order with maritime enforcement issues. The Coast Guard's expertise is primarily related to maritime enforcement as well as the impact of a seizure on a port or vessel.	The Coast Guard is a participant in the intelligence community and as such may work with other agencies on maritime or vessel issues.	The Coast Guard has assisted the Department of State and Department of the Treasury (Treasury) in developing and issuing maritime advisories related to sanctions concerning North Korea and Syria.	No role.	The Coast Guard may deny entry into the United States to vessels specially designated by Treasury's Office of Foreign Assets Control (OFAC). In addition, the Coast Guard works with interagency partners such as the Department of Homeland Security's (DHS) U.S. Customs and Border Protection and OFAC to assist in investigations involving a vessel.

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Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
U.S. Customs and Border Protection (CBP), ^a Office of Trade	No role.	No role.	No role.	No role.	The Office of Trade has a role in denying imports from sanctioned countries. The office's Trade Transformation Office maintains a list of sanctioned countries and couriers for which applications for shipments are rejected.
CBP, Office of Field Operations, Cargo and Conveyance Security Exodus Command Center	No role.	No role.	The Cargo and Conveyance Security Exodus Command Center provides guidance and training to private industries and various enforcement agencies in order to raise awareness of sanctions and export compliance laws.	No role.	The Cargo and Conveyance Security Exodus Command Center provides a single point of contact for U.S. Immigration and Customs Enforcement Homeland Security Investigations (HSI) special agents and CBP officers to obtain export license information necessary for detentions and seizures of licensable exports and for arrests or indictments of criminal violators. The center coordinates with HSI, CBP Ports, and the corresponding enforcement agency to take action to release or seize shipments.
CBP, Office of Field Operations, National Targeting Center Cargo Division	No role.	No role.	The National Targeting Center Cargo Division may participate in various law enforcement or international partner conferences or training events regarding the enforcement of sanctions.	No role.	The National Targeting Center Cargo Division uses an automated targeting system to identify high-risk shipments and coordinates appropriate enforcement actions with ports of entry, other government agencies, and international partners.

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Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
U.S. Immigration and Customs Enforcement, ^b Homeland Security Investigations (ICE HSI), Domestic Operations Division	ICE HSI will, on a case-by-case basis, provide feedback on proposed sanctions legislation, including regulations related to its counterproliferation investigative mission.	No role.	ICE HSI has designed an outreach program called Project Shield America that works with industry and the academic community to prevent the illegal procurement of military items and controlled dual-use commodities and technology.	No role.	ICE HSI is charged with investigating violations of U.S. export laws related to military items, controlled dual-use goods, and sanctioned or embargoed countries. ICE HSI provides investigative data requested through appropriate executive or congressional channels related to sanctions violations. ICE HSI special agents work closely with OFAC to include on OFAC's Specially Designated Nationals and Blocked Persons List or the Department of Commerce's Entity List any individual or entity that an ICE HSI investigation identifies as having violated U.S. embargoes and economic sanctions.
ICE HSI, International Operations Division	No role.	No role.	ICE HSI International Operations personnel provide coordination and subject-matter expertise on U.S. laws to host nations' law enforcement agencies.	No role.	ICE HSI, through the Visa Security Program, assigns special agents to diplomatic posts worldwide to conduct law enforcement visa security activities. ICE HSI International Operations personnel support lead domestic ICE HSI offices' investigations of alleged violations of U.S. law, including U.S. sanctions.

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Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
ICE HSI, National Security Investigations Division, Human Rights Violators and War Crimes Unit	ICE HSI assisted in the development of the Global Magnitsky sanctions regime, including reviewing and commenting on the executive order to implement the program.	The Human Rights Violators and War Crimes Unit's Global Magnitsky investigative support team targets serious human rights abusers and corrupt foreign officials through OFAC sanctions and State visa sanctions. The team researches, identifies, and nominates targets for sanctions under authorities pertaining to the Global Magnitsky Human Rights Accountability Act and associated provisions of the International Emergency Economic Powers Act as well as the Money Laundering Control Act of 1986.	The Human Rights Violators and War Crimes Unit works with international human rights and war crimes partners, both governmental and nongovernmental, as well as community-based organizations to discuss violations being conducted by government, business, and individual actors complicit in human rights offenses and war crimes activity. This outreach may develop leads for criminal investigations or other forms of enforcement, such as financial or visa sanctions.	No role.	The Human Rights Violators and War Crimes Unit's Global Magnitsky investigative support team targets serious human rights abusers and corrupt foreign officials through OFAC sanctions and Department of State visa sanctions. The team researches, identifies, and nominates targets for sanctions under authorities pertaining to the Global Magnitsky Human Rights Accountability Act and associated provisions of the International Emergency Economic Powers Act as well as the Money Laundering Control Act of 1986.
ICE, Office of the Principal Legal Advisor	The Office of the Principal Legal Advisor works closely with ICE HSI to provide feedback on proposed sanctions legislation, including regulations related to the HSI counterproliferation investigative mission.	The Office of the Principal Legal Advisor's Human Rights Violator Law Division supports the targeting of Global Magnitsky Human Rights Accountability Act sanctions.	No role.	No role.	The Office of the Principal Legal Advisor supports ICE HSI in the investigation, enforcement, and prosecution of violations of U.S. sanctions laws. The office coordinates and prosecutes immigration violations of export laws and violations of the International Emergency Economic Powers Act. In addition, the office's Human Rights Violator Law Division supports the investigation, enforcement, and prosecution of Global Magnitsky Human Rights Accountability Act sanctions.

Source: GAO analysis of the Department of Homeland Security's responses to a questionnaire regarding the roles of its various units in sanctions implementation. | GAO-20-324

^aCBP provided information on the sanctions implementation roles of its components separately.

^bICE provided information on the sanctions implementation roles of its components separately.

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Table 11: Agency-Identified Roles in Sanctions Implementation, Department of Justice

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
Criminal Division ^a – Appellate Section	No role.	No role.	No role.	No role.	The Appellate Section handles appeals in criminal prosecutions against individuals and entities determined to have violated sanctions laws or regulations.
Criminal Division– Computer Crime and Intellectual Property Section	The Computer Crime and Intellectual Property Section played a role in developing and evaluating Executive Order 13694 with respect to malicious cyber-related activities. The section also played a role in reviewing and commenting on the subsequent Executive Order 13757 with respect to malicious cyber-related activities, including interference with elections.	With particular respect to Executive Orders 13694 and 13757, the Computer Crime and Intellectual Property Section has worked with the department's Federal Bureau of Investigation and National Security Division and with other agencies to prepare and submit designation packages for review by the Department of the Treasury's Office of Foreign Assets Control (OFAC).	The Computer Crime and Intellectual Property Section has integrated sanctions information where relevant into training materials for law enforcement agencies.	No role.	The Computer Crime and Intellectual Property Section occasionally consults with the National Security Division regarding general aspects of the division's enforcement of cyber-related sanctions laws.
Criminal Division– Fraud Section	The Fraud Section reviews proposed legislation and other draft regulations or sanctions-related documents.	The Fraud Section gathers and provides evidence and information to support sanctions designations.	No role.	No role.	The Fraud Section has prosecuted violations of sanctions authorities.
Criminal Division– Human Rights and Special Prosecutions Section	The Human Rights and Special Prosecutions Section assisted in the development of the Global Magnitsky sanctions regime. The section reviews new proposals regarding proposed sanctions legislation when they relate to its mission.	The Human Rights and Special Prosecutions Section has made suggestions to OFAC for potential sanction targets, including under the Global Magnitsky Act. The section also reviews packages supporting targets nominated by others for human rights-related violations.	No role.	No role.	The Human Rights and Special Prosecutions Section reviews and evaluates information about alleged violations of sanctions programs by human rights violators to determine whether sufficient evidence exists to open investigations.

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Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
Criminal Division–Money Laundering and Asset Recovery Section	The Money Laundering and Asset Recovery Section comments on money laundering, sanctions, and forfeiture issues in proposed legislation through the department's review process.	In appropriate circumstances, the Money Laundering and Asset Recovery Section provides leads, investigative information, and proposed designations to OFAC and provides concurrence on designations.	The Money Laundering and Asset Recovery Section routinely provides guidance to law enforcement agencies and foreign governments on sanctions-related issues. The section promotes the effects of the potential use of U.S. sanctions authorities in its trainings and conversations with its foreign law enforcement partners.	No role.	In appropriate circumstances, the Money Laundering and Asset Recovery Section provides case leads for OFAC. The section also investigates and prosecutes money laundering and criminal and civil forfeiture cases related to sanctions violations. The section investigates and prosecutes financial institutions and their employees for violations of economic sanctions laws, including those under the International Emergency Economic Powers Act and Trading with the Enemy Act.
Criminal Division–Narcotic and Dangerous Drug Section	The Narcotic and Dangerous Drug Section is sometimes asked to review proposed legislation for comment. However, the section does not participate in the drafting or amending of executive orders, legislation, or regulations regarding sanctions.	The Narcotic and Dangerous Drug Section has sometimes identified and nominated potential designees for Kingpin Act sanctions. In addition, the section has regularly reviewed proposed designations identified by other agencies.	No role.	No role.	The Narcotic and Dangerous Drug Section frequently confers with investigators and prosecutors to coordinate the sanctions designations with their criminal matters.

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Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
		The section has regular interactions with OFAC to review designations under the Specially Designated Narcotics Traffickers (Kingpin) program and Narcotics Traffickers Centered in Colombia program and to review removals from these lists. The section's review focuses on potential conflicts, questions, concerns, or effects on federal prosecutions and investigations.			
Criminal Division—Office of International Affairs	The Office of International Affairs has provided comments on numerous pieces of proposed sanctions legislation.	No role.	No role.	No role.	The Office of International Affairs advises and assists prosecutors to prepare requests to foreign countries seeking the extradition of fugitives charged in U.S. courts with violations of sanctions. The office then coordinates the extradition of such persons with foreign authorities, U.S. prosecutors, and the State Department. The office is designated as the U.S. central authority under mutual legal assistance treaties and has the sole authority to submit mutual legal assistance treaty requests seeking evidence located in foreign countries for use by U.S. prosecutors and law enforcement agents in sanctions-related prosecutions and investigations.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
Drug Enforcement Administration (DEA)	No role.	DEA works with OFAC to designate targets under the Kingpin Act. DEA provides concurrence to OFAC when targets of active investigations are under consideration for designation by OFAC.	No role.	No role.	No role.
Executive Office for U.S. Attorneys	The Executive Office for U.S. Attorneys may be requested to provide input on draft policy documents.	Investigations and prosecutions led by U.S. Attorneys may lead to information supporting the designation of an individual or entity for imposition of sanctions.	To facilitate the work of U.S. Attorneys in investigating and prosecuting matters pursuant to pertinent sanctions authorities, the U.S. Attorney's Offices and the Executive Office for U.S. Attorneys may help provide guidance to prosecutors and associated law enforcement personnel regarding such authorities.	No role.	The Department of Justice typically prosecutes violations of sanctions authorities through one of its 93 U.S. Attorney's Offices located throughout the United States.
Federal Bureau of Investigation (FBI) – Cyber Division	No role.	No role.	The FBI Cyber Division performs outreach with FBI field office personnel and the private sector, which may include discussions of sanctioned entities.	No role.	The FBI Cyber Division has investigated companies doing business, and attempting to do business, in the United States that provided support to sanctioned entities.
National Security Division	The National Security Division participates in interagency meetings about sanctions policy, options, and decisions, including executive orders. The division provides comments and analysis on draft sanctions proposals.	The National Security Division provides legal review of designation packages, including Foreign Terrorist Organization designations.	The National Security Division provides guidance to domestic law enforcement to support sanctions enforcement. The division discusses U.S. sanctions with foreign partners and provides capacity-building assistance to foreign countries.	No role.	The National Security Division works with law enforcement to facilitate the investigation of, and subsequently prosecutes, those who knowingly provide material support to designated foreign terrorist organizations and those who willfully violate U.S. sanctions. The division uses forfeiture tools to seize assets used during, or derived from, sanctions violations.

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Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
		The division coordinates with law enforcement and regulatory agencies in nominating entities and individuals for designation to OFAC's Specially Designated Nationals and Blocked Persons List or the Department of Commerce's Entity List.	The division provides analysis and expertise to multilateral and international organizations on sanctions policy, legal frameworks, and implementation issues. The division's prosecutors discuss with companies the sufficiency of their compliance programs.		

Source: GAO analysis of the Department of Justice's responses to a questionnaire regarding the roles of its various units in sanctions implementation. | GAO-20-324

^aThe Criminal Division provided information about the sanctions implementation roles of its sections separately.

Table 12: Agency-Identified Roles in Sanctions Implementation, Financial Regulatory Agencies

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
Commodity Futures Trading Commission (CFTC)	No role.	No role.	CFTC's role is to oversee the anti-money laundering (AML) supervision of its regulated financial institutions by commodity exchanges and registered futures associations, also known as self-regulatory organizations. CFTC staff review any proposed guidance issued by its self-regulatory organizations that directly supervise financial institutions regulated for AML compliance by CFTC. CFTC ensures that the guidance and modules accurately and completely detail OFAC obligations. CFTC staff participate in industry conferences that may include sanctions-related topics.	No role.	CFTC does not have either direct or delegated authority to implement and enforce the Department of the Treasury's Office of Foreign Assets Control's (OFAC) sanctions programs. However, CFTC regulations require CFTC-registered firms to diligently supervise activities relating to their business as CFTC registrants, which may include firms' OFAC-related internal procedures. Self-regulatory organizations examine CFTC-regulated financial organizations for compliance with OFAC requirements and can take disciplinary actions.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
Department of the Treasury, Office of the Comptroller of the Currency (OCC) ^a	No role.	No role.	OCC examines its supervised institutions for OFAC compliance concurrently with its Bank Secrecy Act/anti-money laundering (BSA/AML) examinations. ^b Through its banking industry outreach, OCC often participates in panels at events that may include sanctions-related topics.	No role.	OCC may impose requirements regarding an institution's inadequate OFAC controls or significant deficiencies in its OFAC compliance program through OCC's supervisory process or enforcement action. OCC has authority to assess a civil money penalty or issue an enforcement action for any violations of law governing OCC-supervised institutions. OCC has coordinated investigations and shared information with OFAC and the Department of Justice when appropriate.
Federal Deposit Insurance Corporation (FDIC)	No role.	No role.	FDIC examines institutions subject to its supervision for OFAC compliance in conjunction with its BSA/AML examinations. FDIC facilitates OFAC outreach to examiners through participation in periodic OFAC compliance calls. FDIC also responds to OFAC-related questions posed by banks, through industry outreach events and regular communication throughout the supervisory process.	No role.	FDIC may impose requirements regarding an institution's inadequate OFAC controls in the form of a formal or informal enforcement action. FDIC may also assess civil money penalties pursuant to Section 8(i) of the Federal Deposit Insurance Act for a bank or bank-affiliated party who violates any law or regulation. In the event that an FDIC-supervised bank were subject to an OFAC penalty, the FDIC would evaluate the bank's OFAC compliance program.
Federal Reserve	No role.	No role.	The Federal Reserve examines the OFAC compliance programs of the financial institutions it oversees. The Federal Reserve presents information about OFAC compliance to financial institutions and also responds to questions from the institutions it examines.	No role.	The Federal Reserve has a role in enforcing sanctions when significant deficiencies in financial institutions' compliance programs are uncovered. Typically, the focus of these actions is to require an institution to correct the deficiency through a remediation plan, but the Federal Reserve may also impose financial penalties in warranted circumstances.
National Credit Union Administration (NCUA)	No role.	No role.	NCUA examines credit unions for OFAC compliance. NCUA examines processes, policies, procedures and personnel in place to comply with applicable OFAC sanctions.	No role.	NCUA has formal and informal enforcement authority, including the assessment of civil money penalties, to address violations of law or regulations, including OFAC regulations. These authorities extend to both insured credit unions and their institution-affiliated parties.

Appendix II: Agency Roles in Sanctions Implementation

Agency unit	Development	Targeting	Outreach and compliance	Licensing	Investigation, enforcement and prosecution
			NCUA periodically attends conferences and industry events such as BSA/AML conferences. At these events, NCUA participates in panels where sanctions-related subjects may be discussed and addressed with regulated entities. In addition, NCUA addresses questions and issues related to sanctions during the examination/supervisory process.		
Securities and Exchange Commission (SEC)	No role.	No role.	SEC staff may examine certain SEC-regulated entities, such as broker-dealers and mutual funds, for compliance with OFAC regulations. Generally, SEC conducts examinations of a registered entity's compliance with OFAC regulations concurrently with examinations for compliance with BSA/AML statutes. When an SEC review includes OFAC compliance, and depending on matters that the review identifies, SEC staff may remind a firm of its OFAC obligations or consider citing the firm for weaknesses in its OFAC compliance program. SEC may also conduct a review for OFAC compliance at certain regulated entities that do not have BSA/AML obligations (e.g., transfer agents). After OFAC imposes certain sanctions, SEC staff coordinate with industry and OFAC to address interpretive questions regarding sanctions implementation and application for licenses by SEC-regulated entities.	No role.	SEC may refer potential violations noted during examinations to OFAC.

Source: GAO analysis of the financial regulatory agencies' responses to a questionnaire regarding their roles in sanctions implementation. | GAO-20-324

^aThe Office of the Comptroller of the Currency is an independent bureau of the Department of the Treasury.

^bBSA/AML requirements include maintaining effective internal controls and reporting suspicious financial activities. BSA regulations include recordkeeping and reporting requirements, such as requirements to keep records of cash purchases of negotiable instruments; file currency transaction reports on cash transactions exceeding \$10,000; and file suspicious activity reports when institutions

Appendix II: Agency Roles in Sanctions Implementation

suspect money laundering, tax evasion, or other criminal activities. Most financial institutions must develop, administer, and maintain effective AML programs. At a minimum, those financial institutions must establish a system of internal controls to ensure ongoing compliance with the BSA and its implementing regulations, provide AML compliance training for appropriate personnel, provide for independent testing, and designate a person or persons responsible for coordinating and monitoring day-to-day compliance.

Appendix III: Agency Personnel with Sanctions Implementation Duties

We identified units of 13 agencies that have a role in sanctions implementation, and we requested that each unit report the number of personnel with sanctions-related duties and the estimated percentage of time these personnel spent on such duties in fiscal year 2019. The agency units used various methods to generate their estimates. Several of the units were unable to estimate numbers of personnel with sanctions-related duties or the percentage of time these personnel spent on sanctions-related duties. In many cases, agency units were unable to disaggregate the relatively minimal resources devoted to sanctions implementation from the resources for wider duties related to their mission. The following provides information about each agency or agency unit.

- **Department of State (State).** All nine units that State identified as having a role in sanctions implementation were able to estimate the number of personnel with sanctions implementation duties in fiscal year 2019. The units used sources such as position descriptions and management surveys of staff to generate the estimates.
- **Department of the Treasury (Treasury).** Of the seven Treasury units from which we received information, five were able to estimate the number of personnel with sanctions implementation duties in fiscal year 2019. Officials of the sixth unit stated that they could not provide such an estimate. The seventh unit, the Office of Intelligence and Analysis of the Office of Terrorism and Financial Intelligence (TFI), provided an estimate of the percentage of time its analytic staff devoted to sanctions but, because of sensitivity concerns, did not provide estimates of the number of personnel with sanctions implementation duties.
- **Department of Commerce (Commerce).** Of the six Commerce units from which we received information, five were able to estimate the number of personnel with sanctions implementation duties in fiscal year 2019. However, Export Enforcement, a much larger BIS unit with over 170 employees, was not able to disaggregate the time its personnel spent on sanctions implementation from its broader export control enforcement activities. According to Export Enforcement officials, its investigative management system does not record whether its activities respond to potential violations of Office of Foreign Assets Control (OFAC) sanctions or violations of the Export Administration Regulations. Many of the cases that the office investigates include potential violations of both sanctions and the regulations.

- **Department of Defense.** The Department of Defense's Office of the Under Secretary of Defense for Policy, which includes the Defense Technology Security Administration, was able to estimate the number of personnel with sanctions implementation duties. To generate the estimates, the office used sources including position descriptions and management judgement of time spent by individual action officers on sanctions.
- **Department of Energy.** The Department of Energy's National Nuclear Security Administration relied on management judgment to estimate the number of personnel with sanctions duties.
- **Department of Homeland Security.** At the Department of Homeland Security, units in U.S. Immigration and Customs Enforcement were able to estimate the number of personnel with sanctions implementation duties in fiscal year 2019 by analyzing their investigative case management database. However, other department units were unable to provide such estimates. For example, Coast Guard officials reported that it would be difficult to estimate the number of personnel with sanctions implementation duties because these personnel are located throughout the United States and the world and do not record the time they spend on sanctions.
- **Department of Justice.** At the Department of Justice, the National Security Division and most sections of the Criminal Division were able to estimate the number of personnel with sanctions implementation duties in fiscal year 2019. However, other department units were unable to provide such estimates. For example, Drug Enforcement Administration (DEA) officials stated that it is difficult to quantify the time that DEA's special agents dedicate specifically to sanctions. According to agency officials, investigations and operations to secure evidence for indictments can also be used to support sanctions designations. As a result, according to DEA, the agents spend minimal time on sanctions implementation that they would not have spent on their work in any case. The Federal Bureau of Investigation noted the same justification for why the bureau was unable to provide estimates of the number of personnel with sanctions-related duties.
- **Financial regulatory agencies.** The six financial regulatory agencies identified as having a role in sanctions implementation were unable to estimate numbers of personnel with sanctions implementation duties. Financial regulators were generally unable to disaggregate the time that personnel spent on OFAC compliance examinations because these are often performed concurrently with broader Bank Secrecy Act/Anti-Money Laundering examinations.

Appendix III: Agency Personnel with Sanctions
Implementation Duties

See table 13 for additional information about each agency unit.

Table 13: Estimated Numbers of Personnel and Full-Time Equivalents with Sanctions Implementation Duties, Fiscal Year 2019

Agency	Agency unit	Estimated number of personnel with sanctions implementation duties ^a	Total full-time equivalents with sanctions implementation duties
Department of the Treasury	Internal Revenue Service—Criminal Investigations	Could not estimate personnel with sanctions implementation duties.	
	Office of the General Counsel	14	13.2
	Office of International Affairs	29	3.2
	Office of Terrorism and Financial Intelligence (TFI), Financial Crimes Enforcement Network	26	2
	TFI, Office of Foreign Assets Control	217	217
	TFI, Office of Intelligence and Analysis	Estimated that personnel devote approximately half of their time to sanctions implementation, but did not provide further details because of sensitivity concerns.	
	TFI, Office of Terrorist Financing and Financial Crimes	36	10.7
Department of State	Bureau of Counterterrorism and Countering Violent Extremism	9	6.4
	Bureau of Economic and Business Affairs, Office of Economic Sanctions Policy and Implementation	14	14
	Bureau of Economic and Business Affairs, Office of Threat Finance Countermeasures	8	1.3
	Bureau of Intelligence and Research	20	5.8
	Bureau of International Narcotics and Law Enforcement Affairs	5	1.1
	Bureau of International Organization Affairs	5	4.6
	Bureau of International Security and Nonproliferation	34	11.7
	Bureau of Political-Military Affairs, Directorate of Defense Trade Controls	56	5
	Office of the Legal Advisor	21	10.5
Department of Commerce	Bureau of Industry and Security (BIS), Export Administration, Office of Exporter Services	6	0.8
	BIS, Export Administration, Office of National Security and Technology Transfer Controls	5	0.5
	BIS, Export Administration, Office of Nonproliferation and Treaty Compliance, Foreign Policy Division	8	8
	BIS, Export Enforcement	Could not estimate personnel with sanctions implementation duties. ^b	

**Appendix III: Agency Personnel with Sanctions
Implementation Duties**

Agency	Agency unit	Estimated number of personnel with sanctions implementation duties^a	Total full-time equivalents with sanctions implementation duties
Department of Defense	End-User Review Committee ^c	1	1
	Office of the Chief Counsel for Industry and Security	8	2.3
	Defense Technology Security Administration (DTSA)	9	0.3
	Office of the Under Secretary of Defense for Policy (excluding DTSA)	5	1.5
Department of Energy	National Nuclear Security Administration	9	0.5
Department of Homeland Security	Coast Guard	Could not estimate personnel with sanctions implementation duties.	
	U.S. Customs and Border Protection, Office of Trade ^d	Could not estimate personnel with sanctions implementation duties.	
	U.S. Customs and Border Protection, Office of Field Operations, Cargo and Conveyance Security Exodus Command Center	Could not estimate personnel with sanctions implementation duties.	
	U.S. Customs and Border Protection, Office of Field Operations, National Targeting Center Cargo Division	Could not estimate personnel with sanctions implementation duties.	
	U.S. Immigration and Customs Enforcement, Homeland Security Investigations ^e	–	38 ^f
	U.S. Immigration and Customs Enforcement, Office of the Principal Legal Advisor	20	0.5
Department of Justice	Criminal Division ^g —Appellate Section	0 – The Appellate Section stated that it did not have sanctions-related appeals in fiscal year 2019.	
	–Computer Crime and Intellectual Property Section	1	0.1
	–Fraud Section	13	0.7
	–Human Rights and Special Prosecutions Section	7	0.1
	–Money Laundering and Asset Recovery Section	Could not estimate personnel with sanctions implementation duties.	
	–Narcotic and Dangerous Drug Section	8	0.5
	–Office of International Affairs	Could not estimate personnel with sanctions implementation duties.	
	Drug Enforcement Administration	Could not estimate personnel with sanctions implementation duties.	
	Executive Office for U.S. Attorneys	Could not estimate personnel with sanctions implementation duties.	
	Federal Bureau of Investigation – Cyber Division	Could not estimate personnel with sanctions implementation duties.	
	National Security Division	30	11

**Appendix III: Agency Personnel with Sanctions
Implementation Duties**

Agency	Agency unit	Estimated number of personnel with sanctions implementation duties^a	Total full-time equivalents with sanctions implementation duties
Financial Regulatory agencies	Commodity Futures Trading Commission	Could not estimate personnel with sanctions implementation duties.	
	Department of the Treasury, Office of the Comptroller of the Currency ^h	Could not estimate personnel with sanctions implementation duties.	
	Federal Deposit Insurance Corporation	Could not estimate personnel with sanctions implementation duties.	
	Federal Reserve	Could not estimate personnel with sanctions implementation duties.	
	National Credit Union Administration	Could not estimate personnel with sanctions implementation duties.	
	Securities and Exchange Commission	Could not estimate personnel with sanctions implementation duties.	

Source: GAO analysis of agency responses to a questionnaire regarding personnel with sanctions implementation duties. | GAO-20-324

Note: Agency units shown in boldface focus primarily on sanctions implementation. Other units shown have roles in sanctions implementation among multiple other responsibilities.

^aIn many cases, agency units were unable to disaggregate the relatively minimal resources devoted to sanctions implementation from the wider duties related to their mission.

^bThe Assistant Secretary for Export Enforcement oversees the Office of Enforcement Analysis, the Office of Export Enforcement, and the Office of Antiboycott Compliance. According to Commerce officials, these units have over 170 employees and all employees except for four employees in the Office of Antiboycott Compliance play some role in sanctions implementation.

^cThe End-User Review Committee, composed of representatives of the Departments of State, Defense, Energy, and Commerce, and of other agencies, as appropriate, is responsible for placing entities on the Entity List on the basis of evidence that the entities pose a significant risk of involvement in activities contrary to U.S. national security or foreign policy interests. Commerce chairs the End-User Review Committee.

^dU.S. Customs and Border Protection chose to provide information about personnel with sanctions implementation duties for its units separately.

^eU.S. Immigration and Customs Enforcement chose to provide information about personnel with sanctions implementation duties for its units separately.

^fU.S. Immigration and Customs Enforcement Homeland Security Investigations analyzed its investigative case management system to estimate the number of case hours its criminal investigators dedicated to Office of Foreign Assets Control-related sanctions investigations. These investigative hours equated to approximately 38 criminal investigator full-time equivalents in fiscal year 2018.

^gThe Department of Justice Criminal Division chose to provide information on personnel with sanctions implementation duties for its sections separately.

^hThe Office of the Comptroller of the Currency is an independent bureau of the Department of the Treasury.

Appendix IV: Comments from the Department of State



United States Department of State
Comptroller
Washington, DC 20520

FEB 12 2020

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

Dear Mr. Melito:

We appreciate the opportunity to review your draft report, "ECONOMIC SANCTIONS: Treasury and State Have Received Increased Resources for Sanctions Implementation but Face Hiring Challenges" GAO Job Code 103065.

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

Sincerely,

A handwritten signature in blue ink, reading "Jeffrey C. Mounts".

Jeffrey C. Mounts (Acting)

Enclosure:
As stated

cc: GAO – Kimberly Gianopoulos
ISN – Eliot Kang (Acting)
OIG - Norman Brown

Department of State Comments on GAO Draft Report

**ECONOMIC SANCTIONS: Treasury and State Have Received Increased
Resources for Sanctions Implementation but
Face Hiring Challenges**

(GAO-20-324, GAO Code 103065)

The Department of State appreciates the opportunity to comment on the GAO draft report, *“Economic Sanctions: Treasury and State Have Received Increased Resources for Sanctions Implementation but Face Hiring Challenges.”*

Recommendation 1: The Secretary of State should direct the Assistant Secretary for International Security and Nonproliferation to include additional information about the expenditures it considers in its NEA-mandated reporting for Executive Order 12938.

Response: Department of State agrees with the recommendation. In future reports, we will provide additional clarity on our procedures. Among the offices and agencies consulted on past reports were the Bureaus of International Security and Nonproliferation, Arms Control, Verification, and Compliance, and relevant regional bureaus within the State Department, as well as relevant office in the Defense Department, Department of Energy, and the Department of Commerce.

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Kimberly M. Gianopoulos at (202) 512-8612 or GianopoulosK@gao.gov

Staff Acknowledgements

In addition to the contact named above, Drew Lindsey (Assistant Director), Michael Simon (Analyst-in-Charge), Neil Doherty, Justin Fisher, Reid Lowe, Grace Lui, Christina Pineda, Julia Robertson, and Paul Sturm made key contributions to this report.

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