



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 2020

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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 significant 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 often provides a unique window into topical and emergent issues. Throughout much of FY 2020, the nation has been faced with the effects of the Coronavirus (COVID-19) pandemic, which was first identified in the People's Republic of China (PRC) in December 2019. OIG has had to adapt its work to ensure our critical functions continue. OIG's travel schedule for audits and inspections has been affected and other processes have had to be altered to meet study objectives. Nonetheless, we issued 72 reports in FY 2020, 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 2020:

- 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.

Continued attention to the management challenges identified 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.

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

It is worth noting that one of the most significant challenges facing the Department has been and will continue to be the global outbreak of COVID-19. Although OIG has not yet completed any work specific to the pandemic, we anticipate that much of OIG's future work will focus on evaluating the impact of the pandemic on the Department's people, programs, and operations. In so doing, OIG looks forward to assisting the Department in its efforts to improve the efficiency and effectiveness of its programs and operations.

## EXECUTIVE SUMMARY

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Each of the management challenges described in this report have an effect on the Department's ability to perform its mission and to safeguard taxpayer resources while doing so. As such, each challenge independently warrants ongoing attention. It is equally important for the Department to consider how all of the challenges listed interact and how it can address them systemically. We continue to be committed to assisting the Department as it strives to improve the effectiveness of its programs and operations.

### **Protection of People and Facilities**

With natural disasters, environmental hazards, crime, conflict, and humanitarian crises posing a risk to the health and safety of Department personnel and the security of Department property overseas, protecting people and facilities continues to be a top management challenge. OIG also found that the Department's efforts to construct and maintain safe and secure diplomatic facilities have been impacted by construction delays and design flaws due in part to contract management deficiencies that resulted in significant financial costs and security implications for the Department. OIG's work has also found deficiencies in residential safety, the operation of official vehicles, and emergency preparedness that put Department personnel and their families at risk. For instance, we found that Department personnel continue to occupy residences abroad that do not meet Department safety standards and several overseas posts have failed to keep up with post-specific emergency planning.

### **Management and Oversight of Contracts, Grants, and Foreign Assistance**

Department entities domestically and abroad did not consistently and adequately monitor contractor 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. These issues directly affect the protection of people and facilities and present unique challenges in the realm of workforce management. Inexperienced and untrained

personnel charged with oversight lead to problems with monitoring and ensuring compliance with requirements, as well as with the routine review and approval of expenditures. Finally, OIG's work highlights inadequate Contracting Officer's Representative technical knowledge that continues to result in issues with contract oversight.

## **Information Security and Management**

OIG has acknowledged steps the Department has taken to improve its information security program; however, challenges persist. For example, we found that numerous control weaknesses affected program effectiveness and increased the chance of cyberattacks and threats to the Department. Also, pervasive Information Systems Security Officer (ISSO) concerns that were first identified in 2017 still exist today. The failure to record information system audits, complete account reviews, or monitor the dedicated internet network can leave the Department vulnerable to potential unauthorized access and malicious activity. Issues with developing, testing, and training on contingency plans also affects the challenge of protecting the Department's staff and facilities.

## **Financial and Property Management**

Internal control deficiencies identified in an independent audit negatively affected the Department's ability to account for real and personal property in a complete, accurate, and timely manner. Inadequate acquisition planning; improper warehouse, inventory, and property transfer controls; and mismanagement of bulk fuel and the Department's motor vehicle fleet contributed to this challenge. OIG notes that a significant aspect of addressing this challenge relates to 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. 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.

## **Operating in Contingency and Critical Environments**

In some cases, the Department must operate in "critical" environments, or areas that experience various threats in the form of conflict, instability, disease, or natural disasters. These pose their own set of problems and contribute to existing challenges. OIG's work has identified contracts and other foreign assistance that is susceptible to inadequate oversight, with the absence of clear guidance and limited staff contributing to such weaknesses. Staff reductions in Afghanistan and Iraq have contributed to expedited staffing reviews, while OIG also identified the lack of a centralized database for the special immigrant visa

program in Afghanistan. This contributed to delays and increases the Department's risk for fraud and threats to national security.

## **Workforce Management**

Although the Department has experienced periods of transition in the past fiscal year, it continues to strive to be flexible and meet its resource needs, to include providing adequate compensation in challenging areas. Nevertheless, OIG continued to identify staffing gaps, frequent turnover, poor leadership, and inexperienced and undertrained staff that contribute to challenges in workforce management. The issue of underqualified staff intersects with the challenge of contract oversight. Although OIG's inspection work frequently highlights strong embassy leadership, we did identify areas where trust in leadership is lacking. For example, in one report the detail of a career employee was ended after discussion about that employee's perceived political views. As a result, OIG recommended training on the Department's merit-based personnel rules for political appointees.

## **Promoting Accountability Through Internal Coordination and Clear Lines of Authority**

Clear lines of authority are necessary for ensuring that the Department is able to hold decision makers accountable. However, OIG finds that poor coordination and vague or dispersed authority are at the root of some of the Department's other deficiencies. As noted in our summary, OIG found that the Department lacks coordination and guidance on the investigative and disciplinary processes for its handling of sexual harassment reports. An absence of joint guidance for offices and poor coordination and unclear goals have contributed to such lapses. It's important that the Department eliminate conflicting lines of authority to ensure accountability.

## PROTECTION OF PEOPLE AND FACILITIES

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The Department's global presence and the continued threat of physical violence directed toward U.S. diplomats makes the protection of people and facilities an ongoing top management challenge. Although the Department prioritizes the safety and security of its personnel and facilities, 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.

### 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.

In one particular review, OIG found that work on a new embassy compound in Ashgabat, Turkmenistan, had been significantly delayed because the Bureau of Overseas Buildings Operations (OBO) had allowed construction on one building to begin in a physical location that violated the city's standards.<sup>2</sup> Although the crux of our review related to contract management deficiencies and the significant financial cost to the Department to address the situation, we also noted that there were security implications. For example, as a result of the delays, embassy operations continued to be conducted from multiple locations and in facilities that did not meet the Department's security requirements, including appropriate setback and standards for seismic activity.

A major construction project in London illustrated this challenge as well. OIG found that inadequate attention to major systems design and local building requirements led to design flaws in a semicircular pond that serves partly as a security barrier. Additionally, defects related to security, fire safety, and elevators were noted by OBO after the facility had been declared substantially complete.<sup>3</sup>

In 2004, OBO established a lessons learned program to update design criteria, guidance, and processes in support of the planning, design, construction, operation, and maintenance of OBO facilities overseas. However, a recent OIG report found that the current program does not capture broader best practices or lessons learned that are critical to OBO's construction work, including strengthening collaboration among stakeholders, facilitating building

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<sup>2</sup> OIG, *Review of Delays Encountered Constructing the New Embassy Compound in Ashgabat, Turkmenistan* (AUD-MERO-20-20, February 2020).

<sup>3</sup> OIG, *Management Assistance Report: Execution of the New Embassy Compound London Construction Project Offers Multiple Lessons* (AUD-CGI-20-36, July 2020).

maintenance, and improving program and construction management. These important activities have been overlooked in the lessons learned process because OBO has devoted attention and resources solely to collecting and addressing technical design challenges encountered during its construction projects. Additionally, in examining OBO's internal reporting for construction projects in Amman, Kabul, Ashgabat, and London, OIG found errors and inconsistencies in 33 percent of 125 reports produced between 2013 and 2019 addressing those projects.<sup>4</sup>

Beyond ensuring the initial construction of safe and secure facilities, the Department is also responsible for comprehensive preventative and routine maintenance of its existing facilities. Our FY 2020 inspection work continued to identify problems related to facilities maintenance at several overseas posts. For example, in Lesotho, two emergency exit doors in a building on the embassy compound lacked the required electrical locks with emergency override and panic devices. Without these safety devices, an alarm does not sound if the doors are opened, and embassy security is not notified if there is an emergency.<sup>5</sup>

## Ensuring the Health and Safety of Personnel Abroad

Our inspection work consistently finds that embassy leadership is engaged on health and safety issues. The Department frequently takes action to address these challenges when identified. For example, in Sweden, embassy staff identified a life safety issue with a large purchase of lamps. Proactive efforts by the embassy resulted in a worldwide safety alert and the vendor's replacement of the lamps at no additional cost.<sup>6</sup> Nonetheless, we also continue to identify instances where a lack of management oversight and failure to follow Department standards create risks for Department personnel and their families. As in previous years, we note the following three areas for improvement: residential safety, operation of official vehicles, and emergency preparedness.

### ***Residential Safety***

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.<sup>7</sup> To take one example, in Cameroon, OIG found the Post Occupational Safety and Health Officer (POSHO) did not enter into the appropriate system certifications for 41 residential properties listed in the real property database, making it impossible to determine

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<sup>4</sup> OIG, *Audit of Bureau of Overseas Buildings Operations Process To Identify and Apply Best Practices and Lessons Learned to Future Construction Projects* (AUD-MERO-20-39, September 2020).

<sup>5</sup> OIG, *Inspection of Embassy Maseru, Lesotho* (ISP-I-20-01, October 2019).

<sup>6</sup> OIG, *Inspection of Embassy Stockholm, Sweden* (ISP-I-20-06, December 2019).

<sup>7</sup> OIG, *Inspection of Embassy Yaoundé, Cameroon* (ISP-I-20-20, May 2020); OIG, *Inspection of Embassy Canberra and Constituent Posts, Australia* (ISP-I-20-07, February 2020); OIG, *Inspection of Embassy Pretoria and Constituent Posts, South Africa* (ISP-I-20-09, January 2020); *Inspection of Embassy N'Djamena, Chad* (ISP-I-20-02, November 2019).

whether residences met safety standards. In addition, half of the 10 property lease files OIG reviewed lacked POSHO certifications, while another 3 had expired POSHO certifications. Failure to conduct and document safety certifications and maintain housing lease files could lead to employees under chief of mission authority living in unsafe residences.<sup>8</sup> Additionally, OIG found several deficiencies at mission residences throughout posts in South Africa that included a lack of smoke detectors, interior and balcony railings that did not meet safety standards, and gates around pools that did not self-close or locks that did not meet the safe height requirement to prevent children from gaining access.<sup>9</sup>

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

As in previous years, several FY 2020 inspection reports identified a lack of compliance with motor vehicle safety standards in the operation of official vehicles overseas.<sup>10</sup> OIG found lapses in medical clearances for drivers, outdated or absent safety training for operators of armored vehicles or other official vehicles, and drivers working excessive hours, a practice that increases the risk of motor vehicle accidents caused by driver fatigue. Among several such examples, OIG found that nearly 50 drivers of armored vehicles at the U.S. Embassy in Mauritania lacked required armored vehicle training. Likewise, a number of drivers had not received standard driver safety training or required retraining, and many held expired medical certifications or never received medical certifications before driving official vehicles.<sup>11</sup>

### ***Emergency Preparedness***

Department guidelines require Department bureaus and U.S. embassies to maintain bureau- or 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 those deficiencies that could result in significant life and safety issues.

OIG's FY 2020 work demonstrated that the Bureau of Counterterrorism (CT) and several embassies did not meet Department standards in this area.<sup>12</sup> For example, CT did not have a completed bureau emergency action plan, as required. Bureaus are required to develop bureau emergency action plans to identify, prioritize, and

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<sup>8</sup> ISP-I-20-20, May 2020.

<sup>9</sup> ISP-I-20-09, January 2020.

<sup>10</sup> OIG, *Inspection of Embassy Dhaka, Bangladesh* (ISP-I-20-17, June 2020); OIG, *Inspection of Embassy Kathmandu, Nepal* (ISP-I-20-22, May 2020); OIG, *Inspection of Embassy Bern, Switzerland* (ISP-I-20-21, May 2020); OIG, *Inspection of Embassy Nouakchott, Mauritania* (ISP-I-20-04, November 2019); ISP-I-20-20, May 2020; ISP-I-20-07, February 2020; ISP-I-20-09, January 2020; ISP-I-20-02, November 2019.

<sup>11</sup> ISP-I-20-04, November 2019.

<sup>12</sup> OIG, *Inspection of the Bureau of Counterterrorism* (ISP-I-20-13, May 2020); OIG, *Inspection of Embassy Mbabane, Eswatini* (ISP-I-20-03, October 2019); ISP-I-20-09, January 2020; ISP-I-20-04, November 2019; ISP-I-20-02, November 2019.

perform functions when adverse events affect operations.<sup>13</sup> In Eswatini, we found that the embassy’s radio program, which included high frequency radio and the emergency and evacuation radio network, did not provide effective emergency communications. At the time of the inspection, the high frequency radio had been inoperable for approximately 18 months.<sup>14</sup>

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

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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 ensure that foreign assistance programs achieved intended objectives and policy goals, monitor and document contractor performance, conduct thorough invoice reviews, and properly oversee construction contracts.

### Designing/Ensuring Foreign Affairs Programs That Achieve Intended Objectives and Policy Goals

The Department continues to face challenges in designing foreign assistance programs that it can ensure will achieve desired program results.<sup>15</sup> For example, an audit of oversight of the President’s Emergency Plan for AIDS Relief (PEPFAR) examined, in part, whether the Office of the U.S. Global AIDS Coordinator and Health Diplomacy had overseen selected missions’ performance toward achieving PEPFAR goals. OIG found that across the missions examined, PEPFAR teams expressed concerns regarding performance targets and the Country Operational Plan development process. PEPFAR teams consistently expressed the belief that their input was not considered during the Country Operational Plan development process, especially regarding the attainability of performance targets. OIG noted that the lack of effective communication may affect PEPFAR program implementation efforts.<sup>16</sup>

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<sup>13</sup> ISP-I-20-13, May 2020.

<sup>14</sup> ISP-I-20-03, October 2019.

<sup>15</sup> OIG, *Follow-Up Audit of Department of State Efforts To Measure, Evaluate, and Sustain Antiterrorism Assistance Objectives in the Bureau of East Asian and Pacific Affairs* (AUD-MERO-20-32, May 2020); OIG, *Management Assistance Report: The Bureau of African Affairs Should Improve Performance Work Statements and Increase Subject Matter Expertise for Trans-Sahara Counterterrorism Partnership Projects* (AUD-MERO-20-29, April 2020); OIG, *Audit of the Office of the Coordinator for Assistance to Europe and Eurasia’s Oversight of Foreign Assistance Funds Transferred to Implementing Partners* (AUD-CGI-20-12, March 2020); OIG, *Audit of the Department of State’s Coordination and Oversight of the U.S. President’s Emergency Plan for AIDS Relief* (AUD-SI-20-17, February 2020).

<sup>16</sup> AUD-SI-20-17, February 2020.

One report found that the Bureau of European and Eurasian Affairs, Office of the Coordinator of U.S. Assistance to Europe and Eurasia, could not perform evidence-based analysis of U.S. Government foreign assistance being provided to the region and effectively coordinate funding for policies and programs among all U.S. Government agencies. This could not be done because the Office of the Coordinator of U.S. Assistance to Europe and Eurasia did not have a tool to analyze and maintain the monitoring and evaluation data from its implementing partners to determine whether U.S. policy goals in the region were being achieved.<sup>17</sup>

In another example, OIG reported that deficient performance work statements as a result of inadequate Contracting Officer's Representative (COR) technical knowledge led the Bureau of African Affairs (AF) to fund several poorly designed projects that ultimately resulted in wasted funds. For example, one project in Cameroon called for the construction of a barrier wall, but the performance work statement did not require the contractor to conduct a site survey prior to submitting a proposal, which, in part, led to a section of the wall collapsing as a result of excessive rain. AF had to expend an additional \$3.3 million for modifications and repairs. Another project in Niger resulted in the construction of an aircraft hangar that was not large enough for the relevant aircraft. Several costly contract modifications were required to address the deficiency, which we found was attributable to inadequacies in the performance work statement.<sup>18</sup>

In addressing previous challenges, AF successfully updated its Federal assistance risk assessments to better measure terrorist financing risk. As a result of prior OIG recommendations, the bureau also took steps to reduce duplicative and fragmented functions and developed some of the guidance and procedural documents necessary to manage and administer its foreign assistance programs.<sup>19</sup> Furthermore, in Mauritania, we reported that the embassy promoted a "whole of government" approach to foreign assistance programming that maximized the effect of foreign assistance resources, minimized redundancies, and ensured consistency with the mission's priorities.<sup>20</sup>

## Monitoring and Documenting Contractor and Grantee Performance

The Department continues to face challenges in properly overseeing contractor performance. Personnel responsible for contractor oversight must monitor and document performance, confirm that work has been conducted in accordance with the terms of a contract, hold contractors accountable for nonperformance,

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<sup>17</sup> AUD-CGI-20-12, March 2020.

<sup>18</sup> AUD-MERO-20-29, April 2020.

<sup>19</sup> OIG, *Compliance Follow-Up Review: Bureau of African Affairs' Foreign Assistance Program Management* (ISP-C-20-23, May 2020).

<sup>20</sup> ISP-I-20-04, November 2019.

and ensure that costs are effectively contained. Our FY 2020 work found several examples of deficiencies in the performance of these duties.

In a recent report, OIG selected four task orders associated with four different Facilities Management Services contracts that had a combined value of more than \$151 million. Findings revealed that the CORs' monitoring of contractor performance for three of the four task orders reviewed was inconsistent and not well documented. CORs stated that most performance monitoring occurred through daily interaction and undocumented inspections. However, documentation such as daily and monthly inspection reports, logs and check sheets, and inspection and acceptance reports of completed reimbursable work authorizations are needed to confirm that such performance monitoring actually occurred. The CORs involved with these three task orders did not provide such documentation.<sup>21</sup>

An audit reviewing 72 reports OIG issued from FY 2017 through FY 2019 showed that 63 (88 percent) of those reports contained findings related to inadequate contract oversight. Thirty-one (49 percent) of those reports cited issues with the training provided to and the experience of CORs and other contract oversight personnel.<sup>22</sup> For example, during one project,<sup>23</sup> three of seven CORs and alternate CORs interviewed stated that, in their opinions, they did not have the necessary experience to oversee the large and complex contracts to which they were assigned. In addition, four of the seven CORs and alternate CORs interviewed stated that this was their first contract oversight assignment. In another report, OIG identified 13 of 15 Government Technical Monitors who were monitoring 25 contractors and had not performed required oversight such as monitoring the number of hours worked by the contractor.<sup>24</sup>

OIG identified different reasons for the deficiencies identified in its reports, with most related to weaknesses in the Department's controls over its oversight of award recipients.<sup>25</sup> These controls did not ensure effective monitoring, compliance with requirements, or routine review of expenditures. As a result of improper actions by award recipients identified in 22 reports, OIG identified approximately \$41 million in potential monetary benefits.<sup>26</sup>

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<sup>21</sup> OIG, *Audit of Selected Bureau of Administration, Office of Operations, Office of Facilities Management Services, Contracts* (AUD-CGI-20-21, March 2020).

<sup>22</sup> OIG, *Information Report: Systemic Weaknesses Related to the Administration and Oversight of Department of State Contracts and Federal Assistance From FY 2017 to FY 2019* (AUD-CGI-20-44, September 2020).

<sup>23</sup> OIG, *Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq* (AUD-MERO-17-16, December 2016).

<sup>24</sup> AUD-CGI-20-44, September 2020.

<sup>25</sup> OIG, *Inspection of the Bureau of Counterterrorism's Foreign Assistance Program Management* (ISP-I-20-14, June 2020); OIG, *Audit of Global Engagement Center Federal Assistance Award Management and Monitoring* (AUD-MERO-20-26, April 2020); ISP-I-20-07, February 2020; ISP-I-20-09, January 2020; ISP-I-20-02, November 2019.

<sup>26</sup> AUD-CGI-20-44, September 2020.

Another report noted that AF and CT did not (a) establish standard operating procedures or document controls for managing risks, (b) document reviews of performance reports to demonstrate adherence with award terms, or (c) require documentation to be maintained in official award files. Without a documented process to identify and mitigate risks, AF and CT are at an increased risk for waste, fraud, and mismanagement, and both will have limited assurance that their awards comply with Department requirements and achieve their intended purposes.<sup>27</sup>

OIG also found that AF had not implemented internal controls to improve grants oversight, as recommended in an earlier report. OIG reviewed 10 award files and found that none contained all required Grants Officer Representative (GOR) evaluation reports, and 5 of 10 award files did not include any GOR reports. Until AF implements controls to ensure required evaluation reports are completed, the bureau faces program and financial management risks because of a lack of oversight.<sup>28</sup>

Also, an inspection of CT revealed that third-party contractors performed inherently governmental functions, which did not fully comply with Department standards. These included preparing and submitting GOR reports and authorizing an extension for a performance deliverable. These and similar functions should have been performed by a GOR. Without appropriate controls and oversight of third-party contractors, the bureau faced additional risks associated with the loss of Government control and accountability for policy and program decisions.<sup>29</sup>

Another report noted that the Global Engagement Center (GEC) did not consistently manage and monitor awards in accordance with Federal requirements, Department policies and guidance, and award terms and conditions. OIG found that 9 of 10 of the monitoring and evaluation plans reviewed did not include all monitoring and evaluation plan elements and did not demonstrate a direct link to the proposed scope of work, as required by the Federal Assistance Directive. Until such deficiencies are fully remediated, GEC will not be in a position to ensure award recipients are using funds as intended or be able to fully demonstrate that the awards being implemented are fulfilling GEC's statutory mandate to coordinate efforts in countering propaganda and disinformation efforts aimed at undermining U.S. national security interests.<sup>30</sup>

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<sup>27</sup> OIG, *Audit of Department of State Foreign Assistance Grants and Cooperative Agreements in Somalia* (AUD-MERO-20-45, September 2020).

<sup>28</sup> ISP-C-20-23.

<sup>29</sup> ISP-I-20-14, June 2020.

<sup>30</sup> AUD-MERO-20-26, April 2020.

## 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. Issues with maintaining records of invoice reviews and verifying that invoices include all required information persist.<sup>31</sup> For example, in one report OIG selected four task orders associated with four different contracts for facilities management services that had a combined value of more than \$151 million. OIG found limited supporting documentation for the 35 invoices selected for review. In addition, OIG could not verify that some invoices were processed properly because the CORs for three of the four task orders reviewed did not maintain records of their invoice reviews. Furthermore, the CORs could not clearly explain how they reviewed invoices, and 10 out of 35 invoices reviewed did not show a COR approval stamp. As a result, OIG made several recommendations, including to develop and implement procedures to monitor and verify the completeness, accessibility, retention, and review of COR files.<sup>32</sup>

Other OIG work found that oversight officials at Mission Turkey and Embassy Beirut did not verify that invoices involving fuel included all of the required information to make them proper or certify them for payment and verify that prices complied with contract terms. As a result, OIG identified \$3.4 million in questioned costs and concluded that the Department should implement fuel receiving procedures in accordance with the Federal Acquisition Regulation requirements that require Contracting Officers (COs) or CORs to accept fuel on behalf of the Government.<sup>33</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.<sup>34</sup> In addition to the financial consequences resulting from inadequate management and oversight of these contracts, insufficient oversight of the building process can lead to the construction of substandard facilities, which occasionally has implications for the safety and security of personnel.

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<sup>31</sup> OIG, *Audit of Mission Turkey and Embassy Beirut Fuel Oversight and Payment Process* (AUD-MERO-20-19, January 2020); ISP-I-20-21, May 2020; AUD-CGI-20-21, March 2020; ISP-I-20-09, January 2020.

<sup>32</sup> AUD-CGI-20-21, March 2020.

<sup>33</sup> AUD-MERO-20-19, January 2020.

<sup>34</sup> OIG, *Audit of the Bureau of Overseas Buildings Operations Process To Execute Construction Closeout Procedures for Selected Capital Construction Projects* (AUD-CGI-20-43, September 2020); AUD-MERO-20-39, September 2020; AUD-MERO-20-20, February 2020.

An inspection of a new embassy compound (NEC) in Turkmenistan highlighted issues that arise, in part, when personnel fail to follow internal procedures that guide the planning of construction projects.

In July 2016, the Government of Turkmenistan halted construction on a new building on the embassy compound because it was being constructed in a location that violated one of the city's architectural standards. This error occurred, in part, because OBO personnel failed to properly file and share the Legal Assessment prepared in 2011. The Legal Assessment is a document that describes the building permit approval process and local building codes prepared by a local firm contracted by an embassy or post on behalf of OBO. An architecture firm hired by OBO never submitted a final Project Development Survey to OBO, as contractually required, and OIG could find no evidence that the initial OBO project manager or the OBO project manager who replaced him had attempted to enforce this contract requirement. OBO estimates that it will cost the Department between \$90 million and \$125 million to rebuild the new building in an approved location, which is approximately twice what was originally budgeted to construct the building.<sup>35</sup>

In a recent report, OIG found that, when executing award modifications for a construction contract in Amman, Jordan, the CO did not include the estimated total time necessary to accomplish the required work. This deviation is contrary to guidance and occurred, in part, to expedite the issuance of the contract modifications. However, this practice makes it difficult for OBO to hold the contractor accountable for completing the project on time.<sup>36</sup> OIG recommended that the Bureau of Administration, Office of Acquisitions Management issue guidance to address this matter and the Bureau subsequently took the recommended action, closing the recommendation.

At NEC London, OBO personnel did not ensure that major systems were commissioned prior to declaring the projects substantially complete, as required. As of April 2020, the contractor had not completed all work required for final acceptance of NEC London, and the Project Director at NEC The Hague had not recommended to the CO final acceptance of this project. For both projects, it has been more than 2 years since substantial completion was declared.<sup>37</sup>

## INFORMATION SECURITY AND MANAGEMENT

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The Department depends on information systems to function, and the security of these systems is vital to protecting national and economic security, public safety,

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<sup>35</sup> AUD-MERO-20-20, February 2020.

<sup>36</sup> AUD-MERO-20-39, September 2020.

<sup>37</sup> AUD-CGI-20-43, September 2020.

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 Department information at risk.

## Strengthening Cybersecurity

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. Specifically, an FY 2020 audit found that the Department lacked a fully mature organization-wide information security program based on evidence of security weaknesses identified in all eight areas of focus, including risk management, continuous monitoring, and contingency planning.<sup>38</sup>

We first identified pervasive ISSO concerns in 2017, and OIG's FY 2020 work reveals this to be a continuing problem. Specifically, weaknesses in the performance of ISSO duties is a persistent problem, as identified in several reports.<sup>39</sup> For example, in Bangladesh, the ISSO did not record information system audits or complete account reviews included in the Department's ISSO checklist, as required.<sup>40</sup> In Geneva, the mission's unclassified and classified ISSOs did not perform all information systems security duties as required. For example, they did not scan user emails and folders and section folders or monitor the dedicated internet network. OIG determined mission ISSOs audited only 16 of the 265 workstations from August 2018 to July 2019.<sup>41</sup> Failure to perform required ISSO responsibilities leaves Department networks vulnerable to potential unauthorized access and malicious activity. Also, without a systematic approach to monitoring networks and recording findings, Department networks could be breached, and information security compromised.

Deficiencies related to developing, testing, and training on contingency plans were also found to be persistent in several embassies, which failed to complete or annually test unclassified and classified IT contingency plans.<sup>42</sup> Department

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<sup>38</sup> OIG, *Audit of the Department of State Information Security Program* (AUD-IT-20-04, October 2019).

<sup>39</sup> OIG, *Inspection of the U.S. Mission to the United Nations and Other International Organizations in Geneva, Switzerland* (ISP-I-20-16, June 2020); OIG, *Inspection of Embassy Vilnius, Lithuania* (ISP-I-20-29, April 2020); ISP-I-20-17, June 2020; ISP-I-20-22, May 2020; ISP-I-20-21, May 2020; ISP-I-20-20, May 2020; ISP-I-20-07, February 2020; ISP-I-20-09, January 2020; ISP-I-20-04, November 2019; ISP-I-20-01, October 2019.

<sup>40</sup> ISP-I-20-17, June 2020.

<sup>41</sup> ISP-I-20-16, June 2020.

<sup>42</sup> ISP-I-20-17, June 2020; ISP-I-20-16, June 2020; ISP-I-20-22, May 2020; ISP-I-20-21, May 2020; ISP-I-20-13, May 2020; ISP-I-20-09, January 2020.

standards require management to develop and test IT contingency plans annually for effectiveness and to determine the embassy's readiness to execute them during unplanned system outages or disruptions.

Another cybersecurity issue identified in OIG FY 2020 work pertains to user access controls. As part of the Department's open connection approach and consistent with IRM operation protocols, OIG found that the Foreign Service Institute (FSI) grants wireless internet access to any on-campus user who simply accepts the Terms and Use Agreement on its opening login page, comparable to other Wi-Fi access protocols. Therefore, FSI cannot determine who made any particular connection because its access controls do not require users to take steps to identify themselves prior to the start of a wireless session. The failure to capture such information makes it more difficult to identify individuals who misuse the network, such as a former FSI employee who inappropriately used the FSI guest wireless network and relied upon its open connection to the internet to engage in criminal activity.<sup>43</sup>

### **Overseeing Records Management in Accordance With Standards**

Finally, we found records management deficiencies throughout FY 2020. For example, CT did not establish a records management program to institute controls over records creation, maintenance, and disposition. In addition, OIG found the bureau had never retired official records. Department standards require that all Department employees preserve documentary materials meeting the definition of a record under the Federal Records Act. In another example, Embassy Vilnius, Lithuania, had not retired political, economic, and public diplomacy program files since 2013.<sup>44</sup> The lack of an effective records management program could result in the loss of important data for historical insight into policy analysis, decision-making, and archival research.

## **FINANCIAL AND PROPERTY MANAGEMENT**

Management of its financial resources and property remains a challenge for the Department. This is due, in large part, to overall internal control issues—namely, the Department's ability to identify internal control weaknesses and comply with relevant standards. As with oversight of contracts and grants, attention to this challenge is particularly important to ensure that the Department appropriately uses and oversees public resources.

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<sup>43</sup> OIG, *Management Assistance Report: Foreign Service Institute Wireless User Access Controls* (ESP-20-03, March 2020).

<sup>44</sup> ISP-I-20-29, April 2020.

Since an FY 2017 report on the Digital Accountability and Transparency Act of 2014 (DATA Act), the Department has taken steps to improve procedures, quality control, and oversight. However, additional action is needed, according to an external audit firm acting on behalf of OIG. The quality of data must be improved to fulfill the intent of the DATA Act.<sup>45</sup>

## Internal Control Deficiencies

An independent audit of the Department's FY 2019 consolidated financial statements identified certain matters that were considered noteworthy. Weaknesses in property and equipment management were initially reported in the audit of the Department's FY 2005 consolidated financial statements and were also reported in subsequent audits. In FY 2019, the Department's internal control structure continued to exhibit several deficiencies that negatively affected the Department's ability to account for real and personal property in a complete, accurate, and timely manner. Also, in FY 2019, the Department's internal control structure was not sufficient to ensure that revenue relating to transactions with other Federal agencies were recorded accurately and in a timely manner.<sup>46</sup>

Additionally, an OIG audit found that internal control issues were at the root of the Department's difficulty in reforming its Special Needs Education Allowance (SNEA), an allowance granted to overseas employees with children who would fall under the Individuals with Disabilities Education Improvement Act. Our audit found that although the Department had taken steps to reform SNEA, two internal control components required attention: the Department needed to publish policies and procedures regarding medical clearances and the appeals process and implement a centralized voucher process. Without such controls, deficiencies with the administration of SNEA could go unnoticed and uncorrected.<sup>47</sup>

Inadequate acquisition planning was identified as a deficiency at the Bureau of Western Hemisphere Affairs, which did not have management controls in place for the procurement of IT equipment. This resulted in unnecessary purchases and, in one example, the purchase of 300 computer monitors that were incompatible with existing IT equipment. Only officers overseeing general services and financial management functions could approve procurements in the

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<sup>45</sup> OIG, *Audit of the Department of State's FY 2019 Implementation of the Digital Accountability and Transparency Act of 2014* (AUD-FM-20-05, November 2019).

<sup>46</sup> OIG, *Independent Auditor's Report on the U.S. Department of State FY 2019 and FY 2018 Consolidated Financial Statements* (AUD-FM-20-18, January 2020).

<sup>47</sup> OIG, *Audit of Selected Internal Controls for the Special Needs Education Allowance* (AUD-FM-20-33, June 2020).

Department's procurement system, leaving the bureau's Information Management staff with no official role in or oversight of the purchase.<sup>48</sup>

Warehouse, inventory, and property transfer controls were also a challenge for several overseas posts.<sup>49</sup> In Finland, 33 percent of the embassy's property was stored in a warehouse for an average of 2 years and had a value of more than \$1.3 million.<sup>50</sup> Domestically, a compliance follow-up review revealed that, although the Bureau of Diplomatic Security had taken steps to develop and implement a process to manage accountable property, the bureau nonetheless did not properly document the "charge out" of personal protective equipment included in high-threat kits. OIG highlighted that the items provided are sensitive equipment and must be safeguarded.<sup>51</sup>

As in previous years, internal control issues related to the management of bulk fuel and the Department's motor vehicle fleet persists. For example, in Mauritania the receiving clerk was not present for fuel deliveries, as required; fuel pump meters were not calibrated, as required; and embassy staff did not test fuel tanks for water before and after delivery, in accordance with the Department's Motor Pool Procedures Overseas guide.<sup>52</sup> In Chad, OIG found inconsistencies in information about mileage and fuel consumption that was entered into the Fleet Management Information System, which increases the risk of mismanagement of vehicles and fuel.<sup>53</sup>

## OPERATING IN CONTINGENCY AND CRITICAL ENVIRONMENTS

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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.

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<sup>48</sup> OIG, *Inspection of the Bureau of Western Hemisphere Affairs* (ISP-I-20-05, November 2019); ISP-I-20-04, November 2019.

<sup>49</sup> OIG, *Inspection of Embassy Helsinki, Finland* (ISP-I-20-08, December 2019); ISP-I-20-22, May 2020, ISP-I-20-21, May 2020; ISP-I-20-20, May 2020; ISP-I-20-07, February 2020; ISP-I-20-02, November 2019.

<sup>50</sup> ISP-I-20-08, December 2019.

<sup>51</sup> OIG, *Compliance Follow-Up Audit of Bureau of Diplomatic Security Property Management Procedures for Protective Personnel Equipment* (AUD-SI-20-30, July 2020).

<sup>52</sup> ISP-I-20-04, November 2019.

<sup>53</sup> ISP-I-20-02, November 2019.

A recent study on rightsizing found that staffing reviews in Afghanistan and Iraq were conducted in an expedited manner because the missions were directed to immediately reduce staff. However, the foreign policy priorities and strategic diplomatic objectives for each mission were not changed to reflect staffing adjustments. For example, preventing the recurrence of a terrorist threat emanating from Afghanistan and countering malign influence in Iraq remained stated policy objectives even though personnel who advanced these objectives were significantly reduced. Just as the short time frame and limited resources affected staffing decisions overall, these same factors precluded either mission from fully assessing and adjusting its strategic objectives to align with the staff reductions prescribed.<sup>54</sup>

Contracts and other foreign assistance in contingency environments can also be susceptible to less oversight, as identified in several reports.<sup>55</sup> For example, a recent report noted that AF was not ensuring that the assistance provided to certain host countries was being used to build counterterrorism capacity. AF officials stated that the absence of clear guidance and limited staff to oversee the contracts contributed to these weaknesses. Because of these weaknesses, OIG reported \$201.6 million spent on six contracts as potential wasteful spending due to mismanagement and inadequate oversight.<sup>56</sup>

In Somalia, OIG noted that oversight officials did not designate four foreign assistance awards as high risk even though they were implemented in a country where travel is restricted due to political instability and terrorism. When risk assessments are not accurate and kept current, bureaus operating in high-threat environments may not fully develop mitigation plans tailored to address foreseeable risks that may impede program implementation.<sup>57</sup>

Also, a review of the Afghan special immigrant visa (SIV) program revealed that the lack of a centralized database contributed to delays in processing visa applicants, and weaknesses in current practices for verifying Afghan SIV applicants increase the Department's risk for fraud and threats to national security.<sup>58</sup> OIG found that outside the workplace, U.S. Government protection for SIV applicants did not extend beyond the specific terms of their employment. We recommended the Department examine whether and how protection could be provided for those SIV applicants experiencing "imminent danger" as they await processing of their applications for immigration to the U.S.

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<sup>54</sup> OIG, *Audit of the Department of State's Approach To Adjust the Size and Composition of U.S. Missions Afghanistan and Iraq* (AUD-MERO-20-38, August 2020).

<sup>55</sup> AUD-MERO-20-45, September 2020; AUD-MERO-20-42, September 2020; AUD-MERO-20-38, August 2020; ISP-I-20-14, June 2020; ISP-C-20-23, May 2020; AUD-MERO-20-29, April 2020.

<sup>56</sup> AUD-MERO-20-42, September 2020.

<sup>57</sup> AUD-MERO-20-45, September 2020.

<sup>58</sup> OIG, *Review of the Afghan Special Immigrant Visa Program* (AUD-MERO-20-35, June 2020).

Finally, the Department continues to experience health and welfare concerns for antiterrorism assistance explosive detection canines that were first raised in a September 2019 report.<sup>59</sup> An FY 2020 report confirmed that additional canines beyond those described in the initial evaluation had died from non-natural (that is, preventable) causes in Jordan in 2019 after OIG concluded its fieldwork. The death of two canines from non-natural causes—namely, hyperthermia and poisoning—since June 2019 raises serious questions about the Department’s contention that it has taken adequate steps to protect their health and safety. OIG is particularly concerned that the deaths of the two additional Jordanian dogs occurred while four Department-funded personnel were in-country to monitor the care of the dogs.<sup>60</sup>

## WORKFORCE MANAGEMENT

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The Bureau of Global Talent Management identifies people 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, 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

OIG continues to encounter domestic offices and overseas posts that experience difficulty maintaining staffing levels.<sup>61</sup> Embassy Dhaka, Bangladesh, was among those posts that faced difficulty in filling mid-level positions. Many managerial positions had long staffing gaps that exacerbated workload pressures on the remaining staff. Meanwhile, Consular Section staff routinely worked long hours in an effort to manage a growing backlog of immigrant visa work.<sup>62</sup>

Shortages of consular workers have also compounded the difficult situation for the Afghan SIV program mentioned above. A review of that program showed that staffing levels across various offices that process SIVs have generally remained constant since 2016 and are insufficient to reduce the SIV applicant

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<sup>59</sup> OIG, *Evaluation of the Antiterrorism Assistance Explosive Detection Canine Program – Health and Welfare* (ESP-19-06, September 2019).

<sup>60</sup> OIG, *Management Assistance Report: Continued Health and Welfare Concerns for Antiterrorism Assistance Explosive Detection Canines* (ESP-20-02, December 2019).

<sup>61</sup> AUD-MERO-20-35, June 2020; ISP-I-20-17, June 2020; AUD-MERO-20-26, April 2020; ISP-I-20-07, February 2020.

<sup>62</sup> ISP-I-20-17, June 2020.

backlog. Additionally, staffing levels during the interagency and security check process contributed to delays in processing the SIVs, and the Senior Coordinating Official position, which is intended to oversee and direct the Afghan SIV program, had been vacant since January 2017.<sup>63</sup>

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

Underqualified staff is an issue that frequently intersects with the Department's difficulties in managing and overseeing contracts.<sup>64</sup> For example, as outlined earlier, CORs in AF, who lacked the requisite technical knowledge, developed deficient performance work statements that led to multiple poorly designed projects and millions of dollars in wasted funds.<sup>65</sup> Similar deficiencies were found in the CT bureau, where OIG found the bureau had assigned an employee without substantive program knowledge to serve as the COR for the technical support contract to prepare the statistical annex to the Country Reports on Terrorism.<sup>66</sup>

GEC also suffered from a lack of experienced personnel to issue, manage, and monitor its cooperative agreements. During an OIG audit, GEC hired additional staff members and planned to adopt internal policies, processes, and procedures. OIG noted that without adequate contract management staff, GEC will not be in a position to ensure award recipients are using funds as intended or be able to fully demonstrate that the awards being implemented are fulfilling GEC's statutory mandate to coordinate efforts in countering propaganda and disinformation efforts aimed at undermining U.S. national security interests.<sup>67</sup>

A report on remote missions found that, although the Department encourages locally employed (LE) staff to take courses and training to improve their ability to perform official duties, the Department does not offer guidance to supervisors on how to overcome some of the unique challenges LE staff face in accessing training opportunities. For instance, current and former Yemen Affairs Unit staff explained that while there are occasional opportunities for LE staff to attend training and conferences in other countries, it is difficult for them to obtain visas and passports for travel and to safely travel in and out of Sana'a.<sup>68</sup>

Our FY 2020 work also found that First- and Second-Tour (FAST) programs at overseas posts that are meant to provide professional development training and

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<sup>63</sup> AUD-MERO-20-35, June 2020.

<sup>64</sup> ISP-I-20-13, May 2020; AUD-MERO-20-29, April 2020; ISP-I-20-07, February 2020; ISP-I-20-08, December 2019; ISP-I-20-05, November 2019.

<sup>65</sup> AUD-MERO-20-29, April 2020.

<sup>66</sup> ISP-I-20-13, May 2020.

<sup>67</sup> AUD-MERO-20-26, April 2020.

<sup>68</sup> OIG, *Additional Guidance Needed to Improve the Oversight and Management of Locally Employed Staff Serving at Remote Missions* (AUD-MERO-20-40, September 2020).

opportunities for FAST officers did not always benefit from a formal, structured program. At Helsinki, Finland, OIG found the officers were not receiving regular, structured professional development, mentoring, training, and opportunities.<sup>69</sup> In Australia, FAST employees at the U.S. Embassy and Consulate General Sydney told OIG there were few activities or opportunities in which they could gain additional experience.<sup>70</sup>

## Holding Leadership Accountable to Department Principles

Effective leadership remains a paradigm of the Department's success, but FY 2020 witnessed some incidents that hindered some employees' trust in that leadership. In one report, OIG found that Department officials ended the detail of a career employee after significant discussion concerning the employee's perceived political views, association with former administrations, and perceived national origin, which are non-merit factors that may not be considered in assigning career personnel under the Department's policies. OIG recommended the Department institute training on the Department's merit-based personnel rules for political appointees.<sup>71</sup>

At the U.S. Embassy London, OIG learned through employee questionnaires and interviews that the Ambassador sometimes made inappropriate or insensitive comments on topics generally considered sensitive, such as religion, sex, or color. According to Department policy, offensive or derogatory comments based on such categories can create an offensive working environment and could potentially rise to a violation of Equal Employment Opportunity laws.<sup>72</sup>

In Nepal, Consular Section managers' failure to adequately address improper conduct by two officers had a negative effect on locally employed staff morale. Several months before the inspection, staff complained to consular managers about the officers' conduct, which involved the use of abrasive language and tone with visa applicants and frequent pressure on locally employed staff to translate the rude comments. Although consular managers attempted to address the officers' conduct and had kept the Deputy Chief of Mission fully informed, the officers' conduct continued to be a problem even after the inspection. After OIG questioned their handling of the situation, consular managers worked with the Front Office and the Human Resources Officer to take further action.<sup>73</sup>

We note that there are counterexamples within the Department, and our inspection work frequently highlights embassy leadership that strives to set the

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<sup>69</sup> ISP-I-20-08, December 2019.

<sup>70</sup> ISP-I-20-07, February 2020.

<sup>71</sup> OIG, *Review of Allegations of Politicized and Other Improper Personnel Practices Involving the Office of the Secretary* (ESP-20-01, November 2019).

<sup>72</sup> OIG, *Inspection of Embassy London and Constituent Posts, United Kingdom* (ISP-I-20-12, August 2020).

<sup>73</sup> ISP-I-20-22, May 2020.

appropriate tone at the top.<sup>74</sup> Additionally, in a compliance follow-up review to a 2018 report that found long-standing and widespread leadership and management deficiencies at the National Passport Center, OIG found that the Bureau of Consular Affairs had undertaken various initiatives to implement OIG recommendations.<sup>75</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 long-standing and systemic difficulties, including ensuring physical and information security.

In a recent evaluation concerning the Department's handling of sexual harassment reports, OIG found that the Department lacks coordination and guidance on the investigative and disciplinary processes for these reports. The Department does not have joint guidance that coordinates the Department's Office of Civil Rights (OCR), the Bureau of Diplomatic Security Office of Special Investigations (OSI), and the Bureau of Global Talent Management Conduct, Suitability, and Discipline (CSD) Division activities throughout the investigation and disciplinary review of sexual harassment cases and has not updated other relevant guidance. OCR, OSI, and CSD have internal policies for their roles in the investigative and disciplinary processes for sexual harassment cases, but the policies do not discuss coordination with all relevant bureaus and offices.<sup>76</sup>

In one audit, OIG reported that participants involved in a Department-wide organizational reform effort described the effort as a "missed opportunity" that floundered as a result of poor coordination and unclear goals. The Department had used a three-phased approach to develop and implement its organizational reform efforts. However, OIG could not establish the extent to which responses from survey participants in Phase I directly influenced recommendations offered in Phase II or the extent to which efforts described in Phase II were carried out in Phase III. Participants in the organizational reform effort told OIG that leadership deficiencies hampered the reform effort. Specifically, leaders changed

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<sup>74</sup> ISP-I-20-12, August 2020; ISP-I-20-22, May 2020.

<sup>75</sup> OIG, *Compliance Follow-Up Review: Targeted Review of Leadership and Management at the National Passport Center* (ISP-C-20-27, June 2020).

<sup>76</sup> OIG, *Evaluation of the Department's Handling of Sexual Harassment Reports* (ESP-20-06, July 2020).

frequently, and executive-level direction was minimal.<sup>77</sup> OIG emphasized that leadership, communication, and coordination of a coherent mission with integrated strategic goals are paramount to achieving agency efficiencies, effectiveness, and accountability.

One follow-up audit illustrated how this challenge contributes to the Department's existing difficulties managing its foreign assistance programs. OIG found that two bureaus—the Bureau of Diplomatic Security and CT—with responsibilities related to the Department's Antiterrorism Assistance (ATA) program consistently failed to coordinate in ways that hampered monitoring and evaluation and the sustainability of the program. OIG noted that the Bureau of Diplomatic Security and CT have not clearly delegated oversight duties related to ATA projects, which makes it difficult for the bureaus to fully measure ATA program performance or demonstrate that intended ATA country program goals and objectives are being achieved.<sup>78</sup>

Finally, accountability is sometimes blurred within the Department due to conflicting lines of authority. For example, multiple unclear and conflicting lines of authority within the Bureau of Western Hemisphere Affairs (WHA) complicated the execution of Venezuela policy. For example, Department officials told OIG the division of labor between the Special Representative for Venezuela and WHA was not well delineated, and they stated that, at times, the leaders of these offices issued conflicting policy guidance.<sup>79</sup>

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<sup>77</sup> OIG, *Review of the Department of State's Organizational Reform Effort* (AUD-MERO-20-09, November 2019).

<sup>78</sup> AUD-MERO-20-32, May 2020.

<sup>79</sup> ISP-I-20-05, November 2019.

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

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FY 2020 was a unique year for the Department of State—one that showed our employees’ resilience, fortitude and exceptional teamwork as we supported our worldwide platform and American citizens abroad. The Department responded early to COVID-19, preparing for dispersed operations and maximizing telework through an effort called “Diplomacy Strong.” Diplomacy Strong is the Department’s framework for a phased approach to adjusting to COVID-19 operations. Information Technology (IT) and communication infrastructure improvements were implemented swiftly. For social distancing purposes and maintaining continuity of operations, the Department dispersed operations for many critical elements providing intelligence, communications, and situational awareness. The Department also formed a Coronavirus Global Response Coordination Unit (CGRCU). This unit facilitated the Department’s response to COVID-19, as well as assisted in tracking Diplomacy Strong efforts.

The Bureau of Medical Services (MED) through its over 250 deployed medical specialists provided the expert guidance needed to keep Department personnel safe and informed. MED deployed advanced COVID-19 testing world-wide and in Washington, DC where it otherwise would not have been available. MED’s existing Health Alert and Response Team quickly established a call-in center and set up pre-departure COVID-19 testing for employees deploying to new assignments abroad and for critical travelers. MED has fielded over 60,000 emails and 8,000 phone calls, and performed over 8,000 COVID-19 tests.

The Department established three task forces dedicated to supporting Americans caught overseas due to COVID-19, the largest one being the Repatriation Task Force. These task forces helped the Department provide a consistent level of service and support to our overseas missions and private American citizens. In total, the Department coordinated the repatriation of more than 102,000 Americans on 1,163 flights from 139 countries from January 27 - June 10, 2020. Due to social distancing and other medical guidelines, the Repatriation Task Force largely operated virtually except for a small number of staff who provided in-person support while following social distancing and other guidelines from MED. Our enhanced IT infrastructure and collaborative tools allowed the Repatriation Task Force to smoothly operate and provide uninterrupted support to the Secretary, other senior principals, and posts around the world.

Still, even in this new operating environment, the Department's usual work continued. In Fiscal Year (FY) 2020, 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.

The Department acknowledges the deficiencies identified by the OIG, and will continue to enhance and advance operations to provide an efficient, strong worldwide management platform. Throughout COVID-19, the principles that drive our work remain familiar: prioritizing the safety and health of our colleagues and mitigating risk, while balancing our operations to achieve our strategic mission.

The Department employs several collaborative groups to address systemic challenges identified by the OIG.

Throughout FY 2020, the Department continued establishing the Enterprise Governance Board (EGB), a senior group that meets monthly to discuss strategic issues and provide input into enterprise-level decisions. This enhances transparency, agility, and efficient alignment of resources for priorities. The EGB reviews enterprise-level matters, such as recommendations to the Secretary for the Department's annual budget request; Department legislative priorities; Enterprise Risk Management issues; policies with enterprise-wide implications (such as major multi-region U.S. policy initiatives, cybersecurity, and realignment of the Department's global staffing presence); and other topics as determined by the Board.

The Under Secretary for Management (M) also continued working across M family bureaus to advance his "High Five" priorities: Talent; Security & Infrastructure; Excellence & Innovation; Data & Analytics; and Technology. He continued to work through action plans and key tasks of the "High Five," and monitored associated metrics.

COVID-19 has changed the way the Department operates. Working through this challenging time has shown that the Department is capable of operating in new, exciting ways to advance Foreign Policy. To capitalize on the lessons learned from COVID-19, the Department created the Reimagine Task Force, a group charged with developing ways to provide our workforce with the tools and flexibility to engage in activities that move our missions forward most effectively – no matter where we are.

The Enterprise Governance Board and the M High Five together with the M “Field First” focus that centers on responsiveness to post needs, provides a framework to plan strategically and 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. The Bureau of Overseas Buildings Operations (OBO), for example, remains committed to enhancing the security, safety, functionality, and resiliency of facilities and residences for overseas personnel through the Embassy After Next, the Diplomatic Residential Initiative, and the Facilities Maintenance and Upkeep strategic priorities.

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.

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

The OIG highlighted problems related to constructing and maintaining safe and secure diplomatic facilities during their routine inspections of overseas posts. The Department is continuing to build more secure facilities completing three projects and moving nearly 800 people to safer facilities in FY 2020.

OBO’s Embassy After Next strategic priority is focused on

- Improving project management and oversight during design and construction;
- Increasing innovation and leveraging OBO (and industry) standards to reduce costs, shorten schedules, and increase quality; and
- Leveraging technology to increase efficiency and effectiveness throughout the planning, design, and construction processes.

Through the Diplomatic Residential Initiative strategic priority, OBO is focused on improving the quality of life for American diplomats and their families and evaluating the housing portfolio’s compliance with life-safety and security codes and standards.

The Facility Maintenance & Upkeep strategic priority promotes a full life-cycle approach to managing the Department’s global facility portfolio through a holistic and regionalized approach to maintenance and repair strategies that protect and preserve our world-wide assets.

OBO made significant progress all three strategic priorities in FY 2020, despite challenges related to COVID-19.

### ***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 M's High Five action plan. The Department is expanding resilience support and training activities through ongoing outreach and other efforts, and is now establishing these activities virtually. For example, M spearheaded the TalentCare initiative, a collaborative effort that brings together access to information and programs for employees that focus on processes and policies that promote well-being, family, safety, and flexibility.

### ***Residential Safety***

The Department recognizes the need to increase the safety, security, functionality and resiliency of the Department's overseas housing pool. As part of the Diplomatic Residential Initiative, a key task within the M High Five's Security & Infrastructure priority, OBO developed and released the Quality of Life Survey to assess posts' satisfaction with the quality of housing and evaluate compliance with life-safety and security codes and standards. The results lay the groundwork for post-level analytics reports, and allow OBO to identify non-compliant housing and prioritize the Department's housing needs, either through acquisition of new or modernizing existing diplomatic housing.

## **2 MANAGEMENT AND 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.

### ***Monitoring and Documenting Contractor and Grantee Performance***

As a result of the recent OIG audit, the Global Engagement Center (GEC) took significant steps to enhance management and oversight of its grants. To begin, the GEC onboarded its required complement of Grants Officers and is in the continuing process of hiring additional Grants Officer Representatives as funding becomes available. GEC reviewed and updated its Grants Policy and Procedure Manual, conducted focused staff training sessions, and updated work templates and job aids to ensure that grants staff properly apply the relevant policies. GEC

reviewed and revised performance standards and commitments for multiple employees and developed new policies, processes, and procedures recommended by the OIG to maximize the effectiveness of the awards and grants. Finally, the GEC completed a staffing needs assessment, as well as a strategic personnel review that strategically prioritizes the hiring of additional government managers and monitoring and evaluation specialists, prior to expanding its programming efforts. This comprehensive approach ensures the GEC can proficiently execute its statutory mandate to lead and coordinate federal government efforts to recognize, understand, expose, and counter foreign state and non-state propaganda and disinformation aimed at undermining or influencing the policies, security, or stability of the United States and our allies and partner nations.

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

OBO values the careful review and constructive feedback the OIG provides related to the oversight of construction contracts. As part of the Under Secretary's High Five priorities of Excellence & Innovation and Security & Infrastructure, OBO's Embassy After Next strategic priority created standardized building typologies and prototypes, developed an Integrated Master Schedule for all Capital Projects, and established metrics to focus on cost and schedule performance. In addition, OBO is taking steps to harness information through data standardization and centralization to make informed, data-driven decisions.

As part of M 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. Furthermore, OBO's new Data Requirements and Standards, developed under the Embassy After Next initiative, and training have improved the quality of data, with which OBO makes project-related decisions.

### ***Monitoring Contractor Performance***

The OIG also identified oversight of non-OBO contracts as a persistent management challenge. The Bureau of Administration's Office of the Procurement Executive (A/OPE) and, with respect to Facilities Management Services, the Office of Operations (A/OPR) are working closely with the OIG, Contracting Officers Representatives (COR), and the regional and functional bureaus to address this matter.

A/OPE engaged the Foreign Service Institute to recalibrate training for Contracting Officers (CO), COR, Grants Officers (GO), and Grants Officer Representatives (GOR) to emphasize the need for carrying out fiduciary and oversight responsibilities. A/OPE is also working to modernize its IT systems to provide the Department acquisition and Federal assistance community with improved capability to collaborate, educate, and react to dynamic events in a manner consistent with both expectations and obligations. Nearly 400 CORs have registered for a November 2020 COR workshop, with another session planned for Spring 2021 to accommodate the immense interest among CORs in enhancing their ability to provide contract oversight.

A/OPR has developed a standard operation procedure for COR electronic filing (e-file) required for new contracts. A/OPR established a Quality Assurance Surveillance Plan (QASP) and oversight-related mandated training, created a Financial Management position in its front office, hired a Contracts Management Specialist, and named the A/OPR Managing Director as supervisor for the Facilities Management Services' budget division.

### **3 INFORMATION SECURITY AND MANAGEMENT**

When the Bureau of Information Resource Management (IRM) set its goal to establish a plan to continuously define and maintain a baseline of enabling technologies at overseas posts, it had no idea that the COVID-19 pandemic would accelerate the need to work remotely. IRM has been analyzing results from its recent telework survey to highlight any capability gaps.

Enabling mission success for the end user continues to be the dominant influence in our technology decision-making activities, and these efforts have come into even sharper focus with the shift to remote work. The Department's Field First initiative to align technology to conduct diplomacy on the foreign affairs frontlines continues, with a new Chief Architect now in place. Under the Field First initiative, the Department is identifying existing IT gaps, costs to close them, and establishing post-specific roadmaps for implementation. Preliminary analysis shows that our greatest needs overseas are bandwidth, collaboration tools, and new equipment. IRM has been working with the Bureau of Administration to deploy an IT Service Management portal in myServices that will manage employee requests for IT solutions.

The OIG found that numerous control weaknesses affected program effectiveness and increased the chance of cyberattacks and threats to the Department. In FY 2020, the Department has expanded upon its cyber risk framework. For example, the Foreign Service Institute (FSI) is working with IRM to implement additional Wi-Fi security access protocols in order to mitigate potential misuse of the FSI network. The EGB has also met to discuss

cybersecurity at the enterprise level, to ensure the Department is doing everything it can to counter adversaries in the cyber realm.

The Department continues to deliver analytics products for assessing Department challenges and are enhancing data and analytics capacity, fostering a culture of data governance, and modernizing our technical infrastructure to support data and analytics. The Department's need for an agile Center for Analytics was demonstrated in second quarter with the creation of the COVID-19 Data Analytics Team (CDAT). The CDAT is working to develop a framework for constructing a data inventory, and coordinated and prepared data to enable successful tracking, analysis, and reporting on a variety of critical issues, including repatriations, Authorized and Ordered Departures, and other global and regional data on a near real-time basis.

#### **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 (CGFS) is updating the Department's resource management processes and systems, including a new version of the Global Financial Management System. This will streamline and expedite processing financial transactions. CGFS is also working to automate and streamline financial operations through process enhancements and technology innovations, including the increased use of Robotic Process Automation, or "bots." For FY 2020, CGFS implemented 12 new bot processes for a total of 20 bots in financial services operations. Bots to create vendor records and receivables have supported the timely billing of more than 22,000 US citizens repatriated on Department-funded COVID-19 evacuation flights.

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.

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

In December 2019, MED and CGFS announced plans to implement a new process that will provide for consistent processing of Special Needs Education Allowance

(SNEA) reimbursements for employees at post. Furthermore, under the guidance and direction of the Under Secretary for Management, MED is working with other bureaus to make the necessary updates to the Foreign Affairs Manual.

MED is also implementing new internal controls, including a reimbursement system using a local E-2 component to route requests directly back to the child and family program where the people who write the cables detailing the allowable expenses are the first examiners of the reimbursement requests. Expenses are then authorized for payment through FMO, denied, or questioned for further detail. Like all of the other internal controls associated with SNEA (and all of MED's financial and risk management), these processes will be integrated into the annual Statement of Assurance produced under the internal control program administered under the authority of the Federal Managers' Financial Integrity Act.

## **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.

The OIG wrote that “staff reductions in Afghanistan and Iraq have contributed to expedited staffing reviews, while OIG also identified the lack of a centralized database for the special immigrant visa program in Afghanistan. This contributed to delays and increases the Department’s risk for fraud and threats to national security.” The Department notes the Secretary had determined that the security situations in Iraq and Afghanistan necessitated we reduce the size of these posts as expeditiously as possible. Missions and involved bureaus worked expeditiously to determine how best to implement the Secretary’s directives to reduce staff, while still maintaining enough personnel to meet the highest strategic priorities in both Afghanistan and Iraq.

## **6 WORKFORCE MANAGEMENT**

The Secretary’s Professional Ethos provides 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 (FS), Civil Service (CS), locally employed staff, contractors, 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 Bureau of Global Talent Management (GTM) quickly adapted to new needs in light of COVID-19 and took significant strides to improve customer service. GTM made additional human resources applications available remotely and released other innovations such as Virtual Performance Boards, virtual oaths/onboarding for Foreign Service and Civil Service, and ongoing virtual Foreign Service Oral Assessments.

The Department also continued to prioritize and advance its Diversity and Inclusion (D&I) efforts in FY 2020, with the goal of catalyzing a cultural shift toward shared responsibility for practicing inclusion and mitigating bias. GTM further matured its D&I architecture by supporting the establishment of additional D&I Bureau Councils and Mission Councils, providing resources and guidance to bureaus establishing new diversity and inclusion advisor positions, and finalizing the 2020-2022 D&I Strategic Plan (DISP) for release before the end of CY 2020.

The Department successfully converted Foreign Service orientation classes to the virtual environment. Leadership Training and Professional Development also progressed. Despite new challenges in conducting in-person training, the Department quickly adapted to virtually offer mandatory leadership training, so our workforce can develop the skills and knowledge necessary to lead with integrity, promote inclusion, and protect America's interests at home and abroad.

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

The OIG notes that domestic offices and overseas posts experience difficulty maintaining staffing levels. The Department agrees that it is critically important to reach and maintain adequate staffing levels and has continued to make progress in FY 2020, though efforts have been hampered by COVID-19. Among FS Specialists, GTM continued its recruitment for critical specialties, and developed and implemented a pilot virtual assessment to mitigate intake and process disruptions caused by COVID-19. Despite this challenging environment,

FS Specialist hiring exceeded FY 2020 targets and reached the highest level since FY 2014.

Although, unlike the FS, CS hiring occurs on a case-by-case basis, the Department has made considerable strides to increase CS staffing. During FY 2020, GTM cleared the CS hiring backlog and brought on approximately 470 CS hires, representing 12 consecutive months of growth.

The Department is also taking steps to improve efficiency in processing security clearances. Expediting security clearances will allow us to speed up overall hiring timelines. The Bureau of Diplomatic Security is developing a new security clearance case management system that will combine and modernize three antiquated legacy systems. In addition to improved functionality, the new system will provide greater transparency to employees and the Bureau of Global Talent Management colleagues. This improvement will enhance security-related customer service and allow for the tracking of a security clearance status in real-time.

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.

### ***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. The Manager Support Unit (MSU) of the Office of Employee Relations 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.

## **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. Through the Enterprise Governance Board process, the Department is breaking down siloes and raising cross-cutting issues to the Department's highest levels.



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