

SEMIANNUAL REPORT TO THE CONGRESS

April 1, 2017, to September 30, 2017



OIG Office of Inspector General
U.S. Department of State • Broadcasting Board of Governors



OUR VISION

To be a world-class organization and a catalyst for effective management, accountability, and positive change in the Department, the Broadcasting Board of Governors, and the foreign affairs community.

OUR MISSION

To conduct independent audits, inspections, evaluations, and investigations to promote economy and efficiency and to prevent and detect waste, fraud, abuse, and mismanagement in the programs and operations of the Department and the Broadcasting Board of Governors.

OUR VALUES

Integrity

We remain independent, striving to maintain the highest level of trust, integrity, and professionalism. Our work is fact-based, objective, and supported by sufficient, appropriate evidence in accordance with professional standards.

Teamwork

Our success depends on working together and fostering an inclusive and mutually supportive environment. Our work environment encourages collaboration, innovation, flexibility, and integration of OIG resources.

Accountability

We accept responsibility for our work products and services, upholding the highest professional standards by evaluating and measuring our results against stated performance measures and targets. We strive to ensure that our work is relevant, credible, and timely.

Communication

We clarify expectations up front and communicate openly, honestly, and accurately with our associates and our stakeholders. We look for ways to improve ourselves and our work products by seeking, giving, and using both praise and constructive feedback.

Respect

We promote diversity and equal opportunity throughout the organization. We value and respect the views of others.

OIG Summary of Performance, 4/1/2017–9/30/2017

	Issued during the reporting period	Management decision during the reporting period
Questioned Costs	\$56,098,816	\$17,063,228
Funds To Be Put to Better Use	\$715,253,501	\$392,184,627
Investigative Monetary Results	\$15,537,975	N/A
Total	\$786,890,292	\$409,247,855

Additional monetary benefits achieved as the result of prior OIG recommendations \$96,829,574

Investigative Activities

Cases Opened	36
Cases Closed	32
Criminal Actions (arrests, indictments, convictions)	26
Civil Actions	2
Administrative Actions	32
Hotline Complaints Received	1,111

Reports

Office of Audits	29
Office of Evaluations and Special Projects	2 ^a
Office of Inspections	48
Office of Investigations	2
Overseas Contingency Operations Oversight	5 ^b
Total	86

^a One jointly issued with Department of Justice OIG

^b All jointly issued with Department of Defense OIG and U.S. Agency for International Development OIG



MESSAGE FROM THE INSPECTOR GENERAL



Steve A. Linick

I am pleased to present this *Semiannual Report to the Congress*, covering the oversight activities of the Office of Inspector General (OIG) for the Department of State (Department) and the Broadcasting Board of Governors (BBG) from April 1, 2017, to September 30, 2017.

OIG is responsible for the oversight of approximately \$70 billion in Department and BBG programs and operations. During this reporting period, we issued 86 reports, many with recommendations to improve the programs and operations of the Department and BBG. We also identified \$771.4 million in questioned costs and funds to be put to better use. Our investigative activity led to an additional \$15.5 million in monetary benefits and 24 debarments. Much of OIG's most important work, however, focused on issues that cannot be

quantified financially—the physical safety of people and facilities, the conduct of Department employees, and matters involving national security.

Top Management and Performance Challenges

As always, much of our work addressed the top management and performance challenges facing the Department and BBG. For the Department, these challenges consist of protection of people and facilities; oversight of contracts, grants, and foreign assistance; information security and management; financial and property management; operating in contingency and critical environments; workforce management; and promoting accountability through internal coordination and clear lines of authority. For BBG, these challenges consist of information security and management, financial and property management, and grants management. For more detail on the challenges we identified most recently as part of our annual reporting requirement, I direct you to our public website, where we post these statements.

Highlights of Oversight Work

Although we summarize all of our public reports in this *Semiannual Report to the Congress*, I have included below some of our most notable work from this reporting period. These reports and investigations illustrate the range of issues that fall within our responsibility as well as the extent to which all OIG offices contribute to effective oversight.

Financial Management Audits: In our [Audit of Select Cost-of-Living Allowances for American Employees Stationed in Foreign Areas](#), we reported serious deficiencies in the Department's processes that set certain cost-of-living allowances for Department employees who are stationed in foreign areas. Our report described a laborious, subjective, and outdated process for gathering data that led to substantive errors in the allowances themselves. We recommended that the Department use independent economic data instead of collecting

this information on its own; our report estimated that the Department would have saved approximately \$18.2 million between FY 2013 and FY 2015 for 6 of 7 posts audited. Additionally, in our *Audit of the Bureau of Consular Affairs Fee-Setting Methodology for Selected Consular Services*, we reported significant flaws in the processes the Bureau of Consular Affairs used to set fees for certain consular services. The bureau collected consular fees of \$3.7 billion during FY 2014 and \$4.1 billion during FY 2015, but the cost of providing the relevant services was only \$3.3 billion each year. The report explained that the price of one fee was not adjusted even though the cost of providing the service had decreased. Although charging more than was supported by the methodology used to determine the fees offset some lost appropriated funding for the bureau, the Bureau of Consular Affairs did not have the legal authority to take this approach. Instead, it was required to set fees at the cost of providing the underlying services. More generally, the bureau's fee-setting methodology did not rely on adequate data and did not fully consider the effects of large carryforward balances. We recommended that the Department return \$284 million in excess unobligated balances from consular fees to the Department of the Treasury.

Tracking Foreign Assistance: Our work during this period continued to emphasize the importance of accurate tracking and reporting of foreign assistance funds. In particular, in our report titled *Compliance Follow-up Review: Department of State is Still Unable to Accurately Track and Report on Foreign Assistance Funds*, we explained that the Department does not adequately track and report on foreign assistance funds even though OIG issued a recommendation on this issue several years ago. This lack of data hinders the Department's ability to manage foreign assistance resources strategically, identify whether programs are achieving objectives, and determine how well bureaus and offices implement foreign assistance programs.

Inspections of Key Posts and Bureaus: This reporting period, we inspected key posts and bureaus, including the Bureau of Near Eastern Affairs, which is responsible for a complicated and strategically important geographic region in the Middle East and North Africa. In our *Inspection of the Bureau of Near Eastern Affairs*, we noted the significant pressures the bureau faces, including ongoing crises within its region; staffing problems associated with excessive workloads, curtailments, and limited bidders for its positions; and coordination difficulties resulting from the involvement of multiple Government agencies in the region. The report discussed the ways in which the bureau worked across "complex lines of authority" to address a range of crises in its area of operations and noted that it complied with Department guidance requiring it to serve "as the single focus of responsibility for leadership and coordination" of Government activities in its area of assignment. We also identified areas for improvement and noted, for example, that the bureau had not prepared an FY 2015 or FY 2016 operational plan for Syria assistance that outlined foreign assistance funding, program goals, and implementing mechanisms. We noted that development of an operational plan was especially important with respect to Syria because three entities—the U.S. Agency for International Development; the Bureau of Democracy, Human Rights, and Labor; and the Bureau of Near Eastern Affairs—fund programs with similar objectives, which

increases the risk of program duplication, overlap, and fragmentation. Furthermore, without an operational plan to identify strategic priorities, performance metrics, and expected outcomes, the bureau's Syria programs were at elevated risk of failing to meet key goals and objectives.

Security Clearance Process: In our *Evaluation of the Department of State's Security Clearance Process*, we focused on the efforts the Department has taken to meet requirements related to timeliness and cost-effectiveness in the security clearance process. We noted a number of data-tracking deficiencies with the Department's process. Our review also uncovered errors in the processing times that the Department reports for its initial and reciprocal security clearances. Consequently, it was impossible for us to determine the actual amount of time it takes to process clearances at the Department. We also found that, although the Department conducts extensive security clearance work for other agencies, it does not have accurate information regarding the costs of that work, which means that it cannot accurately bill other agencies for overseas investigatory work.

Cybersecurity Practices: In two management assistance reports issued this reporting period, we sought to draw attention to widespread deficiencies in cybersecurity practices at the Department. First, in *Management Assistance Report: Non-Performance of Information Systems Security Officer Duties by Overseas Personnel*, we reported that 33 percent of OIG overseas inspection reports from fall FY 2014 to spring FY 2016 included findings that information systems security officer (ISSO) duties were being neglected in whole or in part. This is significant because ISSOs are responsible for implementing the Department's information systems security program and for working closely with system managers on compliance with the Department's information systems security standards. In *Management Assistance Report: Deficiencies Reported in Cyber Security Assessment Reports Remain Uncorrected*, OIG found 23 instances, spanning from February 2014 to March 2017, in which the Bureau of Diplomatic Security performed a cybersecurity assessment before an OIG inspection of a post. In 18 of those instances, the later OIG inspection resulted in recommendations reflecting the same or similar discrepancies. We recommended that the Department take advantage of its own processes to protect its information security by requiring implementation of cybersecurity assessment recommendations and establishing a process to track and verify compliance. Finally, in our *Audit of the Department of State's Information Technology Configuration Control Board*, we reported that the Department did not authorize or test IT change requests in compliance with Federal requirements and its own policy. As a result of unauthorized and untested change requests, the Department's network, applications, and software are put at risk.

Safety and Security of Department Facilities: A number of our reports this year addressed issues relating to the facilities in which Department personnel live and work. A particularly significant example is the *Management Assistance Report: Building Deficiencies Identified at U.S. Embassy Kabul, Afghanistan Need Prompt Attention*. In the course of an audit of the Bureau of Overseas Buildings Operations construction and commissioning process of two new buildings at Embassy Kabul, Afghanistan, OIG released this management assistance report to draw prompt attention to a number of physical deficiencies in the buildings. Our audit team

found that poor quality assurance and oversight of the construction process led to myriad instances of failure to adhere to standards, including plumbing, electrical, and fire safety standards. To mitigate the security and financial implications for the Department, we issued 19 recommendations.

Investigative Activity: OIG conducted several significant investigations during this reporting period involving a wide range of criminal, civil, and administrative allegations. For example, as a result of a joint investigation with Department of Homeland Security Investigations, the owner of a staffing agency and co-conspirators were sentenced for their roles in a large, nationwide fraud scheme designed to unlawfully profit from Department exchange visitor programs. In addition, a Department contractor agreed to pay \$5 million in a False Claims Act settlement to resolve allegations that it did not comply with its contractual obligations while supporting operations in Afghanistan. Last, a Department employee was suspended, and the employee's security clearance was placed on probation after OIG special agents determined that the employee misused an official Government travel card.

Recent OIG Initiatives

I would also like to highlight two initiatives undertaken during this reporting period.

First, we have increased our efforts to make information related to semiannual reporting requirements more readily available on our public website. For example, during this reporting period, we began to post summaries of our reports in one searchable document that is updated as new reports are released. We also began posting updated tables describing open recommendations and monetary benefits. Our aim is to provide this and additional information more frequently than we publish our semiannual reports.

In addition, OIG initiated an enterprise risk management pilot program. Through this pilot program, OIG will identify and examine specific internal risks that affect the organization overall and will plan and execute strategies to mitigate these risks. The program will also help OIG analyze and make recommendations to address internal enterprise risk management on a permanent basis.

OIG's accomplishments reflected in this *Semiannual Report to the Congress* are a credit to the talented and committed staff that I have the privilege to lead.



Steve A. Linick
Inspector General
September 30, 2017

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1. OVERSIGHT STRATEGY

The primary mission of the Office of Inspector General (OIG) for the Department of State (Department) and the Broadcasting Board of Governors (BBG) is to conduct independent audits, evaluations, inspections, and investigations to promote economy and efficiency and to prevent and detect fraud, waste, abuse, and mismanagement in the programs and operations of the Department and BBG.

OIG’s mandate is broad and comprehensive, involving oversight of the full scope of Department and BBG programs and operations, as well as the U.S. Sections of the International Boundary and Water Commission, United States and Mexico, and of the International Joint Commission, United States and Canada. OIG is responsible for overseeing approximately \$70 billion in Department, BBG, and foreign assistance resources.

In addition to its agency-specific responsibilities, OIG’s mandate expanded further in

August 2014, when Congress amended the Inspector General Act to provide for coordinated interagency oversight of overseas contingency operations (OCOs), including the designation of a Lead Inspector General for each OCO. Currently, Inspector General Linick is the Associate Inspector General for two OCOs: Operation Inherent Resolve, to degrade and defeat the Islamic State of Iraq and Syria (ISIS), and Operation Freedom’s Sentinel, to train, advise, and assist Afghan security forces and defeat the remnants of al-Qaeda in Afghanistan.

Figure 1.1
OIG Office Locations



To meet these and other statutory mandates, OIG maintains offices in Afghanistan, Iraq, and Germany. Offices in these locations help OIG oversee high-cost, high-risk Department programs and operations, and the Office of Audits' Middle East Region Operations Directorate and the Office of Investigations dedicate on-the-ground resources, expertise, and oversight. (During this reporting period, in an effort to consolidate and economize, OIG closed its office in Islamabad and re-assigned those staff members, as well as some staff in Kabul and Baghdad, to OIG's regional office in Germany.) Domestically, in addition to its Washington, D.C., headquarters, OIG has strategically co-located investigative staff with the Department's Global Financial Services

Center and Human Resource Shared Services staff in Charleston, South Carolina. Figure 1.1 shows the locations of OIG's offices.

OIG's FY 2016–2018 Strategic Plan affirms its commitment to providing quality oversight to the agencies it serves and informing the Office of Management and Budget (OMB), Congress, the public, and other stakeholders how OIG safeguards taxpayer resources. The plan also emphasizes OIG's continuing obligation to improve its own operations and ensure that its workforce is, and continues to be, highly motivated and well trained to carry out its responsibilities. The following strategic goals and objectives provide the framework that guides OIG's work and activities for FYs 2016–2018:



GOAL 1
Promote Positive Change

Strengthen the ability of Department and BBG to effectively and efficiently advance U.S. foreign policy goals and protect U.S. citizens and interests abroad

OBJECTIVE

- 1.1 Enhance the Department's ability to protect its overseas employees, facilities, and information
- 1.2 Promote effectiveness and efficiency in foreign assistance programs
- 1.3 Strengthen management of the U.S. diplomatic presence
- 1.4 Communicate OIG findings and recommendations to Department and BBG leadership, OMB, and the Congress



GOAL 2
Foster Increased Accountability and Integrity

Increase accountability in Department and BBG personnel, programs, and operations

OBJECTIVE

- 2.1 Investigate allegations of criminal activity and employee misconduct
- 2.2 Enhance investigative capabilities and analytical mechanisms
- 2.3 Engage stakeholders to increase awareness of OIG programs and operations, solicit input, and build relationships



GOAL 3
Address Core Challenges

Assist the Department and BBG to identify and address systemic challenges

OBJECTIVE

- 3.1 Improve integrity in financial, leadership, management, and support systems and identify systemic weaknesses
- 3.2 Assess Department and BBG risk management and target oversight to areas of greatest risk and impact
- 3.3 Identify and report on major vulnerabilities and emerging issues



GOAL 4
Harness Outstanding Talent, Leadership, and Effective Operations

Develop a collaborative and talented staff, ensure clear direction from leadership, effectively manage resources, and deliver quality products and services

OBJECTIVE

- 4.1 Attract, develop, and maintain a highly qualified, motivated, results-oriented, and diverse workforce
- 4.2 Support and strengthen the independence and security of OIG information systems and physical infrastructure
- 4.3 Maintain excellent management controls and communication, improve financial management, and balance workload and oversight needs
- 4.4 Effectively communicate OIG goals and priorities and encourage collaboration across the organization

2. COMMUNICATIONS AND OUTREACH

OIG communicates its global mission to Congress, Department and BBG employees and contractors, peers in the oversight community, and the public in a variety of ways.

Communication With Congress

OIG regularly interacts with Members of Congress and their staffs by testifying at hearings, responding to congressional requests for information, and providing briefings to congressional staff on OIG work.

Hotline Complaints

During this reporting period, the OIG Hotline continued to serve as a vehicle through which Department and BBG employees and contractors, as well as members of the public, reported suspected fraud, waste, abuse, and mismanagement in Department and BBG programs and operations. OIG received hotline complaints via the OIG website, mail, and telephone. For a summary of OIG Hotline

complaints received during this 6-month period, see Table 2.1.

Figure 2.1 highlights the OIG Hotline’s global reach. A little over half of the total number of complaints (557) received this reporting period concerned possible criminal, civil, and administrative violations occurring in other countries. The remainder of the complaints dealt with alleged violations in the United States.

Table 2.1
OIG Hotline Complaints,
4/1/2017–9/30/2017

Referred to Other Offices for Action	588
Held for Action Within OIG	136
No Action Required	387
Total Complaints Received	1,111

Figure 2.1
Hotline Complaints Processed by Country, 4/1/2017–9/30/2017



Table 2.2
Whistleblower Investigations Under the National Defense Authorization Act

	Reporting Period 4/1/2017–9/30/2017	Since Enactment
Complaints received and reviewed	13	59
Investigations opened	12	-
Investigations completed	3	13

Whistleblower Protection Ombudsman Activities

The whistleblower protection ombudsman, a senior attorney in OIG’s Office of Evaluations and Special Projects, educates Department and BBG employees, as well as contractor and grantee employees, on the rights and protections available to whistleblowers. As required by the National Defense Authorization Act for Fiscal Year 2013 (41 U.S.C. § 4712), the ombudsman oversees investigations of allegations of retaliation filed by employees of contractors, subcontractors, grantees, and subgrantees, as well as personal services contractors. Activities of the OIG whistleblower protection ombudsman are detailed in Table 2.2. Additionally, the ombudsman investigates complaints under Presidential Policy Directive 19, which prohibits whistleblower retaliation in the form of actions that affect an employee’s eligibility for access to classified information.

During this reporting period, OIG’s whistleblower protection ombudsman completed three reports under 41 U.S.C. § 4712, one of which substantiated allegations of whistleblower retaliation.

Department of State

OIG substantiated one instance of whistleblower retaliation by a Department contractor after investigating this allegation as required by 41 U.S.C. § 4712. OIG reported its findings to the Department and provided copies to the contractor and the complainant. Pursuant to statute, the Department is responsible for making a determination as to whether to grant or deny relief. According to the Department, it is still reviewing OIG’s findings.

Broadcasting Board of Governors

OIG did not substantiate any allegations of whistleblower retaliation related to BBG contractors or grantees.

3. OVERSEAS CONTINGENCY OPERATIONS

OIG has both oversight and reporting responsibilities for overseas contingency operations under Section 8L of the Inspector General Act of 1978. Section 8L is triggered when the Department of Defense declares that a military operation constitutes an OCO or when an operation results in troops being called to or retained on active duty.

When an OCO is declared, Section 8L activates a “Lead Inspector General” mechanism that requires concerted action by the three OIGs of the Department of State, Department of Defense, and the U.S. Agency for International Development, with one of them designated as the Lead Inspector General.

In FY 2015, the Lead Inspector General mechanism went into effect for two OCOs: Operation Inherent Resolve, the U.S. counter-ISIS effort, and Operation Freedom’s Sentinel, the U.S. effort to develop Afghanistan’s security forces and to fight terrorism in that country. During this reporting period, OIG fulfilled its

oversight and reporting obligations for these ongoing OCOs.

OIG aligns its oversight responsibilities with the defined mission objectives of each OCO and focuses on the programs and processes that support the achievement of those objectives. In addition to the audit, inspection, and investigative efforts related to the ongoing OCOs, OIG worked with its Lead Inspector General counterpart agencies to publish four quarterly reports to Congress on the ongoing OCOs. For a list of OIG activities in support of the Lead Inspector General-OCO mandate during the reporting period, see Table 3.1 below.

Table 3.1
OIG Oversight Activities in Support of the Lead Inspector General-OCO Mandate, 4/1/2017–9/30/2017

Completed Projects	
<i>Management Assistance Report: Safety Infractions in the Embassy Amman Motor Pool Area Require Immediate Attention</i> (AUD-MERO-17-59) ^a	9/13/2017
<i>Audit of the Conventional Weapons Destruction Program in Afghanistan, Iraq, and Lebanon</i> (AUD-MERO-17-49)	8/1/2017
<i>Audit of the Process To Approve, Disburse, and Report Rewards for Justice Payments</i> (AUD-SI-17-48)	7/28/2017

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Completed Projects (continued)	
<i>Management Assistance Report: Additional Measures Needed at Embassy Amman to Safeguard Against Residential Fuel Loss (AUD-MERO 17-50)</i>	7/27/2017
<i>Compliance Follow-Up Audit of Bureau of International Narcotics and Law Enforcement Affairs Programs in Pakistan (AUD-MERO-17-46)</i>	7/24/2017
<i>Audit of the Bureau of South and Central Asian Affairs Invoice Review Process for the Afghanistan Life Support Services Contract (AUD-MERO-17-47)</i>	6/30/2017
<i>Management Assistance Report: Building Deficiencies Identified at U.S. Embassy Kabul, Afghanistan Need Prompt Attention (AUD-MERO-17-44)</i>	6/27/2017
<i>Audit of Department of State Grants and Cooperative Agreements Awarded to Kennesaw State University (AUD-SI-17-43)</i>	6/22/2017
<i>Audit of Baghdad Diplomatic Support Center Task Orders Awarded Under Operations and Maintenance Support Services Contract SAQMMA12D0165 (AUD-MERO-17-45)</i>	6/5/2017
<i>Management Assistance Report: Challenges Remain in Monitoring and Overseeing Antiterrorism Assistance Program Activities in Pakistan (AUD-MERO-17-37)</i>	5/31/2017
<i>Audit of the Department of State's Contract To Monitor Foreign Assistance Programs in Iraq (AUD-MERO-17-41)</i>	5/23/2017
<i>Audit of Department of State Efforts to Screen Non-Immigrant Visa Applicants for Ties to Terrorism (AUD-SI-17-36)^a</i>	4/6/2017
<i>Inspection of the Bureau of Near Eastern Affairs (ISP-I-17-22)</i>	5/23/2017
Joint Completed Projects	
<i>FY 2018 Comprehensive Oversight Plan for Overseas Contingency Operations</i>	9/2017
<i>Lead Inspector General for Operation Freedom's Sentinel: Quarterly Report to the United States Congress, April 1–June 30, 2017</i>	8/2017
<i>Lead Inspector General for Operation Inherent Resolve: Quarterly Report to the United States Congress, April 1–June 30, 2017</i>	8/2017
<i>Lead Inspector General for Operation Freedom's Sentinel: Quarterly Report to the United States Congress, January 1–March 31, 2017</i>	5/2017
<i>Lead Inspector General for Operation Inherent Resolve: Quarterly Report to the United States Congress, January 1–March 31, 2017</i>	5/2017

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Ongoing/Planned
Audit of Afghanistan Life Support Services Contract Planning and Solicitation Award Process
Audit of Construction of the New Embassy Compound - Islamabad
Audit of Embassy Kabul Construction and Commissioning
Capping Report Related to Audits of Bureaus' Invoice Reviews
Audit of the Invoice Review Process for Overseas Contingency Operations (OCO) Contracts – Bureau of International Narcotics and Law Enforcement Affairs.
Audit of the Administration and Oversight of Grants within the Office to Monitor and Combat Trafficking in Persons (J/TIP)
Audit of the Antiterrorism Assistance Program in Countries Under the Department of State Bureaus of Near Eastern Affairs and South and Central Asian Affairs
Audit of the Bureau of International Narcotics and Law Enforcement Affairs Aviation Program
Follow-up Review of Explosive Detection Dogs in Afghanistan
Audit of Jordan Fuel Acquisition and Distribution
Audit of Assistance to Afghanistan Refugees in Pakistan
Audit of Selected Contract and Grants within the Bureau of European and Eurasian Affairs
Audit of New Consulate Construction - Erbil, Iraq
Audit of Assistance to Internally Displaced Persons in Iraq
Audit of Baghdad Life Support Services (BLISS) Operational/Cost Controls for Food Services
Audit of Baghdad Life Support Services (BLISS) Food Safety
Audit of Turkey Fuel Acquisition and Distribution
Audit of Overseas Refugee Processing for Applicants to the U.S. Refugee Admissions Program
Audit of the Aviation Working Capital Fund Cost Center
Audit of Selection and Management of Contracting Officer's Representatives in Afghanistan
Audit of Selection and Management of Contracting Officer's Representatives in Iraq
Follow-up Review of Oversight of Assistance Provided in Syria
Audit of Grants and Cooperative Agreements to Counter Violent Extremism in the Middle East
Audit of Iraq's Post-Conflict Development and Sustainment
Audit of Embassy Baghdad Power Plant Construction Cost Increases
Audit of Logistics and Freight Forwarding Operations provided by Pacific Architects and Engineers, Inc., in Iraq

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Ongoing/Planned (continued)
Audit of Worldwide Protective Services Task Orders for Iraq and South Sudan
Audit of the Office of Overseas Buildings Operations Construction and Commissioning of the Staff Diplomatic Apartment 2 and Staff Diplomatic Apartment 3 in Kabul, Afghanistan
Follow-up Review of Construction and Commissioning of Embassy Kabul Facilities (New Office Annex and Diplomatic Apartment-1)
Audit of Embassy Kabul Physical Security Features
Audit of Diplomatic Security's Invoice Review Process - Middle East
Audit of the Armored Vehicle Procurement Process
Audit of Property Accountability at the Baghdad Diplomatic Support Center (BDSC) in Iraq
Inspection of the Bureau of Democracy, Human Rights, and Labor
Inspection of the Bureau of South and Central Asian Affairs
Inspection of Department of State Governance and Stabilization Programs in Iraq and Syria Funded Under the Further Continuing and Security Assistance Appropriations Act, 2017
^a Report is Sensitive But Unclassified or classified and, therefore, included in the <i>Classified Annex to the Semiannual Report to the Congress</i> .

4. OIG ACCOUNTABILITY AND INDEPENDENCE

OIG has disclosed all unclassified audits, evaluations, and inspections issued from April 1, 2017, through September 30, 2017. Some reports are not publicly available, but OIG identifies on its website the titles of such reports unless the titles themselves are classified or Sensitive But Unclassified.

The *Classified Annex to the Semiannual Report to the Congress* contains information regarding reports that are not publicly available. In addition, OIG provides all Sensitive But Unclassified and classified reports to appropriate committees in Congress and to other authorized individuals upon request.

OIG did not encounter any attempts to interfere with Inspector General independence—

whether through budgetary constraints designed to limit its capabilities or otherwise—for the reporting period from April 1, 2017, through September 30, 2017.

During this reporting period, OIG identified no incidents in which the Department or BBG resisted or objected to oversight activities or restricted or significantly delayed access to information.

5. CONSOLIDATED FINANCIAL IMPACT OF OIG WORK

OIG returns significant value to U.S. taxpayers through its audits, evaluations, inspections, and investigations. For the reporting period, OIG issued 86 reports and identified \$771.4 million in potential monetary benefits to the Department.

Additionally, OIG's criminal, civil, and administrative investigations resulted in more than \$15.5 million in recoveries and other monetary results this reporting period.

From April 1, 2017, to September 30, 2017, the Department made management decisions on approximately \$409.2 million in potential monetary benefits identified by OIG during the current and prior reporting periods. BBG did not make management decisions on any

recommendations involving monetary benefits this reporting period. At the close of the reporting period, the Department and BBG had not yet taken action on OIG recommendations totaling \$513.3 million. This is an increase of approximately \$362.1 million from the approximately \$151.2 million in questioned costs and funds to be put to better use pending management decision at the beginning of the reporting period.

OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

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6. OFFICE OF AUDITS

The Office of Audits supports the Department in improving management; strengthening integrity and accountability; and ensuring the most efficient, effective, and economical use of resources.

Audit work focuses on areas of concern such as physical security at overseas posts; financial management and IT security and management; contracts, acquisition, and grants management; human capital and administrative issues; and high-risk programs and operations in the frontline states of Afghanistan, Iraq, and Pakistan. From April 1, 2017, to September 30, 2017, the Office of Audits issued 28 reports on Department programs and operations, 19 of which were unclassified.

The *Classified Annex to the Semiannual Report to the Congress* includes the Sensitive But Unclassified and classified reports the Office of Audits issued during this reporting period.

Audit Compliance and Follow-up

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

OIG issued this management assistance report 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 three 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. After issuing a draft of this report, OIG received documentation from the three 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 six recommendations resolved, pending further action. With respect to the two recommendations made to the Office of the Under Secretary for Management in this report, OIG considers one closed and one open.

Contracts, Grants, and Infrastructure

Audit of Invoices Submitted by Torres Advanced Enterprise Solutions, LLC, for Select Local Guard Force Contracts
(AUD-CGI-17-63, 9/2017)

OIG conducted this audit to determine whether the Department approved invoices that contained unsupported or unallowable costs submitted by Torres Advanced Enterprise Solutions, LLC (Torres), for select local guard force contracts. OIG identified instances in which the Contracting Officer's Representatives (CORs) approved invoices submitted by Torres that contained unsupported or unallowable costs. Specifically, OIG found that 30 of 35 invoices reviewed contained unsupported or unallowable costs.

Although OIG generally concluded that invoices were accurate and were being

reviewed appropriately, OIG found areas for improvement. For example, some posts did not maintain sufficient contract oversight documentation prior to 2015. However, each post has since implemented centralized, electronic methods to document COR oversight. Further, the CORs were not always aware of contract requirements, and they did not always complete required invoice review procedures.

As a result, OIG identified \$118,495 in questioned costs related to the four local guard force contracts audited. OIG made seven recommendations intended to address the deficiencies and questioned costs identified in this report.

Audit of the Bureau of Consular Affairs Fee-Setting Methodology for Selected Consular Services
(AUD-FM-17-53, 9/2017)

Acting on behalf of and under the direction of OIG, an independent external auditor conducted this audit to determine whether the Bureau of Consular Affairs (CA) complied with cost recovery requirements of OMB Circular A-25. The auditor found that CA collected \$3.7 billion in revenue from consular fees in FY 2014 and \$4.1 billion in FY 2015; however, the cost for providing services was \$3.3 billion each year. Because it recovered more than the full cost of providing services, CA did not fully comply with Circular A-25 or fee-governing statutes. One reason CA collected revenue in excess of costs during this period was that one class of the Machine Readable Visa fee had not been adjusted since April 2012, even though the unit price to provide this service had decreased by \$20. CA does not have legal authority to charge more than the estimated cost for providing each specific consular

service. As a result, CA charged visitors from other countries more than necessary to cover the costs of services rendered. Moreover, to the extent CA expended funds collected in excess of cost, it may have violated the Anti-deficiency Act and appropriations law.

Another reason that revenues exceeded costs for selected consular services was CA's flawed fee-setting methodology. Although the auditor was unable to determine what amount of revenue collected in excess of costs was attributable to the flawed methodology, at the beginning of FY 2017 the unobligated balance from consular fees was almost \$1.4 billion. Annually, CA intends to carry 25 percent of its expenses in unobligated balances forward; however, the FY 2017 beginning balance was 31.4 percent, or \$284 million more than CA anticipated needing. OIG made 11 recommendations to correct the deficiencies identified, including a recommendation for CA to remit the \$284 million to the Department of the Treasury to be put to better use across the Federal Government.

Audit of Select Cost-of-Living Allowances for American Employees Stationed in Foreign Areas
(AUD-FM-17-51, 8/2017)

OIG conducted this audit to determine whether the Department established appropriate post allowance, education allowance, and separate maintenance allowance rates for American employees stationed overseas and whether the Department appropriately paid employees for education allowances in accordance with Federal regulations and Department policies.

OIG found that the Bureau of Administration, Deputy Assistant Secretary for Operations,

Office of Allowances (A/OPR/ALS) did not establish appropriate post allowance rates for the seven posts audited. Appropriate rates have not been effectuated for two primary reasons. First, the methodology currently used to calculate post allowance rates is flawed. Second, A/OPR/ALS does not have sufficient policies and procedures to guide the process for setting all rates. OIG estimates that had A/OPR/ALS used available independent cost-of-living economic data to determine rates rather than the methodology it employed, the Department would have saved approximately \$18.2 million between FY 2013 and FY 2015 for six of the seven posts audited. In addition, OIG found that A/OPR/ALS had not maintained a listing of adequate schools on which to base the education allowance rates. OIG also found that A/OPR/ALS had not reviewed and updated the separate maintenance allowance rates annually as required, which OIG estimates would have saved the Department \$1.7 million. OIG could not determine if two of three posts where OIG conducted audit fieldwork had appropriately paid employees for education allowances because of insufficient documentation and inconsistencies in the approach used to track education allowance payments. Furthermore, OIG identified shortcomings with the Department's oversight of a task order for an IT application used by A/OPR/ALS to determine post allowance rates.

OIG made 16 recommendations that are intended to improve post allowance, education allowance, and separate maintenance allowance rate determination methodologies, internal controls, and processes.

Audit of Department of State FY 2016 Compliance With Improper Payments Requirements
(AUD-FM-17-42, 5/2017)

In accordance with the Improper Payments Information Act of 2002, as amended, an independent external auditor, acting on behalf of and under the direction of OIG, conducted an audit of the Department's FY 2016 compliance with improper payments requirements. The auditor found that the Department complied with improper payments requirements for FY 2016. The Department performed the required risk assessments using criteria defined by OMB Circular A-123 for all programs meeting minimum thresholds, which was all that was necessary for FY 2016. However, the Bureau of the Comptroller and Global Financial Services process for performing risk assessments did not consider the results of some OIG audit reports. By improving its quality control procedures, the Department may improve its conclusions related to the susceptibility of some programs to improper payments.

The auditor also found that the Department published its FY 2016 Agency Financial Report on its website and that the report included the required improper payments disclosures. Although the Department included all required disclosures, it did not provide some optional information on improper payments identified outside of the payment recapture process. Because much of this information is available, it would be prudent and useful to the users of the FY 2016 Agency Financial Report to include this information.

*Audit of the Bureau of Consular Affairs,
Office of Consular Systems and Technology,
Administration of Selected Information
Technology Contracts
(AUD-CGI-17-38, 5/2017)*

Acting on behalf of and under the direction of OIG, an independent external auditor conducted this audit to determine whether the Bureau of Consular Affairs, Office of Consular Systems and Technology (CA/CST), administered IT contracts in accordance with applicable Federal and Department procurement guidelines. The auditor found that CA/CST did not administer selected IT contracts in accordance with those guidelines. Specifically, the auditor found that COR files did not include all required documents, CORs did not enforce requirements that contractors provide monthly status reports, and CORs did not ensure that key contractor personnel met contractual requirements for qualifications. Furthermore, CA/CST did not enforce requirements for CORs to review invoices from contractors and did not ensure that its policy on approving contract modifications was followed.

The instances of noncompliance with Federal and Department guidelines occurred, in part, because CA/CST did not have sufficient internal policies and procedures related to contract administration. Moreover, CA/CST management and the Contracting Officers did not sufficiently oversee CORs or adequately communicate roles and responsibilities. Because CA/CST did not sufficiently monitor the contracts, the auditor identified approximately \$28.4 million in questioned costs. OIG made nine recommendations intended to address the deficiencies and questioned costs identified in this report.

Information Technology

*Audit of the Department of State's
Information Technology Configuration
Control Board
(AUD-IT-17-64, 9/2017)*

Acting on behalf of and under the direction of OIG, an independent external auditor conducted this audit to determine whether the Department's enterprise-wide Information Technology Configuration Control Board (IT CCB) authorized and tested change requests for the Department's systems in accordance with Federal requirements and Department policies and met its internal deadlines for processing change requests. The audit found that the Department's IT CCB did not authorize or test change requests in compliance with Federal requirements and Department policy. Specifically, the auditor found that change requests were not sufficiently authorized at every stage of the review process, and change requests were not tested as required. The audit also found that the Department was unable to meet its internal deadlines for processing more than half the change requests tested that were submitted through the IT CCB process.

The IT CCB process is deficient because the Bureau of Information Resource Management (IRM) has not implemented sufficient program management to execute the process. In addition, the IT CCB process is not adequately designed to support the review of change requests. Furthermore, the audit found deficiencies with IT CCB policies and procedures, the database used by IT CCB to track change requests, and training. IRM also had not established sufficient monitoring procedures. As a result of unauthorized and untested change requests, the Department's

network, applications, and software are put at risk because of an inconsistently applied and controlled configuration control process. OIG made 17 recommendations to address deficiencies identified during the audit.

Audit of the Department of State's Efforts to Detect and Address the Use of Unapproved Portable Devices
(AUD-IT-17-61, 9/2017)

OIG conducted this audit to determine whether the Department implemented a process to detect the use of unapproved portable devices (such as miniature or external hard drives and thumb drives), as required by Federal and Department requirements, and took action to address instances in which these devices had been used. Department policy prohibits the use of non-Department-owned portable devices on the Department's information systems.

OIG found that the Department had implemented methods to detect the use of unapproved portable devices. For example, IRM uses software that detects the use of unapproved portable devices connected to Department systems based on a list of authorized and excluded devices. However, the methodology should be improved. For example, IRM should keep its list of approved and excluded portable devices current to further protect the network from unapproved portable devices. OIG also found that the Department had taken action to address instances in which unapproved portable devices had been used. However, the process could be enhanced, for example, if IRM would formalize its processes for following up on incidents and documenting the remediation of the incidents and if IRM and the Bureau of Diplomatic Security (DS) would collaborate to clarify their respec-

tive roles and responsibilities to maximize effectiveness. OIG made seven recommendations to IRM, one in coordination with DS, to enhance controls over the identification of unapproved portable devices and to take prompt action when unapproved devices are detected.

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

OIG identified instances in which the Department did not ensure that system authorizations were performed on its information systems as required by law and Department policy. 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 Authorization to Operate (ATO). In addition, 54 percent of the Department's Federal Information Security Management Act (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 of all FISMA reportable assets may be noncompliant with Federal and Department requirements. Further, OIG was unable to determine an accurate source for the tracking of FISMA reportable systems and other Department assets that require an ATO because of the Department's inconsistent inventory of FISMA reportable systems.

OIG made seven recommendations for the Department to improve the system authorization process and the information systems tracking mechanisms.

Middle East Region Operations

Audit of the Conventional Weapons Destruction Program in Afghanistan, Iraq, and Lebanon
(AUD-MERO-17-49, 8/2017)

OIG conducted this audit to determine whether the Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement (PM/WRA), was complying with Federal and Department guidance and its own policies and procedures in overseeing its Conventional Weapons Destruction grants and cooperative agreements in Afghanistan, Iraq, and Lebanon. It also examined whether PM/WRA was collecting information that effectively measured progress toward the grants' objectives.

OIG determined that PM/WRA was not fully complying with Federal and Department guidance and its own policies and procedures for overseeing the grants. Specifically, OIG found that:

- PM/WRA did not prepare risk assessments and monitoring plans for 16 percent of the grants.
- PM/WRA did not conduct annual risk assessment and monitoring plan reviews for 75 percent of the grants for which they were required.
- Monitoring plans lacked a sufficient mitigation strategy for 36 percent of the grants considered high risk.
- PM/WRA did not conduct required reviews for 67 percent of the performance progress reports and 99 percent of the Federal financial reports.

OIG also found that PM/WRA did not develop expected outcomes or target levels

of achievement to effectively measure performance of the Conventional Weapons Destruction programs in Afghanistan, Iraq, and Lebanon. For example, 71 percent of the grants reviewed had at least one objective without an expected performance outcome or target level of achievement.

Management Assistance Report: Additional Measures Needed at Embassy Amman to Safeguard Against Residential Fuel Loss
(AUD-MERO-17-50, 7/2017)

During an audit of fuel acquisition and related services for U.S. Embassy Amman, Jordan, OIG auditors discovered inconsistent fuel use at the residences for Embassy Amman employees. OIG found that the embassy's measures intended to safeguard the residential fuel were ineffective and, as a result, Embassy Amman residences could be susceptible to potential fuel theft or other loss. OIG auditors were easily able to circumvent the safeguards and access the fuel lines. In addition, OIG auditors calculated that, after a delivery, the levels of fuel in the tanks at the residences of Embassy Amman employees tended to be, on average, 3.25 times higher than the fuel levels maintained in the tanks of the non-embassy residents located in the same buildings. The large quantities of fuel maintained by the embassy residents makes them particularly vulnerable to potential fuel theft or other losses.

OIG made recommendations to further safeguard residential fuel from potential loss. The recommendations included the procurement and installation of real-time monitoring devices and reduction of fuel levels in residential fuel tanks.

Compliance Follow-Up Audit of Bureau of International Narcotics and Law Enforcement Affairs Programs in Pakistan (AUD-MERO-17-46, 7/2017)

OIG conducted this compliance follow-up audit to determine the extent to which the Bureau of International Narcotics and Law Enforcement Affairs (INL) implemented the recommendations from OIG's 2014 report, *Audit of the Bureau of International Narcotics and Law Enforcement Affairs Law Enforcement Reform Program in Pakistan (AUD-MERO-15-04, 10/2014)*, and incorporated that report's recommendations into other key programs.

OIG found that INL took actions or provided clarifying information to close seven of the eight recommendations from OIG's 2014 report. The single open recommendation pertained to conducting annual evaluations of the Law Enforcement Reform Program.

However, during this compliance follow-up audit, OIG found that INL lacks formal standard operating policies and procedures for defining partners' needs for specific equipment and assessing requests for equipment, nor had it completed drafting updated project descriptions, goals, objectives, and performance measures. Further, OIG found that INL still maintains significant levels of unliquidated obligations in its Pakistan programs. As a result, \$11.3 million in funds covering three programs were canceled and were not used at the end of FY 2016, and as of the time of this audit, up to \$55.2 million in funds, including \$8.7 million in unsubobligated funds, were at risk of being canceled at the end of FY 2017 if no action was taken.

Audit of the Bureau of South and Central Asian Affairs Invoice Review Process for the Afghanistan Life Support Services Contract (AUD-MERO-17-47, 6/2017)

OIG conducted this audit to determine whether the Bureau of South and Central Asian Affairs (SCA) invoice review policies and procedures, training and staffing, and practices for its Afghanistan Life Support Services (ALiSS) contract are sufficient to support overseas contingency operations in Afghanistan and ensure invoice payments are reviewed in accordance with Federal requirements and SCA guidance.

OIG found that SCA is following Federal requirements, Department guidance, and its own standard operating procedures to process ALiSS invoices that support contingency operations in Afghanistan. OIG also found that SCA's oversight has been effective and has allowed the bureau to identify and resolve performance issues. However, OIG concluded that the reporting format for the food services task order could be improved by specifying and reporting individual performance standards. Further, while SCA currently has enough qualified staff members at Embassy Kabul to oversee the ALiSS contract, SCA has not established invoice review training to prepare less experienced CORs who may be assigned to Embassy Kabul in the future.

OIG recommended SCA improve the clarity of quality assurance reports used to evaluate contractor performance and develop invoice review training for incoming ALiSS CORs to prepare newly assigned staff members for this important oversight role.

Audit of Baghdad Diplomatic Support Center Task Orders Awarded Under Operations and Maintenance Support Services Contract SAQMMA12D0165 (AUD-MERO-17-45, 6/2017)

The Department awarded two task orders to PAE Government Services, Inc. (PAE), under the Operations and Maintenance Support Services contract to provide transition and sustainment services at the Baghdad Diplomatic Support Center. OIG conducted this audit to determine whether the Bureau of Near Eastern Affairs (NEA) approved invoices that contained unsupported or unallowable costs submitted by PAE for these two task orders.

OIG found that NEA approved invoices submitted by PAE that were generally supported and allowable and that the percentage of supported and allowable costs approved for payment by NEA improved over time. For example, 93 percent of the total sampled invoice amounts in 2014 and 2015 were supported and allowable, which increased to 99 percent in 2016.

However, OIG also found that NEA approved 21 invoices that contained \$2.3 million in questioned costs. Of this amount, OIG questioned \$2.2 million in costs that were not adequately supported as required by contract terms. OIG also questioned \$118,000 in costs considered unallowable based on the contract terms, applicable laws, or regulations. OIG estimated that the untested invoices that NEA approved for payment could contain approximately \$2.2 million in additional questioned costs, of which \$2.1 million is unsupported and \$109,000 is unallowable. This brings the total questioned costs identified in this report to \$4.5 million, putting these task orders at increased risk of waste.

Management Assistance Report: Building Deficiencies Identified at U.S. Embassy Kabul, Afghanistan Need Prompt Attention (AUD-MERO-17-44, 6/2017)

OIG is finalizing an audit of the Bureau of Overseas Buildings Operations construction and commissioning process at two new buildings at Embassy Kabul, Afghanistan. Both are part of a major office and residential expansion at the embassy. Working in collaboration with the U.S. Army Corps of Engineers, OIG identified ongoing deficiencies throughout the buildings that, if left uncorrected, will have long-term implications for the effectiveness and efficiency of equipment and systems in both buildings. The deficiencies identified impact plumbing and electrical systems; heating, ventilation, and air-conditioning systems; elevators; and fire-safety systems.

The deficiencies identified occurred, in part, because of weaknesses in Bureau of Overseas Buildings Operations oversight of this multimillion-dollar construction project. Specifically, a lack of quality assurance oversight during key phases of the project contributed to many of the identified deficiencies. Questions remain regarding the extent to which the deficiencies will be fully addressed under the terms of the general contractor's warranty, which expired 1 year after substantial completion and occupancy. The purpose of this report was to prompt action to address the deficiencies identified and to bring attention to weaknesses in the quality assurance process that allowed the deficiencies to go unaddressed during the construction and commissioning process.

Audit of the Department of State's Contract To Monitor Foreign Assistance Programs in Iraq
(AUD-MERO-17-41, 5/2017)

The Department awarded a \$15 million indefinite-delivery, indefinite-quantity contract to All Native, Inc. (ANI), to provide support for overseeing foreign assistance in Iraq, and awarded four task orders, one to support each of the following bureaus: NEA; INL; Democracy, Human Rights, and Labor; and Population, Refugees, and Migration. OIG conducted this audit to determine the extent to which the Department is managing and overseeing the contract and whether the contractor is providing monitoring support in accordance with contract terms and conditions.

OIG found that the CORs approved 68 percent of invoices for payment without documentation that supported the invoice amount. OIG questioned \$3,053,893 in unsupported costs. Additionally, OIG found that the Department did not adequately maintain contract files and that the Department did not promptly realign funds to specific contract line items with depleted balances, which resulted in ANI delaying its invoicing for incurred costs for months.

OIG also found that ANI provided satisfactory monitoring support to the Department bureaus and fulfilled contract requirements. However, OIG found that the monitoring contract could be improved by including objective and measurable criteria for performance, which would help the Department better assess contractor performance.

Management Assistance Report: Challenges Remain in Monitoring and Overseeing Antiterrorism Assistance Program Activities in Pakistan
(AUD-MERO-17-37, 5/2017)

In April 2012, OIG reported that the Bureau of Counterterrorism (CT) and the Bureau of Diplomatic Security, Office of Antiterrorism Assistance (DS/T/ATA), had not developed specific, measurable, and outcome-oriented objectives for the Antiterrorism Assistance (ATA) program in Pakistan, nor had they established a means for evaluating progress against those objectives. OIG conducted this compliance follow-up review to determine whether the two closed recommendations from the 2012 report that apply to the ATA program in Pakistan had improved management and oversight in Pakistan as intended and to assess the implementation status of the open recommendation concerning the establishment of an ATA program monitoring and evaluation system.

During this follow-up review, OIG found improvement in the consultation with the Bureau of Democracy, Human Rights, and Labor, but discovered continual challenges with monitoring and evaluation, contract oversight, and inventory of equipment not in use. The scope and nature of the program had also changed, and less activity was occurring than in the past. Although CT and DS/T/ATA were unsure whether training will continue to be conducted in Pakistan, during FYs 2014–2016 some program activities were being performed and monies were still being expended.

OIG modified and reissued one recommendation regarding developing a monitoring and evaluation system and offered four new recommendations that intended to assist CT and DS/T/ATA in improving management and oversight of ATA program activities in Pakistan.

Security and Intelligence

Audit of the Process To Approve, Disburse, and Report Rewards for Justice Payments (AUD-SI-17-48, 7/2017)

OIG conducted this audit to determine whether the Department approved, disbursed, and accurately reported to Congress Rewards for Justice (RFJ) program reward payments in accordance with Federal requirements and Department guidance. Between FY 2013 and FY 2015 the Department approved and disbursed 19 RFJ reward payments totaling almost \$22.7 million in accordance with Federal requirements and Department guidance. However, DS did not submit required reports to Congress for 13 of the 19 payments (68 percent), and it submitted reports on the other 6 payments after the 30-day requirement for submission had passed. Internal control weaknesses within DS and the Bureau of Legislative Affairs prevented the timely review, clearance, and tracking of these time-sensitive reports to Congress. In addition, interagency partners involved with disbursing the reward payments were often late in providing information needed to complete the reports.

Federal regulations require DS to submit an annual report to Congress on the total amounts expended to operate the RFJ program, but OIG found no evidence that any of these annual reports had ever been prepared and submitted. RFJ program officials believed

that quarterly reports, which the Department also submitted to Congress on the RFJ program activities, fulfilled the annual reporting requirement. The quarterly reports included information on the reward payments and the costs of publicizing the program, but they did not include operating expenditures such as payroll and travel. Consequently, members of Congress were not able to review the total annual operating costs of the program.

OIG made three recommendations for DS to address control weaknesses identified with the RFJ program related to congressional reporting, and DS concurred with all the recommendations.

Audit of Department of State Grants and Cooperative Agreements Awarded to Kennesaw State University (AUD-SI-17-43, 6/2017)

Between FY 2008 and FY 2016, Kennesaw State University managed seven Department grant or cooperative agreement awards valued at approximately \$3.7 million. OIG conducted this audit to determine whether the university expended funds and accurately reported financial information related to the Department awards in accordance with Federal requirements and the awards' terms and conditions.

OIG found that the university did not always expend funds or accurately report financial information related to Department awards in accordance with Federal requirements and the award's terms and conditions. Specifically, OIG identified and questioned approximately \$1.6 million in costs. The questioned costs identified by OIG related to salaries and other direct expense categories. These questioned

costs also included \$862,985 related to conflict-of-interest violations found in four of the seven awards. Furthermore, the university did not always maintain documentation to demonstrate that cost-sharing expenditures were made in accordance with Federal requirements and the terms and conditions of the awards. In addition, indirect costs charged

to the awards need to be recalculated because an incorrect cost rate was used to calculate a portion of the awards. Finally, OIG found that the university did not submit accurate and timely financial reports for six of the seven awards audited. OIG made four recommendations to the Department to address questioned costs.

Ongoing Audit Work

At the close of this reporting period, among other projects, the Office of Audits was performing work related to the Department's purchase card program and aviation program, the management and use of unsupported IT operating systems, the value engineering process related to construction projects, funds maintained by the Working Capital Fund, and the sanitization of IT equipment before disposal.

7. OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

The Office of Evaluations and Special Projects strengthens OIG's oversight of the Department and improves OIG's capabilities to provide whistleblower protections.

This office also reviews allegations of administrative misconduct by senior officials and issues management alerts and management assistance reports to highlight urgent needs for corrective actions, as well as capping reports on thematic areas of concern. It also conducts special evaluations and reviews, including responses to congressional inquiries. This office's work complements the work of OIG's Offices of Audits, Investigations, and Inspections by developing a capacity to focus on broader systemic issues.

From April 1, 2017, to September 30, 2017, the Office of Evaluations and Special Projects issued two unclassified reports on Department programs and operations. During this period, the office also issued three whistleblower reports, which are discussed in Section 2 of this report.

Evaluation of the Department of State's Security Clearance Process (ESP-17-02, 7/2017)

OIG conducted this evaluation to assess efforts undertaken by the Department to meet requirements related to the timeliness and cost-effectiveness of the security clearance process. Specifically, OIG evaluated (1) the accuracy of timeliness data submitted to the Office of the Director of National Intelligence, (2) factors that impede the efficient processing of security clearances, and (3) the extent to which the Department tracks costs associated with its security clearance work.

OIG identified a number of errors in the data that DS reports to the Office of the Director of National Intelligence on a quarterly and annual basis as to how long it takes to process both initial and reciprocal security clearances, which makes it impossible for OIG to determine the actual amount of time it takes to process clearances at the Department. OIG did identify several factors that may impede the timely processing of clearances, including confusion over roles and responsibilities, a lack of adequate resources, and an influx of student interns requiring clearances. Finally, even though agencies must ensure that security clearances are conducted in a cost-effective manner, OIG found that DS has not analyzed how much it spends on its clearance investigations, which impedes its ability to seek reimbursement from other agencies for security clearance work that it conducts on their behalf.

In the report, OIG recommended that DS improve its reported timeliness data, establish clear roles and responsibilities for the clearance process, perform a workforce analysis of its clearance workforce, perform cost estimates of the clearance process, and attempt to recover funds expended for investigative services performed for other agencies. OIG also recommended that the Bureau of Human Resources better analyze the type of clearance that student interns may require. The Department concurred with all of OIG's recommendations.

A Special Joint Review of Post-Incident Responses by the Department of State and Drug Enforcement Administration to Three Deadly Force Incidents in Honduras (ESP-17-01, 5/2017)

OIG initiated this review, in conjunction with the Office of Inspector General for the Department of Justice, to examine the responses of the Drug Enforcement Administration (DEA) and the Department to three drug interdiction missions in Honduras that resulted in deaths and injuries. The three missions, which took place on May 11, June 23, and July 3, 2012, were conducted jointly by the Department, DEA, and the Government of Honduras pursuant to a program known as Operation Anvil. Specifically, the report reviewed the pre-incident planning and the rules governing the use of deadly force; the post-incident investigative and review efforts by the Department and DEA; the cooperation by Department and DEA personnel with post-incident shooting reviews; and the accuracy of the information the Department and DEA

provided to Congress and the public regarding the incidents.

The report found significant deficiencies in the pre-incident planning, DEA's post-incident investigation of the incidents, and DEA's willingness to cooperate with the Department in its post-incident investigation. The report also found that DEA failed to comply with chief of mission authority by refusing to cooperate with the investigation authorized by the U.S. Ambassador to Honduras and that officials in INL similarly undermined the chief of mission authority by refusing to cooperate and by supporting DEA's refusal to cooperate with the investigation. Finally, the report found that Department officials provided inaccurate and incomplete information to Congress and the public by, for example, representing that Operation Anvil was a "Honduran-led" operation and by failing to inform Congress of the investigation authorized by the Ambassador despite numerous congressional questions about whether the U.S. would conduct an investigation of the deadly force incidents.

Ongoing Evaluations and Special Projects Work

At the close of this reporting period, the Office of Evaluations and Special Projects was finalizing its review of passport revocations at Embassy Sana'a, Yemen.

8. OFFICE OF INSPECTIONS

The Office of Inspections conducts independent assessments of the operations of the Department, its posts abroad, and related activities. OIG inspects each post and domestic bureau under the Foreign Service Act of 1980, which sets forth three broad areas for inspections: policy implementation, resource management, and management controls.

The office also conducts targeted reviews of Department programs and operations and compliance follow-up reviews on some posts, offices, and bureaus previously inspected to ensure implementation of key recommendations. From April 1, 2017, to September 30, 2017, the Office of Inspections issued 47 reports on Department programs and operations, 24 of which were unclassified.

The *Classified Annex to the Semiannual Report to the Congress* includes the Sensitive But Unclassified and classified reports the Office of Inspections issued during this reporting period.

Compliance Follow-up Reviews

Compliance Follow-up Review: Department of State Has Not Implemented Recommendations Pertaining to Official Residence Expense Staff Salaries (ISP-C-17-32, 8/2017)

OIG conducted a compliance follow-up review of the Department's implementation of the two recommendations issued in the 2014 *Management Assistance Report: Direct Payment of Official Residence Expenses Staff Salaries* (ISP-I-14-08, 4/2014). That report identified guidance that prohibits cashiers at overseas missions from directly paying official residence expense staff. OIG recom-

mended that the Department publish a directive prohibiting direct payment by the Department to these staff members and clarify guidance that they are employees of the principal representatives. The Department told OIG it would review existing procedures and regulations and issue worldwide guidance on these payments but provided no evidence of these efforts. In September 2016, the Department surveyed overseas missions about these payments and told OIG that guidance would be issued once it had analyzed the responses but did not provide a timeframe. OIG has continued to find embassies directly paying this staff in violation of Department guidance. In early 2017, OIG closed the two 2014 recommendations and initiated a compliance follow-up review. This 2017 report recommended the Department issue, within 30 days, consistent guidance on paying these staff salaries and revise and reissue consistent Foreign Affairs Manual and Foreign Affairs Handbook guidance within 6 months.

Limited-Scope Compliance Follow-Up Review of Embassy Tokyo, Japan (ISP-C-17-29A, 6/2017)

OIG closed 62 of the 65 original recommendations from the *Inspection of Embassy Tokyo, Japan* (ISP-I-15-35A, 8/2015) during the compliance phase, which occurs after the

issuance of OIG reports. Another three recommendations were open as of the start of OIG's limited-scope compliance follow-up review. OIG left open the recommendation that Embassy Tokyo outsource its post language program. Embassy Tokyo, at the start of the review, began a pilot commercial vendor language instruction program to determine whether the vendor could satisfy the mission's requirement at a lower cost. OIG closed the two remaining recommendations regarding a potential Antideficiency Act violation as the Bureau of the Comptroller and Global Financial Services determined the Bureau of East Asian and Pacific Affairs had not exceeded its representation allotment. OIG reviewed 16 of the 62 closed recommendations from the 2015 report and found they should remain closed. OIG also conducted a concurrent limited-scope security compliance follow-up review of Embassy Tokyo, which was published as a classified annex to this report.

Compliance Follow-up Review: Department of State is Still Unable to Accurately Track and Report on Foreign Assistance Funds (ISP-C-17-27, 6/2017)

OIG conducted a compliance follow-up review of the Department's implementation of the recommendation in *Management Assistance Report: Department Financial Systems Are Insufficient to Track and Report on Foreign Assistance Funds (ISP-I-15-14, 2/2015)*. OIG determined that the Department had not complied with the report's recommendation to implement a comprehensive plan with target completion dates to ensure it is able to accurately track and report foreign assistance funding. In 2014, the Department created a working group to address the challenge of tracking and reporting foreign assistance activity, but OIG found the group had made

limited progress and lacked executive guidance and support. The working group's current approach would cost an estimated \$1 million, but OIG assessed it would not produce data useful to senior policymakers, the bureaus that manage foreign assistance programs, or external audiences. Because the Department had made such limited progress in building the capacity to centrally track foreign assistance data, OIG modified and reissued the recommendation in the original report to help ensure the Department prioritized its efforts related to foreign assistance tracking and reporting. OIG made an additional recommendation focused on the need for executive leadership to address this Department-wide management challenge.

Limited-Scope Compliance Follow-up Review of Embassy Brasilia, Brazil (ISP-C-17-28, 5/2017)

All 30 recommendations reviewed during OIG's limited-scope compliance follow-up review of the *Inspection of Embassy Brasilia and Constituent Posts, Brazil (ISP-I-13-40A, 9/2013)* were closed during the compliance phase and remain closed. After a two-decade delay, the Bureau of Overseas Buildings Operations purchased land for the new consulate general building in Rio de Janeiro. Since 2013, Embassy Brasilia's International Cooperative Administrative Support Services Council approved 64 locally employed staff positions to address staffing and workload inequities and to strengthen Mission Brazil's management platform. OIG determined that Embassy Brasilia mitigated officer concerns about conflict-of-interest issues with the implementation of a standard operating practice for soliciting donations for the annual Fourth of July event. OIG issued no recommendations in this report.

Program Reviews and Special Reports

Inconsistent Guidance Governing Property Controls Over Mobile Devices Left Department at Risk of Wasteful Spending (ISP-17-31, 8/2017)

In 2011, the White House issued Executive Order 13589 mandating that executive agencies control the number of mobile devices, and associated service plans, in order to reduce costs. In 2015, a Government Accountability Office report found that agencies needed better control of mobile devices and service plans in order to avoid unnecessary costs. That report made three recommendations toward achieving better control, all of which remain open. To determine the Department's progress in complying with the recommendations, OIG reviewed the procurement and property management of mobile devices in several bureaus. OIG found that, due to unclear guidance, not all bureaus used the required Department web-based program to track personal property, nor did they always use the required office to purchase mobile devices domestically. The lack of clear guidance regarding purchasing and inventories made it impossible for the Bureau of Administration and Information Resource Management to provide accurate information on the quantity or value of the Department's mobile devices. OIG recommended that the Department issue comprehensive guidance on the purchase and inventory of its mobile devices.

Capital Security Cost Sharing Program: Inconsistent Criteria for Managing Vacant Positions Resulted in Inaccurate Counts (ISP-I-17-30, 8/2017)

In April 2016, the Under Secretary for Management tasked the Office of Management

Policy, Rightsizing, and Innovation to verify that the Department was not being charged for vacant positions under the Capital Security Cost Sharing and Maintenance Cost Sharing program. A second goal was to improve the quality of existing position data in the Post Personnel System given the Department's plans to migrate to a new position-management database. The office reported in December 2016 that its Global Vacancy Initiative abolished 1,739 of 10,062 vacant positions in the Post Personnel System and claimed a related reduction in the Department's Capital Security Cost Sharing and Maintenance Cost Sharing program charges. OIG reviewed the office's results and, to obtain an understanding of the Global Vacancy Initiative's effectiveness, examined in detail position data for the Bureau of African Affairs. OIG found that the lack of consistent Department criteria for managing overseas personnel data in the Post Personnel System limited the Office of Management Policy, Rightsizing, and Innovation's success. OIG recommended that the Under Secretary for Management identify and implement consistent criteria for managing vacant positions overseas.

Management Assistance Report: Deficiencies Reported in Cyber Security Assessment Reports Remain Uncorrected (ISP-17-39, 7/2017)

In its review of 50 overseas inspection reports published from February 2014 through March 2017, OIG found 23 instances where DS had performed a Cyber Security Assessment—a detailed review of technical, operational, and management controls of unclassified and classified computer systems at overseas posts—before the OIG inspection. In 18 instances, the subsequent OIG inspection performed at that post made the same IT recommendations. These recommendations

addressed weaknesses in information systems security officer (ISSO) programs, incomplete and untested IT contingency plans, non-compliant dedicated internet networks, and various physical, technical, and administrative cybersecurity control weaknesses. In this review, OIG determined that DS did not require posts to implement the assessment report recommendations, nor did it have processes to verify whether the findings were addressed. OIG recommended that DS establish a process to track and verify compliance with recommendations made in its assessment reports.

Management Assistance Report: Department Can Take Steps Toward More Effective Executive Direction of Overseas Missions (ISP-17-38, 7/2017)

In a review of executive direction findings from 34 inspection reports of overseas posts over a 3-year period, OIG found Chiefs of Mission generally set clear goals, modeled adherence to high ethical standards, and established constructive relationships with host governments. However, 38 percent of OIG inspections found deficiencies in Chief of Mission oversight of embassy internal controls and in the annual Management Control Statement of Assurance processes. More than 70 percent of those inspected by OIG received high marks for enhancing security for mission personnel and the broader American community, but nearly 30 percent of the missions were not fully prepared to manage potential crises. In addition, first- and second-tour employees at 32 percent of the inspected posts were dissatisfied with their development program and the opportunities to improve their professional skills. Overall,

OIG found deficiencies in at least one area of Chief of Mission performance in 62 percent of the inspected missions. OIG provides feedback to Chiefs of Mission during inspections but inspects overseas missions only once every 5 years or less frequently. OIG recommended that the Department provide more regular feedback to Chiefs of Mission on their performance, improve internal controls, and enhance first- and second-tour employee programs.

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, the Department requires all bureaus, offices, and overseas missions to conduct a risk assessment for Federal financial assistance awards. The regulations also require that the risk assessment be factored into a monitoring plan 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 evaluations conducted between March 2015 and January 2017. OIG made five recommendations to improve awareness of requirements to complete risk assessments and monitoring plans and to standardize their use overseas.

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 2014 to spring 2016 to determine common findings on the performance of ISSO duties. OIG found that 33 percent (17 out of 51) of overseas inspections reported findings involving nonperformance of these 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 IRM 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 (ICASS) system enables U.S. Government agencies to share the costs of common administrative support services. In its review of reimbursements for the cost of information management positions at overseas missions, OIG identified 52 U.S. direct-hire positions whose salary and benefits costs were being paid entirely by the Department even though other agencies at the missions use these services. Because other agencies benefited from these individuals' work, the salaries of these individuals should have been paid through the

ICASS Working Capital Fund. OIG estimated the Department could recover \$81,331 per position, or a total of \$4.23 million annually, if it converted these 52 information management positions to ICASS. OIG recommended reprogramming the 52 positions to the ICASS Working Capital Fund.

Domestic Bureaus

Inspection of the Bureau of Near Eastern Affairs (ISP-I-17-22, 5/2017)

In its inspection, OIG found that in addressing crises in Syria, Iraq, Libya, and Yemen, the Assistant Secretary led the NEA policy implementation process decisively and clearly. The bureau was widely recognized as crisis driven and, of necessity, intensely operational in its focus as it responded to a region that has been in almost constant turmoil since the 2011 Arab Spring. The bureau did not measure its performance in areas requiring long-term policy coordination—such as equitable economic engagement and expansion of democracy and good governance—against Joint Regional Strategy goals, diminishing its ability to make strategic adjustments. Creating the Office of Assistance Coordination produced some positive results, but OIG identified deficiencies in policy coordination, stabilization planning, and strategic planning for assistance to Syria. Shortages in filling Foreign Service officer positions hampered the bureau's ability to develop the next generation of diplomats with regional expertise. OIG made recommendations to improve bureau strategic planning, foreign assistance, human capital management, and IT operations.

Spotlight on Success:¹ Creation of the Office of Iranian Affairs increased the Department's capabilities to focus on Iranian issues and enhance outreach. The Office of Maghreb Affairs effectively led regional policy implementation and integrated the Special Envoy for Libya into operations.

Overseas Missions

Bureau of African Affairs

Inspection of Embassy Luanda, Angola (ISP-I-17-19, 6/2017)

In its inspection of Embassy Luanda, OIG found that under the Ambassador's leadership, U.S. engagement with the Angolan Government was expanding into new areas of cooperation. Embassy Luanda's grants administration in the Public Affairs and Political/Economic Sections did not comply with Department requirements. Following an extended vacancy in the Consular Section's senior position, new leadership was bringing the section into compliance with Department standards on issues including visa adjudication review, crisis preparedness, and consular facilities. Under a new Management Officer, the section was implementing processes and procedures to correct management control deficiencies, but control over official vehicle use and accountability for fuel deliveries for official vehicles and residential generators needed to be addressed. Embassy Luanda's unclassified computer server did not meet Department standards for structural integrity and physical protection, nor was the alternate command center properly equipped. OIG made recommendations to improve Embassy

Luanda's grants administration, strengthen internal controls in management operations, and ensure IT management systems comply with Department standards.

Spotlight on Success: The Management Section's use of a 3-D printer to produce custom products unavailable on the local market was efficient and customer-friendly.

Inspection of Embassy Accra, Ghana (ISP-I-17-17, 6/2017)

OIG found that Embassy Accra's inclusive strategic planning process fostered consensus regarding goals and the use of resources. Although the embassy took steps to correct internal control weaknesses identified during fraud and malfeasance investigations, OIG identified additional vulnerabilities, particularly in general services and facilities management. The recent explosive growth of U.S. foreign assistance funding to Ghana strained embassy resources needed to plan, implement, and monitor programs. The Consular Section made progress in correcting deficiencies, but improvements were needed in training, the appointment system, and space reconfiguration to eliminate the presence of non-Consular personnel. Unauthorized wireless networks operated at the embassy prior to and during the inspection. OIG made recommendations to strengthen internal controls in general services and facilities management. Other recommendations involved grants administration, consular operations, and unauthorized wireless networks. OIG also recommended that the Bureau of African Affairs improve management and implementation of the Security Governance Initiative.

¹ OIG's "Spotlight on Success" feature highlights what posts and bureaus are doing well. In particular, OIG's reports identify examples of effective practices that other posts or bureaus may wish to adopt.

Spotlight on Success: The Public Affairs Section promoted privately funded study for Ghanaians in the United States through its educational advising programs, helping make Ghana the second largest source of African students to the United States in 2016.

Inspection of Embassy Freetown, Sierra Leone (ISP-I-17-16, 5/2017)

In its inspection, OIG found that Embassy Freetown still was recovering from the effects of responding to the Ebola crisis. The crisis particularly affected management programs at the embassy. Communication between the embassy and Washington waned following the Ebola crisis, and Washington agencies developed bilateral and multilateral programs for Sierra Leone without consulting the embassy. Embassy Freetown identified no significant issues in its 2016 Management Control Statement of Assurance. However, OIG identified 22 internal controls deficiencies. In addition, many of the embassy's buildings had been poorly maintained, the cumulative effect of which risked mission effectiveness. In addition, the Consular Section was unprepared for a crisis or major disaster. OIG made recommendations to Embassy Freetown to improve internal controls and emergency preparedness and to the Bureau of Overseas Buildings Operations to implement an action plan to identify, prioritize, and resolve maintenance deficiencies.

Spotlight on Success: Embassy Freetown and the Bureau of Administration's Office of Logistics Management conducted an "Integrated Logistics Management System Tune Up" in August 2016. The 3-week program led to some internal controls improvements.

Inspection of Embassy Monrovia, Liberia (ISP-I-17-12, 5/2017)

In its inspection, OIG found that Embassy Monrovia was still recovering from the effects of responding to the Ebola crisis; internal controls and management programs were especially affected. OIG identified 21 internal controls deficiencies in management, consular, political, and IT operations. The Department had not provided sewage treatment for 10 U.S. Government-owned buildings, allowing raw sewage to run into the Atlantic Ocean contrary to Department standards. Embassy Monrovia had not requested Department approval to operate a medical clinic for local employees on U.S. Government-owned property, which could create a liability for the Department. OIG made recommendations to Embassy Monrovia to improve internal controls and emergency preparedness and to provide shelter to clients of the Consular Section. OIG also made recommendations to the Bureau of Overseas Buildings Operations to comply with Department standards regarding the treatment of sewage; to INL to conduct contract evaluations; and to the Bureau of Comptroller and Global Financial Services to conduct an audit of travel-related expenses.

Spotlight on Success: The Public Affairs Section's collective training with grant recipients and Grants Officer Representatives helped mitigate financial risk.

Bureau of European and Eurasian Affairs

Inspection of Embassy Valletta, Malta (ISP-I-17-43, 9/2017)

In its inspection of Embassy Valletta, OIG found that the Ambassador and the Deputy

Chief of Mission set a positive tone, maintaining open lines of communication, nurturing an inclusive environment, and mentoring both mid-level and first- and second-tour officers and specialists. The Ambassador pursued bilateral relations with Malta to partner on issues of common concern, further U.S. policy objectives, and advocate U.S. business investments. Section leaders across Embassy Valletta generally managed their sections well to pursue Integrated Country Strategy goals, particularly relative to the embassy's limited staffing. However, Embassy Valletta, which moved into a new embassy compound in 2011, lacked a comprehensive preventive maintenance program for two key building systems and stored \$650,000 of surplus materials from the compound's construction. In addition, embassy contractors lacked workers' compensation insurance, although it is required by U.S. law. The embassy's emergency and evacuation radio network failed to cover all residences. OIG made recommendations to improve Embassy Valletta's general services, facility management, and information management operations.

Inspection of Embassy Podgorica, Montenegro (ISP-I-17-41, 9/2017)

In its inspection, OIG found that Embassy Podgorica operated well and pursued the Integrated Country Strategy's major policy objectives. Embassy administration of grants and export control assistance complied with Department standards. However, the Ambassador did not foster the highest attainable degree of employee morale and productivity. Employees told OIG that rapid-fire tasks, shifting priorities, and the Ambassador's ambitious agenda hindered their ability to perform their core responsibilities. The Ambassador assured OIG that she valued the Department's leadership principle and would

use her unique position to lead by example. OIG made no recommendations.

Inspection of Embassy Skopje, Macedonia (ISP-I-17-40, 8/2017)

In its inspection, OIG found that the Ambassador and the Deputy Chief of Mission led Embassy Skopje in advancing strategic goals despite a complex domestic political climate. Embassy sections consistently aligned their operations with Integrated Country Strategy goals. Embassy grants management complied with the Department's Federal Assistance Policy Directives. OIG made recommendations to Embassy Skopje to improve controls over official vehicles' keys and bulk fuel operations.

Spotlights on Success: Sustained embassy engagement bolstered programs at Macedonia's five American Corners (mobile information resource centers), while "Competitive College Clubs" helped disadvantaged youth access U.S. higher education. In addition, the embassy Management Section leveraged technology to more efficiently process vouchers.

Inspection of Emergency Preparedness at Consulate General Hamilton, Bermuda (ISP-I-17-26, 5/2017)

At the time of the inspection, the 2016 Atlantic hurricane season was the most active and costliest since 2012 and the deadliest since 2008. A total of 15 named storms—including 7 hurricanes, 4 of them major—affected or threatened U.S. diplomatic missions and U.S. citizens in the Caribbean basin and North Atlantic. Following this above-average season, OIG reviewed overall crisis preparedness at Consulate General Hamilton to assess its compliance

with Department guidance on communication, planning, coordination, and training in such situations. OIG found the consulate general emphasized and engaged in coordinated emergency planning. OIG recommended that Consulate General Hamilton conduct and record security drills and test emergency equipment in accordance with Department standards.

Bureau of Near Eastern Affairs

Inspection of Consulate General Jerusalem (ISP-I-17-18, 6/2017)

In its inspection of Consulate General Jerusalem, OIG found that the Chief of Mission and the Deputy Principal Officer promoted constructive engagement with the Palestinian public and the Palestinian Authority. However, the consulate general's annex facility did not meet operational standards for use as a warehouse, and its radio network coverage for the West Bank did not meet Department standards. The consulate general did not update and test its IT contingency plans. NEA did not enforce Department standards in the provision of services and benefits to the staff of the U.S. Security Coordinator office. OIG made recommendations to improve Consulate General Jerusalem's operations and procedures, implementation of Department-managed security assistance programs, management of employee security and safety programs, and information management operations. OIG also recommended that IRM upgrade the radio network coverage for the West Bank.

Spotlight on Success: Consulate General Jerusalem instituted a program for first- and second-tour American staff to mentor Marine Security Guards as well as a mission code of conduct that promotes teamwork and respect.

Inspection of Embassy Tel Aviv, Israel (ISP-I-17-20, 5/2017)

In its inspection of Embassy Tel Aviv, OIG found that the Ambassador promoted interagency teamwork, played a key part in the mission's public diplomacy programs, and effectively led the embassy in advancing its strategic policy goals in Israel. OIG found vulnerabilities in the residential housing program and deficiencies in the embassy's emergency preparedness and motor pool operations. OIG also identified technical, administrative, and contingency planning deficiencies in the Information Management Section. The Public Affairs Section did not submit required strategic planning documents to the Department. In addition, the Consular Agency in Haifa did not comply with Bureau of Consular Affairs internal controls. The embassy could realize \$8 million in cost savings by selling an underutilized property. OIG made recommendations to Embassy Tel Aviv to improve operations and procedures in the Management, Information Management, and Public Affairs Sections and regarding the Haifa Consular Agency's lack of compliance with Department internal controls. OIG also made a recommendation to NEA regarding the Middle East Regional Cooperation Program's Interagency agreement.

Bureau of South and Central Asian Affairs

Inspection of Embassy Colombo, Sri Lanka (ISP-I-17-14, 4/2017)

In its inspection, OIG found that Embassy Colombo engaged proactively with government, media, and civil society in Sri Lanka and Maldives during a period of significant change in the bilateral relationships with both countries. Mission staff praised the Ambas-

sador for his knowledge and accessibility but said his last-minute decisions and changes to proposals and projects complicated their planning efforts. The Public Affairs Section's strategic planning did not ensure effective management of its resources and programs. The embassy's internal controls reviews did not identify deficiencies in records management, unannounced cash counts, annual purchase card reviews, fuel management, overtime, and Grants Officer Representatives' training. The embassy's management of bulk fuel had numerous physical safety and internal controls deficiencies. OIG made recommendations to improve the embassy's public diplomacy and policy and program implementation and its motor pool, procurement, and financial management operations.

Spotlight on Success: The "iBus" mobile classroom took social media training on the road to diverse and underserved communities.

Bureau of Western Hemisphere Affairs

Inspection of Emergency Preparedness and Residential Security at Embassy Kingston, Jamaica (ISP-I-17-25A, 6/2017)

At the time of the inspection, the 2016 Atlantic hurricane season was the most active and costliest since 2012 and the deadliest since 2008. A total of 15 named storms—including 7 hurricanes, 4 of them major—affected or threatened U.S. diplomatic missions and U.S. citizens in the Caribbean basin and North Atlantic. Following this above-average season, OIG reviewed emergency preparedness at Embassy Kingston to assess the mission's compliance with Department guidance on communication, planning, coordination, and training for crisis management. Due to Jamaica's high crime rate, OIG also reviewed the embassy's residential security program. OIG found the embassy's emergency planning and residential security programs generally met Department standards. OIG made recommendations to improve testing of the embassy's communications equipment. A recommendation in the Sensitive But Unclassified annex to this report addresses an issue related to the embassy's residential security program.

Ongoing Inspection Work

At the close of this reporting period, the Office of Inspections was completing inspections of two U.S. embassies—Beijing and Nicosia—as well as Consulate General Hong Kong. Additionally, it was finalizing inspection work on the Bureau of African Affairs and the Bureau of Diplomatic Security, Office of Mobile Security Deployments, and a targeted inspection of the Bureau of Comptroller and Global Financial Services, Office of Management Controls oversight of the Department’s nonfinancial management control program. The office had begun inspections of seven U.S. embassies—Addis Ababa, Ethiopia; Djibouti, Djibouti; Georgetown, Guyana; Guatemala City, Guatemala; Managua, Nicaragua; Riyadh, Saudi Arabia; and San Jose, Costa Rica—as well as the U.S. Mission to the African Union in Addis Ababa and the Yemen Affairs Unit in Jeddah. Additionally, the office began an inspection of the Bureau of South Central Asian Affairs and the Bureau of Information Resource Management’s Office of Governance, Resource, and Performance Management.

9. OFFICE OF INVESTIGATIONS

The Office of Investigations conducts worldwide investigations of criminal, civil, and administrative misconduct related to programs and operations of the Department.

The office refers investigative results to the Department of Justice for prosecution and to the Department's Bureau of Human Resources, the Bureau of Diplomatic Security, the Office of the Procurement Executive, and other entities for administrative or other appropriate action. OIG's involvement in complex investigations of crimes affecting Department employees, programs, and operations has resulted in significant actions—including convictions, settlements, recoveries, suspensions, and debarments—and continues to promote integrity and accountability of personnel and programs.

From April 1, 2017, to September 30, 2017, the Office of Investigations issued two unclassified reports related to Department programs and operations.

Management Assistance Report: Bureau of International Security and Nonproliferation, Nonproliferation and Disarmament Fund Invoice Submission Process (INV-17-02, 9/2017)

OIG initiated an investigation based on information that a Department COR within the Bureau of International Security and Nonproliferation's Nonproliferation and Disarmament Fund received Department invoices at the COR's personal residence. A preliminary inquiry into the matter revealed that the contractor was directed to mail monthly invoices to the COR's home address to decrease the time from invoice submission to payment. OIG identified this practice and the absence of a policy prohibiting it as a vulnerability and provided a recommendation to mitigate the risk.

Management Assistance Report: U.S. Embassy Tbilisi Employee Association Commissary Accounting Controls (INV-17-01, 6/2017)

OIG initiated an investigation at the request of the Tbilisi Embassy Employee Association (TEA) board after it uncovered significant cash and accounting system discrepancies from commissary operations at U.S. Embassy Tbilisi, Georgia. The board's own inquiry revealed missing cash of \$159,700 and accounting discrepancies caused by the deletion of sales transactions from commercial off-the-shelf accounting software over a 5-year period from 2010 to 2014.

During the course of the investigation, OIG found that the \$159,700 loss was likely due to the misappropriation of cash from the embassy commissary. The investigation identified vulnerabilities in the accounting software system, which, when combined with control weaknesses in the TEA reporting and recording processes, allowed this fraud to go undetected over an extended period. OIG noted that these vulnerabilities and control weaknesses, if not mitigated, could continue to make TEA's cash handling and accounting processes susceptible to fraud, waste, and abuse. This report provided recommendations to eliminate or mitigate those risks.

For a summary of actions related to OIG investigative actions this reporting period, see Table 9.1. For a breakdown of cases closed this reporting period, see Figure 9.1.

Table 9.1
OIG Investigative Activity Related to Department of State Programs and Operations,
4/1/2017–9/30/2017

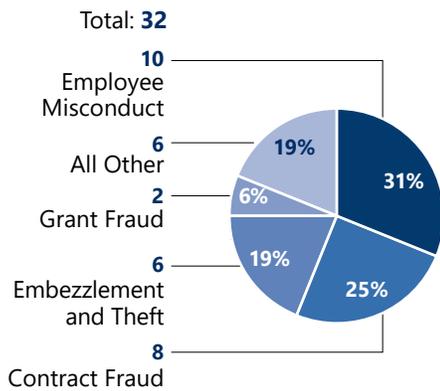
Preliminary Inquiries	
Opened	62
Closed	74
Investigations	
Opened	36
Closed	32
Pending (9/30/2017)	26
Reports Issued ^a	6
Criminal and Civil Actions	
Referrals to the Department of Justice	20
Referrals to Foreign, State, and Local Prosecuting Authorities	1
Arrests	5
Indictments/Informations ^b	11
Convictions	10
Civil Judgments/Settlements	2
Administrative Actions	
Removals (Resignation & Termination)	12
Suspensions/Revocations (Employee & Security Clearance)	13
Reprimands/Admonishments/Other	7
Contractors/Grantees Suspended	0
Contractors/Grantees Debarred	24
Cost Recovery	7
Funds Put to Better Use	1
Investigative Monetary Results	
Civil Settlement	\$6,400,000
Cost Recovery	\$2,086,952
Criminal Forfeiture	\$130,555
Fine and Penalties	\$3,500
Funds Put to Better Use (Cost Savings)	\$1,015,472
Restitution	\$5,901,496
Fraud Awareness Briefings	52

Note: The figures in this table were derived from a defined search of the Office of Investigations' electronic case management system for the period from April 1, 2017, through September 30, 2017, based upon specific administrative action categories.

^a The number represents final Reports of Investigation issued during the reporting period. The same Report of Investigation may have been issued to more than one Department bureau or office and may include multiple subjects for possible administrative actions.

^b The number represents all indictments and criminal informations that occurred during the reporting period. All indictments and criminal informations result from referral to prosecuting authorities. The referral may have occurred in a prior reporting period.

Figure 9.1
OIG Investigations Closed,
4/1/2017–9/30/2017



Note: Figures may not equal 100 percent due to rounding.

OIG’s investigative efforts span the globe. As shown in Figure 9.2 and Table 9.2, of the 106 cases and preliminary inquiries closed this reporting period, 39 percent concerned activity in the United States, and 61 percent concerned activity in other countries.

Table 9.2
Preliminary Inquiries and Cases Closed,
4/1/2017–9/30/2017

Type	Domestic	Overseas
Preliminary Closed	29	45
Case Closed	12	20

Source: Office of Investigations electronic case management system.

Figure 9.2
Department-Related Cases and Preliminary Inquiries Closed, by Country,
4/1/2017–9/30/2017



Source: Office of Investigations electronic case management system.

During the reporting period, OIG conducted several investigations involving senior Government employees, but any such investigations in which OIG substantiated allegations of misconduct are not yet closed. Additionally, OIG has no investigations to report involving senior Government employees that were closed during the reporting period and were not disclosed to the public.

Contract Fraud

In September 2017, a Department contract company agreed to pay a \$200,000 settlement in order to resolve their mandatory disclosure report under provisions of the Federal Acquisition Regulation. OIG special agents and auditors discovered that the company had overcharged Embassy Santa Domingo for fuel. In that disclosure, the company's internal investigation concluded that it charged the Department for fuel not received.

In August 2017, a Department contract company agreed to pay a \$5 million settlement to resolve allegations that it knowingly failed to follow vetting requirements for personnel working in Afghanistan. OIG special agents determined the company did not comply with contractual obligations to conduct developed reference checks on applicants filling high-risk and armed positions. In addition, the settlement also resolved a lawsuit brought against the company by a former contract company manager under the qui tam, or whistleblower provisions, of the False Claims Act.

In June 2017, a former Government contractor was sentenced to 4 years in prison and ordered to pay \$3.4 million in restitution for his role in a Government contract kickback scheme. OIG special agents determined that

the contractor orchestrated a conspiracy between multiple contract companies to inflate the lease of real property for use on a Department contract. Both the contractor and another associate received at least \$390,000 in kickback payments for their roles in the leasing scam. Earlier, in March 2017, two other individuals were charged for their roles in the conspiracy. One co-conspirator pled guilty in July 2017 and is scheduled for sentencing in October 2017. The other was extradited from Romania and is scheduled for a jury trial in November 2017.

Embezzlement and Theft

In September 2017, a former Department contractor pled guilty to the theft and sale of Government property. OIG special agents determined that, from March 2016 through March 2017, the contractor sold and traded online U.S. Government tactical equipment, including ballistic helmets and vests that were valued at more than \$16,000. Sentencing is scheduled for January 2018.

Employee Misconduct

In August 2017, a former Department employee was sentenced to 27 months of imprisonment and 3 years of probation and was ordered to pay restitution of \$502,716. Additionally, the Federal Bureau of Investigation is leading forfeiture proceedings with respect to \$15,404 in assets. Previously, in April 2017, the individual pled guilty to wire fraud, theft of Government funds, and passport fraud. The charges stemmed from a 15-year scheme to fraudulently obtain \$366,716 in Federal financial aid through U.S. Department of Education programs and \$136,000 in Federal grant funds

from the National Science Foundation. In addition, the individual made a false statement to receive a U.S. passport. The plea was obtained as the result of a joint OIG investigation with the OIGs from the Department of Education, the Social Security Administration, and the National Science Foundation.

In July 2017, a Department Compliance Officer was suspended for 5 days, and the officer's security clearance was placed on probation for a period of 1 year because of misuse of a Government-issued travel card. OIG special agents determined the employee completed 526 cash advances without official travel authorizations, which were valued at \$256,800.

In June 2017, a former DS employee pled guilty to defrauding the U.S. Government of \$198,000 in funds paid under the Federal Employees' Compensation Act (FECA), commonly referred to as workers' compensation. OIG special agents determined the employee received FECA benefits while also serving as president of a company that received \$260,000 in Government contracts, including Department contracts. During this time, the company's gross profits exceeded \$2,078,219, and as company president, the former employee received \$370,000 in salary and other earnings. As part of his guilty plea, the individual agreed to pay full restitution and forfeiture of his FECA benefits. He also agreed to pay \$3,650 in restitution to the U.S. Department of Education for fraudulently obtained Federal Pell Grants. Sentencing is scheduled for October 2017.

Visa Fraud/Other

In June 2017, the owner of a staffing agency and co-conspirators were sentenced for their

roles in a nationwide fraud scheme designed to unlawfully profit from Department exchange visitor programs. Following a joint OIG and Department of Homeland Security investigation, special agents determined that more than 200 foreign nationals came to the United States believing that they would be part of the Department's Intern & Training Program. Rather than receiving the high-level managerial training they expected, the victims were sent to work in restaurants, hotels, and theme parks, receiving only a small portion of the wages they earned. The owner was sentenced to 26 months in Federal prison and ordered to pay restitution of \$815,570. His wife was ordered to pay restitution of \$815,570, his daughter was ordered to pay restitution of \$271,856, and both were sentenced to 5 years of probation.

Updates to Prior Cases

In August 2017, a former Department contractor was sentenced to 24 months of probation and ordered to pay restitution of \$29,650. Previously, in March 2017, the former contractor pled guilty to theft of Government funds. The plea came after OIG special agents determined that, between July 1, 2015, and April 1, 2016, the contractor submitted false travel expense claims for hotel stays in excess of \$29,650 and converted the money for personal use. Prior to this plea, in 2016, a U.S. consulate locally employed staff member was terminated from her employment with the Department because of her role in the fraud scheme. In addition, both the former contractor and locally employed staff member, as well as the lodging provider owned by her, were debarred for a period of 3 years.

In February 2017, following a grand jury indictment in 2016, a Federal jury convicted two co-conspirators on multiple counts, including conspiracy to defraud the U.S. Government and international smuggling of ancient artifacts into the United States from Pakistan. Following a joint investigation by OIG and Homeland Security Investigations, special agents determined that the two individuals—both of Santa Fe, New Mexico—used their legitimate business to import and sell illegal antiquities. The smuggling operation spanned from approximately 2007 through 2014. The individuals were

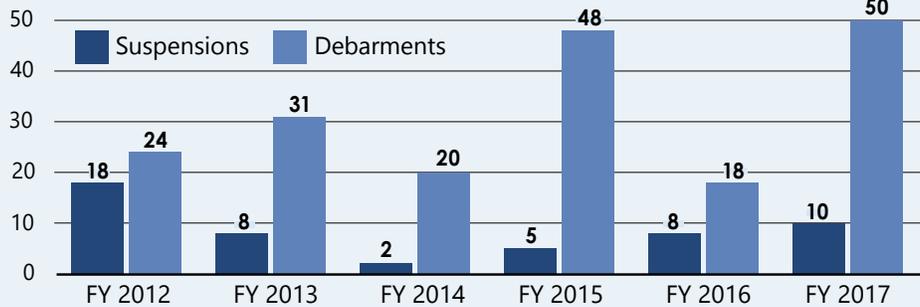
also found guilty of obstructing justice and multiple counts of naturalizing and procuring U.S. citizenship by fraud.

In May 2017, the first individual was sentenced to 3 years in prison, ordered to forfeit more than 1,300 artifacts, and pay a monetary judgment of more than \$115,000 plus a \$1,800 special assessment. In addition, a court order revoked his U.S. citizenship, which he obtained through fraud. The second individual was sentenced to 4 months in prison and ordered to pay a \$700 special assessment.

Suspensions and Debarments

OIG has continued its efforts to identify and refer appropriate cases to the Department for suspension and debarment. During FY 2017, because of OIG referrals, 10 employees, contractors, and grantees were suspended from conducting business with the Federal Government, and 50 were debarred. This is more than double the total number of suspensions and debarments in FY 2016 and is the highest number in the past 6 years.

Suspension and Debarment Action Taken by the Department as a Result of OIG Referrals, FY 2012–2017



10. FINANCIAL IMPACT OF OIG WORK RELATED TO THE DEPARTMENT OF STATE

In the reports it issued this reporting period, OIG identified \$771.4 million in potential monetary benefits to the Department. Also during this reporting period, the Department made management decisions on \$409.2 million in recommendations involving questioned costs or funds that could be put to better use.

At the close of this reporting period, the Department had not yet made a management decision on more than \$507 million in questioned costs or funds that could be put to better use, as identified by OIG.

For the status of recommendations involving questioned costs in OIG reports on

Department programs and operations, see Table 10.1. For the status of recommendations involving funds that could be put to better use, see Table 10.2. For a summary of consolidated Department and BBG totals of potential monetary benefits identified by OIG during this reporting period, see Section 5 of this report.

OIG Financial Lexicon

Questioned Costs

Costs that are questioned by OIG because of an alleged violation of a provision; costs not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Allowed:

A cost questioned by OIG that management has decided should be charged to the Government.

Disallowed:

A cost questioned by OIG that management has agreed should not be charged to the Government.

Funds Put to Better Use

Funds that could be used more efficiently if management took actions to implement and complete the recommendation.

Agreed:

The dollar value of recommendations that management agreed to implement.

Disagreed:

The dollar value of recommendations that management disagreed with implementing.

OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

Table 10.1
Status of OIG Recommendations to the Department of State Including Questioned Costs, 4/1/2017–9/30/2017

Recommendation Status	# Reports	Questioned Costs \$ Thousands ^b	Unsupported Costs ^a \$ Thousands ^b
A. No management decision made by start of the reporting period	13	\$117,304	\$32,040
B. Issued during the reporting period			
<i>Audit of Invoices Submitted by Torres Advanced Enterprise Solutions, LLC, for Select Local Guard Force Contracts</i>		\$118	\$103
<i>Audit of Pacific Architects and Engineers, Inc., FY 2011 Incurred Cost Proposal for the CIVPOL, AFRICAP I, AFRICAP II, and Embassy Baghdad Contracts</i>		\$5,364	\$3,282
<i>Audit of the FY 2011 Incurred Cost Proposals for the Bureau of Diplomatic Security's Contract With Olgoonik Global Security, LLC</i>		\$1,469	\$1,392
<i>Audit of Department of State Grants and Cooperative Agreements Awarded to Kennesaw State University</i>		\$1,636	\$566
<i>Audit of Baghdad Diplomatic Support Center Task Orders Awarded Under Operations and Maintenance Support Services Contract SAQMMA12D0165</i>		\$4,524	\$4,297
<i>Audit of the Department of State's Contract To Monitor Foreign Assistance Programs in Iraq</i>		\$3,054	\$3,054
<i>Audit of FY 2011 Incurred Cost Proposals for SOC LLC's Worldwide Protective Services Task Order</i>		\$11,580	\$10,977
<i>Audit of the Bureau of Consular Affairs, Office of Consular Systems and Technology, Administration of Selected Information Technology Contracts</i>		\$28,353	\$25,296
Total Issued During the Reporting Period	8	\$56,099	\$48,968
Total (A+B)	21	\$173,403	\$81,008
C. Management decision made during the reporting period			
(i) Disallowed costs		\$185	\$172
(ii) Costs not disallowed		\$16,879	\$11,437
Subtotal	9	\$17,063	\$11,609
D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]	15^c	\$156,340	\$69,398
E. Additional monetary benefits achieved as the result of prior OIG recommendations	1	\$60	\$60

^a“Unsupported Costs” is a subset of “Questioned Costs.”

^b Dollar amounts may be affected by rounding.

^c Count of remaining reports cannot be directly derived from preceding report counts because some reports include more than one recommendation with monetary benefits. The fifteen reports noted in the table contain 45 recommendations without a management decision at the end of the period.

Table 10.2
Status of OIG Recommendations to the Department of State Recommending Funds Be Put to Better Use,
4/1/2017–9/30/2017

Recommendation Status	# Reports	\$ Thousands ^a
A. No management decision made by the start of the reporting period	6	\$27,651
B. Issued during the reporting period		
<i>Audit of the Bureau of Consular Affairs Fee-Setting Methodology for Selected Consular Services</i>		\$284,000
<i>Audit of Select Cost-of-Living Allowances for American Employees Stationed in Foreign Areas</i>		\$19,900
<i>Compliance Follow-Up Audit of Bureau of International Narcotics and Law Enforcement Affairs Programs in Pakistan</i>		\$8,700
<i>Management Assistance Report: Challenges Remain in Monitoring and Overseeing Antiterrorism Assistance Program Activities in Pakistan</i>		\$4,200
<i>Inspection of Embassy Valletta, Malta</i>		\$668
<i>Classified Inspection of Consulate General Jerusalem</i>		\$134
<i>Inspection of Embassy Monrovia, Liberia</i>		\$54
<i>Inspection of the Bureau of Near Eastern Affairs</i>		\$385,300
<i>Inspection of Embassy Tel Aviv, Israel</i>		\$8,000
<i>Inspection of Embassy Freetown, Sierra Leone</i>		\$67
<i>Management Assistance Report: Cost of Information Management Staff at Embassies Should Be Distributed to Users of Their Services</i>		\$4,230
Total Issued During the Reporting Period	11	\$715,254
Total (A+B)	17	\$742,904
C. Management Decision made during the reporting period		
(i) Dollar Value of Recommendations Agreed to by Management		\$69,871
(ii) Dollar Value of Recommendations Not Agreed to by Management		\$322,313
Subtotal	4	\$392,185
D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]	13	\$350,720
E. Additional monetary benefits achieved as the result of prior OIG recommendations	4	\$96,770

^a Dollar amount may be affected by rounding.

Office of Management and Budget Single Audits

OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200) establishes audit requirements for state and local governments, colleges and universities, and non-profit organizations receiving Federal awards. Under 2 CFR Part 200, covered entities that expend \$750,000 or more a year in Federal funds must obtain an annual organization-wide "single audit" that includes the entity's financial statements and compliance with Federal award requirements. These audits are conducted by non-Federal auditors, such as public accounting firms and state auditors.

OIG reviews selected audit reports for findings and questioned costs related to Department awards to ensure that the reports comply with the requirements of OMB related to single audits. OIG's oversight of non-Federal audit activity informs Federal managers about the soundness of the management of Federal programs and identifies any significant areas of internal control weaknesses, noncompliance, and questioned costs for resolution or follow-up.

During this reporting period, the Office of Audits conducted follow-up on prior year's questioned costs of \$244,687 referred to Department program officials for resolution in prior periods. Table 10.3 summarizes the Department's decisions during this period to allow or disallow the questioned costs.

Table 10.3
Inspector General-Referred A-133 Audit Reports With Questioned Costs

Recommendation Status		# Reports	Questioned Costs \$ Thousands ^a
A.	For which no management decision had been made by the commencement of the reporting period	6	\$245
B.	Issued During Reporting Period	0	\$0
Subtotal Questioned Costs (A+B)		6	\$245
C.	For which a management decision was made during the reporting period		
	(i) Disallowed costs		\$0
	(ii) Costs not disallowed		\$0
Total Management Decisions		0	\$0
D.	For which no management decision has been made by the end of the reporting period	6	\$245

^a Dollar amount may be affected by rounding.

Defense Contract Audit Agency Audits

The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management provided OIG information concerning Department contract awards. The bureau's Business Operations Division initiates and coordinates audits with the Defense Contract Audit Agency (DCAA) to support Contracting Officers. Ques-

tioned costs that are identified represent the total of all questioned dollars in DCAA audit reports issued during this reporting period. The management decision captures the resolution of audit reports made by the Contracting Officer during this reporting period to allow or disallow questioned costs. OIG did not verify, or otherwise audit, the values shown in Table 10.4 for the information the Office of Acquisitions Management provided.

Table 10.4
Defense Contract Audit Agency Audit Reports With Questioned Costs

	# Reports	Questioned Costs \$ Thousands ^a
A. For which no management decision had been made by the commencement of the reporting period	3	\$105,700
B. Issued During Reporting Period		
<i>Independent Audit Report on DynCorp International, LLC's Proposed Amounts on Unsettled Flexibly Priced Contracts for Calendar Year (CY) 2011 (2011D10100001, April 13, 2017)</i>		\$493
<i>Independent Audit Report on Olgoonik Management Services' Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2012 (2012F10100071, August 29, 2017)</i>		\$32
<i>Independent Audit Report on Olgoonik Management Services' Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2013 (2013F10100075, August 29, 2017)</i>		\$79
<i>Independent Audit Report on PAE Government Services Inc.'s Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year Ended December 31, 2011(2011P10100032, August 31, 2017)</i>		\$858
<i>Independent Audit Report on Aegis Defense Services, LLC's Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2012 (2012M10100012, September 21, 2017)</i>		(\$1,723)
<i>Independent Audit Report on Aegis Defense Services, LLC's Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2013 (2013M10100012, September 21, 2017)</i>		\$3,436
<i>Independent Audit Report on Olgoonik Global Security, LLC's Proposed Amounts on Unsettled Time and Materials Contracts for Fiscal Year 2012 (2012F10100080, September 25, 2017)</i>		\$16,639
<i>Independent Audit Report on Olgoonik Global Security, LLC's Proposed Amounts on Unsettled Time and Materials Contracts for Fiscal Year 2013 (2013F10100074, September 25, 2017)</i>		\$14,487
Total Issued During the Reporting Period	8^b	\$34,299
Subtotal Questioned Costs (A + B)	11	\$139,999
C. For which a management decision was made during the reporting period		
(i) Disallowed costs		\$65
(ii) Costs not disallowed		\$2,928
Total Management Decisions	2	\$2,993
D. For which no management decision has been made by the end of the reporting period	9 ^c	\$137,007

^a Dollar amounts may be affected by rounding.

^b Number excludes six additional DCAA reports issued during the reporting period that did not have questioned costs. Additionally, OIG issued three audit reports on behalf of the Bureau of Administration that identified \$18,412,998 in questioned costs. The questioned costs identified by OIG are reported in table 10.1 Status of OIG Recommendations to the Department of State Including Questioned Costs.

^c Number excludes four OIG issued reports that are included in table 10.1, Status of OIG Recommendations to the Department of State Including Questioned Costs.

11. COMPLIANCE

OIG tracks and documents the status of OIG report recommendations and agency follow-up actions. OMB Circular A-50 requires prompt resolution and corrective action on OIG recommendations.

Specifically, the circular states that resolution shall be made within 6 months after the final report is issued, with corrective action proceeding as rapidly as possible.

The tables in Appendix D provide detailed information about the status of OIG recommendations. Tables D.1 through D.3 identify resolved but unimplemented recommendations associated with unclassified reports issued prior to April 1, 2017. These tables also identify recommendations designated as significant and associated potential monetary benefits. Table D.4 identifies one recommendation that has been without management decision for 5 years.

All reports issued in the previous reporting period received comments within 60 days of issuance (Table D.5). The Department did not revise any of its previous significant management decisions during this reporting period (Table D.6), and it made one significant management decision with which OIG disagreed (Table D.7). Lastly, a number of recommendations were closed during the reporting period, and OIG highlights several such examples of Department success in implementing recommendations (Table D.8).

OVERSIGHT OF BROADCASTING BOARD OF GOVERNORS PROGRAMS AND OPERATIONS

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12. OFFICE OF AUDITS

The Office of Audits supports the Broadcasting Board of Governors by auditing its programs and operations and making recommendations to improve management, strengthen integrity and accountability, and ensure the most efficient, effective, and economical use of resources.

Audit work focuses on such areas of concern as financial management and information security and management practices. From April 1, 2017, to September 30, 2017, OIG issued one unclassified audit report related to BBG programs and operations.

Financial Management

Audit of Broadcasting Board of Governors FY 2016 Compliance With Improper Payments Requirements
(AUD-FM-IB-17-40, 5/2017)

In compliance with the Improper Payments Information Act of 2002, as amended, OIG conducted an audit to assess BBG's FY 2016 compliance with improper payments requirements. OIG found that BBG was in compliance with improper payments requirements for FY 2016. Specifically, BBG elected to perform annual risk assessments of all key programs.

BBG performed qualitative risk assessment testing for nine programs and quantitative risk assessment testing of the Voice of America, the Office of Cuba Broadcasting, the International Broadcasting Bureau, and domestic payroll.

Domestic payroll was identified as a program susceptible to significant improper payments in BBG's FY 2015 report. As a result, BBG was required to perform additional testing of domestic payroll in FY 2016. BBG also published an FY 2016 Performance and Accountability Report that included the required improper payments information in accordance with OMB Circular A-136, "Financial Reporting Requirements," on its public website. Further, OIG found that BBG complied with OMB requirements for testing and reporting programs identified as susceptible to significant improper payments. Because BBG was found to be in compliance with improper payment requirements for FY 2016, OIG is not offering recommendations as a result of this audit.

Ongoing Audit Work

At the close of this reporting period, the Office of Audits was performing work on BBG's financial statements, information security program, and unliquidated obligations.

13. OFFICE OF INSPECTIONS

The Office of Inspections inspects BBG programs and operations to help identify systemic issues, use resources efficiently, and ensure the safety of personnel. Areas of specific concern include the allocation of financial resources and compliance with Federal regulations.

From April 1, 2017, to September 30, 2017, the Office of Inspections issued one unclassified report related to BBG programs and operations.

Inspection of Radio Free Europe/Radio Liberty
(ISP-IB-17-21, 5/2017)

In its inspection, OIG found that Radio Free Europe/Radio Liberty (RFE/RL) advanced U.S. international broadcasting objectives by providing news to 23 countries through 26 languages. RFE/RL had internal controls vulnerabilities in the approval of contract

actions and cashiering operations and had outdated security policies. The International Broadcasting Bureau Office of Chief Financial Officer did not close out expired RFE/RL grants. Not all employees in RFE/RL signed the required conflict-of-interest declaration form. The grant agreement between BBG and RFE/RL did not require IT policies and standards. OIG made recommendations to improve RFE/RL operations in financial management and human resources. OIG made additional recommendations regarding compliance with the RFE/RL grant agreement in the areas of IT and security.

14. OFFICE OF INVESTIGATIONS

The Office of Investigations conducts worldwide investigations of criminal, civil, and administrative misconduct related to BBG programs and operations.

From April 1, 2017, to September 30, 2017, the office opened one preliminary inquiry and closed one investigation. OIG had \$106,142 in monetary recoveries and one administrative action from investigations of BBG programs and operations to report during this reporting period.

In April 2017, an OIG investigation led to the recovery of \$31,142 from a company that purchased equipment that was not within the scope of the contract. In addition, the BBG COR's warrant was revoked for accepting gifts from the contractor.

During the reporting period, OIG conducted one investigation involving senior Government employees. Table 14.1 details the investigation where OIG substantiated allegations of misconduct. Other than the investigation described in Table 14.1, OIG has no investigations to report involving senior Government employees that were closed during the reporting period and were not disclosed to the public.

Table 14.1
Investigations Involving Senior Government Employees Where Allegations Were Substantiated, 4/1/2017–9/30/2017

Description	Status	DOJ Referral & Response	Closed Date
Case # C2012-083			
In May 2012, OIG opened an investigation based on information provided by a source that an employee may have submitted improper travel claims for payment.	The investigation established the former employee violated 5 U.S.C. App. 5 §§ 101, 501, and 504 by failing to file full, complete, and accurate financial disclosure reports and having outside earned income exceeding the statutory rate applicable to covered, non-career employees.	2/10/2015—The U.S. Attorney's Office accepted the case for civil prosecution. On September 11, 2017, a civil settlement of \$75,000 was reached.	09/2017

15. FINANCIAL IMPACT OF OIG WORK RELATED TO THE BROADCASTING BOARD OF GOVERNORS

During this reporting period, OIG did not issue any new reports that identified potential monetary benefits to BBG. BBG had no open recommendations involving questioned costs from this reporting period or previous reporting periods that required management decision.

At the close of the reporting period, BBG had one open recommendation involving \$6.2 million in funds to be put to better use that required management decision.

Table 15.1 provides information on OIG reports with recommendations involving funds to be put to better use. For a summary of consolidated Department and BBG totals of potential monetary benefits identified by OIG during this reporting period, see Section 5 of this report.

OIG Financial Lexicon

Questioned Costs

Costs that are questioned by OIG because of an alleged violation of a provision; costs not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Allowed:

A cost questioned by OIG that management has decided should be charged to the Government.

Disallowed:

A cost questioned by OIG that management has agreed should not be charged to the Government.

Funds Put to Better Use

Funds that could be used more efficiently if management took actions to implement and complete the recommendation.

Agreed:

The dollar value of recommendations that management agreed to implement.

Disagreed:

The dollar value of recommendations that management disagreed with implementing.

Table 15.1
Status of OIG Recommendations to the Broadcasting Board of Governors for Funds To Be Put to Better Use,
4/1/2017–9/30/2017

Recommendation Status	# Reports	Questioned Costs \$ Thousands ^a
A. No management decision made by start of the reporting period	1	\$6,227
B. Issued during the reporting period	0	\$0
Total (A+B)	1	\$6,227
C. Management decision made during the reporting period		
(i) Dollar Value of Recommendations Agreed to by Management		\$0
(ii) Dollar Value of Recommendations Not Agreed to by Management		\$0
Subtotal	0	\$0
D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]	1	\$6,227
E. Additional monetary benefits achieved as the result of prior OIG recommendations	0	\$0

^a Dollar amounts may be affected by rounding.

Office of Management and Budget Single Audits

OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200), establishes audit requirements for state and local governments, colleges and universities, and non-profit organizations receiving Federal awards. Under 2 CFR Part 200, covered entities that expend \$750,000 or more a year in Federal

funds must obtain an annual organization-wide "single audit" that includes the entity's financial statements and compliance with Federal award requirements. These audits are conducted by non-Federal auditors, such as public accounting firms and state auditors.

During this reporting period, there were no audit reports with findings and questioned costs for which BBG was required to issue management decisions.

16. COMPLIANCE

OIG tracks and documents the status of OIG report recommendations and agency follow-up actions. OMB Circular A-50 requires prompt resolution and corrective action on OIG recommendations.

Specifically, the circular states that resolutions shall be made within 6 months after the final report is issued, with corrective action proceeding as soon as possible.

The tables in Appendix E provide detailed information about the status of OIG recommendations. Tables E.1 through E.3 identify resolved but unimplemented recommendations associated with unclassified reports issued prior to April 1, 2017. These tables also identify recommendations designated as significant and associated potential monetary benefits. No recommendations have been pending

management decision for more than 6 months (Table E.4).

All reports issued in the previous reporting period received comments within 60 days of issuance (Table E.5). BBG did not revise any of its previous significant management decisions during this reporting period (Table E.6), and it made no significant management decisions with which OIG disagreed (Table E.7). Lastly, a number of recommendations were closed during the reporting period, and OIG highlights an example of BBG success in implementing recommendations (Table E.8).

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APPENDIX A: OIG REPORTS RELATED TO DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

Table A.1
OIG Reports Related to Department of State Programs and Operations, 4/1/2017–9/30/2017

Report #	Report Title	Date Issued
Office of Audits		
AUD-IT-17-64	<i>Audit of the Department of State's Information Technology Configuration Control Board</i>	9/2017
AUD-CGI-17-63	<i>Audit of Invoices Submitted by Torres Advanced Enterprise Solutions, LLC, for Select Local Guard Force Contracts</i>	9/2017
AUD-IT-17-61	<i>Audit of the Department of State's Efforts to Detect and Address the Use of Unapproved Portable Devices</i>	9/2017
AUD-FM-17-53	<i>Audit of the Bureau of Consular Affairs Fee-Setting Methodology for Selected Consular Services</i>	9/2017
AUD-IT-17-56	<i>Management Assistance Report: The Process to Authorize and Track Information Technology Systems Needs Improvement</i>	8/2017
AUD-FM-17-51	<i>Audit of Select Cost-of-Living Allowances for American Employees Stationed in Foreign Areas</i>	8/2017
AUD-MERO-17-49	<i>Audit of the Conventional Weapons Destruction Program in Afghanistan, Iraq, and Lebanon</i>	8/2017
AUD-ACF-17-55	<i>Management Assistance Report: Department Attention Needed to Address Overdue Responses on Selected Open Recommendations</i>	7/2017
AUD-MERO-17-50	<i>Management Assistance Report: Additional Measures Needed at Embassy Amman to Safeguard Against Residential Fuel Loss</i>	7/2017
AUD-SI-17-48	<i>Audit of the Process To Approve, Disburse, and Report Rewards for Justice Payments</i>	7/2017
AUD-MERO-17-46	<i>Compliance Follow-Up Audit of Bureau of International Narcotics and Law Enforcement Affairs Programs in Pakistan</i>	7/2017
AUD-MERO-17-47	<i>Audit of the Bureau of South and Central Asian Affairs Invoice Review Process for the Afghanistan Life Support Services Contract</i>	6/2017
AUD-MERO-17-45	<i>Audit of Baghdad Diplomatic Support Center Task Orders Awarded Under Operations and Maintenance Support Services Contract SAQMMA12D0165</i>	6/2017
AUD-MERO-17-44	<i>Management Assistance Report: Building Deficiencies Identified at U.S. Embassy Kabul, Afghanistan Need Prompt Attention</i>	6/2017
AUD-SI-17-43	<i>Audit of Department of State Grants and Cooperative Agreements Awarded to Kennesaw State University</i>	6/2017

(Table A.1 continued on next page)

Report #	Report Title	Date Issued
AUD-FM-17-42	<i>Audit of Department of State FY 2016 Compliance With Improper Payments Requirements</i>	5/2017
AUD-MERO-17-41	<i>Audit of the Department of State's Contract To Monitor Foreign Assistance Programs in Iraq</i>	5/2017
AUD-CGI-17-38	<i>Audit of the Bureau of Consular Affairs, Office of Consular Systems and Technology, Administration of Selected Information Technology Contracts</i>	5/2017
AUD-MERO-17-37	<i>Management Assistance Report: Challenges Remain in Monitoring and Overseeing Antiterrorism Assistance Program Activities in Pakistan</i>	5/2017
Office of Evaluations and Special Projects		
ESP-17-02	<i>Evaluation of the Department of State's Security Clearance Process</i>	7/2017
ESP-17-01	<i>A Special Joint Review of Post-Incident Responses by the Department of State and Drug Enforcement Administration to Three Deadly Force Incidents in Honduras</i>	5/2017
Office of Inspections		
ISP-I-17-43	<i>Inspection of Embassy Valletta, Malta</i>	9/2017
ISP-I-17-41	<i>Inspection of Embassy Podgorica, Montenegro</i>	9/2017
ISP-I-17-40	<i>Inspection of Embassy Skopje, Macedonia</i>	8/2017
ISP-C-17-32	<i>Compliance Follow-up Review: Department of State Has Not Implemented Recommendations Pertaining to Official Residence Expense Staff Salaries</i>	8/2017
ISP-17-31	<i>Inconsistent Guidance Governing Property Controls Over Mobile Devices Left Department at Risk of Wasteful Spending</i>	8/2017
ISP-I-17-30	<i>Capital Security Cost Sharing Program: Inconsistent Criteria for Managing Vacant Positions Resulted in Inaccurate Counts</i>	8/2017
ISP-17-39	<i>Management Assistance Report: Deficiencies Reported in Cyber Security Assessment Reports Remain Uncorrected</i>	7/2017
ISP-17-38	<i>Management Assistance Report: Department Can Take Steps Toward More Effective Executive Direction of Overseas Missions</i>	7/2017
ISP-17-33	<i>Management Assistance Report: Improved Oversight Needed to Standardize the Use of Risk Assessments and Monitoring Plans for Overseas Grants</i>	7/2017
ISP-C-17-29A	<i>Limited-Scope Compliance Follow-Up Review of Embassy Tokyo, Japan</i>	6/2017
ISP-C-17-27	<i>Compliance Follow-up Review: Department of State is Still Unable to Accurately Track and Report on Foreign Assistance Funds</i>	6/2017
ISP-I-17-25A	<i>Inspection of Emergency Preparedness and Residential Security at Embassy Kingston, Jamaica</i>	6/2017
ISP-I-17-19	<i>Inspection of Embassy Luanda, Angola</i>	6/2017
ISP-I-17-18	<i>Inspection of Consulate General Jerusalem</i>	6/2017
ISP-I-17-17	<i>Inspection of Embassy Accra, Ghana</i>	6/2017
ISP-C-17-28	<i>Limited-Scope Compliance Follow-up Review of Embassy Brasilia, Brazil</i>	5/2017

(Table A.1 continued on next page)

APPENDICES

Report #	Report Title	Date Issued
ISP-I-17-26	<i>Inspection of Emergency Preparedness at Consulate General Hamilton, Bermuda</i>	5/2017
ISP-17-24	<i>Management Assistance Report: Non-Performance of Information Systems Security Officer Duties by Overseas Personnel</i>	5/2017
ISP-I-17-22	<i>Inspection of the Bureau of Near Eastern Affairs</i>	5/2017
ISP-I-17-20	<i>Inspection of Embassy Tel Aviv, Israel</i>	5/2017
ISP-I-17-16	<i>Inspection of Embassy Freetown, Sierra Leone</i>	5/2017
ISP-I-17-12	<i>Inspection of Embassy Monrovia, Liberia</i>	5/2017
ISP-17-23	<i>Management Assistance Report: Cost of Information Management Staff at Embassies Should Be Distributed to Users of Their Services</i>	4/2017
ISP-I-17-14	<i>Inspection of Embassy Colombo, Sri Lanka</i>	4/2017
Office of Investigations		
INV-17-02	<i>Management Assistance Report: Bureau of International Security and Nonproliferation, Nonproliferation and Disarmament Fund Invoice Submission Process</i>	9/2017
INV-17-01	<i>Management Assistance Report: U.S. Embassy Tbilisi Employee Association Commissary Accounting Controls</i>	6/2017

Table A.2
OIG Reports Related to Department of State Programs and Operations Summarized in the *Classified Annex to the Semiannual Report to the Congress, 4/1/2017–9/30/2017*

Report #		Date Issued
Office of Audits		
AUD-IT-17-62	<i>Compliance Follow-up Audit of Department of State Access Controls for Major Applications</i>	9/2017
AUD-IT-17-60	<i>Audit of the Information Security Program for Sensitive Compartmented Information Systems at the Department of State</i>	9/2017
AUD-MERO-17-59	<i>Management Assistance Report: Safety Infractions in the Embassy Amman Motor Pool Area Require Immediate Attention</i>	9/2017
AUD-IT-17-57	<i>Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, Information Security Program</i>	8/2017
AUD-SI-17-54	<i>Audit of FY 2011 Incurred Cost Proposals for the Bureau of Diplomatic Security's Contract With Olgoonik Global Security, LLC</i>	8/2017
AUD-CGI-17-52	<i>Audit of Pacific Architects and Engineers, Inc., FY 2011 Incurred Cost Proposal for the CIVPOL, AFRICAP I, AFRICAP II, and Embassy Baghdad Contracts</i>	8/2017
AUD-ACF-17-35	<i>Management Assistance Report: Department Attention Needed to Close OIG Recommendations Concerning Safety and Security Deficiencies at Overseas Posts</i>	5/2017
AUD-MERO-17-39	<i>Audit of the FY 2011 Incurred Cost Proposals for SOC LLC's Worldwide Protective Services Task Order</i>	5/2017
AUD-SI-17-36	<i>Audit of Department of State Efforts to Screen Non-Immigrant Visa Applicants for Ties to Terrorism</i>	4/2017
Office of Inspections		
ISP-S-17-43	<i>Classified Inspection of Embassy Valletta, Malta</i>	9/2017
ISP-S-17-42	<i>Classified Inspection of Embassy Nicosia, Cyprus</i>	9/2017
ISP-S-17-35	<i>Classified Inspection of Embassy Quito and Consulate General Guayaquil, Ecuador</i>	9/2017
ISP-S-17-41	<i>Classified Inspection of Embassy Podgorica, Montenegro</i>	8/2017
ISP-S-17-40	<i>Classified Inspection of Embassy Skopje, Republic of Macedonia</i>	7/2017
ISP-17-37	Management Assistance Report: [Jerusalem GSO Annex]	6/2017
ISP-S-17-29A	<i>Classified Annex to the Limited-Scope Compliance Follow-up Review of Embassy Tokyo, Japan</i>	6/2017
ISP-S-17-25A	<i>Sensitive But Unclassified Annex to the Inspection of Emergency Preparedness and Residential Security at Embassy Kingston, Jamaica</i>	6/2017
ISP-S-17-18	<i>Classified Inspection of Consulate General Jerusalem</i>	6/2017
ISP-S-17-20	<i>Classified Inspection of Embassy Tel Aviv, Israel</i>	5/2017
ISP-S-17-19	<i>Classified Inspection of Embassy Luanda, Angola</i>	4/2017
ISP-S-17-17	<i>Classified Inspection of Embassy Accra, Ghana</i>	4/2017
ISP-S-17-16	<i>Classified Inspection of Embassy Freetown, Sierra Leone</i>	4/2017
ISP-S-17-14	<i>Classified Inspection of Embassy Colombo, Sri Lanka</i>	4/2017
ISP-S-17-13	<i>Classified Inspection of Embassy Bishkek, Kyrgyzstan</i>	4/2017
ISP-S-17-12	<i>Classified Inspection of Embassy Monrovia, Liberia</i>	4/2017

Note: Seven additional reports (titles classified) can be found in the *Classified Annex to the Semiannual Report to the Congress*.

APPENDIX B: OIG REPORTS RELATED TO BROADCASTING BOARD OF GOVERNORS PROGRAMS AND OPERATIONS

Table B.1
OIG Reports Related to Broadcasting Board of Governors Programs and Operations, 4/1/2017–9/30/2017

Report #	Report Title	Date Issued
Office of Audits		
AUD-FM-IB-17-40	<i>Audit of Broadcasting Board of Governors FY 2016 Compliance With Improper Payments Requirements</i>	5/2017
Office of Inspections		
ISP-IB-17-21	<i>Inspection of Radio Free Europe/Radio Liberty</i>	5/2017

APPENDIX C: PEER REVIEWS

The Office of Inspector General (OIG) conducts oversight activities to help ensure that the Department of State and the Broadcasting Board of Governors manage and execute programs and operations as efficiently and effectively as possible. To underscore the importance of operational efficiency and effectiveness, OIG is measured by industry standards and best practices set forth by the oversight community, represented by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). As part of this shared internal control system, CIGIE requires OIGs to conduct and undergo periodic external peer reviews, and the Inspector General Act of 1978 requires the results of these peer reviews to be published in this *Semiannual Report to the Congress*.

Office of Audits

The Office of Audits did not undergo a peer review during this reporting period.

Office of Inspections

OIG's Office of Inspections was the team lead for the external peer review inspection of the Office of the Inspector General of the

Intelligence Community, Inspections and Evaluations Division. The peer review was conducted in accordance with CIGIE Inspection and Evaluation Committee guidance as contained in the CIGIE Guide for Conducting Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspector General. The peer review was conducted from June 1, 2017, through June 16, 2017. The reviewed organization will report the final results of the external peer reviews in its semiannual report.

Office of Investigations

OIG's Office of Investigations was the team lead for the external peer review inspection of the Office of Inspector General of the U.S. Agency for International Development, Office of Investigations. The peer review was conducted in accordance with CIGIE Investigative Committee guidance as contained in the CIGIE Qualitative Assessment Review Guidelines for Investigative Operations of Federal Offices of Inspector General. The peer review was conducted from May 8, 2017, through May 12, 2017. The reviewed organization will report the final results of the external peer reviews in its semiannual report.

APPENDIX D: DEPARTMENT OF STATE COMPLIANCE

Tables D.1 through D.8 report the status of open Office of Inspector General (OIG) recommendations to the Department of State as of September 30, 2017, as well as certain recommendations that were closed during the reporting period.

OIG Compliance Lexicon

Open

Unresolved: No agreement between OIG and management on the recommendation or proposed corrective action (remains open).

Resolved: Agreement on the recommendation and proposed corrective action (remains open) but implementation has not been completed.

Closed

Agreed-upon corrective action is complete.

Table D.1
Open Office of Audits Recommendations Issued in Previous Periods, Pending Final Department of State Action, as of 9/30/2017

Report Recommendation	Potential Monetary Benefits
Significant Open Recommendations	
<i>Aspects of the Invoice Review Process Used by the Bureau of Near Eastern Affairs to Support Contingency Operations in Iraq Need Improvement</i> (AUD-MERO-17-33, 3/2017)	
Recommendation 2: OIG recommends that the Bureau of Near Eastern Affairs, in coordination with the Bureau of Administration, provide sufficient resources to the Contract Management Office-Frankfurt to ensure all unallowable costs are identified and recovered in a timely manner. This review should begin with those invoices provisionally approved beginning in September 2014 and already identified as awaiting post-payment review and then going back to identify and review those provisionally approved invoices submitted before September 2014 that did not receive full review.	N/A
Recommendation 5: OIG recommends that the Bureau of Near Eastern Affairs develop and implement a process to periodically review and address staffing requirements in Frankfurt and in Iraq to ensure invoice oversight staff levels are sufficient to complete effective and timely invoice reviews in accordance with the Federal Acquisition Regulation, Foreign Affairs Manual, Foreign Affairs Handbook, Contract Management Office-Frankfurt Standard Operating Procedures, and Contract Management Office-Frankfurt invoice checklist.	N/A
Recommendation 6: OIG recommends that the Bureau of Near Eastern Affairs develop and implement a process to a) track and ensure that Contracting Officer’s Representative inspections are completed in accordance with the inspection schedule; b) document the inspection results, including deficiencies found; and c) report the inspection results to the Contract Management Office-Frankfurt in a timely manner.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
Recommendation 7: OIG recommends that the Bureau of Near Eastern Affairs, develop reliable, objective, clear, and measurable performance metrics and include these metrics in all current and future Bureau of Near Eastern Affairs Iraq contracts.	N/A
Recommendation 8: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop and implement a) a methodology to calculate the cost associated with the contractor not meeting performance metrics and b) a process to reduce payment to the contractor when contractual requirements are not being met. This methodology and process should be included in all current and future Bureau of Near Eastern Affairs Iraq contracts.	N/A
<i>Management Assistance Report: Health and Safety Concerns Identified Related to Armored Vehicle Disposals (AUD-SI-17-20, 1/2017)</i>	
Recommendation 1: OIG recommends that the Bureau of Diplomatic Security, in coordination with the Directorate for Operations, Bureau of Overseas Buildings Operations, Office of Safety, Health, and Environmental Management, develop and implement specific safety guidance for the disposal of armored vehicles overseas. The guidance should reference obligatory occupational health and safety standards, instruct how to conduct an Activity Hazard Analyses in accordance with Overseas Buildings Operations requirements, specify that Activity Hazard Analyses must be performed during the pre-award contract phase, and mandate specialized health and safety training for post personnel involved in armored vehicle disposals in order that they may verify contractor compliance with required occupational health and safety standards.	N/A
Recommendation 2: OIG recommends that the Bureau of Diplomatic Security, in coordination with the Directorate for Operations, Bureau of Overseas Buildings Operations, Office of Safety, Health, and Environmental Management, develop a contract template for overseas posts to use for armored vehicle disposal contracts. The template should include specific contract clauses relating to occupational health and safety standards for contractors performing vehicle disposals.	N/A
<i>Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq (AUD-MERO-17-16, 12/2016)</i>	
Recommendation 5: OIG recommends that the Bureau of Near Eastern Affairs conduct a study to determine the appropriate numbers of trained, technically experienced, and certified oversight personnel required to oversee the Baghdad Life Support Services and Operations and Maintenance Support Services contracts, to include specific consideration of 2-year assignments, required Federal Acquisition Certification for Contracting Officer's Representatives certification levels, and appointment of additional assistant Contracting Officer's Representatives.	N/A
Recommendation 8: OIG recommends that the Bureau of Near Eastern Affairs, in coordination with the Contracting Officer in the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, contractually require PAE Government Services, Inc., to conduct a full inventory of all fuel storage and distribution equipment and machinery that require maintenance, as part of fuel-related task orders under the Operations and Maintenance Support Services contract.	N/A
Recommendation 9: OIG recommends that the Bureau of Near Eastern Affairs, a) in coordination with the Contracting Officer in the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, contractually require PAE Government Services, Inc., to obtain operation and maintenance manuals for all fuel storage and distribution equipment and machinery, to include the manufacturers' recommended maintenance schedules; and b) include steps for inspecting these requirements in the corresponding quality assurance surveillance plans.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
<i>Audit of the Bureau of Near Eastern Affairs Middle East Partnership Initiative</i> (AUD-MERO-17-08, 11/2016)	
Recommendation 3: OIG recommends that the Bureau of Near Eastern Affairs establish and implement additional policies and procedures to require that award monitoring plans include assessments of progress toward achieving the goals, objectives, and expected outcomes of awards and the technical assistance that may be provided. These written procedures should be incorporated into the Bureau of Near Eastern Affairs Office of Assistance Coordination Grants Management Policies and Procedures Manual.	N/A
Recommendation 4: OIG recommends that the Bureau of Near Eastern Affairs establish and implement additional written policies and procedures to require performance monitoring during site visits and provide a template on how that monitoring should be conducted. These written procedures should be incorporated into the Bureau of Near Eastern Affairs Office of Assistance Coordination Grants Management Policies and Procedures Manual.	N/A
<i>Management Assistance Report: Incorrect Post Allowance Rate for Embassy Berlin, Germany</i> (AUD-FM-17-06, 11/2016)	
Recommendation 1: OIG recommends that the Bureau of Administration a) recalculate the post allowance rate for Berlin to correctly apply data related to the value added tax and sales tax and b) update the post allowance rate for Berlin and other applicable posts within Germany accordingly.	N/A
Recommendation 2: OIG recommends that the Bureau of Administration, in coordination with the Bureau of the Comptroller and Global Financial Services, determine the amount saved (for at least the first pay period after application of the recalculated allowance), which over a 2-year period OIG estimated to be \$1.1 million for Embassy Berlin and \$44,000 for Consulate General Dusseldorf.	\$1,144,000
<i>Management Assistance Report: Department of State Conference Reporting</i> (AUD-CGI-17-07, 10/2016)	
Recommendation 1: OIG recommends that the Under Secretary for Management, Office of Management Policy, Rightsizing, and Innovation, develop and disseminate formal guidance regarding registering, approving, and reporting conferences in compliance with Federal requirements.	N/A
Recommendation 3: OIG recommends that the Under Secretary for Management, Office of Management Policy, Rightsizing, and Innovation, develop and implement a communications strategy to periodically keep Department of State personnel informed of conference registration, approval, and reporting requirements to ensure the integrity of the data is accurately reported and errors are corrected in a timely manner.	N/A
<i>Management Assistance Report: Contract Management—Lessons Learned From Embassy Kabul, Afghanistan, Operations and Maintenance Contract</i> (AUD-MERO-17-04, 10/2016)	
Recommendation 5: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of Overseas Buildings Operations, Office of Construction, Facility, and Security Management, Office of Facility Management, ensure that any additional services added to the worldwide operations and maintenance contract be appropriately aligned with the base contract’s statement of work and within the scope of the operations and maintenance base contract.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
<i>Audit of the Department of State Travel Card Program</i> (AUD-CGI-16-48, 9/2016)	
Recommendation 1: OIG recommends that the Bureau of the Comptroller and Global Financial Services develop, implement, and publish policies in the Foreign Affairs Manual and/or Foreign Affairs Handbook governing cash advances on Department-issued travel cards, specifically regarding the timing and dollar value of cash advances that may be obtained.	N/A
Recommendation 2: OIG recommends that the Bureau of the Comptroller and Global Financial Services develop and implement a policy to annually review and update its transaction blocking by merchant category code template to ensure that it is complete and accurate.	N/A
Recommendation 3: OIG recommends that the Office of the Director General for Human Resources, in conjunction with the Bureau of the Comptroller and Global Financial Services, develop and implement administrative and disciplinary procedures related to the Travel Card Program to include misuse, non-usage, and abuse.	N/A
Recommendation 4: OIG recommends that the Bureau of the Comptroller and Global Financial Services establish controls to identify Department employees eligible to receive a travel card who travel more than two times in a 12-month period and verify that they obtain and use a Department-issued travel card for all official travel-related expenses.	N/A
Recommendation 5: OIG recommends that the Bureau of the Comptroller and Global Financial Services develop and implement split disbursement procedures as required by the Office of Management and Budget for all Department-issued travel card holders.	N/A
Recommendation 6: OIG recommends that the Bureau of the Comptroller and Global Financial Services update its policy regarding employees' remittance of the travel charge card to require that Agency/Organization Program Coordinators obtain separating employees' travel charge cards whenever possible.	N/A
Recommendation 7: OIG recommends that the Bureau of the Comptroller and Global Financial Services update its Travel Card Management Plan to include provisions and procedures for account suspension and/or closure for employees who are placed on administrative leave for conduct issues.	N/A
<i>Compliance Follow-up Review of the Department of State's Implementation of Executive Order 13526, Classified National Security Information</i> (AUD-SI-16-43, 9/2016)	
Recommendation 1: OIG recommends that the Bureau of Administration develop and disseminate guidance to all Department bureaus and offices regarding how the bureaus should meet their responsibilities outlined in the Foreign Affairs Manual for monitoring and enforcing the mandatory classification training requirements for all Department employees. The guidance should specify, at a minimum, how the bureaus should identify their staff members who require classification training to comply with Executive Order 13526, when each bureau's initial list of individuals who must take the required training is due to the Bureau of Administration, and how often the lists need to be updated. The guidance should also specify the procedures that each bureau must follow to sanction security-cleared individuals who do not take the required training.	N/A
Recommendation 2: OIG recommends that the Bureau of Administration, in coordination with the Bureau of Diplomatic Security, develop and disseminate guidance to Department of State bureaus and offices that describes when a security-cleared contractor must take classification training required by Executive Order 13526, who will pay for the training, and how the suspension of classification authority will apply to security-cleared contractors who do not complete the required training.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
Recommendation 5: OIG recommends that the Bureau of Administration develop and implement a process to formally request and obtain, from all bureaus and offices within the Department of State, annual reports of all classification decisions made to facilitate compliance with Executive Order 13526 and with the inspection and reporting requirements contained in Title 32, Code of Federal Regulations, Sections 2001.60 and 2001.90.	N/A
Recommendation 6: OIG recommends that the Bureau of Administration develop and disseminate guidance to all bureaus and offices regarding the creation and maintenance of repositories of classified documents to facilitate the count of classification decisions reported annually in the Agency Security Classification Management Program Data form and to facilitate the review of a representative sample of classified documents during each self-inspection.	N/A
<i>Audit of the Aeromedical Biological Containment Evacuation Contracts Within the Bureau of Medical Services (AUD-CGI-16-40, 8/2016)</i>	
Recommendation 4: OIG recommends the Bureau of Medical Services develop and implement procedures for processing invoices, billing, and collecting reimbursements for non-Department of State medical evacuations.	N/A
<i>Audit of the Bureau of Near Eastern Affairs Financial Management of Grants and Cooperative Agreements Supporting the Middle East Partnership Initiative (AUD-MERO-16-42, 7/2016)</i>	
Recommendation 3: OIG recommends that the Bureau of Near Eastern Affairs (a) determine whether questioned costs of \$1.5 million identified in this report are allowable and supported and (b) recover any costs determined to be unallowable or unsupported.	\$1,497,938
<i>Management Assistance Report: Inactive Accounts Within the Department of State's Active Directory (AUD-IT-16-37, 6/2016)</i>	
Recommendation 1: OIG recommends that the Bureau of Information Resource Management develop a plan to effectively identify and remove inactive mailbox, service, and terminated user accounts.	N/A
<i>Improvements Needed To Strengthen Vehicle-Fueling Controls and Operations and Maintenance Contract at Embassy Kabul, Afghanistan (AUD-MERO-16-35, 4/2016)</i>	
Recommendation 1: OIG recommends that Embassy Kabul (a) update the embassy's vehicle inventory systems (Integrated Logistics Management System and Fleet Management Information System) to fully account for all vehicles authorized to access the embassy's vehicle-fueling system; and (b) establish procedures to periodically review and update the inventory systems.	N/A
Recommendation 6: OIG recommends that Embassy Kabul procure a new vehicle-fueling system (hardware and software) to replace the current outdated system.	N/A
<i>Audit of the Department of State Process To Select and Approve Information Technology Investments (AUD-FM-16-31, 3/2016)</i>	
Recommendation 5: OIG recommends that the Bureau of Information Resource Management develop and implement a strategy to enforce the requirement that bureaus and offices must consult with and receive guidance from the Bureau of Information Resource Management prior to initiating an IT investment.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
Recommendation 11: OIG recommends that the Bureau of Information Resource Management develop and implement policies and procedures to oversee and enforce requirements for bureaus and offices to avoid duplicative IT investments.	N/A
Recommendation 12: OIG recommends that the Bureau of Information Resource Management develop and implement a process to perform periodic, but no less than annual, reviews of the entire agency IT portfolio to enforce bureau accountability and identify potential duplicative systems.	N/A
Recommendation 13: For duplicative systems that are identified by the new process implemented to perform periodic reviews of the entire agency IT portfolio (Recommendation 12), OIG recommends that the Bureau of Information Resource Management develop and implement a strategy to combine, eliminate, or replace duplicative systems, as practicable.	N/A
Recommendation 25: OIG recommends that the Bureau of Information Resource Management, in coordination with the Bureau of Budget and Planning, develop and implement a process to validate the completeness of the data in iMatrix. At a minimum, this process should include an analysis of IT expenditures in the financial management system to ensure expenditures are reported in iMatrix, as needed.	N/A
Recommendation 26: OIG recommends that the Bureau of Information Resource Management, in coordination with the Bureau of Budget and Planning, develop and implement a process to validate the accuracy of data in iMatrix. This could include developing and implementing analytical procedures to identify anomalies in iMatrix data.	N/A
<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 8 — Security Services at U.S. Consulate Erbil (AUD-MERO-16-30, 3/2016)</i>	
Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (a) determine whether the \$10.8 million in questioned costs related to Worldwide Protective Services Task Order 8 expenses as identified in this audit are allowable or supported and (b) recover any costs determined to be unallowable or unsupported.	\$10,800,000
<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 — Baghdad Embassy Security Force (AUD-MERO-16-28, 2/2016)</i>	
Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, recover the \$13.6 million in deferred assessments from SOC, LLC.	\$13,600,000
Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine the allowability of and recover, as appropriate, the \$652,061 in unallowed costs identified in this report.	\$652,061
Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine whether unsupported costs are allowable and recover, as appropriate, the \$6.5 million in unsupported costs identified in this report.	\$6,543,189

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
<i>Compliance Follow-up Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts (AUD-ACF-16-20, 12/2015)</i>	
Recommendation 1: OIG recommends that the Bureau of Diplomatic Security establish a monitoring plan to assist it in achieving its stated goal to complete the physical security surveys by September 2016. The monitoring plan should consist of critical tracking metrics such as key interim milestones, percentage of completion, and other status or performance indicators to assess progress against stated goals.	N/A
Recommendation 7: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and implement formal standardized processes to prioritize physical security-related deficiencies at posts by category, such as major physical security upgrades, forced-entry/ballistic-resistant projects, and minor physical security upgrades. The prioritizations should be performed based on a comprehensive list of all physical security needs and should be periodically updated based on changes in risk factors or posts' needs. The processes used to perform the prioritizations should be documented and repeatable. In addition, in developing the processes, consideration should be given to how the Overseas Security Policy Board standards will be utilized, what risk factors will be considered, and what impact upcoming major rehabilitation projects or new construction would have on the prioritized rankings.	N/A
<i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Aviation Support Services Contract in Iraq (AUD-MERO-15-35, 7/2015)</i>	
Recommendation 9: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management provide to the OIG its rationale and all documentation (e.g., written legal opinions, written business cases, emails, meeting minutes, and decision papers and memos) used to support the decisions to authorize and obligate \$25,886,861 for reimbursements to DynCorp International (DynCorp) for (1) the payment of DynCorp's employees' personal income and Social Security tax liabilities to the Government of Iraq and (2) DynCorp's employer contributions to Iraq Social Security.	\$25,886,861
<i>Audit of the Bureaus of Near Eastern Affairs and South and Central Asian Affairs Compliance With Federal and Department Premium Class Air Travel Policies (AUD-MERO-15-16, 11/2014)</i>	
Recommendation 1: OIG recommends that the Bureau of the Comptroller and Global Financial Services in coordination with the Joint Executive Office of the Bureaus of Near Eastern Affairs and South and Central Asian Affairs and the Bureau of Administration review and seek repayment of questioned travel costs for the five travel authorizations in which premium class air travel justifications were inappropriately applied and approved. OIG determined the total of these repayments could be as much as \$13,270.	\$417*
Recommendation 3: OIG recommends that the Bureau of the Comptroller and Global Financial Services review the 181 premium travel authorizations not reviewed for this audit to determine whether the use of premium class air travel was appropriate, seek repayment for any travel determined to be inappropriate and report the results of the review to OIG.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
<i>Audit of the Department of State Implementation and Oversight of Active Directory (AUD-IT-15-05, 10/2014)</i>	
Recommendation 1: OIG recommends that the Bureau of Information Resource Management, in coordination with the Bureaus of Human Resources and Diplomatic Security, develop and implement an overall strategy that will provide policies and procedures for managing Active Directory account management that reflects the interaction between all Bureaus.	N/A
Recommendation 2: OIG recommends that the Bureau of Information Resource Management update and implement Volumes 5 and 12 of the Foreign Affairs Manual to specifically address the deficiencies in Active Directory account management.	N/A
Recommendation 3: OIG recommends that the Bureau of Information Resource Management, in coordination with the Bureaus of Human Resources and Diplomatic Security, develop and implement guidance that describes a sustainable and repeatable process for determining how to identify and then disable or remove unneeded OpenNet accounts, including users that are not Department of State employees, such as contractors and other Federal agencies.	N/A
Recommendation 4: OIG recommends that the Bureau of Information Resource Management develop and implement a process to ensure that Information Systems Security Officers conduct monthly reviews of audit logs for security anomalies, as prescribed by Volume 12, Section 629.2-7, of the Foreign Affairs Manual.	N/A
Recommendation 5: OIG recommends that the Bureau of Information Resource Management develop and implement a process directing Organizational Unit Administrators to update their Active Directory organizational unit structure, in accordance with the Department of State Global Address List and Active Directory Standardization Guidelines.	N/A
Recommendation 6: OIG recommends that the Bureau of Information Resource Management, in coordination with the Bureaus of Diplomatic Security and Human Resources, implement the use of Personal Identity Verification cards—as detailed in the Chief Information Officer’s implementation plan for logical access—for all Department employees who are eligible for a National Agency Check and Inquiry, as required by Homeland Security Presidential Directive 12.	N/A
<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 10 Kabul Embassy Security Force (AUD-MERO-15-03, 10/2014)</i>	
Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, review the \$1,726,155 in costs OIG identified as possibly unallowable and recover any funds deemed unallowable.	\$882,612
Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, conduct a comprehensive review of all contractor invoices and supporting documentation to determine whether the contractor submitted adequate supporting documentation for all costs, including the \$6,916,330 identified in this report. If the documentation was not submitted, the Contracting Officer should request supporting documentation from the contractor and determine whether the costs were allowable under the contract terms. If the reimbursable costs cannot be supported or are not allowable under the terms of the contract, these funds should be recovered.	\$8,901

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
<i>Management Assistance Report—Termination of Construction Grants to Omran Holding Group</i> (AUD-CG-14-37, 9/2014)	
Recommendation 1: OIG recommends that the Bureau of South and Central Asian Affairs immediately terminate grant agreements S-AF200-13-CA-012 and S-AF200-13-CA-014 with Omran Holding Group and deobligate the \$5,092,874 in remaining funds.	\$5,092,874
Recommendation 2: OIG recommends that the Bureau of South and Central Asian Affairs direct Omran Holding Group to reimburse the Department for the \$1,203,426 in unspent funds related to grant agreements S-AF200-13-CA-012 and S-AF200-13-CA-014, and verify that the Department has received reimbursement for all unspent funds.	\$1,203,426
Recommendation 3: OIG recommends that the Bureau of South and Central Asian Affairs require the grants officer to determine the allowability of \$502,890 in potentially unallowable costs identified by OIG, direct Omran Holding Group to refund the Department any costs determined to be unallowable, and verify that funds have been refunded.	\$502,890
<i>Compliance Followup Audit of Department of State Actions To Address Weaknesses in the Ownership, Award, Administration, and Transfer of Overseas Construction Funded by the President's Emergency Plan for AIDS Relief</i> (AUD-ACF-14-32, 8/2014)	
Recommendation 1: OIG recommends that the Regional Procurement Support Office in Frankfurt, Germany, determine whether the balance of \$5,213,502 in obligations remaining on the nine contracts and task orders identified are still necessary and, if not, deobligate them.	\$5,213,502
<i>Audit of the Contract Closeout Process for Contracts Supporting the U.S. Mission in Iraq</i> (AUD-MERO-14-06, 12/2013)	
Recommendation 9: OIG recommends that the Bureau of Administration, Office of the Procurement Executive, in conjunction with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop and implement an e-Filing policy and document management system to provide effective contract file inventory control and documentation standards while allowing for ready accessibility through a central locator system. The policy should include minimum guidance over the completeness of data contained in the files and a schedule of milestones identifying mandatory implementation dates.	N/A
<i>Audit of U.S. Department of State Use of Short-Term Leases Overseas</i> (AUD-HCI-13-02, 12/2012)	
Recommendation 6: OIG recommends the Bureau of Overseas Buildings Operations establish guidelines and procedures that require posts to track and report on make-ready funds expended for individual properties to help ensure funds are expended for authorized purposes and do not exceed the Department of State limitation.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
<i>Evaluation of Invoices and Payments for the Embassy Baghdad Operations and Maintenance Contract (AUD-MERO-12-43, 8/2012)</i>	
Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, direct the Contracting Officer to conduct a comprehensive review of all contractor invoices before the Embassy Baghdad operations and maintenance contract is closed to determine whether the contractor submitted adequate supporting documentation for all reimbursable costs, to include the \$1.7 million identified in this report. If not, the Contracting Officer should request supporting documentation from the contractor and determine whether the costs were allowable under the contract terms. If the reimbursable costs cannot be supported or are not allowable under the terms of the contract, the costs should be recovered from the contractor.	\$1,676,482
<i>Audit of Bureau of East Asian and Pacific Affairs Compliance With Trafficking in Persons Requirements (AUD-IP-12-02, 10/2011)</i>	
Recommendation 1: We recommend that the Office to Monitor and Combat Trafficking in Persons include, in the Foreign Affairs Manual, the U.S. Government policy regarding trafficking in persons (TIP) to include the definition of TIP activity and information on the prohibition against involvement in acts of TIP for Department of State personnel and contractors, the associated penalties for violations, and the mechanism to report such violations.	N/A
Recommendation 2: We recommend that the Office to Monitor and Combat Trafficking in Persons, in consultation with the Office of the Legal Adviser and the Director General of Human Resources, develop and include a trafficking in persons policy in the Department of State Standards of Conduct.	N/A
Other Open Recommendations	
<i>Audit of Atlas Service Corps, Inc., Grant Expenditures and Program Income (AUD-CGI-17-32, 3/2017)</i>	
Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, (a) determine whether the \$40,452 in questioned costs identified related to unapproved changes in the scope of the grant agreement are allowable or supported and (b) recover any costs determined to be unallowable or unsupported.	\$40,452
Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, (a) determine whether the \$35,608 in questioned costs identified related to compensation and other miscellaneous expenses are allowable or supported and (b) recover any costs determined to be unallowable or unsupported.	\$35,608
Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, (a) determine whether the costs associated with the \$29,595 in unfulfilled cost sharing are allowable or supported and (b) recover funds for the portion of the cost sharing that is determined to be required to be paid.	\$29,595
Recommendation 4: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, (a) determine whether the \$10,976 in questioned costs identified related to indirect costs are allowable or supported and (b) recover any costs determined to be unallowable or unsupported.	\$10,976

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
<p>Recommendation 5: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, make a determination of the appropriate method to handle the \$54,687 of income that was not generated by grant-related activities but that was used to fulfill a portion of the grantee’s cost-sharing requirements. If the grantee cannot use those funds to fulfill its cost-sharing arrangement, the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, will need to recover funds from the grantee to cover the required cost-share amounts.</p>	\$54,687
<p><i>Management Assistance Report: Improvements Needed to the Security Certification Process To Ensure Compliance With Security Standards at Embassy Kabul, Afghanistan</i> (AUD-MERO-17-28, 3/2017)</p>	
<p>Recommendation 1: OIG recommends that the Bureau of Overseas Buildings Operations instruct Caddell Construction, Inc., to immediately replace the improperly altered security door components in accordance with contract terms and obtain confirmation from the Bureau of Diplomatic Security that the replaced components meet physical security standards.</p>	N/A
<p><i>Aspects of the Invoice Review Process Used by the Bureau of Near Eastern Affairs to Support Contingency Operations in Iraq Need Improvement</i> (AUD-MERO-17-33, 3/2017)</p>	
<p>Recommendation 1: OIG recommends that the Bureau of Near Eastern Affairs develop and include in its invoice review guidance its expectations regarding the timely completion of post-payment reviews of expedited provisional payments and procedures that Contract Management Office-Frankfurt may follow to proactively request additional resources when invoice review backlogs are likely to occur.</p>	N/A
<p>Recommendation 3: OIG recommends that the Bureau of Near Eastern Affairs report the status of the backlog to the Office of Inspector General, Assistant Inspector General for Audits, including the number of invoices reviewed and the dollar value of questioned costs, quarterly until such time as it is has been eliminated.</p>	N/A
<p>Recommendation 4: OIG recommends that the Bureau of Near Eastern Affairs direct its invoice review staff to fully document sampling done in each applicable checklist and to follow the checklist guidance.</p>	N/A
<p><i>Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq</i> (AUD-MERO-17-16, 12/2016)</p>	
<p>Recommendation 6: OIG recommends that the Bureau of Near Eastern Affairs use the results of the study from Recommendation 5 to nominate appropriate personnel so Contracting Officers with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, can assign qualified oversight personnel for those contracts and task orders.</p>	N/A
<p>Recommendation 10: OIG recommends that the Bureau of Near Eastern Affairs review all requirements included in the fuel-related task orders under the Baghdad Life Support Services and Operations and Maintenance Support Services contracts, and develop and implement quality assurance surveillance plans that address key requirements and high-risk areas related to all fuel acquisition and services.</p>	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
Recommendation 11: OIG recommends that the Bureau of Near Eastern Affairs develop and implement training for Contracting Officer's Representatives that emphasizes contractor responsibilities for inspecting goods prior to delivery and focuses on limitations of authority for Contracting Officer's Representatives to accept nonconforming goods.	N/A
Recommendation 14: OIG recommends that the Bureau of Near Eastern Affairs develop and implement a procedure, such as establishing a group email address for all pertinent oversight personnel, to ensure that all Contracting Officer's Representatives are aware of significant, performance-related correspondence between the Contracting Officer's Representative, Contracting Officer, and contractor.	N/A
<i>Audit of the Bureau of Near Eastern Affairs Middle East Partnership Initiative (AUD-MERO-17-08, 11/2016)</i>	
Recommendation 1: OIG recommends that the Bureau of Near Eastern Affairs develop and implement written procedures for all awards to ensure performance indicators meet the Performance Management Guidebook standards for indicator appropriateness and include appropriate baseline data and performance targets. These written procedures should be incorporated into the Bureau of Near Eastern Affairs Office of Assistance Coordination Grants Management Policies and Procedures Manual.	N/A
Recommendation 2: OIG recommends that the Bureau of Near Eastern Affairs provide standard procedures and training to its personnel on developing appropriate indicators.	N/A
Recommendation 5: OIG recommends that the Bureau of Near Eastern Affairs establish and implement additional written policies and procedures to require documentation of the review of quarterly performance reports to ensure that progress is being made toward achieving award objectives. These written procedures should be incorporated into the Bureau of Near Eastern Affairs Office of Assistance Coordination Grants Management Policies and Procedures Manual.	N/A
<i>Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance (AUD-MERO-17-01, 11/2016)</i>	
Recommendation 1: OIG recommends that the Under Secretary for Management consolidate and codify all current Syria vetting policies issued by the Department and bureaus into one detailed guidance explaining specifically how the vetting process should be carried out for Syrian awards. This consolidated guidance should be distributed to all bureaus once completed.	N/A
Recommendation 2: OIG recommends that the Bureau of Near Eastern Affairs distribute the consolidated vetting guidance from Recommendation 1 to implementing partners to make them aware of Department vetting requirements.	N/A
Recommendation 3: OIG recommends that the Bureau of Near Eastern Affairs develop and implement internal controls to verify that its implementing partners are submitting information on required individuals for vetting in accordance with the consolidated vetting guidance from Recommendation 1.	N/A
Recommendation 4: OIG recommends that the Bureau of Near Eastern Affairs include in future award agreements the vetting requirements for Syria programs.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
Recommendation 5: OIG recommends that the Bureau of Democracy, Human Rights, and Labor distribute the consolidated vetting guidance from Recommendation 1 to implementing partners to make them aware of Department vetting requirements.	N/A
Recommendation 6: OIG recommends that the Bureau of Democracy, Human Rights, and Labor develop and implement internal controls to verify that its implementing partners are submitting information on required individuals for vetting in accordance with the consolidated vetting guidance from Recommendation 1.	N/A
Recommendation 7: OIG recommends that the Bureau of Democracy, Human Rights, and Labor include in future award agreements the vetting requirements for Syria programs.	N/A
<i>Management Assistance Report: Contract Management—Lessons Learned From Embassy Kabul, Afghanistan, Operations and Maintenance Contract</i> (AUD-MERO-17-04, 10/2016)	
Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of Overseas Buildings Operations, Office of Construction, Facility, and Security Management, Office of Facility Management, include contract performance standards that are specific, objective, clear, and measurable in the statement of work for the new worldwide operations and maintenance contract.	N/A
Recommendation 4: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of Overseas Buildings Operations, Office of Construction, Facility, and Security Management, Office of Facility Management, identify and include all anticipated operations and maintenance needs for overseas posts in the worldwide operations and maintenance base contract.	N/A
<i>Compliance Follow-up Review of the Department of State's Implementation of Executive Order 13526, Classified National Security Information</i> (AUD-SI-16-43, 9/2016)	
Recommendation 3: OIG recommends that the Bureau of Information Resource Management develop and implement a control within the Classified State Messaging Archive and Retrieval Toolset that allows only individuals who occupy positions that have been designated as original classification authority to identify themselves as such when making original classification decisions.	N/A
<i>Audit of Department of State Strategic Sourcing Efforts</i> (AUD-FM-16-47, 9/2016)	
Recommendation 8: OIG recommends that the Bureau of Administration, in coordination with the Strategic Sourcing Council (Recommendation 1), formally establish the strategic sourcing program in the Foreign Affairs Manual and/or the Foreign Affairs Handbook.	N/A
Recommendation 10: OIG recommends that the Bureau of Administration, in coordination with the Strategic Sourcing Council (Recommendation 1), develop and implement a process to track bureau and office compliance with Department requirements to use strategic sourcing initiatives.	N/A
Recommendation 11: OIG recommends that the Bureau of Administration, in coordination with the Strategic Sourcing Council (Recommendation 1), develop and implement controls to prohibit users from ordering office supplies from vendors other than the approved Federal Strategic Sourcing Initiative office supply vendors without obtaining a valid waiver.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
<i>Audit of the Bureau of Near Eastern Affairs Financial Management of Grants and Cooperative Agreements Supporting the Middle East Partnership Initiative</i> (AUD-MERO-16-42, 7/2016)	
Recommendation 4: OIG recommends that the Bureau of Near Eastern Affairs review the 223 Middle East Partnership Initiative awards not selected for this audit to determine whether unallowable and unsupported costs exist in those awards and to recover any costs deemed unallowable or unsupported.	N/A
<i>Audit of Task Orders for the Union III Compound Awarded Under the Operations and Maintenance Support Services Contract</i> (AUD-MERO-16-41, 7/2016)	
Recommendation 2: OIG recommends that the Bureau of Near Eastern Affairs develop and implement a Quality Assurance Surveillance Plan in accordance with Federal Acquisition Regulation 46.4, "Government Contract Quality Assurance," and the revised Performance Work Statements, to guide oversight of all ongoing and future revitalization, transition, and sustainment requirements for task orders SAQMMA15F0567 and SAQMMA15F1245.	N/A
Recommendation 5: OIG recommends that the Bureau of Near Eastern Affairs, in coordination with the Department of Defense, identify requirements for task orders SAQMMA15F0567 and SAQMMA15F1245 and milestone dates for completion, and communicate the defined requirements to the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management by the established milestone dates.	N/A
Recommendation 10: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management develop and implement a process to ensure that Department offices performing invoice reviews, including the Contract Management Office within the Bureau of Near Eastern Affairs, are provided timely notification of undefinitized task order awards and subsequent definitization actions.	N/A
<i>Management Assistance Report: Inactive Accounts Within the Department of State's Active Directory</i> (AUD-IT-16-37, 6/2016)	
Recommendation 2: OIG recommends that the Bureau of Information Resource Management implement the plan developed in response to Recommendation 1 to guide the identification and timely removal of inactive mailbox, service, and terminated user accounts.	N/A
<i>Audit of Time and Material Expenses and Performance Incentive Payments Under the Bureau of Information Resource Management, Vendor Management Office Vanguard Program</i> (AUD-CGI-16-34, 5/2016)	
Recommendation 3: OIG recommends that the Bureau of Administration update the Foreign Affairs Handbook to clarify that the Contracting Officer is ultimately responsible for certifying that the Contracting Officer's Representative is maintaining contract files properly and verifying the status of those files during any transition of Contracting Officer's Representatives.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
<i>Improvements Needed To Strengthen Vehicle-Fueling Controls and Operations and Maintenance Contract at Embassy Kabul, Afghanistan</i> (AUD-MERO-16-35, 4/2016)	
Recommendation 2: OIG recommends that once Embassy Kabul updates its vehicle inventory, including all vehicles that fall under Chief of Mission authority, the embassy (a) direct PAE Government Services, Inc., to update the listing of authorized vehicle identification numbers in the vehicle-fueling system; and (b) verify that PAE Government Services, Inc. updated the vehicle-fueling system by periodically testing the system.	N/A
Recommendation 3: OIG recommends that Embassy Kabul (a) direct PAE Government Services, Inc., to reprogram the agency personal identification number to connect the personal identification number to a specific vehicle identification number in the fueling system; and (b) verify that PAE Government Services, Inc., updated the vehicle-fueling system by periodically testing the system.	N/A
Recommendation 4: OIG recommends that Embassy Kabul update its control related to the odometer reading entered into the vehicle-fueling system so that (1) zero cannot be entered as a valid mileage amount and (2) the driver cannot enter an odometer reading that is lower than one previously entered for that vehicle.	N/A
Recommendation 5: OIG recommends that Embassy Kabul update its control specific to the personal badge number entered into the vehicle-fueling system so that only embassy staff with a mission requirement to access fuel are programmed into the fueling system.	N/A
Recommendation 7: OIG recommends that the Embassy Kabul motor pool manager review and reconcile the vehicle fuel transactions and the vehicle usage reports on a monthly basis to determine if any theft or improper use of fuel has occurred, in accordance with the Foreign Affairs Handbook, 14 FAH-1, H-814.2-2, "Motor Pool Manager Review."	N/A
<i>Audit of the Department of State Process To Select and Approve Information Technology Investments</i> (AUD-FM-16-31, 3/2016)	
Recommendation 1: OIG recommends that the Bureau of Information Resource Management update the Capital Planning and Investment Control Program Guide to comply with Office of Management and Budget requirements. Specifically, the definition of an IT investment should be modified and a requirement to perform a review for duplicative investments across the agency, Federal Government, and private sector should be included.	N/A
Recommendation 2: OIG recommends that the Bureau of Information Resource Management develop and implement a formal process describing when and how Bureau management will review and approve changes to the Capital Planning and Investment Control Program Guide to ensure the guide is compliant with Office of Management and Budget requirements. At a minimum, the plan should include a description of the officials who will review and formally approve the changes to the Program Guide.	N/A
Recommendation 3: OIG recommends that the Bureau of Information Resource Management develop and implement a process to increase the transparency of IT spending related to existing investments, including operations and maintenance costs.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
Recommendation 4: OIG recommends that the Bureau of Information Resource Management, in coordination with the Bureau of Budget and Planning, develop and implement a process for the Bureau of Budget and Planning to provide detailed information to the Bureau of Information Resource Management on bureaus' IT budgeting and spending.	N/A
Recommendation 6: OIG recommends that the Bureau of Information Resource Management issue formal guidance stating that bureaus and offices must consult with and receive the approval of the Bureau of Information Resource Management prior to initiating a reorganization of IT investments.	N/A
Recommendation 7: OIG recommends that the Bureau of Information Resource Management develop guidelines on how and when a reorganization of IT investments is necessary and allowable and include those guidelines in the Capital Planning and Investment Control Program Guide.	N/A
Recommendation 8: OIG recommends that the Bureau of Information Resource Management establish and implement a plan to review IT investment reorganizations that occurred since FY 2010 to ensure that the investments resulting from the reorganizations comply with Office of Management and Budget requirements for information technology investments.	N/A
Recommendation 9: OIG recommends that the Bureau of Information Resource Management modify the Capital Planning and Investment Control Program Guide to state that the Bureau of Information Resource Management shall review and approve bureau-specific IT investment methodologies used to develop and invest in IT projects (also known as control gates).	N/A
Recommendation 10: OIG recommends that the Bureau of Information Resource Management develop and implement a process to (a) identify and review all bureau-specific IT investment methodologies (ones currently in place as well as ones that will be developed in the future); (b) determine whether the bureau-specific IT investment methodologies comply with Office of Management and Budget Circular A-130; and, if they do not comply, (c) provide bureaus with guidance regarding the modifications needed to fully comply and verify that the methodologies were modified as necessary. This effort should include reviewing the standard forms used by each bureau during the IT selection process to ensure consistency and compliance with Office of Management and Budget Circular A-130.	N/A
Recommendation 14: OIG recommends that the Bureau of Information Resource Management develop and implement a strategy to perform semiannual or more frequent reviews of bureau-funded IT contracts to identify new IT investments developed as part of the contracts.	N/A
Recommendation 17: OIG recommends that the Bureau of Information Resource Management (a) develop and implement a policy requiring bureaus and offices to provide details of IT investments, programs, and projects in iMatrix and (b) develop and disseminate guidance specifying the level of detail necessary for each investment, including general descriptions and technical capabilities.	N/A
Recommendation 18: OIG recommends that the Bureau of Information Resource Management develop and implement controls in iMatrix to require that the investment manager and budget analyst revalidate data when financial information for an investment in iMatrix is modified.	N/A
Recommendation 20: OIG recommends that the Bureau of Information Resource Management develop and issue a policy stating that bureaus must update the information on non-major investments in iMatrix quarterly, rather than only when the reports are due to be submitted to the Office of Management and Budget.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
Recommendation 21: OIG recommends that the Bureau of Information Resource Management develop and implement a process to identify bureaus or offices that have not certified investment information in iMatrix and take action to ensure that the information is certified before the report is submitted to the Office of Management and Budget.	N/A
Recommendation 22: OIG recommends that the Bureau of Information Resource Management, in coordination with the Bureau of Budget and Planning, develop and implement a process to verify that all bureau and office IT investment managers and budget analysts complete the respective training courses related to IT capital planning and reporting that are provided annually.	N/A
Recommendation 23: OIG recommends that the Bureau of Information Resource Management, in coordination with the Bureau of Budget and Planning, include information on reporting reimbursable costs in the annual training provided to investment managers and budget analysts on how to report IT investment data in iMatrix.	N/A
Recommendation 24: OIG recommends that the Bureau of Information Resource Management develop guidance on reporting reimbursable costs in iMatrix and distribute that guidance to bureau investment managers and budget analysts.	N/A
Recommendation 27: OIG recommends that the Bureau of Information Resource Management develop and implement a policy requiring bureaus and offices to submit source documents to support the information entered into iMatrix.	N/A
Recommendation 28: OIG recommends that the Bureau of Information Resource Management develop and implement a process to verify that bureaus and offices are submitting source documents to support the information entered into iMatrix in accordance with the policy developed that requires bureaus and offices to submit source documents that support the information entered into iMatrix.	N/A
Recommendation 29: OIG recommends that the Bureau of Information Resource Management determine the information for non-major investments that should be included in iMatrix and develop a policy to implement that determination.	N/A
<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 8 — Security Services at U.S. Consulate Erbil (AUD-MERO-16-30, 3/2016)</i>	
Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of Diplomatic Security, conduct a comprehensive review of all Task Order 8 contractor invoices and supporting documentation to determine whether all costs, including those identified in this report, are allowable and supported.	N/A
<i>Compliance Follow-up Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts (AUD-ACF-16-20, 12/2015)</i>	
Recommendation 6: OIG recommends that the Bureau of Overseas Buildings Operations develop and implement a method to track the funding status of every physical security deficiency identified by the Bureau of Diplomatic Security in the Deficiencies Database.	N/A
Recommendation 8: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and issue a Long-Range Physical Security Plan.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
Recommendation 9: OIG recommends that the Bureau of Overseas Buildings Operations develop and implement a process to respond to posts' formal requests for physical security-related funding, which should include commitments to respond within certain timeframes.	N/A
<i>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</i> (AUD-ACF-15-43, 9/2015)	
Recommendation 2: OIG recommends that the Under Secretary for Civilian Security, Democracy, and Human Rights provide a plan of action to complete corrective actions, including appropriate milestones, to address Recommendations 1 and 2 from Audit Report AUD/IP-12-02.	N/A
<i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Aviation Support Services Contract in Iraq</i> (AUD-MERO-15-35, 7/2015)	
Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine whether the questioned costs of \$140,627 pertaining to flight labor hours and base operations identified by OIG under contracts SAQMPD05C1103 and SAQMMA12C1103, Task Orders 3616 and 2643, are allowable and recover any costs determined to be unallowable from DynCorp International.	N/A
Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine whether the questioned costs of \$789,416 pertaining to flight labor hours and base operations and the potentially misapplied costs of \$2,601 pertaining to materials identified by OIG under contracts SAQMPD05C1103 and SAQMMA12C1103, Task Orders 3616 and 2643, are allowable and supportable and recover any costs determined to be unsupported or misapplied from DynCorp International.	N/A
Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, conduct a comprehensive review of all cost reimbursable contractor invoices related to Embassy Air-Iraq to determine whether the charges were allocable, allowable, and supportable.	N/A
Recommendation 4: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, Office of Aviation, require DynCorp International to provide documentation to the Bureau of International Narcotics and Law Enforcement Affairs that clearly, accurately, and completely supports all costs submitted on its invoices.	N/A
Recommendation 7: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, Office of Aviation, develop a contract definitization process that identifies all scope of work requirements in advance of the period of performance and ensures that the contractor submits accurate price and technical proposals that incorporate the requirements in advance of the period of performance.	N/A
<i>Audit of Department of State Oversight Responsibilities, Selection, and Training of Grants Officer Representatives</i> (AUD-CG-15-33, 6/2015)	
Recommendation 6: OIG recommends that the Bureau of South and Central Asian Affairs develop and implement a process to track grants officer representatives' compliance with requirements to perform and document their reviews of performance and financial reports consistent with Grants Policy Directive 16, "Designation of Grants Officer Representatives," and Grants Policy Directive 42, "Monitoring Assistance Awards."	N/A

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Report Recommendation	Potential Monetary Benefits
<i>Audit of Department of State Humanitarian Assistance in Response to the Syrian Crisis (AUD-MERO-15-22, 3/2015)</i>	
Recommendation 2: OIG recommends that the Bureau of Population, Refugees and Migration develop and implement internal control procedures that ensure that grants officers follow Department guidance for monitoring a grant that has been issued to a public international organization, such as selecting the appropriate type of assistance instrument and tracking funds and grant activities, in compliance with Grants Policy Directive 54, Grants and Voluntary Contributions to Public International Organizations.	N/A
<i>Management Assistance Report-Grant Improprieties by Nour International Relief Aid (AUD-CG-15-19, 1/2015)</i>	
Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management determine the allowability of contractor fees that were not part of the grant's authorized budget, direct Nour International Relief Aid to refund the Department any costs determined to be unallowable, and verify that funds have been refunded.	\$80,000
Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management determine the allowability of the \$1,504,151 in costs incurred for items procured beyond the Notice of Award, direct Nour International Relief Aid to refund the Department any costs determined to be unallowable, and verify that funds have been refunded.	\$1,504,151
Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management determine the allowability of \$29,799 in unsupported costs that were withdrawn from the Payment Management System without providing the Department support of its expenses, direct Nour International Relief Aid to refund the Department any costs determined to be unallowable, and verify that funds have been refunded.	\$8,115*
<i>Audit of Bureau of International Narcotics and Law Enforcement Affairs Counternarcotics Assistance to Afghanistan (AUD-MERO-15-02, 11/2014)</i>	
Recommendation 1: OIG recommends that the Bureau of International Narcotics and Law Enforcement Affairs implement Performance Measurement Plans for all initiatives in Afghanistan that measure and manage program performance and communicate program results.	N/A
Recommendation 2: OIG recommends that the Bureau of International Narcotics and Law Enforcement Affairs analyze its counternarcotics spending patterns and prior expenditure rates and adjust its budget requests accordingly.	N/A
<i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Law Enforcement Reform Program in Pakistan (AUD-MERO-15-04, 10/2014)</i>	
Recommendation 1: OIG recommends that the Bureau of International Narcotics and Law Enforcement Affairs obtain the cooperation of the Government of Pakistan to establish annual evaluations of the Pakistan Law Enforcement Reform Program and use those evaluations as a basis for future amendments to the Letter of Agreement, adjusting those objectives in a continuous process.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
<i>Audit of the Administration and Oversight of Contracts and Grants Within the Bureau of African Affairs</i> (AUD-CG-14-31, 8/2014)	
Recommendation 5: OIG recommends that the Bureau of African Affairs discontinue the use of site coordinators in locations that allow Government personnel to work within that country and develop and implement processes to ensure that Contracting Officer's Representatives and government technical monitors with the appropriate levels of Federal Acquisition Certification for Contracting Officer's Representatives are officially delegated to conduct oversight of their assigned contracts.	N/A
Recommendation 8: OIG recommends that the Bureau of African Affairs develop guidance that requires Contracting Officer's Representatives to perform site visits for each contract recipient at least once during the life of the contract or annually for those recipients identified as high-risk.	N/A
Recommendation 24: OIG recommends that Bureau of African Affairs Grants Officer Representatives (GOR) assess the risk of ongoing grants and identify and re-classify high-risk grant recipients. For each high-risk recipient, GORs should develop a risk mitigation strategy that includes changes to oversight and a corrective action plan.	N/A
<i>Audit of Department of State Selection and Positioning of Contracting Officer's Representatives</i> (AUD-CG-14-07, 1/2014)	
Recommendation 2: OIG recommends that the Bureau of African Affairs not use contractors to perform contract administration and oversight tasks to avoid assigning inherently governmental, critical, or closely related functions to contractors, as prohibited by the Federal Acquisition Regulation.	N/A
<i>Audit of the Contract Closeout Process for Contracts Supporting the U.S. Mission in Iraq</i> (AUD-MERO-14-06, 12/2013)	
Recommendation 5: OIG recommends that the Bureau of Administration, Office of the Procurement Executive, revise the Department of State Acquisition Regulation to reflect the interagency agreement between the Department of State and the Defense Contract Audit Agency for conducting incurred cost audits.	N/A
<i>Audit of Department of State Application of the Procurement Fee to Accomplish Key Goals of Procurement Services</i> (AUD-FM-13-29, 5/2013)	
Recommendation 5: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop and implement a formal process to obtain feedback from customers that would include providing customers information on the results of the effort including specific plans on how concerns would be addressed.	N/A
Recommendation 7: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), develop a formal methodology to identify customers who want and whom A/LM/AQM determines would benefit from on-site procurement staff.	N/A
Recommendation 8: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), take action to provide on-site procurement staff to bureaus and offices that A/LM/AQM determines would benefit from this practice.	N/A
Recommendation 9: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop a 3-year staffing plan that identifies the number of staff needed and the required mix of staff, based on expectations of contracting needs, including contract oversight responsibilities.	N/A
Recommendation 14: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop a succession plan.	N/A

(Table D.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
Recommendation 17: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, identify additional internal reviews that it would perform to assess procurement activity, internal processes, and performance and develop a plan to implement the reviews that it considers beneficial.	N/A
Recommendation 19: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), develop a process to formally measure and report on its accomplishment of the Business Plan goals. A/LM/AQM should refine or update the goals as needed.	N/A
<i>Evaluation of Invoices and Payments for the Embassy Baghdad Operations and Maintenance Contract (AUD-MERO-12-43, 8/2012)</i>	
Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, direct the Contracting Officer to conduct a comprehensive review of all contractor invoices before the Embassy Baghdad operations and maintenance contract is closed to determine whether all goods paid for were in fact delivered. If the goods were paid for, all such payments for undelivered goods should be recovered from the contractor, including the approximately \$34,000 identified in this report.	N/A

* Potential monetary benefits associated with these recommendations differ from values reflected in the final report due to management decision.

Table D.2
Open Office of Evaluations and Special Projects Recommendations Issued in Previous Periods, Pending Final Department of State Action, as of 9/30/2017

Report Recommendation	Potential Monetary Benefits
Significant Open Recommendations	
<i>Office of the Secretary: Evaluation of Email Records Management and Cybersecurity Requirements (ESP-16-03, 5/2016)</i>	
Recommendation 1: The Bureau of Administration should continue to issue guidance, including periodic, regular notices, to Department employees to remind them that the use of personal email accounts to conduct official business is discouraged in most circumstances; clarify and give specific examples of the types of limited circumstances in which such use would be permissible; and instruct employees how to preserve Federal records when using personal email accounts.	N/A
Recommendation 2: The Bureau of Administration should amend the Foreign Affairs Manual to reflect the updates to Department recordkeeping systems that provide alternatives to print and file emails that constitute Federal records.	N/A
Recommendation 7: The Bureau of Information Resource Management should issue regular notices to remind Department employees of the risks associated with the use of non-Departmental systems; provide periodic briefings on such risks to staff at all levels; and evaluate the cost and feasibility of conducting regular audits of computer system usage to ascertain the degree to which Department employees are following the laws and policies concerning the use of personal email accounts.	N/A

(Table D.2 continued on next page)

Report Recommendation	Potential Monetary Benefits
<p>Recommendation 8: The Director General of the Foreign Service and Director of Human Resources should amend the Foreign Affairs Manual to provide for administrative penalties for Department employees who (1) fail to comply with recordkeeping laws and regulations or (2) fail to comply with Department policy that only authorized information systems are to be used to conduct day-to-day operations. The amendment should include explicit steps employees should take if a reasonable suspicion exists that documents are not being preserved appropriately, including a reminder that the Office of Inspector General has jurisdiction to investigate and refer to appropriate authorities suspected violations of records preservation requirements.</p>	N/A
<p><i>Evaluation of the Department of State's FOIA Processes for Requests Involving the Office of the Secretary (ESP-16-01, 1/2016)</i></p>	
<p>Recommendation 1: The Bureau of Administration should identify necessary permanent personnel as part of Freedom of Information Act (FOIA) workforce planning efforts and quickly acquire those resources so the Department can comply with applicable law and improve the timeliness of FOIA searches and responses.</p>	N/A
<p>Other Open Recommendations</p>	
<p><i>Department of State Has Administrative Leave Policies but Lacks Complete and Accurate Data on the Use of Leave (ESP-16-04, 9/2016)</i></p>	
<p>Recommendation 1: The Bureau of the Comptroller and Global Financial Services, in conjunction with the Bureau of Human Resources, should ensure that its new payroll systems have the ability to collect information regarding the justification for why administrative leave is granted.</p>	N/A
<p>Recommendation 2: The Bureau of Human Resources, in conjunction with the Bureau of the Comptroller and Global Financial Services, should identify and remedy the causes of the discrepancy with its administrative leave records.</p>	N/A

Table D.3
Open Office of Inspections Recommendations Issued in Previous Periods, Pending Final Department of State Action, as of 9/30/2017

Report Recommendation	Potential Monetary Benefits
Significant Open Recommendations	
<i>Inspection of the Bureau of Consular Affairs, Office of Consular Systems and Technology</i> (ISP-I-17-04, 12/2016)	
Recommendation 24: The Bureau of Consular Affairs should direct the Office of Consular Systems and Technology to review the \$18.54 million of unliquidated obligations for contracts that require close out and document justifications of remaining prior year balances.	\$18,540,000
<i>Management Assistance Report: Annual Purchase Card Program Reviews</i> (ISP-I-16-04, 1/2016)	
Recommendation 1: The Bureau of Administration should require bureaus and posts to submit the results of annual purchase card reviews to allow the Bureau of Administration to monitor compliance.	N/A
Other Open Recommendations	
<i>Management Assistance Report: All Posts Should Comply With New Department Requirement to Revise Policies on Hiring of Personal Domestic Workers</i> (ISP-17-15, 3/2017)	
Recommendation 1: The Bureau of Human Resources, in coordination with the Bureaus of African Affairs, European and Eurasian Affairs, Near Eastern Affairs, and Western Hemisphere Affairs, should require all delinquent missions to submit their personal domestic worker employment policy before the end of fiscal year 2017.	N/A
Recommendation 2: The Bureau of Human Resources, in coordination with the Bureaus of African Affairs, East Asian and Pacific Affairs, European and Eurasian Affairs, Near Eastern Affairs, South and Central Asian Affairs, and Western Hemisphere Affairs, should require missions not fully in compliance to revise and resubmit, before the end of fiscal year 2017, their policy on hiring personal domestic workers in accordance with Department guidelines.	N/A
<i>Inspection of the Bureau of Population, Refugees, and Migration</i> (ISP-I-17-10, 2/2017)	
Recommendation 1: The Bureau of Population, Refugees, and Migration should implement an annual action plan for its Functional Bureau Strategy to identify priorities and objectives and communicate them to its staff.	N/A
Recommendation 3: The Bureau of Population, Refugees, and Migration should implement a standard operating procedure for future annual statement of assurance processes that includes reviews of contracts, information security, and refugee admissions processes.	N/A
Recommendation 11: The Bureau of Population, Refugees, and Migration, in coordination with the Bureau of Diplomatic Security, should implement a program of closing-hours security checks to safeguard classified material.	N/A
<i>Inspection of Embassy Rangoon, Burma</i> (ISP-I-17-05A, 1/2017)	
Recommendation 2: Embassy Rangoon, in coordination with the Bureau of Overseas Buildings Operations, should evaluate the seismic safety of residential buildings in the residential housing pool and relocate residents occupying any seismically sub-standard housing.	N/A

(Table D.3 continued on next page)

Report Recommendation	Potential Monetary Benefits
<i>Inspection of the Bureau of Consular Affairs, Office of Consular Systems and Technology (ISP-I-17-04, 12/2016)</i>	
Recommendation 4: The Bureau of Consular Affairs should create a system security plan for ConsularOne.	N/A
Recommendation 5: The Bureau of Consular Affairs should create a contingency plan for ConsularOne.	N/A
Recommendation 7: The Bureau of Consular Affairs should publish scheduled system maintenance outages, including weekly maintenance windows and periodic longer outages, in which the Office of Consular Systems and Technology has complete authority to take systems offline.	N/A
Recommendation 10: The Bureau of Consular Affairs should require the Office of Consular Systems and Technology to update its internal procedures and policies.	N/A
Recommendation 11: The Bureau of Consular Affairs should redesign its trouble-shooting websites for improved effectiveness and relevance.	N/A
Recommendation 12: The Bureau of Consular Affairs should require the Office of Consular Systems and Technology to assign a dedicated team to manage the office's records management program.	N/A
Recommendation 14: The Bureau of Consular Affairs, in coordination with the Bureau of Diplomatic Security, should require the Office of Consular Systems and Technology to implement closing hours checks for its designated areas.	N/A
Recommendation 17: The Bureau of Consular Affairs should require the Office of Consular Systems and Technology to conduct and document a review of its labor service contract in accordance with the annual Management Control Statement of Assurance, to include the reporting on the status of the acquisition plan, funding, and oversight of this contract.	N/A
Recommendation 22: The Bureau of Consular Affairs should require the Office of Consular Systems and Technology to reassign the Contracting Officer's Representative roles for its contracts to multiple qualified personnel to achieve a reasonable division of labor.	N/A
Recommendation 23: The Bureau of Consular Affairs should require the Office of Consular Systems and Technology to develop standard operating procedures for its contract and acquisition processes, including contract close-outs, processing prior year unliquidated obligations, and SharePoint records.	N/A
Recommendation 25: The Bureau of Consular Affairs should require the Office of Consular Systems and Technology to establish a contract monitoring process to ensure contract close outs are processed in a timely manner.	N/A
Recommendation 26: The Bureau of Consular Affairs should require the Office of Consular Systems and Technology to request the Contracting Officer to modify the financial management contract to include required monthly meetings.	N/A

(Table D.3 continued on next page)

Report Recommendation	Potential Monetary Benefits
<i>Inspection of Embassy Quito, Ecuador</i> (ISP-I-16-27, 9/2016)	
Recommendation 3: Embassy Quito, in coordination with the Bureau of Consular Affairs, should replace the automatic queuing system in Consulate General Guayaquil.	N/A
<i>Inspection of Embassy Ankara, Turkey</i> (ISP-I-16-24A, 9/2016)	
Recommendation 7: Embassy Ankara should establish standardized decision criteria and documentation, approved by the Emergency Action Committee, for adjudicating requests to travel in southeastern Turkey.	N/A
Recommendation 25: Embassy Ankara should require all mission Contracting Officer's Representatives to maintain required files.	N/A
Recommendation 26: Embassy Ankara should require Consulate Adana to establish internal controls to bring procurement files into compliance with Federal Acquisition Regulations and Department requirements.	N/A
<i>Inspection of Embassy Tegucigalpa, Honduras</i> (ISP-I-16-21A, 8/2016)	
Recommendation 6: Embassy Tegucigalpa, in coordination with the Bureau of the Comptroller and Global Financial Services, should reconcile the outstanding travel vouchers, including initiating collection action for individual travelers' indebtedness.	N/A
<i>Management Assistance Report: Armored Vehicle Training</i> (ISP-16-17, 7/2016)	
Recommendation 1: The Office of Management Policy, Rightsizing, and Innovation, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Diplomatic Security, should establish a mandatory training requirement on armored vehicle safe-driving techniques for all overseas professional chauffeurs and incidental drivers who operate such vehicles.	N/A
<i>Inspection of Embassy Kinshasa, Democratic Republic of the Congo</i> (ISP-I-16-19A, 6/2016)	
Recommendation 5: Embassy Kinshasa, in coordination with the Bureau of International Information Programs and the Bureau of Educational and Cultural Affairs, should bring the appearance of the Information Resource Center into conformity with Department standards.	N/A
Recommendation 15: Embassy Kinshasa should implement standard operating procedures that require Information Systems Security Officers to perform required duties.	N/A

(Table D.3 continued on next page)

Report Recommendation	Potential Monetary Benefits
<i>Compliance Follow-up Review of the Inspection of the Bureau of Diplomatic Security, High Threat Programs Directorate (ISP-C-16-18, 5/2016)</i>	
Recommendation 1: The Bureau of Diplomatic Security, in coordination with the Office of the Legal Adviser and the Bureau of Human Resources, should establish Memoranda of Understanding for liaison positions.	N/A
Recommendation 3: The Bureau of Human Resources, in coordination with the Bureau of Diplomatic Security, should undertake a comprehensive review of the structure, management, and manpower needs of the High Threat Programs Directorate and make necessary adjustments.	N/A
<i>Inspection of Embassy Cairo, Egypt (ISP-I-16-15A, 4/2016)</i>	
Recommendation 1: Embassy Cairo, in coordination with the Bureau of Near Eastern Affairs, should disseminate Department-wide a written procedure for ambassadorial review and approval of all foreign assistance activities where Egypt is a place of performance.	N/A
<i>Management Assistance Report: Continued Deficiencies Identified in Information Technology Contingency Planning (ISP-16-05, 2/2016)</i>	
Recommendation 1: The Bureau of Information Resource Management, in coordination with the regional bureaus, should include the requirement to complete and test information technology contingency plans in the work requirements for information management personnel.	N/A
<i>Inspection of the Bureau of International Organization Affairs (ISP-I-16-02, 10/2015)</i>	
Recommendation 3: The Bureau of International Organization Affairs, in coordination with the Bureau of Human Resources, should conduct an organizational assessment to match Office of Peace Operations, Sanctions, and Counterterrorism staffing to workload and review the impact of any staffing adjustments on the rest of the bureau.	N/A

Table D.4
Report Recommendations Without Management Decision by the Department of State for More Than 6 Months, as of 9/30/2017

Report

Compliance Follow-up Review of Department of State Actions To Reduce the Risk of Trafficking in Persons Violations in Four States in the Cooperation Council for the Arab States of the Gulf (AUD-MERO-12-47, 9/2012)

OIG recommended that Embassy Abu Dhabi establish and implement a monitoring process for service contracts to ensure compliance with host-country labor laws. Embassy Abu Dhabi has never responded to the final report for Recommendation 2. Therefore, Recommendation 2 is unresolved.

Table D.5
Reports Issued in Prior Reporting Period That Did Not Receive Comment Within 60 Days of Issuance, as of 9/30/2017

Report

None

Table D.6
Department of State Significant Revised Management Decisions, 4/1/2017–9/30/2017

Report

None

Table D.7
Department of State Significant Management Decisions With Which OIG Disagreed, 4/1/2017–9/30/2017

Report

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)

The Department did not concur with Recommendation 2. In the report, OIG recommended the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, revise the physical security certification process to include a follow-up inspection by the Bureau of Diplomatic Security to confirm that the Bureau of Overseas Buildings Operations took actions to address all identified deficiencies in accordance with physical security standards prior to occupancy. OIG continues to work with the Department to resolve and close the recommendation.

Table D.8
Department of State Management Success in Implementing Recommendations, 4/1/2017–9/30/2017

Report

Management Assistance Report: Embassy Tripoli Armored Vehicles Available for Redistribution and Use
 (AUD-MERO-15-28, 12/2016)

Armored vehicles that had belonged to Embassy Tripoli but were sitting unused in the sun at Embassy Tunis, Tunisia, where Embassy Tripoli had evacuated to initially, were ultimately transferred to other posts. This transfer and re-use of these vehicles prevented the deterioration and loss of \$5.2 million worth of U.S. Government property and saved the posts that received the vehicles the equivalent cost.

Audit of Overseas Health Units Administration of Controlled and Non-Controlled Drugs
 (AUD-CGI-15-32, 6/2015)

The Department of State's Bureau of Medical Services (MED): (1) Implemented MED-X, an integrated procurement and inventory program developed jointly by the Department's Bureau of Administration, Office of Logistics Management, and MED that provides a reliable and effective system for tracking and procuring medications, vaccines, and other disposable supplies at Department of State overseas health units; (2) Provided initial training on the system to over 1,000 documented medical provider users through the end of FY 2016; (3) Identified that MED's worldwide inventory contains over 3,200 different pharmaceuticals at an estimated value (acquisition cost) of over \$40,000,000 (major U.S. healthcare plans have less than 800 items); and (4) Created a formal Pharmaceutical and Therapeutics Committee to create and coordinate management of MED's Formularies Inventory.

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

The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management provided OIG with evidence showing that it deobligated a total of \$1,131,435 in unspent funds for three task orders and informed Pacific Architects and Engineering Government Services, Inc., that expenses can no longer be incurred against these task orders.

Audit of Department of State Strategic Sourcing Efforts
 (AUD-FM-16-47, 9/2016)

The Department (1) established a Strategic Sourcing Council to implement strategic sourcing program activities, (2) developed a charter for the Council, (3) developed and implemented a policy to establish Department-wide strategic sourcing program goals and objectives, (4) developed and implemented procedures to establish goals and objectives for strategic sourcing initiatives that are currently in place, (5) developed procedures to establish goals and objectives for the implementation of identified potential strategic sourcing initiatives not currently in place, (6) developed and implemented a process to establish performance measures for strategic sourcing initiatives, (7) established a communication plan for the strategic sourcing program, and (8) developed and implemented an OpenNet site for personnel to obtain information regarding current and future strategic sourcing initiatives.

As a result of implementing these strategic sourcing initiatives, the Department expects to save more than \$50 million in licenses for software over the next 3 years. Additionally, after awarding contracts for residential furniture to four new suppliers, the list prices for the incumbent supplier's residential furniture decreased by nearly 40 percent. On the basis of that supplier's previous contract of \$100 million, this should save the Department \$40 million.

Audit of the Contract Closeout Process for Contracts Supporting the U.S. Mission in Iraq
 (AUD-MERO-14-06, 12/2013)

The Department's Office of Program Management and Policy worked with the Office of Acquisitions Management and the Office of the Procurement Executive to develop an eFiling system to electronically store and organize contract files. On April 14, 2017, e-Filing for Contracting Officer's Representatives for contracts awarded domestically became available. Additionally, as of May 1, 2017 domestic deployment of eFiling was completed for Bureau of Administration, Office of Logistics Management, Contracting Officers and Contracting Specialists.

Report*Audit of Department of State Oversight Responsibilities, Selection, and Training of Grants Officer Representatives*
(AUD-CG-15-33, 6/2015)

The Department developed and implemented a policy to include grants officer representatives responsibilities into their annual performance evaluation factors. Foreign Service Officers performing grants officer representative duties for at least 25 percent of their total responsibilities are now required to include these duties in their Work Requirements Statements.

Audit of the Financial Results of the Telephone, Wireless, and Data Cost Center
(AUD-FM-16-32, 3/2016)

The Department implemented several corrective actions. A Memorandum of Understanding was created to define the roles and responsibilities two bureaus had in setting, authorizing, and reassessing fees for the Telephone, Wireless, and Data cost center. A Data Governance Working Group was created to standardize data and ensure accurate data entry, establish user permissions, increase collaboration, and implement system and process changes. A port validation effort was implemented to obtain a complete inventory of data ports by all bureaus/offices, including the partially consolidated bureaus/offices. Finally, the Department developed and implemented a quality control strategy to identify and correct information within its telecommunications system thereby improving the accuracy of data in the asset database.

Inspection of the Bureau of Near Eastern Affairs
(ISP-I-17-22, 5/2017)

OIG recommended that the Bureau of Near Eastern Affairs review over \$385.3 million in unliquidated obligations and de-obligate or reprogram funds that were no longer required. The Bureau of Near Eastern Affairs reported that it de-obligated approximately \$65 million in unliquidated obligations (\$174 million were expended and \$146 million are valid unliquidated obligations).

APPENDIX E: BROADCASTING BOARD OF GOVERNORS COMPLIANCE

Tables E.1 through E.8 report the status of open as well as certain recommendations that were closed during the reporting period. Board of Governors as of September 30, 2017,

OIG Compliance Lexicon

Open

Unresolved: No agreement between OIG and management on the recommendation or proposed corrective action (remains open).

Resolved: Agreement on the recommendation and proposed corrective action (remains open) but implementation has not been completed.

Closed

Agreed-upon corrective action is complete.

Table E.1
Open Office of Audits Recommendations Issued in Previous Periods, Pending Final Broadcasting Board of Governors Action, as of 9/30/2017

Report Recommendation	Potential Monetary Benefits
Significant Open Recommendations	
<i>Management Assistance Report: Inactive User Accounts Within the Broadcasting Board of Governors Active Directory (AUD-IT-IB-16-36, 5/2016)</i>	
Recommendation 1: OIG recommends that the Chief Information Officer for the Broadcasting Board of Governors revise the Identification and Authentication Policy to provide guidance on how to identify and segregate user and non-user accounts in Active Directory.	N/A
<i>Management Assistance Report: Broadcasting Board of Governors Incident Response and Reporting (AUD-IT-IB-16-25, 1/2016)</i>	
Recommendation 1: OIG recommends that the Broadcasting Board of Governors Office of Technology, Services, and Innovation amend and implement the Computer Security Incident Response Policy and the Computer Security Incident Response Procedure to reflect all elements of an effective incident response and reporting program in accordance with National Institute of Standards and Technology Special Publication 800-61, Revision 2.	N/A
<i>Audit of the Broadcasting Board of Governors Administration and Oversight of Acquisition Functions (AUD-CG-IB-14-26, 6/2014)</i>	
Recommendation 2: OIG recommends that the Board of Governors develop and implement enforcement mechanisms to ensure accountability for compliance with the action plan developed in response to Recommendation 1. This must include regular monitoring and evaluation of the acquisition function and compliance with the action plan.	N/A

(Table E.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
Recommendation 3: OIG recommends that the Director of Global Operations adhere to the conditions stated in 22 U.S. Code 6206 for hiring personal services contractors; specifically, a determination of resources needed should be made; the Director should approve the employment of each personal services contractor; and contract length, including options, should not exceed 2 years.	N/A
Recommendation 5: OIG recommends that the International Broadcasting Bureau, Office of Contracts, in coordination with the Office of the Chief Financial Officer, develop and implement policies and procedures to ensure that funds are available at the beginning of the period of performance for each contract, which should include the tracking of contract period of performance and the maintenance of appropriate documentation within the contract file. If funds are not available for the entire term of a contract because of a continuing resolution, a subject to availability clause should be included in the terms and conditions of the contract, per the Federal Acquisition Regulation.	N/A
Recommendation 6: OIG recommends that the International Broadcasting Bureau develop and implement fund control regulations, obtain approval from the Office of Management and Budget for the fund control regulations, and post the fund control regulations on its Web site, as required by Office of Management and Budget Circular A-11.	N/A
Recommendation 8: OIG recommends that the International Broadcasting Bureau, Office of Contracts, develop policies and procedures and implementation guidance for conducting market research, in accordance with the Federal Acquisition Regulation. Specifically, criteria should be established to dictate the type and extent of market research to be performed for each procurement action and what types of documentation should be maintained in the contract file.	N/A
Recommendation 38: OIG recommends that the Director of Global Operations develop and implement an updated reporting structure for Contracting Officers that are embedded in program offices to ensure that all Contracting Officers are provided with proper oversight by the Office of Contracts.	N/A
<i>OIG Outline for Action: Management Attention Needed To Improve Broadcasting Board of Governors Acquisition Functions (AUD-CG-IB-13-43, 9/2013)</i>	
Recommendation 1: OIG recommends that the Director of the International Broadcasting Bureau immediately cease the use of personal services contracts that violate the Antideficiency Act, take administrative disciplinary action as deemed appropriate, and report immediately to the President, Congress, and Comptroller General all relevant facts and a statement of actions taken, as required by Title 31 U.S. Code Section 1351, "Reports on violations."	N/A
Other Open Recommendations	
<i>Audit of Radio Free Asia Expenditures (AUD-FM-IB-15-24, 6/2015)</i>	
Recommendation 1: OIG recommends that the Broadcasting Board of Governors define its grant monitoring structure, formally document the roles and responsibilities of all parties involved in the grant monitoring process, and revise its Grantee Handbook accordingly.	N/A

(Table E.1 continued on next page)

Report Recommendation	Potential Monetary Benefits
Recommendation 2: OIG recommends that the Broadcasting Board of Governors develop and implement a comprehensive grant oversight program and revise its Grantee Handbook to document the specific procedures for the grant oversight program.	N/A
Recommendation 3: OIG recommends that the Broadcasting Board of Governors (BBG) develop and implement a training plan for all employees involved in grant oversight as determined in response to Recommendation 1. This training plan should cover both Government-wide requirements for grant oversight and also BBG’s internal grants policies and procedures. BBG should revise its Grantee Handbook to include the training plan.	N/A
Recommendation 14: OIG recommends that the Broadcasting Board of Governors require Radio Free Asia to revise its processes to include an assessment of the continued need for funds that are either unexpended or committed and to take action to deobligate funds that are no longer needed.	N/A
Recommendation 15: OIG recommends that the Broadcasting Board of Governors require Radio Free Asia to annually report on the amount of unused funds.	N/A
Recommendation 16: OIG recommends that the Broadcasting Board of Governors develop and implement a process to oversee Radio Free Asia’s unused funds.	N/A
Recommendation 21: OIG recommends that the Broadcasting Board of Governors (BBG) work collaboratively with Radio Free Asia (RFA) to perform a comparability study of RFA salaries and benefits and determine whether the salaries and benefits offered by RFA violate the requirements of the grant agreement. If they do, BBG should direct RFA to bring salaries and benefits into compliance with the grant agreement.	N/A
<i>Audit of Radio Free Europe/Radio Liberty After-employment Benefits (AUD-FM-IB-14-34, 9/2014)</i>	
Recommendation 2: OIG recommends that the Broadcasting Board of Governors design and implement procedures to perform routine reviews of Radio Free Europe/Radio Liberty (RFE/RL) financial activity. At a minimum, these procedures should include periodic reviews of significant events and transactions and analyses of RFE/RL’s financial statements and actuarial reports.	N/A
Recommendation 3: OIG recommends that the Broadcasting Board of Governors develop a process to review and approve significant contracts over \$350,000 for Radio Free Europe/Radio Liberty.	N/A
Recommendation 4: OIG recommends that the Broadcasting Board of Governors develop policies and procedures to ensure that information needed to oversee grantees is maintained in the grant files and to ensure that the relevant information is available for at least 7 years.	N/A
Recommendation 5: OIG recommends that the Broadcasting Board of Governors (BBG) review and revise its policies and procedures to clearly define the roles and responsibilities of the officials within BBG who are responsible for monitoring and overseeing Radio Free Europe/Radio Liberty.	N/A
Recommendation 9: OIG recommends that the Broadcasting Board of Governors (BBG) design detailed annual budget submission formats and financial planning documents that will allow BBG to obtain details on unfunded liabilities at Radio Free Europe/Radio Liberty.	N/A
Recommendation 10: OIG recommends that the Broadcasting Board of Governors develop and implement a standardized process to produce effective comparability studies. The process should ensure that the studies are performed at prescribed intervals, include all benefits offered by Radio Free Europe/Radio Liberty to its domestic and overseas employees, and contain data and analyses that support conclusions.	N/A

Table E.2
Open Office of Evaluations and Special Projects Recommendations Issued in Previous Periods, Pending Final Broadcasting Board of Governors Action, as of 9/30/2017

Report Recommendation	Potential Monetary Benefits
Significant Open Recommendations	
<i>Management Alert: Broadcasting Board of Governors Significant Management Weaknesses (MA-15-01, 5/2015)</i>	
Recommendation 2: OIG recommends that the Broadcasting Board of Governors develop a plan to monitor and sustain actions previously taken (i.e., closed recommendations) to address the concerns discussed in this alert.	N/A
Other Open Recommendations	
None	

Table E.3
Open Office of Inspections Recommendations Issued in Previous Periods, Pending Final Broadcasting Board of Governors Action, as of 9/30/2017

Report Recommendation	Potential Monetary Benefits
Significant Open Recommendations	
None	
Other Open Recommendations	
<i>Inspection of the Broadcasting Board of Governors' Middle East Broadcasting Networks (ISP-IB-17-09, 2/2017)</i>	
Recommendation 1: The International Broadcasting Bureau Office of the Chief Financial Officer, in coordination with the Middle East Broadcasting Networks, should implement a schedule to review the approximately \$6,226,940 in unliquidated obligations and deobligate those funds that are no longer required.	\$6,226,940
Recommendation 2: The International Broadcasting Bureau Office of Chief Financial Officer should implement an action plan to close out expired Middle East Broadcasting Networks grants.	N/A
Recommendation 4: The Broadcasting Board of Governors should require the Middle East Broadcasting Networks to report and reconcile property records from the last two inventories and document the cause and value for its missing property items.	N/A
Recommendation 8: The International Broadcasting Bureau Office of Security, in coordination with the Middle East Broadcasting Networks, should establish a written protocol to comply with Article X of the grant agreement.	N/A

Table E.4
Report Recommendations Without Management Decision by the Broadcasting Board of Governors for More Than 6 Months, as of 9/30/2017

Report
None

Table E.5
Reports Issued in Prior Period That Did Not Receive Comment Within 60 Days of Issuance, as of 9/30/2017

Report
None

Table E.6
Broadcasting Board of Governors Significant Revised Management Decisions, 4/1/2017–9/30/2017

Report
None

Table E.7
Broadcasting Board of Governors Significant Management Decisions With Which OIG Disagreed, 4/1/2017–9/30/2017

Report
None

Table E.8
Broadcasting Board of Governors Management Success in Implementing Recommendations, 4/1/2017–9/30/2017

Report
<i>Audit of Broadcasting Board of Governors FY 2014 Compliance With Improper Payments Requirements (AUD-FM-IB-15-30, 5/2015)</i>
BBG developed and implemented a methodology to strengthen its controls to ensure that BBG obtains and maintains sufficient and complete supporting documentation for payments.

APPENDIX F: ABBREVIATIONS

Abbreviation	Full Name
A/LM/AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management
A/OPR/ALS	Bureau of Administration, Deputy Assistant Secretary for Operations, Office of Allowances
ALISS	Afghanistan Life Support Services
ANI	All Native, Inc.
ATA	Antiterrorism Assistance
ATO	Authorization to Operate
BBG	Broadcasting Board of Governors
CA	Bureau of Consular Affairs
CA/CST	Bureau of Consular Affairs, Office of Consular Systems and Technology
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COR	Contracting Officer's Representative
CT	Bureau of Counterterrorism
DCAA	Defense Contract Audit Agency
DEA	Drug Enforcement Administration
DS	Bureau of Diplomatic Security
DS/T/ATA	Bureau of Diplomatic Security, Office of Antiterrorism Assistance
FECA	Federal Employees' Compensation Act
FISMA	Federal Information Security Management Act
FOIA	Freedom of Information Act
GOR	Grants Officer Representative
ICASS	International Cooperative Administrative Support Services
INL	Bureau of International Narcotics and Law Enforcement Affairs
IRM	Bureau of Information Resource Management
ISIS	Islamic State of Iraq and Syria
ISSO	Information Systems Security Officer
IT CCB	Information Technology Configuration Control Board
MED	Bureau of Medical Services
NEA	Bureau of Near Eastern Affairs
OCO	overseas contingency operation
OIG	Office of Inspector General
OMB	Office of Management and Budget

(continued on next page)

Abbreviation	Full Name
PM/WRA	Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement
RFA	Radio Free Asia
RFE/RL	Radio Free Europe/Radio Liberty
RFJ	Rewards for Justice
SCA	Bureau of South and Central Asian Affairs
TEA	Tbilisi Embassy Employee Association
TIP	trafficking in persons

APPENDIX G: INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT OF 1978

Table G.1
Reporting Requirements Under the Inspector General Act of 1978

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United States Department of State
Broadcasting Board of Governors