

**STATEMENT OF  
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INSPECTOR GENERAL OF THE  
UNITED STATES DEPARTMENT OF STATE,  
AND THE BROADCASTING BOARD OF GOVERNORS**

**FOR THE**

**COMMITTEE ON APPROPRIATIONS  
SUBCOMMITTEE ON COMMERCE, JUSTICE, AND STATE, THE  
JUDICIARY, AND RELATED AGENCIES  
U.S. HOUSE OF REPRESENTATIVES**

**MARCH 1, 2000**

Mr. Chairman and Members of the Subcommittee:

Thank you for providing me with this opportunity to submit a statement for the record on the FY 2001 budget request of \$29,502,000, for the Office of Inspector General (OIG). This request funds the activities of the OIG to include audits, investigations, and inspections of worldwide operations and programs of the Department of State (Department) and international broadcasting under the Broadcasting Board of Governors (BBG). I am pleased to discuss the work of my office in the context of OIG's strategic plan.

I have also included with this statement a consolidated list of our reports and memoranda for work in FY 1999. These products are listed under each of our four strategic goals and located in an appendix to this document.

**OIG Budget**

The Office of the Inspector General's FY 2001 budget request is \$29,502,000, an increase of 7.7 percent over our FY 2000 enacted level of \$27,382,000. This is a modest request that seeks funding for inflationary increases and for 10 security positions authorized and funded in the FY 1999 Emergency Supplemental Appropriation, but for which funding was not included in our FY 2000 appropriation. Our FY 2001 request is only 3.5 percent above our FY 1999 enacted level, which included the funding for these 10 security positions.

The major challenge facing OIG is the erosion of our funding base and the elimination of our FY 1999 Emergency Supplemental Appropriation funding. The lack of adequate budgetary resources jeopardizes our ability to oversee and monitor the Department's use of over \$2 billion in security funds appropriated over the past two years.

My office has been virtually straightlined since FY 1996. With the exception of the FY 1999 Emergency Supplemental Appropriation funding, OIG has not received an increase to its annual appropriation since that time. Over the last 5 years we have absorbed the cost of all inflationary increases, as well as the cost of mandatory requirements such as Law Enforcement Assistance Pay and Chief Financial Officer Act audits. This has resulted in a delay or suspension of planned work.

The effective erosion of our budget base could have costly consequences. During FY 1999 OIG received \$1 million in supplemental funding for oversight of the Department's nearly \$1.5 billion security supplemental. The Department also received an additional \$742 million in FY 2000 for more construction and security enhancements. While some of the Department's security supplemental funding will be spent over the next 5 to 8 years as new embassies are designed and built, less than \$170,000 of OIG's supplemental funding remains and this will be fully expended by the end of FY 2000. The Department is moving ahead with planning, and being encouraged by the Congress, to increase new embassy construction from two to three new chanceries at any given time to more than 30. Such a significant investment of the Department's resources should be monitored and overseen by OIG. The loss of our security supplemental funds, however, will make it extremely difficult for us to oversee adequately the expenditure of the Department's security funds.

The \$1 million we received in the FY 1999 Emergency Supplemental Appropriation, although insignificant compared to the amounts appropriated for the Department, allowed OIG to expand substantially its program of security oversight inspections and audits. With these funds we were able to recruit and hire 10 senior security specialists and establish a new Security Enhancements Oversight Division to evaluate security in interim facilities and the construction of new embassies overseas. With other personnel funded by the security supplemental, we established an inspection team to conduct limited-scope security inspections in conjunction with our regular post management inspection. These inspections have identified numerous security vulnerabilities that would not have been identified without the addition of security specialists to the inspection teams.

In addition to security inspections, we refocused OIG assets to conduct five audits involving the Department's tracking and use of security supplemental funds. Audits are in progress on two of the Department's highest priority security enhancement programs—the overseas wireless program and the surveillance detection program—which consume approximately \$220 million of the security supplemental. However, FY 2000 funding constraints have forced us to curtail and postpone some needed work.

While the increased emphasis on physical security oversight commanded considerable OIG resources during FY 1999, OIG also continued oversight work in other threat areas. We conducted broad fieldwork on counterintelligence awareness to identify continuing vulnerabilities with Foreign Service national (FSN) employee access to

unclassified information and telecommunications systems. OIG also completed a comprehensive review of the Department's handling of classified information, an audit that raised alarms about the potential threats from unescorted foreign visitors to the Department well before the discovery of a Russian monitoring device in a seventh-floor conference room.

I strongly believe that the United States Government has received considerable benefits resulting from the initiatives we began with the \$1 million in security funds appropriated to OIG in FY 1999. We will continue those initiatives in FY 2000, but the lack of continued funding for at least the new positions funded initially with emergency supplemental funds has forced hard choices and has impacted our ability to sustain the expanded security oversight established in FY 1999.

We have already made hard choices in FY 2000. We have instituted a hiring freeze and have cut back significantly on training and travel for our staff. We have reduced the size and number of our post management inspection teams, and five posts have been eliminated from our upcoming inspection schedule. Travel for our compliance staff has been curtailed, and our inspectors cut short their inspections during the fall inspection cycle.

We have reduced our security audit staff, which increases the amount of time required to complete and limits the scope of our security audits. We have reduced our intelligence oversight staff, which limits the number of post inspections that we can support and limits the scope and increases the amount of time needed to conduct sensitive intelligence audits.

We have deferred or cut back on the scope of some audits with high potential cost savings for the Department. For example, we have deferred reviews of the Department's overseas financial management system, contracting for local guard services, and the overseas purchase card program. We have scaled back our plans to review the FSN payroll system. We will be forced to cut back on our oversight program for Federal assistance to nongovernmental organizations (NGOs); an area with a long history of large amounts of questioned costs. During FY 1999, OIG issued seven reports with questioned costs of approximately \$9 million. We believe that, with adequate funding we could save the government as much as \$30 million. Unfortunately, we cannot devote the necessary resources to this area.

As the Department's Inspector General, I recognize the need for prudent government spending. Five years of what is effectively a straightlined budget base, however, makes it difficult for OIG to effectively carry out our mandated requirements. I ask that you provide us the modest increases included in our FY 2001 budget request.

## **Improved Conduct of Foreign Relations**

Taken as a whole, OIG activities provide a broad overview of the Department's effectiveness in implementation of foreign policy and use of the full range of diplomatic and public diplomacy tools including international broadcasting. Through the inspections of overseas missions and domestic bureaus and in-depth audits of selected issues, we assessed the conduct of foreign relations, particularly the skills and capabilities of senior management and the availability and use of appropriate structures, authorities, and processes. Examples of OIG work in this area include inspections of Embassy London and Embassy Dublin and reviews of Radio Marti broadcast content, the Border Biometrics program, and intelligence oversight.

In the coming year, OIG will inspect and audit the effectiveness of policy and program formulation and implementation; intelligence reporting and oversight; results monitoring and assessment; and, mission leadership and management.

### Post Management Inspections

OIG assesses the implementation of U.S. foreign policy and the diplomatic readiness of Department elements through management inspections of all overseas posts and domestic bureaus and offices. Such inspections address all aspects of post operations including bilateral relations, executive direction and management, the conduct of public diplomacy, consular operations, diplomatic readiness, administrative support, and management controls. Additionally, our embassies are in a unique position as a global platform to address emerging public diplomacy issues. The inspections of Embassy London and Embassy Dublin are two such examples.

Embassy London. Embassy London represents a unique platform for projecting U.S. views to European and other regional and global audiences. Much is already being made of these possibilities, particularly in the economic and commercial sectors. More can be done, however, to address the emerging global agenda including environmental, science and technology concerns. To be effective in this role, however, the Department must devote greater attention to the qualifications of those assigned to key positions at the Embassy. Multifunctional and public diplomacy skill, familiarity with global issues, and experience in multilateral diplomacy, including NATO and the European Union, must be given greater weight in the assignment process.

Embassy Dublin. Support for the peace process in Northern Ireland remains the predominant U.S. concern in Ireland. The U.S. presence in Ireland should both reflect the importance the United States attaches to the relationship and be tailored to the tasks that need to be performed to promote the relationship the United States seeks with the Republic beyond the peace process. Embassy Dublin is not now prepared—nor are preparations being made—to assume the much broader responsibilities associated with the future bilateral agenda. To this end, Embassy Dublin should conduct a missionwide review of the resources needed to advance U.S. interests in Ireland in the post-peace

process era. USIS Ireland does not, however, have the resources to carry out its public diplomacy role effectively. Core public diplomacy functions are not being performed; outreach tends to be ad hoc, is not guided by a functioning distribution and records system, and is not coordinated missionwide. Without additional resources, opportunities will continue to be lost.

### Radio Marti Broadcast Content

Last year we reported on our examination of internal review practices and external oversight procedures to ensure that Radio Marti adheres to the Voice of America (VOA) charter, the U.S. International Broadcasting Act of 1994, and journalistic standards. As part of this review, the BBG, in consultation with OIG, contracted for a panel of independent journalists to evaluate a sample of 1998 Radio Marti broadcasts, to assess whether they adhered to VOA broadcast standards. The independent panelists identified problems with balance, fairness, objectivity, and adequate sourcing that impacted the credibility of the programs they reviewed particularly the live broadcasts. The panelists also identified problems affecting the professionalism of the broadcasts including packaging (e.g., intermingling news and opinion), presenting news stories in a confusing manner, and using poor judgment in the selection of stories. The independent panelists largely confined their comments to journalistic values and did not address the question of whether Radio Marti broadcasts are “consistent with the broad foreign policy objectives of the United States.” OIG recommended that the BBG establish policies and procedures so that future evaluations can assess whether the foreign policy requirements of U.S. international broadcasting are being met.

This year, we can report that, in response to our recommendations, the BBG and the International Broadcasting Bureau (IBB) required the Director of the Office of Cuba Broadcasting, to set forth a specific plan of action to ensure that Radio Marti broadcasts meet commonly accepted standards of journalism and the specific requirements set forth in the VOA charter. For example, IBB proposed to establish a training program, fund focus groups to determine public response to programming, and plans to conduct semi-annual program reviews of Radio Marti. In addition, BBG’s fiscal year 2000 appropriation requires it to submit to Congress a report on how it will respond to OIG’s recommendations on Radio Marti by March 31, 2000. OIG is currently reviewing BBG’s draft report and will continue to monitor compliance with our recommendations.

### Border Biometrics Program

Border security continues to be a key national interest goal and strategic foreign policy objective for the Department. As we reported last year, the border crossing card (BCC) is designed to be used in lieu of a passport and visa by Mexican nationals who travel frequently across the Mexican border into the United States. Over the years, the BCC became susceptible to counterfeiting and alteration. The Illegal Immigration Reform and Immigrant Responsibility Act of 1996 required that a biometric identifier (such as a fingerprint or handprint) be incorporated into any border crossing identification

card. The Department of State and the Department of Justice, Immigration and Naturalization Service (INS), are working to implement the Border Biometrics Program, also known as the Laser Visa Program, by September 2001.

Our inspection of the BCC program (ISP/I-99-12) revealed many problems that jeopardize the timely implementation of the program and compromise its intent to enhance border security. While the Department has complied with the majority of the 13 recommendations resulting from that report, there are two that require assistance from Congress before they can be implemented. The first involves the need for supplemental laser visa card production by the Department. Currently, all cards are produced by INS facilities, which are not able to produce sufficient quantities required by statute. It is my understanding that the Department is seeking approval to fund a pilot project to produce the cards in Mexico City.

The second unresolved recommendation from this inspection relates to the urgent need to expand and upgrade the criminal record databases used to adjudicate laser visas. We determined, in conjunction with our inspection of the BCC program, that the INS Automated Fingerprint Identification System (IDENT) database being used to process laser visa applications is of minimal value. We understand that the Department of Justice subsequently came to the same conclusion and now plans to phase out the IDENT system by merging it into the much larger Federal Bureau of Investigation (FBI) fingerprint database. Creating an electronic abstract, i.e., foreign nationals only, from this huge database for transfer to computer systems compatible with those being used by INS and the Department will be a massive undertaking. Current estimates, we understand, are that it will take 3 to 5 years and cost the Department of Justice as much as \$400 million. This new, expanded biometric database would make it possible to begin implementing plans for issuing a new generation of biometric-based, smart card type nonimmigrant visas at all consulates abroad.

#### Intelligence and Law Enforcement Oversight

Strengthening chief of mission authority over expanding embassy programs has been a key objective under the OIG's strategic goal. The importance of this OIG objective is also reflected in the number of recommendations to enhance ambassadorial authority made by the Overseas Advisory Presence Panel in November 1999. OIG's Intelligence Oversight Division has concentrated its efforts on improving chief of mission oversight and coordination of intelligence and law enforcement activities. In Washington, the OIG has worked closely with both State Department's Bureau of Intelligence and Research (INR) and members of the intelligence community to ensure that new ambassadors as well as deputy chiefs of mission are well trained in their oversight and coordination responsibilities. In response to OIG recommendations made in an earlier review of the bureau's coordination functions, INR significantly improved its new ambassadors' orientation program. In addition, INR, with strong OIG endorsement, published a handbook for ambassadors detailing their full responsibilities for intelligence

and law enforcement oversight along with well-considered guidance on how to exercise these responsibilities.

Our oversight reviews conducted over the past year showed that chiefs of mission are well versed in their responsibilities and that overall coordination of activities was working well. OIG made recommendations on how to strengthen oversight and at two missions we recommended that the Department clarify responsibilities where jurisdictions apparently overlapped. At two embassies, our recommendations established unambiguous chief of mission responsibilities for organizations that had questioned chief of mission oversight authority. OIG has also commended missions where the chief of mission's personal engagement has contributed to such coordination and we have promoted their activities as "best practices." OIG has also continued its close working relationships with other Inspectors General working jointly on such issues.

With the significant expansion abroad of Federal law enforcement activities, OIG has broadened its review of chief of mission oversight of law enforcement and incorporated a detailed study of these responsibilities in each post management inspections. While chiefs of mission are generally discharging their responsibilities well, some were less well prepared for law enforcement oversight than they were for intelligence oversight. OIG reviews have also revealed the need for law enforcement officials assigned abroad to be better trained in their responsibilities to the chief of mission as established in the November 1996 memorandum of understanding between the Secretary of State and the Attorney General and Secretary of Treasury. We have been especially concerned with improving coordination of law enforcement activities at missions where the law enforcement official is not a resident. Two recent oversight reports found uncoordinated law enforcement visits had complicated bilateral relations and jeopardized other liaison contacts. The ongoing implementation of our recommendations has shown that law enforcement objectives can be met without jeopardizing other national interests.

Details of our 19 FY 1999 reviews in this area are summarized in OIG classified semiannual reports.

### **Better Alignment of Fiscal and Human Resources with U.S. Foreign Policy Priorities**

OIG activities supporting this strategic goal focus on the Department's budget and human resource allocation processes, the mission and bureau performance plan process, and verification and validation of Department performance measures. These activities draw on reviews of performance plans conducted in the course of inspections of overseas missions and domestic bureaus of the Department. In addition, OIG auditors include verification and validation of relevant performance measures in the scope of selected audits.

In 1999, OIG work in this area has included assessments of issues resulting from the consolidation of the Department of State, length of overseas tours of duty, training and career development, staffing for overseas security initiatives, and continued oversight of the Departments' implementation of the Results Act.

#### Department of State Consolidation

OIG has yet to observe any significant cost reductions or avoidances as a result of consolidation. Such savings may lie in the future, as employee attrition permits a more rational distribution of resources, and as economies of scale (such as may result from consolidated information management systems) become realities.

OIG inspections conducted during the first quarter of FY 2000 found that it is too soon to reach definitive conclusions about the impact of the consolidation of the United States Information Agency (USIA) with the Department of State. We have observed no significant negative impact upon the public affairs activities at our missions abroad. In most cases, public diplomacy already was well integrated with other elements of foreign policy implementation.

From an administrative perspective, the planning for consolidation was a good investment, and resulted in a smoother transition than would have been possible otherwise. Nevertheless, many posts were not well informed on matters affecting former public affairs officers (PAO). For example, there have been instances of confusion regarding whether former PAO's should retain some of the support provided previously as heads of agency, such as dedicated vehicles, etc. At some posts, there have been morale problems among FSN employees who have been moved to different, sometimes lower graded, positions despite "save pay" provisions. In some cases these employees believe they were not fully and accurately informed as to the changes in their positions resulting from consolidation.

Also, we have observed exceptional instances where USIS employees with administrative skills, who could have been reassigned to general administrative duties, instead have remained in public affairs sections, but with fewer responsibilities. In contrast, however, some embassies have made very creative use of former USIS employees, e.g. assigning them to consular section positions where their information and communication skills will be used to good advantage.

#### Tours of Duty

Several studies conducted by the Department and other groups have recommended increasing the amount of time employees spend in overseas assignments. As you know, OIG also reviewed and reported on the Department's tour-of-duty policies and practices in 1999. OIG recommended that the Department increase the number of 3-year tours and establish 4-year tours. This would enable the officers at a given post to maximize the experience gained in-country in their current position and reduce costs associated with

shorter tours. The Appropriations Committees agreed with the OIG report and directed that the Department implement all of the report recommendations no later than January 1, 2000 and report on this issue no later than January 15, 2000.

In its March 8, 1999 comments on our draft report, the Bureau of Personnel stated that “The OIG and a number of others have properly noted that longer tours of duty are more productive and less costly for the Government.” The comments went on to note, however, that longer tours would increase difficulties in staffing hardship posts. In its February 7, 2000 response to our final report, the Bureau of Personnel now states that there is little if anything to be gained, either financially or in productivity, from longer tours. We are currently analyzing the Department’s responses and await its final report to Congress on this issue. In accordance with various studies done over the past decade, we continue to believe that longer tours represent a best practice among the foreign affairs agencies and that they would have positive financial and productivity impacts for the Department. We look forward to discussing this issue with you and with the Department in the coming months.

### Diplomatic Readiness

Department of State leadership professes to believe in training for its officers and staff, but continues to ignore this important function. Consequently, the institution has not demonstrated a serious and sustained commitment to training and career development. For example, only recently has the Department taken tentative steps to put in place a strategic program that integrates work force planning with development requirements. Consequently, many, if not most Foreign Service employees perceive no relationship between training and career advancement (other than foreign language training) and, hence, many seek to avoid training and other developmental experiences as detrimental to their careers. Tying training firmly to promotion, tenure, and assignment would improve the situation dramatically. Until training is seen as a valued commodity, much of the State Department's infrastructure for training, such as its National Foreign Affairs Training Center (NFATC), formerly known as the Foreign Service Institute, will remain a valuable but underutilized resource.

The NAFTC does an impressive job of providing training opportunities for those employees of the Department of State and other agencies who wish to take advantage of them. It is handicapped, however, by the lack of commitment by the Department’s top management to training and by an employment culture that consequently does not value training. The inspection of NAFTC found that the training center had developed measurable objectives for training and had done a good job developing performance indicators to track progress. However, OIG recommended that NAFTC develop and implement a plan to obtain feedback from graduates and their supervisors to allow for a more complete baseline of customer satisfaction data. OIG noted that the training center was doing a commendable job in response to the consolidation, but that information management resources should be expanded and some course materials and teacher training should be updated and improved.

### Staffing for Overseas Security

The Department is making considerable progress in hiring, assigning, and training new security personnel. The FY 1999 Emergency Supplemental Appropriations authorized and funded 391 new positions to help address staffing shortages in support overseas security, of which 337 were in the Bureau of Diplomatic Security (DS). DS used innovative recruiting methods to successfully hire candidates from liberal arts colleges and universities to fill security officer and security engineer positions and to increase opportunities for minorities. DS has also established a new position, security technician, to maintain and repair technical security systems overseas. All DS positions have been filled, and 105 of the security positions have been deployed overseas. Others are in training or have domestic assignments supporting the overseas positions. Training for regional security officers has been lengthened to include training in bomb detection, the use of the new equipment purchased with the emergency supplemental funds, and new security programs such as surveillance detection.

### Oversight of the Government Performance and Results Act of 1993

The Government Performance and Results Act of 1993 (Results Act) requires that agencies set goals for program performance and measure results against those goals to help improve Federal programs and to increase accountability. As noted in OIG congressional testimonies and statements in early 1999, the Department's FY 1999-2000 Performance Plan represents an improvement over the previous version. However, as OIG and the General Accounting Office (GAO) have noted, the plan "does not provide a complete performance picture for all strategic goals." The Department is currently working with Office of Management and Budget (OMB) to develop a plan that provides more complete performance information. In addition, the Department notified GAO in July 1999 that it does not formally prioritize its national interests or strategic goals, since U.S. interests and progress in any one part of the world at any one time may reflect a different order from other parts of the world.

In the past few years, while recognizing shortcomings in its overall strategic planning documents, the Department has emphasized its development and use of post-level planning documents, known as mission performance plans (MPP's) as a communication and management tool. Our ongoing work has found that MPP's can be an important tool for improved communication and coordinated planning among the many agencies present at our embassies. However, the MPP process has lost momentum because headquarters is generally not using the MPP's to set priorities, allocate resources, or measure posts' performance. We plan to work with the Department's strategic planning team over the next few months to streamline the MPP process while keeping the positive aspects of the planning process and the plans themselves.

OIG audits and inspections have also addressed the need for better performance information in the Department in selected areas. An audit on the Department's support of

U.S. business abroad (99-CI-021) found performance measures lacking and identified areas on which performance goals could be based including resource statistics, output statistics, professional qualifications, experience and training of commercial officers and foreign national employees, accomplishments, and customer satisfaction. An OIG inspection of the Department's training center (ISP/I-99-16) reported that the center could obtain a more complete baseline of customer satisfaction data by developing and implementing a plan to obtain feedback from the graduates and their supervisors. An ongoing OIG audit of the Department's efforts to reduce trade barriers in the telecommunications industry has found that the strategic and performance plans are not effective in assessing the Department's progress in this area.

The Department agreed to explore more useful telecommunications performance indicators relative to the strategic goal of opening foreign markets and to improvements in the coordination and consistency among the various performance planning and measurement activities. However, the Department also noted the difficulties of establishing measurements and setting universal priorities for this and other program areas.

### **More Effective, Efficient, and Secure Operations and Infrastructures**

Much of our work under this strategic goal relates to the Department's challenge of ensuring that our personnel and facilities overseas are protected from harm. In addition to our regular operations, OIG will continue this year to provide oversight of the nearly \$1.5 billion emergency supplemental appropriations received by the Department for security enhancements overseas. Examples of our work in this area included an interdisciplinary review of the Department's management of the emergency appropriations for worldwide security upgrades, information security worldwide, access to our diplomatic facilities overseas, protection of classified documents at the Department, the Department's program to protect foreign dignitaries and missions, oversight of the Moscow chancery construction, reviews of programs carried out by the Department through various assistance instruments, and real property management and maintenance.

#### Worldwide Security

Ensuring the safety and security of U.S. personnel and facilities overseas continues to be a paramount concern for the Department. My office has devoted significant time and resources to overseeing the Department's use of emergency supplemental and other funding to enhance security and continues to provide recommendations to the Department to improve security in the immediate and long term.

In 1999 my office established an interdisciplinary team of auditors, inspectors and investigators to provide more effective oversight of the Departments' management of the FY 1999 emergency supplemental appropriations. The objectives of our work are to assess the Department's management controls and systems that account for and manage

the emergency funds, recruit and train security and administrative personnel, procure goods and services to enhance security, and evaluate the Department's efforts to strengthen physical security overseas including the rebuilding of Embassies Dar es Salaam and Nairobi.

In the year following the bombing in East Africa, my office evaluated the Department's efforts to protect official Americans at 42 embassies. As can be seen in the following chart, the lack of a 30-meter setback is the most prevalent deficiency we found. However, combined with the lack of anti-ram perimeter walls and windows that have been sufficiently protected, a major, long-term construction effort is required. For those items, such as improving the local guard force or improving the lighting at a chancery, which the Department can do without constructing new chancery, actions are generally underway to correct the deficiency.

	Adequate	Percent	Inadequate	Percent
Setback	9	21	33	79
Perimeter Walls	13	31	28	67
Windows	14	33	27	64
Chancery Walls	16	38	23	55
CCTV/Lighting	21	50	19	45
Compound Access Control	20	48	17	40
Vehicle Inspections	24	57	17	40
Safe Haven	24	57	16	38
Public Access Control	31	74	10	24
Local Guard Force	34	81	6	14

The Department initially questioned the OIG's September 1998 recommendation for a new imminent danger alarm system providing warning for embassy employees to "duck and cover" in the event of a vehicle bomb attack threat. The Department subsequently accepted the recommendation.<sup>1</sup> OIG's embassy inspections contributed to more effective and rapid implementation of the alarms while also stressing the need for timely, frequent duck and cover drills, especially at missions lacking setback. The Department also implemented dozens of other OIG recommendations to minimize security vulnerabilities, details of which are summarized in the OIG classified Semi-Annual Report.

Although a program of sustained capital investment is essential to ensure the security of the diplomatic infrastructure in the future, such a program will not immediately alter the circumstances of personnel overseas. Even a major construction program will leave the majority of missions vulnerable to some threats for several years. My office has attempted to focus on measures that can be taken in the near term to reduce those vulnerabilities.

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<sup>1</sup> The OIG "duck and cover" recommendation was included in Admiral William J. Crowe's "Report of the Accountability Review Boards on the Embassy Bombings in Nairobi and Dar es Salaam," issued January 1999.

Our work has found that while the current facilities for Embassies Dar es Salaam and Nairobi are more secure than at the time of the August 7, 1998 bombings, both embassies still faced problems at the time of our May 1999 security evaluation. Embassy Dar es Salaam lacked sufficient emergency electrical power for security systems such as exterior security lights, alarms, and vehicle barriers. My office identified the need at Embassy Nairobi to reduce the risk of exposure presented by the placement of large glass windows in the front of the interim chancery building and provide a secondary exit point from the compound. Subsequent to our inspections, the Department corrected the emergency power problem at Embassy Dar es Salaam and the large glass windows have been replaced at Embassy Nairobi. While these interim facilities are significantly more secure than the previous facilities, they are at best a temporary solution because they are too small to house all official Americans at post. New chanceries are planned for Nairobi and Dar es Salaam. Money has been appropriated and contracts have been signed. The main objective is to build new chanceries that meet security standards and are of adequate size to house all official Americans.

We also found that the Department has established systems that are capable of appropriately accounting for and managing the emergency appropriations that are obligated and liquidated domestically. However, we identified several issues relating to reporting and accounting for the funds that we have recommended that the Department address. Our review of the systems in place to account for the emergency appropriations obligated overseas is ongoing.

Thus far, our findings reveal that, overall, the Department has done many things well. The direct involvement of the Under Secretary for Management and the Security Oversight Board has been instrumental in the Department's effective use of emergency supplemental funds. This senior level attention has provided focus for the overseas security enhancements and fostered coordination among the different bureaus. Our first report of our findings was published in January 2000.<sup>2</sup> Additional reports will be published as we continue our review.

### Information Resources and Security

Some of the most difficult security issues to correct deal with information security. In many ways, improving information security may be a bigger challenge than improving physical security because many of the fixes involve the behavior of personnel. To correct identified vulnerabilities requires senior management leadership, technically qualified staff, money, and a desire to do things differently. For example, in our November 1999 audit report on overseas telephone system security, we found that the Department was spending \$61 million to upgrade its overseas telephone systems, but was not focusing on improving the security aspect of the systems. Furthermore, the Department needs to establish plans to modernize telephone security overseas and request

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<sup>2</sup> Office of Inspector General Status Report, "Review of FY 1999 Emergency Supplemental Appropriations," (00-OIG-001).

the resources needed to act on the report recommendations to improve telephone security and protect sensitive information.

OIG has realigned its resources to focus on emerging information technology issues. My office has consolidated its information technology and security efforts and created a single Information Resources and Security Management Division (IRSM) in the Office of Audits. This division will address emerging issues of congressional interest in five areas: information management, telecommunications, information security, information technology human resources, and information warfare.

#### Access to Diplomatic Facilities Overseas

As part of our review of DS's overall management of card access control systems at overseas posts, our office completed a review of the system in Germany and Luxembourg this last year. The system in these countries was intended to control access to diplomatic facilities, to reduce the cost to DS for the local guard program, and to provide a model for possible worldwide use. Recommendations were made with regard to vulnerabilities identified by our office.

In November 1999, we also issued our report on the bureau's overall management of card access control systems at overseas posts. Several organizational elements of the bureau are involved in managing card access control systems used at U.S. posts abroad. However, no single office or element has been designated with lead responsibility for managing those systems. As a result, important policy requirements were not applied, or were not adequately applied, in the management of those systems. The bureau could significantly improve the management of card access control systems by: designating a single office to be primarily responsible for managing distinct card access system activities, including system planning, installation, administration, and maintenance; assessing the risks, costs, and benefits of using card access control systems before acquiring such systems; acquiring and using only those systems approved by the bureau; and, focusing greater attention on computer security aspects of those systems.

#### Protection of Classified Documents at State

OIG evaluated the effectiveness of Department policies and procedures for protecting classified documents at the Main Department of State headquarters facility in Washington, D.C. Although the Department has programs in place to evaluate individuals' trustworthiness and need to handle classified information, improvements to enhance the level of security awareness and controls to prevent unauthorized disclosures are needed. The report highlighted the following specific problems:

- very highly classified documents relating to intelligence reporting are not safeguarded in accordance with government regulations;
- significant numbers of foreign nationals are permitted unescorted access to the Department--uncleared individuals are not always escorted in areas where classified information is handled, processed, stored, and discussed;

- administrative actions taken to discipline employees are ineffective in correcting poor security practices; and
- unit security officers are not well informed about security requirements and do not have the authority to enforce security requirements.

OIG recommended that the DS be designated as the organization responsible for protecting sensitive compartmented information (SCI) and that the bureau enhance physical and procedural measures required to safeguard such information. DS officials agreed with OIG's findings and recommendations. INR agreed that security policies are not being sufficiently enforced, but did not agree to designate DS as the cognizant security office for the protection of SCI. Additionally, the Department has since issued a notice regarding a visitor escort policy.

### The Protective Services Program

OIG evaluated the effectiveness of DS's protective services program. The principal focus of the audit was protection provided to visiting foreign dignitaries and foreign missions in the United States.

DS has successfully defended dignitaries and missions from attack, and client organizations provide positive feedback on DS's performance. However, improvements are needed to enhance the protective services program to correct the following vulnerabilities:

- DS shares its protection responsibilities with the Secret Service and other law enforcement agencies, causing some operational deficiencies and inconsistencies;
- the Department has not systematically determined which foreign dignitaries should receive DS protection in the United States;
- improvements are needed in the process by which DS develops and disseminates threat information to protective details;
- the lack of defined policies and procedures caused inconsistencies in the operation of some details, particularly with respect to preparatory briefings and midnight shifts; and
- effective protection was hindered by low DS staff levels excessive overtime, and inadequate procedures to ensure that agents assigned to protective details were capable of fulfilling all responsibilities.

OIG made recommendations to effect the needed improvements in the protective services program. DS and other Department officials generally concurred with the OIG's findings and recommendations, except for the recommendation to initiate legislative action to centralize all protection activities for foreign missions into DS.

### Moscow Chancery

The Moscow Oversight Team (MOT) provides the Inspector General, senior Department officials, and congressional oversight committees with current information

on the construction of the secure chancery facilities in Moscow and makes timely recommendations to improve the security aspects and contract administration of the project. Since 1995, MOT has made semiannual onsite evaluations of the project, flagging problems on which the Department could take immediate action, rather than letting the problems escalate. The last onsite evaluation took place in October 1999 and resulted in 21 recommendations addressing master planning for the transition to the secure chancery, counterintelligence, technical security programs, accreditation reporting, and secure warehouse operations. The Department is taking action to correct the deficiencies identified in the report.

During April 2000, MOT will conduct its final evaluation of the secure chancery. This visit is intended to confirm that previously identified security deficiencies have been corrected and to ensure that security is not compromised during the move from the existing office building into the new facility. The move is currently scheduled for May 2000. In addition, MOT will ensure that the procedures and personnel are in place to maintain the extensive security systems in the new chancery.

#### Broadcasting Facilities

OIG also extended its security oversight to the BBG's engineering components and broadcasting networks which has resulted in recommendations for substantial improvements in security preparedness at overseas as well as domestic facilities. These recommendations have been endorsed by the BBG and corrective actions are under way.

#### Grants Management and Transfers

The Department annually expends more than a billion dollars for a variety of programs carried out through assistance instruments such as grants, cooperative agreements, and transfers; however, it does not use standardized grant systems, policies, or procedures to manage these programs. Previous OIG audits identified insufficient monitoring and oversight of grantees; unauthorized, unallowable, and unsupported costs; internal control weaknesses; or noncompliance with applicable regulations associated with these awards. For example, OIG found that the handling of a building sale and immediate rental of that same building by a grantee, the Institute for International Education, did not comply with Office of Management and Budget (OMB) requirements, resulting in about \$4 million in questioned rental costs over the life of the lease. In other cases, we questioned about \$3 million when grantees did not properly document or use Federal funds for authorized purposes. In these cases, the grantees involved were the American Council for Learned Societies (\$1.1 million), the Washington Workshops Foundation (\$.9 million), and the Institute for International Education (\$1 million for indirect cost rates).

The managing and monitoring of the recipients of these funds has become more critical because of OMB guidelines revised in 1996. As a result, the majority of Department's grantees are no longer required to have annual financial audits.

Furthermore, ongoing legislative and other governmental initiatives will affect how the Department manages grants and monitors non-governmental organizations in the future. On November 20, 1999, for example, the President signed Public Law 106-107, the Federal Financial Assistance Management Improvement Act, which requires the Department to streamline and simplify the application, administrative, and reporting procedures for Federal financial assistance programs. OIG is working with the Department to establish a common system, including electronic processes, wherein a non-Federal entity can apply for, manage, and report on the use of funding from multiple Federal financial assistance programs.

### Improving Real Property Management and Maintenance

A significant open OIG audit recommendation in the area of property resulted from our 1993 audit “Maintenance and Repair of Buildings Overseas” (3-PP-014). The audit recommends the Department develop a system to identify and monitor the worldwide backlog of maintenance and repair deficiencies, including determining an acceptable level for the backlog and periodically updating the backlog for corrective action taken, additional deficiencies identified, and improved cost estimates.

Since 1988 the Department has reported rehabilitation and maintenance of real property overseas as a material weakness in the Federal Managers’ Financial Integrity Act Report. Over OIG’s stated objections, the Department’s Management Control Steering Committee recently closed this weakness on the basis that all conditions had been met with the exception of the backlog which cannot be brought down to zero due to funding issues. Although significant improvements have been made in correcting this weakness, we believe that more needs to be done. The Department needs to better define what is an “acceptable” level for the backlog to rehabilitate and maintain facilities and also provide a baseline that will address the costs to reduce the backlog to an acceptable level. We believe that armed with this information the Department can best identify those properties that may be more prudent for disposal in lieu of the high costs to rehabilitate and provide long-term maintenance. We plan to closely monitor Department efforts in this area.

As I reported in my statement to the Subcommittee last year, my office has continued to advise the Department of excess, underutilized, or obsolete real properties identified in our inspections and audits at overseas posts. The Department evaluated 172 properties that OIG categorized as excess, underutilized, or obsolete at the time of the inspection or audit. Of these, the Department plans to dispose of 65, an additional 17 warrant further study, and the remaining 90 will be the subject of dialogue between the Bureau of Administration’s Office of Foreign Buildings Operations (A/FBO) and the regional bureaus. These reviews will be used by the Department to better manage its real property assets.

## **Greater Adherence to Fundamental Principles Governing Professional and Ethical Conduct**

OIG is mandated to prevent and detect waste, fraud, and mismanagement. Specific allegations or other information indicating possible violations of law or regulation are investigated by OIG special agents supported by experts from other OIG offices as appropriate. During FY 2001, OIG continues to focus on promoting increased awareness of standards of conduct and accountability among agency and OIG employees, contractors, and other appropriate audiences, including representatives of foreign governments who have requested OIG assistance on this issue. As part of these efforts, results from audits, inspections, and investigations will be highlighted and recommendations made to reduce areas of vulnerability and opportunities for misconduct.

OIG also will work proactively, in consultation with targeted audiences, to improve adherence to standards of accountability by ensuring that employees are informed of and understand the standards specific to their professional and ethical conduct. Accordingly, OIG will work with the foreign affairs agencies to improve their programs for educating employees on standards of accountability and fundamental principles governing programmatic accountability and ethical conduct.

### Investigative Process

My office makes every effort to review complaints as quickly and efficiently as possible. Upon receipt of a complaint or allegation regarding fraud, waste, abuse or mismanagement, one of the following actions takes place: a criminal investigation or preliminary inquiry is initiated; the matter is referred to management officials who have the authority and jurisdiction to investigate or resolve the issues; or the matter is filed without action because none is warranted. A preliminary inquiry is initiated when vague, non-specific information is received and a few inquiries are needed to develop more facts to justify a criminal investigation or resolve it. If a preliminary inquiry is opened, special agents have 45 days to develop that additional information or resolve and close the preliminary inquiry.

If a criminal investigation is opened, special agents must present the facts of the case to the appropriate United States Attorney's Office, or other prosecuting authority, within 90 days of the case opening. In the event the prosecution of the case is declined, special agents have 45 days from the date of the declination to close the case, initiate civil proceedings, or commence work on administrative remedies. These policies and procedures were implemented in order to reduce the amount of time it takes to complete investigations, particularly those involving Department employees.

In addition to our efforts to reduce the amount of time to complete employee investigations, OIG has also instituted a policy of issuing Case Notification Letters (CNL) to employees at the conclusion of investigations. Our established policy and procedure requires that at the conclusion of an investigation when no action is anticipated being

brought against a subject a CNL will be forwarded directly to the Subject. In rare cases, when the evidence is inconclusive, a CNL may not be provided to the employee. At the discretion of OIG management, it may also be deemed appropriate to forward a CNL to Department officials.

Proactive Outreach Development

The Office of Investigations is developing training for outreach and fraud awareness and prevention. The training will be based on actual cases and tailored to the particular employee group being addressed. Initially, two programs will be developed: one oriented to the needs of contracting officers with A/FBO and the other towards the Bureau of Financial Services (FMP) financial officials. The A/FBO training will cover indicators of contract fraud and will discuss completed criminal cases involving schemes perpetrated against the Department.

Visa Fraud

Each year, millions of individuals apply for passports and visas at the more than 230 U.S. embassies and consulates throughout the world. Attempts to falsify, alter, or counterfeit U.S. visas or passports, or to obtain genuine documents by fraudulent means are a constant problem both within the United States and overseas. In 1999 a majority of work performed by the Office of Investigations was in visa fraud and passport investigations. Statistics representing all investigative cases opened in my office for FY 1999 are indicated in the following table.

FY1999 Statistics for Cases Opened		
Allegation Type	# of Cases	% of Cases
Visa Fraud/Passport Fraud	29	39
Employee Misconduct	11	15
Contract/Procurement Fraud	4	5
False Statements/Claims	8	11
Theft	14	19
All Other	9	12
		100%

In 1999, the Office of Investigations, working with other U.S. law enforcement agencies, conducted a number of investigations that resulted in criminal charges against individuals and companies who were operating large-scale schemes to provide fraudulent U.S. visas to paying customers. Several of these cases have involved fraudulent H1-B visas, which are issued legitimately only to individuals with particular skills needed by a particular company in the U.S.

One investigation determined that a foreign national living in New Jersey had operated a company for several years that sold fraudulent H1-B visas, which were then used to obtain social security cards. Most of the customers were foreign nationals living illegally in the U.S. After a jury trial, the seller was convicted of multiple felony counts of visa fraud and was sentenced to 55 months in prison. The seller is also subject to deportation after completion of the sentence.

Another investigation developed evidence that an immigration consultant in California had operated companies through which she arranged for numerous foreign nationals to enter the United States on H1-B visas, based upon false certifications that they had entered into contracts for high-skill employment with companies in the U.S. The immigration consultant was indicted on felony charges of visa fraud and alien smuggling and was arrested. An attorney associated with the consultant was also charged. Disposition of these charges is pending. It is anticipated that there will be additional charges against other individuals.

In another investigation, it was determined that individuals in Virginia, Florida, and Kentucky, cooperating with citizens of a Central European country, had conspired to obtain fraudulent visas and to smuggle numerous people into the United States to work on cleaning crews for retail stores. These workers would usually enter the country on tourist visas, obtained based upon false statements. Upon arrival, the workers were frequently provided with fraudulent H1-B visas and then used the visas to obtain social security cards. Several individuals involved in the operation of this scheme have entered guilty pleas to criminal charges in this case, and charges against others are pending. One of the higher level individuals in the operation, a foreign national who resided in Florida, has pleaded guilty to money laundering and has agreed to cooperate in providing evidence against others.

Another investigation in Virginia developed evidence that foreign nationals residing illegally in the United States were being provided with fraudulent H-1B visas. The individuals were then being transported from the New York/New Jersey area to Social Security offices in Virginia in order to obtain social security cards based on the fraudulent visas. Five persons entered guilty pleas to criminal charges. Three of these individuals agreed to voluntary departure from the United States, while the other two agreed to provide information regarding the higher level organizers of this scheme.

In addition to conducting cases involving fraudulent H-1B visas, the Office of Investigations also continued to pursue evidence of other types of visa fraud. An investigation conducted jointly with the INS determined that a naturalized United States citizen living in Hartford, Connecticut had operated a scheme to arrange marriages of convenience for aliens living illegally in the United States, and for others who wanted to come to this country. Immigrant visas were obtained based on documentation of these fraudulent marriages. The principal subject and 10 other individuals were indicted on visa fraud and other charges. The principal subject, after entering a guilty plea, was

sentenced to 5 months in prison and a fine. Several other individuals also pleaded guilty and received lesser sentences.

And, finally, in a case that developed recently, an FSN investigator employed by INS at an embassy in Asia was arrested on charges of extortion, based upon evidence that he had solicited payments in return for approving an asylum petition. Approval of this petition would lead to issuance of a visa. The subject was indicted subsequent to being arrested and remains in custody pending resolution of the charges.

\* \* \* \*

This concludes my statement. I look forward to working with your subcommittee in the coming months.

APPENDIX

**STATEMENT OF  
JACQUELYN L. WILLIAMS-BRIDGERS  
INSPECTOR GENERAL OF THE  
UNITED STATES DEPARTMENT OF STATE,  
AND THE BROADCASTING BOARD OF GOVERNORS**

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OIG REPORTS AND MEMORANDA ISSUED FOR WORK IN FY 1999

**Mission: Improved Implementation of Foreign Policy**

**Improved Conduct of Foreign Relations**

Taken as a whole, OIG activities provide a broad overview of the Department's effectiveness in the implementation of foreign policy and in the use of the full range of diplomatic and public diplomacy tools including international broadcasting. Through the inspections of overseas missions and domestic bureaus, and on in-depth audits of selected issues, we assessed the conduct of foreign relations, particularly the skills and capabilities of senior management and the availability and use of appropriate structures, authorities, and processes. In the coming year, OIG will inspect and audit the effectiveness of policy and program formulation and implementation; intelligence reporting; results monitoring and assessment; and, mission leadership and management.

Audits:

- Activities Supporting the International Law Enforcement Academy, Budapest, Hungary (99-CI-005)
- Department of State Support for U.S. Business Abroad (99-CI-021)
- International Law Enforcement Coordination and Oversight (99-CI-027)
  
- Policies and Procedures for Ensuring that Radio Marti Broadcasts Adhere to Applicable Requirements (99-IB-010)
- Border Biometrics (Laser Visa) Program (ISP/I-99-12)
  
- American Council of Learned Societies Supporting the Vietnam Fulbright Economic Teaching Program (99-CG-026)
- Cyprus Fulbright Commission (USIA-99-CG-017)

Post Management Inspections:

- Management Inspections of Embassies and U.S. Information Service:
  - Embassy Singapore and USIS Singapore (ISP/I-98-44)
  - Embassy Kuala Lumpur and USIS Malaysia (ISP/I-98-01)
  - Embassy Tokyo and USIS Japan (ISP/I-99-04)
  - Embassy Bujumbura and USIS Burundi (ISP/I-99-07)
  - Embassy Lilongwe and USIS Malawi (ISP/I-99-10)

- Embassy Cairo and USIS Egypt (ISP/I-99-11)
- Embassy Jakarta and USIS Indonesia (ISP/I-99-15 and ISP/I-99-02)<sup>3</sup>
- Embassy Tel Aviv and USIS Israel (ISP/I-99-18)
- Consulate General Jerusalem and USIS Jerusalem (ISP/I-99-19)
- Embassy Kathmandu and USIS Nepal (ISP/I-99-21)
- Embassy Colombo and USIS Sri Lanka (ISP/I-99-22)
- Embassy New Delhi and USIS India (ISP/I-99-23)
- Embassy Santo Domingo and USIS Dominican Republic (ISP/I-99-24)
- Embassy London and USIS United Kingdom (ISP/I-99-27)
- Embassy Dublin and USIS Ireland (ISP/I-99-28)
- Embassy Bucharest and USIS Romania (ISP/I-99-29)
- Inspections of Embassies only:
  - Embassy Kampala, Uganda (ISP/I-99-05)
  - Embassy Kigali, Rwanda (ISP/I-99-06)
  - Embassy Harare, Zimbabwe (ISP/I-99-08)
  - Embassy Lusaka, Zambia (ISP/I-99-09)
  - Consulate Lyon, France (ISP/I-99-25)
- Compliance Follow-Up Reviews:
  - US Mission to NATO, Brussels, Belgium (ISP/C-99-03)
  - Embassy Hanoi, Vietnam (ISP/C-99-13)
  - Embassy Rangoon and USIS Burma (ISP/C-99-14)
  - Embassy Mexico City and Constituent Posts and USIS Mexico (ISP/C-99-17)
  - Embassy Moscow and Constituent Posts and USIS Russia (ISP/C-99-20)
- Other Office of Inspection Reviews:
  - Management Controls for Small Embassies (ISP/I-99-26)
  - Border Biometrics Program (ISP/I-99-12)

IG Testimony and Statements for the Record:

- Testimony, *Major Management Challenges for the Department*, House Committee on Government Reform, Subcommittee on national Security, Veterans Affairs, and International Relations, February 25, 1999.
- Testimony, *Major Management Challenges for the Department*, Senate Committee on Foreign Relations, Subcommittee on International Operations, March 4, 1999.
- Statement for the Record, *OIG Budget Request*, House Committee on Appropriations, Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies, March 10, 1999.

**Better Alignment of Fiscal and Human Resources with U.S. Foreign Policy**

OIG has built a Results Act component into selected audits, inspections, and security reviews to assess the performance goals and measures. Areas of OIG coverage included overseas security vulnerabilities, financial management, Y2K remediation efforts, telecommunications, and property management. OIG established a plan to review and report on the efforts of the Department and Broadcasting Board of Governors to develop and use performance measures and will verify and validate selected data sources for such measures.

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<sup>3</sup> The inspection of Embassy Jakarta, Indonesia was bifurcated due to political instability in the region.

OIG work includes:

- Review of Tours of Duty (99-SP-013)
- Inspection of FSI (ISP/I-99-16)
- Inspection of Consulate Lyon (ISP/I-99-25)
- Consular Fraud Prevention Programs (99-CI-028)

IG Testimony:

- *Nonimmigrant Visa Fraud*, House Committee on the Judiciary, Subcommittee on Immigration and Claims, May 5, 1999.
- *Best Practices and Standards of Performance in an OIG*, Council of the District of Columbia, Committee on Government Operations, May 19, 1999.

**More Effective, Efficient, and Secure Operations and Infrastructures**

OIG security oversight inspections were expanded to include low and medium threat posts, in addition to those with high and critical threat ratings. The new division of Security Enhancements Oversight is reviewing the FY 1999 Emergency Supplemental Appropriations. In addition to embassy security and Y2K preparedness, OIG post inspections reviewed executive direction, policy implementation, public diplomacy, consular operations, diplomatic readiness, and administrative operations. Audit reviews included export licensing process, law enforcement coordination, consular antifraud programs, and the protection of classified information at the Department. International broadcasting reviews included Radio Marti's adherence to the applicable broadcast standards.

Security Reviews:

- Review of FY 1999 Emergency Supplemental Appropriations (00-OIG-001)<sup>4</sup>
- Security at Embassies Dar es Salaam and Nairobi (SIO/E-99-50)
- Protective Services (SIO/A-99-29)
- Moscow Oversight Status Reports (SIO/M-99-31, SIO/M-99-31)
- Special Documents Program (SIO/Z-99-40)
- Card Access Control System in Germany and Luxembourg (SIO/A-99-01)
- Protection of Classified Documents at State Department Headquarters (SIO/A-99-46)
- Security Audit of Overseas Telephone Security Management (SIO/A-00-01)<sup>5</sup>
- Security Inspections:
  - Embassy Nassau, The Bahamas (SIO/I-99-01)
  - Embassy Sarajevo, Bosnia-Herzegovina (SIO/I-99-17)
  - U.S. Diplomatic Posts in the Bureau of Western Hemisphere Affairs (SIO/I-99-18)
  - Embassy Madrid, Spain (SIO/I-99-21)
  - Embassy London, United Kingdom (SIO/I-99-24)
  - Embassy Lisbon, Portugal (SIO/I-99-25)
  - Embassy Dublin, Ireland (SIO/I-99-26)
  - Embassy Reykjavik, Iceland (SIO/I-99-27)
  - Embassy Copenhagen, Denmark (SIO/I-99-28)
  - Embassy Zagreb, Croatia (SIO/I-99-34)

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<sup>4</sup> The OIG review of the FY 1999 Emergency Supplemental Appropriations was conducted through August 31, 1999.

<sup>5</sup> A major portion of the work that resulted in the "Audit of Overseas Telephone Security Management" was accomplished in FY 1999.

- Embassy Kuala Lumpur, Malaysia (SIO/I-99-35)
- Embassy Brussels, Belgium, USMEU, and NATO (SIO/I-99-36)
- Embassy Luxembourg (SIO/I-99-37)
- Embassy Prague, Czech Republic (SIO/I-99-41)
- Embassy Valletta, Malta (SIO/I-99-42)
- Radio Free Europe/Radio Liberty Prague, Czech Republic (SIO/I-99-43)
- Embassy Oslo, Norway (SIO/I-99-44)
- Embassy Stockholm, Sweden (SIO/I-99-45)
- Security Follow-Up Reviews:
  - Embassy Islamabad, Pakistan (SIO/C-99-09)
  - Embassy New Delhi, India (SIO/C-99-10)
  - Consulate General Hong Kong (SIO/C-99-19)
  - Embassy Ankara, Turkey (SIO/C-99-23)
  - Embassy Beijing, China (SIO/C-99-30)
  - Embassy Santo Domingo, Dominican Republic (SIO/C-99-51)

**Year 2000 Information Management Review:<sup>6</sup>**

- Y2K Interim Memorandum 1 (6/17/98)
- Year 2000 Interim Memorandum 2, Analysis of Key Y2K Issues (8/20/98)
- Year 2000 Interim Memorandum 3, Analysis of Telecommunications Issues (10/16/98)
- Y2K Certification of USIA Systems (2/8/99)
- Y2K Readiness of Affiliates Used by International Broadcasters (management letter)

Inspector General Testimony and Statements for the Record concerning Y2K:

- Testimony, *The Year 2000 Computer Problem: Global Readiness*, Senate Special Committee on the Y2K Technology Problem, March 5, 1999.
- Testimony, *The Year 2000 Computer Problem: Global Readiness and International Trade*, Senate Special Committee on the Year 2000 Technology Problem, July 22, 1999.
- Testimony, *The Year 2000 Computer Problem: Global Readiness*, House Committee on International Relations, October 21, 1999.
- Statement for the Record, *Year 2000 Computer Problem*, House Committee on Ways and Means, February 24, 1999.
- Statement for the Record, *The Year 2000 Computer Problem: Global Readiness*, Senate Special Committee on the Year 2000 Technology Problem, October 13, 1999.

Office of Audits:

Consular and International Programs Division:

- Interagency Review of Export Licensing Process (99-CI-018)
- Consular Fraud Prevention Programs (99-CI-028)

Financial Management Division:

- Florida Regional Center (99-FM-002)
- U.S. Department of State's Consolidated Financial Statements (99-FM-003)
- ICASS Financial Statements FY 1997 (99-FM-004)

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<sup>6</sup> OIG's Y2K activities extended from FY 1998 through FY 2000.

- Foreign Service Retirement and Disability Fund Financial Statements for FY1998 (99-FM-014)
- Department of State 1997 and 1998 Principal Financial Statements (99-FM-031)
- ICASS Program's 97-98 Financial Statements (99-FM-032)

Property Management and Procurement Division:

- Real Property Advisory Board (99-PP-006)
- Acceptability Review Process Within the Bureau of Diplomatic Security (99-PP-030)

Contracts and Grants Division:

- United States Educational Foundation, Pakistan (99-CG-001)
- National Endowment for Democracy (99-CG-007)
- Indirect Cost Rates Proposed by the Institute of International Education (USIA-99-CG-015)
- Sale and Leaseback Arrangement Proposed by the Institute of International Education (USIA-99-CG-016)
- Review of Planning and Management of Lisbon Expo 98 (USIA-99-CG-019)
- FY 1999 Indirect Cost Rate AIT (99-CG-022)
- Malaysian-American Commission on Educational Exchange (USIA-CG-99-024)
- Claimed Costs Under USIA Awards to the Washington Workshops Foundation (99-CG-025)
- Accounting for Increased Visa Fees of the AIT (99-CG-029)
- Nonfederal Audits of Nonprofit Institutions (various desk reviews)

International Broadcasting Division:

- RFE/RL Administrative Practices (99-IB-012)
- Office of Cuba Broadcasting's Administrative Practices (99-IB-023)

Inspector General Testimony:

- *Oversight of Security at U.S. Missions Overseas*, House Committee on International Relations, Subcommittee on International Operations and Human Rights, March 12, 1999.
- *Export Licensing Process for Munitions and Dual-Use Commodities*, Senate Governmental Affairs, June 23, 1999.

**Greater Adherence to Fundamental Principles Governing Professional and Ethical Conduct**

OIG is mandated to prevent and detect waste, fraud, and mismanagement. Specific allegations or other information indicating possible violations of law or regulation are investigated by OIG special agents supported by experts from other OIG offices as appropriate.

Audits:

- Report on Inquiry into Former Contractor Allegations (99-PP-008)
- Unreasonable Contractor Profit on an Asbestos Abatement Project (99-PP-009)
- Report on Inquiry into Contractor Allegations (99-PP-011)
- Review of Planning and Management of Lisbon Expo 98 (USIA-99-CG-019)

Inspector General Testimony:

- *Allegations of Visa Fraud and Other Irregularities at the U.S. Embassy in Beijing*, House Committee on Government Reform, July 22, 1999.