



Office of Inspector General  
United States Department of State

# Inspector General Statement on the Department of State's Major Management and Performance Challenges

FISCAL YEAR 2019

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## INTRODUCTION

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This report is provided in accordance with the Reports Consolidation Act of 2000.<sup>1</sup> Each year, the Office of Inspector General (OIG) for the Department of State (Department) identifies the most serious management and performance challenges facing the Department and provides a brief assessment of the Department's progress in addressing those challenges.

We assess progress primarily through our compliance process, which relates to individual and often targeted recommendations. Our oversight work, however, gives us unique visibility into the most significant challenges facing the Department. We note that our work this year was affected by the lapse in appropriations that occurred from December 21, 2018, to January 25, 2019. Although this lapse affected all of OIG, it had particular consequences for our inspection work, as we were forced to cancel our winter inspection cycle. Nonetheless, we issued more than 105 reports in FY 2019, and based on a thorough review of that work and past work, we identify the following major management and performance challenges the Department faced in FY 2019:

- Protection of people and facilities
- Oversight of contracts, grants, and foreign assistance
- Information security and management
- Financial and property management
- Operating in contingency and critical environments
- Workforce management
- Promoting accountability through internal coordination and clear lines of authority

We have included within this document examples of reports and findings that are particularly illustrative or noteworthy on certain points. In addition to publicly available work, OIG issues a number of Sensitive But Unclassified and Classified reports throughout the year. Many of the findings in those reports reinforce our assessment of these management challenges, particularly as they relate to protection of people and facilities and information security and management.

We note that these challenges often interact, overlapping and reinforcing one another. For example, protecting people and facilities is often a challenge in contingency and critical environments, and workforce management challenges are frequently found at the root of deficiencies related to contract and grant oversight. Likewise, weaknesses related to poor coordination and unclear lines

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<sup>1</sup> The Reports Consolidation Act of 2000, § 3, Pub. L. 106-531 (amending 31 U.S.C. § 3516).

of authority contribute to a range of concerns, including information security deficiencies.

Continued attention to the management challenges identified in this report will improve the Department's capacity to fulfill its mission while exhibiting good stewardship of public resources. OIG encourages the Department to consider ways that specific recommendations might be applied broadly to make systemic improvements that will result in meaningful and permanent change. We hope that this report, accompanied by the oversight work we perform throughout the year, assists the Department in its efforts to improve the effectiveness and efficiency of its programs and operations.

## PROTECTION OF PEOPLE AND FACILITIES

The Department properly prioritizes the safety and security of its personnel and facilities. Nonetheless, the global presence of the Department and the widespread threat of physical violence against U.S. diplomats and U.S. diplomatic facilities ensures that the protection of people and facilities remains a top management challenge.

Although naturally greater in conflict areas such as Iraq and Afghanistan, all U.S. diplomatic facilities face some level of risk. Additionally, natural disasters, environmental hazards, and ordinary crime continually pose risks to the health and safety of Department personnel and their families serving abroad. Much of OIG's work identifies these types of risks to the protection of Department personnel and facilities and provides recommendations to address those risks.

### **Constructing and Maintaining Safe and Secure Diplomatic Facilities**

Constructing and maintaining safe and secure diplomatic facilities has been an ongoing challenge, which is compounded in regions affected by conflict and humanitarian crises. OIG continues to recommend steps the Department can take to improve adherence to its own policies and procedures.

Construction projects at Embassy Kabul, Afghanistan, remain a focus. For example, in one FY 2019 audit, we found that, because OBO still has difficulty expediting physical security projects in Kabul, the mission has relied on the regional security office to manage large-scale construction projects. However, given that office's relative lack of construction experience, some projects have faced deficiencies as a result.<sup>2</sup> We discuss other facets of these findings below,

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<sup>2</sup> OIG, *Audit of the Execution of Security-Related Construction Projects at U.S. Embassy Kabul, Afghanistan* (AUD-MERO-19-40, September 2019).

as they also relate to the Department's challenges to oversee contractor performance and to manage operations in contingency environments.

Beyond ensuring the initial construction of safe and secure facilities, the Department is responsible for comprehensive preventative and routine maintenance of its existing facilities. Our FY 2019 inspection work continued to identify problems related to facilities maintenance at several overseas posts. In Paramaribo, Suriname, the embassy's leaky roof led to mold problems that created health hazards for employees, many of whom reported respiratory issues to OIG.<sup>3</sup> Despite having been identified in March 2017, OBO had not yet addressed the problem at the time of our inspection. Furthermore, we encountered a poorly maintained chancery with numerous physical defects in Banjul, The Gambia,<sup>4</sup> and we reported a potential workplace safety hazard at Embassy Port-au-Prince, Haiti, where the embassy's two elevators continued in use despite the identification of 48 unaddressed deficiencies.<sup>5</sup>

## **Ensuring the Health and Safety of Personnel Abroad**

Although our inspection work consistently finds that embassy leadership is engaged on health and safety issues, we also continue to identify instances where a lack of management oversight and failure to follow Department standards creates risks for Department personnel and their families. As in previous years, we note the following three areas for improvement: the operation of official vehicles, residential safety and security, and emergency preparedness.

### ***Operation of Official Vehicles Overseas***

Several FY 2019 inspection reports identified a lack of compliance with motor vehicle safety standards in the operation of official vehicles overseas. As in previous years, OIG found lapses in medical clearances for drivers, outdated or absent safety training for operators of official vehicles, and drivers working excessive hours, a practice that increases the risk of motor vehicle accidents caused by driver fatigue. In particular, Embassy Port-au-Prince, Haiti—a post that exhibited all the deficiencies noted above—had the highest number of motor vehicle mishaps among overseas missions. From FY 2012 to FY 2017, the embassy reported 311 mishaps, of which the Department deemed nearly 60 percent preventable.<sup>6</sup>

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<sup>3</sup> OIG, *Inspection of Embassy Paramaribo, Suriname* (ISP-I-19-20, July 2019).

<sup>4</sup> OIG, *Inspection of Embassy Banjul, The Gambia* (ISP-I-19-04, November 2018).

<sup>5</sup> OIG, *Inspection of Embassy Port-au-Prince, Haiti* (ISP-I-19-18, June 2019).

<sup>6</sup> ISP-I-19-18, June 2019.

## ***Residential Safety and Security***

The Department also continued to exhibit deficiencies in the administration of its housing and related anti-crime program in FY 2019. Our inspection report findings show that many Department employees and their families continue to occupy residences abroad that do not or cannot be demonstrated to meet Department safety standards.

In Kigali, Rwanda, we found that 40 of the embassy's 68 residences had not been certified for occupancy.<sup>7</sup> This was notable given the post had seen multiple hazardous electrical incidents, one of which led to injuries requiring medical treatment for a child who came in contact with an inadvertently electrified metal pipe. Additionally, we found the embassy in Haiti, site of the devastating 2010 earthquake, did not conduct seismic safety assessments of 25 leased residential units as required by Department standards.<sup>8</sup>

## ***Emergency Preparedness***

Department guidelines require U.S. embassies to maintain post-specific emergency action plans to respond to situations such as bombs, fires, civil disorder, or natural disasters. Although we frequently find substantial compliance with emergency planning standards, we continue to highlight deficiencies that we identify because of their significant implications for life and safety.

For example, some consular sections—which play a lead role in crisis preparedness—did not meet Department standards. In New Delhi, India, we found that many consular employees did not know what their roles might be in a crisis and that they were unfamiliar with the contents of a disaster assistance kit, which is vital to their ability to function off-site in an emergency.<sup>9</sup> In Koror, Republic of Palau, the embassy did not have a disaster assistance kit, and other basic equipment, such as a satellite phone, had not been tested within the preceding year.<sup>10</sup>

## **OVERSIGHT OF CONTRACTS, GRANTS, AND FOREIGN ASSISTANCE**

The oversight of contracts, grants, and foreign assistance continues to be a significant challenge for the Department. Domestically and abroad, Department entities did not consistently and adequately monitor contractor

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<sup>7</sup> OIG, *Inspection of Embassy Kigali, Rwanda* (ISP-I-19-15, March 2019).

<sup>8</sup> ISP-I-19-18, June 2019.

<sup>9</sup> OIG, *Inspection of Embassy New Delhi and Constituent Posts, India* (ISP-I-19-10, December 2018).

<sup>10</sup> OIG, *Inspection of Embassy Koror, Republic of Palau* (ISP-I-19-06, February 2019).

performance, conduct thorough invoice reviews, and oversee grants and foreign assistance programs. A growing body of OIG work also illustrates the difficulty the Department faces in managing large, long-term construction contracts, particularly in contingency environments. Because of the substantial resources involved (more than \$15 billion for contracted services and \$15 billion for grants and fixed charges obligated in FY 2018<sup>11</sup>), inadequate oversight and mismanagement pose considerable financial risk.

## **Monitoring and Documenting Contractor Performance**

The Department continues to face challenges in properly overseeing contractor performance. Oversight personnel must monitor and document performance, confirm that work has been conducted in accordance with the terms of a contract, hold contractors accountable for nonperformance, and ensure that costs are effectively contained. Our FY 2019 work found several examples of deficiencies in the performance of these duties. Moreover, we often find that these issues overlap with another Department challenge: workforce management. Inexperienced and untrained oversight personnel, staff rotations that promote inefficiency, and complex programs and contracts that simply require more oversight are often at the root of contract oversight deficiencies.

For example, we found that officials from the Bureau of Near Eastern Affairs did not consistently nominate Contracting Officer's Representatives (CORs) and other oversight personnel with the required certification level and technical expertise to oversee contracts in Iraq. Moreover, oversight personnel did not always possess sufficient technical expertise relative to the contract's subject matter. Once appointed, the bureau also failed to effectively evaluate the performance of the CORs. On a related point, the same audit found that COR files on contracts in Iraq, with a total value of more than \$3 billion, were often incomplete.<sup>12</sup> Although the Department has recognized issues with its COR workforce, the challenge to nominate CORs with the requisite level of technical expertise persists.

## **Ensuring Proper Invoice Review and Approval Processes**

Proper invoice review and approval processes help the Department ensure that it receives the benefit of its contracts and that it can take appropriate steps if contractors are not performing in accordance with the terms of a contract. When the Department has focused on this issue, it has been successful in improving the accuracy and efficiency of these important processes. For

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<sup>11</sup> Department of State, *Agency Financial Report, Fiscal Year 2018*.

<sup>12</sup> OIG, *Audit of the Bureau of Near Eastern Affairs Selection and Management of Contract Oversight Personnel in Iraq* (AUD-MERO-19-10, November 2018).

example, one report noted that the Department's Bureau of Diplomatic Security (DS), Training Directorate, Office of Training and Performance Standards (TPS) had an effective system of internal controls in overseeing expenditures. Such oversight included contract monitoring; records management; and an automated system for review, approval, and timely payment of contractor invoices. Collectively, the internal controls TPS employed helped ensure funds expended to third-party contractors were done so in accordance with Federal regulations and guidance and therefore reduced the risk of unallowable or unsupported transactions.<sup>13</sup>

Nonetheless, room for improvement remains. In a review of four previous audit reports that assessed invoice review processes and procedures, we sought to determine common challenges faced by bureaus that rely heavily on contracted support to conduct their missions in Afghanistan and Iraq. Our review noted that none of the four bureaus had an internal quality control function to check the accuracy of CORs' invoice reviews to ensure the Department paid for services it received. As a result, we recommended that the Bureau of Comptroller and Global Financial Services (CGFS) advise all relevant Department bureaus of the potential benefits of its invoice review quality control program. Taking advantage of this best practice could help the bureaus recover improper payments, address weaknesses, and improve the overall invoice review process.<sup>14</sup>

## **Overseeing Construction Contracts**

The Department continues to experience problems with the oversight of construction contracts, which are often long-term, complex, and of high value. There are obvious financial consequences to inadequate management and oversight of these contracts, but more importantly, insufficient oversight of the building process can lead to the construction of substandard facilities, which sometimes has implications for the safety and security of personnel.

In a notable example of this concern, for a construction project at Camp Eggers in Afghanistan, the Department used a clause in a contract for protective services to facilitate construction, even though this type of contract vehicle had not previously been used for the type of extensive construction work planned

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<sup>13</sup> OIG, *Audit of the Bureau of Diplomatic Security's Expenditures for Third-Party Contractors and Personal Services Contractors Supporting the Office of Training and Performance Standards* (AUD-SI-19-30, June 2019).

<sup>14</sup> OIG, *Lessons Learned from Office of Inspector General Audits Concerning the Review and Payment of Contractor Invoices Supporting Overseas Contingency Operations* (AUD-MERO-19-19, April 2019).



at this location.<sup>15</sup> As a result of the contract vehicle, Bureau of Diplomatic Security officials were assigned to oversee the work, and they acknowledged that DS had very little, if any, expertise related to construction or construction-related contracts.<sup>16</sup> There were numerous subsequent problems, including a failure to take meaningful corrective action against the contractor even though it missed milestones and failed to comply with contract requirements. We found that the Department ultimately terminated the project for convenience after very little work had been accomplished at a cost of \$103.2 million.<sup>17</sup>

Our FY 2019 work also examined the commissioning phase in construction contracts— the systematic process of assuring that all building systems perform interactively, in accordance with the design documentation and intent, and with the owner’s operational needs. Typically, all major systems should be commissioned before the Department declares new buildings substantially complete and, thus, allows for their occupancy by personnel. However, in a report that addressed the commissioning of two residential buildings at Embassy Kabul, we found that—in order to accommodate the Ambassador’s request to expedite occupancy as a result of security concerns—the Bureau of Overseas Buildings Operations (OBO) declared the buildings substantially complete even though 8 of 22 systems were not commissioned. We reported that the way in which OBO managed construction at Embassy Kabul—as a single project with one completion date for multiple buildings constructed over the course of many years—contributed to a situation where the Department essentially had to choose between moving staff into hardened structures and completing commissioning.<sup>18</sup>

We also identified weaknesses in how OBO maintains commissioning documentation, which serves as the historical record of key decisions made throughout the project planning and delivery process. In one review, we found some documents were completed in a hard-copy format and placed in binders. This practice is concerning because the commissioning process can take years to complete, and hard-copy tests cannot be easily and simultaneously accessed by stakeholders onsite and in Washington. Additionally, we found OBO uploads commissioning documentation only at the end of a construction project, which inhibits its visibility and increases the risk that documents could be inadvertently lost or not uploaded. We concluded that the Department should

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<sup>15</sup> OIG, *Evaluation of the Bureau of Diplomatic Security’s Aegis Construction Contract at Camp Eggers, Afghanistan* (ESP-19-04, July 2019).

<sup>16</sup> ESP-19-04, July 2019.

<sup>17</sup> ESP-19-04, July 2019.

<sup>18</sup> OIG, *Audit of the Bureau of Overseas Buildings Operations Commissioning of Diplomatic Housing at U.S. Embassy Kabul, Afghanistan* (AUD-MERO-19-37, August 2019).

identify industry best practices for automating commissioning documentation, which would benefit OBO construction projects worldwide.<sup>19</sup>

Our inspections work has also identified issues related to oversight of construction contracts. For example, at Embassy Nairobi, Kenya, staff from the Bureau of International Narcotics and Law Enforcement Affairs (INL) accepted a renovated building in February 2017 without an adequate inspection of the construction. More than 15 months after acceptance, the building still could not be used as intended, and the bureau planned to execute a second phase of renovations, which would include repairing the deficiencies from the first phase of work. We found the bureau also failed to include a warranty in the contract terms and conditions for the renovation and repair of the building, thereby limiting its recourse against the contractor.<sup>20</sup>

## **Overseeing Grants and Foreign Assistance Programs**

In FY 2019, OIG observed some improvements in the Department's oversight of grants and foreign assistance program. For example, a recent audit in Iraq found substantial compliance with Federal requirements, Department guidance, and award terms and conditions in monitoring cooperative agreements supporting internally displaced persons in Iraq.<sup>21</sup> In another report, OIG found that the Department halted security assistance to units of the Somali National Army because the Government of Somalia failed to ensure proper monitoring and control of those units. The Department told the Somali Government that assistance could not resume until transparency, accountability, and oversight of U.S. assistance improved. The mission's use of third-party contracts to monitor foreign assistance programs also improved oversight in Somalia's operating environment where the movement of Department personnel is limited because of security concerns.<sup>22</sup>

Even with these improvements, we continued to find deficiencies related to monitoring, site visits, program evaluation, and sustainability in our FY 2019 work. For example, in the inspection of the U.S. Mission to Somalia, we reported that several public diplomacy grants we reviewed contained no evidence of monitoring or any other correspondence after most of the award

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<sup>19</sup> OIG, *Management Assistance Report: Modernizing Processes To Maintain Overseas Building Operations Commissioning Documentation Is Needed* (AUD-MERO-19-31, June 2019).

<sup>20</sup> OIG, *Inspection of Embassy Nairobi, Kenya* (ISP-I-19-08, October 2018).

<sup>21</sup> OIG, *Audit of Humanitarian Assistance Cooperative Agreements Supporting Internally Displaced Persons in Iraq* (AUD-MERO-19-20, March 2019).

<sup>22</sup> OIG, *Inspection of U.S. Mission to Somalia* (ISP-I-19-09, October 2018).

amounts had been dispersed to the grantees.<sup>23</sup> That same inspection found that, despite the oversight improvements noted above, neither Mission Somalia nor the Department had fully assessed the risk that foreign assistance funding could benefit terrorists or their supporters.<sup>24</sup> Similarly, among the issues cited in our inspection of Embassy Bogota, we determined that four of six INL grants totaling \$50.2 million did not have initial monitoring plans or evidence of monitoring, and five of the grants did not contain all of the required reports needed to document recipient performance and financial expenditures.<sup>25</sup>

Additionally, we found the Bureau of Democracy, Human Rights, and Labor (DRL) failed to conduct and document site visits systematically in accordance with monitoring plans. Grants Officer's Representatives (GORs) did not conduct all of the site visits set out in the monitoring plans for most of the grants that OIG reviewed, and most award files lacked any documentation of site visits, making it difficult to determine if a site visit actually took place and what was found.<sup>26</sup>

Furthermore, our work finds that INL continues to face challenges overseeing its large portfolio of grants. For example, in Haiti, the bureau did not conduct formal evaluation efforts to analyze the impact of its five key projects and to verify and measure performance in achieving goals.<sup>27</sup> INL's reports focused on the achievement of quantitative metrics, such as the number of new national police recruits and the completion of construction projects. While useful in tracking short-term outputs, the lack of formal project and program evaluations impeded INL's ability to improve program design and implementation. We also highlighted concerns related to the sustainability of foreign assistance program investments. For example, also in Haiti, we found the completion of a \$100 million hospital was at risk because the government had yet to contribute its \$11 million share of the costs.

Related to foreign assistance programs, we continue to urge the Department to focus on planning and designing programs that meet policy goals and achieve intended objectives. In one of our FY 2019 audits, we could not affirm whether grants and cooperative agreements awarded to counter violent extremism were achieving desired results because the Bureau of Counterterrorism and Countering Violent Extremism (CT) had not ensured that the strategic plans and

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<sup>23</sup> *Ibid.*

<sup>24</sup> *Ibid.*

<sup>25</sup> OIG, *Inspection of Embassy Bogota, Colombia* (ISP-I-19-14, April 2019).

<sup>26</sup> OIG, *Inspection of the Bureau of Democracy, Human Rights, and Labor's Foreign Assistance Program Management* (ISP-I-19-12, October 2018).

<sup>27</sup> ISP-I-19-18, June 2019.

activities of Department bureaus aligned with the overall Department goals.<sup>28</sup> The lack of alignment hinders the Department's ability to measure the results of these awards, identify best practices that could be replicated, or abandon ineffective efforts that do not advance goals and objectives. Entities responsible for foreign assistance funds should focus on strategic planning that ensures programs are designed and resources are allocated to meet foreign policy goals.

Additionally, a special evaluation of the Antiterrorism Assistance Explosive Detection Canine Program highlighted issues with an overall lack of policies and standards governing this program. The Department routinely provides dogs to foreign partners without signed written agreements that outline standards for minimum care, retirement, and use of the canines, and the Department conducts health and welfare follow-ups infrequently and inconsistently. Specifically, OIG received reports of health and welfare concerns experienced by specific dogs in Jordan since an April 2016 site visit and report. One of the canines provided by DS/ATA died while working in Jordan in July 2017, and two others were returned to the U.S. in critically ill condition. One of those dogs was euthanized in March 2018, and the other had to be nourished back to health in April 2018 because it was severely underweight.<sup>29</sup>

## INFORMATION SECURITY AND MANAGEMENT

The Department depends on information systems to function, and the security of these systems is vital to protecting national and economic security, public safety, and the flow of commerce. The Department acknowledges that its information systems and networks are subject to serious threats that can exploit and compromise sensitive information, and it has taken some steps to address these concerns. However, notwithstanding the expenditure of substantial resources by the Department, OIG continues to identify significant issues that put its information at risk.

Although the Department has taken steps to improve its information security program, as in prior years, OIG's annual assessment of the Department's information security program identified numerous control weaknesses that affected program effectiveness and increased the Department's vulnerability to cyberattacks and threats.<sup>30</sup> The lack of fully-implemented risk management strategy and dispersed authority contribute to many of OIG's concerns

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<sup>28</sup> OIG, *Audit of the Department of State Implementation of Policies Intended to Counter Violent Extremism* (AUD-MERO-19-27, June 2019).

<sup>29</sup> OIG, *Evaluation of the Antiterrorism Assistance Explosive Detection Canine Program—Health and Welfare* (ESP-19-06, September 2019).

<sup>30</sup> OIG, *Audit of the Department of State Information Security Program* (AUD-IT-19-08, October 2018).

regarding IT security and management at the Department.

As OIG has reported in previous years, the Chief Information Officer (CIO) is not well placed in the organization to be fully accountable for information security program issues. For example, DS, which also has information security responsibilities, does not report to the CIO. Additionally, OIG has identified concerns with the CIO's ability to track and control IT investments, which affects the Department's ability to obtain a clear picture of total IT spending. The Department took some steps to strengthen the delegation of authority to the CIO, and we continue to assess whether the Department's IT security program has noticeably improved as a result.

Lapses in the performance of duties by Information Systems Security Officers (ISSOs)<sup>31</sup> persisted in FY 2019. We first identified pervasive concerns in this area in 2017,<sup>32</sup> but our overseas inspections work continued to find numerous posts where unclassified and classified ISSOs did not perform all information systems security duties as required.<sup>33</sup> As a result, OIG found information security issues that could have been prevented with regular performance of these mandated duties. Moreover, without a systematic approach to monitoring networks and recording findings, Department networks could be breached, and information security compromised. Accordingly, OIG issued recommendations for individual posts to implement standard operating procedures to ensure performance of ISSO duties.

OIG also continued to find deficiencies related to developing, testing, and training employees on IT contingency planning at overseas posts.<sup>34</sup> Department guidelines require every information system to have a contingency plan that is documented and tested annually. Incomplete and untested IT contingency plans increase the risk of ineffective responses to or loss of critical communication during an emergency. Embassies failed to show that they

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<sup>31</sup> ISSOs are responsible for implementing the Department's information systems security program and for working closely with system managers to ensure compliance with information systems security standards.

<sup>32</sup> OIG, *Management Assistance Report: Non-Performance of Information Systems Security Officer Duties by Overseas Personnel* (ISP-17-24, May 2017).

<sup>33</sup> ISP-I-19-20, July 2019; ISP-I-19-18, June 2019; OIG, *Inspection of the Office of Foreign Missions* (ISP-I-19-21, May 2019); ISP-I-19-14, April 2019; ISP-I-19-15, March 2019; OIG, *Inspection of Embassy Majuro, Republic of the Marshall Islands* (ISP-I-19-07, February 2019); ISP-I-19-06, February 2019; OIG, *Inspection of Embassy Kolonia, Federated States of Micronesia* (ISP-I-19-05, February 2019); ISP-I-19-04, November 2018; OIG, *Inspection of Embassy Dakar, Senegal* (ISP-I-19-03, November 2018); ISP-I-19-08, October 2018.

<sup>34</sup> ISP-I-19-20, July 2019; ISP-I-19-18, June 2019; ISP-I-19-14, April 2019; ISP-I-19-07, February 2019; ISP-I-19-06, February 2019; ISP-I-19-05, February 2019; ISP-I-19-10, December 2018; ISP-I-19-04, November 2018; ISP-I-19-03, November 2018.

tested IT contingency plans annually, and initial and refresher IT contingency training for IT employees was lacking.

Another issue often noted in our inspection work pertains to local IT configuration control boards. Department policy requires any embassy that maintains its own IT systems to establish a local control board to ensure that the hardware, software, and network components installed on the local area network do not adversely affect the existing IT infrastructure. Nonetheless, we found multiple overseas posts that had not established a board to govern all systems equipment operated on the embassy's network.<sup>35</sup> Furthermore, in an audit on the Department's local control boards, we reported that even where boards are operating, they are not consistently complying with all policies.<sup>36</sup> For example, we found a lack of testing performed on change requests and weaknesses in maintaining documentation regarding board decisions on change requests.<sup>37</sup>

We also identified concerns with mechanisms used by the Department to assess its IT systems for deficiencies. For example, the Department created a team to assess IT networks and to provide recommendations and remediation strategies to enhance the Department's IT posture. Although this effort had a positive effect on the IT posture at posts where the assessment had occurred, we identified improvements that could be made to the process. For example, bureaus and posts were not required to respond to recommendations made during the assessment, and the team did not ensure that all vulnerabilities identified had been remediated. In addition, some recommendations made by the assessment team were duplicative and of limited qualitative value. We also found that there was no mechanism in place to communicate identified vulnerabilities to the system owner if a vulnerability was considered significant or required additional resources to remediate.<sup>38</sup>

Finally, we note that some of our FY 2019 work highlighted the difficulties the Department faces acquiring and developing new IT systems. In the Office of Foreign Missions, we found that the lack of a fully implemented systems development lifecycle methodology hindered the development of the office's IT system and significantly delayed its completion.<sup>39</sup> As a result, staff had to manage its work on a system that had not had a valid authorization to operate

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<sup>35</sup> ISP-I-19-18, June 2019; OIG, *Inspection of Embassy Libreville, Gabon* (ISP-I-19-16, June 2019); ISP-I-19-14, April 2019; ISP-I-19-07, February 2019; ISP-I-19-06, February 2019; ISP-I-19-03, November 2018.

<sup>36</sup> OIG, *Audit of the Department of State's Local Configuration Control Boards* (AUD-IT-19-36, July 2019).

<sup>37</sup> *Ibid.*

<sup>38</sup> *Audit of Selected Post Efforts To Track and Remediate Vulnerabilities Identified During Blue Team Risk Assessments* (AUD-IT-19-41, September 2019).

<sup>39</sup> ISP-I-19-21, May 2019.

since 2013. In the Bureau of Democracy, Human Rights, and Labor, we found the bureau did not prepare a project plan that included necessary budget and planning elements for a system intended to replace the current system on which Leahy vetting is conducted.<sup>40</sup> The bureau also lacked a technically qualified project manager to oversee development of the new system. These deficiencies raised the risks of cost overruns and delays, which could ultimately compromise the Department's ability to conduct Leahy vetting.

## FINANCIAL AND PROPERTY MANAGEMENT

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Management of its financial resources and property remains a challenge for the Department. One significant aspect of this challenge relates to overall internal control issues—namely, the Department's ability to identify internal control weaknesses in the first place and its subsequent compliance with relevant standards. This issue affects management of both the Department's financial resources and its property. In addition, we identify weaknesses in the Department's collection, use, and analysis of financial information. As with oversight of contracts and grants, attention to this challenge is particularly important to ensure that the Department appropriately oversees and uses public resources.

### Internal Control Deficiencies

Department operations in FY 2019 suffered from a variety of internal control deficiencies, and an independent audit identified certain matters that were considered "significant." OIG notes that weaknesses in property and equipment were initially reported in the audit of the Department's FY 2005 consolidated financial statements and reiterated in subsequent audits. In FY 2018, the Department's internal control structure continued to exhibit several deficiencies that hampered the Department's ability to account for real and personal property in a complete, accurate, and timely manner. The auditor concluded that the combination of property-related control deficiencies was a significant deficiency.<sup>41</sup>

Internal control deficiencies were also identified during various OIG projects. For example, embassies in Gabon and Kenya failed to identify internal control deficiencies as a result of weak statement of assurance processes. Embassy Libreville did not prepare its 2018 Annual Chief of Mission Management Control Statement of Assurance in accordance with Department guidance, nor

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<sup>40</sup> OIG, *Inspection of the Bureau of Democracy, Human Rights, and Labor* (ISP-I-19-11, October 2018).

<sup>41</sup> OIG, *Independent Auditor's Report on the U.S. Department of State 2018 and 2017 Financial Statements* (AUD-FM-19-03, November 2018).

did it have an ongoing system of management controls.<sup>42</sup> At Embassy Nairobi, the embassy followed the format required by the Statement of Assurance process but did not use the checklists to identify vulnerabilities.<sup>43</sup>

A lack of an annual acquisition plan for procurement was also a concern for several embassies. For example, in The Gambia, because the embassy did not have a plan for current and future contracting requirements, it had little knowledge of existing contracting requirements that were due to expire, ultimately resulting in several unauthorized commitments discovered by OIG.<sup>44</sup> At Embassy Dakar, Senegal, we found that the existence of an annual acquisition plan for procuring supplies and services could have prevented the embassy from spending hundreds of thousands of dollars on excess and ultimately unused equipment.<sup>45</sup>

Several embassy inspections identified weaknesses in general property management controls involving warehouse access, inventory, spot checks, and related issues. At Nairobi, the embassy maintained more than \$26 million in non-expendable inventory; of that amount, we found \$14 million should be disposed of or replaced. For example, OIG found assets in the warehouse and residences that were due to be replaced in 1984 but were still in the inventory.<sup>46</sup> At Consulate General Kolkata in India, staff did not track facilities management expendable supplies in the Department's electronic inventory system. Instead, staff maintained a separate paper log to document inventory and issuance of expendable supplies, increasing the risk of theft. Also, Consulate General Mumbai's on-compound warehouse lacked adequate access control.<sup>47</sup>

The proper documentation of property transfers to residences has also been an ongoing challenge. Data in the electronic inventory system at Embassy Port-au-Prince showed the embassy did not document more than 20 percent of nonexpendable property transfers to residences over nearly 2 years, increasing the risk of theft.<sup>48</sup> Embassy New Delhi failed to consistently document such transfers for both FY 2016 and FY 2017.<sup>49</sup>

As in years past, several reports noted issues with embassy management of fuel, an asset that is particularly vulnerable to theft given its significant value. At

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<sup>42</sup> ISP-I-19-16, June 2019.

<sup>43</sup> ISP-I-19-08, October 2018.

<sup>44</sup> ISP-I-19-04, November 2018.

<sup>45</sup> ISP-I-19-03, November 2018.

<sup>46</sup> ISP-I-19-08, October 2018.

<sup>47</sup> ISP-I-19-10, December 2018.

<sup>48</sup> ISP-I-19-18, June 2019.

<sup>49</sup> ISP-I-19-10, December 2018.



Embassy Dakar, spot checks of residential fuel deliveries were not conducted, and local staff oversaw deliveries, contrary to Department standards.<sup>50</sup> Similarly, at Embassy Port-au-Prince, INL did not adequately supervise its fuel, allowing Haitian Government personnel to accept deliveries, which risks waste, fraud, and mismanagement of the asset.<sup>51</sup>

Relatedly, we noted frequent internal control deficiencies affecting the Department's fleet of official vehicles. For example, Embassy Bogota did not track motor pool expendable supplies, such as motor oil and oil filters, in the Department's electronic inventory system.<sup>52</sup> Also, neither Embassy Bogota nor Embassy Libreville monitored the operating costs of their official vehicles, and Embassy Libreville and Embassy Vienna did not control access to motor vehicle keys.<sup>53</sup> In addition, Embassy Vienna did not establish adequate internal controls over the credit cards used to purchase fuel for its motor vehicle fleet.<sup>54</sup> At Embassy Dakar, incidental American drivers garaged or parked official vehicles at their residences without prior specific authorization from the Chief of Mission. Without such approval, policy requires official vehicles to be parked overnight on an embassy compound for security, accountability, and safekeeping purposes.<sup>55</sup>

Further, although we found that Department purchase cardholders generally used their Government cards for purchases allowed by laws and regulations, we noted other internal control issues related to the Department's purchase card program. For example, we found that purchase cardholders did not always record and document purchases or reconcile monthly statements in accordance with Department policy. We also found that 10 percent of bureaus and posts had not completed a required annual review of their purchase card programs.<sup>56</sup>

## **Collecting, Analyzing, and Applying Financial Information**

Flaws in the Department's collection, use, and analysis of financial information continue to be an aspect of this management challenge. These

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<sup>50</sup> ISP-I-19-03, November 2018.

<sup>51</sup> ISP-I-19-18, June 2019.

<sup>52</sup> ISP-I-19-14, April 2019.

<sup>53</sup> ISP-I-19-14, April 2019; ISP-I-19-16, June 2019; OIG, *Management Assistance Report: Embassy Vienna, Austria, Lacks Adequate Internal Controls Over Motor Vehicle Keys and Fuel Credit Cards* (AUD-SI-19-42, September 2019).

<sup>54</sup> AUD-SI-19-42.

<sup>55</sup> ISP-I-19-03, November 2018.

<sup>56</sup> OIG, *Audit of the Department of State Purchase Card Program* (AUD-CGI-19-24, March 2019).

weaknesses are often attributable to the use of outdated or weak methods of collecting, analyzing, and applying financial and related data.

For example, we identified several concerns regarding the cost management of the Department's Embassy Air program, which was established to provide aviation support for the U.S. missions in Afghanistan and Iraq.<sup>57</sup> Beginning in 2012 in Afghanistan and 2011 in Iraq, the Department had incrementally increased ticket fees with the goal of covering a larger percentage of operational costs. In our assessment of these decisions, we found that when ticket fees increased, ridership declined and Embassy Air services became significantly underused. Ultimately, our audit concluded that when the Department set ticket fees, it did not use a documented methodology for doing so. Moreover, there was a lack of routine review and adjustment to align the frequency of Embassy Air flights and the number of aircraft in-country with demand. As a result, the Department continued to pay the significant costs associated with underused aviation operations over the course of several years.

Embassy Bogota also serves as an example of such shortcomings. During our inspection, we learned of a persistent shortfall in nonimmigrant visa application fees since at least 2014. The shortfall was determined to be approximately \$1.6 million, and, according to the Bureau of Consular Affairs, Embassy Bogota is the only mission in the world with a shortfall. Despite an expert review of the issue, the bureau could not determine its cause, and we recommended a review of fee collections and reconciliations to identify the cause and correct the issue.<sup>58</sup>

## OPERATING IN CONTINGENCY AND CRITICAL ENVIRONMENTS

Programs and posts operating in contingency and critical environments must adapt to constant change, pervasive security concerns, dramatic swings in personnel and funding, and widespread reliance on contractors and grantees. In addition to the overall challenge of protecting its people and facilities, the Department faces a much more specific challenge in managing contracts and foreign assistance programs in these locations.

We found the Department needs a process to prioritize and expedite procurement related to urgent physical security construction projects at high-threat posts. Our reports on construction projects at Embassy Kabul,

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<sup>57</sup> OIG, *Audit of Cost Management of Embassy Air in Afghanistan and Iraq* (AUD-MERO-19-33, September 2019).

<sup>58</sup> ISP-I-19-14, April 2019.

Afghanistan, offer several illustrative examples. At the outset of construction projects in this location, the Department has experienced acquisition delays for physical security upgrades because of the absence of an adequate contract mechanism for procuring construction services. Specifically, we recommended Embassy Kabul establish a procurement mechanism such as an indefinite delivery, indefinite quantity contract. This is a type of contract that could improve security vetting and streamline the acquisition process by awarding task orders among preselected contractors.<sup>59</sup> Indeed, the need to start work quickly was a factor in the Department's decision to have the Bureau of Diplomatic Security manage the Camp Eggers project, a large-scale construction contract in Afghanistan. As noted previously, despite a lack of construction experience on the part of DS and the contractor, a sense of urgency led the Department to move forward with a project that ultimately cost more than \$100 million and resulted in no discernible benefit.<sup>60</sup>

Contingency environments also affect Department operations in the area of invoice review. We found that the type of contract used was one factor that prolonged invoice review in bureaus that relied on contracted support to conduct their missions in Iraq and Afghanistan. Specifically, to account for price volatility in unstable environments, the Department is more likely to use cost-reimbursable contracts in contingency environments as opposed to firm-fixed-price contracts. We found these contracts result in complex and lengthy invoices, which had a significant effect on the workload of reviewers and increased the risk of error or delay in the process.<sup>61</sup>

More generally, in our inspection of Mission Somalia, we found that the country's restrictive operating environment, dual locations in Nairobi and Mogadishu, and difficulties in staffing the mission impeded diplomatic activities, foreign assistance management, and internal controls. We made recommendations targeting these specific issues, and we also noted that, despite security constraints, the mission conducted useful reporting and media outreach.

## WORKFORCE MANAGEMENT

The Bureau of Human Resources rightly identifies staff as the Department's greatest asset. The Department accordingly expends substantial resources on recruiting, training, and retaining a diverse, talented workforce capable of carrying out the Department's foreign policy goals and priorities. However,

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<sup>59</sup> OIG, *Management Assistance Report: Noncompliance with Federal and Department Procurement Policy at U.S. Embassy Kabul, Afghanistan, Needs Attention* (AUD-MERO-19-25, April 2019).

<sup>60</sup> ESP-19-04, July 2019.

<sup>61</sup> AUD-MERO-19-19, April 2019.

OIG's work finds that staffing gaps, frequent turnover, poor leadership, and inexperienced and undertrained staff frequently contribute to the Department's other management challenges. Workforce management issues are pervasive, affecting programs and operations domestically and overseas and across functional areas and geographic regions.

### **Maintaining Adequate Staffing Levels to Meet Operational Needs**

Many Department entities experience difficulty maintaining staffing levels, a problem that was compounded this year due to the Department-wide hiring freeze, which is discussed in more detail below.

Embassy Nassau, The Bahamas, was among those posts that faced significant operations challenges due to lengthy staffing gaps in three key leadership positions: ambassador, deputy chief of mission (DCM), and management officer. The embassy had been without a permanent, confirmed ambassador since November 2011.<sup>62</sup> At the Office of Foreign Missions (OFM), the acting Director held three leadership positions, and employees described him as overburdened and overwhelmed.<sup>63</sup> Meanwhile, OIG noted that shifts in workload were not accompanied by a commensurate realignment of personnel and redefinition of office functions. As a result, at the same time that some OFM employees did not have enough work, others had more work than they could complete.<sup>64</sup>

In another example, we found that staff morale at Embassy Nairobi suffered because of a heavy workload and long hours associated with the months-long Kenyan election process and post-election violence. With the end of election-related violence in mid-April 2018, the embassy returned to a more normal work-life balance, but officers were still recovering from the effects of the heavy workload and long hours.<sup>65</sup>

### **Providing Appropriate Training/Ensuring Staff Are Appropriately Qualified**

Underqualified staff is an issue that frequently intersects with the Department's difficulties managing and overseeing contracts. For example, in Iraq, a lack of qualified personnel to serve as CORs suggested a shortfall in human capital planning. The Department has previously recognized issues with

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<sup>62</sup> OIG, *Inspection of Embassy Nassau, The Bahamas* (ISP-I-19-19, August 2019).

<sup>63</sup> ISP-I-19-21, May 2019.

<sup>64</sup> *Ibid.*

<sup>65</sup> ISP-I-19-08, October 2018.

its COR workforce, but we found that initiatives recommended by a working group that was created to address the issue were not considered after the group concluded its work.<sup>66</sup> Inadequate training is also a problem. For example, in India, political officers responsible for human rights, trafficking in persons, political-military affairs, counterterrorism, and nonproliferation did not have functional training in these areas.<sup>67</sup> The lack of a documented process for setting and funding training priorities also prevented Public Affairs Section leadership from maximizing available resources to meet training needs.<sup>68</sup>

## Managing the Effects of the Department-wide Hiring Freeze

As previously noted, the hiring freeze had a particular effect on workforce management this year. On January 23, 2017, the President ordered a Government-wide freeze on the hiring of Federal civilian employees.<sup>69</sup> The Office of Management and Budget (OMB) lifted the hiring freeze on April 12, 2017, when its director released a plan to reduce the size of the Federal Government workforce through attrition, fulfilling a Presidential requirement to develop such a plan before lifting the freeze.<sup>70</sup> However, the Department continued the hiring freeze for another 13 months, until the Secretary lifted it on May 15, 2018.<sup>71</sup> A review by OIG showed that the freeze had a broad and significant effect on overall Department operations.<sup>72</sup>

The hiring freeze particularly affected on-board staffing levels for the Department's eligible family members and Civil Service employees, which declined by 20.7 percent for the former and by 7.1 percent for the latter from January 2017 to May 2018 when the freeze was lifted.<sup>73</sup> Bureaus and offices consistently described the process of requesting exemptions to the hiring freeze as time-consuming, inefficient, and frustrating.<sup>74</sup> Bureaus also reported that they were unable to approve training and other professional development during the hiring freeze because of heavy workloads and Department-wide restrictions on detail assignments, which affected their ability to develop their workforces.<sup>75</sup>

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<sup>66</sup> AUD-MERO-19-10, November 2018.

<sup>67</sup> ISP-I-19-10, December 2018.

<sup>68</sup> *Ibid.*

<sup>69</sup> The White House, *Memorandum for Heads of Executive Departments and Agencies, Subject: Hiring Freeze* (January 23, 2017).

<sup>70</sup> OMB, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce* (M-17-22, April 12, 2017).

<sup>71</sup> 18 STATE 64296, "Lifting the Hiring Freeze," June 25, 2018.

<sup>72</sup> OIG, *Review of the Effects of the Department of State Hiring Freeze* (ISP-I-19-23, August 2019).

<sup>73</sup> *Ibid.*

<sup>74</sup> *Ibid.*

<sup>75</sup> *Ibid.*

We also noted that its implementation was not guided by any strategic goals linked to a discrete, but related, exercise to prepare a plan to improve the economy and efficiency of Department operations, known as the organizational reform effort. This disconnect led to an inability to apply staffing reductions in a way that reflected the Department's strategic goals.

Lastly, our review found that all the bureaus and offices (38) and 97 percent of the embassies and consulates (145) that responded to our survey reported that the hiring freeze had either a somewhat negative or very negative effect on employee morale and welfare. Employees told OIG that the hiring freeze contributed to excessive workloads, and the lack of transparency about the objectives intended to be achieved by the hiring freeze caused some to be concerned about losing their jobs.

### **Holding Leadership Accountable to Department Principles**

Strong leadership that adheres to appropriate standards is vital to ensuring a successful workforce. The Department's Leadership and Management Principles guide the management of its workforce.<sup>76</sup> These principles state that the Department relies on all employees to represent the U.S. Government in the course of carrying out its mission. However, managers and supervisors within the Department have a special responsibility to ensure the mission is carried out by leading by example to foster the highest attainable degree of employee morale and productivity.

A report on leadership within the Bureau of International Organization Affairs revealed numerous complaints, including allegations of disrespectful and hostile treatment of employees, unmerited accusations of disloyalty, and retaliation based on conflicts of interest.<sup>77</sup> Many leadership concerns associated with the National Passport Center in New Hampshire were also reported to OIG, prompting a targeted review. Employees reported widespread inappropriate behavior that included allegations of retaliation, such as denying awards, promotions, and special assignments and pursuing meritless disciplinary actions; multiple incidents of sexual and gender-based harassment; and multiple accounts of subtle or blunt intimidation.<sup>78</sup>

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<sup>76</sup> 3 FAM 1214 (September 21, 2018).

<sup>77</sup> OIG, *Review of Allegations of Politicized and Other Improper Personnel Practices in the Bureau of International Organization Affairs* (ESP-19-05, August 2019).

<sup>78</sup> OIG, *Targeted Review of Leadership and Management at the National Passport Center* (ISP-I-19-13, November 2018).

Additionally, our inspection of Embassy Libreville revealed a leadership team falling short of the Department’s own principles. We found that verbal outbursts on the part of a senior leader created anxiety and impeded communications.<sup>79</sup> We also found one leader who may have violated anti-nepotism guidelines and supervisors who failed to address poor performance by some staff members in several embassy sections.<sup>80</sup>

## PROMOTING ACCOUNTABILITY THROUGH INTERNAL COORDINATION AND CLEAR LINES OF AUTHORITY

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Promoting accountability through careful internal coordination and clear, well-defined lines of authority is still a challenge for the Department. OIG finds that poor coordination and vague or dispersed authority are at the root of some of the Department’s other deficiencies. This is a concern that affects a wide range of Department functions: it is often implicated in problems particular to certain Department programs or projects, and it is likewise relevant to some of the Department’s more longstanding and systemic difficulties, including ensuring physical and information security.

A lack of internal coordination was one of our findings in the audit of the Department’s Directorate of Defense Trade Controls, which is charged with controlling the export of defense articles and services. Specifically, we found that licensing officers, who adjudicate applications from prospective exporters, did not always work with other relevant bureaus and offices to gain valuable input before approving applications.<sup>81</sup> In our inspection of DRL foreign assistance program management, we heard from employees of regional bureaus and embassies that DRL did not always share sufficient information about sensitive democracy and governance programs taking place in their region or country, which hampered their ability to direct and supervise the implementation of foreign assistance programs.<sup>82</sup>

Furthermore, we found instances where dispersed and unclear authority contributed to weaknesses in certain programs and operations. For example, we reported that we could not affirm whether grants and cooperative agreements awarded to counter violent extremism were achieving desired results because the Bureau of Counterterrorism (CT) had not ensured that the strategic plans and activities of Department bureaus aligned with the overall

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<sup>79</sup> ISP-I-19-16, June 2019.

<sup>80</sup> *Ibid.*

<sup>81</sup> OIG, *Audit of Department of State Directorate of Defense Trade Controls Export Licensing Processes* (AUD-SI-19-07, February 2019).

<sup>82</sup> ISP-I-19-12., October 2018.

Department goals.<sup>83</sup> We found that CT officials could not enforce compliance with Department goals because they did not have the authority to do so. Similarly, we found that the search for a resolution to improper passport seizures at Embassy Sana'a, Yemen, was prolonged in part because there was no single decisionmaker with clear authority to resolve differing viewpoints on legal questions.<sup>84</sup>

A lack of coordination also affects the Department's overall difficulties in tracking and prioritizing physical security needs at overseas posts and its struggle to implement an effective information security program. On the former, we have long noted in past reports a lack of coordination between OBO and DS, both of which have responsibilities for physical security at diplomatic facilities.<sup>85</sup> The creation of a database of physical security deficiencies reflects improved coordination between the bureaus, but the Department must develop and implement a process to prioritize physical security deficiencies at overseas posts to improve allocation of funding. Regarding information security, OIG remains concerned with the overlapping and poorly defined responsibilities between DS and IRM and the organizational placement of the CIO, which impedes the position's ability to effectively implement an agency-wide information security program. In addition to addressing these structural and organizational concerns through its reports and recommendations, OIG has repeatedly emphasized these matters in testimony, presentations, and other communications with the Department and with Congress.

## CONCLUSION

Effectively implementing U.S. foreign policy through diplomacy, advocacy, and assistance is essential to our nation's security and prosperity. However, each of the management challenges described in this report has an outsized effect on the Department's ability to perform its mission and to safeguard taxpayer resources while doing so.

OIG observes that where multiple challenges overlap, unique vulnerabilities emerge for the Department. OIG is particularly concerned with the Department's information systems, which are relied on by all programs and operations for carrying out the Department's mission. Longstanding information security weaknesses put every other function at risk.

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<sup>83</sup> AUD-MERO-19-27, June 2019.

<sup>84</sup> OIG, *Review of Allegations of Improper Passport Seizures at Embassy Sana'a, Yemen* (ESP-19-01, October 2018).

<sup>85</sup> OIG, *Compliance Follow-up Audit of the Process To Request and Prioritize Physical-Security Related Activities at Overseas Posts* (AUD-ACF-16-20, December 2015).



Additionally, widespread workforce management issues hinder oversight of contracts and grants and weaken internal controls, exposing the Department to the risk of fraud and waste, particularly in critical and contingency environments. In fact, our growing body of work on the construction projects at Embassy Kabul illustrates the interplay of all these issues. Pressure to quickly complete construction projects coupled with poor coordination among stakeholders, a slow acquisitions process, and personnel without the necessary expertise can lead to contract management mistakes with financial and security implications for the Department.

The Department will benefit most if deficiencies are effectively addressed in programs and operations that are affected by multiple challenges. OIG accordingly encourages the Department to consider how these challenges interact and how it can address them systemically. OIG remains committed to assisting the Department as it works to improve the effectiveness and efficiency of its programs and operations.

## APPENDIX A: RESPONSE FROM THE U.S. DEPARTMENT OF STATE

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In 2019, the Department of State’s Office of Inspector General (OIG) identified management and performance challenges in the areas of: protection of people and facilities; oversight of contracts, grants, and foreign assistance; information security and management; financial and property management; operating in contingency and critical environments; workforce management; and promoting accountability through internal coordination and clear lines of authority.

To address challenges such as the ones described above, in the summer of 2019 the Under Secretary for Management (M) worked across M family bureaus to define his “High Five” priorities: Talent; Security & Infrastructure; Excellence & Innovation; Data & Analytics; and Technology. Stemming from these thematic priorities, the Under Secretary worked with each Management bureau to establish action plans, key tasks, and metrics to monitor progress towards improvement in each High Five area.

The High Five, together with Management’s “Field First” focus that centers on responsiveness to post needs, provides a framework to plan strategically and work to promptly and efficiently take corrective actions in response to OIG findings and recommendations. Highlights are summarized below.

### **1 PROTECTION OF PEOPLE AND FACILITIES**

The protection of people and facilities remains of utmost importance for the Department, exemplified by the High Five priority of Security & Infrastructure. Although protecting our people and assets is a constant challenge, this focus emphasizes the need for:

- Providing safe and secure conditions for employees domestically and abroad; and
- Mitigating risks of operating in high threat environments.

Below is additional information about specific issues raised by the OIG and improvements the Department has made in its systems for protecting people and facilities. However, there are some areas in which the Department would like to clarify some perceived weaknesses by the OIG.

#### ***Constructing and Maintaining Safe and Secure Diplomatic Facilities***

The OIG highlighted problems related to facilities maintenance during their routine inspections of overseas posts. As part of the High Five priority of Security & Infrastructure, the Bureau of Overseas Buildings Operations (OBO) is undertaking a Facilities Maintenance and Upkeep initiative to enhance its

operations and maintenance program with a focus on increasing the longevity of our facilities. This initiative aims to leverage industry standards to manage the life cycle of overseas facilities, identify performance indicators to measure improved design effects on operations and maintenance, improve the collection of facility conditions, and expand and enhance the Facility management support to the field.

The Department has maximized the use of fully-qualified personal services and third-party contractors to fill critical facility manager vacancies at posts, and ramped up recruiting efforts over the past twelve months. Eight facility manager students currently are in tradecraft training at the Foreign Service Institute and expected to complete it in January 2020. The Department also has established several OBO Regional Support Centers (ORSC), with the latest one in the Bureau of African Affairs (AF). The AF ORSC will reach initial operational capability in 2020 and provide direct facility management support to AF posts.

Regarding specific OIG recommendations made on public water and mold issues from U.S. Embassy Paramaribo's chancery roof, a Departmental team reviewed the roofing deficiencies and estimates that they will be corrected by the end of calendar year 2019. In addition, post mitigated the mold issues and worked with the embassy health unit and OBO's Office of Safety Health and Environmental Management to confirm that there are no reports of occupants with health issues linked to mold in the buildings.

Regarding OIG's Inspection of Embassy Banjul, The Gambia, OIG reported numerous physical defects in the chancery. OBO and the Embassy continue to negotiate with the landlord to undertake the repairs, but the parties have yet to determine a start date. For the Inspection of Embassy Port-au-Prince, Haiti, OIG reported potential workplace safety hazards, including issues with the elevator. The Embassy completed most of the required repairs, and is coordinating with OBO to issue a Certificate of Use for the two elevator issues.

### ***Ensuring the Health and Safety of Personnel Abroad***

The Department's emphasis on fostering and sustaining a healthy, resilient, and engaged global workforce for optimal performance is incorporated into the Under Secretary for Management's High Five action plan. The Department is working to expand resilience support and training activities through ongoing outreach and other efforts.

## **2 OVERSIGHT OF CONTRACTS, GRANTS, AND FOREIGN ASSISTANCE**

In response to the OIG recommendations, the Department took a number of actions to improve oversight of contracts and grants, including those that appear below. The Department will continue to take steps to address OIG's recommendations.

### ***Overseeing Construction Contracts***

OIG's audit of the commissioning of two residential buildings at the Embassy in Kabul found that, in order to accommodate the ambassador's request to expedite occupancy, OBO declared the buildings substantially complete even though 8 of 22 systems were not commissioned. OBO maintains that as long as fire and life-safety systems are complete and a building can be used for its intended purpose, minor punch list items should not prevent the Department from moving people into safer, more secure facilities as quickly as possible, particularly in a critical-threat environment. OBO is in the process of updating its policies and procedures to allow for the necessary flexibilities required for overseas construction, especially in fluid environments such as Kabul.

During the same audit, OIG identified weaknesses in how OBO maintains commissioning documentation, which serves as the historical record of key decisions made throughout the project planning and delivery process. OBO maintains that the risks identified by OIG are minimal, although OBO concurs that an improved documentation process may mitigate these risks.

As part of the Under Secretary's High Five priority of Excellence & Innovation, OBO aims to utilize technology to enhance capabilities across all phases of a facility's lifecycle. OBO is piloting software currently utilized in the private sector to reduce the use of hard-copy commissioning documents. OBO has invited external experts to review capabilities, compatibility with other platforms, and technical security requirements. OBO also is updating the commissioning task order statement of work template to include language about routinely uploading hard-copy commissioning performance tests and related documentation.

Regarding the OIG's review of the Camp Eggers construction project, the Department concurs with the OIG's recommendation that it should develop a policy identifying the specific circumstances under which the construction clause in the Worldwide Protective Services should be used. The Department acknowledges that, when it embarks upon new construction projects to

support embassy operations, close intra-Bureau coordination is required to ensure all considerations for housing and supporting infrastructure for a security program are met.

### ***Overseeing Grants and Foreign Assistance Programs***

In its report, the OIG referenced its special evaluation of the Antiterrorism Assistance Explosive Detection Canine Program, and the insufficient policies and standards governing this program. The Department has taken significant strides to address the deficiencies outlined in the report. Diplomatic Security's Office of Antiterrorism Assistance has resolved the majority of the recommendations in the OIG's report, addressing issues through written policy adjustments and new guidelines. For example, the Department is establishing planned health and welfare visits, and a new requirement for host nations to sign care guidelines before the canines are delivered. In addition, Diplomatic Security, in conjunction with the Bureau of Counterterrorism, is developing a sustainability plan for the dogs serving in Jordan.

## **3 INFORMATION SECURITY AND MANAGEMENT**

Information Security and Management combines two of Management's High Five priorities, Security & Infrastructure and Technology. Protecting the Department's information and keeping up with technological advances go hand-in-hand.

The Security & Infrastructure priority focuses on enhancing and better connecting cybersecurity efforts, including enterprise cyber risk management, as well as leveraging IT and intelligence to improve safety and security of operations.

The Technology priority seeks to modernize the Department with a mission-first, field-first focus, including:

- Working with bureaus to capture their strategic and operating intent in sufficient detail to drive IT decision making;
- Aligning IT programs, staffing, and funding to deliver on prioritized roadmap;
- Establishing common architecture to address common concerns; and
- Ensuring systems are reliable, especially command and control circuits.

The Department has taken steps to address its information security program, as noted in the 2019 OIG Federal Information Security Management Act report. For example, the Department has taken steps to revise its Cybersecurity Risk

Management Strategy in 2019, addressing recommendations issued in the Audit of the Department of State Information Security Program.

The Department also has progressed in addressing the role of the Chief Information Officer (CIO). The CIO has been delegated oversight authority over all IT investments, including cybersecurity. The CIO currently is evaluating the effectiveness of the Chief Information Security Officer and Diplomatic Security (DS) partnership to manage cybersecurity risk and threat.

However, DS also has responsibilities for certain aspects of information security, as delegated in memoranda and the Omnibus Diplomatic Security and Antiterrorism Act. These aspects include communications and computer-related security functions. Interdependent security disciplines enable DS to leverage technical, law enforcement, and counterintelligence capabilities in combatting threats to protect classified and sensitive information affecting foreign policy and national security. The Department has recognized this by splitting responsibilities for information and cybersecurity between the Bureau of Information Resource Management (IRM) and DS. The operational division of responsibilities between DS and IRM are parallel to the collaborative efforts between:

- DS and OBO to secure diplomatic facilities globally;
- Bureau of Intelligence and Research and the Bureau of Administration to secure intelligence information and Sensitive Compartmented Information Facilities and to ensure that classified information is safeguarded and securely shared; and
- DS and HR to ensure a vetted and trusted workforce.

Although the OIG states, “there is no clear pictures of total IT spending by the Department,” the Department continues to report its total IT spending to the Office of Management and Budget annually. The CIO and the Director of Budget and Planning certify this information. The Department continues to review and improve IT investment oversight through the new IT Executive Council governing structure. This structure incorporates the requirements and participation of all regional bureau IT leadership. As a result, the IT acquisition procurement review has been brought under the office of the CIO.

The Department acknowledges that it continued to experience lapses in performance duties of ISSOs in 2019. This continues to be a struggle, as the current level of information resources staff overseas cannot sustain both regular duties and tasks of an ISSO. However, the Department has launched a new cyber incentive pay initiative. This program is re-evaluating positions and responsibilities and creating positions that have cybersecurity as a primary function of their job. This program is scheduled for implementation in 2020.

The OIG report also addresses overseas posts that did not establish a local control board to ensure that the hardware, software, and network components installed on the local area network do not adversely affect the existing IT infrastructure. The Department already has identified a solution to this with the modernization of the Department's central Information Technology Configuration Control Board system. This system will be deployed in 2020 on a cloud platform, will incorporate local change controls efforts, and will be accessible to post, providing the Department with a comprehensive view of the configuration of all IT assets and systems in production.

The OIG addressed suggested improvements to the team the Department created to assess IT networks and to provide recommendations and remediation strategies to enhance the Department's IT posture, such as requiring that bureaus and posts respond to recommendations made during assessments that the IT team ensures all vulnerabilities identified are remediated. This is being addressed by the IT Executive Council (ITEC), which incorporates the requirements and participation of all regional bureau IT leadership. The ITEC also will alleviate concerns such as the Bureau of Democracy, Human Rights, and Labor's failure to prepare a project plan to replace its Leahy vetting system.

#### **4 FINANCIAL AND PROPERTY MANAGEMENT**

The Department operates in a complex and challenging global environment and, as a result, manages one of the U.S. Government's most complex financial operations. Operating around-the-clock in over 270 locations and 180 countries, the Department conducts business in over 138 currencies, accounts for \$100 billion in assets, maintains 236 bank accounts around the world, executes over 6,100 annual foreign currency purchases and sales valued at over \$6 billion, and manages real and personal property capital assets with historical costs of more than \$34 billion.

As part of the High Five theme of Excellence and Innovation, the Bureau of the Comptroller and Global Financial Services is working to automate and streamline financial operations through process enhancements and technology innovations, including the increased use of Robotic Process Automation, or "bots."

As part of the High Five theme of Security and Infrastructure, the Bureau of Administration is working to optimize the management of the Department's domestic real property assets. Additionally, as part of Security and Infrastructure, the Bureau of Overseas Building Operations is working to improve the process to prioritize projects of varying scope and scale across the global portfolio to optimize safety, security, and functionality through the Embassy After Next initiative.

Department officials at all levels, both at home and abroad, are dedicated to ensuring effective management controls and oversight over the resources entrusted to the Department. In doing so, the Department has received seven consecutive unmodified opinions (FYs 2012-2018) from the external Independent Auditor on our annual Department-wide financial statements. In addition, the Department ended 2018 with no reported material weaknesses in internal controls over financial reporting.

The Management Challenges report notes the Department's difficulty in tracking and reporting data. The Office of Management Policy, Rightsizing, and Innovation has taken significant strides to overcome these difficulties by setting up the Department's Center for Analytics and establishment of the Chief Data Officer (CDO). Since its inception in November 2018, the Center for Analytics has had a significant impact by infusing analytics into agency-wide management and policy decision making, with over 30 projects complete and 60 queued. The Center for Analytics, led by the CDO, is enhancing its data management and governance activities by creating an enterprise data governance board and a data catalogue, and is working to improve data quality and accessibility issues through its master reference data and other efforts.

The Under Secretary for Management also addresses this in the High Five, stressing the importance of data-informed decisions, particularly:

- Treating data as a strategic asset; increasing timeliness, usability, quality, and reliability of data while ensuring data security and integrity;
- Improving decision making with evidence and analysis; and
- Building and enhancing data analysis and literacy capabilities.

### ***Internal Control Deficiencies***

The OIG found purchase card users complied with laws and regulations but were deficient in documenting required reviews. Fiscal year 2018 was the first year that all bureaus and posts were required to complete their annual reviews in the Purchase Card Management and Reporting System. The Department has a clear and consistent policy that requires annual reviews and will continue to communicate reminders to enforce the policy through Department Notices, ALDACs, and e-mail notifications.

### ***Collecting, Analyzing, and Applying Financial Information***

In the OIG's report, the inspection of Embassy Bogota showed a shortfall in nonimmigrant visa application fees of approximately \$1.6 million. Limitations of available analytical tools (Excel, Access, Tableau, etc.) create management challenges in the Department's ability to perform in-depth and complex analysis of financial information. In the case of Colombia specifically, after six months of



extensive and exhaustive review and analysis, the Bureau of Consular Affairs referred the matter to the OIG’s Office of Investigations for a forensic level review; the matter remains under investigation as of October 2019.

## **5 OPERATING IN CONTINGENCY AND CRITICAL ENVIRONMENTS**

In some cases, the Department must operate in “critical” environments, or areas that experience various challenges in the form of conflict, instability, disease, or natural disasters. These pose their own set of problems and contribute to existing challenges.

Management’s High Five priority of Excellence & Innovation emphasizes agility, such as:

- Improving intra- and interagency coordination and accountability to enhance service delivery and enable foreign policy objectives;
- Implementing “Automation Ready” Process improvement methods;
- Fostering innovative thinking and allowing calculated risk taking when considering new ways of doing things; and
- Providing safe and secure conditions for employees abroad and mitigating the risks of operating in high-threat environments.

## **6 WORKFORCE MANAGEMENT**

The Secretary’s Professional Ethos gives a common foundation for the Department’s broad mission, one that cannot be accomplished without its workforce. Similarly, despite employing different categories of staff - Foreign Service, Civil Service, locally employed staff, and political appointees – the Secretary has emphasized the need for One Team, One Mission Ethos to achieve success.

The High Five Talent priority elucidates how the Department is striving to be the employer of choice and care for its people. To combat workforce management challenges, some of which the OIG describes in its report, the Under Secretary for Management is focusing on:

- Accelerating onboarding and hiring to fill critical Civil Service vacancies;
- Leadership development and succession planning;
- Improving employee engagement and workforce flexibilities;
- Enhancing the resiliency and well-being of employees; and
- Promoting an inclusive and diverse workforce.

The Department will elaborate on these efforts in response to several of the OIG’s Management Challenges findings below.

## Maintaining Adequate Staffing Levels to Meet Operational Needs

The OIG notes that many Department entities experience difficulty maintaining staffing levels, a problem compounded due to a 17-month Department-wide hiring freeze. The Department agrees that it is critically important to reach and maintain adequate staffing levels and has made significant progress in 2019. Under Secretary Pompeo's leadership, currently the Department is just one percent shy of its goal to have over 13,000 Foreign Service (FS) employees by January 2020, with nearly 12,800 FS staff on board as of October 2019. In 2019, the Department hired 515 new FS employees (247 Specialists and 268 Generalists) and another 112 Limited Non-Career Appointments. There also are eight FS classes (four Generalist and four Specialist) planned for 2020. Although, unlike the FS, Civil Service (CS) hiring occurs on a case-by-case basis, the Department is pursuing hiring levels roughly 700 above current levels (currently at 10,300) – an increase of nearly seven percent.

The Department takes the impact of vacancies on staff morale very seriously, and remains committed to pursuing innovative strategies to attract and retain a highly-qualified workforce and expedite recruitment. At the same time, the Department is actively fostering a culture that is family-friendly and conducive to self-care by helping employees juggle the demands of work and family, including aging parents, childcare, and medical emergencies. Some recruitment and retention strategies include:

### Recruitment:

- Prioritizing hiring for vacant Human Resources (HR) Specialist positions (performing CS recruitment) at the Department's largest HR Service Provider;
- Signing a Memorandum of Understanding with the Defense Finance and Accounting Service (DFAS) to provide support for the recruitment and hiring of State CS employees. DFAS has agreed to process as many as 50 to 60 recruitment requests per month for at least the next year effective November 1, 2019;
- Encouraging hiring managers to identify those positions that may be converted to a Domestic Employees Teleworking Overseas program (DETO) position;
- Encouraging managers to allow "tandem couple" employees to fill domestic jobs with DETO positions where their spouses are assigned;
- Offering the Consular Fellows and Information Management Specialists online tests globally at approximately 130 additional testing centers around the world to increase accessibility for applicants interested in these two tracks;

- Reducing the Foreign Service Officer assessment timeline to attract candidates, enhance assessment capacity, and to make the Department more competitive with the private sector; and
- Launching a pilot for expedited/increased veteran hiring for civil service IT positions.

Retention:

- Developing flexibilities on leave without pay and creating a working group to explore flexibilities in existing policies to support families, particularly new parents;
- Publishing an online “Director General of Human Resources Digest” that raises awareness about new and existing policies and services, and maintaining a dedicated resources page for the Department community on the HR intranet site about the family care resources currently available;
- Establishing an innovation unit and an enhanced strategic communications unit, so employees now can propose directly those policies, approaches, and opportunities they need to be productive, engaged, and empowered; and
- Reinstating a Global HR Workshop in Washington for Human Resources Officers.

In the meantime, the Department continues to employ strategies and programs, such as the Consular Fellows Program, staff details, the CS Hard-to-Fill program, retirees working on a reemployed annuitant basis, and the Expanded Professional Associates Program, to minimize the impact of staffing gaps and reduce vacancies.

### **Holding Leadership Accountable to Department Principles**

The primary goals of the Department’s discipline process include accountability, fairness, and affirmation of core values for all employees, including those in leadership positions. The Department acknowledges that combatting a toxic workplace starts at the top; holding leadership accountable is key to maintaining a productive and mission-focused workplace. The Secretary’s One Team, One Mission Ethos for the Department promotes a culture of accountability at all levels. The Conduct, Suitability, and Discipline (CSD) division of the Office of Employee Relations manages the Department’s discipline program with the goal that employees throughout the ranks understand and adhere to the highest standards of conduct and professionalism.

To advance these goals, CSD continues to manage an average of 350 cases for possible action per year from investigative offices and bureaus. CSD works closely with the Bureau of Diplomatic Security, Office of Civil Rights, Office of

the Inspector General, Office of the Legal Adviser's Office of Employment Law, bureau executive offices, other HR offices, and the Drug Free Workplace administrator, in the management of the discipline program. CSD also works to educate and support managers and employees in preventing or addressing misconduct at all levels before it affects the efficiency of the Service, and to ensure that employees are free from harassment in the workplace.

The OIG's Targeted Review of Leadership at the National Passport Center reported disrespect, hostility, and retaliation based on conflicts of interest and overall mismanagement. As a result of this report, CA and the Office of Civil Rights (OCR) investigated these allegations and forwarded their findings and recommendations to the Bureau of Human Resources for determination of appropriate disciplinary actions. CA also consulted several outside entities to provide staff with necessary information and support, including the Office of Medical Services, OCR, the Ombudsman, and the Employee Assistance Program. In addition, CA contracted the assistance of the U.S. Department of Health and Human Services, Division of Federal Occupational Health Service to provide onsite managerial consultations. CA continues to work with leadership at the National Passport Center to ensure managerial accountability to Department Leadership principles.

## **7 PROMOTING ACCOUNTABILITY THROUGH INTERNAL COORDINATION AND CLEAR LINES OF AUTHORITY**

The Department acknowledges that clear lines of authority are necessary for ensuring that the Department is able to hold decision makers accountable. It also recognizes that an organization as diffuse and diverse in mission as the Department requires a great deal of coordination between internal and external partners.

In August 2019, the Department established the Enterprise Governance Board, a forum for senior leaders to provide executive-level direction, solicit input for decisions, and exercise oversight of major cross-cutting topics at the Department. All Under Secretaries serve as permanent board members and the group meets on a regular basis. The Enterprise Governance Board focuses on improved agility, enhanced alignment, strengthened accountability, risk, and data-informed decision making.

The OIG cited a lack of coordination between OBO and DS that affects the Department's ability to track and prioritize physical security needs at overseas posts and implement an effective information security program. Following the release of the OIG report, Compliance Follow-up Audit of the Process to Request and Prioritize Physical-Security Related Activities at Overseas Posts, OBO and DS took the following steps to ensure better coordination:

- Created a Security Requirements Working Group to review all new requests for urgent security upgrades or projects and to discuss the urgency and relative priority of these projects, as well as to ensure that security-related projects move forward as expeditiously as possible when obstacles are encountered.
- Developed a worldwide physical security deficiencies database, tracking all deficiencies in OBO's Building Management Integrated System. Currently, there are over 7,000 deficiencies, and OBO and DS are working on prioritization methodology.
- Validated the current prioritization factors to include a peer review by the Army Corps of Engineers of the existing criteria. OBO is developing standard operating procedures to use the deficiency data to produce prioritized project lists for future execution.
- Developed a process for tracking and aligning these physical security deficiencies to OBO projects and monitoring the deficiencies to resolution. Despite the efforts to identify and prioritize physical security deficiencies, there will still be an ongoing backlog due to changing physical security standards and a lack of funding.
- The Assistant Secretary for Diplomatic Security and the Director of OBO meet bi-weekly to address issues of critical importance to the safety and security of overseas posts with an emphasis on creating collaborative and innovative solutions to emerging challenges.

The Bureau of Consular Affairs (CA) also is working towards promoting accountability through a consolidated legal review of passport, Consular Report of Birth Abroad adjudication policy, and citizenship law into its Passport Services division. Prior to December 2017, decision making was split between Overseas Citizen Services and Passport Services. In addition, all CA lawyers will move to the Office of the Legal Adviser. The transition will occur in calendar year 2020.

In addition, as a result of the OIG's Review of Allegations of Improper Passport Seizures at Embassy Sana'a, Yemen, CA is forming clear policy guidance and training to ensure passport seizures are appropriate and resolved in a timely manner. This includes a single point of contact to communicate with and receive direction on key legal issues when needed.



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