Management Alert, Management Assistance Report, and Information Report Summaries

October 2013 to February 2021

This document contains summaries from State OIG Management Alerts, Management Assistance Reports, and Information Reports. This document will be updated semi-annually.

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(U) Management Assistance Report: Remote Missions Face Challenges Maintaining Communications With Locally Employed Staff and Host Country Government Officials (U) AUD-MERO-21-16, March 2021

(U)In the event of a natural disaster, political instability, or other security threats, the Department of State (Department) may decide to evacuate an embassy and establish operations in a separate location known as a "remote mission," often in another country, for an indefinite period of time. Remote missions include the Yemen Affairs Unit (YAU), which is operating remotely from the U.S. Embassy in Riyadh, Saudi Arabia; the Venezuela Affairs Unit (VAU), which is operating remotely from the U.S. Embassy in Bogota, Colombia; and Embassy Mogadishu, Somalia, which began operating remotely from the U.S. Embassy in Nairobi, Kenya, but now mostly operates from the Mogadishu International Airport in Somalia.

(U)While U.S. direct hire staff typically relocate to the location where the remote mission has been established, locally employed (LE) staff remain in the host country to support the remote mission. In some instances, after an embassy's closure, LE staff perform their duties working remotely from their homes.

(U)During an audit of remote missions, which is currently underway, the Office of Inspector General (OIG) identified challenges remote missions encounter communicating with LE staff and host country officials. This Management Assistance Report is intended to provide early reporting on those challenges to prompt timely corrective action. First, LE staff who remain behind in the host country often lose access to OpenNet, the Department's computer network, following the suspension of operations. Second, it may not be possible to provide remote access to OpenNet to those LE staff working remotely or teleworking from home following the suspension of operations due to information security concerns.

(SBU) OIG also found that U.S. direct hire staff at the YAU, the VAU, and Embassy Mogadishu rely on the use of electronic messaging applications, (b) (3) (B), (b) (7)(E), (b) (7)(F) to communicate with LE staff in the host country, as well as with host country government officials in order to continue diplomatic relations. According to YAU and VAU officials, use of these applications was adopted out of necessity because they are often the only feasible mode of communication available. Further, in some instances, host country government officials prefer to use specific electronic messaging applications over others. For example, Venezuelan interim government and Somali government officials prefer to use (b) (3) to communicate because they perceive it to be a more secure application as b) (3) (B), (b) (7)(E), (b) (7)(F). However, the use of these applications does not always align with Department guidance, which, among other things, is designed to safeguard sensitive information and promote compliance with Federal record-keeping requirements.

(U)To address the challenges faced by remote missions, OIG recommends that the Department establish guidance and procedures to ensure posts develop contingency plans for remote missions, including providing LE staff with continued access to OpenNet when assigned job duties following the suspension of operations. OIG also recommends that the Department update its policies and guidance to ensure the use of specific electronic messaging applications aligns with the unique needs of remote missions while simultaneously protecting sensitive information and fulfilling Federal record-keeping requirements.

(U) OIG made four recommendations that are intended to address the challenges identified in this report. On the basis of responses from the Bureaus of Diplomatic Security, Administration, Information Resource Management, and the Foreign Service Institute, OIG considers all four recommendations resolved, pending further action. A synopsis of management's comments to the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. Management's responses to a draft of this report are reprinted in their entirety in Appendices A through C, respectively.

Information Report: Review of the Department of State Compliance With Executive Order 13950 on Combating Race and Sex Stereotyping, AUD-MERO-21-11, December 2020

On September 22, 2020, the White House issued Executive Order (EO) 13950, Combating Race and Sex Stereotyping, to "promote economy and efficiency in Federal contracting, to promote unity in the Federal workforce, and to combat offensive and anti-American race and sex stereotyping and scapegoating."1 Among other requirements, EO 13950 requires the agency head to take certain steps to ensure agency compliance with the EO, including to "issue an order incorporating the requirements of [the EO] into agency operations[.]"2 The Office of Inspector General (OIG) conducted this review to determine whether the Department of State (Department) has taken steps to implement EO 13950 § 6(c).3

In its review, OIG found that the Department has taken the necessary steps to comply with EO 13950 § 6(c). Specifically, the Secretary of State issued two agency-wide orders to incorporate the requirements of the EO into agency operations and designated the Under Secretary for Management as the senior political appointee to oversee the implementation of the EO. Following the Secretary of State's orders, the Bureau of Administration, Office of the Procurement Executive,4 issued subsequent guidance requiring the Department's contractors and grantees to comply with the EO. Finally, the Undersecretary for Management, on behalf of the Secretary of State, requested that OIG review and assess agency compliance with the EO in the form of a report.

Based on the Department's actions, OIG concludes that the Department has complied with the requirements set forth in EO 13950 § 6(c). In accordance with EO 13950 § 6(c)(ii), OIG is transmitting a copy of this report to the Office of Management and Budget.

Independent Review of the U.S. Department of State Accounting of FY 2020 Drug Control Funds and Related Performance Report, AUD-FM-21-23, March 2021

The Office of National Drug Control Policy requires National Drug Control Program agencies, including the Department of State, to report a detailed accounting and authentication of all funds expended on National Drug Control Program activities and to set and report on performance measures, targets, and results associated with those activities. The Department of State Office of Inspector General (OIG) is required to express a conclusion about the reliability of each management assertion.

During the review, the Bureau of International Narcotics and Law Enforcement Affairs was not sufficiently responsive to OIG's requests for information. At the conclusion of fieldwork, OIG determined that it could not complete its review because it did not have sufficient, appropriate evidence to be able to draw a conclusion about whether the Department's management assertions in its *Accounting and Authentication of FY 2020 Drug Control Funds and Related Performance Report* were fairly stated.

Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, FY 2020 Financial Statements, AUD-FM-21-15, February 2021

During the audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, FY 2020 financial statements, an independent external auditor identified weaknesses relating to Prompt Payment Act compliance and untimely approval of personnel actions.

Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, FY 2020 Financial Statements, AUD-FM-21-09, January 2021

An independent external auditor, working on behalf of and under the direction of the Office of Inspector General, audited the International Boundary and Water Commission, United States and Mexico, U.S. Section, (USIBWC), annual financial statements as of, and for the year ended, September 30, 2020. The

auditor found that the financial statements present fairly, in all material respects, the financial position of USIBWC as of September 30, 2020, and its net cost of operations, changes in net position, and budgetary resources for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The auditor found one significant deficiency in internal control over financial reporting. Specifically, the auditor identified issues with IT controls. Additionally, the results of the auditor's tests disclosed no instances of noncompliance that are required to be reported.

Information Report: Review of the U.S. Agency for Global Media Compliance With Executive Order 13950 on Combating Race and Sex Stereotyping, AUD-CGI-21-14, December 2020

On September 22, 2020, the White House issued Executive Order (EO) 13950, Combating Race and Sex Stereotyping, to "promote economy and efficiency in Federal contracting, to promote unity in the Federal workforce, and to combat offensive and anti-American race and sex stereotyping and scapegoating."1 Among other requirements, EO 13950 requires the agency head to take certain steps to ensure agency compliance with the EO, including to "issue an order incorporating the requirements of [the EO] into agency operations."2 Accordingly, the Office of Inspector General (OIG) conducted this review to determine whether the U.S. Agency for Global Media (USAGM) had taken steps to implement EO 13950 § 6(c).3

In its review, OIG found that USAGM did not take all the necessary steps to comply with EO 13950 § 6(c). Specifically, USAGM's Chief Executive Officer did not issue an order to incorporate the requirements of the EO by November 21, 2020, into agency operations and did not assign a senior political appointee to oversee the implementation of the EO. Furthermore, USAGM did not formally request that OIG assess USAGM's implementation of the EO. However, on November 25, 2020, USAGM designated a point of contact to work with OIG on the review. OIG considered this designation to be an implied request from USAGM to review and assess USAGM compliance with the EO. On December 14, 2020, USAGM provided OIG with an update on the steps it was taking to implement EO 13950 § 6(c) requirements. The USAGM point of contact stated that USAGM's "general policy guide is being developed and will be issued across the enterprise prior to Jan[uary] 15[,] 2021[,] to implement the requirements" and that contracts and grants were "in the process of being updated for compliance." While OIG acknowledges that USAGM is taking steps to implement the EO, it did not do so within 60 days of the EO's issuance as required. Based on USAGM's actions, OIG concludes that USAGM did not comply with the requirements set forth in EO 13950 § 6(c)(i) and § 6(c)(iii). In accordance with EO 13950 § 6(c)(ii), OIG is transmitting a copy of this report to the Office of Management and Budget.

Information Report: Review of the International Boundary and Water Commission, United States and Mexico, U.S. Section, Compliance With Executive Order 13950 on Combating Race and Sex Stereotyping, AUD-CGI-21-12, December 2020

On September 22, 2020, the White House issued Executive Order (EO) 13950, Combating Race and Sex Stereotyping, to "promote economy and efficiency in Federal contracting, to promote unity in the Federal workforce, and to combat offensive and anti-American race and sex stereotyping and scapegoating."1 Among other requirements, EO 13950 requires the agency head to take certain steps to ensure agency compliance with the EO, including to "issue an order incorporating the requirements of [the EO] into agency operations[.]"2 The Office of Inspector General (OIG) conducted this review to determine whether the International Boundary and Water Commission, United States and Mexico, U.S. Section (USIBWC), has taken steps to implement EO 13950 § 6(c).3

In its review, OIG found that USIBWC took the necessary steps to comply with EO 13950 § 6(c).

Specifically, the USIBWC Commissioner issued an agency order to incorporate requirements of the EO into agency operations and assumed responsibility as the senior political appointee to oversee the implementation of the EO. In addition, the Commissioner's order directed the Administration Department, to issue subsequent guidance requiring the Commission's contractors to comply with the EO. Finally, during communication with USIBWC, OIG determined that there was an implied request from the Commissioner to review and assess USIBWC compliance with the EO in the form of a report. Based on USIBWC's actions, OIG concludes that USIBWC complied with the requirements set forth in EO 13950 § 6(c). In accordance with EO 13950 § 6(c)(ii), OIG is transmitting a copy of this report to the Office of Management and Budget.

Management Assistance Report: The Bureau of Diplomatic Security's Compliance Process Related to Post Security Program Reviews Needs Improvement, AUD-SI-21-04, December 2020

(U) The Bureau of Diplomatic Security (DS) is the Federal law enforcement and security bureau of the Department of State (Department) and has the largest global reach of any U.S. Federal law enforcement agency. DS has 253 regional security offices led by a U.S. direct-hire regional security officer (RSO) with oversight responsibility for more than 280 locations around the world. One method DS uses to oversee the regional security offices located at overseas posts is the Post Security Program Review (PSPR) program. The High Threat Programs Directorate (HTP) within DS conducts PSPRs for high-threat, high-risk (HTHR) posts. A PSPR consists of consultations with relevant DS offices, document reviews, observations at post, and interviews with post personnel to evaluate a regional security office's level of compliance with selected requirements on topics such as life safety and emergency preparedness.1 The PSPR team documents noncompliant areas and makes recommendations to address these areas in a PSPR report sent to the post's deputy chief of mission and RSO. The RSO must respond to recommendations with a corrective action plan,2 and HTP officials must work with RSOs to ensure that corrective action has been taken at post for each noncompliant item.

(U) During an audit of the PSPR program, the Office of Inspector General (OIG) found that although DS has designed a compliance process to assess posts' resolution of recommendations made to address security deficiencies, the PSPR compliance process needs improvement. For example, OIG found that HTP officials did not always maintain documentation describing corrective actions taken by RSOs in response to PSPR recommendations. Specifically, of 146 PSPR recommendations made to HTHR posts that underwent a PSPR in FY 2018 and FY 2019, HTP officials could not provide OIG with RSO compliance responses for 29 (20 percent) of the recommendations. An HTP official stated that the missing responses were likely due to posts' responses not being properly archived to the PSPR SharePoint site. OIG also found that RSOs did not always provide compliance responses within the required 45 days. Specifically, 13 of 20 (65 percent) compliance responses were untimely and ranged from 17 to 204 days late. This occurred, in part, because neither the Foreign Affairs Manual (FAM), nor the PSPR Standard Operating Procedures (SOP),4 requires HTP officials to escalate untimely compliance responses to deputy chiefs of mission. Furthermore, OIG found that HTP officials did not always track when compliance responses were due or have a formal process in place to follow up on overdue responses. OIG also found instances of insufficient compliance responses. Specifically, of 117 documented RSO compliance responses to PSPR recommendations made between FY 2018 and FY 2019, OIG determined that 12 (10 percent) were insufficient to comply with requirements set forth in the PSPR SOP, which requires that the RSO outline a plan to resolve noncompliant areas of review. Insufficient responses occurred, in part, because HTP officials did not require evidence or supporting documentation that demonstrates RSOs have fully implemented recommendations. As a result, HTP officials closed PSPR recommendations that were not fully addressed and were repeated in subsequent PSPR reports.

(U) Until these weaknesses with the PSPR compliance process are addressed, DS will have limited assurance that security deficiencies identified during PSPRs at HTHR posts, which are inherently at higher

risk due to continuous security threats, have been remediated as recommended. Therefore, OIG made three recommendations to DS that are intended to improve the PSPR compliance process. In response to a draft of this report, DS concurred with the recommendations offered. On the basis of DS's concurrence with the recommendations and planned actions, OIG considers the three recommendations resolved, pending further action. A synopsis of DS's response to the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. DS's response to a draft of this report is reprinted in its entirety in Appendix A.

Assistance Report: The Bureau of Diplomatic Security Did Not Always Conduct Post Security Program Reviews Within Management Required Timeframes, AUD-SI-21-03, December 2020

(U) The Bureau of Diplomatic Security (DS) is the federal law enforcement and security bureau of the Department of State (Department) and has the largest global reach of any U.S. federal law enforcement agency. DS has 253 regional security offices led by a U.S. direct-hire regional security officer (RSO) with oversight responsibility for more than 280 locations around the world. One method used by DS to oversee the regional security offices located at overseas posts is the Post Security Program Review (PSPR) program. A PSPR consists of consultations with relevant DS offices, document reviews, observations at post, and interviews with post personnel to evaluate a regional security office's level of compliance with selected requirements on topics such as life safety and emergency preparedness.1 Two DS directorates conduct PSPRs using the same overarching policies: (1) the High Threat Programs Directorate (HTP) for high-threat, high-risk (HTHR) posts2 and (2) the International Programs Directorate (IP) for non-HTHR posts.

(U) During an audit of the PSPR program, the Office of Inspector General (OIG) found that DS did not always conduct PSPRs within required timeframes as set forth in Department policy.4 Specifically, OIG found that between FY 2016 and February 2020, HTP did not always conduct PSPRs within the required timeframe for 22 of 27 (81 percent) HTHR posts. For example, one post did not undergo the required annual PSPR in 2016 or 2017. In addition, OIG found that IP did not conduct PSPRs within the required timeframes at 84 of 222 (38 percent) non-HTHR posts. For example, a non-HTHR post that required an annual PSPR did not undergo a PSPR in FY 2016, FY 2018, or FY 2019. In another example, OIG found two non-HTHR posts that were to have a PSPR on a 3-year cycle had a PSPR conducted in FY 2016, but neither had a PSPR in FY 2019 and, as of February 2020, were both overdue for a PSPR by 12 months.

(U) HTP and IP officials stated a variety of reasons why the established timeframes for PSPRs had not been met. For example, HTP officials cited regional security officer staffing gaps, the local security environment, and Foreign Service Officer rotations as reasons for not meeting the established timeframe for conducting PSPRs at HTHR posts. IP officials stated that the primary reason it has not met established timeframes for conducting PSPRs at non-HTHR posts is staffing shortages. By not conducting PSPRs within required timeframes, DS has limited assurance that posts are competently managing life safety, emergency preparedness, and information security programs. Therefore, OIG made two recommendations to DS that are intended to improve the timeliness of PSPRs in both HTP and IP. In response to a draft of this report, DS concurred with the recommendations offered. On the basis of DS's concurrence with the recommendations and planned actions, OIG considers the two recommendations resolved, pending further action. A synopsis of DS's response to the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. DS's response to a draft of this report is reprinted in its entirety in Appendix A.

Information Report: Department of State 2020 Purchase Charge Card Risk Assessment AUD-CGI-21-02, November 2020

The Government Charge Card Abuse Prevention Act of 2012,1 as implemented by Office of Management and Budget (OMB) Memorandum M-13-21,2 requires the Office of Inspector General (OIG) to conduct annual risk assessments of agency purchase and travel card programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments for use in determining the scope, frequency, and number of periodic audits of these programs.

Accordingly, OIG conducted a risk assessment of the Department of State's (Department) purchase card program. Specifically, OIG reviewed the Department's FY 2019 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the Department's purchase card program is "medium." OIG based its conclusion on the purchase card program's size, internal controls, training, previous audits, violation reports, and OIG Office of Investigations (INV) observations.

Because OIG concluded that risk to the purchase card program is "medium," and recognizing that OIG recently audited the Department's purchase card program,4 OIG is not recommending that an audit of the Department's purchase card program be included in its FY 2022–FY 2023 work plan. However, OIG encourages the Department's purchase card manager to continue prudent oversight of the purchase card program to ensure that internal controls intended to safeguard taxpayer funds are implemented and followed by Department purchase cardholders.

Information Report: International Boundary and Water Commission, United States and Mexico, U.S. Section, 2020 Charge Card Risk Assessment AUD-CGI-21-05, November 2020

The Government Charge Card Abuse Prevention Act of 2012,1 as implemented by Office of Management and Budget (OMB) Memorandum M-13-21,2 requires the Office of Inspector General (OIG) to conduct annual risk assessments of agency purchase and travel card programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments for use in determining the scope, frequency, and number of periodic audits of these programs.

To assess risk associated with the purchase card program at the International Boundary and Water Commission, United States and Mexico, U.S. Section (USIBWC), OIG reviewed USIBWC's FY 2019 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the USIBWC purchase card program is "low." This conclusion is based on USIBWC's purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations (INV) observations.

Because OIG concluded that risk to the purchase card program is "low," OIG is not recommending an audit of USIBWC's purchase card program be included its FY 2022 - FY 2023 work plan. However, OIG encourages USIBWC officials to continue prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed by USIBWC purchase card holders.

Independent Auditor's Report on the U.S. Department of State FY 2020 and FY 2019 Financial Statements AUD-FM-21-08, November 2020

An independent external auditor, working on behalf of and under the direction of the Office of Inspector General, audited the U.S. Department of State's (Department) annual financial statements as of, and for the years ended, September 30, 2020 and 2019. The auditor found the financial statements present fairly, in all material respects, the financial position of the Department as of September 30 for both 2020 and 2019, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The auditor found certain reportable deficiencies in internal control. Specifically, the auditor found significant deficiencies in the internal control over property and equipment, budgetary accounting, validity and accuracy of unliquidated obligations, financial reporting, and information technology. The

auditor also found three instances of reportable noncompliance with laws, regulations, contracts, and grant agreements tested—specifically, the Antideficiency Act, the Prompt Payment Act, and the Federal Financial Management Improvement Act of 1996.

Information Report: U.S. Agency for Global Media 2020 Charge Card Risk Assessment AUD-CGI-IB-21-07, November 2020

The Government Charge Card Abuse Prevention Act of 2012,1 as implemented by Office of Management and Budget (OMB) Memorandum M-13-21,2 requires the Office of Inspector General (OIG) to conduct annual risk assessments of agency purchase and travel card programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments for use in determining the scope, frequency, and number of periodic audits of these programs.

Accordingly, to assess risk associated with the purchase card program at the U.S. Agency for Global Media (USAGM),4 OIG reviewed USAGM's FY 2019 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the USAGM purchase card program is "very low." This conclusion is based on USAGM's purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations (INV) observations.

Because OIG concluded that risk to the purchase card program is "very low," OIG is not recommending that an audit of USAGM's purchase card program be included in OIG's FY 2022–FY 2023 work plan. However, OIG encourages USAGM officials to continue prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed by USAGM purchase card holders.

Independent Auditor's Report on the U.S. Agency for Global Media's FY 2020 Financial Statements, AUD-FM-IB-21-10, November 2020

An independent external auditor, working on behalf of and under the direction of the Office of Inspector General, audited the U.S. Agency for Global Media's (USAGM) annual financial statements as of, and for the year ended, September 30, 2020. The auditor found that the financial statements present fairly, in all material respects, the financial position of USAGM as of September 30, 2020, and its net cost of operations, changes in net position, and budgetary resources for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The auditor found one significant deficiency in internal control over financial reporting. Specifically, the auditor identified internal control issues with grantee monitoring. The auditor also identified two instances of reportable noncompliance with provisions of laws, regulations, contracts, and grant agreements regarding Federal grant regulations and Federal requirements related to internal controls.

Information Report: Department of State 2020 Travel Charge Card Risk Assessment AUD-CGI-21-06, November 2020

The Government Charge Card Abuse Prevention Act of 2012,1 as implemented by Office of Management and Budget (OMB) Memorandum M-13-21,2 requires the Office of Inspector General (OIG) to conduct annual risk assessments of agency purchase and travel card programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments for use in determining the scope, frequency, and number of periodic audits of these programs.

Accordingly, OIG conducted a risk assessment of the Department of State's (Department) travel card program. Specifically, OIG reviewed the Department's FY 2019 travel card data and concluded that the risk of illegal, improper, or erroneous use in the Department's travel card program is "medium." OIG based its conclusion on the travel card program's size, internal controls, training, previous audits, and OIG Office of Investigations (INV) observations.

Because OIG concluded that risk to the purchase card program is "medium," OIG is not recommending an audit of the Department's travel card program be included in OIG's FY 2022 - FY 2023 work plan. However, OIG encourages Department officials to continue prudent oversight of the travel card program to ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed by Department travel cardholders.

Independent Accountant's Report on the Application of Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management, AUD-FM-21-01, October 2020

Working on behalf of OIG, an independent external auditor performed agreed-upon procedures as required by the Office of Management and Budget. These procedures were performed to assist the Office of Personnel Management (OPM) in assessing the reasonableness of retirement, health benefits, and life insurance withholdings and contributions as well as enrollment information submitted via the Semiannual Headcount Report to OPM by the Department of State.

In general, the auditor identified no reportable differences as a result of applying the majority of the procedures. However, the auditor reported some differences as a result of applying procedures relating to retirement contributions.

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

Project Summary

The Office of Inspector General (OIG) has long identified the administration and oversight of contracts and Federal assistance1 as a major management challenge for the Department of State (Department). In this information report, OIG summarizes issues identified and reported2 from FY 2017 through FY 2019 that relate to the Department's administration and oversight of contracts and Federal assistance. The purpose of this report is to identify systemic weaknesses3 and gauge the Department's progress toward resolving deficiencies by addressing recommendations made by OIG. OIG will use this information to measure the Department's future progress toward addressing the systemic weaknesses identified.

In 96 reports that were issued from FY 2017 through FY 2019, OIG made 528 recommendations related to improving the Department's administration and oversight of contracts and Federal assistance awards. Collectively, these reports identified $217.8 million in potential monetary benefits.4 The reports described instances when Contracting Officers (CO) and Grants Officers (GO) were not adequately educating and supporting Contracting Officer's Representatives (COR) and Grants Officer Representatives (GOR) or enforcing Federal regulations and Department policy through effective and vigilant monitoring. During the same period, OIG's Office of Investigations (INV) conducted investigations involving a wide range of criminal, civil, and administrative allegations related to contract and Federal assistance fraud. INV efforts to address these allegations resulted in 5 convictions, 87 debarments, 15 suspensions, and recoveries totaling over $17.9 million.

The recurring nature of OIG's contract and Federal assistance award administration and oversight findings suggests that, although the Department has made progress in implementing OIG's recommendations, it still has work to do to make lasting changes and improvements. Sustained attention from the Bureau of Administration is needed to ensure COs and GOs are properly executing their roles and held accountable for underperformance in managing their assigned portfolios. OIG encourages senior Department officials to examine current policies and procedures and assess the need for change based on longstanding deficiencies. In addition, OIG urges Department leadership to share this report with procurement officials and bureau and office management to raise awareness of recurring issues and to take action that will lead to improvements.

In response to a draft of this report, the Bureau of Administration, Office of the Procurement Executive (OPE) stated it appreciates OIG's acknowledgement of the progress made toward implementing OIG recommendations within the review period. In addition, OPE stated that the report correctly highlights the many acquisition-related facets a dynamic, worldwide organization must continue to identify to advance complex U.S. foreign policy objectives. OPE further stated that it took seriously and would work diligently to recover questioned costs identified in OIG's reports in accordance with CO or GO determinations. OPE's response to a draft of this report is reprinted in its entirety in Appendix D.

Management Assistance Report: Additional Guidance Needed to Improve the Oversight and Management of Locally Employed Staff Serving at Remote Missions AUD-MERO-20-40, September 2020

Summary of Review

The Department of State (Department) may evacuate an embassy or consulate to ensure the safety of mission personnel during natural disasters, political instability, or other security threats. In some cases, a temporary evacuation may lead to an indefinite suspension of operations where all U.S. Direct Hire (USDH) staff are ordered to depart post. When this occurs, some overseas missions have established operations in a separate location, often in another country, which is referred to as a "remote mission." Locally employed (LE) staff remain in the host country and may continue to work, depending on the mission's needs. Those LE staff are often managed by USDH employees who are based at the remote mission. Two such remote missions are the Yemen Affairs Unit (YAU), which operates from the U.S. Embassy in Riyadh, Saudi Arabia, and the Venezuelan Affairs Unit (VAU), which operates from the U.S. Embassy in Bogota, Colombia. The YAU was established in March 2015, and the VAU was established in August 2019.

During an audit of remote diplomatic missions, which is currently underway, the Office of Inspector General (OIG) identified challenges that remote missions face in overseeing and managing their respective LE staff. Department guidance regarding the oversight and management of LE staff of remote missions is broadly outlined in a 2017 policy issued by the Bureau of Global Talent Management, Office of Overseas Employment (GTM/OE), titled the Policy on Employment of Locally Employed (LE) Staff at U.S. Missions in Suspended Operations Status.1 Among other issues, the policy addresses how posts should make decisions about the continued employment of LE staff based on the ongoing needs of the mission. For LE staff determined to be nonessential, the policy states that posts may proceed with a Reduction-in-Force (RIF) process to remove them from the Department's payroll. For example, beginning in April 2018, the YAU implemented two consecutive RIFs that reduced the total number of LE staff in Yemen by approximately 72 percent. Similarly, the VAU initiated its first RIF in March 2019 to streamline its operations and reduce the total number of LE staff in Venezuela by 17 percent.

The 2017 GTM/OE policy was developed, in part, to inform the process for identifying those LE staff required to support the ongoing needs of missions in suspended operations status. Nonetheless, OIG identified areas for improvement. For example, although the policy addresses the need to conduct regular staffing reviews, the policy was not widely distributed to those responsible for directly overseeing LE staff working for remote missions, including USDH supervisors. Although they were not familiar with the policy, the YAU independently initiated a review of all LE staff positions in Yemen in December 2019—4 years after the suspension of operations at Embassy Sana'a. According to YAU officials, the staffing review was intended to improve LE oversight and ensure that work requirements reflected the needs of the remote mission. The YAU discovered that 21 LE staff in Yemen were not reporting to work on a regular basis.2 Of these, 16 had not been consistently reporting to work for more than 4 years, but they continued to receive their full salaries, collectively totaling more than $2 million.

OIG also identified areas where additional guidance may be needed. Specifically, OIG found that in the absence of more robust Department-wide guidance, some regional bureau officials independently took steps to preempt known challenges faced by other remote missions when establishing the VAU. For example, officials worked to ensure that LE staff had access to secure IT networks to communicate with their USDH supervisors and conduct Department business following the suspension of operations in Venezuela.3 In addition, regional bureau officials implemented a process to identify temporary employment opportunities at other U.S. embassies and consulates around the world to help LE staff remain gainfully employed. Although the 2017 GTM/OE policy addresses a variety of issues that remote missions may need to consider with regard to oversight of LE staff, the policy lacks detail in some areas and has not been updated to reflect lessons learned or documented best practices. Both the VAU and the YAU would have been better informed and more effective in their approach to managing LE staff had challenges related to LE oversight been addressed in a more in-depth policy document or outlined in more detailed guidance.

Furthermore, OIG found that the Department has no policy in place to address the unique circumstances of renewing security certifications for those LE staff working in support of a remote mission. Specifically, remote missions face challenges renewing security certifications when security conditions in the country have deteriorated and information used to inform background investigations becomes difficult to obtain. For example, it may be difficult to obtain reliable police reports or travel restrictions could prevent LE staff from travelling to the country where the remote mission has been established in order to renew their security certifications. Because of these challenges, some LE security certifications at remote missions have lapsed.

OIG made 14 recommendations in this report that are intended to address known challenges encountered when LE staff must be overseen and managed from a remote mission. On the basis of responses from the Under Secretary for Management, GTM/OE, the YAU, and the Bureau of Diplomatic Security to a draft of this report, OIG considers 13 recommendations resolved pending further action and 1 recommendation unresolved. A synopsis of management's comments to the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. Management's response to a draft of this report received from the Under Secretary for Management, GTM/OE, the YAU, and the Bureau of Diplomatic Security are reprinted in their entirety in Appendices A through D, respectively.

Management Assistance Report: Execution of the New Embassy Compound London Construction Project Offers Multiple Lessons, AUD-CGI-20-36, July 2020

The Department of State (Department) broke ground on the new embassy compound (NEC) London, the United Kingdom, in November 2013. The former embassy property, located at Grosvenor Square in London's Mayfair district, was being replaced with NEC London in large part because it did not meet current physical security standards. NEC London was erected in the Nine Elms district of London, a revitalized industrial neighborhood close to the center of the city. The construction project was widely hailed by the Department's Bureau of Overseas Buildings Operations (OBO) for its "Design Excellence" concept.

The budgeted cost of NEC London was approximately $1.022 billion, and OBO chose a delivery method known as Early Contractor Involvement (ECI) to execute this construction project. ECI is a form of collaboration by which the contractor works to assist the U.S. Government and the design team during the design and construction phases of the work. By employing the ECI delivery method, the construction contractor for NEC London, B.L. Harbert International, LLC (BLHI), provided preconstruction services concurrent with the design of the project by the Architect and Engineering (A&E) firm Kieran-Timberlake,

PLC (KT).

The timely construction of NEC London was particularly important because of a lease-back arrangement for the former embassy property. Specifically, the Department sold its former embassy property located at Grosvenor Square to Qatari Diar with an original lease-back agreement until February 2017, after which the Department would owe additional rent every 6 months. Because construction was not completed by February 2017, as contracted, the Department had to extend the lease-back option of the former embassy property for an additional year at a cost of $34 million. Moreover, approximately $19.8 million rent would have been assessed for an additional 6-month period had the Department not vacated by the end of February 2018. This created an obvious financial incentive to occupy NEC London as quickly as possible.

OBO certified that construction of NEC London was substantially complete in December 2017 and occupancy followed in January 2018. Substantial completion is the point when the OBO project director (PD) determines that work is sufficiently complete and satisfactory to occupy the structure with only minor items remaining to be completed or corrected. However, the Office of Inspector General (OIG) found that inadequate attention to major systems design and local building requirements present challenges that have—or will require—additional financial outlays to remedy. Specifically, OIG found major building systems that were either abandoned or had to be modified to function properly. For example, the Wastewater Treatment Plant (WWTP) for NEC London cost approximately $2 million to install but was abandoned when it did not function as intended. In another example, the Combined Heat and Power (CHP) system was not completed under its original contract, in part because of design deficiencies. As a result, a separate contract was issued to ENGIE Urban Energy Limited (ENGIE) for $1.6 million in September 2019 to complete installation of the CHP system. Furthermore, OIG learned that the natural gas internal piping system installed at NEC London did not comply with local building standards. This occurred because OBO officials applied U.S. standards for the natural gas internal piping system instead of local standards. Finally, the semicircular pond located on one side of the NEC London, which serves partly as a security barrier, had design flaws, and NEC London officials had to replace the piping and pumping system as a result.

OIG also found that certain decisions and inadequate installation, among other issues, resulted in building deficiencies that will require continuous attention. Specifically, ground water is seeping into the lower levels of NEC London because a decision was made following a value engineering study not to include an additional floor "slab" and a perimeter masonry wall. In addition, interior stone tiles have cracked, and exterior stone pavers have deteriorated to the point that vehicle traffic in certain areas has been limited to avoid additional damage. Furthermore, portions of the roof at NEC London were improperly installed and will require continuous attention to avoid leaks and water damage. For example, in October 2018, a third-party contractor identified more than 700 defects with the exterior façade covering NEC London, including missing restraint lugs and improperly installed, missing, or damaged gaskets.

Furthermore, OIG found that, even though 2 years have passed since OBO declared NEC London "substantially complete," final acceptance of the NEC London construction project remains pending as of February 2020. According to OBO's "Construction Management Guidebook," the construction contractor has 6 months to complete all outstanding items after substantial completion is reached. However, in October 2019, OIG found that 274 identified defects or "punch list" items were still awaiting remediation. A punch list item is typically a minor defect that needs to be corrected, adjusted, or replaced before a Certificate of Final Acceptance for the construction project can be issued. OIG determined that the extensive time it has taken to address the punch list is due, in part, to the failure by OBO officials to follow prescribed procedures for preparing a consolidated punch list. Specifically, during OIG's audit of OBO's construction closeout process, which is currently underway, OIG found that OBO did not prepare a consolidated punch list but instead provided the contactor with 14 separate "Notices of Deficiencies."

This Management Assistance Report is intended to provide early communication of the deficiencies OIG identified at NEC London during its audit of OBO's construction closeout process. OIG made seven recommendations to address the deficiencies identified during the project. In response to a draft of this report, OBO concurred with the recommendations offered and stated that it had taken, or planned to take, action to address them. On the basis of OBO's concurrence with the recommendations and actions taken, OIG considers six recommendations closed and one resolved pending further action. A synopsis of OBO's responses to the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. OBO's response to a draft of this report is reprinted in its entirety in Appendix A.

Management Assistance Report: Department of State Guidance Does Not Comply With Federal Travel Regulations, AUD-CGI-20-37, June 2020

The Federal Travel Regulation (FTR)—41 Code of Federal Regulations (C.F.R.), Chapters 300– 304—implements statutory requirements and Executive branch policies for travel by Federal civilian employees and others authorized to travel at Government expense.1 The FTR requires all Government employees to use Government contractor-issued travel charge cards to pay for all official travel expenses, unless exempted.2 The FTR was modified in September 2016, removing some of the exemptions that were previously allowed. During a mandated risk assessment of the Department of State (Department) charge card program, the Office of Inspector General (OIG) discovered that relevant sections in the Department's Foreign Affairs Manual (FAM) and Foreign Affairs Handbook (FAH) had not been updated since 2014. 3 Therefore, the exemptions currently allowed in the FAM and the FAH regarding the use of travel charge cards do not comply with the 2016 FTR requirements.

OIG made two recommendations in this report to ensure that the FAM and the FAH are updated to reflect the 2016 FTR requirements. OIG provided a draft of this report to the Bureau of the Comptroller and Global Financial Services (CGFS) and requested a response to the recommendations offered. CGFS did not provide a response for inclusion in the final report. Any subsequent response by CGFS to the recommendations will be considered during the audit compliance follow-up process. Currently, OIG considers both recommendations unresolved, but will continue to work with CGFS to ensure the FAM and the FAH are updated to reflect the 2016 FTR requirements.

Compliance Follow-Up Review: Targeted Review of Leadership and Management at the National Passport Center, ISP-C-20-27, June 2020

OIG conducted a compliance follow-up review (CFR) of the Department of State's (Department) implementation of recommendations made in OIG's 2018 Targeted Review of Leadership and Management at the National Passport Center (NPC) in Portsmouth, New Hampshire.1 The report identified extensive employee concerns regarding inappropriate behavior, including harassment and "bullying," prohibited personnel practices, and selective non-compliance with policies and regulations. OIG found that communication was ineffective at all levels within NPC and that the center's leadership would not or could not engage effectively with employees.

In this review, OIG found that the Bureau of Consular Affairs (CA), and specifically NPC, undertook various initiatives to implement the 12 recommendations in OIG's 2018 report, but some deficiencies OIG previously identified had not been fully addressed. Among the actions undertaken in response to the 2018 report, the bureau referred discrimination and harassment complaints for investigation, instituted coaching and training, conducted an organizational assessment, and enhanced internal communication regarding passport issuance procedures and workplace policies. However, in an example of a recommendation where additional work remains, OIG concluded that the full intent of the recommendation directing CA to implement an effective model for providing human resources services to NPC management and staff was not met. Specifically, OIG found continuing deficiencies in employee relations, as supervisors told OIG that they did not receive timely and comprehensive support from

employee relations staff in CA's Executive Office, which, in turn, made it difficult for supervisors to effectively manage employee performance and conduct issues.

At the conclusion of the CFR, six recommendations from the original report remained closed. OIG closed one additional recommendation and issued one new recommendation. Additionally, OIG reissued five recommendations but determined that CA was making progress toward full implementation of these recommendations. In its comments on the draft CFR, CA agreed with five CFR recommendations and neither agreed nor disagreed with one CFR recommendation. OIG considers all six recommendations resolved. The bureau's response to each CFR recommendation and OIG's reply can be found in the Recommendations section of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.

Management Assistance Report: Quarterly Reporting on Afghan Special Immigrant Visa Program Needs Improvement, AUD-MERO-20-34, June 2020

In 2009, Congress established a special immigrant visa (SIV) program to resettle Afghans who worked on behalf of the United States and experienced an ongoing and serious threat as a result of their employment with the U.S. Government. The Afghan Allies Protection Act of 2009 establishes a program to provide SIVs to Afghan nationals who were or are employed by, or on behalf of, the U.S. Government in Afghanistan.1 The FY 2020 National Defense Authorization Act (NDAA) directed the Department of State (Department), Office of Inspector General (OIG), to review and issue a report that evaluates obstacles to effective protection of Afghan allies.

During the course of this mandated review of the Afghan SIV Program, which is currently underway, OIG found that the method for collecting, verifying, and reporting on applicant "wait times" is inconsistent and potentially flawed. The FY 2014 NDAA requires the Secretaries of Homeland Security and State to publish quarterly reports that describe the average wait times for an applicant for four stages: 1) receiving approval from the Chief of Mission, 2) completing the adjudication of Form I-360, 3) conducting a visa interview, and 4) issuing the visa to an eligible applicant.3 The FY 2014 NDAA also states that these quarterly reports should describe efficiency improvements and provide the reasons for the failure to process any applications that have been pending for more than 9 months.

OIG found that the entities responsible for reporting applicant wait times at each of the four stages of the Afghan SIV process are using differing methodologies to perform their calculations. For example, the Department's National Visa Center and the Afghan Special Immigrant Visa Unit (ASIV Unit) use the total number of applicant packages processed as the basis of calculations but the Department of Homeland Security's U.S. Citizenship and Immigration Services uses the total number of applicant packages it received as the basis of its calculations. In addition, some entities do not capture all applicant wait times. OIG also found that none of the 23 quarterly reports published by the Department between April 2014 and October 2019 included descriptions of the efficiency improvements, as required by Congress.

The differing methodologies used and the incomplete quarterly reports occurred because the Department, having assumed the lead role in preparing and publishing the quarterly reports regarding the Afghan SIV program, has not developed guidance that ensures that each entity involved with the Afghan SIV process is using a uniform and consistent method to calculate and report the average wait times. Similarly, the Department has not put in place internal controls that ensure that information in the quarterly reports is complete and fulfills the requirements set forth by Congress. Until these deficiencies are corrected, the quarterly reports may not be providing information responsive to Congress's requirements.

OIG made three recommendations to the Assistant Secretary for Consular Affairs to prompt actions to address the identified deficiencies. The Assistant Secretary for Consular Affairs agreed with all three

recommendations. On the basis of his response to a draft of this report, OIG considers all three recommendations resolved, pending further action. A synopsis of the comments regarding the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. The Assistant Secretary's response to a draft of this report is reprinted in its entirety in Appendix A. In addition, U.S. Embassy Kabul, Afghanistan, agreed with the recommendations offered and provided written comments. Those comments are reprinted in Appendix B.

Compliance Follow-Up Review: Bureau of African Affairs' Foreign Assistance Program Management, ISP-C-20-23, May 2020

OIG conducted a compliance follow-up review (CFR) of the Department of State's (Department) implementation of recommendations issued in OIG's 2017 Inspection of the Bureau of African Affairs' Foreign Assistance Program Management.1 The report identified deficiencies associated with the bureau's strategic oversight of foreign assistance programs as well as shortcomings related to program management, risk management, funds management, and administration of Federal assistance awards.2 The Bureau of African Affairs (AF) continues to manage a sizeable foreign assistance portfolio, with more than $275 million in FY 2019 allotments.

OIG found that AF took action to improve its management of foreign assistance programs, but some deficiencies previously identified by OIG had not been fully addressed. Among the actions undertaken in response to OIG's 2017 report, the bureau updated its Federal assistance risk assessments to better measure terrorist financing risk. OIG also found that the bureau took steps to reduce duplicative and fragmented functions and developed some of the guidance and procedural documents necessary to manage and administer the bureau's foreign assistance programs. However, the bureau needed to take additional steps to further improve its foreign assistance program management and close the remaining recommendations. Specifically, OIG found that AF needs to document its foreign assistance business process, expand its guidance for reclassifying Peacekeeping Operations funds, and establish controls to help ensure proper Federal assistance award oversight documentation. At the conclusion of the CFR, two recommendations from the original inspection report remained closed. OIG closed an additional four recommendations, reissued one recommendation, and revised and reissued one recommendation. Additionally, OIG closed one recommendation from the original report but issued a new recommendation to address related ongoing issues. In its comments on the draft CFR, AF agreed with all three CFR recommendations. OIG considers all three recommendations resolved. The bureau's response to each CFR recommendation and OIG's reply can be found in the Recommendations section of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.

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

During an audit of Bureau of African Affairs (AF) monitoring and coordination of the Trans-Sahara Counterterrorism Partnership (TSCTP), which is currently underway, the Office of Inspector General (OIG) identified deficiencies in three projects selected for review. Specifically, OIG identified deficiencies with the performance work statements developed for contracts that support the execution of TSCTP projects, which ultimately led OIG to question $14.6 million expended by the Department of State (Department). The purpose of this Management Assistance Report is to provide early communication of the deficiencies identified and to prompt corrective actions.

The TSCTP is intended to be a whole-of-government initiative created to build counterterrorism capacity, improve regional coordination, and address underlying drivers of radicalization in the Sahel and Maghreb regions of Africa. AF is responsible for formulating, managing, and overseeing the Department's TSCTP activities. Since TSCTP's establishment in 2005, AF has obligated $481 million on 299 projects in support

of this effort. Examples of projects include providing military-related equipment and training, constructing military-use facilities, and enhancing the local government's ability to adjudicate terrorism cases.

OIG identified three TSCTP projects, valued at approximately $22.8 million, that had performance work statements that did not meet Department standards. The Foreign Affairs Handbook (FAH), 14 FAH-2 H-340, states that a performance work statement "describes results in clear, specific, and objective terms with measurable outcomes." However, OIG found that the performance work statements for the three projects reviewed were neither clear nor specific. 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 then expended an additional $3.3 million for modifications and repairs. In another example, a contract called for the construction of an aircraft hangar in Niger, but because the performance work statement did not clearly state the dimensions of the apron (an area for aircraft to load or unload passengers or cargo and to refuel, park, or conduct maintenance on aircraft), the apron was built too small. AF expended an additional $1.1 million, in part, to increase the apron's size. Finally, in the third example, a contract called for training and equipping military forces at Lake Chad in Cameroon, but because the performance work statement did not include correct requirements, the contractor purchased boats that were not appropriate for the project. As a result, the boats were never used for their intended purpose and $10.2 million was wasted.

The deficiencies OIG found with the performance work statements occurred, in part, because the Contracting Officer's Representatives (COR) and program support contractors did not have the technical knowledge needed to develop well-defined performance work statements. Accordingly, OIG made seven recommendations in this report to prompt action to improve the development of performance work statements for TSCTP-supported projects and increase the level of subject matter expertise among personnel responsible for overseeing these projects. AF concurred with all seven recommendations. On the basis of AF's response to a draft of this report, OIG considers the seven recommendations resolved, pending further action. A synopsis of AF's comments regarding the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. AF's response to a draft of this report is reprinted in its entirety in Appendix A.

Management Assistance Report: Legal Determination Concerning Department of State Non-Acquisition Interagency Agreements Is Needed AUD-MERO-20-24, April 2020

During the Audit of Monitoring and Evaluating Department of State Foreign Assistance in the Philippines,1 the Department of State (Department) Office of Inspector General (OIG), Office of Audits, learned that the Department had used a "notice to proceed" to extend the period of performance for a non-acquisition interagency agreement (IAA),2 even though Department policy does not explicitly recognize this as a valid mechanism for extending an IAA's period of performance. In addition, OIG found that Department policy is silent on whether non-acquisition IAAs have the potential to create unauthorized commitments and, if so, whether ratification procedures are required when an unauthorized commitment involving an IAA does occur. OIG made four recommendations to address these issues. Specifically, OIG recommended that the Office of the Legal Adviser, which the Department has stated is responsible for these issues, render a legal determination on the appropriateness of using a notice to proceed to extend the period of performance for a non-acquisition IAA and whether ratification procedures are required when an unauthorized commitment involving an IAA occurs. OIG also recommended that the Bureau of Administration, Office of the Procurement Executive, incorporate the legal determinations in Department policy once finalized and communicate the policy to all relevant stakeholders. On the basis of an April 7, 2020, email from the Office of the Legal Adviser and written comments provided by the Office of the Procurement Executive in response to a draft of this report (see Appendix A), OIG considers all four recommendations resolved, pending further action. A synopsis of management's comments to the recommendations offered and OIG's reply follow each recommendation

in the body of this report. The Office of the Procurement Executive's response to a draft of this report is reprinted in its entirety in Appendix A.

Management Letter Related to the Audit of the U.S. Department of State FY 2019 Consolidated Financial Statements AUD-FM-20-27, April 2020

During the audit of the Department`s 2019 financial statements, an independent external auditor identified matters involving internal control that it brought to the Department's attention. These matters related to the controls over reconciliation of accounts held by the Department of the Treasury, personnel data for Foreign Service National Employees, personnel records and actions, supporting data used for the asbestos remediation estimate, segregation of duties weaknesses in the Global Employment Management System (GEMS), configuration change management processes in GEMS, and periodic access reviews in the Integrated Logistics Management System.

Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, FY 2019 Financial Statements (AUD-FM-20-23, March 2020)

During the audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, FY 2019 financial statements, the independent external auditor identified weaknesses relating to abnormal construction-in-process balances, payroll control deficiencies, untimely deobligation of unliquidated obligations, and compliance with the Prompt Payment Act.

Management Assistance Report: Foreign Service Institute Wireless User Access Controls (ESP-20-03, March 2020)

The Foreign Service Institute (FSI) lacks modernized user access controls for its dedicated wireless network. The Office of Inspector General (OIG) recently became aware of this vulnerability during the course of a criminal investigation. OIG examined FSI's wireless user access controls and found that they do not comply with the wireless security standards of the Department of State (Department). In addition, OIG found that FSI could improve detection of unusual wireless network activities by implementing the Department's wireless access control protocols.

Information Report: Risk Assessment of the Department of State Grant and Cooperative Agreement Closeout Process (AUD-CGI-20-25, March 2020)

The Grants Oversight and New Efficiency (GONE) Act1 requires Inspectors General of agencies with more than $500 million in annual grant funding, such as the Department of State (Department), to conduct risk assessments of their respective agencies' grant closeout process to determine whether an audit or review of the agency's grant closeout process is warranted.2 Accordingly, the Office of Inspector General (OIG) conducted this risk assessment and concludes the risk associated with the Department's grant closeout process is "low."

To conduct this risk assessment, OIG reviewed and relied on grant and cooperative agreement data reported by the Department in 2017 and 2018. These reports were prepared by the Department's Bureau of the Comptroller and Global Financial Services based on data from various sources including the Global Financial Management System, the Payment Management System, the State Assistance Management System (SAMS), and overseas posts. In addition, OIG assessed the Department's closeout process using four criteria: internal controls; the reconciliation performed between SAMS and the Payment Management System; training; and prior audits.

On the basis of the results of this risk assessment, OIG concluded that an audit of the Department's grant and cooperative agreement closeout process is not warranted in FY 2020. However, OIG will include an audit of the Department's grant and cooperative agreement closeout process in its 2-year work plan covering FY 2022 through FY 2023.3 In the interim, OIG encourages Department officials to continue

prudent oversight of its grant and cooperative agreement closeout process and to ensure that all personnel involved in the closeout process follow internal controls intended to safeguard taxpayer funds.

Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, FY 2019 Financial Statements (AUD-FM-20-22, February 2020)

An independent external auditor, working on behalf of and under the direction of the Office of Inspector General, audited the International Boundary and Water Commission, United States and Mexico, U.S. Section, (USIBWC), annual financial statements as of, and for the year ended, September 30, 2019. The auditor found that the consolidated financial statements present fairly, in all material respects, the financial position of USIBWC as of September 30, 2019, and its net cost of operations, changes in net position, and budgetary resources for the year then ended, in conformity with U.S. generally accepted accounting principles.

The auditor found one significant deficiency in internal control over financial reporting. Specifically, the auditor identified issues with information technology controls. Additionally, the results of the auditor's tests disclosed no instances of noncompliance that are required to be reported.

Management Letter Related to the Audit of the U.S. Agency for Global Media, FY 2019 Financial Statements (AUD-FM-IB-20-16, January 2020)

During the audit of the U.S. Agency for Global Media FY 2019 financial statements, the independent external auditor identified weaknesses relating to unliquidated obligations and information system policy reviews and updates.

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

An independent external auditor, working on behalf of and under the direction of the Office of Inspector General, audited the U.S. Department of State's (Department) annual consolidated financial statements as of, and for the years ended, September 30, 2019 and 2018. The auditor found the consolidated financial statements present fairly, in all material respects, the financial position of the Department as of September 30 for both 2019 and 2018, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The auditor found certain reportable deficiencies in internal control. Specifically, the auditor found significant deficiencies in the internal control over property and equipment, budgetary accounting, validity and accuracy of unliquidated obligations, intragovernmental revenue, financial reporting, and information technology. The auditor also found three instances of reportable noncompliance with laws, regulations, contracts, and grant agreements tested—specifically, the Antideficiency Act, the Prompt Payment Act, and the Federal Financial Management Improvement Act of 1996.

Management Assistance Report: International Boundary and Water Commission, United States and Mexico, U.S. Section, Travel Policy Is Not in Compliance With Federal Travel Regulations AUD-CGI-20-15, January 2020

The Federal Travel Regulation (FTR), 41 Code of Federal Regulations (C.F.R.), Chapters 300–304, implements statutory requirements and Executive branch policies for travel by Federal civilian employees and others authorized to travel at Government expense.1 The FTR requires all Government employees to use Government contractor-issued travel charge cards to pay for all official travel expenses unless exempted.2 The FTR was modified in September 2016, removing some exemptions. During a mandated risk assessment of the International Boundary and Water Commission, United States and Mexico, U.S. Section (USIBWC) credit card programs, the Office of Inspector General (OIG) obtained and reviewed a

copy of USIBWC's travel policy. This policy was issued in 2011, before the 2016 modifications of the FTR's exemptions for the use of Government contractor-issued travel charge cards. Therefore, the exemptions allowed by USIBWC's Directives Management System Manual for the use of travel charge cards do not reflect current FTR requirements.

OIG made one recommendation to address the deficiency identified in this report. In response to a draft of this report, USIBWC concurred with the recommendation. On the basis of USIBWC's concurrence, OIG considers the recommendation resolved, pending further action. A synopsis of USIBWC's response to the recommendation offered and OIG's reply follow the recommendation in the Results section of this report. USIBWC's response to a draft of this report is reprinted in its entirety in Appendix A.

Management Assistance Report: United States Agency for Global Media Travel Card Policy Is Not in Compliance With Federal Travel Regulations AUD-CGI-IB-20-14, January 2020

The Federal Travel Regulation (FTR) 41 Code of Federal Regulations (C.F.R.), Chapters 300–304, implements statutory requirements and Executive branch policies for travel by Federal civilian employees and others authorized to travel at Government expense.1 The FTR states that all Government employees are required to use Government contractor-issued travel charge cards to pay for all official travel expenses, unless exempted.2 The FTR was modified in September 2016, removing some exemptions. During a mandated risk assessment of the United States Agency for Global Media (USAGM) credit card programs, the Office of Inspector General (OIG) obtained and reviewed a copy of USAGM's travel policy. This policy was issued in 2015, before the 2016 modifications of the FTR's exemptions for the use of Government contractor-issued travel charge cards. Therefore, the exemptions allowed by USAGM's Travel Charge Cardholder Policy for the use of travel charge cards do not reflect current FTR requirements.

OIG made one recommendation to address the deficiency identified in this report. In response to a draft of this report, USAGM concurred with the recommendation. On the basis of USAGM's concurrence, OIG considers the recommendation resolved, pending further action. A synopsis of USAGM's response to the recommendation offered and OIG's reply follow the recommendation in the Results section of this report. USAGM's response to a draft of this report is reprinted in its entirety in Appendix A.

Management Assistance Report: Continued Health and Welfare Concerns for Antiterrorism Assistance Explosive Detection Canines, ESP-20-02

Following the conclusion of an evaluation of the Department of State's management of the health and welfare of canines in the Explosive Detection Canine Program, the Office of Inspector General (OIG) received notice of additional canine deaths that warrant immediate Department action.

Information Report: Department of State 2019 Purchase Charge Card Risk Assessment, AUD-CGI-20-13

The Government Charge Card Abuse Prevention Act of 2012, 1 as implemented by Office of Management and Budget (OMB) Memorandum M-13-21, requires the Office of Inspector General (OIG) to conduct annual periodic risk assessments of agency purchase and travel card programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments for use in determining the scope, frequency, and number of periodic audits of these programs.

OIG conducted a risk assessment of the Department of State's (Department) purchase card program. Specifically, OIG reviewed the Department's FY 2018 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the Department's purchase card program is "high." OIG based its conclusion on the purchase card program's size, internal controls, training, previous audits, violation reports, and OIG Office of Investigations (INV) observations.

Although OIG concluded that risk to the purchase card program is "high," OIG is not recommending that

an audit of the Department's purchase card program be included in OIG's FY 2021 through FY 2022 work plan because OIG recently audited the program and the Department is currently taking action to rectify the deficiencies reported. Therefore, OIG encourages the Department's purchase card manager to fully implement the recommendations made in OIG's March 2019 purchase card report and continue prudent oversight of the purchase card program to ensure that internal controls intended to safeguard taxpayer funds are implemented and followed by Department purchase cardholders.

Information Report: Department of State 2019 Travel Charge Card Risk Assessment, AUD-CGI-20-11

The Government Charge Card Abuse Prevention Act of 2012, 1 as implemented by Office of Management and Budget (OMB) Memorandum M-13-21, requires the Office of Inspector General (OIG) to conduct annual periodic risk assessments of agency purchase and travel card programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments for use in determining the scope, frequency, and number of periodic audits of these programs.

OIG conducted a risk assessment of the Department of State's (Department) travel card program. Specifically, OIG reviewed the Department's FY 2018 travel card data and concluded that the risk of illegal, improper, or erroneous use in the Department's travel card program is "medium." OIG based its conclusion on the travel card program's size, internal controls, training, previous audits, and OIG Office of Investigations (INV) observations.

On the basis of the results of this assessment, OIG is not recommending an audit of the Department's travel card program be included in OIG's FY 2021 through FY 2022 work plan. However, OIG encourages Department officials to continue prudent oversight of the travel card program to ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed by Department travel cardholders

Information Report: United States Agency for Global Media 2019 Charge Card Risk Assessment, AUD-CGI-IB-20-07

The Government Charge Card Abuse Prevention Act of 2012, 1 as implemented by Office of Management and Budget (OMB) Memorandum M-13-21, requires the Office of Inspector General (OIG) to conduct annual periodic risk assessments of agency purchase and travel card programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments for use in determining the scope, frequency, and number of periodic audits of these programs.

To assess risk associated with the purchase card program at the United States Agency for Global Media (USAGM),2 OIG reviewed USAGM's FY 2018 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the USAGM purchase card program is "very low." This conclusion is based on USAGM's purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations (INV) observations.

On the basis of the results of this assessment, OIG is not recommending an audit of USAGM's purchase card program be included in OIG's FY 2021 through FY 2022 work plan. However, OIG encourages USAGM officials to continue prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed by USAGM purchase card holders.

Information Report: International Boundary and Water Commission, United States and Mexico, U.S. Section, 2019 Charge Card Risk Assessment, AUD-CGI-20-08

The Government Charge Card Abuse Prevention Act of 2012, 1 as implemented by Office of Management and Budget (OMB) Memorandum M-13-21, requires the Office of Inspector General (OIG) to conduct annual periodic risk assessments of agency purchase and travel card programs to identify and analyze

risks of illegal, improper, or erroneous purchases and payments for use in determining the scope, frequency, and number of periodic audits of these programs.

To assess risk associated with the purchase card program at the International Boundary and Water Commission, United States and Mexico, U.S. Section (USIBWC), OIG reviewed USIBWC's FY 2018 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the USIBWC purchase card program is "low." This conclusion is based on USIBWC's purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations (INV) observations.

On the basis of the results of this assessment, OIG is not recommending an audit of USIBWC's purchase card program be included in OIG's FY 2021 through FY 2022 work plan. However, OIG encourages USIBWC officials to continue prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed by USIBWC purchase card holders.

Independent Auditor's Report on the U.S. Agency for Global Media's FY 2019 Financial Statements, AUD-FM-IB-20-06

An independent external auditor, working on behalf of and under the direction of the Office of Inspector General, audited the U.S. Agency for Global Media's (USAGM) annual financial statements as of, and for the year ended, September 30, 2019. The auditor found that the consolidated financial statements present fairly, in all material respects, the financial position of USAGM as of September 30, 2019, and its net cost of operations, changes in net position and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The auditor found one significant deficiency in internal control over financial reporting. Specifically, the auditor identified internal control issues with grantee monitoring. The auditor also identified one instance of substantial noncompliance with provisions of laws, regulations, contracts, and grant agreements regarding Federal grant regulations.

Independent Accountant's Report on the Application of Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management, AUD-FM-20-01

Working on behalf of OIG, an independent external auditor performed agreed-upon procedures as required by the Office of Management and Budget. These procedures were performed to assist the Office of Personnel Management (OPM) in assessing the reasonableness of retirement, health benefits, and life insurance withholdings and contributions as well as enrollment information submitted via the Semiannual Headcount Report to OPM by the Department of State.

In general, the auditor identified no reportable differences as a result of applying the majority of the procedures. However, the auditor reported some differences as a result of applying procedures relating to life insurance and health benefits withholdings and enrollment.

Management Assistance Report: Embassy Vienna, Austria, Should Strengthen Internal Controls Over Motor Vehicle Keys and Fuel Credit Cards, AUD-SI-19-42

The Department of State (Department) uses a fleet of motor vehicles to support its global diplomatic mission. As of April 2019, Embassy Vienna, Austria, had 48 motor vehicles in place to support operations. During an audit of the Department's overseas motor vehicle fleet, the Office of Inspector General (OIG) discovered that Embassy Vienna had not established adequate internal controls over vehicle keys and the fuel credit cards associated with its fleet. The purpose of this report is to provide early communication of the deficiencies identified and to prompt immediate corrective actions.

Specifically, OIG found that Embassy Vienna did not exercise internal controls over the keys associated with its motor vehicles. According to the Foreign Affairs Manual (FAM),1 the motor vehicle accountable officer (MVAO) must establish effective management control procedures to ensure vehicles are used in accordance with Department requirements. These procedures must include a key control system and a vehicle key control log. OIG found that embassy personnel followed a post policy from 2010, which directed them to leave vehicle keys in unlocked and unattended vehicles on embassy property. This practice, however, does not prevent or provide a means to promptly detect unauthorized use of vehicles should it occur. OIG determined that the deficiency occurred, in part, because the MVAO failed to follow Department policy2 and because of logistical difficulties associated with limited space and the motor pool office location, which post indicated was a challenge to implementing stricter controls. Additionally, embassy personnel were using an outdated post motor vehicle policy rather than the most recent post guidance from May 2014. As a result of these deficiencies, personnel with access to embassy property could obtain and use the motor vehicles for a purpose other than that for which they were intended.

Similarly, OIG found that Embassy Vienna had not established adequate internal controls over the credit cards used to purchase fuel for its motor vehicle fleet. Credit cards used for the purchase of fuel for official vehicles must be carefully controlled.3 However, OIG discovered that the fuel credit cards associated with its vehicle fleet had identical personal identification numbers(PIN) and that the fuel credit cards were left in unlocked and unattended vehicles. Furthermore, post officials did not collect or regularly review fuel purchase receipts to ensure the fuel purchased was for official purposes. This deficiency occurred, in part, because Embassy Vienna had not designated a credit card control officer to ensure that fuel credit cards are used appropriately.

Until Embassy Vienna acts to implement internal controls over vehicle keys and fuel credit cards, the risk of theft and misuse of U.S. Government property will remain. OIG made five recommendations in this report to prompt action to improve controls over motor vehicle keys and fuel credit cards. In response to a draft of this report, Embassy Vienna concurred with all five recommendations. On the basis of Embassy Vienna's concurrence, OIG considers each recommendation resolved, pending further action. A synopsis of Embassy Vienna's response to the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. Embassy Vienna's response to a draft of this report is reprinted in its entirety in Appendix A.

Management Assistance Report: Open Audit Recommendations Awaiting Final Action and Closure, AUD-AOQC-19-35

The purpose of this Management Assistance Report (MAR) is to facilitate the prompt closure of selected open, unclassified Office of Audits recommendations by bringing them to the attention of the Under Secretary for Management (Under Secretary). As of June 10, 2019, 22 unclassified Office of Audits report recommendations—made to 9 Department of State (Department) entities that had not responded to Office of Inspector General (OIG) inquiries concerning the status of actions to implement those recommendations—remain open. In each instance, a response from the Department entity was overdue by 4 months or longer. 1 Furthermore, 6 of these 22 recommendations had been previously reported in a 2018 MAR. 2

The recommendations concern deficiencies related to contract and grant oversight, the Department's travel card program, conference reporting, the armored vehicle program, Antiterrorism Assistance program, fee-setting methodologies for consular services, data published on public websites, and the administration of working capital funds. Without current information on the status of implementation efforts regarding the 22 open recommendations, OIG has no assurance that corrective actions are being or have been completed. Each open recommendation addresses a deficiency within the Department, its resources, and its programs.

The Under Secretary, as the Department's Audit Follow-up Official, ensures that timely responses are made to all OIG recommendations and that, regardless of implementation responsibilities, corrective actions are taken. 3 Therefore, OIG provides monthly reports on open OIG recommendations to the Under Secretary and provided 2 MARs in 2017 and 2018 on 29 recommendations made to 10 action entities that did not respond to OIG inquiries regarding implementation status. In response to the latest MAR in 2018, the Under Secretary sent a Directive in March 2019 to the delinquent action entities to prompt responses and the implementation of corrective actions. However, two of the action entities with overdue responses in the 2018 report did not respond to OIG on the status of those recommendations.

After issuing a draft of this report, OIG received responses from 2 bureaus that relate to 4 of the 22 recommendations discussed in this report. On the basis of the responses and information provided, OIG was able to close 4 of the 22 recommendations. However, OIG has not received any information pertaining to the remaining 18 recommendations. As a result, OIG requests that the Under Secretary intervene and monitor the status of corrective actions for the 18 recommendations referenced in this report until the actions have been completed and the recommendations closed.

With respect to the single recommendation made to the Under Secretary for Management, OIG considers this recommendation resolved, pending further action. The recommendation will be closed when OIG receives documentation demonstrating that the Under Secretary for Management (a) directed the Department entities responsible for the recommendations in this report to respond to OIG within 30 days to explain the status of actions taken to implement the recommendations and (b) will periodically follow up with those entities concerning the status of their corrective actions until the recommendations are closed. A synopsis of management's response to the recommendation made by the Under Secretary and OIG's reply is presented in the Conclusion section of this report. Management's response to a draft of this report, received August 13, 2019, is reprinted in its entirety in Appendix A.

Management Assistance Report: Outstanding Construction Deliverables and Deficiencies Need Attention at New Embassy Compound The Hague, the Netherlands, AUD-CGI-19-38

The Department of State (Department) recently constructed a new embassy compound (NEC) in The Hague, the Netherlands. The Bureau of Overseas Buildings Operations (OBO) certified that construction of the NEC was "substantially complete" on November 25, 2017. Substantial completion is the point in time when the OBO project director (PD) determines that work is sufficiently complete and satisfactory, in accordance with the requirements of the contract, and the structure can be occupied with only minor items remaining to be completed or corrected. After substantial completion is reached, the construction contractor has 6 months to complete all outstanding items, according to the OBO Construction Management Guidebook.

During an audit of OBO's construction closeout process, which is currently underway, the Office of Inspector General (OIG) identified outstanding deliverables owed by the contractor. Specifically, as of June 2019, which was approximately 19 months after OBO issued the Certificate of Substantial Completion, the contractor had not completed items required by the contract. The outstanding items included removing a curb and lowering a sidewalk to smoothly transition to the main roadway in front of the compound, providing lighting for bench seats along the compound walkway, and providing a complete inventory of spare parts for major building systems.

Post officials also identified other matters requiring attention. For example, the irrigation system for the compound does not have adequate filtration to prevent clogging. A post official stated that the cost to replace the filtration system will be approximately $37,000. In addition, exterior walkway lights protrude approximately 2 inches above the ground surface (as designed) but have proven to be a tripping hazard for pedestrians. The cost to replace the lights is estimated to be $16,000. In addition, OIG noted that the

stainless-steel exterior façade on two buildings was rusting approximately 17 months after substantial completion was declared, even though the construction contract required the contractor to apply a Type 316 stainless-steel façade that is used in marine environments to avoid rust. OIG could not determine whether Type 316 stainless-steel panels were used for the exterior façade. According to an OBO official, the panels were cleaned and polished after the completion of OIG's fieldwork at Embassy The Hague, and the embassy Facilities Manager estimated that the steel panels will need to be cleaned and polished at least annually to maintain their appearance. The cost of cleaning was approximately $5,400.

The purpose of this Management Assistance Report is to provide early communication of the deficiencies OIG identified during its ongoing audit so that they can be addressed before final acceptance of the construction project. OIG made five recommendations. In response to a draft of this report, OBO concurred with the recommendations and stated that it planned to take action to address them. On the basis of OBO's planned action, OIG considers all five recommendations resolved, pending further action. A synopsis of OBO's response to the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. OBO's response to a draft of this report is reprinted in its entirety in Appendix A.

Review of the Effects of the Department of State Hiring Freeze, ISP-I-19-23

The Joint Explanatory Statement for the Consolidated Appropriations Act, 20181 instructed OIG to review the effects of the Department of State's (Department) hiring freeze on domestic and overseas operations. Specifically, OIG was asked to determine: (1) the current status of the hiring freeze, including eligible family member employment and lateral transfers; (2) the impact of the hiring freeze on the day-to-day function and mission of the Department, embassies, and consulates during calendar year 2017; (3) the impact of the hiring freeze on the safety, morale, and welfare of Department personnel; (4) the impact of the hiring freeze on Department personnel costs; and (5) the impact of the suspension of eligible family member employment on embassy and consulate operations and on other Federal agencies.

OIG found that the hiring freeze particularly affected the Department's eligible family member and Civil Service workforce. From the start of the hiring freeze in January 2017 until the Department lifted it in May 2018, on-board eligible family member employment2 levels declined by 20.7 percent. Over the same period, Civil Service on-board employment levels declined by 7.1 percent. By contrast, the Department's Foreign Service employment levels experienced only a 1 percent reduction during this period. OIG also found that on-board Civil Service staffing levels in occupational series with security, medical, and life safety responsibilities declined by 7.6 percent from January 2017 to August 2018. 3 These positions are particularly important because they play a role in ensuring the protection of Department employees.

OIG found that implementation of the freeze was not guided by strategic goals linked to a discrete, but related, exercise to prepare a plan to improve the economy and efficiency of Department operations, known as the organizational reform effort. This disconnect led to an inability to apply staffing reductions in a way that reflected the Department's strategic goals. Bureaus, offices, and overseas posts consistently described procedures for seeking exemptions to the freeze as cumbersome, time-consuming, and inefficient and said the Department did not fully communicate policies and procedures related to the hiring freeze. Although the Secretary lifted the hiring freeze on May 15, 2018, bureaus and offices told OIG that reduction of their employment ceilings to December 31, 2017, on-board staffing levels and retention of other processes developed during the freeze continued to impede their ability to fill positions.

Management Assistance Report: Modernizing Processes To Maintain Overseas Buildings Operations Commissioning Documentation Is Needed, AUD-MERO-19-31, 6/2019

During an audit of the commissioning of the Staff Diplomatic Apartment-2 (SDA-2) and Staff

Diplomatic Apartment-3 (SDA-3) at Embassy Kabul, Afghanistan, which is currently underway, the Office of Inspector General (OIG) identified weaknesses in the manner in which the Bureau of Overseas Buildings Operations (OBO) maintains commissioning documentation. Commissioning documentation serves as the historical record of key decisions throughout the project planning and delivery process. In preparation for the audit of SDA-2 and SDA-3 at Embassy Kabul, OIG also reviewed commissioning documentation at Embassies Islamabad, Pakistan, and The Hague, the Netherlands, and noted similar weaknesses. Given the similar conditions found at all three locations, OIG believes that remedying the weaknesses identified in this report will benefit OBO construction projects worldwide. OIG found two distinct weaknesses in OBO's practices for maintaining commissioning documentation. First, commissioning agents typically complete commissioning tests in hardcopy format. Specifically, commissioning test templates are prepared electronically, printed, and then the hard-copy print-out is taken to the construction site and completed. According to OBO officials, completing commissioning tests, which includes important performance tests on major facility components and systems, has traditionally been done in hard-copy format by the commissioning agent because no approved platform to create and transfer testing results electronically currently exists. Furthermore, OIG found that commissioning tests and related documentation are scanned and uploaded to ProjNet only at the conclusion of the construction project. ProjNet is the database used by OBO that is intended to share information among OBO officials, project team members, construction contractors, designers, and other consultants authorized to work on a construction project. According to the commissioning agent's contract, uploading commissioning documentation to ProjNet is not required until the construction project is complete. OBO construction management officials told OIG that doing so earlier would detract from conducting commissioning activities. However, completing and storing commissioning tests in a hard-copy format and uploading the commissioning tests and related documentation at the end of the construction project is problematic for several reasons: 1) organizing commissioning tests in hard-copy format and then scanning and uploading the information to ProjNet is inefficient; 2) the risk of important commissioning tests and related documentation being inadvertently lost or not uploaded increases because commissioning activities often take several years to complete and involve thousands of pages; and 3) the practice of uploading commissioning documentation to ProjNet at the conclusion of the construction project does not advance the goal of using ProjNet, which is to share information among construction project team members during the construction project. OIG concludes that OBO, as well as the commissioning agents involved, would benefit from eliminating the practice of using a hardcopy format to complete commissioning tests and employing a platform that would generate electronic commissioning documents and save them to an online repository.

Second, OBO's Construction Management Guidebook designates OBOLink as the repository to retain records for completed construction projects, including the final commissioning report, email, cables, and functional performance tests of components and systems. However, OBO is not using OBOLink to deposit construction project documentation because the platform cannot accommodate voluminous construction project files. This has been a long-standing problem. As a result, compact disks (CDs) are used to serve as the repository for commissioning documentation. However, using CDs as a final repository for commissioning documentation has disadvantages: 1) the life of CDs is limited, making them not ideal to serve as the medium for a repository of record and 2) OBO has not established a central repository or chain of custody for CDs received from the commissioning agent for each project. Instead, the CDs are typically retained by the associated Project Director. Even aside from the relatively short life span of the CDs, current processes create the risk that, if the associated Project Director leaves the Department, the CD could be inadvertently lost or destroyed. OIG made six recommendations in this report that are intended to modernize OBO's processes to maintain commissioning documentation. On the basis of OBO's response to a draft of this report, OIG considers one recommendation closed and five resolved, pending further action. A synopsis of OBO's comments regarding the recommendations offered and OIG's reply follow each recommendation in the Results

section of this report. OBO's response to a draft of this report is reprinted in its entirety in Appendix A.

Management Assistance Report: Results of 2014 Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Orders 2, 9, and 11 (AUD-MERO-19-23, 4/2019)

In 2013, the Bureau of Diplomatic Security (DS) asked the Office of Inspector General (OIG) to conduct an audit of Task Orders 2, 9, and 11 awarded under the Worldwide Protective Services (WPS) contract. These task orders were awarded to the contractor International Development Solutions, LLC (IDS) to provide movement and static security services in Jerusalem and Afghanistan. The objectives of the audit were to determine whether 1) DS adequately monitored IDS's work to ensure it was performing in accordance with contract terms and conditions and 2) DS's invoice review and approval procedures were sufficient to ensure proper payments. During the audit, OIG received allegations of potential civil or criminal violations of Federal law concerning the contract, task orders, and IDS. As a result, the Office of Audits suspended issuing the draft audit report as OIG's Office of Investigations (OIG/INV) worked with the U.S. Department of Justice to investigate the allegations. A copy of excerpts from OIG's 2014 unissued draft report is presented in Appendix A for informational purposes only.

OIG and the Department of Justice ultimately closed the investigation after the Department and IDS's parent company, Constellis, LLC, reached an administrative settlement. However, OIG has not yet received confirmation that the settlement agreements described in the Department's response fully addressed the Defense Base Act (DBA) worker's compensation insurance charges that OIG questioned in its 2014 unissued draft report. Specifically, OIG questioned 13 invoices that charged $454,578 for overhead and general and administrative (G&A) charges associated with DBA insurance premiums that OIG concluded were unallowable. OIG reached this conclusion because the IDS price proposals incorporated into the Task Order 9 and Task Order 11 contracts, as well as subsequent modifications, did not include these items. Nonetheless, IDS submitted, and the Contracting Officer's Representative (COR) approved, four Task Order 9 invoices for DBA premiums, containing $179,813 in overhead and G&A costs, and nine Task Order 11 invoices for DBA premiums, containing $274,765 in overhead and G&A costs.

OIG issued this Management Assistance Report because the audit finding from the 2014 audit report remained relevant and warrants attention, not only for the costs questioned in the audit but because the practice of charging overhead and G&A costs associated with DBA insurance premiums may be occurring in similar Department contracts[1]. OIG therefore recommended that the Department determine whether the $454,578 in overhead and G&A charged by IDS for DBA insurance premiums was allowable and to seek reimbursement for any amount deemed unallowable. In addition, OIG recommended that the Department review similar Department contract task orders associated with IDS, its parent company, Constellis, LLC, and its subsidiaries to determine if this practice was commonplace and to seek reimbursement for all costs deemed unallowable. The Bureau of Administration, Office of the Procurement Executive (A/OPE), concurred with the recommendations but stated that the identified questioned costs referenced in Recommendation 1 had in fact been addressed in the settlements and that all claims regarding these amounts were released. On the basis of A/OPE's concurrence with the recommendation OIG considers this recommendation resolved pending further action. With respect to the second recommendation concerning a review of similar Department contract task orders associated with IDS and its parent company, Constellis, LLC, A/OPE stated that AQM required additional information about the specific cost elements questioned. OIG provided A/OPE with copies of the IDS cost proposals furnished to OIG during fieldwork for the 2014 audit, which served as the basis for the task order award, and provided other related information regarding OIG's analysis. On the basis of A/OPE's concurrence with the recommendation and agreement to review other contracts associated with International Development Solutions and its parent company, Constellis, LLC, OIG considers this

[1] OIG did not make questioned costs draft recommendations in the 2014 unissued draft report because of INV's then newly opened investigation.

recommendation resolved pending further action. A synopsis of A/OPE comments and OIG's reply follow each recommendation in the Conclusion section of this report. A/OPE's response to a draft of this report is reprinted in its entirety in Appendix B.

Management Letter Related to the U.S. Department of State's 2018 Financial Statements (AUD-FM-19-16, 4/2019)

During the audit of the Department's 2018 financial statements, an independent external auditor identified matters involving internal control that it brought to the Department's attention. These matters related to the controls over reconciliation of accounts held by the Department of the Treasury, personnel records and actions, accounting for Federal advances, accounting for real property transactions, supporting data used for the asbestos remediation estimate, vendor invoice approvals, accounting for prepaid education expenses, and segregation of duties weaknesses in the Global Employment Management System.

Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2018 Financial Statements (AUD-FM-19-21, 4/2019)

During the audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2018 financial statements, the independent external auditor identified weaknesses relating to timeliness and accuracy of personal property acquisitions and disposals as well as abnormal construction-in-progress balances.

Management Assistance Report: Noncompliance with Federal and Department Procurement Policy at U.S. Embassy Kabul, Afghanistan, Needs Attention (AUD-MERO-19-25, 4/2019)

(U) The security situation in Kabul, Afghanistan, has continued to deteriorate in recent years. In response to increasing security threats, the Department of State (Department) has initiated a number of upgrades to the physical security features at the U.S. Embassy and other U.S. Government facilities around the city that are intended to improve the security posture of U.S. operations in Afghanistan.

(U) During an ongoing Office of Inspector General (OIG) audit of security-related construction projects at the U.S. Embassy in Kabul, OIG discovered that Embassy Kabul used a Justification for Other Than Full and Open Competition (JOFOC) to limit competition of construction contracts to a pool of 15 purportedly "known and vetted" local Afghan contractors. The JOFOC was initiated as an interim measure to address the need for urgent security upgrades and other embassy construction projects when a waiver that exempted overseas posts from soliciting foreign acquisition notices on the Federal Business Opportunities website (FBO.gov) lapsed in June 2016[2]. When the waiver lapsed, Embassy Kabul was concerned that publicly posting solicitations for construction projects would present security risks to the Embassy. As a result, in 2016, a JOFOC citing national security concerns was prepared by Embassy Kabul General Services Office (GSO) procurement officials to cover post-initiated construction projects.

(U) The 2016 JOFOC was developed in coordination with the Department's Office of the Procurement Executive (OPE). However, the JOFOC was improperly renewed by Kabul Procurement Staff two more times, in 2017 and 2018, without consulting OPE. This occurred, in part, because procurement staff in Kabul incorrectly believed that the JOFOC could be unilaterally renewed as long as national security continued to be at risk because of the ongoing security threats at Embassy Kabul. Additionally, the Kabul JOFOC stated that contractors that were selected for inclusion were "known and vetted." According to the former Kabul GSO Contracting Officer, this meant that, in addition to the Department's standard counterterrorism vetting requirements, contractors selected for inclusion in the JOFOC would also undergo additional vetting by the Regional Security Office (RSO) in Kabul. However,

[2] FBO is the Federal Government's website (fedbizopps.gov) that publicly advertises all Federal procurement opportunities to interested contractors.

OIG found no evidence that the 15 Afghan contractors selected were subject to such additional security vetting as a condition of service. According to the Kabul RSO, such vetting could help minimize the potential insider threat posed by temporary workers who could observe and report on the status of the Embassy Kabul compound and for this reason, Embassy Kabul adopted enhanced vetting practices for temporary workers in October 2018.

(U) In August 2018, following OIG inquiries about the validity of the JOFOC, OPE instructed Embassy Kabul to discontinue use of the JOFOC. According to OPE, the JOFOC was approved as a one-time exception in 2016 and was never intended to serve as a blanket exception for all construction acquisitions initiated by Embassy Kabul. Although OPE issued the cease and desist order to Embassy Kabul to stop using the JOFOC, the need for the timely completion of security-related construction projects at Embassy Kabul remains a priority and is critical to addressing emerging threats in the current security environment. OPE officials suggested that using an indefinite delivery/indefinite quantity (IDIQ) contract would be an appropriate approach to meet Embassy Kabul's ongoing needs. As a result, OIG is recommending that Embassy Kabul establish a procurement mechanism, such as an IDIQ contract, to help promote the timely execution of security-related construction and physical security upgrades at U.S. Mission Afghanistan. Furthermore, the Embassy Kabul staff has reported that it is not uncommon for those physical-security construction projects that are sent to the Regional Procurement Support Office (RPSO) in Frankfurt, Germany, or the Bureau of Administration's Office of Acquisitions Management Office of Acquisition (AQM) to face long delays in the procurement review and approval process. Accordingly, OIG is recommending that the Bureau of Acquisitions Management establish and implement a process to prioritize and expedite procurements in support of mission-critical, urgent physical security construction projects at Embassy Kabul and other high-threat posts.

(U) OIG also found that Embassy Kabul did not consistently record accurate procurement data in the Federal Procurement Data System (FPDS), which was established to collect, analyze, and disseminate Federal procurement data to Congress, the executive branch, and the public. Embassy Kabul staff members provided OIG with a sample data set of contract actions executed using the Kabul JOFOC from August 2016 to August 2018. OIG found errors in the procurement data entered into FPDS for all 18 contract actions. According to Embassy Kabul officials, the deficiencies are attributable to an incomplete understanding of how data should be recorded in FPDS as well as high turnover among the procurement staff in the General Services Office. By failing to ensure that the data entered by Embassy Kabul into FPDS are accurate, the purpose of the data and their usefulness to stakeholders are jeopardized. OIG is therefore recommending that Embassy Kabul develop detailed guidance for entering data into FPDS, provide additional training to GSO Procurement staff, as appropriate, and conduct periodic management reviews of the data entered into FPDS to ensure its accuracy. OIG made seven recommendations in this report that are intended to address the underlying cause of the deficiencies found and to help ensure that Embassy Kabul is in compliance with Federal and Department procurement policy. In response to a draft of this report, OPE and Embassy Kabul concurred with all seven recommendations. On the basis of OPE's and the Embassy's concurrence, OIG considers each recommendation resolved, pending further action. A synopsis of OPE and the Embassy's responses to the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. OPE's and Embassy Kabul's responses to a draft of this report are reprinted in their entirety in Appendices A and B, respectively.

Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2018 and 2017 Financial Statements (AUD-FM19-05, 4/2019)

An independent external auditor, working on behalf of and under the direction of the Office of Inspector General, audited the International Boundary and Water Commission, United States and Mexico, U.S. Section, (USIBWC) annual financial statements as of, and for the years ended, September 30, 2018 and 2017. The auditor found the consolidated financial statements present fairly, in all material respects, the financial position of USIBWC as of September 30 for both 2018 and 2017 and its net cost

of operations, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America. The auditor found three significant deficiencies in internal control over financial reporting. Specifically, the auditor identified internal control issues with manual preparation of the financial statements, obligation validity and accuracy, and information technology. Additionally, the results of the auditor's tests disclosed no instances of noncompliance that are required to be reported.

Management Letter Related to the Audit of the U.S. Agency for Global Media, 2018 Financial Statements (AUD-FM-IB-19-17, 3/2019)

During the audit of the U.S. Agency for Global Media 2018 financial statements, the independent external auditor identified weaknesses relating to obligation validity and accuracy.

Management Assistance Report: Modification and Oversight of the Bureau of Medical Services' Contract for Aeromedical Biocontainment Evacuation Services Violated Federal Requirements (AUD-SI-19-11, 12/2018)

(U) During an audit of the Department of State's (Department) aviation program, the Office of Inspector General (OIG) discovered that the Bureau of Medical Services (MED) awarded a solesource contract (SAQMMA16C0077) in April 2016, on the basis of one contractor's unique capability to conduct aeromedical biocontainment evacuations. Although the contract did contain provisions relating to some peripheral services that were attendant to the specialized aeromedical biocontainment evacuations, the Department did not—at least until its response to a draft of this report—suggest that any of these services themselves justified a sole-source, non-competitive award.

(U) OIG found that MED never used the unique capability for an actual aeromedical biocontainment evacuation. Instead, from the time the contract was awarded, the aircraft was used exclusively for other activities, such as evacuations not requiring biocontainment or for the deployment of hurricane response teams. On two occasions MED held training events related to aeromedical biocontainment evacuations. Except for these two events, MED provided no documentation evidencing the aircraft's use for its unique and critical biocontainment capability.

(U) In September 2017, the Contracting Officer modified the aeromedical biocontainment evacuation contract on the basis of a recommendation from MED to stipulate that the aeromedical aircraft based in Africa could be used as an air taxi to transport Department employees between Kenya and Somalia. OIG determined that since the modification, the Kenya to Somalia air transport service was the primary use of the aircraft. This use did not require the unique biocontainment evacuation capability upon which the justification for the sole-source procurement was based. To the contrary, this change in the purpose of the contract—from emergency, biocontainment evacuation services to providing essentially commercial air taxi services—constituted such a significant change in the scope of the contract that it required full and open competition under the Competition in Contracting Act.

(U) OIG does not question at this time that a sole-source award for the biocontainment evacuation capability was warranted in 2016 or that at least some other services could be properly included as part of that contract. OIG also recognizes the need to develop and maintain this unique evacuation capability at the time of the original contract award, especially in the context of the 2014 Ebola outbreak in West Africa. However, on the basis of the actual missions assigned to these aircraft from the time of the 2016 award forward and the nature of the modification, OIG concludes that the 2017 modification was improper. That modification permitted the aircraft to be used almost exclusively for routine, non-emergency missions unrelated to the unique capability that had justified the sole-source award. As a result, the Department has used the sole-source contract for other services at higher costs to the taxpayer than would have been incurred using competed sources or the Department's own aircraft. OIG also notes that, in the course of evaluating the Department's response, it learned that the Department of Defense (DOD) has aircraft with biocontainment evacuation capability; this factor also

casts doubt on the appropriateness of the modification.

(U) OIG determined that MED used the aircraft for a range of purposes beyond that justifying the sole-source procurement for two primary reasons. First, the critical need for aeromedical biocontainment evacuations subsided when the Ebola crisis ended in 2016[3]. According to the Contracting Officer's Representative (COR), rather than have the two aeromedical aircraft sit idle, the Department decided that the aircraft—one of which is based in the United States and the other in Africa—would be used for other purposes. Second, MED believed that using the aircraft for such other purposes would allow for cost savings and provide other value to the Department. However, MED's cost analysis and value-added analysis do not support these conclusions. To the contrary, using other Department-owned aircraft would have saved money and provided more value to the Department.

(U) As a result of the September 1, 2017, modification and attendant deviation from the original purpose and sole-source justification for the procurement, the Department has not taken advantage of aviation assets that the Department owns and that could have been used for air taxi services in Africa. Accordingly, MED expended funds imprudently. OIG estimates the Department can put approximately $24 million in taxpayer funds to better use by not exercising the next 2 option years of contract SAQMMA16C0077.

(U) OIG also found that MED did not comply with Federal aviation regulations and Department aviation policies that govern use of Commercial Aviation Services (CAS). Specifically, relevant regulations require agencies to maintain oversight of various aspects of the flight program and to report on costs of these CAS[4]. Although the services procured under SAQMMA16C0077 qualified as CAS, MED did not comply with the requirements for establishing Flight Program Standards and did not report the cost and use of CAS aircraft, as required. Furthermore, Department policies allow the use of CAS only when it is more cost effective than using Department-owned aircraft and require the Aviation Governing Board (AGB) to approve aviation contracts. OIG found that using MED's aeromedical biocontainment evacuations contract for air taxi services was not more cost-effective than using Department owned aircraft and that the AGB, moreover, did not approve the contract. These deficiencies occurred, in part, because MED incorrectly believed that the aircraft it uses did not have to comply with applicable Federal regulations or Department policy. Even MED acknowledges, however, that the General Services Administration (GSA) informally opined that the services provided under SAQMMA16C077 should be considered CAS and were therefore subject to relevant regulations and policies. Additionally, MED does not have sufficient contract oversight officials. The lack of oversight provided by an individual with technical aviation expertise poses safety risks to Department personnel.

(U) OIG made seven recommendations to address the deficiencies identified in this report. On the basis of the Deputy Under Secretary for Management's response to a draft of this report, who also responded on behalf of MED and the Bureau of Administration, OIG considers three recommendations resolved pending further action, three recommendations unresolved, and one recommendation closed.

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[3] (U) On January 14, 2016, the World Health Organization declared the end of the outbreak of Ebola virus disease in Liberia and stated that all known chains of transmission have been stopped in West Africa. Additionally, on March 29, 2016, the World Health Organization issued the following statement: "[The] Ebola transmission in West Africa no longer constitutes an extraordinary event, that the risk of international spread is now low, and that countries currently have the capacity to respond rapidly to new virus emergences. Accordingly, in the Committee's view the Ebola situation in West Africa no longer constitutes a Public Health Emergency of International Concern and the Temporary Recommendations adopted in response should now be terminated. The Committee emphasized that there should be no restrictions on travel and trade with Guinea, Liberia and Sierra Leone, and that any such measures should be lifted immediately." The World Health Organization reiterated that flare-ups may occur but stated that, at that time, the disease no longer constituted an international emergency. Since then, according to the Centers for Disease Control and Prevention, three additional Ebola outbreaks have occurred, all within the Democratic Republic of the Congo.

[4] (U) Commercial Aviation Services include contracting for full services (i.e., aircraft and related aviation services for exclusive use).

The Bureau of International Narcotics and Law Enforcement Affairs (INL) provided a separate response, in which they concurred with the coordinating actions required for the three recommendations made to INL.

(U) A synopsis of the Deputy Under Secretary for Management's and INL's comments and OIG's reply follow each recommendation in the Results section of this report. The Deputy Under Secretary for Management's response to a draft of this report is reprinted in its entirety in Appendix C, which includes general and technical comments. INL's response to a draft of this report is reprinted in its entirety in Appendix D. OIG's reply to the Deputy Under Secretary for Management's general comments concerning the audit findings is presented in Appendix E.

(U) OIG concludes with a few preliminary comments regarding that response, much of which seems to misconstrue OIG's position.

(U) First, OIG does not, at this time, question the 2016 sole-source award for the biocontainment evacuation capability. OIG also does not, at this time, independently question the various other uses for which the contract was employed up until the time of the modification. OIG does, however, question the modification in light of those other uses—none of which related to biocontainment evacuation. This fact should have alerted the Department of the need to reconsider its use of this contract. Instead, the Department expanded the contract and thereby committed itself to a potentially long-term obligation for routine services at costs that were originally established through a contract that was procured as a non-competitive, sole-source procurement.

(U) Second, although the Department has now asserted that the original sole-source contract was intended to be used broadly and encompassed a wide-range of services outside of biocontainment evacuation, the supporting documents do not substantiate this claim and, indeed, raise other concerns. The "Justification for Other than Full and Open Competition" (JOFOC) enabling the sole-source award generally declared a Department need for "multimission aircraft and aviation support services." The substantive justification set forth in that document, though, that explained why a sole source award was necessary, however, pertained only to an aeromedical biocontainment evacuation capability and related services necessary to sustain that capability. That is, all of these additional services related to emergency situations. The substantive justification contained no discussion or explanation for combining or "bundling" [5]contract requirements into a "total package approach" to include services not a part of an aeromedical biocontainment evacuation system (ABCS) capability or related emergency evacuation services. Moreover, in assessing the Department's response, OIG conducted additional analysis that raised other concerns. For example, contrary to the Department's assertions, it failed in 2016 to consider other companies that could potentially provide the non-ABCS services, and, MED did not at that time fully evaluate whether other sources within the government, such as the DOD could meet the Department's needs at lower cost. The possible availability of ABCS capability elsewhere in the government and the possible availability of suitable lower-cost sources for non-ABCS services were outside the scope of the audit. This information, however, reinforces OIG's recommendations to take a different approach going forward, and we specifically advise the Department to consider other resources—governmental and non-governmental— that may have become available since the original

[5] (U) The term "bundling" is most commonly used in Federal small business law. "Bundling of contract requirements" is defined in the Small Business Act (SBA) to mean "consolidating 2 or more procurement requirements for goods or services previously provided or performed under separate smaller contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small-business concern…." 15 U.S.C. § 632(o)(2). The term "bundling" is also used more loosely, however, as a synonym for the "total package approach"—that is, combining divisible components of an agency procurement requirement into one contract awarded to a single vendor able to provide every component, even though other vendors might be able to provide one (but not every) individual component if the procurement were divided into multiple contracts. Masstor Systems Corp ., B-211240 (Comp. Gen. Dec. 27, 1983). The Department's response appears to use "bundling" in the latter sense. In this report OIG uses "bundling" interchangeably with "total package approach" and not as the term is defined in the SBA.

contract was awarded.

(U) Finally, even though much of the Department's response invokes national security and policy concerns and argues that it is essential for the Department to have a means of evacuating personnel from its East Africa posts, OIG does not and never has suggested that the Department should forego any needed capabilities. OIG moreover does not purport to question the Department's programmatic, policy decisions. OIG's point is much more limited: modifying a sole source contract for biomedical evacuation services is not the appropriate way to obtain these other services that the Department now says are essential for its mission. Those services should be obtained through existing government resources or through an appropriate competitive contract.

Targeted Review of Leadership and Management at the National Passport Center (ISP-I-19-13, 11/2018)

The Office of Inspector General (OIG) conducted a targeted review of leadership and management at the National Passport Center (NPC) to address a high volume of complaints received by OIG's hotline in early 2018. NPC staff made complaints that alleged misconduct, harassment, and retaliation as well as misuse of government systems and software applications at NPC. OIG found significant and credible evidence of ongoing and systemic deficiencies in leadership and management that require the immediate attention of the Bureau of Consular Affairs (CA). Specifically, OIG found that a sustained failure of leadership at NPC fostered a culture where inappropriate conduct was permitted and employees were not held accountable for that conduct. Employees reported that retaliation, harassment, and "bullying" created an abusive and threatening work environment, which was either condoned or perpetrated by nearly all levels of NPC leadership. Ineffective communication throughout the organization compounded these problems. In the course of examining these issues, OIG also identified a number of organizational, administrative, and security issues that exacerbated NPC's other problems in the work environment. OIG recommended that CA develop a corrective action plan within 60 calendar days from the date of this report to address NPC's leadership and management deficiencies. OIG will monitor execution of the corrective action plan until CA has implemented all of its elements because OIG found overwhelming evidence that senior leaders in both CA's Office of Passport Services and NPC took no action or contributed to the serious longstanding problems at NPC that were identified as long ago as 2014. OIG made 12 recommendations to address the leadership and management deficiencies at the National Passport Center. In its comments on this draft report, the Bureau of Consular Affairs concurred with all 12 recommendations. The bureau's response to the recommendations and OIG's reply can be found in the Recommendations Section of this report. OIG considers the recommendations resolved. The bureau's formal written response is reprinted in its entirety in Appendix C.

Information Report: Department of State 2018 Charge Card Risk Assessment (AUD-CGI-IB-19-15, 12/2018)

The Government Charge Card Abuse Prevention Act of 2012[6] requires the Office of Inspector General (OIG) to conduct periodic assessments of agency purchase and travel card programs that identify and analyze risks of illegal, improper, or erroneous purchases and payments for use in determining the scope, frequency, and number of periodic audits of these programs.

OIG is currently performing an audit of the Department of State (Department) purchase card program on the basis of OIG's risk assessment of the purchase card program in 2016. In that risk assessment, OIG concluded that the risk of illegal, improper, or erroneous use in the Department's purchase card program was "high." As a result, OIG initiated an audit of the Department's purchase card program in September 2017. Because the audit is ongoing and is designed to identify illegal, improper, or erroneous purchases and payments, OIG did not conduct a risk assessment of the

[6] Pub. L. No. 112-194 (October 5, 2012).

purchase card program in 2018.

OIG did, however, conduct a risk assessment of the Department's travel card program in 2018. Specifically, OIG reviewed the Department's FY 2017 travel card data and concluded that the risk of illegal, improper, or erroneous use in the Department's travel card program is "medium." OIG based its conclusion on the travel card program's size, internal controls, training, previous audits, and OIG Office of Investigations (INV) observations.

On the basis of the results of this assessment, OIG is not recommending an audit of the Department's travel card program be included in OIG's FY 2020 work plan. However, OIG encourages Department officials to conduct prudent oversight of the travel card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed by Department travel cardholders.

Information Report: International Boundary and Water Commission, United States and Mexico, U.S. Section 2018 Charge Card Risk Assessment (AUD-CGI-IB-19-14, 12/2018)

The Government Charge Card Abuse Prevention Act of 2012[7] requires the Office of Inspector General (OIG) to conduct periodic assessments of agency purchase and travel card programs that identify and analyze risks of illegal, improper, or erroneous purchases and payments for use in determining the scope, frequency, and number of periodic audits of these programs.

To assess risk associated with the purchase card program at the International Boundary and Water Commission, United States and Mexico, U.S. Section (USIBWC), OIG reviewed USIBWC's FY 2017 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the USIBWC purchase card program is "very low." This conclusion is based on USIBWC's purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations (INV) observations.

On the basis of the results of this assessment, OIG is not recommending an audit of USIBWC's purchase card program be included in OIG's FY 2020 work plan. However, OIG encourages USIBWC officials to conduct prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed by USIBWC purchase card holders.

Information Report: The Bureau of Administration Took Action To Address Expired Office of Facilities Management Services Contracts (AUD-CGI-IB-19-12, 12/2018)

In March 2018, officials of the Bureau of Administration's Office of Acquisitions Management (AQM) identified issues concerning acquisition planning, the "misuse" of Federal Acquisition Regulation (FAR) clauses for contract extensions, disregard for the Department of State Acquisition Regulation (DOSAR), and inadequate contract administration associated with 15 Facilities Management Services (FMS) contracts. In April 2018, the Office of Inspector General (OIG) received information from AQM that included a detailed assessment performed by the Functional Bureau Support Branch in AQM's Worldwide Division of 15 FMS contracts valued at approximately $160 million. The information asserted that the Department of State (Department) issued, in most cases, multiple extensions for the contracts after the periods of performance had expired by "misusing" FAR clauses. In addition, the Bureau of Administration, Office of the Procurement Executive (OPE), had not approved the extensions as required by the DOSAR.

To determine whether AQM's information was supported, OIG initiated a limited-scope evaluation and selected 5 of the 15 FMS contracts in question to validate the conclusions reached by AQM's Functional Bureau Support Branch. After evaluating the assessment, OIG confirmed that acquisition

[7] Pub. L. No. 112-194 (October 5, 2012).

planning was indeed lacking and that FMS contracts had been improperly extended multiple times by misusing FAR clauses. In addition, OIG confirmed that OPE had not approved extensions for the five contracts reviewed, as required by the DOSAR.

While OIG was engaged in evaluating the FMS contracts, AQM was in the process of remediating the contract administration deficiencies identified by the Functional Bureau Support Branch. Specifically, AQM sought and received approval from OPE to extend the applicable contracts beyond their period of performance, which provided time for AQM to prepare and award follow-on contracts. In addition, FMS developed and moved forward with an acquisition plan to address the expiring FMS contracts. The acquisition plan established two indefinite-delivery, indefinite-quantity contracts, and as of October 2018, those contracts were awarded with separate task orders consolidating multiple FMS contracts. The acquisition plan was approved, and fully implemented as of November 1, 2018.

OIG commends AQM for identifying these concerns and for its efforts to resolve them. The actions undertaken by AQM to address the contract administration deficiencies identified with the FMS contracts are important to effectuate open and fair competition for the facilities management services sought by the Department. Fair and open competition is also important for those small businesses seeking opportunities to provide the Department with services. Because of the significance of this issue and the related contract administration deficiencies, OIG will commence with a full-scope performance audit of the contracting practices related to FMS contracts. As part of the performance audit, OIG plans to examine, among other things, the reasons why the misuse of FAR clauses went unaddressed by contract officials and how deviations from DOSAR requirements were allowed to occur.

The Bureau of Administration's Office of Operations provided a response to this report confirming that FMS established and approved an acquisition plan with two indefinite-delivery, indefinite quantity contracts that have been fully implemented as of November 1, 2018. The Bureau of Administration's response is included in Appendix A.

Information Report: United States Agency for Global Media 2018 Charge Card Risk Assessment (AUD-CGI-IB-19-13, 12/2018)

The Government Charge Card Abuse Prevention Act of 2012[8] requires the Office of Inspector General (OIG) to conduct periodic assessments of agency purchase and travel card programs that identify and analyze risks of illegal, improper, or erroneous purchases and payments for use in determining the scope, frequency, and number of periodic audits of these programs.

To assess risk associated with the purchase card program at the United States Agency for Global Media (USAGM)[9], OIG reviewed USAGM's FY 2017 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the USAGM purchase card program is "low." This conclusion is based on USAGM's purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations (INV) observations.

On the basis of the results of this assessment, OIG is not recommending that an audit of USAGM's purchase card program be included in OIG's FY 2020 work plan. However, OIG encourages USAGM officials to conduct prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed by USAGM purchase card holders.

Independent Auditor's Report on the United States Agency for Global Media 2018 and 2017

[8] Pub. L. No. 112-194 (October 5, 2012).

[9] On August 22, 2018, the Broadcasting Board of Governors changed its name to the United States Agency for Global Media.

Financial Statements (AUD-FM-IB-19-06, 11/2018)

An independent external auditor, working on behalf of and under the direction of the Office of Inspector General, audited the United States Agency for Global Media's (USAGM) annual financial statements as of, and for the years ended, September 30, 2018 and 2017. The auditor found that the consolidated financial statements present fairly, in all material respects, the financial position of USAGM as of September 30 for both 2018 and 2017, and its net cost of operations changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The auditor found two significant deficiencies in internal control over financial reporting. Specifically, the auditor identified internal control issues with grantee monitoring and information technology. The auditor also identified one instance of substantial noncompliance with provisions of laws, regulations, contracts, and grant agreements regarding Federal grant regulations.

Independent Auditor's Report on the United States Agency for Global Media 2018 and 2017 Financial Statements (AUD-FM-IB-19-06, 11/2018)

An independent external auditor, working on behalf of and under the direction of the Office of Inspector General, audited the United States Agency for Global Media's (USAGM) annual financial statements as of, and for the years ended, September 30, 2018 and 2017. The auditor found that the consolidated financial statements present fairly, in all material respects, the financial position of USAGM as of September 30 for both 2018 and 2017, and its net cost of operations changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The auditor found two significant deficiencies in internal control over financial reporting. Specifically, the auditor identified internal control issues with grantee monitoring and information technology. The auditor also identified one instance of substantial noncompliance with provisions of laws, regulations, contracts, and grant agreements regarding Federal grant regulations.

Independent Auditor's Report on the U.S. Department of State 2018 Closing Package Financial Statements (AUD-FM-19-04, 11/2018)

An independent external auditor, working on behalf of and under the direction of the Office of Inspector General, audited the U.S. Department of State's (Department) closing package financial statements as of, and for the year ended, September 30, 2018. The auditor found the closing package financial statements present fairly, in all material respects, the financial position of the Department as of September 30, 2018, and its net costs and changes in net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America. The auditor identified no material weaknesses in internal control over the financial reporting process for the closing package financial statements, and its tests of compliance with U.S. Department of the Treasury requirements disclosed no instances of noncompliance that were required to be reported.

Independent Auditor's Report on the U.S. Department of State 2018 and 2017 Financial Statements (AUD-FM-19-03, 11/2018)

An independent external auditor, working on behalf of and under the direction of the Office of Inspector General, audited the U.S. Department of State's (Department) annual financial statements as of, and for the years ended, September 30, 2018 and 2017. The auditor found the consolidated financial statements present fairly, in all material respects, the financial position of the Department as of September 30 for both 2018 and 2017, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The auditor found certain reportable deficiencies in internal control. Specifically, the auditor found

significant deficiencies in the internal control over property and equipment, budgetary accounting, unliquidated obligations, and information technology. The auditor also found three instances of reportable noncompliance with laws, regulations, contracts, and grant agreements tested—specifically, the Antideficiency Act, the Prompt Payment Act, and the Federal Financial Management Improvement Act of 1996.

Inspection of U.S. Mission to Somalia (ISP-1-19-09, 10/2018)

Concurrent with OIG's inspection of Embassy Nairobi, Kenya, OIG conducted a limited scope inspection of the U.S. Mission to Somalia. All Mission Somalia personnel are assigned to Embassy Nairobi and travel to Mogadishu in temporary duty (TDY) status. Embassy Nairobi provides management and information technology (IT) support to Mission Somalia, and is responsible for all consular services in Somalia. OIG's inspection of Embassy Nairobi's support for Mission Somalia is covered in the Embassy Nairobi unclassified report[10].

Given the topics addressed in the Embassy Nairobi inspection, OIG initially limited the scope of the Mission Somalia inspection to executive direction and policy implementation. This included the performance of the Chargé d'Affaires, ad interim, and acting Deputy Chief of Mission (DCM), and Mission Somalia's implementation of U.S. policy, including political and economic reporting, public diplomacy, and foreign assistance programs. During the inspection, OIG expanded the scope of the inspection to include physical security of the U.S. diplomatic facility in Mogadishu, which is covered in a separate, classified report[11], and some aspects of information management within the purview of Mission Somalia, which are covered in this report.

OIG found that the Chargé and acting DCM were effective in coordinating and executing U.S. policy, given the restrictions on the mission's operations due to the security threats in Somalia, but could do more to foster collegial teamwork in that difficult environment. In addition, OIG found that Somalia's restrictive operating environment, dual locations in Nairobi and Mogadishu, and difficulties in staffing the mission impeded diplomatic activities, foreign assistance management, and internal controls. However, the mission conducted useful reporting and media outreach despite the constraints imposed by the security environment. OIG also found that Mission Somalia had improved accountability and oversight of foreign assistance but needed to enhance monitoring and mitigate risk. Finally, OIG determined that Mission Somalia's records management program did not comply with Department standards. OIG made 7 recommendations to address these issues. In its comments on the draft report, the Department concurred with 6 recommendations and disagreed with 1 recommendation. OIG considers all recommendations, except one, resolved. The Department's response to the recommendations and OIG's reply can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in its entirety in Appendix B.

Independent Accountant's Report on the Application of Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management (AUD-FM-19-01, 10/2018)

Working on behalf of OIG, an independent external auditor performed agreed-upon procedures, as required by the Office of Management and Budget. These procedures were performed to assist the Office of Personnel Management (OPM) in assessing the reasonableness of retirement, health benefits, and life insurance withholdings and contributions as well as enrollment information submitted via the Semiannual Headcount Report to OPM by the Department.

In general, the auditor identified no reportable differences that resulted from applying the majority

[10] OIG, Inspection of Embassy Nairobi, Kenya, (ISP-I-19-08, October 2018).

[11] OIG , Management Alert: U.S. Mission to Somalia (MA-18-01, July 2018).

of the procedures. However, the auditor reported some differences that resulted from applying procedures related to life insurance withholdings and enrollment.

Department of State Stabilization Programs in Syria Funded Under the Further Continuing and Security Assistance Appropriations Act, 2017 (ISP-I-18-29, 09/2019)

Since the start of the Syria conflict in 2011, the United States has provided more than $8.6 billion in humanitarian assistance and a further $900 million in non-lethal and stabilization assistance to Syria. On November 10, 2016, the administration requested $5.8 billion in additional funding to support efforts to defeat the Islamic State in Iraq and Syria (ISIS) and to counter violent extremism. Congress funded portions of this request through a supplemental appropriation, the Further Continuing and Security Assistance Appropriations Act, 2017 (SAAA), which became law on December 10, 2016. The Department of State (Department) allocated $315 million in SAAA funds for Syria stabilization assistance, including nearly $181 million to Department bureaus. The Bureau of Near Eastern Affairs (NEA) estimated that approximately 85 percent of these funds would support stabilization in northeast Syria, while the remaining 15 percent would support projects in other regions of the country. OIG undertook this review to determine: (1) obligation and expenditure levels of Department-managed funds made available under SAAA for stabilization in Syria; and (2) the extent to which specific planning, coordination, and program management constraints affected the ability of the Department to plan and put into operation stabilization programs in Syria.

OIG found that the Department faces major challenges in delivering stabilization assistance to Syria. External constraints, such as a high-threat security environment, regional political concerns, policy and legal restrictions on funding, and the lack of a United Nations or host country partner for stabilization activities, create risks that stabilization programs will not achieve the intended strategic result of preventing the reemergence of ISIS and similar terrorist organizations. These external constraints are largely outside the Department's control. However, OIG found that the Department could strengthen its overall planning and coordination for stabilization activities. OIG recommended that the Department identify lessons learned from establishing the Syria Transition Assistance Response Team (START) Forward, a unit staffed by civilians in Syria. OIG did not make a recommendation related to improving Syria coordination because the Secretary of State appointed a Special Representative for Syria Engagement in August 2018. Although OIG found that the lack of a project tracking system for Department stabilization activities in Syria and staffing issues associated with setting up START Forward in Syria were concerns, it did not make recommendations on these subjects. In its response on the draft report, the Bureau of Near Eastern Affairs concurred with the recommendation. OIG considers the recommendation resolved. The bureau's response and OIG's reply can be found in the Recommendations section of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.

Following the conclusion of OIG's review, the Department announced on August 17, 2018 that it planned to use approximately $300 million in foreign government contributions and pledges to fund ongoing stabilization and recovery initiatives in northeast Syria. As a result of the additional donor funding, the Secretary authorized the Department to redirect approximately $230 million in FY 2017 Syria stabilization funds to support other foreign policy priorities

Management Assistance Report: Use of Confidentiality Agreements by a Department of State Contractor (ESP-18-03, 8/2018)

An Office of Inspector General (OIG) investigation found that a Department of State (Department) contractor, MSA Security, Inc. (MSA), requires its employees to sign a confidentiality agreement that violates federal law. OIG recommends that the Department order MSA to modify or discontinue use of the confidentiality agreement or terminate the contract.

Review of the Bureau of Administration, Office of Logistics Management, Critical Environment

Contract Analysis Staff's Counterterrorism Vetting Function (Risk Analysis and Management) (ISP-I-18-27, 8/2018)

This review assessed the counterterrorism vetting function called Risk Analysis and Management (RAM), which is a small team located within the Bureau of Administration's Office of Logistics Management (A/LM) Critical Environment Contracting Analytics Staff. RAM conducts vetting for Department of State bureaus, offices, and missions. OIG specifically sought to examine whether the RAM vetting function, including RAM's web-based portal, complied with U.S. Government and Department rules and requirements. OIG also assessed whether RAM was transparent and responsive to user needs and concerns. Although OIG had originally intended also to assess the Department's structure for implementation and accountability for counterterrorism vetting, OIG was unable to do so because of the RAM's limited, nonsubstantive role in this process and the ongoing "pilot" status of the programs at issue.

OIG found that RAM generally complied with applicable rules and requirements and was responsive to user needs. However, OIG also found that the Bureau of Administration did not charge an actual-cost-based vetting fee as required for Working Capital Fund programs[12] and that it did not periodically review that fee. In addition, the RAM vetting service had imprecise performance metrics. Finally, Department bureaus, offices, and missions using RAM counterterrorism vetting services provided mixed reviews of the usefulness of its internal website and the overall quality of service provided. OIG recommended that the Bureau of Administration establish a counterterrorism vetting fee based on actual costs and establish a schedule to periodically review the fee. In its comments on this draft report, the Bureau of Administration disagreed with the recommendation. OIG considers the recommendation unresolved. The bureau's response to the recommendation and OIG's reply can be found in the Recommendation section of this report. The bureau's formal response is reprinted in its entirety in Appendix B.

Management Assistance Report: Dispersal of Contracting Officer Representatives Creates Oversight Challenges (ISP-I-18-33, 8/2018)

The Department of State (Department) spends substantial resources on contracts; in FY 2017 alone, the Department's obligations included $15.5 billion for contractual services and supplies. 1[13] To use taxpayer resources prudently, the Department must ensure that contractors are appropriately selected, work is properly conducted and monitored, contract objectives are achieved, and costs are effectively contained. Despite its importance, contract oversight continues to be a significant management challenge for the Department.[14]

OIG conducted this management assistance review to help the Department address this challenge and, to do so, evaluated OIG findings in recent inspection and audit reports that addressed the performance of contracting officer representative (COR) duties. OIG focused on this aspect of contract oversight because of the critical role performed by CORs. In particular, CORs assure that contractors meet contract performance terms (quality, quantity, schedule, and cost) and that, more generally, overall contractual requirements are met. OIG sought to determine what underlying factors might have contributed to, or caused, deficiencies in the performance of COR duties and whether actionable recommendations can be made to address those underlying factors.

OIG inspections of overseas missions and domestic bureaus routinely assess COR performance. OIG

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[12] According to 1 Foreign Affairs Manual 212.1-3, the Working Capital Fund is a chargeback system managed by the Bureau of Administration's Executive Office. It is a revolving fund that is a repository for revenue collected from operating several income-generating activities.

[13] Department of State, Agency Financial Report (Fiscal Year 2017).

[14] OIG, Fiscal Year 2017 Inspector General Statement on the Department of State's Major Management and Performance Challenges, Fiscal Year 2017 (OIG-EX-18-02, November 2017).

reviewed inspection reports published from January 2016 through December 2017 and found that 36 percent (15 out of 42) contained findings related to CORs. These included CORs who did not monitor contractors' technical progress, did not properly review contractors' invoices before approving them for payment, and did not maintain complete COR files. Several recent OIG audit reports regarding contracting matters contained similar findings. OIG concluded that insufficient oversight of CORs by contracting officers contributed to the problems described in OIG's inspection and audit reports.

Although there are a variety of factors that contribute to oversight difficulties, one significant issue is the dispersal of CORs across the Department's overseas missions and domestic bureaus while contracting officers and Office of the Procurement Executive (A/OPE) specialists charged with overseeing them often work elsewhere. The Department has attempted to address this concern at least in part by deploying a system to electronically store contract files that CORs previously had kept in hard copy or in separate bureau or mission-based electronic programs; this approach, in short, permits remote monitoring. However, OIG found that the Department did not require CORs to use this system. OIG accordingly recommended that the Department issue guidance to require CORs maintain their contract files in the electronic contracting officer representative filing system within 90 days of the final issuance of this report. Although this recommendation alone will not resolve all concerns regarding COR oversight, it is an important step in that process. In its comments on this draft report, the Bureau of Administration disagreed with the 90-day timeline to require all CORs to maintain files in the electronic filing system. OIG considers the recommendation unresolved. The 1 Department of State, Agency Financial Report (Fiscal Year 2017). 2 OIG, Fiscal Year 2017 Inspector General Statement on the Department of State's Major Management and Performance Challenges, Fiscal Year 2017 (OIG-EX-18-02, November 2017). UNCLASSIFIED ISP-I-18-33 2 UNCLASSIFIED bureau's response to the recommendation and OIG's reply can be found in the Recommendations section of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.

Management Assistance Report: The Bureau of Diplomatic Security's Office of Training and Performance Standards Should Improve Property Management Over Equipment Provided During High-Threat Training (AUD-SI-18-49, 8/2018)

During an Office of Inspector General (OIG) audit of the Bureau of Diplomatic Security (DS), Training Directorate, Office of Training and Performance Standards (TPS), expenditures for training-related activities and personal services contracts, which is currently underway, OIG found that TPS was not complying with Department of State (Department) policies and procedures for managing accountable personal property with respect to high-threat (HT) kits. These kits, each of which costs $9,167, contain 50 items, including a vest with two armor plates, a tactical helmet, and a global positioning system (GPS) unit, that can assist participants in emergency situations that can occur at high-threat posts. OIG found that TPS did not record accountable property, including the vests with armor plates, tactical helmets, and GPS units, in the Department's inventory system—the Integrated Logistics Management System-Asset Management (ILMS-AM). Furthermore, TPS did not perform annual physical inventories or process accountable property through the DS Administration and Training Support Services office (ATSS), as required.

TPS officials advised OIG that they did not comply with property management requirements, in part, because they did not have a central receiving point—i.e., no dedicated warehouse—at the Interim Training Facility (ITF). TPS officials stated that all incoming shipments are now delivered to a dedicated warehouse at the ITF. However, anticipating that DS's Countermeasures Directorate, Office of Physical Security Programs, Defensive Equipment and Armored Vehicle Division (DEAV), would assume responsibility for property management over the HT kits in the near future, TPS had taken no actions in the interim to begin recording its accountable property from each HT kit in the Department's ILMS-AM application, as required. This accountable property included the vest with armor plates, tactical helmet, and GPS unit. Also, although TPS hired a logistician to develop controls over property management, the logistician's efforts were insufficient to meet applicable requirements, and vacancies in key property

management positions during the audit scope moreover contributedaddress those underlying factors. concerns.

As a result of these issues, TPS still does not have a process that complies with Department standards to manage its accountable property, resulting in TPS property being susceptible to loss from damage or theft.

OIG also found that TPS did not issue the HT kits to DS Special Agents using required "charge out procedures," such as ensuring property is returned when it is no longer needed. As with the weaknesses in tracking, this deficiency occurred because key property management positions, including that of the Custodial Officer, were vacant during the audit scope period and because TPS anticipated that DEAV would assume this responsibility. The Contracting Officer's Representative (COR) performed some of the functions the Custodial Officer should have performed but stated that he followed procedures that were in place when he started in that position. However, those procedures did not conform to Department standards. By failing to use proper charge-out procedures for property on loan to its DS Special Agents, TPS has only a limited ability to ensure accountability for these items throughout their lifecycles. UNCLASSIFIED AUD-SI-18-49 3 UNCLASSIFIED OIG made five recommendations in this report that are intended to address the underlying cause of the deficiencies found and to help ensure that controls over TPS accountable property promote full compliance with property management requirements. In response to a draft of this report, DS concurred with all five recommendations. On the basis of DS's concurrence, OIG considers each recommendation resolved pending further action. A synopsis of DS's response to the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. DS's response to a draft of this report is reprinted in its entirety in Appendix A.

Management Assistance Report: Department of State Has Not Implemented the Required Value Engineering Program for Contracts Exceeding $5 Million (AUD-CGI-18-52, 8/2018)

Value engineering (VE) is a systematic process of reviewing and analyzing the requirements; functions; and elements of systems, projects, equipment, facilities, services, and supplies for the purpose of achieving the essential functions at the lowest life cycle cost consistent with required levels of performance, reliability, quality, or safety. Office of Management and Budget (OMB) policy requires agencies to implement a VE program and to designate a Senior Accountable Official (SAO) to oversee and monitor VE efforts. Specifically, OMB Circular A-1311[15] provides agencies with guidance for the implementation of a VE program. According to the Circular, "Federal agencies shall consider and use VE as a management tool to ensure realistic budgets, identify and remove nonessential capital and operating costs, and improve and maintain acceptable quality in program and acquisition functions." Moreover, implementing a VE program is important to demonstrate to U.S. taxpayers that the U.S. Government is prudently using U.S. taxpayer funds to advance its mission.

During its ongoing audit of the Bureau of Overseas Buildings Operations (OBO) VE program, the Office of Inspector General (OIG) found that the Department of State (Department) had not implemented the requisite VE program beyond OBO. Specifically, OMB policy requires VE for new projects and programs when the cost estimate exceeds $5 million, unless the SAO approves a waiver. OIG found that, as of June 7, 2018, USASpending.gov2[16] listed 532 procurement actions related to Department contracts that exceed $5 million3[17] but neither a waiver was obtained nor a VE study performed to help identify and remove nonessential capital and operating costs.

[15] OMB Circular A-131 (revised), "Value Engineering" (December 26, 2013). OMB Circular A-131 was issued in 1988 and was revised in 1993 and 2013.

[16] USASpending.gov is the official source for spending data for the U.S. Government. Its mission is to show the public what the Federal Government spends every year and how it spends the money

[17] The 532 procurement actions were funded by Department of State bureaus other than OBO.

The Department has not implemented a Department-wide VE program, in part, because it had not designated an SAO to coordinate, oversee, and ensure that VE is considered when the cost estimate for contracts exceeds $5 million. Because the Department has not established and implemented the VE program beyond OBO, the Department is missing opportunities to consider and optimize life-cycle costs, quality, performance schedule, risk, and initial cost reduction for major procurements. For example, OBO reported to OMB that in FY 2016 OBO had $47.6 million in cost avoidances as a result of $1.46 million (3 percent) in VE study expenditures. OIG made two recommendations to prompt the establishment of a Department-wide VE program. On the basis of responses received from the Office of the Under Secretary for Management to a draft of this report, OIG considers both recommendations resolved pending further action. A synopsis of management's comments and OIG's reply follow each recommendation in the Results section of this report. Management's comments are reprinted in their entirety in Appendix A.[18]

Management Assistance Report: Further Department Attention Needed to Address Overdue Responses on Selected Open Recommendations (AUD-ACF-18-51, 8/2018)

The purpose of this Management Assistance Report is to facilitate the prompt closure of selected open, unclassified Office of Audits recommendations by bringing them to the attention of the Under Secretary for Management. As of June 15, 2018, 18 unclassified Office of Audits report recommendations—made to 8 Department of State (Department) entities that had not responded to OIG inquiries concerning the status of actions to implement those recommendations—remained open. In each instance, a response from the Department entity was overdue by 4 months or more.[19]

The Office of Management and Budget (OMB) Circular No. A-50, "Audit Followup," requires agencies to promptly and properly resolve and implement audit recommendations. As required by the Foreign Affairs Manual (FAM), the Under Secretary for Management is designated as the Department's Audit Follow-up Official and is responsible for ensuring that (1) timely responses are made to all OIG recommendations, regardless of implementation responsibilities, (2) disagreements are resolved, and (3) corrective actions are actually taken.[20] The Under Secretary for Management provides management oversight of the Department's operational platform and facilities. Accordingly, this individual has particular responsibility for the recommendations discussed in this report.

After issuing a draft of this report, OIG received responses from five separate bureaus that relate to 9 of the 18 recommendations addressed in this report. Based on those responses, OIG was able to close 1 of the 18 recommendations. However, OIG has not received any information pertaining to 9 recommendations discussed in this report.

With respect to the recommendation made to the Under Secretary for Management, OIG considers this recommendation resolved pending further action. The recommendation will be closed when OIG receives documentation demonstrating that the Under Secretary for Management has directed the applicable Department entity to notify OIG of the status of actions taken to implement the recommendations. A synopsis of management's response to the recommendation and OIG's reply are presented in the Conclusion section of this report. Management's response to a draft of this report, received July 3, 2018, is reprinted in its entirety in Appendix A.

Management Assistance Report: Medical Personnel Assigned to Protective Movement Details at U.S. Embassy Baghdad, Iraq, Lack Access to Needed Medications (AUD-MERO-18-53, 8/2018)

[18] Management's comments refer to "tab 2." This attachment consisted only of the draft report and is not included in Appendix A.

[19] 1 These 18 recommendations from 11 reports reflect only those open recommendations with responses that are overdue for 120 days or longer and are unclassified. The 18 recommendations are not the totality of open recommendations and reports addressed to Department entities.

[20] Dept. of State, 1 FAM 044.1 (10)

During an audit that is currently underway involving the management and oversight of security services provided to U.S. Embassy Baghdad, Iraq, for the Department of State's (Department) Bureau of Diplomatic Security (DS), the Office of Inspector General (OIG) discovered that paramedics assigned to protective movement security teams do not possess the medications needed to render aid to severely injured personnel. Specifically, the medications required but not available are Ketamine, Diazepam, Midazolam, Morphine, and Oxycodone. These medications are used to help manage pain resulting from severe injury and have not been available for more than a year.

In September 2016, the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), on behalf of DS, awarded the Worldwide Protective Services (WPS) II contract Task Order 2 to Triple Canopy, Inc. to provide protective movement security services for U.S. Embassy Baghdad. To carry out its responsibilities, Triple Canopy hired paramedics to accompany the protective movements. The paramedics were expected to carry with them specific controlled medications when accompanying a security movement. In accordance with contractual provisions, the Department's Office of Medical Services, Office of Operational Medicine (MED/OM), was required to review and clear the medications in April 2017. However, as of June 20, 2018, Triple Canopy has not obtained these medications, in part, because the Government of Iraq will not allow security contractors to import controlled medications into Iraq. According to DS officials, they have worked with Triple Canopy to obtain the Government of Iraq's permission to import the medications but have not been successful.

Despite the impasse with the Government of Iraq, DS expressed its belief that the contract requires Triple Canopy to obtain the medications. However, the Foreign Affairs Handbook (FAH) also states that "where necessary, [DS] and/or post will facilitate importation of medication." OIG concludes that this is a circumstance in which such facilitation is "necessary."

OIG made one recommendation in this report. Specifically, OIG recommended that DS, in conjunction with A/LM/AQM, assess the issues preventing the importation of the required medications and take appropriate action to facilitate the acquisition of those medications necessary to support the efforts of paramedics assigned to protective movement details at U.S. Embassy Baghdad. In response to a draft of this report, DS concurred and stated that it had taken steps to implement the recommendation. Specifically, DS reached an agreement with the Bureau of Administration, Logistics Management Diplomatic Pouch and Mail to ship the controlled medications. Barring any issues, DS expects the first shipment of medicines to be sent to Baghdad in July 2018. On the basis of the actions taken by DS, OIG considers the recommendation resolved, but the recommendation will remain open until OIG receives documentation demonstrating that Triple Canopy paramedics have received the required medicines. DS's response to a draft of this report is reprinted in Appendix A.

*Management Assistance Report: Improper Installation of Key Components of U.S. Embassy Kabul, Afghanistan's Fire Alarm System Needs Prompt Attention (*AUD-MERO-18-32, 4/2018)

During the course of an audit of Bureau of Overseas Buildings Operations (OBO) construction projects at the U.S. Embassy in Kabul, Afghanistan, the Office of Inspector General (OIG) was alerted to potential risks to personnel and property due to the improper installation of the embassy's fire alarm system. OIG concluded that the system was, in fact, improperly installed and did present safety risks. OIG is therefore issuing this Management Assistance Report to prompt immediate action to address the identified deficiencies.

OBO and the Bureau of Administration have undertaken a major office and residential expansion at the U.S. Embassy in Kabul. As part of this expansion, in June 2010, the bureaus contracted with Caddell Construction, Inc. (Caddell), to build a number of new facilities at the embassy. These facilities include residential and office buildings, warehouses, parking and vehicle maintenance facilities, power plants, perimeter walls, guard towers, and compound access control facilities. Caddell is required to install fire alarm systems in each of the new buildings throughout the compound as part of its contract.

Fire alarm control panels installed in 23 buildings on the embassy compound are key components of the fire alarm system. Fire alarm control panels monitor and control each fire alarm-initiating and signaling device through microprocessors and system software. Fire alarm control panels are connected throughout the embassy compound via fiber optic cables that transmit data between each building and to Post One, a communications center staffed by Marine Security Guards. The Marine Security Guards at Post One are on duty 7 days a week, 24 hours a day and are responsible for ensuring that communications are routed to appropriate responders during emergencies or security threats. When a fire emergency occurs at any building on the embassy compound, Post One is alerted through the network of fire alarm control panels. Post One, in turn, alerts the embassy fire department and other emergency response personnel.

In July 2017, the embassy's principal operations and maintenance (O&M) contractor, PAE Government Services (PAE), discovered that underground fiber optic cables on the west side of the embassy compound were accidentally cut by a construction worker. As a consequence of the damage to the fiber optic cables, fire alarm control panels in eight buildings could not transmit data to Post One for more than 6 months. After completion of OIG's fieldwork in January 2018, OIG shared its findings with OBO officials. In response, embassy facility managers took steps to repair the damaged fiber optic cables and restored connectivity between the affected buildings and Post One.

OIG also found that the existing fiber optic cable network does not have a separate redundant path as required by Section 12.3.7 of the National Fire Protection Association (NFPA 72) code. 1 1 NFPA 72: National Fire Alarm and Signaling Code, 2013 Edition. The NFPA is a global nonprofit organization, established in 1896, devoted to eliminating death, injury, property, and economic loss due to fire, electrical, and related hazards. Its' codes and standards are designed to minimize the risk and effects of fire by establishing criteria for building, processing, design, service, and installation around the world.

According to NFPA, a redundant path helps ensure the network's continued functionality if one of the cables is damaged. Without a redundant path, damage in one location can render sections of the network inoperable. Additionally, OIG found that seven fire alarm control panels on the east side of the embassy compound are not connected to Post One. Rather, these seven control panels are on a separate network connected to a guard post staffed by contractor security guards on the east side of the compound. Engineers in OBO's Office of Fire Protection told PAE that this configuration is inconsistent with OBO standards and that ideally all fire alarm control panels on the embassy compound should be connected to the Post One communications center.

According to OBO officials, because the fiber optic cable network is part of a larger project involving the construction of multiple buildings and facilities, there is no requirement to install a redundant path until the end of the entire construction project, which is currently scheduled to be completed in March 2019. Furthermore, according to OBO officials, because the seven fire alarm control panels on the east side of the embassy compound are in temporary structures, there is likewise no requirement that those structures be connected to Post One. Notwithstanding OBO's position, OIG made two recommendations to Embassy Kabul, in coordination with OBO, to take immediate actions to correct the identified deficiencies because they pose potential risks to the safety of embassy personnel and property. Embassy Kabul deferred to OBO on the recommendations, stating that OBO has jurisdictional authority over the report's recommendations. OIG accepted the transfer of the action office of primary responsibility from Embassy Kabul to OBO and changed the recommendations accordingly. OBO did not concur with Recommendation 1, which called for the immediate establishment of a separate redundant path for the fire alarm system. OIG considers this recommendation unresolved and will track its implementation during the audit compliance process. OBO neither agreed nor disagreed with Recommendation 2 but made a determination, as OIG recommended, regarding the seven fire alarm control panels on the east side of the embassy compound. OIG therefore considers this recommendation closed, although, as described in more detail subsequently, OIG remains concerned regarding the safety issues implicated by the current situation. A synopsis of OBO's comments to the

recommendations and OIG's reply follow each recommendation in the Audit Results section of this report. In addition to comments related to the recommendations, OBO provided general and technical comments to a draft of this report. Embassy Kabul's and OBO's comments are reprinted in their entirety in Appendix A and B, respectively. OIG's replies to OBO's general and technical comments are presented in Appendix C.

Compliance Follow-Up Review: Armored Vehicle Training (ISP-C-18-32, 4/2018)

OIG conducted a compliance follow-up review (CFR) of the Department of State's (Department) implementation of the recommendation in the July 2016 Management Assistance Report: Armored Vehicle Training (ISP-16-17). That report found that from January 2010 through September 2015, operators of armored vehicles at U.S. missions overseas were involved in 773 mishaps, almost 60 percent of which were deemed preventable.1 Twelve of the mishaps resulted in 13 fatalities. Mishap reports prepared by the embassies recommended driver training in 10 of the 12 mishaps involving fatalities. The Department provides specialized operator training that includes handling armored vehicle dynamics but, at the time of the 2016 report, required it only for drivers of chiefs of mission and principal officers, none of whom were involved in the 12 fatal mishaps. To address this training gap, OIG recommended that the Department establish a mandatory training requirement on armored vehicle safe-driving techniques for all overseas professional chauffeurs and incidental (selfdrive) operators of such vehicles.

To address OIG's recommendation, the Department in 2017 implemented the Armored Vehicle Familiarization Course to train all drivers under Chief of Mission authority on safe armored vehicle driving. The Department anticipates training all armored vehicle operators within the next 2.5 years. In addition, the Department plans to revise the training requirements in 12 Foreign Affairs Manual (FAM) 389. In this compliance follow-up review, OIG determined that the Department's actions met the intent of the original report's recommendation. As a result, the status of the recommendation, which OIG closed in November 2017, remains unchanged.

Inspection of Yemen Affairs Unit (ISP-I-18-21, 3/2018)

The Yemen Affairs Unit was established in March 2015, following the suspension of operations and evacuation of Embassy Sanaa, Yemen, in February 2015. Due to the ongoing civil war in Yemen, the embassy has been unable to resume operations in Sanaa. Although the Yemen Affairs Unit's operating environment has changed considerably since it was established, OIG found the Department of State had not reviewed the unit's functions or structure to determine whether they were aligned with current goals and whether funds expended were appropriate. 1 OIG recommended that the Department reassess the Yemen Affairs Unit's location, function and size; conduct a cost-benefit analysis of a leased property in Sanaa; and review the embassy's outstanding unliquidated obligations. OIG notes that prompt attention to these recommendations is particularly important in light of the ongoing U.S. policy debates on Yemen and the upcoming relocation of U.S. Consulate General Jeddah, where the Yemen Affairs Unit is currently based. In its comments on this draft report, the Department concurred with the three recommendations. The Department's response to each recommendation, and OIG's reply can be found in the Recommendations section of this report. OIG considers the three recommendations resolved. The Department's formal written response is reprinted in its entirety in Appendix D.

Management Assistance Report: Contract Administration Practices Involving the Construction of the New Office Compound Taipei, Taiwan, Require Attention (AUD-SI-18-34, 3/2018)

This Management Assistance Report communicates supplementary findings that the Office of Inspector General (OIG) identified during its recent audit of the Bureau of Overseas Buildings Operations' (OBO) management of construction materials destined for controlled access areas. Specifically, this report focuses on contract administration deficiencies identified during audit fieldwork at the New Office Compound in Taipei, Taiwan. This is a design-build project executed using two separate design-build contracts. The design-build contract for the New Office Compound Taipei Phase 1 was awarded on

March 20, 2009. Phase 2, which is the focus of this report, was awarded to American International Contractors (Special Projects), Inc. (AICISP) on September 26, 2012.

According to the terms of New Office Compound Taipei Phase 2 contract, the Contracting Officer would issue Limited Notices to Proceed (LNTP) at various stages of design and construction and then issue a final Notice to Proceed (NTP) to complete construction. Although the Contracting Officer issued five LNTPs following the award of the contract in September 2012, the issuance of the final NTP was significantly delayed. Specifically, AICI-SP first submitted a request to the Contracting Officer for a final NTP in May 2014 and then submitted a second request in July 2015. However, according to the Contracting Officer, the final NTP was not issued until August 2017 because the Contracting Officer's Representative (COR) did not recommend that the final NTP be executed when the first or second request was received. The contractor, however, continued to perform work from 2014 until 2017. As a result, the contractor performed construction work for more than 3 years without a final NTP, which placed additional risk on both the Department and AICI-SP. For example, the Department could have been responsible for costs incurred as a result of idle hours had AICI-SP stopped work. In addition, AICI-SP bore additional risk because permanent features installed without a final NTP could have required removal or replacement because of design packages at later stages of work. The associated costs of these changes would be borne by AICI-SP. Furthermore, both the Department and AICI-SP bore additional risk as removal and replacement operations could delay the project completion and occupancy of the facilities.

Additionally, the Federal Acquisition Regulation (FAR) "requires contractor performance evaluations be prepared, at least annually, and at the time the work under a contract or order is completed." Because the contract award date was September 2012, AICI-SP's performance should have been recorded and approved in the Contractor Performance Assessment Reporting System (CPARS) on five occasions (through September 2017), with the first evaluation recorded in September 2013. However, the COR (acting as the Assessing Official Representative in CPARS) only recorded one performance evaluation for AICI-SP, which was approved by the Contracting Officer (acting as the Assessing Official) in June 2016. This failure to ensure that AICI-SP's performance was recorded annually in CPARS and approved by the Contracting Officer occurred, in part, because the Department's Office of Acquisitions Management does not have a process to notify Contracting Officers and CORs when evaluations must be recorded and approved in CPARS depending on the contract award date. This deficiency should be corrected because the timely recording of contractor performance information in CPARS is essential to ensuring that other U.S. Government agencies have all available information necessary to make informed decisions about procurement source selections.

OIG made two recommendations to the Office of Acquisitions Management to address the contract administration deficiencies identified in this report. On the basis of responses received from the Office of Acquisitions Management to a draft of this report, OIG considers all recommendations resolved pending further action. A synopsis of management's comments and OIG's reply follow each recommendation in the Audit Results section of this report, and management's comments are reprinted in their entirety in Appendix A.

Management Assistance Report: Cost Controls for Food Services Supporting Department of State Operations in Iraq Require Attention (AUD-MERO-18-31, 3/2018)

The Department of State (Department) provides life support services, including food and water, to personnel working in Iraq through Baghdad Life Support Services (BLiSS) food services task order SAQMMA14F0721. The food services task order was awarded on March 1, 2014, with a base year and 4 option years at a total value of $362.5 million as of December 2017. To control food services costs, the Department established four primary controls: (1) A maximum Basic Daily Food Allowance (BDFA) that the contractor, PAE Government Services, Inc. (PAE), could charge per person, per day for food services, (2) a plan to convert BLiSS food services from a cost-reimbursement to a fixed-price task order, (3) a plan to implement a point-of-sale (POS) cafeteria system, and (4) a requirement to limit the number of

Department-subsidized meals for individuals who do not live on Department posts in Iraq.

During an ongoing audit of cost controls for the BLiSS food services task order, the Office of Inspector General (OIG) found that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) did not effectively implement contractually established cost controls to protect the Department's financial interests. With respect to the BDFA, OIG found that Contracting Officer's Representatives approved contractor invoices for payments that exceeded the $20 allowance by $3.25 per person, per day during the base year. OIG also found that the Contracting Officer (CO) increased the BDFA for option years 1, 2, and 3 by $7 per person, per day without performing required analysis to establish that the Department received a fair and reasonable price for these services. As a result, OIG questions $3.55 million in BDFA costs paid from base year operations and $37.4 million in BDFA costs paid to PAE for option years 1, 2, and 3.

In addition, OIG found that the CO did not implement the other three contractually established cost controls. Specifically, a plan to convert BLiSS food services from a cost-reimbursement to a fixed-price task order was not implemented, nor was a plan to implement a POS cafeteria system. Furthermore, a requirement to limit the number of Department-subsidized meals for individuals who do not live on Department posts in Iraq was not implemented. For these three cost controls, OIG found that the CO did not modify the task order to formally remove the unimplemented controls or establish alternative controls that would protect the Government's financial interests when procuring food services in Iraq. As a result, cost risk—the degree of cost responsibility and associated risk a contractor assumes when implementing a contract—for BLiSS food services in Iraq remained on the Government through the exercise of option year 3, and the Department paid approximately $4.1 million for unauthorized meals to local national employees.

OIG made 14 recommendations to the Department to address identified questioned costs totaling approximately $45 million and noncompliance with the contract terms and conditions. Specifically, 10 recommendations were addressed to A/LM/AQM to determine the allowability of questioned costs identified by OIG, recover those costs determined to be unallowable, and modify the BLiSS food services task order when appropriate. Based on comments from A/LM/AQM, OIG redirected three recommendations to the Bureau of Near Eastern Affairs (NEA) to perform a viability assessment of the POS cafeteria system, establish access controls at dining UNCLASSIFIED AUD-MERO-18-31 2 UNCLASSIFIED facilities, and deter local national employees from removing food items from the dining facilities. OIG addressed one recommendation to the Department's Procurement Executive to implement ratification procedures, if deemed necessary, in accordance with Department policies. On the basis of responses received from A/LM/AQM and NEA/U.S. Embassy Baghdad to a draft of this report, OIG considers all 14 recommendations resolved pending further action. A synopsis of management's comments and OIG's reply follow each recommendation in the Audit Results section of this report, and management's comments are reprinted in their entirety in Appendix A.

Management Assistance Report: Incorporation of Clause Requiring Contractor Cooperation with the Office of Inspector General (ESP-18-02, 3/2018)

The Foreign Affairs Manual grants the Office of Inspector General (OIG) the authority to access contractor records and interview contractor employees. However, this authority is not incorporated into contracts signed by the Department of State (Department), which has occasionally led to confusion on the part of contractors as to their duty to cooperate with OIG. Therefore, OIG recommended that the Department require contracting officers to insert a clause into all contracts requiring contractors to grant OIG access to records and employees.

Management Assistance Report: Cultural Property Advisory Committee Reporting Under the Federal Advisory Committee Act (ESP-18-01, 3/2018)

In response to a request from Congress, the Office of Inspector General (OIG) recently concluded a review of the Cultural Property Advisory Committee's (CPAC) compliance with reporting requirements

under the Federal Advisory Committee Act (FACA). Among other requirements, FACA requires advisory committees that hold closed meetings to share summaries of its activities with the public. OIG requested these summary documents from the Bureau of Educational and Cultural Affairs (ECA), the Department of State (Department) office that provides support for CPAC. ECA responded that it did not issue such summaries. OIG recommends that the Department issue a public report at least annually with a summary of CPAC activities, as required by FACA.

Management Assistance Report: The Broadcasting Board of Governors Did Not Fully Address Invalid Unliquidated Obligations Identified During the FY 2016 Financial Statements Audit (AUD-FM-IB-18-28, 2/2018)

An unliquidated obligation (ULO) represents the amount of goods or services ordered that have not been actually or constructively received or the amount of goods and services that have been received but for which payment has not yet been made. When ULO amounts are no longer needed because goods and services have been received and paid for, any remaining ULO amount should be reviewed for validity and may be deobligated1 so that funding can be made available for other authorized purposes.

The Broadcasting Board of Governors (BBG) reported more than $178 million in ULOs as of September 30, 2016. During the annual audit of BBG's financial statements, the independent auditor tested ULOs for validity by reviewing supporting documentation. On the basis of expired periods of performance, inactivity, lack of supporting documentation, or BBG's inability to support a bona fide need, the independent auditor in FY 2016 identified 27 invalid ULOs, totaling $612,164.

The Office of Inspector General (OIG) conducted this audit to determine whether invalid ULOs identified during the audit of BBG's FY 2016 financial statements were properly addressed. OIG found that BBG did not fully do so. Specifically, OIG found that BBG reviewed and deobligated 24 of 27 ULOs (89 percent), totaling $577,962. Of these 24 ULOs, BBG deobligated 14 (52 percent), totaling $311,963, only after OIG began its audit, which was 10 months after the concerns were identified. BBG did not review and provide sufficient supporting documentation for the remaining three ULOs (11 percent), totaling $34,202. BBG did not fully address the ULOs because some BBG personnel were not responsive to the Office of the Chief Financial Officer (OCFO) when it provided monthly reports to the allotment holders, requesting that they research and review the invalid ULOs and, if appropriate, deobligate them. In addition, although BBG has drafted standard operating procedures for monitoring ULOs, the procedures have not been approved and issued by BBG management.

OIG determined that approximately $566,973 worth of ULOs that BBG deobligated were in expired appropriation accounts, meaning the funds could only be used for adjustments to existing obligations, and approximately $10,989 were in closed appropriation accounts, meaning the funds were returned to the general fund of the Department of the Treasury. As a result of deobligating the invalid ULOs, OIG observed improvements in the accuracy of BBG's reporting of budgetary resources in its FY 2017 financial statements.

Management Assistance Report: Process Used by the Department of State To Prepare the Joint Purchase and Integrated Card Violation Report Requires Improvement (AUD-CGI-18-26, 2/2018)

Pursuant to Office of Management and Budget (OMB) Memorandum M-13-21, "Implementation of the Government Charge Card Abuse Prevention Act of 2012,"[21] the agency head and the Inspector General of each agency with more than $10 million in purchase card spending for the prior fiscal year are required to submit semi-annual reports of employee violations related to the use of the purchase or integrated cards and the disposition of these violations, including disciplinary actions taken. Department of State (Department) officials reported that in FY 2015, 1,744 purchase card holders made purchases totaling approximately $113 million; therefore semi-annual reports are accordingly required.

[21] This memorandum was issued on September 6, 2013.

During an audit of the Department's purchase card program, which is presently underway, the Office of Inspector General (OIG), Office of Audits, discovered that the Department's semi-annual Joint Purchase and Integrated Card Violations Reports, submitted to OMB between April 2014 and March 2017, were incomplete and untimely. Specifically, the reports contained only OIG component information and were not submitted within the 120-day requirement.

The incomplete and untimely submissions occurred, in part, because the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), had not developed and implemented a process to obtain and compile the Department-wide information needed for inclusion in the report. In addition, neither the Department nor OIG established processes to ensure that OIG reviewed the final report before the Department submitted it to OMB. As a result, the Department was not in full compliance with the requirement to report employee purchase or integrated card violations to OMB.

OIG made one recommendation to A/LM/AQM intended to help ensure that all relevant information concerning purchase and integrated card violations are reported to OMB, as required. In response to a draft of this report, A/LM/AQM concurred with the recommendation and stated that it plans to take action to address the recommendation. On the basis of A/LM/AQM's planned actions, OIG considers the recommendation resolved pending further action. A synopsis of A/LM/AQM's response to the recommendation offered and OIG's reply follow the recommendation in the Results section of this report. A/LM/AQM's response to a draft of this report is reprinted in its entirety in Appendix B. OIG notes that it is reviewing its own responsibilities and role in preparing and submitting the Joint Purchase and Integrated Card Violations Report.

Management Assistance Report: The Department of State Properly Addressed Invalid Unliquidated Obligations Identified During the FY 2016 Financial Statements Audit (AUD-FM-18-27, 1/2018)

An unliquidated obligation (ULO) represents the amount of goods or services ordered that have not been actually or constructively received or the amount of goods and services that have been received but for which payment has not yet been made. When ULO amounts are no longer needed because goods and services have been received and paid, any remaining ULO amount should be reviewed for validity and may be deobligated[22] so that funding can be made available for other authorized purposes.

The Department of State (Department) reported more than $19 billion in ULOs as of September 30, 2016. Those ULOs covered a broad range of budgetary authority, including annual, multi-year, and no-year appropriations.[23] During the annual audit of the Department's financial statements, the independent auditor tests ULOs for validity by reviewing supporting documentation. In FY 2016, the independent auditor identified 34 invalid ULOs, totaling $10.4 million, on the basis of expired periods of performance, inactivity, lack of supporting documentation, or the Department's inability to support a bona fide need.

The Office of Inspector General (OIG) conducted this audit to determine whether invalid ULOs identified during the audit of the Department's FY 2016 financial statements were properly addressed. The purpose of this Management Assistance Report is to report promptly the results of the audit and to promote management practices that result in the sound stewardship of U.S. taxpayer dollars.

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[22] According the Government Accountability Office's "Principles of Federal Appropriations Law," Vol. II, Chapter 7, Section E (GAO-06-382SP), a deobligation is an agency's cancellation or downward adjustment of previously incurred obligations.

[23] A no-year appropriated fund is a fund with budget authority that remains available for obligation for an indefinite period of time.

OIG found that the Department properly addressed all the invalid ULO's identified during the audit of the Department's FY 2016 financial statements. Specifically, the Department appropriately deobligated the 34 invalid ULOs, totaling $10.4 million, identified by the independent auditor during its FY 2016 financial statements audit. The Department was successful in addressing all the invalid ULOs because the Bureau of the Comptroller and Global Financial Services (CGFS) prioritized the deobligation of the identified invalid ULOs and followed up with the responsible bureaus until resolution. Because of the actions of CGFS and the bureaus involved, the funds associated with these invalid ULOs were deobligated and made available for other authorized purposes. In addition, the deobligation improved the accuracy of the Department's reporting of budgetary resources in its FY 2017 financial statements.

Information Report: International Boundary and Water Commission, United States and Mexico, U.S. Section, 2017 Charge Card Risk Assessment (AUD-CGI-18-21, 12/2017)

Office of Inspector General (OIG) to conduct periodic assessments of agency purchase and travel card programs that identify and analyze risks of illegal, improper, or erroneous purchases and payments for use in determining the scope, frequency, and number of periodic audits of these programs.

To assess risk associated with the purchase card program at the International Boundary and Water Commission, United States and Mexico, U.S. Section (USIBWC), OIG reviewed USIBWC's FY 2016 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the USIBWC purchase card program is "low." This conclusion is based on USIBWC's purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations (INV) observations.

On the basis of the results of this assessment, OIG is not recommending an audit of USIBWC's purchase card program be included in OIG's FY 2019 through FY 2020 work plan. However, OIG encourages USIBWC officials to conduct prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed by USIBWC purchase card holders.

Management Assistance Report: Lapse in Oversight at Embassy Islamabad, Pakistan, Allowed Design Change To Proceed Without the Contracting Officer's Knowledge (AUD-MERO-18-01, 12/2017)

In September 2010, the Bureau of Administration, on behalf of the Bureau of Overseas Buildings Operations (OBO), awarded a firm-fixed-price, design-build contract to BL Harbert International, LLC, to build several structures at Embassy Islamabad, including three staff diplomatic apartment (SDA) buildings. In a design-build contract, the Department provides a scope of work in the request for proposal that defines its needs along with any specific requirements or criteria. The contractor is then responsible for developing the Final Design Documents, which should reflect the requirements set forth in the request for proposal.
During fieldwork for an ongoing audit of the contract to design and build the $852.8 million New Embassy Compound and Housing Project in Islamabad, Pakistan, the Office of Inspector General (OIG) learned that BL Harbert was planning to make adjustments or alterations to the building materials on the facade of three buildings. BL Harbert set forth this change, among others, in an April 2016 internal document titled Bulletin 29. OIG alerted the Bureau of Administration and OBO in a draft of this report that a substitution of materials requires the approval of the contract's Contracting Officer (CO). OIG based its findings on the fact that the materials BL Harbert was planning to use for the facade of the SDA buildings deviated from the Final Design Documents that the contractor prepared under the terms of the contract and that were approved by OBO and the Contracting Officer in December 2012. In particular, in a deviation from the Final Design Documents, BL Harbert intended to decrease the use of metal panels and stone and to increase the use of stucco in the facade. Stucco is less expensive than either metal or stone.

In response to a draft of this report (see Appendix A), the Bureau of Administration and OBO stated for

the first time that BL Harbert was not "substituting" building materials within the meaning of the contract but was simply changing the percentages of building material to be used to align with the initial request for proposal. According to OBO, the 2012 Final Design Documents themselves deviated from the request for proposal (RFP) criteria, which called for the use of a combination of metal panels, stone, and stucco; OBO further stated that the April 2016 Bulletin 29 was meant to correct the deviation. Moreover, OBO stated that because the changes in building materials are not considered "substitutions," the contract does not require the CO's involvement.

OBO has stated that the changes outlined in Bulletin 29 will result in the facade of the SDA buildings being built to the requirements as originally defined in the RFP. OBO's handling of the issue is nonetheless concerning for several reasons. First, even if the changes outlined in Bulletin 29 were not "substitutions" but were adjustments or alterations intended to conform the Final Design Documents with the RFP, the contract required the CO's approval of these adjustments before they were made. No such approval was sought or given, and no record shows that anyone authorized to approve changes ever agreed to the changes identified in Bulletin 29. The contractor was not authorized to make these adjustments unilaterally, regardless of the reason for doing so. Second, the interaction and communication between BL Harbert, OBO, and the CO were generally poor and uncoordinated and moreover were not documented in the contract file as required. OIG only learned of the changes in the building material through interviews with OBO's architects at the embassy during a site visit 10 months after BL Harbert issued Bulletin 29. Indeed, in this audit, OIG found that the CO did not know of BL Harbert's actions until he spoke with OIG following OIG's return from Islamabad. Such communication and required documentation confirming those communications is important to ensure that all stakeholders (including Department officials in Washington, DC; current and future officials assigned to oversee the contract; and BL Harbert) are aware of activities conducted under the contract. Third, even though OBO construes the contract to mean that the contractor could unilaterally make the changes without the CO's involvement (a reading that OIG does not believe the contract supports), according to the Federal Acquisition Regulation (FAR), the CO is responsible for administering, modifying, and making related contract determinations and findings on behalf of the U.S. Government. The CO cannot consistently comply with these responsibilities without being aware of changes in planned construction (in this case, a change in the approach contemplated in the Final Design Documents that had been in place since 2012). Fourth, OBO did not have a COR in place to oversee the contract for 1 year.

In short, leaving aside that the changes made in this project were, in OIG's view, inconsistent with the governing contract, these factors also increase the risk that other changes, regardless of whether they were to correct deviations or for some other reason, may go unnoticed by the Department. It is fortunate that OBO has apparently chosen to accept the changes set forth in Bulletin 29, but the process flaws described in this report could result in a change that OBO ultimately does not approve. OIG is also troubled by the timing of OBO's contention that the changes were made to conform the project to the RFP: none of the several individuals with whom OIG spoke during fieldwork and none of the documents that OIG reviewed suggested that this was the rationale. This in and of itself suggests a significant lack of communication. OIG also notes that the use of stucco in other buildings has prompted the Department to file warranty claims with the contractor.

To ensure that the oversight of the New Embassy Compound and Housing Project in Islamabad, Pakistan, is robust, OIG made five recommendations to the Bureau of Administration, four of which were in coordination with OBO. The Bureau of Administration's Office of Logistics Management (A/LM), in coordination with OBO, represented that it concurred with four recommendations and did not concur with one recommendation. On the basis of the bureaus' responses and actions taken and planned, OIG considers four recommendations closed, and one recommendation unresolved. A synopsis of the bureaus' comments and OIG's reply follows each recommendation in the Audit Results section of this report. The bureaus' response to a draft of this report is reprinted in its entirety in

Appendix A. OIG's reply to A/LM and OBO technical comments is presented in Appendix B.

Management Assistance Report: Although Progress Has Been Made, Challenges Remain in Monitoring and Overseeing Antiterrorism Assistance Program Activities In Afghanistan
(AUD-MERO-18-16, 11/2017)

The Office of Inspector General (OIG) initiated this compliance follow-up review to determine whether the closed recommendations from OIG's April 2012 audit report on the Antiterrorism Assistance (ATA) program had improved management and oversight of that program.[24] The 2012 report identified several deficiencies that limited the ability of Department of State officials to determine the ATA program's effectiveness, and it contained seven recommendations intended to improve management and oversight of the ATA program worldwide. The recommendations were addressed to the two Department of State bureaus that have overlapping responsibilities for the ATA program: the Bureau of Diplomatic Security (DS) and the Bureau of Counterterrorism (see Appendix B).

This Management Assistance Report is the second product resulting from OIG's follow-up review and focuses on the ATA program in Afghanistan. In an earlier report, issued in May 2017, OIG reviewed the ATA program in Pakistan and found, among other conclusions, that the actions taken to address the April 2012 report's recommendations had not fully achieved the desired effect of improving the management and oversight of the Pakistan ATA program. To address the ongoing deficiencies in the Pakistan program, OIG modified and reissued one recommendation from the April 2012 report and made four new recommendations.[25]

In this review of the ATA program in Afghanistan, OIG examined the six recommendations from its April 2012 report that applied to the Afghanistan program and found that the actions taken to address those recommendations had incrementally improved the management and oversight of the Afghanistan program. Specifically, OIG found that ATA program sustainment by the Afghan Government had progressed; consultation with the Bureau of Democracy, Human Rights, and Labor on Afghanistan's eligibility for participation in the ATA program had increased; the database for tracking equipment was current and was being periodically validated; and a process for ensuring equipment compatibility had been implemented. However, because of competing priorities, a robust ATA program monitoring and evaluation system to assess program progress has not been established and implemented as recommended in 2012. In addition, required reports that are necessary to provide information on program progress were not being prepared, in part, because the Contracting Officer elected to receive weekly phone conferences rather than formal, written reports. Finally, in-country oversight was lacking because the individual assigned to oversee ATA activities in Afghanistan was not formally designated to report to the Contracting Officer on the quality of contractor performance; however, this issue was corrected in September 2016.

OIG made one recommendation to DS to address the deficiencies identified in this report. In addition, OIG previously offered recommendations that will benefit the ATA program in Afghanistan. Specifically, four of the five recommendations made in OIG's May 2017 report regarding the ATA program in Pakistan, when fully implemented, will also address deficiencies identified with the the ATA program in Afghanistan. Those recommendations called on the relevant bureaus to (1) implement a monitoring and evaluation system, (2) develop and implement procedures to verify compliance with reporting requirements, (3) develop and implement procedures to verify that the Contracting Officer's Representative has appropriate documentation to support the receipt and payment of goods or

[24] OIG, *Evaluation of the Antiterrorism Assistance Program for Countries Under the Bureaus of Near Eastern Affairs and South and Central Asian Affairs* (AUD/MERO-12-29, April 2012).

[25] OIG, *Management Assistance Report: Challenges Remain in Monitoring and Overseeing Antiterrorism Assistance Program Activities in Pakistan* (AUD-MERO-17-37, May 2017).

services prior to approving invoices for payment, and (4) develop and implement procedures to verify that the ATA program Contracting Officer prepares and issues written contract modifications when necessary. As of October 16, 2017, three of the four recommendations remained open and are considered resolved pending further action.

DS concurred with the recommendation offered in this report and has taken steps to implement it. Specifically, DS has developed and implemented an internal Office Policy Directive 001-FY2018, which requires "Contracting Officer's Representatives overseeing ATA programs to document and maintain an archive of program progress obtained through meetings and phone conferences held in lieu of contractor-submitted formal written program and financial reports, contract status reports, and annual reports." On the basis of actions taken by DS, OIG considers this recommendation closed, and no further action is required. However, the three open recommendations relating to the ATA program in Pakistan that also apply to the ATA program in Afghanistan will continue to be monitored through OIG's audit compliance process until fully implemented (see Appendix C). DS's response to a draft of this report is reprinted in Appendix D.

Management Assistance Report: The Process to Authorize and Track Information Technology Systems Needs Improvement (AUD-IT-17-56, 8/2017)

- Security safeguards must be in place to protect automated information systems and data from unauthorized access, modifications, and destruction. One such safeguard is periodically assessing the management, operational, and technical security controls employed within or inherited by an information system to determine the overall effectiveness of the controls. At the Department of State (Department), this practice is known as the System Authorization Process and results in a formal declaration by the Designated Approving Authority authorizing the operation of a system. An Authorization to Operate (ATO) is signed by the Designated Approving Authority after a security controls assessor certifies that the system has met and passed all requirements to become operational. Within the Department, the Chief Information Officer (CIO) is the Designated Approving Authority that authorizes the operation of a system and determines the system's expiration date.
- According to Department guidance, the Bureau of Information Resource Management (IRM), Information Assurance Division must ensure system authorizations are performed for Department information systems in accordance with the Department's System Authorization Process Guide. However, the Office of Inspector General (OIG) has identified instances where system authorizations have not been performed. Specifically, OIG found that four of five systems assessed during a compliance follow-up audit of the Department's access controls for major applications did not have a current ATO.
- In addition, OIG was unable to determine an accurate source for tracking Federal Information Security Management Act (FISMA) reportable systems and other Department assets that require an ATO. Specifically, OIG identified ATO tracking mechanisms that reported inconsistent inventory of FISMA reportable systems. For example, the Department's official inventory for information technology assets, iMatrix, reports 396 FISMA reportable assets. IRM's Information Assurance Division is separately tracking 413 FISMA reportable system through an Excel spreadsheet. Finally, the "CIO Quarter Two FISMA Report" identified 549 FISMA reportable assets.
- According to iMatrix, 54 percent of FISMA reportable systems have expired ATOs, and 23 percent of the FISMA reportable systems did not identify the ATO expiration dates. Therefore, collectively, 77 percent (303 of 396 systems) of all FISMA reportable assets may be noncompliant with the Department's System Authorization Process and standards prescribed by the National Institute of Standards and Technology (NIST). Without ensuring that the System Authorization Process is performed on its information technology systems and that iMatrix or another designated repository contains complete and accurate information (including the expiration dates of ATOs), the

Department's ability to protect these systems and safeguard the confidentiality, integrity, and availability of the system and its information is significantly hampered.

- OIG is recommending the following:
  - IRM formally designate a central repository to track the status of systems authorizations and documentation for Department information systems, including Federal Information Security Management Act reportable systems.
  - The Bureau of Consular Affairs (CA), in coordination with IRM, fully comply with Department policy by completing the Systems Authorization Process with an authorization memorandum for Consular Consolidated Database (CCD) and Passport Information Electronic Records System (PIERS).
  - The Bureau of Diplomatic Security (DS), also in coordination with IRM, fully comply with Department policy by completing the Systems Authorization Process with an authorization memorandum for the Classified Investigative Management System (IMS-C) and SY Namecheck (SYNCH).
  - IRM develop and implement a corrective action plan to ensure it fully complies with Department policy relating to the System Authorization Process for all applicable information technology systems.

***Management Assistance Report: Department Attention Needed to Address Overdue Responses on Selected Open Recommendations (*AUD-ACF-17-55, 7/2017)**

- The purpose of this Management Assistance Report is to facilitate the prompt closure of selected open Office of Audits recommendations by bringing them to the attention of the Under Secretary for Management. As of May 31, 2017, 11 audit report recommendations—made to 3 bureaus that had not responded to OIG inquiries concerning the status of actions to implement those recommendations—remained open. In each instance, a response from the bureau was overdue by 4 months or more.
- The Office of Management and Budget (OMB) Circular No. A-50, "Audit Followup," requires agencies to promptly and properly resolve and implement audit recommendations. As required by the Foreign Affairs Manual (FAM), the Under Secretary for Management is designated as the Department of State's (Department) OIG Follow-up Official and is responsible for ensuring that (1) timely responses are made to all OIG recommendations, regardless of implementation responsibilities, (2) disagreements are resolved, and (3) corrective actions are actually taken.2 The Under Secretary for Management provides management oversight of the Department's operational platform and facilities. Accordingly, this individual has particular responsibility for the recommendations discussed in this report.
- After issuing a draft of this report, OIG received documentation from three separate bureaus, related to 10 of the 11 recommendations mentioned in this report. As a result, OIG was able to close five of the recommendations and changed the status of two unresolved recommendations, thereby leaving a total of six recommendations resolved, pending further action. These recommendations will be closed when OIG receives and accepts documentation that demonstrates the recommendations have been fully implemented or an acceptable alternative to implement the intent of the recommendation is agreed upon.
- With respect to the two recommendations made to the Office of the Under Secretary for Management, OIG considers one closed and one open. Specifically, OIG received responses from three separate bureaus regarding planned actions for previously unresolved recommendations; therefore, this recommendation is closed. However, OIG has not received a status of actions for one recommendation or evidence sufficient to close the other five open recommendations. As such, this recommendation will remain open until OIG receives a plan of action from the Under Secretary or obtains sufficient evidence that the six open recommendations have been fully implemented. In

addition, OIG will continue to track the implementation of these open recommendations and report the status in OIG's Semiannual Report to Congress.

Management Assistance Report: Improved Oversight Needed to Standardize the Use of Risk Assessments and Monitoring Plans for Overseas Grants (ISP-17-33, 7/2017)

- In accordance with Federal regulations,[26] the Department of State (Department) requires all bureaus, offices, and overseas missions to conduct a risk assessment for Federal financial assistance awards.2 The regulations also require that the risk assessment be factored into a monitoring plan that will be used to guide oversight to ensure that a grant's stated goals and objectives are being accomplished. Failure to complete and use risk assessments and monitoring plans leaves the Department vulnerable to loss of funds or failure by the grantee to adequately perform on the award. OIG found a pattern of non-compliance with risk assessment and monitoring plan requirements in its review of findings from 12 overseas inspections and 13 Bureau of Administration, Office of the Procurement Executive Federal Assistance Division (A/OPE/FA) evaluations conducted between March 2015 and January 2017.
- OIG made five recommendations to improve awareness of the requirements to complete risk assessments and monitoring plans and to standardize their use overseas. In its comments on this draft report, the Bureau of Administration concurred with the five recommendations. The bureau's response to the recommendations and OIG's reply can be found in the Recommendations Section of this report. OIG considers the recommendation resolved.

Management Assistance Report: Non-Performance of Information Systems Security Officer Duties by Overseas Personnel (ISP-17-24, 5/2017)

OIG reviewed reports of overseas inspections conducted from fall FY 2014 to spring FY 2016 to determine common findings on the performance of Information Systems Security Officer (ISSO) duties. OIG found that 33 percent (17 out of 51) of overseas inspections reported findings involving non-performance of ISSO duties, including findings that personnel did not perform regular reviews and analyses of information systems audits logs, user libraries, emails, workstations, servers, and hard drives for indications of inappropriate or unusual activity. OIG recommended that the Bureau of Information Resource Management develop and implement a plan to ensure overseas information management personnel perform ISSO duties in accordance with Department standards.

Management Assistance Report: Cost of Information Management Staff at Embassies Should Be Distributed to Users of Their Services (ISP-17-23, 4/2017)

The International Cooperative Administrative Support Services System (ICASS) enables U.S. Government agencies to share the costs of common administrative support services. OIG identified 52 U.S. direct-hire Information Management (IM) positions whose salary and benefits costs are being paid entirely by the Department of State (Department) even though other agencies use these services at various diplomatic and consular posts overseas. Because other agencies are benefiting from these individuals' work, their salaries should be paid through the ICASS Working Capital Fund. OIG estimated the Department could recover $81,331 per IM position, or a total of $4.23 million annually, if it converted these 52 IM positions to ICASS. OIG recommended reprogramming 52 IM positions to the ICASS Working Capital Fund.

Management Assistance Report: All Posts Should Comply With New Department Requirement to Revise Policies on Hiring of Personal Domestic Workers (ISP-17-15, 3/2017)

On February 1, 2016, the Department issued revised requirements in 3 Foreign Affairs Manual 4128 for the employment of personal domestic workers abroad. OIG reviewed Bureau of Human Resources efforts to verify that all chiefs of mission issued revised post policies on personal domestic worker employment that incorporated the new requirements. OIG found that 20 out of 169 missions did not submit a policy to

[26] Title 2 of the Code of Federal Regulations, Subtitle A, Chapter II, Part 200 and Subtitle B, Chapter VI, Part 600 (December 26, 2013). Under 2 CFR 200.205(b), for competitive grants or cooperative agreements, the Federal awarding agency must have in place a framework for evaluating the risks posed by applicants before they receive Federal awards. Under 2 CFR 600.205, the Department requires the use of 2 CFR 200.205.

the Bureau of Human Resources. OIG recommended that the Bureau of Human Resources require all delinquent missions to submit a policy on hiring personal domestic workers as soon as possible. OIG also found that 131 out of the 149 missions that did submit a policy failed to incorporate some of the required elements in their policies. OIG recommended that the Bureau of Human Resources require those 131 missions to revise their policies to comply with the new Department requirements and resubmit them to the Department.

Management Assistance Report: Improvements Needed to the Security Certification Process To Ensure Compliance With Security Standards at Embassy Kabul, Afghanistan (AUD-MERO-17-28, 3/2017)

During an audit of the construction and commissioning process of a new office annex and residential building at Embassy Kabul, Afghanistan, OIG learned that improper alterations had been made to components of two security doors in the residential building that potentially affected the overall security performance of the doors.

The improper alterations to the doors went unaddressed, in part, because the current security certification process does not include a follow-up inspection by the Bureau of Diplomatic Security (DS) to confirm the Bureau of Overseas Building Operations' (OBO) actions to address deficiencies identified in the initial inspection were in accordance with physical security standards. In this instance, the alterations to the doors were discovered during an informal follow-up by the DS security inspection officer when he was in Kabul to inspect other buildings. It is important to replace the altered components of these doors in accordance with the contract because these security doors are not only used to protect personnel, but are also used at Embassy Kabul to protect essential and sensitive equipment such as communications equipment, generators, and electrical switchgear. In addition, it is important to revise the security certification process to include a follow-up inspection by DS to reduce the risk that physical security deficiencies remain after OBO certifies Department buildings for occupancy.

OIG made two recommendations to OBO to address the altered components to the security doors and to improve the security certification process.

Management Assistance Report: Health and Safety Concerns Identified Related to Armored Vehicle Disposals (AUD-SI-17-20, 1/2017)

During the audit of the armored vehicle program, OIG observed health and safety concerns during the disposal of armored vehicles at three overseas posts. For example, OIG observed contractors using blowtorches to dismantle sections of an armored vehicle at one post without appropriate eye protection.

The Department has general guidance relating to the health and safety of Department employees and contractors and has specific occupational safety and health standards, such as the mandatory use of personal protective equipment. However, the Bureau of Diplomatic Security (DS) has not incorporated health and safety standards into that guidance. In addition, OIG found that the audited posts that used contractors to dispose of armored vehicles did not incorporate required contract clauses relating to health and safety into the vehicle disposal contracts. As a result, Department employees and contractors who carry out or observe armored vehicle disposals are at increased risk of injury or death.

OIG made two recommendations to DS to improve armored vehicle disposal guidance and ensure that required clauses relating to health and safety standards are incorporated into contracts involving the disposal of armored vehicles.

Information Report: Department of State 2016 Purchase Card Risk Assessment (AUD-CGI-17-25, 12/2016)

OIG conducted this review of the Department purchase card program to assess the risk associated with the program. OIG reviewed the Department's FY 2015 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the Department purchase card program is "high." This conclusion was based on Department purchase card program size, internal controls, training, previous audits, OIG

Office of Investigations observations, and reports of violations. OIG encouraged the Department's purchase card program manager to conduct prudent oversight of the purchase card program and ensure that internal controls intended to safe guard taxpayer funds are fully implemented and followed among Department purchase cardholders.

OIG included an audit of the Department's purchase card program in its FY 2017–FY 2018 work plan, with audit work scheduled to begin later in FY 2017.

Information Report: Department of State 2016 Travel Card Risk Assessment (AUD-CGI-17-24, 12/2016)

OIG conducted this review of the Department travel card program to assess the risk associated with the program. OIG reviewed the Department's FY 2015 travel card data and concluded that the risk of illegal, improper, or erroneous use in the Department travel card program is "medium." This conclusion was based on Department travel card program size, internal controls, training, previous audits, and OIG Office of Investigations observations.

OIG encouraged the Department's travel card program manager to fully implement the recommendations made in OIG's Audit of Department of State Travel Card Program (AUD-CGI-16-48, 9/2016), conduct prudent oversight of the travel card program, and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed among Department travel cardholders.

Based on the results of this assessment, OIG did not recommend an audit of the Department's travel card program be included in OIG's FYs 2018–2019 work plan.

Information Report: Broadcasting Board of Governors 2016 Purchase Card Risk Assessment (AUD-CGI-IB-17-22, 12/2016)

OIG conducted this review of the BBG purchase card program to assess the risk associated with the program. OIG reviewed BBG's FY 2015 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the BBG purchase card program is "very low." This conclusion was based on BBG purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations observations.

OIG encouraged BBG's purchase card program manager to continue prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed among BBG purchase cardholders.

Based on the results of this assessment, OIG did not recommend an audit of BBG's purchase card program be included in OIG's FY 2018– FY 2019 work plan.

Information Report: International Boundary and Water Commission, United States and Mexico, U.S. Section, 2016 Purchase Card Risk Assessment (AUD-CGI-17-23, 12/2016)

OIG conducted this review of the USIBWC purchase card program to assess the risk associated with the program.

OIG reviewed USIBWC's FY 2015 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the USIBWC purchase card program is "low." This conclusion was based on USIBWC purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations observations.

Based on the results of this assessment, OIG did not recommend an audit of USIBWC's purchase card program be included in OIG's FYs 2018–2019 work plan. However, OIG encouraged the USIBWC purchase card program manager to continue prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed

among USIBWC purchase cardholders.

Management Assistance Report: Evaluation of the Environmental Studies and Test Results for the Site of the New U.S. Embassy in Mexico City, Mexico (AUD-CGI-17-19, 12/2016)

In 2011, the Bureau of Overseas Buildings Operations (OBO) negotiated a purchase agreement to initiate the acquisition for $120 million of 15.3 acres of land from the company Colgate-Palmolive to build a new embassy compound in Mexico City, Mexico. Colgate-Palmolive was required to present the property in ready-to-build condition. This required that all contaminants and environmental hazards that "may be present on the property in violation of all applicable environmental laws in Mexico shall either be removed and disposed of off-site, or shall be appropriately capped onsite." The purchase was not to be completed until the Mexican Ministry of Environmental and Natural Resources (SEMARNAT) confirmed that Colgate-Palmolive fully implemented the approved remediation action plan. In March 2014, OBO contracted with Jacobs Engineering Group to monitor Colgate-Palmolive's progress on the demolition and environmental remediation and to reconfirm the condition of the site based on the submission of data from Colgate-Palmolive to SEMARNAT.

In October 2015, OIG executed an agreement with the U.S. Army Corps of Engineers (USACE) to provide an independent assessment of the environmental studies and test results for the site of the new U.S. Embassy in Mexico City. OIG issued the management assistance report to ensure that the Department carefully consider and adopt USACE's findings and two recommendations. SEMARNAT approved the remediation plan in July 2016, and OBO completed the purchase in September 2016.

Management Assistance Report: Incorrect Post Allowance Rate for Embassy Berlin, Germany (AUD-FM-17-06, 11/2016)

During an audit of selected cost-of-living allowances, OIG found that the Office of Allowances in the Bureau of Administration incorrectly calculated the post allowance rate effective April 3, 2016, for Berlin, Germany. Specifically, the post allowance rate for Berlin increased from 25 percent in March 2016 to 42 percent in April 2016 even though OIG found that the price data reported had actually decreased overall. The contractor who operates the system used to analyze price data reanalyzed the 2016 data and informed OIG that the post allowance rate should have decreased from 25 percent to 20 percent (rather than increasing to 42 percent).

This error occurred because data on the value-added tax and sales tax were inconsistently and improperly applied during analysis. If the Bureau of Administration corrects the inaccurate post allowance rate for Embassy Berlin, OIG estimated that the Department would save approximately $1.1 million over a 2-year period. OIG made two recommendations to the Department to correct the post allowance rate and determine the savings from the correction.

Management Assistance Report: Department of State Conference Reporting (AUD-CGI-17-07, 10/2016)

The Department holds conferences in support of U.S. foreign policy and national security objectives. Between FY 2013 and FY 2015, the Department reported almost $9.7 million in conference spending. OIG conducted this evaluation to assess the Department's compliance with conference spending reporting requirements. Specifically, the objectives of this evaluation were to determine whether the Department publicly reported in a dedicated place on its official website by January 31 of each year all conferences from the previous fiscal year where expenses exceeded $100,000, annually reported to OIG conferences held where expenses exceeded $100,000, and reported within 15 days to OIG conferences held where expenses exceeded $20,000.

OIG found that the Department generally complied with Federal conference reporting requirements. However, the FY 2015 public conference report was not posted on the Department's website until March, rather than January 31 as required. In addition, all applicable conference spending may not have been included. For example, in a previous audit, OIG determined that the Department holds annual

continuing medical education conferences with costs exceeding $100,000. These conferences were not registered in the system or listed in the annual public conference reports for FYs 2013 through 2015. Personnel who work for the Under Secretary for Management, Office of Management Policy, Rightsizing, and Innovation stated that the medical education conferences should have been registered.

The shortcomings in reporting all conference spending occurred, in part, because guidance was inconsistent and unclear. Further, the Department had not reminded personnel about conference registration, approval, and reporting requirements since August 2014. Without consistent and clear guidance and periodic reminders to help ensure compliance, there is increased risk that conference registration requirements will be misunderstood and that the Department will not be able to ensure that all required conferences are accounted for and reported.

OIG made three recommendations to the Under Secretary for Management, Office of Management Policy, Rightsizing, and Innovation, to address the shortcomings identified in the Department's conference registration, approval, and reporting guidance.

Management Assistance Report: Contract Management—Lessons Learned From Embassy Kabul, Afghanistan, Operations and Maintenance Contract (AUD-MERO-17-04, 10/2016)

OIG issued this report on the operations and maintenance (O&M) contract at Embassy Kabul, Afghanistan, to make the Department aware of the deficiencies OIG identified so they may be addressed during the development of contract requirements for the new worldwide O&M contract.

OIG found that the embassy's O&M contract does not have specific performance metrics in the statement of work to assess accurately contractor performance in fulfilling contract requirements. As a result, the contractor did not consistently perform necessary preventative maintenance functions, which, in some cases, caused major equipment systems, such as the chillers and the wastewater treatment plant, to fail or work improperly. OIG also found that the Department did not have a sufficient number of staff to oversee the contract.

Further, OIG found that the contracting officer added three services to the O&M contract, at a cost of $11.8 million, which were outside the scope of the contract. The FAR requires the Government to compete contracts for new services. Although OIG does not question the need for the services added to the O&M contract, the embassy has no assurance that the $11.8 million associated with those services was reasonable because there was no full and open competition for the services.

OIG made three recommendations to help ensure the new worldwide O&M contract includes clearly defined and measurable performance metrics and to ensure out-of-scope services are not added to the future O&M contract. OIG also made two recommendations to help ensure sufficient oversight of the O&M contract at Embassy Kabul. The Bureau of Overseas Buildings Operations and the Bureau of Administration, as well as Embassy Kabul, concurred with all five recommendations in the report.

Information Report: Description of Policies and Computer Security Controls for Select Broadcasting Board of Governors Covered Systems (AUD-IT-IB-16-44, 8/2016)

The Consolidated Appropriations Act, 2016, Section 406, Federal Computer Security, requires the Inspector General of each covered agency to submit a report that describes controls used by that agency to protect personally identifiable information (PII) and national security data maintained, processed, and transmitted by a covered system. Specifically, the report must describe (1) logical access policies and practices; (2) logical access controls and multi-factor authentication used; (3) the reasons logical access controls or multi-factor authentication have not been used; (4) information security management practices used for covered systems; and (5) policies and procedures that ensure information security management practices are effectively implemented by other entities such as contractors.

An independent external auditor, acting on behalf of OIG, found that BBG did not have specific policies documenting logical access controls. Instead, BBG documented logical access control policies within system security plans. The auditor also found that BBG did not use personal identity verification multi-authentication to govern privileged user access. BBG officials stated that the multi-factor authentication was not completed due to insufficient funding. In addition, one system was not fully developed to implement physical access controls to BBG facilities and logical access controls to BBG personally identifiable information systems in accordance with the multi-factor authentication.

According to BBG officials, the agency has not implemented data loss prevention or digital rights management solutions at the agency level or for the PII systems reviewed. However, BBG has established alternative controls at the entity level.

With respect to policies and procedures that ensure information security management practices are implemented by other entities such as contractors, the auditor also found that BBG has not developed information security policies and procedures to ensure that all contracted/hosted information systems that contain BBG PII are implementing information security management practices. BBG officials stated that BBG has been relying on memoranda of agreement and interconnection security agreements to manage the security and privacy controls.

BBG stated it is using separate tools to track licenses associated with the software assets for its PII systems. However, a BBG official acknowledged that the agency does not have information security policies and procedures documented at the agency level to manage software assets installed on the PII systems. BBG officials also stated that BBG has implemented limited intrusion detection tools to monitor its PII systems and provide forensics and visibility capability to detect and remediate information security threats. However, BBG officials acknowledged that the agency as not implemented any specific technology solutions to manage its data loss prevention and digital rights management capabilities at the agency level and for the two PII systems reviewed.

Information Report: Description of Policies and Computer Security Controls for Select Department of State Covered Systems (AUD-IT-16-45, 8/2016)

The Consolidated Appropriations Act, 2016, Section 406, Federal Computer Security, requires the Inspector General of each covered agency to submit a report that contains a description of controls used by that agency to protect sensitive information—personally identifiable information (PII) and national security data—maintained, processed, and transmitted by a covered system. OIG's report described the policies and controls used by the Department for five required topics: (1) logical access policies and practices, (2) logical access controls and multi-factor authentication used, (3) the reasons logical access controls or multi-factor authentication have not been used, (4) information security management practices used for covered systems, and (5) policies and procedures that ensure information security management practices are effectively implemented by other entities such as contractors.

Only two of the six systems reviewed had system-specific logical access control policies. However, all six systems reviewed had system security plans that documented the security controls at the system level as required.

The Department has not fully implemented multi-factor authentication at the entity level; however, it has implemented other logical access compensating controls to govern privileged user access. Four of the six systems reviewed had either fully or partially implemented multi-factor authentication to government system-level privileged user logical access. The two systems that did not utilize multi-factor authentication to govern logical access of privileged users relied on username and password combinations. Nevertheless, all six systems had some type of logical access controls in place.

According to Department officials, two of the six systems did not implement multi-factor authentication to govern system-level privileged user access because functional capabilities are not available. According to Department officials, one system is currently planning multi-factor implementation, while the other is waiting for the Department to provide the functional capabilities necessary to implement multi-factor authentication to govern privileged user logical access.

With respect to information security management practices, the Department uses a federated model to manage software inventory. In addition, the Department has implemented a defense-in-depth information system program. Further, the Department monitors network traffic, detects and responds to incidents, and scans for security compliance and vulnerabilities. However, the Department has only partially implemented a system for preventing data loss and has not implemented technology for managing digital rights.

The Department's Foreign Affairs Manual contains a number of policies and procedures related to the implementation of information security management practices by other entities such as contractors.

Management Assistance Report: Armored Vehicle Training
(ISP-16-17, 4/2016; updated and reissued 7/2016)

OIG found that, from January 2010 to September 2015, operators of armored vehicles at U.S. missions overseas were involved in 773 mishaps, almost 60 percent of which were deemed preventable according to Department standards. Twelve of the mishaps resulted in 13 fatalities. Other consequences included hospitalizations and a total of more than $4.5 million in property damages, of which 85 percent—almost $3.9 million—was to the U.S. Government vehicles themselves. Mishap reports recommended driver training in 10 of the 12 mishaps involving fatalities. The Department provides specialized operator training that includes handling armored vehicle dynamics, but it is mandatory only for drivers of chiefs of mission and principal officers, none of whom were involved in the 12 fatal mishaps. OIG recommended that the Department establish a mandatory training requirement on armored vehicle safe-driving techniques for all overseas professional chauffeurs and incidental drivers who operate such vehicles.

Management Assistance Report: Questionable Practices Regarding the Department of State Baghdad Life Support Services (BLiSS) Contract, Including Suspected Use of Cost-Plus-a-Percentage-of- Cost Task Orders (AUD-MERO-16-27, 6/2016)

In July 2013, the Department awarded PAE Government Services, Inc. (PAE) the Baghdad Life Support Services (BLiSS) contract—a 5-year indefinite delivery, indefinite quantity contract (base plus 4 option years) with a not-to-exceed cost of $1 billion—to provide life support and logistics functions for Department personnel at various sites in Iraq. As of October 2015, the Department had issued 15 task orders under this contract, with a total estimated value of $536 million. Four of these task orders were to provide overtime pay and incentive pay to the contractor, and an additional time-and-materials task order provided for incentive fees. OIG examined the extent to which the task orders for incentive pay and time-and-materials complied with acquisition regulations.

Based on information it received during its fieldwork, OIG initially concluded that the task orders constituted an impermissible cost-plus-a-percentage-of-cost arrangement. However, based on the Department's January 2016 response to the draft report, OIG cannot now make a determination on this issue. Accordingly, this management assistance report addressed concerns with the timing of the Department's January 2016 written justification documenting the award of overtime and incentive pay task orders, as well as the Department's use of the "changes" clause to provide additional "flexibility" to PAE.

The draft report contained five recommendations regarding the task orders in question. Although the Department did not concur with those recommendations, it stated in its response that it (1) discontinued the security crisis overtime pay on September 14, 2015; (2) would discontinue the security

crisis incentive pay as of January 4, 2016; and (3) would deobligate all remaining unspent funds from the task orders. Accordingly, OIG considers all five recommendations offered in the draft report closed; no further action from the Department is required. OIG will continue to monitor the contract arrangements used by the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management during OIG's ongoing audit of the BLiSS contract, as well as other contracts in the region, and notify the Department promptly of any issues identified.

Management Assistance Report: Inactive Accounts Within the Department of State's Active Directory (AUD-IT-16-37, 6/2016)

OIG reported that the Department did not comply with its own timeliness requirement for disabling inactive Active Directory accounts, as defined in its internal policies. The overall purpose of identity and access management in an IT system is to ensure that users and devices are authorized to access information and information systems. Users and devices must be authenticated to ensure that they have accurately identified themselves before they obtain access rights. Strong information system authentication requires multiple factors. Without effective Active Directory management, the risk of unauthorized access is significantly increased and may result in the submission of false transactions, improper access to and dissemination of confidential data, and other malicious activities that may impede the Department's ability to achieve its core mission.

Management Assistance Report: Inactive User Accounts Within the Broadcasting Board of Governors Active Directory (AUD-IT-IB-16-36, 6/2016)

BBG uses a service known as Active Directory to centrally manage network users, groups, and system information while enforcing BBG's security standards and standardizing network configuration. Active Directory allows assignment of access controls to individuals and services based on their respective roles. The overall purpose of identity and access management in an IT system is to ensure that users and devices are authorized to access information and information systems. Users and devices must be authenticated to ensure that they have accurately identified themselves before they obtain access rights. Strong information system authentication requires multiple factors.

OIG found non-user accounts within BBG's Active Directory, such as service accounts used by multiple users to access training classes, were incorrectly identified as user accounts. This occurred, in part, because BBG's identification and authentication policy did not contain sufficient guidance regarding how to maintain different types of accounts in Active Directory.

OIG noted that addressing these weaknesses is important because, if an intruder gains access to a privileged account that has elevated administrative rights, the intruder can access PII, which significantly increases the risk that BBG's confidential information could be altered or stolen. Further, ineffective Active Directory account management of non-user accounts increases the risk of unauthorized access to BBG's information system applications and servers.

Management Assistance Report: Foreign Assistance Sustainability Is Not Clearly Defined in the Foreign Affairs Manual (ISP-16-14, 4/2016)

The Department had not developed comprehensive guidance for bureaus on how to build sustainability into its foreign assistance programs that annually receive about $17.6 billion in funding. OIG's review of the Foreign Affairs Manual and Foreign Affairs Handbook found that only 3 bureaus or offices, of the more than 20 that receive foreign assistance, had published references on sustainability. Volume 18 of the Foreign Affairs Manual, Chapter 005, established sustainability as a core foreign assistance principle but lacked specificity on how to incorporate sustainability into foreign assistance programs. Without consistent guidance, sustainability will continue to be incorporated unevenly into the design and evaluation of foreign assistance programs.

OIG recommended the Office of the Deputy Secretary for Management and Resources update

Department guidance to incorporate sustainability into foreign assistance programs.

Management Alert: Hazardous Electrical Current in Office and Residential Buildings Presents Life, Health, and Safety Risks at U.S. Embassy Kabul, Afghanistan (MA-16-01, 4/2016)

During the course of an ongoing audit of the Bureau of Overseas Buildings Operations' (OBO) construction and commissioning of the New Office Annex and Staff Diplomatic Apartment building at the Embassy Kabul, OIG and the U.S. Army Corps of Engineers (USACE) identified life, health, and safety risks to building occupants due to a type of hazardous electrical current—known as objectionable current—in both buildings.

OIG and the USACE team, which included master electricians from Task Force POWER (Protect Our Warfighters and Electrical Resources), identified objectionable current in both buildings. In the case of the New Office Annex, objectionable current measured 6 amps more than the level that the Centers for Disease Control and Prevention (CDC) has determined is likely to result in cardiac arrest, severe burns, and probable death. With respect to the residential apartment, objectionable current measured 17 amps more than the level of amperage that the CDC has determined is likely to result in death. The most common causes of objectionable current are improperly installed electrical wiring, equipment, and faulty electrical appliances.

OIG recommended that Embassy Kabul and OBO take immediate action to (1) examine the installation of electrical wiring, equipment, and appliances in the New Office Annex and Staff Diplomatic Apartment building to ascertain the cause of the objectionable current; (2) determine what mitigation measures can be immediately taken to eliminate or reduce risk to personnel occupying the buildings; and (3), to the extent necessary, inform residents of the existence of objectionable current and the risks associated with it and provide instructions on how to eliminate or avoid accompanying hazards.

Management Assistance Report: Continued Deficiencies Identified in Information Technology Contingency Planning (ISP-16-05, 2/2016)

OIG identified IT contingency planning deficiencies in 69 percent (20 out of 29) of overseas inspections conducted during FYs 2014 and 2015. The issues identified included information management staff at posts not developing, updating, or testing IT contingency plans and plans that lacked appropriate key stakeholders and contact information as part of emergency preparedness, contrary to established requirements. OIG recommended that the Department take action to ensure that information management personnel are accountable for IT contingency planning by making this responsibility explicit in their work requirements.

Management Assistance Report: Annual Purchase Card Program Reviews (ISP-I-16-04, 1/2016)

OIG's review found that 53 percent of overseas purchase card coordinators in FY 2014 either failed to perform mandatory annual reviews of their purchase card programs or did not respond to a request for that information. Annual reviews are an important internal control to prevent waste, fraud, and abuse. The monetary value of goods and services obtained using purchase cards at those non-compliant and nonresponsive posts totaled almost $34 million. The Bureau of Administration did not routinely monitor and evaluate compliance with the required annual review. OIG made recommendations to require that bureaus and posts submit the results of annual purchase card reviews so compliance can be monitored and to update the Foreign Affairs Manual to identify which office has responsibility for overseeing and administering the program.

Management Assistance Report: Broadcasting Board of Governors Incident Response and Reporting (AUD-IT-IB-16-25, 1/2016)

The overall purpose of an IT incident response and reporting (IR&R) program is to allow an organization to detect cybersecurity incidents rapidly, minimize loss and destruction, identify weaknesses, and restore IT operations quickly. Acting on OIG's behalf, an independent external auditor evaluated the effectiveness of BBG's IR&R program for the period October 1, 2014, through May 26, 2015, in accordance with BBG information security policies and procedures, Federal law, and applicable standards and guidelines. Overall, the auditor determined that BBG's IR&R program was not operating effectively. Specifically, for all seven cybersecurity incidents reported during the scope period, BBG's Computer Security Incident Response Team did not fully comply with categorization guidelines, reporting requirements, and remediation timelines as required by the U.S. Computer Emergency Readiness Team (US-CERT).

The auditor determined that BBG did not properly categorize one cybersecurity event as a cybersecurity incident. In addition, BBG did not assign category levels to any of the seven cybersecurity incidents tested. Furthermore, BBG did not report two cybersecurity incidents to US-CERT as required and did not report another cybersecurity incident to US-CERT in a timely manner. These deficiencies may have occurred in the IR&R program because BBG did not finalize its IR&R policy and procedures until May 7, 2015. However, the auditor found that, even if the policy and procedures had been implemented during the evaluation period, the documents were ineffective in achieving the desired and federally required results of an effective IR&R program. For example, BBG's policy and procedures lacked a defined process to correlate IT events and cybersecurity incidents. Without an effective IR&R program, BBG may be unable to properly identify and respond to unauthorized breaches, identify weaknesses, and restore IT operations in a timely manner, which may impede BBG's ability to achieve its core mission.

BBG concurred with OIG's recommendation to amend and implement BBG's IR&R policy and procedures. OIG considers the recommendation resolved, pending further action.

Information Report: International Boundary and Water Commission, United States and Mexico, U.S. Section, 2015 Purchase Card Risk Assessment (AUD-FM-16-21, 12/2015)

To assess risk associated with USIBWC's purchase card program, OIG reviewed USIBWC's FY 2014 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the USIBWC purchase card program was "low." This conclusion was based on USIBWC's purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations observations. Based on the results of this assessment, OIG did not recommend that an audit of USIBWC's purchase card program be included in OIG's FY 2017–FY 2018 work plan. However, OIG encouraged USIBWC officials to update the purchase card policy and ensure that internal controls intended to safeguard taxpayer funds are documented, fully implemented, and followed by USIBWC purchase cardholders.

Information Report: Broadcasting Board of Governors 2015 Purchase Card Risk Assessment (AUD-FM-IB-16-22, 12/2015)

To assess risk associated with BBG's purchase card program, OIG reviewed BBG's FY 2014 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the BBG purchase card program is "very low." OIG based this conclusion on BBG's purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations observations. Based on the results of this assessment, OIG did not recommend an audit of BBG's purchase card program be included in OIG's FY 2017–FY 2018 work plan. However, OIG encouraged the BBG purchase card program manager to continue prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed among BBG purchase cardholders.

Information Report: Department of State 2015 Purchase Card Risk Assessment (AUD-FM-16-23, 12/2015)

To assess risk associated with the Department's purchase card program, OIG reviewed the Department's FY 2014 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the Department purchase card program is "high." This conclusion was based on the Department's purchase card program size, internal controls, training, previous audits, OIG Office of Investigations observations, and violation reports. Based on the results of this assessment, OIG recommended that an audit of the Department's purchase card program be included in OIG's FY 2017–FY 2018 work plan. OIG also encouraged the Department purchase card program manager to provide prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed by Department purchase cardholders.

Management Assistance Report: Mandatory Disclosure Language in Broadcasting Board of Governors Grants and Assistance Agreements (INV-15-03, 12/2015)

During the course of investigative work related to Lead IG for OCO efforts, OIG identified opportunities to strengthen the requirements for reporting fraud, waste, and abuse related to grants, cooperative agreements, and other Federal assistance awards. OIG made three recommendations to BBG related to incorporating mandatory disclosure language in its Standard Terms and Conditions for all existing and future grants, cooperative agreements, and other Federal assistance awards. Specifically, OIG recommended including the complete citation of the mandatory disclosure language set forth in 2 CFR 200.113, which pertains to the timely disclosure, in writing, to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. OIG recommended including with this language, the requirement of disclosure to OIG with a copy to the cognizant grants officer. The BBG agreed to OIG's recommendations and amended their current grant agreements to include the recommended language. Additionally, BBG will include the mandatory disclosure language in all future grants, cooperative agreements, and other Federal assistance awards.

Management Assistance Report: Mandatory Disclosure Language in Department of State Grants and Assistance Agreements (INV-15-02, 12/2015)

During the course of investigative work related to Operation Inherent Resolve efforts, OIG identified opportunities to strengthen the requirements for reporting fraud, waste, and abuse related to grants, cooperative agreements, and other Federal assistance awards. OIG made three recommendations to the Department related to incorporating mandatory disclosure language in its *Standard Terms and Conditions* for all existing and future grants, cooperative agreements, and other Federal assistance awards. Specifically, OIG recommended including the complete citation of the mandatory disclosure language set forth in 2 CFR 200.113, which pertains to the timely disclosure, in writing, to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. OIG also recommended including with this language, the requirement of disclosure to OIG with a copy to the cognizant grants officer. Additionally, in March 2016, the Department issued a Federal Assistance Management Advisory with a revised policy that stated that all active grants, cooperative agreements, and other Federal assistance awards valued at $1 million or more and with at least 4 months remaining in the period of performance must be amended to include the revised *Standard Terms and Conditions*.

Management Assistance Report: Funds Supporting a Cooperative Agreement to Southern Methodist University at Risk of Waste (AUD-MERO-16-19, 11/2015)

OIG conducted this limited review based on a complaint that the Government Accountability Office referred to OIG alleging mismanagement of a cooperative agreement that the Department awarded to Southern Methodist

University (SMU). The purpose of the agreement was for SMU to support the enhancement of the Department of Psychology at the Shaheed Benazir Bhutto Women University in Peshawar, Pakistan. The objectives of OIG's review were to determine whether the agreement's expenditures were reasonable and in accordance with the purpose of the award and whether the agreement was properly monitored.

OIG found that a primary objective of the cooperative agreement had not been fulfilled and the award had not been properly monitored. Specifically, SMU had not completed a distance learning course objective, and security concerns prevented U.S. Embassy Islamabad's Public Affairs Section from making required site visits. The lack of site visits impeded the Department's ability to ensure that SMU was spending U.S. Government funds for the intended purpose. In addition, materials and equipment purchased in January 2014 for the project remained unused. OIG recommended that the Bureau of South and Central Asian Affairs review the cooperative agreement to determine whether the objectives could be fulfilled with or without a no-cost extension or else terminate the agreement and recover the remaining funds. If the decision were to extend the agreement, the review should ensure that appropriate controls were in place to protect U.S. taxpayer funds.

In its response to OIG's report, the Office of the Special Representative for Afghanistan and Pakistan stated that an extension of three months was warranted to complete the objectives of the project and that more than $300,000 would be deobligated from the award.

Management Assistance Report: Improper Use of Overtime and Incentive Fees Under the Department of State Baghdad Life Support Services (BLiSS) Contract (AUD-MERO-16-08, 11/2015)

In the course of an audit of the Department's implementation of the Baghdad Life Support Services (BLiSS) contract, OIG reviewed 4 task orders awarded to Pacific Architects and Engineering Government Services, Inc. (PAE), providing overtime pay and/or incentive fees to PAE employees. At the time of the audit, OIG found that the award of these task orders was not accompanied by a cost-benefit analysis, validated need, or written justification.

In January 2012, the Department assumed full responsibility for providing life support services to U.S. Government personnel in Iraq. In July 2013, the Department awarded to PAE the BLiSS contract—a 5-year indefinite delivery, indefinite quantity contract (base plus 4 option years) with a not-to-exceed cost of $1 billion—to provide life support and logistics functions for Department personnel at various sites in Iraq. As of October 2015, the Department had issued 15 task orders under this contract with a total estimated value of $536 million, 4 of which were to provide overtime pay or incentive pay to the contractor.

Of the four task orders OIG reviewed valued at approximately $5.6 million, OIG found only one task order, which was awarded on September 15, 2015, was active while three task orders had expired. OIG therefore recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, deobligate the unspent funds and identified approximately $2.6 million that could be put to better use.

Management Assistance Report: U.S. Embassy Mexico City Cashier Operations (INV-15-01, 11/2015)

OIG conducted an investigation into allegations that the Financial Management Center located in Embassy Mexico City was responsible for cashiering discrepancies totaling approximately $6 million. A preliminary inquiry into the matter revealed that the cashiering discrepancies were caused by incorrect depositing procedures and incorrect attribution of deposits to accounting codes. Out of the $6 million in funds, all but approximately $50,000 were accounted for. Although the OIG special agents did not substantiate any of the fraud allegations, they did identify internal control weaknesses. OIG recommended that Embassy Mexico City address five key vulnerabilities within cashier operations, including conducting reconciliations and unannounced verification of funds on a monthly basis and immediately ceasing the comingling of cashier accounts and the sharing of passwords and safe combinations. In December 2015, the embassy agreed to and implemented the recommendations.

Management Assistance Report: Action Still Needed To Update the Department's Standards of Conduct as They Relate to Trafficking in Persons and To Comply With a Related Recommendation (AUD-ACF-15-43, 9/2015)

In October 2011, OIG issued a report entitled *Audit of Bureau of East Asian and Pacific Affairs Compliance with Trafficking in Persons Requirements*. In that report, OIG made three recommendations to the Office to Monitor and Combat Trafficking in Persons (J/TIP) that were intended to increase awareness among Department employees about trafficking in persons (TIP) policies and requirements. Specifically, OIG recommended that J/TIP include the U.S. Government's Trafficking in Persons policy in the Department's Foreign Affairs Manual, expand its code of conduct for employees to cover conduct with respect to TIP activities, and provide training on TIP.

Although J/TIP concurred with all the 2011 recommendations, the office had not fully implemented them nearly 4 years after OIG issued the original report. OIG concluded that as a result, the Department was not well-positioned to hold employees accountable for TIP violations or to ensure TIP policies and requirements were understood and followed. Accordingly, in September 2015, OIG issued a management assistance report recommending that the Department execute a plan of action to complete corrective actions on the open 2011 recommendations.

In its September 3, 2015, response to the report, the Under Secretary for Civilian Security, Democracy, and Human Rights concurred with the recommendations.

Information Report: Review of Former Department of State Employee's Allegation of Improper Denial of Promotion (ESP-15-06, 7/2015)

OIG reviewed a former Department employee's allegations regarding improprieties in the promotion process, including manipulation of promotion boards in 2010 and 2011 and alteration of assessment documents. OIG interviewed former promotion board members and consulted with a forensics expert, and concluded that the evidence did not support the former employee's allegations.

Management Assistance Report: AUD-CGI-15-32 Oversight of Grants to the National Endowment for Democracy (AUD-SI-15-34, 6/2015)

From FY 2006 to FY 2014, the Department awarded more than $963 million to the National Endowment for Democracy (NED) from amounts authorized by Congress in its budget appropriations. During a recent audit of NED financial transactions, OIG discovered that the Department had not conducted required audits of NED's financial transactions. Further, the terms and conditions of the annual grant did not include the audit requirement. OIG also found that the Department did not comply with other requirements, including reconciling submitted financial reports with the grant award and sufficiently maintaining grant files.

Although OIG's testing of NED's financial transactions did not reveal significant deviations from Federal

laws and regulations, the Department had awarded more than $963 million to NED without conducting required audits of financial transactions. OIG recommended the Department conduct the required audits and amend its grant agreement with NED to include the terms of the audit requirement in order to decrease the risk of misapplication of funds dedicated to promoting democracy.

Management Alert: Broadcasting Board of Governors Significant Management Weaknesses (MA-15-01, 5/2015)

OIG issued a management alert that identified significant vulnerabilities at BBG and in BBG's management and oversight of its grantee organizations. These vulnerabilities exposed BBG to an increased risk of fraud, waste, and abuse and the unintended disclosure of sensitive information. Although BBG has taken steps to mitigate some of these issues, OIG remains concerned about recurring, systemic weaknesses. Specific areas of concern include ineffective leadership, insufficient oversight of contracts and grants, weaknesses in financial management, and inadequate information security.

OIG issued two recommendations to BBG, namely: (1) establish milestones to implement all previously issued OIG recommendations; and (2) develop a plan to monitor and sustain all actions it has previously taken to address OIG's concerns.

Management Assistance Report: Report: Embassy Tripoli Armored Vehicles Available for Redistribution and Use (AUD-MERO-15-28, 5/2015)

In November 2014, OIG conducted fieldwork at U.S. Embassy Tunis, Tunisia, in conjunction with an audit of Emergency Action Plans for U.S. missions in North Africa. During the audit, OIG identified 26 armored vehicles that U.S. Embassy Tripoli, Libya, staff used to evacuate to Tunisia in 2014. Embassy Tunis had no need for the vehicles (valued at approximately $5 million) and they remained stored and unused in a grass and dirt lot on the embassy compound.

OIG noted that the Department was at risk of losing the value and use of the vehicles and recommended that the Department develop and implement a plan to redistribute the vehicles to other overseas posts that needed them.

Information Report: Kabul Embassy Security Force Inquiry (ESP-15-02, 2/2015)

OIG began this review after receiving allegations of staffing shortfalls in the Kabul Embassy Security Force (KESF) that negatively affected security at the embassy. OIG examined weekly KESF staffing data for all pay periods from July 1, 2014, to August 28, 2014, and found the following:

OIG's review found that KESF staffing levels were higher than contractually required and that Embassy Kabul had amended the contract to add more guards in a security contingency.

The number of security personnel exceeded the authorized contract amount by as many as 38 to 186 staff per week (4 to 18 percent above core authorized staffing levels). OIG's examination also demonstrated that critical labor categories, such as medical officers, protective security specialists/marksmen, and canine handlers were staffed to their authorized levels.

Management Assistance Report: Grant Improprieties by Nour International Relief Aid (AUD-CG-15-19, 01/2015)

In July 2013, OIG initiated an audit of Bureau of African Affairs (AF) contracts and grants to examine concerns raised in prior OIG reports about the adequacy of contract and grant administration and oversight performed by AF personnel. OIG's sample of grants during this audit included a grant awarded to Nour International Relief Aid (Nour) to supply the people of Somalia with pharmaceuticals and medical supplies in support of the African Union Mission in Somalia.

OIG found that Nour adhered neither to Federal procurement laws and regulations nor to the Department's standard grant terms and conditions in the performance of the grant. Also, Nour received payments for unsupported costs and unapproved goods. As a result, OIG questioned $1,613,950 that the Department paid that was either unsupported or potentially unallowable.

OIG made three recommendations to the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, relating to the allowability of costs associated with this grant. OIG also referred Nour to the Department for suspension or debarment.

Management Assistance Report: Concerns With the Oversight of Medical Support Service Iraq Contract No. SAQMMA11D0073 (AUD-MERO-15-20, 12/2014)

OIG issued this report to address concerns with the oversight of the Medical Support Service Iraq contract that could expose the Department to unauthorized commitments and subsequent contractor claims for work performed outside the scope of the contract.

In June 2014, because of deteriorating security conditions in Iraq, NEA and Embassy Baghdad reduced chief of mission personnel in Baghdad by 1,379—from 3,988 direct hires and contractors to 2,609. These personnel were then relocated to Basrah and Erbil, Iraq; Amman, Jordan; Kuwait City, Kuwait; and to their countries of origin. To determine which chief of mission personnel would be relocated, Embassy Baghdad and NEA used a minimal staffing list, which is maintained to support emergency actions at post and is based on how many personnel the embassy could support in an emergency. Staff who were not included on the minimal staffing levels list were relocated, including all Medical Support Service Iraq contract oversight staff.

OIG learned of Embassy Baghdad management staff actions directing the contractor to perform work outside the scope of the Medical Support Service Iraq contract and of limited onsite oversight of the contract by a technically qualified and designated contracting officer's representative. These actions exposed the Department to incurring unauthorized commitments and possible contractor claims.

OIG made recommendations for the Department to designate contract oversight staff and return the staff to Embassy Baghdad for them to resume contract oversight duties and to communicate to Embassy Baghdad the consequences and penalties for embassy staff engaging in unauthorized contractor commitments.

Grants Management Deficiencies (MA-14-03, 9/2014)

OIG issued a management alert that identified significant deficiencies in the Department's management of grant funds. These deficiencies include:

- insufficient oversight, caused primarily by a small number of employees managing a large number of grants
- insufficient training of grants officials
- inadequate documentation and closeout of grants

In FY 2012, the Department obligated more than $1.6 billion for approximately 14,000 grants and cooperative agreements worldwide. The failure to properly oversee these funds creates an unacceptable lack of internal control and exposes the Department to significant financial risk.

OIG recommended that the Under Secretary for Management institute a workforce planning effort to identify the appropriate numbers of grants management personnel required to ensure an accurate representation of grants workforce needs for management, tracking, training, and budgeting purposes. OIG also recommended that the Department's Bureau of Administration, Office of the Procurement Executive, develop and implement a process to randomly sample grant files to ensure that required documentation is included, that grants whose period of performance has ended are closed out in a timely fashion, and that the Department determine whether funds remaining on expired grants can be deobligated. Finally, OIG recommended that the results of these reviews be provided to the appropriate bureaus and offices to ensure that grants management officials who do not provide appropriate oversight are held accountable.

Management Assistance Report— Termination of Construction Grants to Omran Holding Group (AUD-CG-14-37, 9/2014)

OIG audited the Department's selection, positioning, training, and oversight responsibilities of grants officer representatives, identifying areas of concern related to two construction grants being executed by Omran Holding Group (OHG). OHG was awarded two Department construction grants, totaling $7,265,328, for the construction of a Media Operations Center (MOC) at Balkh University and at Nangarhar University—both in Afghanistan.

The grants required the recipient to develop building designs for the MOCs and to have the Department approve the designs before construction began. In December 2013, however, OHG expedited the construction schedule and began to construct the Balkh University MOC without the Department's approval of the designs, as required. As a result, certain aspects of the newly constructed structure did not comply with the Department's requirements for the building's design. Additionally, OHG began construction for the MOC in the wrong location, based on the direction of a local Afghan government official who did not have the authority to direct the grantee, resulting in the need to demolish the new structure.

Regarding each grant's financial performance, OHG had not provided the following: a complete listing of grant expenditures, sufficient answers to numerous OIG inquiries regarding the use of funds, and an accurate reconciliation of its accounting records. OIG identified $502,890 in unallowable and unsupported costs, including a loan to an employee and costs incurred prior to the period of performance. OHG had more than $1.2 million in funds on hand, which was in excess of its current needs. Finally, OHG misrepresented its financial position on quarterly reports submitted to the Department.

Because OHG could not account for Federal funds or accurately report expenditures to OIG or the Department, OIG recommended that both grants be terminated immediately and that OHG be required to demolish the incorrectly located MOC. The report also made recommendations pertaining to the disposition of the funds described, including deobligating the remaining balance of $5,092,874 so those funds could be put to better use.
OIG also noted that the Department had no policies or procedures for awarding or overseeing construction grants, which resulted in ineffective construction grant agreements. Therefore, OIG recommended that the Department no longer issue construction grants until it develops guidance regarding the use of Federal assistance funds for overseas construction, including the use of appropriate procurement vehicles, such as contracts.

Management Assistance Report—Direct Payment of Official Residence Expenses Staff Salaries (ISP-I-14-08, 4/2014)

OIG identified a practice, prohibited by Department regulations, that subjects the U.S. Government to liability for nongovernment employees. During four inspections in fall 2013, OIG found that Official Residence Expenses (ORE) staffs were paid directly by the Department rather than the principal representative (the chief of mission, deputy chief of mission, or principal officer). In accordance with Volume 3, Section 3257 of the Foreign Affairs Manual, "Permanent and part-time staff employed under ORE are employees of the principal representative, not of the U.S. Government. Thus, the principal representative (or household manager) will disburse the pay to these employees." OIG recommended that the Department publish a directive prohibiting the direct payment by cashiers and by electronic funds transfer to ORE staff and clarify regulations with periodic reminders.

Management Alert: Contract File Management Deficiencies (MA-A-0002, 3/2014)

As a result of collaborative efforts between the Offices of Audits, Inspections, and Investigations, OIG issued a management alert that identified more than $6 billion in Department contracts over a 6-year period for which contract files were incomplete or could not be located. OIG determined that this failure to adequately maintain contract files created significant financial risk and demonstrated a lack of internal control over the Department's contracting actions. OIG recommended that the Department's Bureau of Administration, Office of the Procurement Executive, develop and implement a process to randomly sample and verify the completeness of contract files and provide results of its reviews of this new process to pertinent Department officials. OIG also recommended that the Under Secretary for Management ensure that contracting officers, support personnel, and specialists who conduct oversight visits have sufficient resources to maintain contract files in accordance with relevant regulations and policies. The Department agreed to the recommendations.

Management Alert: OIG Findings of Significant and Recurring Weaknesses in the Department of State Information System Security Program (MA-A-0001, 11/2013)

OIG issued this management alert in November 2013 to elevate to the Department's Management Control Steering Committee the significant and recurring weaknesses reported by OIG in its last three annual reports (FY 2011–FY 2013) on the Department's compliance with the Federal Information Security Management Act (FISMA). Because these recurring weaknesses continue to put at significant risk the integrity of the Department's overall information-security program, OIG has designated the collective weaknesses as a significant deficiency, requiring immediate corrective action, as defined by Office of Management and Budget. Pursuant to the Federal Managers Financial Integrity Act (FMFIA), OIG recommended that the Department externally report the deficiency as a material weakness and include the finding in the Department's FMFIA annual statement of assurance. OIG also recommended that the Bureau of Information Resource Management develop a comprehensive corrective action plan, including independent penetration testing to further evaluate the program and outline a range of technical and procedural countermeasures to reduce risk. The Department concurred in part. During its FY 2014 FISMA audit, OIG will be conducting penetration testing of the Department's IT enterprise systems.