OIG Report Highlights

FY 2016 through March 2021

This document contains a collection of report highlights pages from State OIG released reports, this document will be updated monthly with the latest reports

To search, from your keyboard select CTRL + F, and enter your preferred search terms

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-21-18

March 2021
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of the Department of State's Risk Assessments and Monitoring of Voluntary Contributions to Public International Organizations

What OIG Audited

Public International Organizations (PIO) are organizations with which the U.S. partners pursuant to a treaty or legislation authorizing its participation, or organizations determined to be PIOs by the Department of State (Department), Office of the Legal Adviser. The Department provides financial assistance to PIOs through voluntary contributions to advance U.S. strategic goals on a variety of national security and humanitarian issues.

The Office of Inspector General (OIG) conducted this audit to determine whether the Department's policies, guidance, and processes for voluntary contributions ensure that (1) risks are identified, assessed, and responded to before providing funds to PIOs and that (2) funds are monitored to achieve award objectives. To perform the audit, OIG reviewed 21 voluntary contributions, valued at $4.7 billion, that were issued to PIOs in FYs 2018 and 2019 and were administered by eight Department bureaus.

What OIG Recommends

OIG made four recommendations to the Bureau of Administration, Office of the Procurement Executive (A/OPE), to improve the Department's ability to assess risks and monitor voluntary contributions awarded to PIOs. On the basis of A/OPE's response to a draft of this report, OIG considers all four recommendations resolved, pending further action. A synopsis of A/OPE's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. Comments received from Department bureaus are reprinted in Appendices C through E, and OIG's reply to the general comments offered are presented in Appendices F and G.

What OIG Found

OIG found that the Department's processes for identifying, assessing, and responding to risks before awarding funds to PIOs need improvement to align with the requirements outlined in the *Standards for Internal Control in the Federal Government* (Green Book). Specifically, OIG found that six of eight Department bureaus failed to formulate specific, measurable objectives for voluntary contributions and assess risk prior to award issuance in accordance with Green Book standards. This occurred, in part, because the Department's current policies and guidance for voluntary contributions do not reflect Green Book standards and principles. The two exceptions, the Bureaus of Population, Refugees, and Migration (PRM) and Arms Control, Verification, and Compliance (AVC), went beyond Department policy and applied Green Book standards for the purpose of providing reasonable assurance to stakeholders that risks were identified, assessed, and responded to before awarding funds. By not following the standards for internal control outlined in the Green Book, the Department does not have adequate assurance that risks associated with the voluntary contributions were considered and acted upon prior to awarding taxpayer funds.

OIG also found that the Department's processes for monitoring voluntary contributions did not adhere to Green Book standards and principles. Specifically, OIG found that five of eight bureaus failed to consistently document their monitoring activities and could not demonstrate that award objectives were being actively monitored. Like the deficiencies noted with identifying and responding to risks, this occurred because Department policies and guidance do not require bureaus to document monitoring activities in accordance with Green Book standards. The noted exceptions were PRM, AVC, and the Bureau of International Organization Affairs, which independently established an internal control environment that required monitoring activities be documented. The lack of documentation is contrary to the standards in the Green Book and provides inadequate assurance that taxpayer funds were monitored to achieve objectives.

HIGHLIGHTS
Office of Inspector General
United States Department of State

AUD-SI-21-13

January 2021
OFFICE OF AUDITS
SECURITY AND INTELLIGENCE DIVISION

Audit of the Department of State's Unarmored Overseas Motor Vehicle Fleet

What OIG Audited

The Department of State (Department) operates a worldwide fleet of motor vehicles to support its global diplomatic mission. According to the Department's records, the overseas unarmored vehicle fleet consisted of 8,602 vehicles as of September 30, 2019, with an acquisition cost of about $300 million. The Department's Bureau of Administration, and specifically the Overseas Fleet Division (OF), is responsible for the development, implementation, and oversight of policy and regulations governing the Department's overseas vehicle fleet.

The Office of Inspector General (OIG) conducted this audit to determine whether the Bureau of Administration administered the Department's overseas motor vehicle fleet in accordance with Federal guidelines and Department policy. OIG also determined whether selected overseas posts acquired, accounted for, used, maintained, and disposed of motor vehicles in accordance with applicable policy and guidelines. OIG conducted audit fieldwork at U.S. Embassies Santo Domingo, Dominican Republic; Georgetown, Guyana; Vienna, Austria; Tbilisi, Georgia; Addis Ababa, Ethiopia; and Maputo, Mozambique.

What OIG Recommends

OIG made 21 recommendations to address the deficiencies identified in the unarmored overseas motor vehicle program. On the basis of management's response to a draft of this report, OIG considers 20 recommendations resolved, pending further action, and 1 recommendation unresolved. A synopsis of management's response to the recommendations is offered and OIG's reply follow each recommendation in the Results section of this report. Management's response to a draft of this report is reprinted in its entirety in Appendices E through H.

What OIG Found

OF is not administering the unarmored overseas vehicle program in accordance with Department policies and guidelines. Specifically, OIG found that OF has not developed and implemented an internal control environment to successfully fulfill its role and responsibilities, as outlined in the Department's Foreign Affairs Manual (FAM). Those responsibilities include managing the acquisition, use, maintenance, and disposal of the Department's unarmored overseas vehicle fleet.

OIG surveyed posts worldwide and found that 10 percent of the 125 posts that responded had more vehicles than were needed, while 6 percent stated they did not have enough vehicles to support their diplomatic mission. In addition, according to the Department's own analysis provided in May 2019, 167 of 271 posts (62 percent) had more vehicles than allowed based on each post's target fleet size. Furthermore, OIG conducted work at six posts and found that the posts did not always obtain, or obtain in a timely manner, waivers from OF to procure vehicles locally; properly track vehicles in the Department's inventory system; document daily vehicle usage; sufficiently maintain vehicles in their possession; or dispose of vehicles in accordance with Department requirements.

These deficiencies occurred, in part, because OF has not developed and communicated a structured, detailed vehicle program plan or standard operating procedures to help manage the Department's overseas vehicle fleet. In addition, OF has not established and implemented processes to obtain reliable data regarding its vehicle fleet or established a methodology to enforce overseas post compliance with applicable fleet management guidelines. Until these deficiencies are addressed, OF will remain incapable of effectively executing its role in strategically planning and overseeing the unarmored overseas motor vehicle program and will be unable to ensure compliance with Federal guidelines and Department policies governing its unarmored overseas vehicle fleet.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-21-10

What OIG Inspected
OIG inspected the Office of Global Women's Issues' executive direction, policy implementation, foreign assistance, and administrative operations.

What OIG Recommends
OIG made 7 recommendations to the Office of Global Women's Issues.

In its comments on the draft report, the Office of Global Women's Issues concurred with 6 recommendations and disagreed with 1 recommendation. OIG considers 6 recommendations resolved and 1 recommendation unresolved. The Office of Global Women's Issues' response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The office's formal written response is reprinted in its entirety in Appendix B.

January 2021
OFFICE OF INSPECTIONS
DOMESTIC OPERATIONS

Inspection of the Office of Global Women's Issues

What OIG Found

- A new Ambassador-at-Large began leading the Office of Global Women's Issues in January 2020, after the position had been vacant for 3 years.
- Under the office's new leadership, stakeholders from the Department of State and other Federal agencies described the Office of Global Women's Issues as reasserting a lead role on women's issues and greatly increasing its influence in the interagency process.
- The office's organizational structure did not align staff roles, priorities, and responsibilities with operational needs, which could limit the office's effectiveness in its pursuit of foreign policy goals and objectives.
- A lack of clarity on the bureaucratic status of the Women's Global Development and Prosperity Unit generated confusion about the new unit's status and its relationship with the Office of Global Women's Issues.
- The office lacked a public diplomacy strategy for external messaging.
- Oversight of foreign assistance management, including documentation of monitoring and timely close out of grants and cooperative agreements, needed improvement.
- The office did not adhere to requirements regarding unliquidated obligations, resulting in $300,000 in FY 2019 funds being returned to the U.S. Department of the Treasury and putting an additional $3.5 million in FY 2020 funds at risk.
- During the inspection, leadership from the Office of Global Women's Issues took action to address an office space ventilation system problem that had generated health concerns among the staff.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-21-12

What OIG Inspected
OIG inspected the Special Program for Embassy Augmentation and Response, which is located under the Office of Antiterrorism Assistance in the Bureau of Diplomatic Security.

What OIG Recommends
OIG made 9 recommendations: 8 to the Bureau of Diplomatic Security and 1 to the Bureau of Administration.

In its comments on the draft report, the Department concurred with all 9 recommendations. OIG considers all 9 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

January 2021
OFFICE OF INSPECTIONS
DOMESTIC OPERATIONS

Inspection of the Bureau of Diplomatic Security's Special Program for Embassy Augmentation and Response

What OIG Found

- The Special Program for Embassy Augmentation and Response was succeeding in its mission to enhance protection of overseas U.S. facilities and personnel.
- The Bureau of Diplomatic Security's Specialized Programs Division did not provide clear, updated guidance or sufficient training to overseas staff on the use of the Integrated Logistics Management System for management of property assigned to the Special Program for Embassy Augmentation and Response.
- The program's motor vehicle operations did not comply with all Department of State guidelines and processes.
- The contracts supporting the program lacked quality assurance surveillance plans and formal contractor performance assessment reports.
- Third-party contractors performed inherently governmental functions while providing support to the Special Program for Embassy Augmentation and Response.
- Program management guidance contained unrealistic goals for the transition of Special Program for Embassy Augmentation and Response units to embassy control.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-21-03

What OIG Inspected
OIG inspected executive direction, consular, resource management, and information management operations of Consulate General Hamilton, Bermuda.

What OIG Recommends
OIG made 8 recommendations: 4 to Consulate General Hamilton, 2 to Embassy London, 1 to the Bureau of European and Eurasian Affairs, and 1 to the Bureau of Diplomatic Security.

In its comments on the draft report, the Department concurred with all 8 recommendations. OIG considers all 8 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

November 2020
OFFICE OF INSPECTIONS
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

Inspection of Consulate General Hamilton, Bermuda

What OIG Found

- The Consul General effectively promoted U.S. economic and law enforcement interests and ensured a high level of emergency preparedness.
- Tension between the Consul General and consulate general staff, resulting from the Consul General's management style, created stress in the workplace.
- Operations at Consulate General Hamilton, a constituent post of Embassy London, would benefit from senior-level attention from the embassy.
- A fragmented support platform adversely affected the consulate general's management and security operations and resulted in lost momentum on key projects.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-42

What OIG Audited

The Department of State (Department) established the Trans-Sahara Counterterrorism Partnership (TSCTP) in 2005 as a mechanism to work with willing countries in West and North Africa to build counterterrorism capacity, improve regional coordination, and address the underlying drivers of radicalization. Intended to be a U.S. whole-of-government initiative, the TSCTP is expected to draw on diplomatic, defense, and development tools and programs to build capacity and assist counterterrorism efforts. The Bureau of African Affairs (AF) within the Department is responsible for formulating, managing, and overseeing TSCTP projects.

The Office of Inspector General (OIG) conducted this audit to determine whether AF is monitoring and coordinating TSCTP projects in accordance with Federal and Department requirements. OIG reviewed eight TSCTP awards, consisting of six contracts, one cooperative agreement, and one grant implemented in Africa between FY 2015 and FY 2020. These awards had a combined value of $209.6 million.

What OIG Recommends

OIG made 13 recommendations to AF that are intended to improve the monitoring and coordination of TSCTP projects. AF concurred with all 13 recommendations. On the basis of AF's response to a draft of this report, OIG considers the 13 recommendations resolved, pending further action. A synopsis of AF's comments regarding the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. AF's response to a draft of this report is reprinted in its entirety in Appendix B.

September 2020
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of the Department of State Bureau of African Affairs Monitoring and Coordination of the Trans-Sahara Counterterrorism Partnership Program

What OIG Found

AF is not monitoring TSCTP contracts in accordance with Federal and Department requirements. Specifically, OIG found that contracting officer's representatives (COR) had approved invoices for four contracts without adequate supporting documentation. In addition, they relied on Department of Defense (DoD) partners to monitor contractor performance; however, these DoD partners were not delegated authority to serve in this role, nor were they trained to be government technical monitors or alternate CORs. Furthermore, none of the six TSCTP contracts reviewed had the required monitoring plans, and five contracts were missing Government quality assurance surveillance plans; both plans are essential oversight tools. Lastly, AF was not ensuring that the assistance provided to the host countries was being used to build counterterrorism capacity. AF officials stated that the lack of clear guidance and limited staff contributed to these weaknesses. Because of these weaknesses, OIG considers the $201.6 million spent on these six contracts as potential wasteful spending due to mismanagement and inadequate oversight. OIG is specifically questioning almost $109 million because the invoices lacked supporting documentation. With respect to the grant and cooperative agreement reviewed, both had required monitoring plans included in the files.

OIG also found that AF is not effectively coordinating with stakeholders to execute a whole-of-government initiative. Although TSCTP partner agencies meet to formulate strategic priorities, the execution of activities among the partners in the host countries receiving assistance is insufficient. For example, U.S. Air Force officials said they were not consulted on the plans and construction of a C-130 aircraft hangar on a base that they share with the Nigerian military. Government officials stated that undefined roles and responsibilities, the lack of knowledge management, and staffing shortfalls hinder effective coordination.

The deficiencies identified in this audit have occurred, in part, because AF has not adequately attended to longstanding challenges with the execution of foreign assistance, including the TSCTP. AF officials acknowledged the lack of progress made to address these challenges but stated that the Department has not appropriately prioritized the bureau's needs. Until these deficiencies are addressed, the Department will have limited assurance that TSCTP is achieving its goals of building counterterrorism capacity and addressing the underlying drivers of radicalization in West and North Africa.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ESP-20-06

September 2020
OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

Evaluation of the Department's Handling of Sexual Harassment Reports

What OIG Reviewed

The Department of State (Department) is required by the Foreign Affairs Manual (FAM) to promptly address and investigate reports of sexual harassment. The Department's Office of Civil Rights (OCR) and the Bureau of Diplomatic Security Office of Special Investigations (OSI) are responsible for investigating reports of sexual harassment and sexual assault. The Bureau of Global Talent Management (GTM) reviews sexual harassment investigations and determines the appropriate disciplinary action, if any, for cases that OCR and OSI refer.

The Office of Inspector General (OIG) conducted an evaluation of the Department's handling of sexual harassment reports. Specifically, OIG reviewed (1) the extent to which employees report sexual harassment; (2) how the Department addresses employees' reports of sexual harassment; and (3) the extent to which the Department ensures consistent outcomes for individuals who were found to have engaged in sexual harassment. Because the FAM definition of sexual harassment encompasses sexual assault as well, OIG took the same approach and separately discussed sexual assault only if the Department's own policies or procedures did so.

What OIG Recommends

OIG made six recommendations to the Department related to updating supervisory guidance to include reporting sexual harassment; developing and implementing guidance for coordinating sexual harassment cases; developing and implementing timeliness standards; and developing and implementing a common tracking mechanism for the length to resolution and outcomes of sexual harassment reports. The Department concurred with all of the recommendations.

What OIG Found

OCR received 636 reports of sexual harassment from 2014 to 2017. However, sexual harassment is likely underreported at the Department. According to an OIG survey of direct-hire employees selected on a random basis, 47 percent of employees who stated that they had experienced or observed sexual harassment within the last 2 years responded that they did not report the harassment to OCR or OSI.

The Department has taken steps to address sexual harassment but lacks coordination and guidance on the investigative and disciplinary processes for these reports. The Department does not have joint guidance that coordinates OCR, OSI, and GTM's Conduct, Suitability, and Discipline Division (CSD) activities throughout the investigation and disciplinary review of sexual harassment cases and has not updated supervisory guides to include sexual harassment reporting. OCR, OSI, and CSD have internal policies for their roles in the investigative and disciplinary processes for sexual harassment cases, but the policies do not discuss coordination with all relevant bureaus and offices. Because guidance is lacking, coordination among the offices is inconsistent. For example, OIG reviewed 20 sexual harassment cases and found two cases that CSD did not review for discipline because of inconsistent coordination.

Additionally, the Department lacks data on the consistency of the investigative and disciplinary processes. For example, OIG could not assess the timeliness of sexual harassment cases from 2014 to 2017 as CSD and OCR did not have timeliness standards that guided work on sexual harassment reports. Additionally, OIG could not assess the length and outcomes of sexual harassment cases during the same timeframe because the Department does not have a mechanism to consistently track outcomes of sexual harassment reports.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-15

September 2020
OFFICE OF INSPECTIONS
DOMESTIC OPERATIONS

Inspection of the Bureau of European and Eurasian Affairs

What OIG Inspected

OIG inspected the executive direction, policy and program implementation, resource management, and information management operations of the Bureau of European and Eurasian Affairs.

What OIG Recommends

OIG made 6 recommendations: 5 to the Bureau of European and Eurasian Affairs and 1 to the Bureau of Information Resource Management.

In its comments on the draft report, the Department concurred with 5 recommendations and neither agreed nor disagreed with 1 recommendation. OIG considers 5 recommendations resolved and 1 recommendation unresolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Bureau of European and Eurasian Affairs successfully supported Department of State policies and its overseas missions.
- While recognizing that the acting Assistant Secretary had a demanding travel and meeting schedule, bureau staff sought more opportunities to hear from him as the head of the bureau.
- Organizational structure and chronic understaffing impeded the mission of the Special Envoy for Holocaust Issues.
- The bureau did not review $3.3 million in unliquidated obligations with no activity in over 1 year in a timely manner.
- An outdated service level agreement between the Bureau of Information Resource Management and the Bureau of European and Eurasian Affairs Information Technology helpdesk adversely affected customer service.
- The bureau's information management group lacked sufficient documentation for its application development activities.
- The Office of Public Diplomacy created templates for overseas posts to use in drafting and reporting their digital media strategies to better integrate digital media into their programming and provide for a higher level of coordination on policy messaging and countering disinformation.
- Spotlight on Success: The Office of Western European Affairs initiated an orientation program for new desk officers on topics such as bureau culture, the briefing paper process, working with the National Security Council, and handling high-level meetings.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-46

September 2020
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of Food Services Under the Afghanistan Life Support Services Contract

What OIG Audited

The Department of State (Department) provides life support services to personnel working in Kabul through the Afghanistan Life Support Service (ALiSS) contract. Services such as the provision of food, fire protection, medical, and security support are provided through a series of individual task orders. In 2015, the Department awarded a 5-year (1 base year and 4 option years) ALiSS food services task order (SAQMMA15F0686) to DynCorp International (DynCorp). The contract task order requires DynCorp to provide 3 meals a day, 7 days a week, across multiple dining facilities on the embassy compound, as well as other outlying Government facilities. As of May 2020, DynCorp is in its last year of the ALiSS task order and has been paid approximately $353 million.

The Office of Inspector General (OIG) conducted this audit to determine whether the Department administered the ALiSS food services task order in accordance with Federal regulations, Department policies, and contract terms and conditions.

What OIG Recommends

OIG made five recommendations to the Bureau of Administration, Embassy Kabul, and the Bureau of South and Central Asian Affairs to improve the administration and oversight of future food services task orders. Based on management's response to a draft of this report, OIG considers all five recommendations resolved pending further action. Management's comments to the recommendations offered follow each recommendation in the Results section of this report. Management's written response to a draft of this report is reprinted in its entirety in Appendices B, C, and D, respectively.

What OIG Found

The Department did not administer the ALiSS food services task order in accordance with all applicable Federal regulations, Department policies, and contract terms and conditions. For example, although the Contracting Officer's Representatives (COR) developed an oversight checklist that included items to monitor, the checklist was insufficient and did not include almost half of the performance standards the COR was required to monitor. Specifically, the checklist the CORs used contained items that corresponded to 15 of 29 (52 percent) of the standards and requirements outlined in the task order. Moreover, the oversight checklists were not maintained properly and the CORs could not provide completed oversight checklists for 33 of 35 (94 percent) of the months reviewed for this audit. Similarly, DynCorp could not provide 148 of 555 (27 percent) of the required food service and health inspector assessments, inspections, and audits. Additionally, DynCorp never established and implemented a cost control plan, as it had indicated in its bid proposal for the task order. Finally, the Department did not consider the declining number of personnel living and working at the embassy compound and outlying U.S. Government facilities when it decided to exercise option year 4. As a result, the number of meals estimated in the task order for option year 4 was higher than it should have been, resulting in the Department paying almost $8.4 million for meals it did not need and that were not provided.

These deficiencies occurred, in part, because the CORs and the Contracting Officer did not sufficiently monitor and implement internal controls to properly guide and document oversight activities. In addition, the effectiveness of the monitoring and oversight of the task order was impacted by the insufficient number of CORs assigned in Kabul to oversee the food service task order. As a result, the Department cannot have reasonable assurance that DynCorp fulfilled all contract terms and conditions in the ALiSS food services task order. Nevertheless, valuable lessons can be learned from the shortcomings identified in this audit and applied during the execution of the future food services task orders.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-18

What OIG Inspected
OIG inspected the executive direction, policy and program implementation, and resource and information management operations of Embassy Ouagadougou.

What OIG Recommends
OIG made 10 recommendations to Embassy Ouagadougou.

In its comments on the draft report, Embassy Ouagadougou concurred with all 10 recommendations. OIG considers all 10 recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

September 2020
OFFICE OF INSPECTIONS
BUREAU OF AFRICAN AFFAIRS

Inspection of Embassy Ouagadougou, Burkina Faso

What OIG Found

- The Ambassador and the Deputy Chief of Mission established clearly defined goals and priorities for Embassy Ouagadougou. They effectively employed a wide variety of mechanisms to communicate and coordinate their activities with the Government of Burkina Faso.
- In meeting advocacy and reporting responsibilities, the embassy reported on the growing extremist threat in northern Burkina Faso as well as on allegations of increased human rights violations. The embassy also continued to press the Burkina Faso Government to address human rights violations even as government forces faced serious terrorist activity.
- A 13-month staffing gap in the General Services Officer position was a root cause of several internal control deficiencies identified in the Management Section.
- Information management operations and services generally complied with Department of State policies and guidance but lacked inventory control procedures for network user accounts and information technology equipment.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-32

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, and resource and information management operations of Embassy Windhoek.

What OIG Recommends
OIG made 11 recommendations: 10 recommendations to Embassy Windhoek and 1 recommendation to the Bureau of African Affairs.

In its comments on the draft report, the Department concurred with all 11 recommendations. OIG considers all 11 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

September 2020
OFFICE OF INSPECTIONS
BUREAU OF AFRICAN AFFAIRS

Inspection of Embassy Windhoek, Namibia

What OIG Found

- The Ambassador and Deputy Chief of Mission set a positive leadership tone and led Embassy Windhoek in a professional and collaborative manner consistent with the Department of State's leadership principles.
- Although the embassy submitted the required Statement of Assurance on internal controls, it did not identify and report long-standing deficiencies.
- The memorandum of understanding for the American Corner in Keetmanshoop expired in 2017 and had not been renewed to address current Department standards.
- The embassy did not properly award, execute, and administer contracts in accordance with Department and Federal acquisition standards, and it had at least $1.37 million in unauthorized commitments.
- Although the embassy conducted considerable consular crisis management planning, the program did not fully comply with Department guidance.
- Spotlight on Success: The Information Management Section installed a solar- and wind-powered repeater for the ultra-high frequency radio emergency and evacuation system to address service disruption resulting from frequent power outages. This action resulted in access to uninterrupted emergency and evacuation radio communication and saved $18,000 in electricity bills.

HIGHLIGHTS
Office of Inspector General
United States Department of State

AUD-CGI-20-43

September 2020
OFFICE OF AUDITS
CONTRACTS, GRANTS, AND INFRASTRUCTURE DIVISION

Audit of the Bureau of Overseas Buildings Operations Process To Execute Construction Closeout Procedures for Selected Capital Construction Projects

What OIG Audited

Prior to closing out a capital construction project, such as building a new U.S. embassy, many critical requirements must be followed in accordance with Federal law and Department of State (Department) policy and guidance. The Department's Bureau of Overseas Buildings Operations (OBO), Office of Construction Management, is responsible for managing major construction projects and applying closeout procedures involving major systems commissioning, the certification of substantial completion, and activities leading to the certification of final acceptance.

The Office of Inspector General (OIG) conducted this audit to determine whether OBO personnel executed construction project closeout procedures in accordance with Federal, Department, and project-specific requirements. OIG performed fieldwork for this audit in the Washington, DC, metropolitan area as well as New Embassy Compound (NEC) London, the United Kingdom; NEC The Hague, the Netherlands; and NEC N'Djamena, Chad.

What OIG Recommends

OIG made 11 recommendations to improve OBO's execution of closeout procedures for capital construction projects. In a response to a draft of this report, OBO concurred with the recommendations offered and stated that it had taken, or planned to take, action to address them. On the basis of OBO's response, OIG considers five recommendations closed and six resolved pending further action. A synopsis of OBO's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. OBO's response to a draft of this report is reprinted in its entirety in Appendix B.

What OIG Found

OBO personnel did not consistently execute construction project closeout procedures in accordance with Federal, Department, and project-specific requirements at two of the three locations selected for this audit. Specifically, at NECs London and The Hague, OBO personnel did not ensure that major systems were commissioned prior to declaring the projects substantially complete, as required. In addition, when the projects were declared substantially complete, OBO personnel did not provide the construction contractor with a consolidated list of all remaining work to be performed, completed, or corrected before final acceptance. Furthermore, final completion activities performed at NECs London and The Hague, such as obtaining complete and accurate as-built drawings (drawings of the construction as actually completed) and tracking warranty items, need improvement. In contrast, OIG found that OBO personnel overseeing the construction of NEC N'Djamena generally followed construction closeout procedures. Final acceptance of the project occurred in October 2018.

The exceptions noted at NECs London and The Hague occurred for a variety of reasons, some of which are project specific. For example, at NEC London, a financial incentive to occupy the NEC because of a costly lease-back arrangement drove OBO personnel to deviate from typical closeout procedures. However, these conditions occurred for both projects, partly, because OBO personnel did not perform adequate quality assurance to identify and address schedule delays and their effect on the commissioning process. As a result, as of April 2020, the contractor had not completed all work required for final acceptance of NEC London, and the Project Director at NEC The Hague had not recommended to the Contracting Officer final acceptance of this project. For both projects, it has been more than 2 years since substantial completion was declared.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-45

What OIG Audited

The Department of State (Department) allocated approximately $57 million in foreign assistance grants and cooperative agreements in support of Somalia to the Bureau of African Affairs (AF), and the Bureau of Counterterrorism (CT) from FY 2017 through FY 2019. The Department is responsible for regularly conducting and implementing risk assessment and mitigation efforts to ensure that foreign assistance grants and cooperative agreements are meeting goals and objectives, and funds are used as intended.

The Office of Inspector General (OIG) conducted this audit to determine whether the Department assessed potential risks associated with the implementation of foreign assistance awards in Somalia and executed compensating controls to mitigate those risks. OIG reviewed four awards, including one grant and three cooperative agreements, totaling $51.5 million. Two awards were issued by AF and two awards were issued by CT.

What OIG Recommends

OIG made 10 recommendations that are intended to improve risk assessments, risk mitigation procedures, and vetting of foreign assistance grants and cooperative agreements in Somalia. On the basis of the management's response to a draft of this report, OIG considers eight recommendations resolved, pending further action, and two recommendations implemented and closed. A synopsis of management's comments to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. Management's response to a draft of this report is reprinted in its entirety in Appendices C through E.

[a] Leahy vetting requires the Department to assess units or individuals proposed for training or other assistance for credible information regarding the commission of gross violations of human rights.

September 2020
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of Department of State Foreign Assistance Grants and Cooperative Agreements in Somalia

What OIG Found

Although AF and CT assessed general risks associated with foreign assistance awards in Somalia and executed some compensating controls to mitigate those risks, OIG identified areas for improvement. Specifically, OIG found that AF and CT oversight officials did not designate their four awards as high risk even though they were implemented in a country where travel is restricted due to political instability and terrorism. This occurred because the current Risk Assessment Worksheet weighs country/region-specific risks lower than organizational and programmatic risk. OIG also found that CT did not update risk assessments annually for its two awards. This occurred because CT's standard operating procedures did not align with Department requirements. When risk assessments are not accurate and kept current, bureaus operating in high-threat environments may not fully develop mitigation plans tailored to address foreseeable risks that may impede program implementation.

OIG also found that AF and CT did not (a) establish standard operating procedures or document controls for managing risks, (b) document reviews of performance reports to demonstrate adherence with award terms, or (c) require documentation to be maintained in official award files. This occurred primarily because AF and CT officials were not following Department requirements, such as documenting risk management processes, and because they did not effectively use the award file checklist to ensure completeness. Without a documented process to identify and mitigate risks, AF and CT are at an increased risk for waste, fraud, and mismanagement, and both will have limited assurance that their awards comply with Department requirements and achieve their intended purposes.

Finally, OIG found that while CT generally followed Department guidance for Leahy vetting,[a] AF did not, nor did it include the "State Department Leahy Vetting Requirements" section in one of its awards. This occurred because AF officials were not applying the vetting requirements, and because an AF official imprudently removed vetting requirements from one award at the implementor's request. Excluding Leahy vetting requirements from the award and failure to properly vet award participants are contrary to Department policy and increases the likelihood that funds could be inadvertently provided to individuals who have committed gross violations of human rights.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-41

September 2020
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

(U) Audit of Department of State Compliance With the Geospatial Data Act of 2018

(U) What OIG Audited

(U) The Geospatial Data Act of 2018 (GDA or the Act) requires Federal agencies that collect, produce, acquire, maintain, distribute, use, or preserve geospatial data to comply with certain requirements. The Act is designed to promote geospatial data sharing among government agencies, academia, and private industry, and to encourage the use of existing geospatial data when possible. Among other things, the Act requires covered agencies, including the Department of State (Department), to (1) comply with geospatial data standards developed by the Federal Geographic Data Committee (FGDC), (2) comply with 13 covered agency responsibilities, and (3) limit use of Federal funds associated with geospatial data that does not comply with applicable standards. The Act also requires covered agency inspectors general to submit an audit to Congress every 2 years, which includes reviewing agencies' compliance with Sections 757, 759(a), and 759A, described above.

(U) The Office of Inspector General (OIG) conducted this audit to determine whether the Department has complied with the 13 covered agency responsibilities in accordance with Section 759(a) of the Act. OIG, in collaboration with the Council of the Inspectors General on Integrity and Efficiency, determined that sections 757 and 759A were not relevant to this inaugural audit.

(U) What OIG Recommends

(U) OIG made three recommendations to Department management intended to assist the Department in implementing GDA requirements. Management's response to the recommendations offered follow each recommendation in the Results section of this report. Management comments to a draft of this report are reprinted in their entirety in Appendices D and E. OIG considers all three recommendations resolved, pending further action.

(U) What OIG Found

(U) The Department is not presently in compliance with the 13 covered agency responsibilities required by section 759(a). Although the Department plans to incorporate geospatial data considerations into its Enterprise Data Strategy—a Department strategy for data governance—to comply with 1 of the 13 responsibilities, the strategy is not expected to be completed until Summer 2021. With respect to the remaining 12 responsibilities, OIG found that some Department bureaus and offices have established practices that address some GDA requirements. For example, the Bureau of Intelligence and Research combined information from Federal agencies, academia, and the private sector to develop and make available maps of key facilities for disaster relief in non-capital cities, an important example of compliance with the GDA requirement to promote geospatial data integration from all sources. However, a significant amount of work remains for the Department to achieve full compliance with the Act.

(U) The Department has not complied with the Act, in part, because Department officials stated that they were unaware of the GDA's enactment because it was enacted under an unrelated reauthorization act, and neither the Office of Management and Budget (OMB) nor FGDC formally notified the Department of GDA requirements. However, OIG found that prior to enactment, the Bureau of Legislative Affairs circulated a draft of the law but did not send it to the bureaus with geospatial data expertise that would likely lead implementation efforts. In addition, official Department representatives did not attend FGDC meetings, including one in October 2018 discussing GDA enactment. Moreover, although the Bureau of Information Resource Management learned of the GDA in August 2019, when OMB requested information on the Department's GDA implementation progress, it did not promptly take action to implement GDA requirements at that time. By not fully implementing the GDA, the Department is not meeting the intent of the Act, which is to promote open geospatial data sharing, avoid duplication of effort, and effectuate the use of existing data when possible.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-32

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, and resource and information management operations of Embassy Windhoek.

What OIG Recommends
OIG made 11 recommendations: 10 recommendations to Embassy Windhoek and 1 recommendation to the Bureau of African Affairs.

In its comments on the draft report, the Department concurred with all 11 recommendations. OIG considers all 11 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

September 2020
OFFICE OF INSPECTIONS
BUREAU OF AFRICAN AFFAIRS

Inspection of Embassy Windhoek, Namibia

What OIG Found

- The Ambassador and Deputy Chief of Mission set a positive leadership tone and led Embassy Windhoek in a professional and collaborative manner consistent with the Department of State's leadership principles.
- Although the embassy submitted the required Statement of Assurance on internal controls, it did not identify and report long-standing deficiencies.
- The memorandum of understanding for the American Corner in Keetmanshoop expired in 2017 and had not been renewed to address current Department standards.
- The embassy did not properly award, execute, and administer contracts in accordance with Department and Federal acquisition standards, and it had at least $1.37 million in unauthorized commitments.
- Although the embassy conducted considerable consular crisis management planning, the program did not fully comply with Department guidance.
- Spotlight on Success: The Information Management Section installed a solar- and wind-powered repeater for the ultra-high frequency radio emergency and evacuation system to address service disruption resulting from frequent power outages. This action resulted in access to uninterrupted emergency and evacuation radio communication and saved $18,000 in electricity bills.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-28

What OIG Inspected
OIG inspected the executive direction, consular operations, resource management, and information management operations of Embassy Prague.

What OIG Recommends
OIG made 8 recommendations to Embassy Prague.

In its comments on the draft report, Embassy Prague concurred with all 8 recommendations. OIG considers all 8 recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

September 2020
OFFICE OF INSPECTIONS
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

Inspection of Embassy Prague, Czech Republic

What OIG Found

- The Ambassador and Deputy Chief of Mission led Embassy Prague in a professional and collaborative manner. The Ambassador worked effectively with the Deputy Chief of Mission to manage their respective external and internal embassy duties.
- The Ambassador reinvigorated senior-level engagement with the Czech president.
- The embassy secured the sale of $646 million in U.S. military equipment to enable the Czech Republic to meet its force modernization efforts and North Atlantic Treaty Organization commitments.
- A lack of an embassy-wide locally employed staff salary increase since 2003 affected staff morale and recruitment efforts.
- The entire embassy was involved in preparing the Annual Chief of Mission Management Control Statement of Assurance, and embassy personnel reported that the Ambassador and Deputy Chief of Mission created an environment that empowered staff to discuss internal control issues openly.
- The embassy did not adhere to all Department of State safety, health, and environmental management requirements, including those for residential housing.
- The embassy did not conduct required information technology contingency planning and training.
- Spotlight on Success: The Ambassador initiated an innovative annual goal-setting process that included quarterly reviews with all embassy sections. The process fostered interagency collaboration and helped assess implementation of the embassy's Integrated Country Strategy objectives.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-17

June 2020
OFFICE OF INSPECTIONS
BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS

Inspection of Embassy Dhaka, Bangladesh

What OIG Inspected

OIG inspected the executive direction, policy and program implementation, resource management, and information management operations of Embassy Dhaka.

What OIG Recommends

OIG made 26 recommendations to Embassy Dhaka.

In its comments on the draft report, Embassy Dhaka concurred with 25 recommendations and neither agreed nor disagreed with 1 recommendation. OIG considers all 26 recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- The Ambassador and the Deputy Chief of Mission led Embassy Dhaka in a collaborative and professional manner. Staff described both leaders as energetic and approachable.
- The embassy had difficulty filling mid-level positions after the withdrawal of minor dependents following a 2016 terrorist attack. Many managerial positions had long staffing gaps that exacerbated workload pressures on the remaining staff.
- The Ambassador's active outreach efforts advanced efforts to build political capital and goodwill. However, particularly given the staffing shortages throughout the embassy, the Ambassador contributed to the workload stress of embassy staff by not prioritizing demands he placed on employees to support these efforts.
- The Ambassador engaged extensively with Bangladeshi Government officials and led efforts by the international community to assist 900,000 Rohingya refugees who had fled Burma.
- Consular Section staff routinely worked long hours in an effort to manage a growing backlog of immigrant visa work.
- The embassy's social media program did not comply with Department of State standards.
- The network cabling infrastructure in Embassy Dhaka's unclassified server and telephone frame rooms was antiquated and did not comply with Department standards.
- Spotlights on Success: The Information Management Office created a tracking system for employee checks of the emergency and evacuation radio network that increased participation rates dramatically. In addition, the office created a travel request application that saved time for travelers and travel managers.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-39

September 2020
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of Bureau of Overseas Buildings Operations Process To Identify and Apply Best Practices and Lessons Learned to Future Construction Projects

What OIG Audited

Since the start of the Department of State's (Department) Capital Security Construction Program in 1999, the Bureau of Overseas Buildings Operations (OBO) has completed 162 new diplomatic facilities and has an additional 51 projects in design or under construction. Successful execution of embassy construction projects plays a critical role in enabling the Department to meet its strategic objective of providing safe and secure facilities for U.S. personnel at embassies around the world. OBO recently completed a $164 million construction project in Amman, Jordan, that included the construction of a New Office Annex (NOX) along with building renovations. The Amman construction project is generally considered a success and may offer best practices and lessons that can be replicated.

The Office of Inspector General (OIG) conducted this audit to determine the extent to which OBO is evaluating completed construction projects, including Embassy Amman, to identify and communicate best practices and lessons learned that can be applied to future OBO construction projects. For this audit, OIG reviewed and considered construction practices applied in Amman, Jordan; Kabul, Afghanistan; Ashgabat, Turkmenistan; Islamabad, Pakistan; and London, United Kingdom.

What OIG Recommends

OIG offered four recommendations: three to OBO and one to the Office of Acquisitions Management. Based on management's response to a draft of this report, OIG considers one recommendation closed and three resolved pending further action. Management's response to a draft of this report is reprinted in Appendices C and D.

What OIG Found

OBO has a process to identify, disseminate, and apply lessons learned that are associated with technical design standards and criteria. Specifically, in 2004 OBO established a lessons learned program to update design criteria, guidance, and processes in support of the planning, design, construction, operation, and maintenance of OBO facilities overseas. OIG found that the current process does not capture broader best practices or lessons learned that are critical to OBO's construction work, including strengthening collaboration among stakeholders, facilitating building maintenance, and improving program and construction management. These important activities have been overlooked in the lessons learned process because OBO has devoted attention and resources solely to collecting and addressing technical design challenges encountered during its construction projects. Although improving design issues is critical to successfully completing future projects, OBO is missing opportunities to apply best practices and lessons learned identified from other important aspects of its work. Taking advantage of these opportunities could improve OBO operations and help achieve its stated goal of completing construction projects on time and within budget.

Additionally, in examining OBO's internal reporting for construction projects in Amman, Kabul, Ashgabat, and London, OIG found errors and inconsistencies in 33 percent of 125 reports produced between 2013 and 2019 addressing those projects. To address this deficiency, greater attention is needed to validate the data recorded so that OBO senior leaders will be informed of the true status of construction projects. Finally, OIG found that, when executing award modifications for the Amman construction contract, the Contracting Officer did not include the estimated total time necessary to accomplish the required work. This deviation is contrary to guidance and occurred, in part, to expedite the issuance of the contract modifications. However, this practice makes it difficult for OBO to hold the contractor accountable for completing the project on time.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-12

What OIG Inspected
OIG inspected executive direction, policy and program implementation, resource management, and information management operations at Embassy London. The inspection also included the operations of Consulates General Belfast and Edinburgh.

What OIG Recommends
OIG made 22 recommendations: 21 to Embassy London and 1 to the Bureau of European and Eurasian Affairs.

In its comments on the draft report, the Department concurred with 21 recommendations and disagreed with 1 recommendation. OIG considers 21 recommendations resolved and 1 recommendation unresolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix C.

August 2020
OFFICE OF INSPECTIONS
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

Inspection of Embassy London and Constituent Posts, United Kingdom

What OIG Found

- Mission United Kingdom's leadership team effectively advanced the themes of shared prosperity and security in the context of the United States-United Kingdom "special relationship."
- The Ambassador and the Deputy Chief of Mission engaged in substantive policy engagement on a range of issues and were active in public diplomacy outreach.
- The mission's defined benefit pension plan for locally employed staff was underfunded by $31.5 million due to insufficient employer and employee contributions.
- The memorandum of understanding between Embassy London and the Regional Information Management Center Frankfurt for the ClassNet Regionalization initiative did not address key roles and responsibilities for the staff involved.
- Embassy London's six locally developed computer applications did not complete the Department of State's system authorization process, resulting in potential risk regarding confidentiality, integrity, and availability of information residing on the applications.
- Spotlights on Success: Embassy London formed a unique joint fraud investigations team that included representatives of the Consular Section and the Department of Homeland Security. In addition, the embassy instituted a mentoring program for locally employed staff and eligible family members.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-SI-20-30

July 2020
OFFICE OF AUDITS
SECURITY AND INTELLIGENCE DIVISION

Compliance Follow-Up Audit of Bureau of Diplomatic Security Property Management Procedures for Protective Personnel Equipment

What OIG Audited

The Department of State (Department) requires accountable property, such as armored vests included in "high-threat kits" and provided to Bureau of Diplomatic Security (DS) special agents, to be tracked and inventoried in the Department's property records. In August 2018, OIG reported that DS did not record protective personnel equipment (PPE) in the secure version of the Department's Integrated Logistics Management System, Asset Management application (S-ILMS-AM), nor did it perform annual physical inventories as required.

The Office of Inspector General (OIG) conducted this compliance follow-up audit to determine whether actions taken by DS to address a property management recommendation (Recommendation 3) from a previous report[a] met the intent of the recommendation and is sufficient to close the recommendation.

What OIG Recommends

With the issuance of this report, OIG is closing Recommendation 3 from its August 2018 report and offering one new recommendation to further improve DS's management of PPE. Based on DS's response to a draft of this report, OIG considers the recommendation unresolved. A synopsis of DS's response to the new recommendation and OIG's reply follow the recommendation in the Audit Results section of this report. DS's response to a draft of this report is reprinted in its entirety in Appendix B. OIG's reply to DS's general comments is presented in Appendix C.

What OIG Found

OIG found that DS had taken steps to develop and implement a process to manage accountable property, such as PPE contained in high-threat kits. Specifically, OIG found that DS Countermeasures Directorate, Office of Physical Security Programs, Defensive Equipment, and Armored Vehicle Division was recording accountable property contained in high-threat kits in S-ILMS-AM upon receipt. This action was previously recommended by OIG and is now being done in accordance with the Department's Foreign Affairs Manual (FAM). OIG tested 60 accountable property items from high-threat kits and found that all were properly recorded in S-ILMS-AM. In addition, OIG confirmed that DS had developed a process for performing an annual inventory of the high-threat kit items recorded in S-ILMS-AM, as required by the FAM. Furthermore, in October 2019, OIG observed that DS was conducting its first annual inventory of accountable PPE contained in high-threat kits.

During the conduct of this audit, OIG noted one compliance area outside of its scope that needed attention. OIG found instances in which Property Transaction Forms were not completed to document the "charge out" of PPE included in high-threat kits. Specifically, OIG tested 32 property charge outs specific to high-threat kits and found 16 instances (50 percent) in which the appropriate form had not been completed. The items provided are sensitive equipment and must be safeguarded. OIG concludes that greater attention to enforcing property management procedures and accountability is needed to correct this deficiency.

[a] OIG, *Management Assistance Report: The Bureau of Diplomatic Security's Office of Training and Performance Standards Should Improve Property Management Over Equipment Provided During High-Threat Training* (AUD-SI-18-49, August 2018).

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-FM-20-33

June 2020
OFFICE OF AUDITS
FINANCIAL MANAGEMENT DIVISION

Audit of Selected Internal Controls for the Special Needs Education Allowance

What OIG Audited

Federal law authorizes Federal employees to receive cost-of-living allowances to cover certain costs incurred when stationed in foreign areas. Accordingly, the Department of State (Department) may grant a Special Needs Education Allowance (SNEA) to employees serving in foreign areas for their children who would fall under the Individuals with Disabilities Education Improvement Act or Section 504 of the Rehabilitation Act of 1973.

The Office of Inspector General (OIG) conducted this audit to determine whether the Department established and applied selected internal controls from the Government Accountability Office's *Standards for Internal Control in the Federal Government* to effectually administer SNEA in accordance with Department requirements. OIG assessed three internal control components and seven associated principles involving control activities, information and communication, and monitoring.

What OIG Recommends

OIG made 15 recommendations that are intended to improve the Department's internal controls for SNEA administration. On the basis of management's response to a draft of this report, OIG considers all 15 recommendations resolved, pending further action. A synopsis of management's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. Management's responses to a draft of this report are reprinted in their entirety in Appendices D through G.

What OIG Found

Since 2015, the Department has taken steps to reform SNEA. Most recently, in November 2018, the Deputy Under Secretary for Management created the "M Family Special Needs Committee," which included representatives from several Department bureaus and the Office of the Legal Advisor. The Committee developed a plan of action for SNEA reform that included 12 specific issues with 15 associated "remedies." The remedies addressed internal controls weaknesses and, when implemented, would help the Department achieve SNEA's desired results. OIG found that, as of December 2019, 10 (67 percent) of 15 remedies had been fully implemented and 5 remedies that involve 2 distinct internal control components, namely control activities and information and communication, require additional attention. These control components have not been fully addressed because of SNEA's complex nature and the extensive coordination needed among Department bureaus to implement the associated internal controls. Specifically, the Department has not published policies and procedures in the Foreign Affairs Manual regarding medical clearances related to SNEA and the appeals process when an allowance application is denied, nor has it implemented a centralized voucher process or communicated SNEA-related accounting procedures to appropriate officials. To meet the Committee's goal of enhancing support for employees who have children with special needs, the remaining five remedies must be addressed.

In addition, OIG found that the Department has not established a process to evaluate the effectiveness of SNEA reform remedies once implemented. According to the *Standards for Internal Control in the Federal Government*, internal control is a dynamic process that must be adapted continually to the risks and changes an entity faces. The monitoring control component is essential to maintain alignment with changing objectives, environments, laws, resources, and risks. Although the Committee identified 15 SNEA reform remedies, it did not include a monitoring plan among the remedies. Without such a plan, deficiencies with the administration of SNEA could go unnoticed and uncorrected.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-35

June 2020
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Review of the Afghan Special Immigrant Visa Program

What OIG Reviewed

In 2009, Congress passed the Afghan Allies Protection Act, which established a special immigrant visa (SIV) program to resettle Afghans who were or are employed in Afghanistan by the U.S. Government or by the International Security Assistance Force and experienced an ongoing and serious threat as a result of their employment. Congress amended the Act in 2013 to improve the efficiency of the visa issuance process. From FY 2009 to FY 2019, 18,471 special immigrant visas were issued, and as of September 2019, 18,864 applicants remained in the process. The FY 2020 National Defense Authorization Act directed the Department of State (Department), Office of Inspector General (OIG), to evaluate and offer improvements to eight identified obstacles that could affect the effective protection of Afghan allies through the SIV program and provide suggestions for improvements in future programs.

What OIG Recommends

OIG made six recommendations in this report intended to improve the SIV program. On the basis of the Under Secretary for Management's response to a draft of this report, OIG considers one recommendation closed and five recommendations resolved, pending further action. A synopsis of management's comments and OIG's reply follow each recommendation in the Results section of this report. The Under Secretary for Management's response to a draft of this report is reprinted in its entirety in Appendix B. OIG previously issued a Management Assistance Report related to this topic that offered three recommendations to improve the process by which the Department reports the Afghan SIV applicant wait times.

What OIG Found

OIG evaluated the eight obstacles identified by Congress. Two obstacles did not significantly affect the Department's implementation of the Afghan SIV program. One obstacle, the uncertainty of visa availability, affects implementation but depends on congressional SIV allocation. However, five obstacles, if unaddressed, will remain impediments to implementing the Afghan SIV program and achieving the goals defined by statute, which is to issue an SIV within a 9-month timeframe. Specifically, OIG found that the Department's staffing levels across its various offices that process Afghan SIVs have generally remained constant since 2016 and are insufficient to reduce the SIV applicant backlog. Similarly, staffing levels during the interagency and security check process contribute to delays in processing the Afghan SIVs. Additionally, the Department lacks a centralized database to effectively document the identity of locally employed staff and contractors. Instead, the Department relies on multiple information technology systems that are not interoperable. Finally, OIG found that the U.S. Government offers protection and safety to SIV applicants within the confines of the workplace; however, protection outside of work hours is impracticable.

These obstacles exist, in part, because the Senior Coordinating Official position, which is intended to oversee and direct the Afghan SIV program, has been vacant since January 2017. As a result, the Department's management of resources and strategic planning for the Afghan SIV program is decentralized and lacks the focus needed to continuously evaluate the program and seek improvements. In addition, the Senior Coordinating Official position is needed to plan for changes in applicant volume throughout the SIV process and to promote continuity of operations. Until a designated leader has the authority to direct the management of the Afghan SIV program, these obstacles will continue to hinder the U.S. Government's ability to timely process Afghan SIV applicants who are experiencing threats as a result of their employment with the U.S. Government.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-17

June 2020
OFFICE OF INSPECTIONS
BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS

Inspection of Embassy Dhaka, Bangladesh

What OIG Inspected

OIG inspected the executive direction, policy and program implementation, resource management, and information management operations of Embassy Dhaka.

What OIG Recommends

OIG made 26 recommendations to Embassy Dhaka.

In its comments on the draft report, Embassy Dhaka concurred with 25 recommendations and neither agreed nor disagreed with 1 recommendation. OIG considers all 26 recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- The Ambassador and the Deputy Chief of Mission led Embassy Dhaka in a collaborative and professional manner. Staff described both leaders as energetic and approachable.
- The embassy had difficulty filling mid-level positions after the withdrawal of minor dependents following a 2016 terrorist attack. Many managerial positions had long staffing gaps that exacerbated workload pressures on the remaining staff.
- The Ambassador's active outreach efforts advanced efforts to build political capital and goodwill. However, particularly given the staffing shortages throughout the embassy, the Ambassador contributed to the workload stress of embassy staff by not prioritizing demands he placed on employees to support these efforts.
- The Ambassador engaged extensively with Bangladeshi Government officials and led efforts by the international community to assist 900,000 Rohingya refugees who had fled Burma.
- Consular Section staff routinely worked long hours in an effort to manage a growing backlog of immigrant visa work.
- The embassy's social media program did not comply with Department of State standards.
- The network cabling infrastructure in Embassy Dhaka's unclassified server and telephone frame rooms was antiquated and did not comply with Department standards.
- Spotlights on Success: The Information Management Office created a tracking system for employee checks of the emergency and evacuation radio network that increased participation rates dramatically. In addition, the office created a travel request application that saved time for travelers and travel managers.

ISP-I-20-16

What OIG Inspected

OIG inspected the executive direction, program and policy implementation, resource management, and information management operations of Mission Geneva.

What OIG Recommends

OIG made 20 recommendations: 18 to Mission Geneva, 1 to the Bureau of International Organization Affairs, and 1 to the Bureau of Global Talent Management.

In its comments on the draft report, the Department concurred with 18 recommendations and neither agreed nor disagreed with 2 recommendations. OIG considers all 20 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

June 2020
OFFICE OF INSPECTIONS
BUREAU OF INTERNATIONAL ORGANIZATION AFFAIRS

Inspection of U.S. Mission to the United Nations and Other International Organizations in Geneva, Switzerland

What OIG Found

- The Chargé d'Affaires and the acting Deputy Chief of Mission led the U.S. Mission to the United Nations and Other International Organizations in Geneva in a professional and collegial manner.
- The mission lacked documentation to support its 2019 Annual Chief of Mission Management Control Statement of Assurance.
- Mission Geneva and the Bureau of International Organization Affairs did not have shared procedures for promoting and tracking U.S. citizen employment at Geneva-based UN and other international organizations.
- Mission Geneva had deficiencies in its procurement program, including unauthorized commitments and poor contract administration. The mission did not complete reviews of blanket purchase agreements as required.
- Although the Information Management Office met customer needs, the mission did not always carry out information security responsibilities, putting the Department of State's information systems at risk of compromise.
- Spotlight on Success: The mission effectively integrated staff from all agencies represented at post, reflecting a "whole of government" approach to humanitarian, economic, and health issues.
- Spotlight on Success: A disarmament-focused exchange program, jointly organized by the U.S. missions in Geneva and Vienna, was a successful example of multilateral missions working together to advance shared policy goals.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-14

What OIG Inspected
OIG inspected foreign assistance program management in the Bureau of Counterterrorism.

What OIG Recommends
OIG made 7 recommendations to the Bureau of Counterterrorism.

In its comments on the draft report, the Bureau of Counterterrorism concurred with all 7 recommendations. OIG considers all 7 recommendations resolved. The bureau's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.

June 2020
OFFICE OF INSPECTIONS
DOMESTIC OPERATIONS

Inspection of the Bureau of Counterterrorism's Foreign Assistance Program Management

What OIG Found

- The Bureau of Counterterrorism made substantial progress in setting up strategic planning and business operations processes to support an expansion of its foreign assistance program funding since FY 2016. Nonetheless, the bureau did not develop a fully integrated internal planning process to incorporate the range of its programs and those of partner agencies.
- The bureau's monitoring and evaluation framework did not fully comply with Department of State standards. Specifically, the bureau had yet to develop performance management plans for 13 of its 15 major programs.
- The bureau relied on third-party contractors to help with foreign assistance program oversight. OIG identified instances where third-party contractors performed inherently governmental functions.
- Federal agency implementing partners did not submit quarterly performance and financial reports or submitted fewer than required, which contributed to weaknesses in funds control and program management. The bureau also faced challenges in closing out its interagency agreements.
- Federal assistance awards files did not always include monitoring documentation to show whether a recipient performed the award in accordance with the statement of work.
- The bureau returned $51.9 million in expired and canceled funds from FY 2016 to FY 2019, partly as a result of the weaknesses in funds control.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-22

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, and resource and information management operations of Embassy Kathmandu.

What OIG Recommends
OIG made 18 recommendations to Embassy Kathmandu.

In its comments on the draft report, Embassy Kathmandu concurred with all 18 recommendations. OIG considers all 18 recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

May 2020
OFFICE OF INSPECTIONS
BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS

Inspection of Embassy Kathmandu, Nepal

What OIG Found

- The Ambassador and the Deputy Chief of Mission led Embassy Kathmandu in a professional and collaborative manner. Staff praised both leaders for establishing a collegial work environment.
- The Front Office was effective in advancing U.S. foreign policy issues in Nepal as outlined in the embassy's Integrated Country Strategy.
- Consular managers did not handle conduct issues adequately.
- The embassy provided home-to-work transportation for approximately 160 locally employed staff without proper Department of State authorization.
- The retirement fund for locally employed staff, valued at $9.6 million, was at risk because the embassy did not manage it appropriately.
- Spotlight on Success: An embassy social media campaign generated positive local reactions amid indications the messages were helping improve bilateral relations.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-20

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, resource management, and information management operations of Embassy Yaoundé. The inspection included Embassy Branch Office Douala.

What OIG Recommends
OIG made 13 recommendations: 12 to Embassy Yaoundé and 1 to the Bureau of Global Talent Management.

In its comments on the draft report, the Department concurred with all 13 recommendations. OIG considers all 13 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

May 2020
OFFICE OF INSPECTIONS
BUREAU OF AFRICAN AFFAIRS

Inspection of Embassy Yaoundé, Cameroon

What OIG Found

- The Ambassador and the Deputy Chief of Mission led Embassy Yaoundé in a professional and collaborative manner. However, the Deputy Chief of Mission did not efficiently manage and prioritize items coming to her for review and approval, which created delays in the approval process.
- The embassy did not develop a plan to integrate Embassy Branch Office Douala with embassy operations, as called for in the Integrated Country Strategy.
- Prior to the end of the FY 2019 Diversity Visa program, the Consular Section issued 13 visas to applicants who were ineligible because their medical results were incomplete.
- The embassy's residential housing program did not fully comply with Department of State safety and fire standards.
- Embassy Yaoundé did not have a functioning high frequency emergency radio network, leaving it unable to communicate with posts assigned to its regional network control station.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-FM-20-31

May 2020
OFFICE OF AUDITS
FINANCIAL MANAGEMENT DIVISION

Audit of Department of State FY 2019 Compliance With Improper Payments Requirements

What Was Audited

In FY 2019, improper Federal payments Government-wide totaled approximately $175 billion. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires Inspectors General to annually determine whether agencies complied with improper payment requirements and established additional requirements for agencies that were deemed noncompliant with improper payments requirements.

Kearney & Company, P.C (Kearney), acting on the Office of Inspector General's (OIG) behalf, conducted this audit to determine whether the Department of State (Department) complied with IPERA.

What OIG Recommends

OIG made one recommendation to improve the Department's quality control procedures related to performing required risk assessments.

On the basis of the Bureau of the Comptroller and Global Financial Services (CGFS) response to a draft of this report, OIG considers the recommendation resolved, pending further action. A synopsis of the CGFS response and OIG's reply follow the recommendation in the Other Matters section of this report. The CGFS response to a draft of this report is reprinted in its entirety in Appendix C.

What Was Found

For the FY 2019 reporting period, Kearney found that the Department complied with improper payments requirements, as presented in Table 1.

Table 1: Compliance with Improper Payment Criteria

Improper Payment Criteria	Compliance
Published Agency Financial Report	Yes
Conducted Risk Assessment	Yes
Published Improper Payment Estimate*	N/A
Published Corrective Action Plans*	N/A
Published and Met Reduction Targets*	N/A
Reported an Improper Payment Rate Less Than 10 Percent*	N/A

* Criteria did not apply because no program was identified in FY 2019 as being at risk for significant improper payments.
Source: Kearney prepared using criteria from Office of Management and Budget Circular A-123, Appendix C.

Kearney found that the Department published on its website the FY 2019 Agency Financial Report, which included all applicable payment integrity disclosures, as required by Office of Management and Budget Circular A-136, "Financial Reporting Requirements." In addition, the Department complied with the requirement to perform program-specific risk assessments. Specifically, the Department performed risk assessments for all 38 programs as part of its 3-year risk assessment approach. The programs subject to risk assessments are listed in Appendix B.

In addition, Kearney found that the quality control procedures governing the risk assessment process need improvement. Specifically, Kearney found that the Department misapplied its scoring methodology for one risk factor and did not evaluate all OIG reports during its risk assessment process. Although these lapses did not rise to a level that impacted the Department's compliance with IPERA for the FY 2019 reporting period, Kearney concludes that improving quality control procedures when performing future risk assessments would enhance the Department's ability to identify improper payments.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-32

May 2020
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Follow-Up Audit of the Department of State Efforts To Measure, Evaluate, and Sustain Antiterrorism Assistance Objectives in the Bureau of East Asian and Pacific Affairs

What OIG Audited

The Department of State (Department) Antiterrorism Assistance (ATA) program trains civilian security and law enforcement personnel in foreign countries in counterterrorism techniques. The Department's Bureau of Diplomatic Security (DS) and Bureau of Counterterrorism (CT) jointly manage the ATA program. In 2018, the Department spent $182 million to carry out the ATA program, with approximately $28 million dedicated to efforts implemented in partner countries that fall under the Department's Bureau of East Asian and Pacific Affairs (EAP).

OIG conducted this follow-up audit to determine whether DS and CT have implemented corrective actions to address previous recommendations related to the ATA program and whether those actions have improved the Department's efforts to measure, evaluate, and sustain ATA program objectives in EAP. OIG conducted fieldwork for this audit in Indonesia, the Philippines, and Thailand.

What OIG Recommends

OIG made four recommendations to CT and DS to further improve the execution of the ATA program in the EAP region. On the basis of CT's and DS's responses to a draft of this report, OIG considers all four recommendations resolved, pending further action. A synopsis of the comments addressing the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. CT's response is reprinted in its entirety in Appendix D, DS's response is reprinted in its entirety in Appendix E, and Embassy Bangkok's response is reprinted in Appendix F.

What OIG Found

DS and CT have implemented corrective actions to warrant closure of 13 previously offered recommendations related to the ATA program, including 1 that was closed in February 2020. Specifically, OIG found that DS and CT had established a monitoring and evaluation process for the ATA program and had improved coordination with the Bureau of Democracy, Human Rights, and Labor to ensure that ATA-designated countries were eligible for assistance. In addition, DS established standard operating procedures for contract oversight, including developing a standardized reporting process. These procedures verify compliance with contract terms and conditions as well as receipt of and payment for goods and services and execution of contract modifications. Furthermore, DS implemented a process to ensure weapons and equipment transfers were properly recorded and appropriate for the partner country.

Notwithstanding the aforementioned progress, OIG found that DS and CT need to take additional steps to ensure the established monitoring and evaluation process is followed and desired program results are achieved and accurately reported in accordance with Department policy. Specifically, in the EAP region, OIG found that neither DS nor CT consistently 1) establish baseline data and performance targets or report outcome data for the ATA programs in the region; 2) establish sustainability measures and timelines to determine when partner countries could sustain their antiterrorism programs without U.S. Government support; or 3) include information about ATA programs funded with regional and Department of Defense funds in quarterly progress reports. These conditions occurred, in part, because DS and CT have not clearly delegated responsibilities for the execution of monitoring, evaluation, and reporting. Until these conditions are addressed, DS and CT will be unable to fully measure ATA program performance in the EAP region or demonstrate that ATA country program goals and objectives are being achieved as intended.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-21

May 2020
OFFICE OF INSPECTIONS
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

Inspection of Embassy Bern, Switzerland

What OIG Inspected

OIG inspected the executive direction, policy and program implementation, resource management, and information management operations of Embassy Bern. The inspection included Consular Agencies Geneva and Zurich.

What OIG Recommended

OIG made 10 recommendations to Embassy Bern.

In its comments on the draft report, Embassy Bern concurred with all 10 recommendations. OIG considers all 10 recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- The Ambassador and the Deputy Chief of Mission led Embassy Bern in a professional and collaborative manner.
- The embassy did not evaluate whether Consular Agencies Geneva and Zurich were cost effective to maintain.
- Embassy Bern's Fiscal Year 2019 Annual Chief of Mission Management Control Statement of Assurance included deficiencies regarding the embassy compound and its facilities. However, the review process failed to identify other management control issues.
- The Political-Economic Section's lack of an approved reporting plan created uncertainty about priorities and led to wasted effort on preparing cable reporting that the Ambassador and the Deputy Chief of Mission did not approve.
- The Political-Economic and Public Diplomacy Sections both produced Swiss news summaries with duplicative content, an inefficient use of staff.
- Embassy Bern's Consular Section had a unique workload that included American citizen services for U.S. citizens living in Iran and staff support for the World Economic Forum, but the embassy had not analyzed the effect of these services on the section's workload.
- While the information management staff met customer needs, they did not focus on information security, placing the Department of State's information at risk of compromise.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-13

What OIG Inspected
OIG inspected the Bureau of Counterterrorism's executive direction, policy and program management, administrative operations, and information management and information security activities.

What OIG Recommended
OIG made 11 recommendations to the Bureau of Counterterrorism.

In its comments on the draft report, the Bureau of Counterterrorism concurred with all 11 recommendations. OIG considers all 11 recommendations resolved. The bureau's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.

May 2020
OFFICE OF INSPECTIONS
DOMESTIC OPERATIONS

Inspection of the Bureau of Counterterrorism

What OIG Found

- The Coordinator for Counterterrorism exhibited decisive leadership, marked by setting clear strategic goals and communicating them effectively to staff. This enabled the Bureau of Counterterrorism to navigate major shifts in its mission since 2016.
- At times, the Coordinator engaged in conduct that negatively affected employee morale and productivity.
- The bureau established effective internal policy coordination and communication processes.
- Employees from other Department of State bureaus and Federal agencies expressed differing opinions about the bureau's effectiveness in promoting its policy goals in interagency processes.
- The Bureau of Counterterrorism did not provide sufficient policy guidance, training, and administrative support to overseas employees responsible for coordinating and reporting on regional counterterrorism issues.
- Vacancies in 22 percent of the bureau's Civil Service positions hampered operations.
- The bureau's Office of the Executive Director did not have systems in place to measure the results of key administrative activities and efficiently communicate with customers. As a result, bureau staff expressed dissatisfaction with the administrative and support services delivered by the office.
- The bureau did not follow Department procedures for software development.
- The lack of information technology contingency plans placed at risk the bureau's ability to support these functions in the event of an unplanned disruption.

HIGHLIGHTS
Office of Inspector General
United States Department of State

AUD-FM-IB-20-28

May 2020
OFFICE OF AUDITS
FINANCIAL MANAGEMENT DIVISION

Audit of U.S. Agency for Global Media FY 2019 Compliance With Improper Payments Requirements

What OIG Audited

In FY 2019, improper Federal payments Government-wide totaled approximately $175 billion. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires Inspectors General to annually determine whether agencies complied with improper payment requirements and established additional requirements for agencies that were deemed noncompliant with improper payments requirements.

The U.S. Agency for Global Media (USAGM) is an independent Federal agency that supervises all U.S. Government-supported civilian international broadcasting. USAGM Federal broadcasting organizations include the Voice of America (VOA), the Office of Cuba Broadcasting (OCB), and four grantees—Radio Free Asia, Middle East Broadcasting, Radio Free Europe/Radio Liberty, and the Open Technology Fund.

The Office of Inspector General (OIG) conducted this audit to determine whether USAGM complied with IPERA requirements.

What OIG Recommends

Because USAGM complied with improper payments requirements for FY 2019, OIG is not offering recommendations as a result of this audit. USAGM's response to a draft of this report is reprinted in its entirety in Appendix B.

What OIG Found

For the FY 2019 reporting period, OIG found that USAGM complied with improper payments requirements, as presented in Table 1.

Table 1: Compliance with Improper Payment Criteria

Improper Payment Criteria	Compliance
Published Performance and Accountability Report	Yes
Conducted Risk Assessment	Yes
Published Improper Payment Estimate*	N/A
Published Corrective Action Plans*	N/A
Published and Met Reduction Targets*	N/A
Reported an Improper Payment Rate Less Than 10 Percent*	N/A

* Criteria did not apply because no program was identified in FY 2019 as being at risk for significant improper payments.
Source: OIG created using criteria from Office of Management and Budget Circular A-123, Appendix C.

OIG found that USAGM published on its website the FY 2019 Performance and Accountability Report, which included all applicable payment integrity disclosures, as required by Office of Management and Budget Circular A-136, "Financial Reporting Requirements." In addition, USAGM complied with the requirement to perform program-specific risk assessments. Specifically, USAGM performed quantitative risk assessment testing for two programs (VOA and OCB) as part of its rotational testing approach.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-26

(U) What OIG Audited

(U) In March 2016, President Barack Obama signed Executive Order 13721, which required the Secretary of State to establish the Global Engagement Center (GEC). The National Defense Authorization Act (NDAA) for FY 2017 then mandated that GEC "lead, synchronize, and coordinate efforts of the Federal Government to recognize, understand, expose, and counter foreign state and non-state propaganda and disinformation efforts aimed at undermining United States national security interests." GEC received approximately $98.7 million in FY 2018 to carry out its work, which includes approximately $78.7 million in congressionally appropriated funds and $20 million transferred from the Department of Defense. With this funding, GEC issued 39 Federal assistance awards in FY 2018, composed of grants and cooperative agreements, valued at $58.6 million.

(U) The Office of Inspector General (OIG) conducted this audit to determine whether Federal assistance awards provided by GEC aligned with its statutory mandate and authority and whether GEC monitored those awards in accordance with Federal requirements, Department of State policies and guidance, and the award terms and conditions.

(U) What OIG Recommends

(U) OIG made five recommendations to GEC that are intended to improve the administration of GEC Federal assistance awards. GEC concurred with all five recommendations. GEC's comments to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. GEC's response to a draft of this report is reprinted in its entirety in Appendix B.

April 2020
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

(U) Audit of Global Engagement Center Federal Assistance Award Management and Monitoring

(U) What OIG Found

(U) OIG reviewed all 39 grants and cooperative agreements that GEC awarded in FY 2018 and found that the stated purpose of all but 1 award (97 percent) aligned with GEC's statutory mandate and authority. However, OIG selected 10 of the 39 Federal assistance awards for detailed testing and found that GEC did not consistently manage and monitor the awards tested in accordance with Federal requirements, Department policies and guidance, and award terms and conditions. Specifically, GEC officials did not always clearly designate roles and responsibilities for grants management personnel and 3 of 10 required award risk assessments contained errors. In addition, 9 of 10 monitoring and evaluation plans did not include all required elements and did not demonstrate a direct link to the final award scope of work, as required by the Department's Federal Assistance Directive. Furthermore, OIG found that GEC officials did not review recipients' performance reports and financial information in accordance with Department policies and guidance. Specifically, OIG found that 4 of 10 of the award recipients' performance reports reviewed for this audit only provided descriptions of actions taken in the previous quarter and did not link implementing activities to any performance indicators.

(U) These deficiencies occurred, in part, because GEC did not have enough experienced personnel to issue, manage, and monitor cooperative agreements when the FY 2018 awards were issued. In addition, GEC has not formally adopted internal policies, processes, and procedures for managing and monitoring Federal assistance awards. During the audit, GEC hired additional staff members and plans to adopt internal policies, processes, and procedures by March 2020. Until these deficiencies are fully remediated, GEC will not be in a position to ensure award recipients are using funds as intended or be able to fully demonstrate that the awards being implemented are fulfilling GEC's statutory mandate to coordinate efforts in countering propaganda and disinformation efforts aimed at undermining U.S. national security interests.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-29

What OIG Inspected
OIG inspected the executive direction, consular, resource management, and information management operations of Embassy Vilnius.

What OIG Recommends
OIG made six recommendations to Embassy Vilnius to improve operations.

In its comments on the draft report, Embassy Vilnius concurred with all six recommendations. OIG considers all six recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

April 2020
OFFICE OF INSPECTIONS
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

Inspection of Embassy Vilnius, Lithuania

What OIG Found

- After being without an Ambassador since July 2019, Embassy Vilnius experienced a change in leadership during the inspection with the arrival of a new Ambassador in January 2020.
- The new Ambassador quickly communicated his vision for a "happy, healthy, and productive" embassy, setting a positive, ethical, and inclusive tone for the mission.
- Officials in the Bureau of European and Eurasian Affairs reported they were satisfied with the embassy's performance under the direction of the Chargé d'Affaires, who led Embassy Vilnius from July 2019 to January 2020.
- The Management Section generally implemented required processes and procedures in accordance with applicable laws and Department of State guidance, with one exception in Facilities Management.
- The Information Resource Management Office's unclassified server room did not meet the safety standards of the Department of State and the Occupational Safety and Health Administration.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-CGI-20-21

March 2020
OFFICE OF AUDITS
CONTRACTS, GRANTS, AND INFRASTRUCTURE DIVISION

Audit of Selected Bureau of Administration, Office of Operations, Office of Facilities Management Services, Contracts

What OIG Audited

Within the Bureau of Administration, Office of Operations, the Office of Facilities Management Services (FMS) operates and maintains owned and delegated Department of State (Department) facilities in the metropolitan Washington, DC, area and at other domestic locations. FMS has the critical responsibility to provide safe, comfortable, and sustainable work environments in domestic facilities to support the Department's mission. To carry out its responsibility, FMS uses management service contracts to provide essential services that are necessary to make buildings habitable.

The Office of Inspector General (OIG) conducted this audit to determine whether FMS administered and oversaw selected domestic FMS contracts in accordance with the Federal Acquisition Regulation and Department policies and guidance. To perform the audit, OIG selected four task orders associated with four different FMS contracts that had a combined value of more than $151 million.

What OIG Recommends

OIG made nine recommendations intended to improve the administration and oversight of current and future FMS contracts. On the basis of management's response to a draft of this report, OIG considers one recommendation closed and eight resolved, pending further action. A synopsis of management's response and OIG's reply follow each recommendation in the Audit Results section of this report. FMS's and the Bureau of Administration, Office of the Procurement Executive's (OPE), response to a draft of this report are reprinted in their entirety in Appendices B and C, respectively. A summary of OPE's general comments about the draft report and OIG's reply is presented in Appendix D.

What OIG Found

FMS's Contracting Officer's Representatives (COR) did not consistently administer and oversee the task orders reviewed for this audit, in accordance with the FAR and Department guidance. Specifically, for three of the four task orders reviewed, COR files were incomplete or were missing, which limited OIG's ability to assess whether the designated CORs consistently monitored contractor performance. In addition, OIG found that the CORs for three task orders were not maintaining records of invoice reviews. Furthermore, OIG found that the option year for one task order was exercised almost a month after the prior option period had ended.

These deficiencies occurred, in part, because FMS had not established and implemented the internal management controls necessary to effectually oversee the task orders. The Contacting Officer (CO) did not identify specific duties and responsibilities in the COR designation memoranda, nor did FMS establish specific procedures for establishing a quality assurance surveillance plan, executing that plan, and properly recording invoice reviews. With respect to the option year that was exercised a month after the prior option period ended, this occurred because FMS did not establish requirements, timeframes, and expectations of oversight of the acquisition planning process. In addition, the CO and the COR did not communicate for the option year to be exercised in a timely manner.

It is important for these deficiencies to be corrected so that FMS can demonstrate comprehensive oversight of the task orders it administers and can achieve reasonable assurance that contractor performance is supporting FMS's mission. In addition, incomplete COR files inhibit access to technical contract information and hinder the transition of oversight responsibilities when a new COR is assigned. Furthermore, without specifics in the COR designation memoranda, oversight personnel may not fully understand their responsibilities in administering and overseeing the task orders assigned.

HIGHLIGHTS
Office of Inspector General
United States Department of State

AUD-CGI-20-12

March 2020
OFFICE OF AUDITS
CONTRACTS, GRANTS, AND INFRASTRUCTURE DIVISION

Audit of the Office of the Coordinator for Assistance to Europe and Eurasia's Oversight of Foreign Assistance Funds Transferred to Implementing Partners

What OIG Audited

From FY 2016 through FY 2018, the Bureau of European and Eurasian Affairs, Office of the Coordinator of U.S. Assistance to Europe and Eurasia (ACE), was responsible for overseeing approximately $1.3 billion in foreign assistance funds transferred to other Federal agencies and other intergovernmental organizations working in Europe, Eurasia, and Central Asia. U.S. foreign assistance funds targeted to the region support activities in a wide range of thematic areas, including security, rule of law, economic growth, democratic governance, independent media, and health and education.

The Office of Inspector General (OIG) conducted this audit to determine whether ACE oversight of foreign assistance funds transferred to other Federal agencies and other intergovernmental organizations was in accordance with applicable Federal laws and Department of State (Department) policy. This audit was initiated, in part, to address a hotline complaint received in December 2016 that alleged ACE was not ensuring monitoring and evaluation (M&E) on nearly $1 billion in foreign assistance funds provided to Federal agencies and other intergovernmental organizations.

What OIG Recommends

OIG made six recommendations intended to improve ACE oversight of its implementing partners. On the basis of ACE's response to a draft of this report, OIG considers all six recommendations resolved, pending further action. A synopsis of ACE's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. ACE's response to a draft of this report is reprinted in its entirety in Appendix B. A summary of ACE's general comments to the draft report and OIG's replies is presented in Appendix C.

What OIG Found

Oversight of foreign assistance funds transferred by ACE to its implementing partners performed from 2015 through 2017 was not in accordance with Federal law and Department policy. Specifically, ACE did not ensure that implementing partners were performing monitoring and evaluation activities. Furthermore, ACE did not obtain data from implementing partners necessary to perform evidence-based analysis of U.S. Government foreign assistance being provided to the region and to effectively coordinate funding for policies and programs among all U.S. Government agencies.

The lack of oversight occurred, in part, because ACE's primary focus was on the allocation of foreign assistance funds and the office did not implement necessary controls to effectively oversee foreign assistance programs being executed in the region by implementing partners. Specifically, ACE did not establish standard operating procedures to verify that implementing partners performed required oversight activities and executed sound management of the resources ACE provided. In addition, ACE did not establish standard operating procedures to ensure that it consistently collected M&E data from implementing partners. Furthermore, ACE did not have a tool to analyze and maintain the M&E data received from its implementing partners to determine whether U.S. policy goals in the region were being achieved.

ACE has recently taken needed steps to improve its oversight of implementing partners. OIG has, however, made recommendations that, when implemented, will help ACE ensure that programs in the region are being executed as intended. These recommendations will moreover enable ACE to ensure that progress is being made and make informed decisions about how to adjust program strategies and resource investments to achieve desired results.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-20

February 2020
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Review of Delays Encountered Constructing the New Embassy Compound in Ashgabat, Turkmenistan

What OIG Audited

In September 2014, the Department of State (Department) awarded Caddell Construction Co., LLC (Caddell), a $196 million contract to design and construct a New Embassy Compound (NEC) in Ashgabat, Turkmenistan. The Turkmen Government imposes a "red line" concept that requires constructed buildings in Ashgabat to be set back a certain distance from the road to ensure an aesthetic alignment. The NEC construction project, which is managed by the Bureau of Overseas Buildings Operations (OBO), was initially scheduled to be completed in July 2018. In June 2019, the Office of Inspector General (OIG) learned of circumstances that affected the construction of the New Office Building (NOB), which was intended to serve as the embassy's chancery, and is one of 13 NEC buildings being constructed.

OIG initiated this review to determine the genesis of the delays encountered in constructing the NEC, the status of efforts to complete construction of the NOB, and the operational and financial implications of the delays on both the Department and U.S. taxpayers.

What OIG Recommends

OIG made eight recommendations to the Undersecretary for Management and OBO to address the deficiencies identified in this report. On the basis of the Under Secretary for Management's and OBO's response to a draft of this report, OIG considers all eight recommendations resolved, pending further action. A synopsis of the Department's responses to the recommendations offered and OIG's reply follow each recommendation in the Review Results section of this report. The Department's responses to a draft of this report are reprinted in Appendices B and C.

What OIG Found

The genesis of the delays encountered completing the construction of the NEC in Ashgabat is attributable to complications associated with the construction of the NOB. Specifically, in July 2016, the Government of Turkmenistan halted construction of the NOB because it was being constructed in a location that violated the city's red line. This error occurred, in part, because OBO personnel failed to follow internal procedures that guide the planning of construction projects. Specifically, the OBO project managers overseeing the project failed to ensure that the legal assessment describing Ashgabat's red line requirement was maintained in an OBO document database and shared appropriately. Moreover, they did not require the Architectural and Engineering firm that prepared the project bridging design to deliver required planning documentation that would have alerted OBO about the proper placement of the NOB. In addition, the construction contractor, Caddell, failed to obtain required construction permits from the Turkmen Government prior to initiating construction. As a result, construction of the NOB was halted after approximately $26 million had been expended to construct the facility.

The Department has made repeated attempts to persuade the Turkmen Government to reverse its decision and allow the NOB construction to continue at its current location. However, as of January 2020, all requests and proposed options to do so had been rejected by the Turkmen Government. The operational and financial implications from the improper placement of the NOB are profound. Specifically, because construction of the NOB has not been completed, embassy operations continue to be conducted from multiple locations. According to OBO's FY 2014 Congressional Notification for constructing the NEC, this arrangement creates security and safety risks. In addition, OBO estimates that it will cost the Department between $90 million and $125 million to rebuild a new NOB in an approved location. This amount is approximately twice what was originally budgeted to construct the NOB.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-07

February 2020
OFFICE OF INSPECTIONS
BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS

Inspection of Embassy Canberra and Constituent Posts, Australia

What OIG Inspected

OIG inspected executive direction, policy and program implementation, resource management, and information management operations of Embassy Canberra. The inspection included Consulates General Melbourne, Perth, and Sydney.

What OIG Recommends

OIG made 22 recommendations to Embassy Canberra to improve mission operations, 1 of which OIG closed with the issuance of this report.

In its comments on the draft report, Embassy Canberra concurred with 20 recommendations and neither agreed nor disagreed with 1 recommendation. OIG considers all 21 recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- The newly arrived Ambassador, Deputy Chief of Mission (formerly Chargé d'Affaires), and acting Deputy Chief of Mission established clearly defined goals and priorities for Mission Australia. They effectively employed a wide variety of mechanisms to communicate and coordinate their activities across the spectrum of external engagements with the Government of Australia and other stakeholders.
- Mission Australia generally implemented required processes and procedures in accordance with Department of State standards. However, a more than 2-year gap between ambassadors increased duties for both the Chargé d'Affaires and acting Deputy Chief of Mission, which detracted from Front Office oversight of internal operations.
- Residential safety certifications of more than 200 Department of Defense personnel under chief of mission authority did not comply with Department standards.
- Embassy Canberra effectively promoted information technology innovation and new programs and supported frequent regional high-profile visits. However, the embassy did not enforce standard procedures for the mission's information security program.
- **Spotlight on Success:** Embassy Canberra's chief of mission's letter mandating participation by the embassy in all high-level official visits increased the embassy's ability to support U.S. policy objectives.
- **Spotlight on Success:** The Financial Management Office used a process audit to improve its operations, productivity, and training.
- **Spotlight on Success:** Consulate General Perth's use of an information technology configuration tool to collectively update computer systems resulted in consistently high compliance scores with Department configuration standards.

HIGHLIGHTS
Office of Inspector General
United States Department of State

AUD-SI-20-17

February 2020
OFFICE OF AUDITS
SECURITY AND INTELLIGENCE DIVISION

Audit of the Department of State's Coordination and Oversight of the U.S. President's Emergency Plan for AIDS Relief

What OIG Audited

The United States Leadership Against Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS), Tuberculosis, and Malaria Act of 2003 launched the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) to combat HIV/AIDS. Since PEPFAR's inception, the U.S. Government has committed more than $80 billion to combat HIV/AIDS in more than 50 countries. The Department of State's Office of the U.S. Global AIDS Coordinator and Health Diplomacy (OGAC) is responsible for leading the U.S. Government's international HIV/AIDS efforts. At overseas missions, the PEPFAR Country Coordinator is the top OGAC employee in the country. This individual's responsibilities include coordinating and facilitating the interagency approach to PEPFAR.

The Office of Inspector General (OIG) conducted this audit to determine whether PEPFAR Country Coordinators at selected overseas missions effectively coordinated with interagency partners and whether OGAC has overseen selected missions' performance toward achieving PEPFAR goals. OIG performed fieldwork for this audit in Washington, DC, and overseas at Missions Kenya, Malawi, Tanzania, and Uganda.

What OIG Recommends

OIG made four recommendations to address the deficiencies noted with the development of Country Operational Plans (COP). On the basis of OGAC's response to a draft of this report, OIG considers two recommendations closed and two recommendations resolved, pending further action. A synopsis of OGAC's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. OGAC's response to a draft of this report is reprinted in its entirety in Appendix C.

What OIG Found

OIG found that PEPFAR Country Coordinators at the four missions audited effectively coordinated with interagency partners to reach consensus on their respective COPs. However, OIG found that a majority of those whom OIG interviewed on PEPFAR country teams had concerns regarding the COP development process. Furthermore, OIG identified a lack of effective communication regarding the COP development process. Overall, across the four missions, PEPFAR country teams expressed concerns regarding performance targets, OGAC-developed COP preparation tools, and the timeline to develop the COP. Furthermore, across the four missions, PEPFAR country teams consistently expressed the belief that their input was not considered during the COP development process, especially regarding the attainability of performance targets and changes to the COP preparation tools. OGAC leadership, however, stated that performance targets were developed on the basis of country needs and that it has, in fact, sought and considered feedback regarding the tools. These conditions occurred, in part, because OGAC leadership has not effectively applied the Department of State's leadership and management principles, especially regarding the expectation to encourage open dialogue to express differences of opinion. The lack of effective communication may affect PEPFAR program implementation efforts.

Lastly, OIG found that OGAC established a process to oversee PEPFAR program implementation via its PEPFAR Oversight and Accountability Response Team, which conducts quarterly consultation calls with overseas missions. By implementing these consultation calls, which include an analysis of results by key performance indicators, OGAC has established monitoring and evaluation activities that foster accountability and promote the effective use of resources toward epidemic control and the attainment of PEPFAR goals.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-19

January 2020
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of Mission Turkey and Embassy Beirut Fuel Oversight and Payment Process

What OIG Audited

To aid in carrying out its mission, Mission Turkey and Embassy Beirut, Lebanon, procure fuel for the operation of motor vehicles and generators. Diesel fuel and gasoline are both procured through contracts awarded by Contracting Officers (COs) at these posts. From October 1, 2013, to September 30, 2018, Mission Turkey paid approximately $1.3 million for fuel for use at Embassy Ankara, Consulate General Istanbul, and Consulate Adana. Embassy Beirut paid approximately $2.2 million for gasoline and diesel fuel over the same period of time.

In May 2019 and July 2019, the Office of Inspector General (OIG) issued reports related to controls over fuel storage and distribution at Mission Turkey and Embassy Beirut, respectively. For this report, OIG's objective was to determine whether Department of State (Department) oversight officials implemented adequate controls to ensure that the contractor-provided fuel met contract terms and conformed to Federal regulations and Department guidance.

What OIG Recommends

OIG made 33 recommendations to Mission Turkey and 11 recommendations to Embassy Beirut to improve contract oversight and payment procedures and to safeguard against improper payments. On the basis of Mission Turkey's response to a draft of this report, OIG considers 33 recommendations resolved pending further action. Because Embassy Beirut did not respond timely to a draft of this report, OIG considers 11 recommendations unresolved and will closely monitor management's actions during the audit compliance process. A synopsis of management's comments and OIG's reply follow each recommendation in the Audit Results section of this report. Mission Turkey's response to a draft of this report is reprinted in its entirety in Appendix B.

What OIG Found

Oversight of fuel contractors at Mission Turkey and Embassy Beirut needs improvement to ensure compliance with contract terms. Specifically, OIG found that COs did not (1) always appoint Contracting Officer's Representatives (CORs) to oversee fuel contracts, (2) implement proper procedures to accept fuel from the contractors, (3) develop and implement quality surveillance assurance plans to ensure that contractual requirements were met, and (4) maintain complete contract and COR files. These deficiencies occurred because the COs and the COR did not follow Federal Acquisition Regulation requirements and Department guidance when performing oversight of the fuel contracts. As a result, Mission Turkey and Embassy Beirut could not be certain that the fuel received met fuel quality standards set forth in the contract and may have paid for fuel they did not receive.

OIG also found that Mission Turkey and Embassy Beirut oversight officials did not conform with Federal regulations and guidance concerning fuel payments. Specifically, oversight officials did not (1) verify that invoices included all of the required information to make them proper or to certify them for payment and (2) always verify that prices complied with contract terms. These deficiencies occurred, in part, because the Financial Management Offices at Mission Turkey and Embassy Beirut did not implement effective internal controls to ensure that contractor-submitted invoices included all elements of a proper invoice prior to authorizing payment or track the dates that invoices were received and paid. In addition, the assigned COs and the COR did not establish and implement invoice review procedures to ensure that invoices were accurate and supported. Further, the COs and COR allowed unauthorized officials to approve invoices on their behalf. OIG is therefore questioning $1.2 million paid by Mission Turkey and $2.2 million paid by Embassy Beirut for fuel from October 1, 2013, through September 30, 2018.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-09

January 2020
OFFICE OF INSPECTIONS
BUREAU OF AFRICAN AFFAIRS

Inspection of Embassy Pretoria and Constituent Posts, South Africa

What OIG Inspected

OIG inspected the executive direction, program and policy implementation, the President's Emergency Plan for AIDS Relief program, and resource management operations of Embassy Pretoria. The inspection included Consulates General Cape Town, Durban, and Johannesburg.

What OIG Recommended

OIG made 21 recommendations: 20 to Embassy Pretoria and 1 to the Office of the U.S. Global AIDS Coordinator and Health Diplomacy.

In its comments on the draft report, the Department concurred with 20 recommendations and neither agreed nor disagreed with 1 recommendation. OIG considers all 21 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Chargé d'Affaires and acting Deputy Chief of Mission led Mission South Africa in a professional and collaborative manner, promoting unity of effort and enlisting the three Consuls General to advance U.S. interests.
- The mission's $730 million program to implement the President's Emergency Plan for AIDS Relief was hindered by interagency conflicts and implementation challenges, putting the success of the program at risk.
- The Front Office supported Equal Employment Opportunity (EEO) principles and implemented all EEO program requirements, but OIG found several pockets in the mission where employees reported behavior that did not meet Department of State standards for EEO and civility in the workplace.
- The mission developed its Integrated Country Strategy through a logical and inclusive process but did not track its implementation.
- Although the Front Office conducted the required Statement of Assurance on internal controls, OIG found many long-standing deficiencies that needed attention.
- The Political and Economic Sections provided valuable reporting but could better link their work to the Integrated Country Strategy.
- Consular operations across the mission did not adhere to several basic consular management controls, and one consulate general did not perform any of its consular crisis preparedness duties.
- The mission did not meet Department standards for managing furniture, other property, supplies, and motor pool operations.
- Basic information technology needs were being met by the information management staff, but staff did not complete key security duties, which increased the risk of data loss or breaches.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-08

What OIG Inspected
OIG inspected the executive direction, consular services, resource management, and information management operations of Embassy Helsinki.

What OIG Recommends
OIG made 4 recommendations to Embassy Helsinki.

In its comments on the draft report, Embassy Helsinki concurred with all 4 recommendations. OIG considers all 4 recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

December 2019
OFFICE OF INSPECTIONS
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

Inspection of Embassy Helsinki, Finland

What OIG Found

- Embassy leadership used their ready access to the senior-most levels of the Government of Finland to the benefit of U.S. foreign policy goals and objectives.
- The Ambassador and the Deputy Chief of Mission did not manage conflict between them in an appropriate manner, which resulted in a breakdown of trust and communication that complicated the chain of command and contributed to a stressful work environment for Embassy Helsinki staff.
- Lack of teamwork and communication between Consular Section leadership and staff had a negative effect on productivity and morale.
- The embassy lacked policies for some information management support services.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-FM-IB-20-10

December 2019
OFFICE OF AUDITS
FINANCIAL MANAGEMENT DIVISION

Audit of the U.S. Agency for Global Media's FY 2019 Implementation of the Digital Accountability and Transparency Act of 2019

What Was Audited

In accordance with the Digital Accountability and Transparency Act of 2014 (DATA Act), the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) established standards for agencies' spending data to be displayed on USASpending.gov. As part of quarterly submissions, Agency Senior Accountable Officials (SAO) certify data files (DATA Act Files A, B, C, D1, D2).

Acting on behalf of the Office of Inspector General (OIG), Williams, Adley & Company-DC, LLP (Williams Adley), an external audit firm, conducted this audit to assess (1) the completeness, accuracy, timeliness, and quality of the first quarter of FY 2019 financial and award data submitted by the U.S. Agency for Global Media (USAGM) for publication on USASpending.gov and (2) USAGM's implementation and use of the Government-wide financial data standards established by OMB and Treasury.

What OIG Recommends

On the basis of this audit, OIG made four recommendations that are intended to improve USAGM's DATA Act submissions. In addition, three recommendations from the FY 2017 DATA Act report remain open, pending further action, as described in Appendix F. On the basis of USAGM's response to a draft of this report, OIG considers two recommendations closed and two recommendations resolved, pending further action. A synopsis of USAGM's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. USAGM's response to a draft of this report is reprinted in its entirety in Appendix G.

What Was Found

Williams Adley determined that USAGM's DATA Act Files A and C were both complete at the summary level for the first quarter of FY 2019. The submission of DATA Act File B was not complete because of invalid Budget Object Classification codes, program activity names, and program activity codes. In addition, Williams Adley found that the DATA Act Files were submitted timely based on the timeline established by Treasury. Furthermore, Williams Adley reconciled DATA Act Files A and B and did not identify any significant variances between DATA Act Files A, B, and C. However, during the testing of certified transactions, Williams Adley identified exceptions related to completeness, accuracy, and timeliness. Notwithstanding the identified deficiencies, on the basis of DATA Act audit guidance, Williams Adley considered the quality of USAGM's submission of data to be "higher" (the best quality level) because the highest projected error rate was less than 20 percent.

Williams Adley identified several control issues that led to the deficiencies. For example, according to USAGM officials, one reason that records at the transaction level were not entered in a timely manner was that Contract Specialists were able to bypass certain steps in the accounting system. Another reason for the delay was that Contract Specialists were not always aware of contract awards that required approval in the accounting system. Furthermore, Williams Adley concluded that USAGM's Data Quality Plan (DQP) needs improvement to become more useful. For example, USAGM's current DQP does not provide the information necessary to identify risks or address them. Although USAGM data were considered to be in the best category, more attention would allow for additional improvements to data quality.

Williams Adley evaluated USAGM's implementation and use of the Government-wide financial data standards for spending information. Although Williams Adley concluded that USAGM fully implemented financial data standards, it was not fully using those data standards as defined by OMB and Treasury.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-06

What OIG Inspected
OIG inspected the executive direction, consular services, resource management, and information management operations of Embassy Stockholm.

What OIG Recommends
OIG made 5 recommendations to Embassy Stockholm.

In its comments on the draft report, the embassy concurred with 4 recommendations and disagreed with 1 recommendation. OIG considers all 5 recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

December 2019
OFFICE OF INSPECTIONS
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

Inspection of Embassy Stockholm, Sweden

What OIG Found

- Embassy Stockholm had been without an ambassador since January 2017; however, the Chargé d'Affaires, who arrived in April 2019, set a positive and ethical tone for the embassy and promoted strong coordination among country team members.
- Interpersonal conflict and communication issues affected morale, productivity, and teamwork in the Consular Section.
- The embassy's Interagency Housing Board did not effectively coordinate employee housing, resulting in unnecessary temporary living quarters allowance costs.
- Embassy Stockholm used multiple contracts for dedicated internet network services, contrary to Department of State standards.
- Spotlight on Success: Embassy staff identified a life safety issue with lamps purchased under a General Services Administration contract that resulted in a worldwide safety alert and the vendor's replacement of the lamps at no additional cost.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-09

What OIG Reviewed

In January 2017, the President issued a Presidential Memorandum imposing a Federal hiring freeze. Two months later in March 2017, the President signed Executive Order (EO) 13781, *Comprehensive Plan for Reorganizing the Executive Branch*, which required each Federal agency to submit a proposed plan to the Office of Management and Budget (OMB) that described how the agency would reorganize. In April 2017, OMB issued memorandum M-17-22, to provide agencies guidance on fulfilling the requirements of the hiring freeze and EO 13781. In response, in May 2017, then-Department of State (Department) Secretary Tillerson initiated a joint reform effort with the U.S. Agency for International Development (USAID). In September 2017, the Department and USAID submitted a draft joint Agency Reform Plan to OMB.

The Consolidated Appropriations Acts for FYs 2017, 2018, and 2019 each had a provision requiring Congressional notification before implementing any reorganization or redesign plan. In addition, the explanatory statement for the 2018 Consolidated Appropriations Act (Public Law 115-141) required the Office of Inspector General (OIG) to review (1) the processes by which the Department developed and implemented reorganization and redesign efforts and plans; and (2) the extent to which employees provided input into these efforts and plans. Finally, Senate Report 115-152 required OIG to review the extent to which recommendations in such plans were proposed by career employees of the Department, contractors, and Federal employees outside the Department.

OIG conducted this review to determine whether the processes employed by the Department to develop and implement its organizational reform effort complied with applicable Federal law and OMB memorandum M-17-22. In addition, OIG responded to the specific review requirements of the Consolidated Appropriations Acts, including the explanatory language, and of Senate Report 115-152. Appendix C provides definitions of key terminology used in this report. The Under Secretary for Management's response to a draft of this report is reprinted in its entirety in Appendix D.

November 2019
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Review of the Department of State's Organizational Reform Effort

What OIG Found

The process employed by the Department to develop and implement its reform efforts generally complied with applicable Federal law and OMB guidance. Specifically, the Department notified Congress about the creation of the Center for Analytics, a new directorate that resulted from the reform effort, and it complied with six of eight OMB requirements. The Department only partially complied with two requirements, however, because it did not submit 1) an Analytical Framework with proposals to eliminate, restructure, or merge activities and 2) a Long-Term Workforce Reduction Plan with specific actions. According to OMB officials, the absence of these plans limited the "transformational" potential of the reform effort.

The Department used a three-phased approach to develop and implement its organizational reform efforts. The Department sent a survey to Department employees, organized teams assigned to develop ideas for inclusion in the Agency Reform Plan and directed teams to implement 16 projects identified as related to Department reform (called "Keystone Projects"). However, OIG could not clearly connect the raw data collected for the Listening Tour Survey to the report summarizing the data from that survey. Similarly, OIG could not connect the report to the efforts in Phase II and could not connect Phase II with decisions and choices made in Phase III.

With respect to employee input into the reform effort and the associated recommendations in the Agency Reform Plan, more than 35,000 individuals (43 percent) responded to a survey that was sent to approximately 87,000 Department and USAID email accounts. The individuals whose opinions were solicited included career employees, contractors, and Federal employees outside the Department. OIG could not establish the extent to which responses from survey participants directly influenced the recommendations offered in the Agency Reform Plan. However, OIG did verify that approximately 600 Department and USAID employees participated on teams whose proposals contributed to the recommendations in the Agency Reform Plan and the development of the 16 Keystone Projects.

Participants in the organizational reform effort shared with OIG lessons learned and observations of the process employed. Overall, participants stated that the effort was a "missed opportunity" and emphasized that leadership, communication, and coordination of a coherent mission with integrated strategic goals are paramount to achieving agency efficiencies, effectiveness, and accountability.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-04

What OIG Inspected
OIG inspected the executive direction, policy and program implementation, resource management, and information management operations of Embassy Nouakchott.

What OIG Recommends
OIG made 26 recommendations: 25 to Embassy Nouakchott and 1 to the Bureau of Educational and Cultural Affairs.

In its comments on the draft report, the Department concurred with all 26 recommendations. OIG considers all 26 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

November 2019
OFFICE OF INSPECTIONS
BUREAU OF AFRICAN AFFAIRS

Inspection of Embassy Nouakchott, Mauritania

What OIG Found

- The Ambassador and the Deputy Chief of Mission led Embassy Nouakchott professionally and collaboratively, incorporating policy and engagement ideas from American and locally employed staff.
- U.S. direct-hire and locally employed staff vacancies adversely affected information management operations.
- Internal controls for some general services, facility management, and financial management functions did not comply with Department of State standards and procedures.
- Spotlight on Success: Under the Deputy Chief of Mission's supervision, the Program and Advisory Council and the Program and Grants Office maximized the effect of foreign assistance resources, minimized redundancies, and ensured consistency with Integrated Country Strategy priorities.
- Spotlight on Success: A Regional Security Office initiative empowered female guard force members and promoted respect for diversity in the local guard force.

HIGHLIGHTS

Office of Inspector General
United States Department of State

ISP-I-20-05

What OIG Inspected

OIG inspected executive direction, policy and program implementation, resource management, and information management operations at the Bureau of Western Hemisphere Affairs.

What OIG Recommends

OIG made 6 recommendations: 5 to the Bureau of Western Hemisphere Affairs and 1 to the Executive Secretariat.

In its comments on the draft report, the Department concurred with all 6 recommendations. OIG considers all 6 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

November 2019
OFFICE OF INSPECTIONS
DOMESTIC OPERATIONS

Inspection of the Bureau of Western Hemisphere Affairs

What OIG Found

- The Bureau of Western Hemisphere Affairs successfully supported Department of State policies and its overseas missions despite operating in crisis mode as it implemented multiple high-priority administration policies for the region and managed ordered departures for four missions from 2017 to 2019.
- Multiple crises and priorities challenged the staff's work-life balance. Bureau leadership responded to these challenges by implementing new processes to help relieve workload pressures.
- The bureau developed effective interdepartmental and interagency relationships despite its heavy workload pressures and staff vacancies.
- Unclear lines of authority, staffing issues, and the separation of the Venezuela Working Group from the Office of Andean Affairs resulted in workplace stress and confusion regarding taskings and supervision.
- Bureau staff did not fully understand the status and role of the recently constituted Migration Working Group.
- The bureau's lack of management controls for procuring information technology equipment resulted in $300,000 in unnecessary purchases.
- The bureau did not have a records management program and lacked a content management process for its intranet site.
- Spotlight on Success: The Bureau of Western Hemisphere Affairs organized an annual grants training for its overseas mission employees to improve their management of foreign assistance and public diplomacy grants.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ESP-20-01

November 2019
OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

Review of Allegations of Politicized and Other Improper Personnel Practices Involving the Office of the Secretary

What OIG Reviewed
In response to a referral from the Department of State (Department) and requests from several congressional committees, the Office of Inspector General (OIG) reviewed allegations of politicized and other improper personnel practices by political appointees in the Office of the Secretary.

What OIG Recommends
OIG made two recommendations to the Department: to institute training on the Department's merit-based personnel rules for political appointees and to consider discipline for any officials found to have violated these policies. The Department concurred with both recommendations.

What OIG Found
OIG reviewed allegations of politicized and other improper personnel practices involving officials in the Office of the Secretary. OIG ultimately determined that allegations pertaining to personnel decisions affecting five career employees at the Department warranted detailed analysis.

In one of these cases, OIG found that Department officials ended the detail of a career employee in the Office of Policy Planning after significant discussion concerning the employee's perceived political views, association with former administrations, and perceived national origin, which are non-merit factors that may not be considered in assigning career personnel under the Department's policies.

In two cases involving the assignment of career employees to Freedom of Information Act duties, OIG found no evidence that impermissible factors influenced the personnel decisions.

In the final two cases, there was inconclusive evidence, and OIG was unable to obtain essential information from key decisionmakers. Accordingly, OIG could not determine if improper considerations played a role in the decisions regarding the assignments of the two career employees.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-FM-20-05

November 2019
OFFICE OF AUDITS
FINANCIAL MANAGEMENT DIVISION

Audit of the Department of State's FY 2019 Implementation of the Digital Accountability and Transparency Act of FY 2014

What Was Audited

In accordance with the Digital Accountability and Transparency Act of 2014 (DATA Act), the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) established standards for agencies' spending data to be displayed on USASpending.gov. As part of quarterly submissions, Agency Senior Accountable Officials (SAO) certify data files (DATA Act Files A, B, C, D1, D2).

Acting on behalf of the Office of Inspector General (OIG), Williams, Adley & Company-DC, LLP (Williams Adley), an external audit firm, conducted this audit to assess (1) the completeness, accuracy, timeliness, and quality of the first quarter of FY 2019 financial and award data submitted by the Department of State (Department) for publication on USASpending.gov and (2) the Department's implementation and use of the Government-wide financial data standards established by OMB and Treasury.

What OIG Recommends

OIG made six new recommendations to improve the Department's DATA Act submissions. In addition, four recommendations from the FY 2017 DATA Act report remain open, as described in Appendix F. On the basis of management's response to a draft of this report, OIG considers all the recommendations resolved, pending further action. A synopsis of management's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. The responses to a draft of this report received from the Bureau of the Comptroller and Global Financial Services and the Bureau of Administration are reprinted in their entirety in Appendices G and H, respectively.

What Was Found

Williams Adley was unable to assess some of the Department's DATA Act data submitted for the first quarter of FY 2019 because the Department's SAO did not certify transactions originating at overseas posts. This issue was also reported in the FY 2017 DATA Act report. The Department has identified causes related to this condition and should develop a corrective action plan to address the deficiencies identified.

For transactions originating domestically, Williams Adley determined that DATA Act Files A, B, and C, at the summary level, were complete and timely. Furthermore, Williams Adley reconciled DATA Act Files A and B and did not identify significant variances. However, during the testing of certified transactions, Williams Adley identified exceptions with the record-level data for domestic transactions included in DATA Act Files C, D1, and D2. On the basis of guidance provided for the DATA Act audit, Williams Adley considered the quality of the Department's submission of domestic data to be "moderate."

Since the FY 2017 DATA Act report, the Department took some actions to improve procedures, quality control, and oversight. However, additional action is needed. Once the Department implements additional guidance, quality control, and oversight, it is essential for the Department to communicate that guidance to the correct officials. Another reason for the deficiencies identified is that the Department has not classified most of the data elements that the audit identified as having a high error rate as high risk in its Data Quality Plan. The quality of the data must be improved to fulfill the intent of the DATA Act.

Williams Adley evaluated the Department's implementation and use of the Government-wide financial data standards for spending information. Williams Adley concluded that the Department fully implemented financial data standards for domestic transactions but was not fully using those data standards as defined by OMB and Treasury.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-02

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, and resource management operations of Embassy N'Djamena.

What OIG Recommends
OIG made 25 recommendations: 22 recommendations to Embassy N'Djamena, 1 to the Bureau of Educational and Cultural Affairs, 1 to the Bureau of Overseas Buildings Operations, and 1 to the Bureau of Human Resources.

In its comments on the draft report, the Department concurred with all 25 recommendations. OIG considers all 25 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

November 2019
OFFICE OF INSPECTIONS
BUREAU OF AFRICAN AFFAIRS

Inspection of Embassy N'Djamena, Chad

What OIG Found

- The Chargé d'Affaires and the Deputy Chief of Mission led Embassy N'Djamena in a professional and collaborative manner.
- Long-term staffing gaps affected the embassy's ability to pursue its policy objectives and manage risk.
- The embassy's management of foreign assistance grants did not meet Department of State standards.
- One of the embassy's American Spaces did not fulfill its purpose as a strategic venue for public diplomacy programming to advance U.S. foreign policy objectives.
- Internal control issues in general services operations and facility management adversely affected Embassy N'Djamena operations.
- The Department had excess real properties that could be sold, resulting in an estimated $7.1 million that could be put to better use.
- Spotlight on Success: Embassy N'Djamena successfully launched an innovative foreign assistance program in 2019 to track and monitor Chadian elephant herds to protect them from poaching, advancing important U.S. foreign policy priorities related to rule of law, counterterrorism, and economic development.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-03

October 2019
OFFICE OF INSPECTIONS
BUREAU OF AFRICAN AFFAIRS

Inspection of Embassy Mbabane, Eswatini

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, resource management, and information management operations of Embassy Mbabane.

What OIG Recommends
OIG made 3 recommendations: 2 to Embassy Mbabane and 1 to the Bureau of Information Resource Management.

In its comments on the draft report, the Department concurred with all 3 recommendations. OIG considers all 3 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Ambassador and the Deputy Chief of Mission led Embassy Mbabane in a positive, inclusive, and professional manner. Employees especially praised the Front Office for its accessibility and attention to the well-being of the staff.
- The Ambassador led the embassy's efforts to achieve concrete foreign policy accomplishments, including helping Eswatini regain eligibility for trade benefits under the African Growth and Opportunity Act.
- Embassy Mbabane's Front Office established effective coordination and oversight of the funding provided to Eswatini under the President's Emergency Plan for AIDS Relief. With the help of that assistance, Eswatini achieved positive results in fighting the HIV/AIDS epidemic.
- The Management Section lacked internal controls on fuel deliveries for residential generators.
- The embassy did not have adequate means of emergency communications, as its high frequency radio had been inoperable for 18 months at the time of the inspection.
- The Information Systems Security Officer did not have the appropriate training to perform his duties.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-20-01

October 2019
OFFICE OF INSPECTIONS
BUREAU OF AFRICAN AFFAIRS

Inspection of Embassy Maseru, Lesotho

What OIG Inspected

OIG inspected executive direction, the President's Emergency Plan for AIDS Relief program, resource management, and information management operations of Embassy Maseru.

What OIG Recommends

OIG made 8 recommendations: 6 to Embassy Maseru, 1 to the Bureau of Overseas Buildings Operations, and 1 to the Office of the Global AIDS Coordinator regarding the President's Emergency Plan for AIDS Relief program.

In its comments on the draft report, the Department concurred with all 8 recommendations. OIG considers all 8 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Ambassador and the Deputy Chief of Mission generally led Embassy Maseru in a professional and collaborative manner consistent with Department of State leadership principles.
- Information management operations at Embassy Maseru lacked basic standard operating procedures to prioritize tasks and adhere to the Department's information security requirements.
- Disruptions of deliveries of commodities to clinics supported by the President's Emergency Plan for AIDS Relief placed at risk the program's ability to meet key goals related to testing, treatment, and viral suppression.
- Emergency doors in an embassy compound building did not meet Department standards.
- Spotlight on Success: As part of a broader crisis management exercise, the embassy organized a Crisis Preparedness Fair to involve the entire embassy community in emergency planning.
- Spotlight on Success: The Management Section instituted a continuous process improvement system for management controls.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-SI-19-43

September 2019
OFFICE OF AUDITS
SECURITY AND INTELLIGENCE DIVISION

Audit of Cooperative Agreement Sub-Award Recipients Supporting the U.S. President's Emergency Plan for AIDS Relief

What OIG Audited

The U.S. President's Emergency Plan for AIDS Relief (PEPFAR) is focused on combating human immunodeficiency virus/Acquired Immunodeficiency Syndrome (HIV/AIDS). In 2016, the Department of State (Department) awarded a cooperative agreement to JSI Research and Training Institute, Inc. (JSI) valued at $78,572,270 to disburse, manage, and monitor the use of funds for a PEPFAR project designed to identify and implement innovative solutions to reduce HIV infections. This audit focused on six Determined, Resilient, Empowered, AIDS-free, Mentored, and Safe (DREAMS) Innovation Challenge sub-award recipients. The Office of Inspector General (OIG) performed audit fieldwork overseas for this audit in Malawi, Uganda, and Kenya.

OIG conducted this audit to determine whether sub-award recipients under JSI's cooperative agreement (1) accurately reported performance information and achieved performance goals, (2) accurately reported financial information, and (3) expended funds in accordance with requirements.

What OIG Recommends

OIG made 11 recommendations to address the issues identified during the audit. On the basis of the Department's responses to a draft of this report, OIG considers two recommendations closed; one recommendation unresolved; and eight recommendations resolved, pending further action. A synopsis of the Department's responses to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. The Department's responses to a draft of this report are reprinted in their entirety in Appendices C and D.

What OIG Found

Sub-award recipients did not always report performance information accurately. Specifically, OIG found that four out of the six sub-award recipients it examined overreported or underreported performance information to JSI. OIG also concluded that four sub-award recipients generally achieved their goals. According to sub-award recipient officials, performance data were sometimes inaccurate for reasons such as human error and missing records. Nevertheless, to fully determine the impact of the projects and the activities funded, the Office of the U.S. Global AIDS Coordinator and Health Diplomacy, which is responsible for leading the U.S. Government's international HIV/AIDS efforts, must receive accurate performance data.

OIG also found that the six sub-award recipients accurately reported financial information but did not always submit timely financial reports. Specifically, OIG reviewed 137 financial reports and found that all were consistent with financial reporting requirements. Furthermore, OIG found that the data in 12 reports tested were mathematically accurate. However, OIG found that 38 of 137 (28 percent) financial reports were provided after the required deadlines. Delays occurred because staff members were not always available to complete the reports and collaboration with JSI was sometimes needed to finalize the reports. Nevertheless, when financial reports are not submitted in a timely manner, improper costs can go undetected and potentially jeopardize the overall award.

Finally, OIG found that the sub-award recipients generally expended funds in accordance with Federal requirements. OIG identified $23,851 out of $1,897,334 (1 percent) as unallowable. OIG attributes the nominal amount of questioned costs identified, in part, to the effective oversight of the award by Department personnel. However, because of the type of questioned costs identified, including value added taxes, OIG concludes that it is important for the Department to take additional steps to address these issues.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-37

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, and resource management operations of the U.S. Mission to the Organization of American States.

What OIG Recommends
OIG made 4 recommendations to the U.S. Mission to the Organization of American States.

In its comments on the draft report, the U.S. Mission to the Organization of American States concurred with all 4 recommendations. OIG considers the 4 recommendations resolved. The mission's response to each recommendation and OIG's reply can be found in the Recommendations section of this report. The mission's formal written response is reprinted in its entirety in Appendix B.

September 2019
OFFICE OF INSPECTIONS
BUREAU OF WESTERN HEMISPHERE AFFAIRS

Inspection of the U.S. Mission to the Organization of American States

What OIG Found

- The Ambassador and the Deputy Chief of Mission led the U.S. Mission to the Organization of American States in a positive and professional manner. Under the Ambassador's leadership, the mission significantly advanced U.S. policy goals for the Organization of American States.
- The mission lacked a formal strategic planning process.
- The mission did not systematically report to the Department of State on the Organization of American States' negotiations and policy meetings, putting the Department at risk of losing information on important deliberations essential to the mission's function.
- The mission did not align its staffing and structure with the Department's organizational planning and position management policies, which led to unbalanced workload distribution among employees.
- The U.S. Mission to the Organization of American States did not have a records management program and was not properly retaining or disposing its files and records.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-19-40

September 2019
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of the Execution of Security-Related Construction Projects at U.S. Embassy Kabul, Afghanistan

What OIG Audited

The U.S. Embassy in Kabul, Afghanistan, has faced increasing security threats since the drawdown of the U.S.-led combat mission in 2014. In response to the threats, the Department of State (Department) executed a range of security-related construction projects at the embassy and other U.S. Government facilities in Kabul. Previous Office of Inspector General (OIG) and Government Accountability Office reports identified limitations and challenges facing the Bureaus of Overseas Buildings Operations (OBO) and Diplomatic Security (DS) in the timely completion of security-related construction projects.

The objective of the audit was to determine whether OBO and DS had addressed previously identified limitations in executing security-related construction projects at U.S. Embassy Kabul.

What OIG Recommends

OIG made 13 recommendations to address the deficiencies identified in this report. OBO and the Bureau of the Comptroller and Global Financial Services provided written responses to a draft of this report. DS did not respond within the time allotted, even though OIG agreed to a request for an extension. Embassy Kabul agreed with the recommendations but did not provide an official response due to the need to focus on emerging security threats. On the basis of the responses received, OIG considers five recommendations unresolved and eight recommendations resolved, pending further action. A synopsis of management's comments and OIG's reply follow each recommendation in the Audit Results section. Management responses to a draft of this report are reprinted in their entirety in Appendices B and C.

What OIG Found

In response to prior OIG recommendations, OBO took steps to respond to the needs of high-threat posts, including establishing mechanisms to increase collaboration with DS on urgent physical security upgrade projects. However, OBO continues to face challenges in expediting physical security projects in Kabul. Specifically, OIG found that physical security projects managed by OBO faced long timelines and DS officials, contractors, and embassy personnel have observed that OBO-managed projects are subject to multiple levels of review and approval that contribute to long delays in project execution. The Regional Security Office (RSO), acting under the authority of DS, has also managed some security-related construction projects in Kabul, in part, because of the need to complete physical security upgrades quickly. However, despite successes with relatively simple security projects, OIG found that the RSO lacks construction expertise and that some projects undertaken have faced deficiencies as a result. OIG also found the Department has not developed standardized designs for temporary physical security structures in conflict environments. This has also contributed to long project timelines for some physical security projects executed in Kabul.

Finally, OIG found that the Department has been inconsistent in its approach to planning for the development of the Embassy Kabul compound and surrounding properties since 2010. The need for a comprehensive master plan for the Embassy Kabul compound and surrounding properties is underscored by the significant cost, complexity, and size of a post with major construction efforts on multiple properties occurring in a dynamic and dangerous environment. Because of the challenges identified in this audit, OIG concludes that the Department must take additional steps to improve its ability to expedite urgent security projects at Embassy Kabul and other volatile posts in high-threat, high-risk areas around the world.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-19-39

What OIG Audited

The Department of State (Department) allocated approximately $41 million in foreign assistance funding for the Philippines to the Bureau of Counterterrorism and Countering Violent Extremism (CT), the Bureau of International Narcotics and Law Enforcement Affairs (INL), and the Office to Monitor and Combat Trafficking in Persons (J/TIP) from FY 2015 through FY 2018. To ensure that foreign assistance objectives are meeting intended goals and use of funding is transparent, the Department is responsible for implementing Federal and Department guidance for monitoring and evaluating its foreign assistance awards.

The Office of Inspector General (OIG) conducted this audit to determine whether Department-funded foreign assistance programs implemented in the Philippines were monitored and evaluated in accordance with Federal and Department requirements.

What OIG Recommends

OIG made 28 recommendations intended to improve the monitoring and evaluating of foreign assistance in the Philippines. On the basis of the Department's responses to a draft of this report, OIG considers 23 recommendations resolved pending further action, 4 recommendations unresolved, and 1 recommendation closed. A synopsis of management's comments to the recommendations and OIG's reply follow each recommendation in the Audit Results section of this report. Management's responses to a draft of this report are reprinted in their entirety in Appendices B through F. OIG's reply to technical comments provided by the Office of U.S. Foreign Assistance Resources is presented in Appendix G.

September 2019
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of Monitoring and Evaluating Department of State Foreign Assistance in the Philippines

What OIG Found

Although CT, INL, and J/TIP generally monitored performance for their funded awards, OIG identified deficiencies with some elements that require improvement. For example, CT did not systematically monitor performance or collect and analyze data to inform its monitoring efforts, INL did not document its reviews of award performance, and J/TIP did not have monitoring plans that complied with the Federal Assistance Directive. These deficiencies occurred for various reasons, including the fact that the entities had not ensured that oversight officials followed Department or Federal guidance for monitoring.

Similarly, although CT, INL, and J/TIP generally conducted financial monitoring for their funded awards, OIG also identified deficiencies in this area that require improvement. For example, CT did not require the Bureau of Diplomatic Security to submit financial reports, INL did not review financial reports quarterly, and J/TIP allowed funds to be used to pay for salaries of personnel who were not actively working on J/TIP awards. These deficiencies occurred, in part, because of the lack of staff to provide oversight and because some staff did not follow Department and Federal guidance on financial monitoring. As a result, OIG questioned costs of $109,756 spent on CT's and J/TIP's awards.

In addition, CT, INL, and J/TIP did not comply with the Foreign Affairs Manual, 18 FAM 300, when defining the programs subject to evaluation. This occurred, in part, because the Office of U.S. Foreign Assistance Resources allowed bureaus to deviate from the FAM when they defined their programs and did not verify that the bureaus were implementing all required elements of the guidance. Lacking program evaluations, the Department may not be able to ensure that U.S. strategic goals in the Philippines are being achieved.

Finally, based on a limited-scope review of two awards, OIG found that the Department of Justice (DOJ), while implementing one of CT's awards, did not accurately charge the time of personnel working under CT's award. In addition, CT allowed DOJ to spend funds after an award ended but prior to formally extending the period of performance. As a result, OIG questioned costs of $417,771 as unallowable costs.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-19-33

September 2019
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of Cost Management of Embassy Air in Afghanistan and Iraq

What OIG Audited

The Embassy Air program was established in 2009 to provide aviation support to Embassies Kabul, Afghanistan, and Baghdad, Iraq. Since 2012 in Afghanistan and 2011 in Iraq, Embassy Air operations have been funded via the Aviation Working Capital Fund (AWCF), which is overseen by the Aviation Governing Board (AGB). For FY 2019, the costs of Embassy Air services totaled approximately $321.7 million—almost $170 million in Afghanistan and $152 million in Iraq.

Generally, supplies and services purchased under the Department Working Capital Fund are reimbursed at rates that will approximate the expense of operations (known as "full cost recovery"). However, OIG determined that the Department's AWCF is not required to operate as a traditional working capital fund because Congress permitted Embassy Air to operate on either a reimbursable or a non-reimbursable basis. Accordingly, OIG conducted this audit to determine the extent to which Embassy Air services were managed to effectively support embassy operations and mission.

What OIG Recommends

OIG made three recommendations to the AGB. The Under Secretary of State for Management, the Bureau of International Narcotics and Law Enforcement Affairs, and Embassy Baghdad provided written responses to a draft of this report. On the basis of Management's response, OIG considers all three recommendations resolved, pending further action. A synopsis of the Department's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. Department responses are reprinted in Appendices B, C, and D. The Under Secretary for Management also provided technical comments to the draft of this report; those comments and OIG's response are presented in Appendix E.

What OIG Found

According to the Mission Security Travel Policies for Embassy Kabul and Embassy Baghdad, Embassy Air is required for air travel within these countries because of the tenuous security environment. OIG accordingly does not question the overall need for Embassy Air services, but OIG identified concerns regarding the management of the program. In particular, the Department has not applied a consistent methodology and lacks procedures for making certain decisions in this area.

First, despite the authority to operate on either a reimbursable (i.e., full cost recovery) or a non-reimbursable basis, the AGB incrementally increased Embassy Air ticket fees with the goal of covering a larger percentage of operational costs via ticket fee collections. That is, it sought to achieve full cost recovery via ticket fees. To analyze whether Embassy Air services were managed to support embassy operations and mission, OIG assessed the services by reviewing data to determine whether the rising ticket fees affected ridership levels. On the basis of this assessment, OIG found that, when the AGB increased Embassy Air ticket fees with the goal of covering a larger percentage of operational costs, ridership declined. As an alternative to Embassy Air, some passengers, who were able to do so, used other means of transportation such as the Department of Defense's aviation program (Military Air) or commercial air, thereby causing Embassy Air services to become significantly underused.

Moreover, the high cost of ticket fees harmed embassy operations. For example, some officials told OIG that their bureaus could not afford ticket fees and that, as a result, they were unable to travel to conduct site visits of Government projects and programs under their purview.

Finally, OIG found that the frequency of Embassy Air flights and the number of aircraft in country were not routinely adjusted to align with demand. Until this is done, the Department will continue to pay for significant costs associated with Embassy Air operations that are underused in addition to paying the costs associated with alternative modes of transportation.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ESP-19-06

SEPTEMBER 2019
OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

Evaluation of the Antiterrorism Assistance Explosive Detection Canine Program – Health and Welfare

What OIG Evaluated

The Office of Inspector General (OIG) conducted this evaluation in response to an OIG hotline complaint. The complaint alleged that the Department was providing Explosive Detection Canines (EDCs) to foreign partner nations without the proper follow-up to ensure they were receiving adequate healthcare. These allegations also included reports that dogs were dying due to various medical conditions, lack of veterinary care, and poor working conditions. As a result, OIG initiated this evaluation to determine whether the Department effectively managed the health and welfare of dogs in the Explosive Detection Canine Program (EDCP).

What OIG Recommends

OIG made five recommendations to the Department: to develop and implement a strategic plan that addresses the health and welfare of canines in the Kingdom of Jordan; conduct follow-up health and welfare checks more frequently; develop and implement a plan to address canine retirement and adoption; develop and negotiate written agreements related to the canine program with partner nations; and develop and implement policies and procedures for all aspects of the canine program, including health and welfare. As part of the first recommendation, OIG also recommends that the Department cease providing canines to Jordan until there is a sustainability plan in place to ensure canine health and welfare. The Department concurred with four recommendations in their entirety and partially concurred with another. It did not agree with the portion of the recommendation that advised ceasing to provide dogs to Jordan until a sustainability plan is in place.

What OIG Found

Pursuant to the Foreign Assistance Act of 1961, as amended, the Department's antiterrorism assistance program provides EDCs to foreign countries to enhance the ability of their law enforcement to deter and counter terrorism. The Bureau of Diplomatic Security's Office of Antiterrorism Assistance (DS/ATA) is the primary implementer of foreign assistance training and partners with the Bureau of Counterterrorism to manage the program. Although the Department previously relied on the Bureau of Alcohol, Tobacco, and Firearms to provide both dogs and training, the Department recently established its own canine training program at the Canine Validation Center (CVC). As of September 30, 2018, 100 active EDCs trained at CVC had been provided under the antiterrorism program to 6 partner nations; in addition, approximately 70 dogs from the ATF program remained active in 7 nations.

OIG identified a range of problems in the EDCP. First, OIG found an overall lack of policies and standards governing the program. The Department routinely provides dogs to foreign partners without signed written agreements that outline standards for minimum care, retirement, and use of the canines, and the Department conducts health and welfare follow-ups infrequently and inconsistently. Second, OIG confirmed ongoing concerns regarding the program in Jordan, where health and welfare problems have persisted for years. Nonetheless, the Department provided EDCs to this nation before those concerns were resolved. Additionally, the Department did not adequately plan to ensure that Jordan's canine program could become self-sustaining or that funding will be consistently available to protect the dogs already provided. Finally, the Department could not provide detailed information about dogs in programs other than Jordan.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-36

What OIG Inspected
OIG inspected the operations of the Kentucky Consular Center, which is part of the Bureau of Consular Affairs' Office of Visa Services.

What OIG Recommends
OIG made 6 recommendations: 5 to the Bureau of Consular Affairs and 1 to the Bureau of Diplomatic Security.

In its comments on the draft report, the Department concurred with 5 recommendations and disagreed with 1 recommendation. OIG considers 5 recommendations resolved and 1 recommendation unresolved. The Department's response to each recommendation and OIG's reply can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

August 2019
OFFICE OF INSPECTIONS
DOMESTIC OPERATIONS

Inspection of the Bureau of Consular Affairs, Kentucky Consular Center

What OIG Found

- The Kentucky Consular Center generally was successful in meeting its mission to deliver timely and accurate products and services in support of overseas visa operations and domestic passport production.
- Persistent vacancies and high attrition rates among the center's contract staff will affect its ability to take on additional programmatic responsibilities in support of administration and Department of State priorities.
- The center's Director did not have supervisory authority over all Department direct-hire employees, which created management challenges.
- Various issues related to the Kentucky Consular Center's two contracts needed attention, including oversight, invoice tracking, clear delineation of contractor and contracting officer's representative responsibilities, and contract file maintenance.
- The 2,000-square-foot server room was underused and costly to maintain, while the Kentucky Consular Center suffered from a shortage of useable production space.
- Spotlight on Success: The Kentucky Consular Center added prescreening of complicated resource- and time-consuming Treaty Trader and Treaty Investor visas to its fraud prevention programs in support of the overseas visa process.

HIGHLIGHTS
Office of Inspector General
United States Department of State

AUD-MERO-19-37

August 2019
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of the Bureau of Overseas Buildings Operations Commissioning of Diplomatic Housing at U.S. Embassy Kabul, Afghanistan

What OIG Audited

Beginning in 2010, the Department of State (Department), under the supervision of the Bureau of Overseas Buildings Operations (OBO), has significantly expanded the construction of new facilities at U.S. Embassy Kabul, Afghanistan. These facilities, which cost approximately $791 million, consist of office buildings and staff living quarters, including the construction of Staff Diplomatic Apartment (SDA) buildings. This audit focused on the commissioning of SDA-2 and SDA-3. Commissioning is the systematic process of ensuring that all building systems perform interactively, in accordance with the design documentation and intent, and with the owner's operational needs.

The Office of Inspector General (OIG) conducted this audit to determine whether (1) the OBO commissioning of SDA-2 and SDA-3 was done in accordance with all applicable policies and procedures, (2) documentation associated with the commissioning process was maintained in accordance with Department requirements, and (3) Integrated Systems Tests (IST) for both buildings were conducted in accordance with Department guidance.

What OIG Recommends

OIG made five recommendations to OBO to improve the commissioning process and strengthen contract administration. On the basis of OBO's response to a draft of this report, OIG considers all five recommendations resolved, pending further action. A synopsis of OBO's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. OBO's response to a draft of this report is reprinted in Appendix C.

What OIG Found

OBO adhered to it policies and procedures in commissioning SDA-2 and SDA-3 because of the latitude it has in deciding when buildings can be declared substantially complete, which is required before occupancy. This latitude allowed OBO to accommodate the U.S. Ambassador to Afghanistan's January 2019 request that OBO expedite occupancy because of security threats. As a result, substantial completion was declared and occupancy allowed even though commissioning of 8 of 22 building systems was not complete. OIG concluded that if OBO had managed SDA-2 and SDA-3 to its earlier contract completion date of May 2018 rather than as a single project with one completion date for the entire Embassy Kabul project, which consisted of the construction of multiple buildings over the span of almost 10 years, SDA-2 and SDA-3 could have been fully commissioned prior to occupancy. This is important because occupying buildings before commissioning is complete increases the risk that deficiencies in building construction and systems may not be identified before warranties expire.

OIG also reviewed commissioning documentation and found that most, but not all, construction and commissioning agent contract requirements were fulfilled. This occurred, in part, because the Contracting Officer's Representative acted outside his authority and instructed the contractor that delivery of some documents was not required.

Finally, OIG found that ISTs were not conducted for SDA-2 or SDA-3 in accordance with OBO's Construction Alerts. The purpose of this test is to verify that building systems function reliably following a power outage. OBO made this test mandatory in 2015 for all future construction contracts; however, the construction contract for Embassy Kabul began in 2010. Accordingly, the test was not contractually required, and OBO did not modify the contract to include it.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ESP-19-05

August 2019
OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

Review of Allegations of Politicized and Other Improper Personnel Practices in the Bureau of International Organization Affairs

What OIG Reviewed
In response to a referral from the Department of State and congressional inquiries, the Office of Inspector General (OIG) reviewed allegations of politicized and other improper personnel practices by political appointees in the Bureau of International Organization Affairs. The Bureau, which reports to the Under Secretary for Political Affairs, is the U.S. Government's primary interlocutor with the United Nations and a host of international agencies and organizations.

What OIG Recommends
OIG made two recommendations to the Under Secretary for Political Affairs: to develop a corrective action plan to address the leadership and management deficiencies within the Bureau of International Organization Affairs and to consider other appropriate action, including disciplinary action. The Department concurred with both recommendations.

What OIG Found
OIG found evidence of leadership and management deficiencies and mistreatment of career employees in the Bureau of International Organization Affairs (IO). These inappropriate practices included disrespectful and hostile treatment of employees, accusations against and harassment of career employees premised on claims that they were "disloyal" based on their perceived political views, and retaliation associated with conflicts of interest. OIG also found that numerous employees raised concerns about the IO leadership to Department management officials outside of IO and that Department officials counseled IO leadership; however, the Assistant Secretary for IO, Kevin Moley, did not take significant action to respond to such concerns.

During the course of this review, OIG received allegations that two personnel actions were undertaken by IO leadership for improper motives: the removal of the IO Principal Deputy Assistant Secretary (PDAS), a career senior foreign service officer, and the cancellation of the selection process for a career position in the IO Office of Human Rights and Humanitarian Affairs. OIG found evidence that both actions by IO leadership were likely based on non-merit factors and thus violated Department policy.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-26

August 2019
OFFICE OF INSPECTIONS
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

Inspection of Embassy Tirana, Albania

What OIG Inspected

OIG conducted a targeted inspection of the executive direction, foreign assistance coordination, consular services, resource management, and information management of Embassy Tirana.

What OIG Recommends

OIG made 10 recommendations: 9 to Embassy Tirana and 1 to the Bureau of Overseas Buildings Operations.

In its comments on the draft report, the Department concurred with all 10 recommendations. OIG considers all 10 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- Embassy Tirana's Chargé d'Affaires and acting Deputy Chief of Mission formed a collaborative team committed to developing a positive working atmosphere for the embassy. However, they did not adjust their working relationship and division of labor to better share policy management responsibilities when their roles became long-term rather than temporary.
- Embassy section and agency heads reported that interagency collaboration and cooperation were excellent.
- Foreign assistance activities were well aligned with priority policy goals, and the embassy was taking steps to strengthen coordination and manage the effect of a U.S. Agency for International Development drawdown in Albania.
- The Consular Section's strong teamwork allowed it to maintain high performance despite staff shortages, but some improvements were needed to the section's accessibility, line-of-sight control, and signage.
- The embassy lacked seismic and safety mitigation plans for some chancery and residential properties.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-19

August 2019
OFFICE OF INSPECTIONS
BUREAU OF WESTERN HEMISPHERE AFFAIRS

Inspection of Embassy Nassau, The Bahamas

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, resource management, and information management operations at Embassy Nassau.

What OIG Recommends
OIG made 31 recommendations: 30 to Embassy Nassau and 1 to the Bureau of Western Hemisphere Affairs.

In its comments on the draft report, the Department concurred with the 31 recommendations. OIG considers all 31 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written response is reprinted in its entirety in Appendix B.

What OIG Found
- Embassy Nassau had been without a permanent, confirmed ambassador since November 2011. A series of deputy chiefs of mission have served as Chargé d'Affaires, and section heads have been assigned the collateral duty of acting deputy chief of mission. This inconsistent executive leadership resulted in significant internal control deficiencies and local employee morale issues throughout the embassy.
- Staffing gaps also affected the embassy's Management Section since 2014, as nine temporary-duty management officers, supplemented with support from the Florida Regional Center, have run the section. Due to the shifting and uneven leadership, the embassy's management and information management platforms suffered.
- The embassy lacked adequate metrics to measure progress for Bureau of International Narcotics and Law Enforcement Affairs projects or to conduct required joint evaluations with the Government of The Bahamas.
- Embassy Nassau did not document grants files in accordance with Department of State standards.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-25

What OIG Inspected
OIG conducted a targeted inspection of the executive direction, resource management, and information management operations of Embassy Ljubljana.

What OIG Recommends
OIG made 6 recommendations to Embassy Ljubljana.

In its comments on the draft report, Embassy Ljubljana concurred with all 6 recommendations. OIG considers all 6 recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

July 2019
OFFICE OF INSPECTIONS
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

Inspection of Embassy Ljubljana, Slovenia

What OIG Found

- The Deputy Chief of Mission, who had been acting as Chargé d'Affaires for 8 months, led a collaborative and motivated embassy team.
- Embassy Ljubljana generally implemented processes and procedures in accordance with applicable laws and Department of State guidance. However, some internal control deficiencies existed in the embassy's general services, financial management, human resources, and information management operations. The embassy corrected several minor deficiencies during the on-site portion of the inspection.
- The embassy's Marine Security Guard residence did not have a central fire alarm system.

HIGHLIGHTS

Office of Inspector General
United States Department of State

ESP-19-04

July 2019
OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

Evaluation of the Bureau of Diplomatic Security's Aegis Construction Contract at Camp Eggers, Afghanistan

What OIG Evaluated

In 2014, amid deteriorating security conditions in Kabul, Afghanistan and a realignment of the U.S. Afghanistan military strategy, the Bureau of Diplomatic Security (DS) sought to mitigate the daily threats posed to the high-risk convoy movements conducted by the Kabul Embassy Security Force (KESF). This solution involved moving the KESF closer to U.S. Embassy Kabul and eliminating the dangerous convoy movements to and from Camp Sullivan. To achieve this, on September 30, 2014, the Department modified Task Order 10, a security contract held by Aegis, to include the construction of a camp for KESF personnel at Camp Eggers with an estimated project cost of about $173.2 million.

In response to a referral from the Deputy Secretary of State, the Office of Inspector General (OIG) evaluated whether the Department of State (Department) complied with relevant guidelines for the construction project at Camp Eggers. Specifically, OIG examined how Aegis Defense Services, LLC (Aegis) was selected for the construction of Camp Eggers; why the Department continued using Aegis after non-compliance concerns were identified shortly after award; and what the Department received after spending $103.2 million on Camp Eggers.

What OIG Recommends

OIG made three recommendations to the Department to ensure that the construction clause in the Worldwide Protective Services (WPS) contract is used appropriately, to ensure remedies for inadequate contractor performance, and to review the decision to expend $103.2 million on the Camp Eggers project. The Department did not concur with the first two recommendations but agreed to assess the necessity of the $103.2 million expended.

What OIG Found

Department construction projects are typically managed by the Bureau of Overseas Buildings Operations (OBO); however, the Camp Eggers project was awarded using an existing security contract managed by DS. This decision was made primarily because of expediency concerns and the stated lack of available OBO resources. DS itself lacked construction expertise, so it hired a consultant to support the project. This consultant warned the Department more than a month before award that the project would not likely be finished on time or on budget. However, the Department moved forward with the project. This task order was moreover managed by employees who lacked the expertise necessary to properly plan and manage this complex, large-scale construction project.

DS estimated the project would be completed by March 2016, but delays began almost immediately and persisted throughout. Although it is responsible for contract administration, the Bureau of Administration Office of Logistics Management Acquisitions Management (A/LM/AQM) failed to take meaningful corrective action against Aegis, even as it missed milestones and disregarded contract requirements. Multiple changes sought by the Department further contributed to delays and cost overruns. In January 2017, the Department terminated the project for convenience after very little work had been accomplished, and the design was never completed.

OIG acknowledges that the Department faced difficult choices and, at certain points, had few options. However, concerns about urgency frequently dominated decision-making to the exclusion of other considerations, and the Department did not effectively use what leverage it had. This led to expenditures of $103.2 million without any discernible benefit to the Department or the people it intended to protect. More generally, this experience offers several lessons for managing construction in challenging environments.

HIGHLIGHTS
Office of Inspector General
United States Department of State

AUD-IT-19-36

July 2019
OFFICE OF AUDITS
INFORMATION TECHNOLOGY DIVISION

Audit of the Department of State's Local Configuration Control Boards

What OIG Audited

The Department of State (Department) uses a variety of IT systems to execute its global mission. Configuration change control is the process used to ensure that changes to an IT system are formally requested, evaluated, tested, and approved before they are implemented. Changes that affect only local networks can be approved by a post's Local Configuration Control Board (LCCB). Other changes are required to be reviewed and approved by the Department's enterprise-wide Information Technology Configuration Control Board (IT CCB).

OIG conducted this audit to determine whether LCCBs are controlling changes to the Department's IT systems in accordance with Federal requirements and Department policy. The scope of the audit included a review of 236 changes to IT systems approved by LCCBs and detailed testing of 83 changes made to IT systems at 4 posts: Embassy The Hague, The Netherlands; Embassy Branch Office Tel Aviv, Israel; Embassy Seoul, South Korea; and Embassy Dhaka, Bangladesh.

What OIG Recommends

OIG made six recommendations to the Bureau of Information Resource Management (IRM) to improve guidance and oversight of IT configuration change control affecting local networks. On the basis of IRM's response to a draft of this report, OIG considers all six recommendations resolved, pending further action. A synopsis of IRM's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. IRM's response to a draft of this report is reprinted in Appendix B.

What OIG Found

OIG found that LCCBs at selected posts were complying with some but not all Federal requirements and Department policies governing IT configuration change control that affect local networks. Specifically, the change requests reviewed by OIG for this audit generally complied with requirements and policies for approving IT changes at the local level, and the LCCBs informed the IT CCB about changes when required. However, OIG found that the LCCBs did not perform testing or a security impact analysis for any of the 83 change requests selected by OIG for detailed testing. OIG also identified weaknesses in maintaining documentation and found irregularities in some of the change requests.

The weaknesses identified occurred, in part, because of inadequate guidance and oversight of LCCBs by IRM officials at headquarters. Specifically, current guidance to LCCBs does not provide details of what documentation should be maintained to support a change request. Furthermore, the guidance does not provide information on how to perform and document a security impact analysis or on how to establish the manner in which LCCBs should conduct configuration testing before introducing software or hardware to the production environment. OIG also found that the Department had not provided standardized tools that LCCBs could use to efficiently and consistently review and approve local network IT changes.

Addressing these weaknesses is important because, without effective configuration change controls, the risk increases that changes being introduced could compromise the security, efficiency, and effectiveness of a post's systems as well as the data that reside on them. Furthermore, the lack of uniformity and consistency with the current LCCB change request process leads to inefficiencies when LCCB members rotate to a new post assignment.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-20

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, and resource management operations of Embassy Paramaribo.

What OIG Recommends
OIG made 18 recommendations: 17 to Embassy Paramaribo and 1 to the Bureau of Overseas Buildings Operations.

In its comments on the draft report, the Department concurred with 17 recommendations and disagreed with 1. OIG considers the 18 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

July 2019
OFFICE OF INSPECTIONS
BUREAU OF WESTERN HEMISPHERE AFFAIRS

Inspection of Embassy Paramaribo, Suriname

What OIG Found

- Embassy Paramaribo, between ambassadors at the time of the inspection, was led by a Chargé d'Affaires, who was accessible and visible throughout the embassy. He set a positive tone for the embassy and communicated his priorities well.
- The Bureau of Overseas Buildings Operations had not repaired leaks in the roofs of the chancery and warehouse on the new embassy compound, which were creating a health hazard for employees because of the mold that had formed.
- The embassy had multiple internal control deficiencies in general services, facilities management, human resources, and financial management operations.
- Embassy Paramaribo did not meet requirements for its local compensation plan, which resulted in incorrect salaries and retirement contributions for 32 locally employed staff.
- The embassy operated two wireless networks without the security controls necessary to protect the Department of State's networks and prevent the potential compromise of information.
- Spotlight on Success: Embassy Paramaribo hosted a conference for all International Law Enforcement Academy course graduates from the previous year to provide feedback on what they learned and how they put their new skills to work.
- Spotlight on Success: The Public Diplomacy Section successfully used a film festival to reach a large audience on a variety of issues, ranging from religious freedom to civil rights to women in Science, Technology, Engineering and Mathematics fields, and other aspects of U.S. society and culture.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-17

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, and resource management operations of Embassy Santo Domingo. This inspection included the consular agencies in Punta Cana and Puerto Plata.

What OIG Recommends
OIG made 21 recommendations: 1 to improve coordination of law enforcement activities; 6 to address policy and program implementation issues; and 14 to improve management and information management operations.

In its comments on the draft report, the Department concurred with 20 recommendations and neither agreed nor disagreed with 1 recommendation. OIG considers the 21 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

July 2019
OFFICE OF INSPECTIONS
BUREAU OF WESTERN HEMISPHERE AFFAIRS

Inspection of Embassy Santo Domingo, Dominican Republic

What OIG Found

- The Ambassador and the Deputy Chief of Mission effectively engaged the Government of the Dominican Republic while also supporting Embassy Santo Domingo personnel and programs.
- Coordination among the embassy's 11 different U.S. Government agencies and sections conducting law enforcement activities needed to be strengthened.
- Embassy Santo Domingo did not follow requirements to review unliquidated obligations, resulting in a potential $1.3 million in U.S. Government funds that could be put to better use.
- The training program for consular officers providing services to American citizens was inadequate.
- Consular managers did not complete all visa case reviews in accordance with Department of State standards.
- Internal control deficiencies in the Management Section, primarily in financial management and general services, were exacerbated by staffing gaps in key positions.
- Spotlight on Success: Embassy Santo Domingo partnered with the Government of Colombia under the U.S.-Colombia Action Plan to deliver law enforcement training to Dominican Government officials, strengthening regional collaboration and significantly reducing training costs.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-19-27

June 2019
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of the Department of State Implementation of Policies Intended To Counter Violent Extremism

What OIG Audited

The spread of violent extremism poses significant challenges for U.S. national security. In 2016, the Department of State (Department) designated the Bureau of Counterterrorism and Countering Violent Extremism (CT) as the lead coordinating bureau on countering violent extremism (CVE) issues. CT works with the Department's bureaus and other Government agencies to develop and implement CVE outreach, training, and policies, and programs. CT also works with the Office of U.S. Foreign Assistance Resources, which reports foreign assistance to Congress and has designated CVE as a "key issue." The Office of U.S. Foreign Assistance Resources reported almost $497 million in funds spent for CVE programs and projects from FY 2015 through FY 2017. The Bureau of Budget and Planning (BP) and the Office of the Under Secretary for Public Diplomacy and Public Affairs' Office of Policy, Planning, and Resources (PPR) oversee CVE efforts funded through public diplomacy.

According to the Foreign Affairs Manual, strategic plans form the basis for the Department's resource planning and performance management efforts and should be "sufficiently focused and realistic to facilitate decision-making and align with higher level strategy." Because of its importance, the Office of Inspector General (OIG) conducted this audit to determine whether the Department developed goals and objectives for its strategy to counter violent extremism, achieved desired results, and monitored funds provided to support those goals and objectives. OIG reviewed 12 grants and cooperative agreements awarded and executed by 4 Department bureaus from FY 2015 through FY 2017.

What OIG Recommends

OIG made nine recommendations to improve the accounting and reporting of Department funds used to counter violent extremism. Official responses to a draft of this report are reprinted in Appendices C–J.

What OIG Found

OIG affirmed that the Department has developed goals, objectives, and guidance for its strategy to counter violent extremism and highlighted them in several documents, including multiple joint strategies with the U.S. Agency for International Development (USAID) and the congressionally mandated Assistance Strategy and Spend Plan for Programs to Counter and Defeat Terrorism and Foreign Fighters Abroad of 2017. In addition, the Office of U.S. Foreign Assistance Resources defined and published in its FY 2016 Key Issues Guidance and Definitions what constitutes a CVE effort.

However, OIG could not affirm that CVE grants and cooperative agreements awarded to counter violent extremism were achieving desired results because CT had not ensured that the strategic plans and activities of Department bureaus, including the activities of officials implementing public diplomacy programs and awards, aligned with the Department's CVE goals and objectives and spend plan. Specifically, OIG found that 5 of 12 (42 percent) CVE grants and cooperative agreements reviewed for this audit either did not align with or support the Department's CVE goals and objectives. The lack of alignment hinders the Department's ability to measure the results of CVE awards, identify best practices that could be replicated, or abandon ineffective efforts that do not advance CVE goals and objectives.

OIG also found that reporting of funds used to support CVE goals and objectives needs improvement. Specifically, OIG found that reported spending on CVE efforts is inaccurate and incomplete because it included awards that did not align with Department CVE goals and objectives and excluded spending that supported CVE efforts, such as public diplomacy spending. Public diplomacy-funded CVE efforts are not reported along with the information that the Office of U.S. Foreign Assistance Resources provides because they are not "foreign assistance" funds. According to BP officials, they did not report all spending on CVE-efforts that used public diplomacy resources in 2016 and 2017 but have since created a methodology to track and report on such spending. In addition, reporting on CVE spending did not differentiate between Department and USAID expenditures because bureaus and overseas missions do not distinguish between Department and USAID expenditures. Establishing procedures to ensure all CVE funds are appropriately captured would improve the Department's reporting of CVE expenditures.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-16

June 2019
OFFICE OF INSPECTIONS
BUREAU OF AFRICAN AFFAIRS

Inspection of Embassy Libreville, Gabon

What OIG Inspected

OIG inspected the executive direction, program and policy implementation, and resource management operations of Embassy Libreville. OIG also inspected embassy operations in São Tomé and Príncipe.

What OIG Recommends

OIG made 28 recommendations: 1 to the Director General of the Foreign Service and Director of Human Resources to address a nepotism issue; 5 to improve embassy leadership; 2 to the Bureau of African Affairs to improve executive direction and to seek Department authorization to establish a post in São Tomé and Príncipe; 1 to the U.S. Agency for Global Media to improve physical security at its transmitting station in São Tomé; 1 to improve operations at the American Corner in São Tomé; 6 to improve foreign assistance grants and political/economic, public diplomacy, and consular operations; 9 to improve management operations; and 3 to improve information management operations.

In its comments on the draft report, the Department and the U.S. Agency for Global Media concurred with 25 recommendations and disagreed with 3. OIG considers 26 recommendations resolved and 2 unresolved. The Department's and the U.S. Agency for Global Media's responses to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's and the U.S. Agency for Global Media's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Ambassador and the Deputy Chief of Mission did not set a positive and professional tone for Embassy Libreville and did not form an effective leadership team.
- The Deputy Chief of Mission may have violated anti-nepotism guidelines when he urged embassy staff to identify an embassy job for his spouse.
- Embassy Libreville has had an office in the island nation of São Tomé and Príncipe since 2001 that the Department of State has not formally authorized.
- The embassy did not comply with Department of State guidelines on acceptance of gifts, including gifts from a U.S. company for which the Ambassador engaged in commercial advocacy.
- The Ambassador reestablished diplomatic contact with the host government but did not formally report on his meetings with Government of Gabon officials and on his commercial advocacy for a U.S. firm. In addition, he did not integrate public diplomacy outreach and social media engagement into his efforts to advance U.S. goals.
- The embassy did not produce official cable reporting in accordance with Department guidance.
- The Ambassador and the Deputy Chief of Mission did not provide adequate guidance and direction to the American employees they supervised.
- The embassy did not have an ongoing management controls program and did not prepare its annual Chief of Mission Management Control Statement of Assurance in accordance with Department of State guidance.
- The lack of an adequate perimeter fence around the U.S. Agency for Global Media transmitting station in São Tomé created a potential hazard for the public.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-18

June 2019
OFFICE OF INSPECTIONS
BUREAU OF WESTERN HEMISPHERE AFFAIRS

Inspection of Embassy Port-au-Prince, Haiti

What OIG Inspected

OIG inspected the executive direction, program and policy implementation, and resource management operations of Embassy Port-au-Prince.

What OIG Recommends

OIG made 42 recommendations to improve Embassy Port-au-Prince's operations: 41 to the embassy and 1 to the Bureau of Overseas Buildings Operations.

In its comments on the draft report, the Department concurred with all 42 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Ambassador and the Deputy Chief of Mission led Embassy Port-au-Prince in a professional and collaborative manner, and effectively engaged the Government of Haiti.
- Staff praised the Ambassador and the Deputy Chief of Mission for supporting embassy personnel and programs. However, multiple internal control deficiencies existed across Embassy Port-au-Prince's resource management and information management operations.
- The Consular Section's Immigrant Visa Unit accepted more immigrant visa cases than it had the capacity to process, leading to an uneven distribution of workload and low morale.
- Embassy Port-au-Prince had the highest number of motor vehicle mishaps in the Department of State, with 379 motor vehicle collisions from FY 2012 through FY 2018. Sixty-two percent of the collisions were categorized as preventable.
- The embassy did not conduct required seismic safety assessments of 25 leased residential units despite Haiti's location in a high-risk seismic area.
- The embassy lacked information technology contingency planning to efficiently respond to system outages.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-SI-19-30

June 2019
OFFICE OF AUDITS
SECURITY AND INTELLIGENCE DIVISION

Audit of the Bureau of Diplomatic Security's Expenditures for Third-Party Contractors and Personal Services Contractors Supporting the Office of Training and Performance Standards

What OIG Audited

The Department of State's (Department) Bureau of Diplomatic Security (DS), Training Directorate, Office of Training and Performance Standards (TPS), in coordination with the Foreign Service Institute, develops and implements training and professional development programs related to security topics for the Department and other U.S. Government personnel and dependents deployed overseas. From October 1, 2015, to March 31, 2017, TPS expended $52.5 million for training-related activities, of which $51.4 million was paid to third-party contractors (TPC) and personal services contractors (PSC).

The Office of Inspector General (OIG) conducted this audit to determine whether TPS expended funds to selected TPCs for training-related activities in accordance with Federal regulations, Department guidance, and the terms and conditions of the contracts and whether TPS selected, employed, and paid PSCs in accordance with Department guidance and the terms of the contracts. The scope period for this audit encompassed TPS activity with TPCs and PSCs between October 1, 2015, and March 31, 2017.

What OIG Recommends

OIG is not making any recommendations in this report as a result of TPS's effective management and oversight of TPCs and PSCs. During the audit, OIG issued a Management Assistance Report[1] relating to the management of accountable personal property. In that report, OIG made five recommendations that are all considered resolved pending further action. Implementation of those recommendations is currently being tracked through the audit compliance follow-up process. OIG provided a draft of this report to DS and requested a written response, which was to be included as an appendix to this report. DS informed OIG that it did not have any comments and a written response was not provided.

What OIG Found

OIG verified that during the scope period of this audit (October 1, 2015, through March 31, 2017) TPS expended funds to selected TPCs for training-related activities in accordance with Federal regulations, Department guidance, and terms and conditions of the contracts. Specifically, OIG tested a sample of 43 expenditures from the 4 largest TPCs and did not identify any exceptions. No exceptions were identified because of TPS's effective system of internal controls in overseeing expenditures, including contract monitoring; records management oversight; and an automated system for review, approval, and timely payment of contractor invoices. Collectively, the internal controls TPS employed helped ensure funds expended to TPCs were done so in accordance with Federal regulations and guidance and therefore reduced the risk of unallowable or unsupported transactions.

In addition, OIG found that TPS selected, employed, and paid PSCs in accordance with Department policies and the terms and conditions of the contracts reviewed for this audit. Specifically, OIG tested two PSCs that earned more than $100,000 during the audit scope period to determine whether TPS complied with Department policies and the terms of the contracts. OIG identified no exceptions because TPS had strong management controls in place for hiring and vetting PSCs, reviewing timekeeping records, and paying PSCs in accordance with the Office of Personnel Management's general schedule. Consequently, TPS appropriately managed and oversaw PSCs in accordance with Department guidance and the terms of the contracts.

[1] OIG, *Management Assistant Report: The Bureau of Diplomatic Security's Office of Training and Performance Standards Should Improve Property Management Over Equipment Provided During High-Threat Training* (AUD-SI-18-49, July 2018).

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-FM-19-29

May 2019
OFFICE OF AUDITS
FINANCIAL MANAGEMENT DIVISION

Audit of Department of State FY 2018 Compliance With Improper Payments Requirements

What Was Audited

In FY 2018, improper Federal payments Government-wide totaled approximately $151 billion. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires agencies to publish improper payments information, conduct a risk assessment, and prepare other disclosures. The Act also requires Federal agency Inspectors General to determine whether the agency complied with the requirements.

Acting on behalf of and under the direction of the Office of Inspector General (OIG), the independent public accountant Kearney & Company, P.C. (Kearney), conducted this audit to determine whether the Department of State (Department) was in compliance with IPERA.

What OIG Recommends

OIG made one recommendation that is intended to improve the Department's internal controls related to performing required risk assessments.

On the basis of the Bureau of the Comptroller and Global Financial Services' (CGFS) response to a draft of this report, OIG considers the one recommendation resolved, pending further action. A synopsis of CGFS's comments to the recommendation and OIG's reply follow the recommendation in the Audit Results section of this report. CGFS's response to the draft report is reprinted in Appendix B.

What Was Found

Kearney found that the Department was in compliance with improper payments requirements for FY 2018, as presented in Table 1.

Table 1: Compliance With Improper Payment Criteria

Improper Payment Criteria	Compliance
Conducted Risk Assessment	Yes
Published Agency Financial Report	Yes
Published Estimate	Not applicable*
Published Corrective Actions	Not applicable*
Published and Met Reduction Targets	Not applicable*
Published Error Rate Less than 10 percent	Not applicable*

* These requirements apply only to agencies that have identified programs susceptible to significant improper payments.
Source: Kearney prepared using criteria from Office of Management and Budget Circular A-123, Appendix C.

The Department published its FY 2018 Agency Financial Report (AFR) on its website, and the AFR included all the required improper payment disclosures.

In addition, the Department performed the required program risk assessments in FY 2018. Specifically, the Department evaluated whether each program subject to IPERA had a significant legislative or funding change, identified programs requiring improper payments risk assessments, and performed risk assessments using required criteria (that is, risk factors) defined by Office of Management and Budget Circular A-123 for all programs requiring evaluation. However, Kearney found that the Department did not consider all pertinent OIG reports during its risk assessment process. Additionally, Kearney identified an error in the Department's risk assessment documentation for one program. Although these items did not impact overall risk conclusions, enhanced quality control procedures may improve the accuracy and completeness of future risk assessments.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-FM-IB-19-28

May 2019
OFFICE OF AUDITS
FINANCIAL MANAGEMENT DIVISION

Audit of United States Agency for Global Media FY 2018 Compliance With Improper Payments Requirements

What OIG Audited

In FY 2018, improper Federal payments Government-wide totaled approximately $151 billion. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires Inspectors General to annually determine whether agencies were in compliance with improper payment requirements and established additional requirements for agencies that were deemed noncompliant with improper payments requirements.

The United States Agency for Global Media (USAGM) is an independent Federal agency that supervises all U.S. Government-supported civilian international broadcasting. The USAGM Federal broadcasting organizations include the Voice of America, the Office of Cuba Broadcasting, and three grantees—Radio Free Asia, Middle East Broadcasting, and Radio Free Europe/Radio Liberty.

The Office of Inspector General (OIG) conducted this audit to determine whether USAGM was in compliance with IPERA.

What OIG Recommends

Because USAGM was found to be in compliance with improper payments requirements for FY 2018, OIG is not offering recommendations as a result of this audit. USAGM's response to a draft of this report is reprinted in its entirety in Appendix B.

What OIG Found

OIG found that USAGM was in compliance with improper payments requirements for the FY 2018 reporting period, as presented in Table 1.

Table 1: Compliance with Improper Payment Criteria

Improper Payment Criteria	Compliance
Published Performance and Accountability Report	Yes
Conducted Risk Assessment	Yes
Published Improper Payment Estimate*	N/A
Published Corrective Action Plans*	N/A
Published and Met Reduction Targets*	N/A
Reported an Improper Payment Rate Less Than 10 Percent*	N/A

* Criteria did not apply because no program was identified in FY 2018 as being at risk for significant improper payments.
Source: OIG created using criteria from Office of Management and Budget Circular A-123, Appendix C.

OIG found that USAGM published on its website the FY 2018 Performance and Accountability Report, which included all applicable payment integrity disclosures, as required by Office of Management and Budget Circular A-136, "Financial Reporting Requirements." In addition, USAGM complied with the requirement to perform program-specific risk assessments. Specifically, USAGM performed quantitative risk assessment testing for three programs (Middle East Broadcasting Networks, Radio Free Europe/Radio Liberty, and the International Broadcasting Bureau) as part of its rotational testing approach.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-21

What OIG Inspected
OIG inspected the Office of Foreign Missions' executive leadership, staffing and organizational structure, strategic planning, and information technology operations.

What OIG Recommends
OIG made 13 recommendations to improve the office's operations, including 9 to address deficiencies in the development and deployment of information technology systems and information systems security.

In its comments on the draft report, the Department concurred with all 13 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

May 2019
OFFICE OF INSPECTIONS
DOMESTIC OPERATIONS

Inspection of the Office of Foreign Missions

What OIG Found

- Department of State and other Federal agency officials praised the Office of Foreign Missions' acting Director for his expertise and institutional knowledge that enabled him to successfully use reciprocity to ensure U.S. mission staff serving overseas receive equivalent treatment as their foreign counterparts based in the United States. However, lengthy gaps in key leadership positions, including the Director and Deputy Director, overburdened the acting Director and contributed to deficiencies in internal management and communications.
- Development of The Office of Foreign Missions Information System (TOMIS) had been underway for two decades, at an approximate cost of $48 million to date. Significant issues with TOMIS development, including an invalid authorization to operate, an inability to verify data accuracy, and inadequate user access controls, warrant urgent management attention.
- The Office of Foreign Missions had neither a strategic planning process nor a Functional Bureau Strategy.
- The office's organizational structure was not well aligned, resulting in an uneven workload and unclear lines of supervision.
- The contract administration for TOMIS did not comply with Department requirements.
- Standard operating procedures for fee collections did not meet Department procedures.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-14

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, and resource management operations of Embassy Bogota.

What OIG Recommends
OIG made 39 recommendations: 29 to Embassy Bogota to improve management and information management operations and 9 to address issues in the Political, International Narcotics and Law Enforcement, Public Diplomacy, and Consular Sections; and 1 to the Bureau of Consular Affairs regarding the collection and reconciliation of nonimmigrant visa application fees.

In its comments on the draft report, the Department concurred with 38 recommendations and disagreed with 1. OIG considers all recommendations, except one, resolved. The Department's response to each recommendation and OIG's reply can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

April 2019
OFFICE OF INSPECTIONS
BUREAU OF WESTERN HEMISPHERE AFFAIRS

Inspection of Embassy Bogota, Colombia

What OIG Found

- The Ambassador and the Deputy Chief of Mission led Embassy Bogota in a professional and collaborative manner consistent with the Department of State's leadership principles.
- The Bureau of Consular Affairs needed to determine and correct the cause of a persistent shortfall in nonimmigrant visa application fees at Embassy Bogota.
- Consular Section leadership focused on adjudication speed in the visa unit to the detriment of other priorities.
- The embassy's International Narcotics and Law Enforcement Section needed to improve its end use monitoring of Department of Defense articles.
- The embassy ranked second highest in the Department for total number of motor vehicle collisions overseas, with 265 incidents from FY 2012 through FY 2017.
- The Information Management Section needed to correct several deficiencies to protect personally identifiable information and comply with Department information security standards at the Embassy Branch Office in Cartagena.
- Spotlight on Success: The embassy's Regional Security Office created an innovative map of Colombia that consolidated up-to-date threat information and security incidents in areas visited by embassy personnel.

HIGHLIGHTS

Office of Inspector General
United States Department of State

ISP-IB-19-22

What OIG Inspected

In this targeted inspection, OIG reviewed the U.S. Agency for Global Media's governance structure and mandate; strategic direction and communication; program implementation; and resource management.

What OIG Recommends

OIG made five recommendations to improve executive direction and supervision of U.S. Agency for Global Media in the areas of information and decision management, program implementation, and resource management, including internal controls and workforce issues.

In its comments on the draft report, the agency concurred with the five recommendations. OIG considers all five recommendations resolved. The agency's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The agency's formal written response is reprinted in its entirety in Appendix E.

April 2019
OFFICE OF INSPECTIONS
U.S. AGENCY FOR GLOBAL MEDIA

Inspection of the United States Agency for Global Media

What OIG Found

- The governance structure in place at the U.S. Agency for Global Media since 2015—led by a Chief Executive Officer supported by a bipartisan board that had transitioned to a more advisory role—significantly improved executive direction of the agency compared to the board-led governance structure in place during OIG's 2013 inspection.
- Serving concurrently as the board for its three grantee organizations, allowed the agency's board to meet its responsibilities and mitigate the favoritism problems OIG noted in its 2013 inspection.
- Some provisions in the agency's governing statute—the International Broadcasting Act of 1994, as amended—relating to future board compensation, composition, and authorities are unclear or inconsistent.
- The Chief Executive Officer respected the broadcasting entities' editorial independence, but agency personnel expressed concerns that amendments made to the governing statute in 2017 potentially reduced protection for this independence.
- The Chief Executive Officer actively shared his vision and priorities internally and externally; however, not all information reached employees, and the agency's shifting governance structure since 2015 contributed to employee uncertainty about the agency's direction.
- The agency lacked a formal system for executive information and decision management.
- The agency did not effectively implement a new procedure for producing Voice of America editorials that present U.S. Government policies.
- The agency took steps to improve its internal controls, but key internal policy and procedural documents were out of date.
- The agency made progress on some persistent workforce issues, including performance management, but still failed to provide annual performance reviews for all employees.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-FM-19-22

What Was Audited

The Office of Nonproliferation and Disarmament Fund (NDF), within the Bureau of International Security and Nonproliferation, is responsible for responding rapidly to high priority nonproliferation and disarmament opportunities. NDF received $30 million in appropriations from Congress in both FY 2016 and FY 2017. NDF funds are considered no-year funds because they are available until they are expended. NDF funding is provided "notwithstanding any other provision of law," which is authority granted to NDF by Congress that allows NDF to act despite otherwise applicable laws and regulations in certain circumstances.

In response to a request from NDF management, Kearney & Company, P.C. (Kearney), an independent public accounting firm acting on behalf of the Office of Inspector General (OIG), conducted this audit to determine whether NDF implemented effective funds control and contract administration during FY 2016 and FY 2017.

What OIG Recommends

OIG made three recommendations for NDF to improve its operations related to fund management and contract administration.

On the basis of NDF's response to a draft of this report, OIG considers the three recommendations resolved pending further action. A synopsis of NDF's comments to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. NDF's response to the draft report is reprinted in Appendix B.

April 2019
OFFICE OF AUDITS
FINANCIAL MANAGEMENT DIVISION

Audit of the Office of Nonproliferation and Disarmament Fund Financial and Contract Activities During FY 2016 and FY 2017

What Was Found

NDF generally implemented effective fund controls in both FY 2016 and FY 2017. Kearney found that NDF projects were appropriately approved, controls governing so-called "notwithstanding authority" were operating effectively, and obligations were approved and supported. In addition, Kearney found that expenditures were properly authorized and did not exceed authorized funding levels and that NDF performed reconciliations of data in different systems. However, Kearney identified two instances in which NDF expended more for a project than was obligated. This occurred, in part, because NDF policies did not address and account for expenditures processed by other bureaus or posts. To remedy this shortcoming, NDF finance officers and project managers should regularly monitor overseas post obligations and any other external obligations to keep abreast of the status of obligations and expenditures.

Kearney also found that NDF's administration of its contracts was generally effective. Kearney found that contract administration controls were generally operating adequately; NDF properly completed the procurement request package for contracts and had the correct authorization of the procurement requests; and NDF complied with requirements for approving and documenting requests to modify contracts and for preparing requests for contract closeouts. Although contract administration controls were generally effective, contract closeout controls could be improved. Kearney identified four contracts that had not been closed out in a timely manner. The delays can be attributed primarily to communication shortcomings between personnel in NDF and the Office of Acquisitions Management. Addressing these shortcomings will help ensure that contracts are closed out in a timely manner and that unused contract funds can be deobligated and used for other authorized purposes in support of NDF's mission.

HIGHLIGHTS

Office of Inspector General
United States Department of State

April 2019
OFFICE OF AUDITS
Middle East Region Operations

Lessons Learned from Office of Inspector General Audits Concerning the Review and Payment of Contractor Invoices Supporting Overseas Contingency Operations

AUD-MERO-19-19

What OIG Audited

Between March 2017 and June 2018, the Office of Inspector General (OIG) issued a series of audit reports assessing the invoice review process used by four bureaus that relied on contracted support to conduct their missions in Iraq and Afghanistan: the Bureaus of Near Eastern Affairs (NEA), International Narcotics and Law Enforcement Affairs (INL), South and Central Asian Affairs (SCA), and Diplomatic Security (DS). At the time OIG conducted these audits, the combined value of the contracts reviewed was more than $6.6 billion.

OIG conducted this review to determine the (1) common challenges identified in its series of invoice review audits, (2) best practices across the bureaus that can be implemented across the Department of State (Department) to improve invoice review accuracy, and (3) invoice review practices of other U.S. Government agencies involved in overseas contingency operations that could be adopted by the Department to improve the efficacy of its invoice review process.

What OIG Recommends

OIG made seven recommendations to strengthen the invoice review process throughout the Department. On the basis of the Department's responses to a draft of this report, OIG considers all the recommendations resolved pending further action. A synopsis of management's comments regarding the recommendations and OIG's reply follow each recommendation in the Audit Results section of the report. Management's responses to a draft of this report are reprinted in their entirety in Appendices B through D.

What OIG Found

In its series of audits involving NEA, INL, SCA, and DS, OIG identified three common challenges that confronted these bureaus during the invoice review process. First, OIG found that NEA, INL, and DS experienced staffing shortages, which hampered their efforts to thoroughly review invoices. Second, OIG found that NEA and INL were not fully prepared to monitor contractor performance, which increased the risk that the Department paid for services that did not meet contract requirements. Third, OIG found that the use of cost reimbursable contracts had a significant effect on the workload of the invoice reviewers because of the complexity of the invoices.

In addition, OIG identified two best practices that, if adopted Department-wide, could improve the invoice review process and the accuracy of such reviews. First, CGFS independently conducts periodic quality control reviews to verify the accuracy of bureau invoices approved for payment. CGFS then communicates the results of these reviews directly to the bureau involved. This practice helps the Department recover improper payments, address weaknesses, and improve the invoice review process. Second, NEA developed and implemented contract-specific training that improved the accuracy of its invoice review process. This training enhanced reviewers' familiarity with the contracts' unique terms and conditions and contributed to increasing the accuracy of the review process. In addition, DS implemented training for its invoice review personnel specific to the Worldwide Protective Service contract.

OIG also found that the invoice review process of the Department of Defense and the U.S. Agency for International Development differed from that of the Department. Therefore, OIG did not identify any invoice review practices from either that could be adopted to improve the Department's invoice review process.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-15

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, resource management, and information management operations of Embassy Kigali.

What OIG Recommends
OIG made 10 recommendations to Embassy Kigali: 1 to bring the residential safety program into compliance with Department standards; 2 to improve the public diplomacy grants program; 3 to improve the oversight of the American Corners; 1 to improve consular crisis preparedness; and 3 to improve the information management program.

In its comments on the draft report, the embassy concurred with 9 recommendations and disagreed with 1 recommendation. OIG considers all 10 recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

March 2019
OFFICE OF INSPECTIONS
BUREAU OF AFRICAN AFFAIRS

Inspection of Embassy Kigali, Rwanda

What OIG Found

- The Ambassador and the Deputy Chief of Mission led Embassy Kigali in a professional, positive, and inclusive manner. The Ambassador's public outreach was enhanced by his study and use of Kinyarwanda, the principal language of Rwandans.
- The embassy identified a major deficiency in the residential safety program with multiple hazardous electrical incidents at staff residences.
- The embassy did not manage the public diplomacy grants program in accordance with Department of State standards.
- The embassy did not ensure the American Corner at the Adventist University of Central Africa conformed to Department standards. The embassy also did not properly document property transferred to the two American Corners in Rwanda.
- The embassy's consular crisis preparedness program had deficiencies, including inadequate disaster assistance kits and a backlog in enrolling U.S. citizens in the Smart Traveler Enrollment Program.
- Spotlight on Success: The embassy's Coordination Office for the President's Emergency Fund for AIDS Relief successfully promoted cooperation among interagency stakeholders.
- Spotlight on Success: The embassy responded quickly and comprehensively to an Ebola outbreak in neighboring Democratic Republic of the Congo.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-19-20

What OIG Audited

In August 2014, the United Nations declared a humanitarian emergency in Iraq. The Department of State (Department), Bureau of Population, Refugees, and Migration (PRM), obligated $914 million between October 2013 and September 2017 to help internally displaced persons (IDP) in Iraq and Iraqi refugees in surrounding countries. Of this amount, PRM obligated more than $98.6 million to non-governmental organizations through cooperative agreements.

The Office of Inspector General (OIG) conducted this audit to determine whether PRM monitored humanitarian assistance provided through cooperative agreements to non-governmental organizations to support IDPs in Iraq in accordance with Federal requirements, Department polices and guidance, and award terms and conditions. OIG selected five cooperative agreements, valued at $9.4 million, for review. This report is the second of two audit reports that focus on funds supporting IDPs in Iraq. A previous report addressed humanitarian assistance funds provided through voluntary contributions to international organizations.

What OIG Recommends

OIG made three recommendations that are intended to help PRM ensure award recipients in Iraq are using funds awarded through cooperative agreements as intended. PRM concurred with the recommendations and a synopsis of PRM's comments follows each recommendation in the Audit Results section of this report. PRM's response to a draft of this report is reprinted in Appendix B.

March 2019
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of Humanitarian Assistance Cooperative Agreements Supporting Internally Displaced Persons in Iraq

What OIG Found

PRM generally complied with Federal requirements, Department guidance, and award terms and conditions in monitoring cooperative agreements supporting IDPs in Iraq. Specifically, OIG found that PRM completed risk assessments, developed and implemented monitoring plans, reviewed quarterly performance progress reports, conducted programmatic desk reviews and site visits, when practicable, and used an existing contract to conduct site visits in locations that PRM staff could not reach because of security concerns.

OIG also confirmed that PRM generally established award budgets by cost categories and reviewed the five recipients' quarterly financial reports in accordance with Federal and Department regulations as well as the cooperative agreements' terms and conditions. OIG reviewed 621 expenditures, totaling $2.2 million, and questioned 32 expenditures, valued at $64,706 (3 percent), as unallowable or unsupported. Although the instances of questioned costs were limited and not a material deficiency, OIG notes that 23 of the 32 questioned expenditures (72 percent) came from awards provided to 2 organizations. In addition, although PRM conducts spot checks of some award expenditures to determine if the expenditures comply with requirements, its practice of asking the award recipient to select the expenditures for review is ineffective in identifying unallowable and unsupported costs.

Furthermore, OIG identified an area involving the monitoring of the award recipient's budget that needs improvement. OIG found that PRM was not aware that expenditures made by International Medical Corps were re-budgeted between cost categories. PRM did not detect the re-budgeting activities because it does not conduct spot checks of award recipients' expenditures to see if they are applied to the appropriate cost categories. Until PRM implements procedures to verify that award recipients are complying with approved budget plans, there is a greater risk of mismanagement and possible opportunities for fraud and waste.

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-CGI-19-24

March 2019
OFFICE OF AUDITS
CONTRACTS, GRANTS, AND INFRASTRUCTURE DIVISION

Audit of the Department of State Purchase Card Program

What OIG Audited

The Government Purchase Card Program was created in the late 1980s as a way for Federal agencies to streamline the acquisition process by providing a low-cost, efficient way to obtain goods and services directly from vendors. As of September 30, 2017, the Department of State (Department) Purchase Card Program had 1,950 cardholders, and spending in FY 2017 was approximately $110 million.

The Office of Inspector General (OIG) conducted this audit to determine whether (1) Department purchase cardholders used their Government card only for purchases allowed by laws and regulations; (2) Department purchase cardholders recorded purchases, documented purchases, and reconciled monthly statements, as required by Department policy; and (3) the Department administered the Purchase Card Program in accordance with established policies.

What OIG Recommends

OIG made five recommendations to the Bureau of Administration that are intended to strengthen internal controls over the Purchase Card Program.

On the basis of the Bureau of Administration's response to a draft of this report, OIG considers two of the recommendations closed and three recommendations resolved pending further action. A synopsis of the Bureau of Administration's comments to the recommendations and OIG's reply follow each recommendation in the Audit Results section of this report. The Bureau of Administration's response to the draft report is reprinted in Appendix B.

What OIG Found

OIG found that Department purchase cardholders generally used their Government card for purchases allowed by laws and regulations. OIG selected 580 transactions for review from FY 2016 and FY 2017 and noted 17 exceptions. Specifically, OIG found that three purchases had been split into six separate transactions to circumvent micro-purchase limitations. In addition, OIG found 11 transactions in which convenience checks were inappropriately used to purchase catering services. The exceptions occurred, in part, because of a need to procure items quickly or confusion about Department policy. The typically appropriate use of the purchase card by Department cardholders can be attributed to internal controls established by the Purchase Card Program Office to monitor purchases, and OIG did not find any instances of cardholder fraud, waste, or abuse.

However, OIG found that purchase cardholders did not always record and document purchases or reconcile monthly statements in accordance with Department policy. OIG found that 157 of 580 (27 percent) transactions selected for review were missing 1 or more required documents. OIG also found 52 of 580 (9 percent) transactions in which cardholders did not provide evidence that monthly statements were reconciled. OIG concluded that the missing documentation and lack of evidence that monthly statements were reconciled were due, in part, to the fact that cardholders did not maintain required documents or did not document reconciliation efforts. Properly recording purchases and reconciling statements are important in detecting errors.

Lastly, OIG found that the Department generally administered the Purchase Card Program in accordance with policies. OIG found that cardholders and approving officials were properly trained and authorized to make purchases. In addition, 90 percent of the bureaus and posts had completed and certified their Annual Reviews, which is a new requirement introduced in FY 2017. As for the remaining 10 percent, failure to comply with the annual review and certification was generally attributed to the fact that the requirement had been implemented only recently. Nevertheless, it is important that all purchase card Program Coordinators certify that annual reviews are completed to ensure purchase card standards are consistently followed.

HIGHLIGHTS

Office of Inspector General
United States Department of State

ESP-19-03

February 2019
OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

Evaluation of the Department of State's Use of Schedule B Hiring Authority

What OIG Reviewed

The Office of Inspector General (OIG) conducted an evaluation of Schedule B appointments by the Department of State (Department) from January 1, 2013 to January 1, 2018 to assess whether it complied with Department policies and Office of Personnel Management (OPM) regulations.

What OIG Recommends

OIG made two recommendations to the Bureau of Human Resources: (1) to adopt a policy requiring consultation with the Office of Legal Adviser when Schedule B hiring requests have characteristics similar to the examples described in this report to ensure all appointments comply with OPM regulations and relevant policies and (2) to amend the Department's Schedule B policy to detail in what circumstances Department career employee or contractor conversions are appropriate. The Bureau concurred with OIG's recommendations.

What OIG Found

Schedule B appointments are a special type of hiring authority that allows an agency to hire individuals without using ordinarily applicable competitive hiring procedures. The Office of Personnel Management granted the Department of State authority to use Schedule B to appoint individuals in "scientific, professional, and technical positions at grades GS-12 to GS-15 when filled by persons having special qualifications in foreign policy matters."

Schedule B appointments must follow Department policy and OPM regulations for excepted service hiring. For instance, the Schedule B appointment cannot be to a position of a confidential or policy-determining nature. In addition, under the Department's policy, Schedule B appointments are appropriate to fill a temporary need for a special project, negotiations or conferences on a special topic, or where the applicable experience does not already exist in the Department.

OIG found that many of the Department's Schedule B appointments to fill scientific, professional, and technical positions from 2013 to 2016 did not comply with Department policy and OPM regulations. Several individuals lacked special qualifications in foreign policy matters, and, of the appointments reviewed, almost a fifth were appointments to positions that are inherently policy-determining or confidential. In addition, the Department used its Schedule B authority to convert then-current Department employees or to hire Department contractors as Schedule B employees when the expertise needed was already available within the Department. The Department's Schedule B policy, however, does not provide adequate guidance on whether and in what circumstances such hires or conversions are appropriate.

(U) February 2019
(U) OFFICE OF AUDITS
(U) Security and Intelligence Division

HIGHLIGHTS
Office of Inspector General
United States Department of State

AUD-SI-19-07

(U) Audit of Department of State Directorate of Defense Trade Controls Export Licensing Processes

(U) What OIG Audited

(U) The U.S. Government regulates the sale, export, and re-transfer of defense articles and services to safeguard national security and advance U.S. foreign policy objectives. Within the Department of State (Department), the Bureau of Political-Military Affairs, Directorate of Defense Trade Controls (DDTC), is charged with controlling the export of defense articles and services.

(U) At the request of the Bureau of Political-Military Affairs, the Office of Inspector General (OIG) conducted this audit to determine whether DDTC implemented sufficient internal controls to ensure that export license applicants provide complete and accurate information, Department bureaus and offices involved with the application review process are effectually engaged, and the end-use and end-user of exports are appropriately vetted.

~~(SBU)~~ OIG reviewed 21 permanent export license applications and performed tests of DDTC's internal controls. OIG also conducted fieldwork in (b) (7)(F) and (b) (7)(F)

(U) What OIG Recommends

(U) OIG made 11 recommendations that are intended to improve DDTC's internal controls. On the basis of the Bureau of Political-Military Affairs response to a draft of this report, OIG considers all recommendations resolved pending further action. A synopsis of the Bureau of Political-Military Affairs comments to the recommendations and OIG's reply follow each recommendation in the Audit Results section of this report. The Bureau of Political-Military Affairs response to the draft report is reprinted in Appendix C.

(U) What OIG Found

(U) OIG found that DDTC did not implement sufficient internal controls to ensure that permanent export license applications included all required information as set forth in its standard operating procedures (SOP). Specifically, Licensing Officers approved 20 of 21 applications (95 percent) reviewed despite the absence of required information, including 5 applications that should have been returned to the applicant without action. OIG also found that DDTC did not always provide Congress with certifications to ensure that proposed licenses met U.S. national security and foreign policy objectives. In addition, OIG found one instance in which the Licensing Officer did not have the authority to issue the license. These deficiencies occurred because DDTC (a) permitted deviations from its SOPs and (b) has not trained Licensing Officers on updated procedures. If these deficiencies are not corrected, DDTC will have limited assurance that licenses issued meet U.S. national security and foreign policy objectives.

(U) In addition, of the 21 applications reviewed, OIG found a single instance in which DDTC did not seek the input of other Department bureaus and offices, as required. The single exception was due to human error. However, during the audit, OIG learned of other instances in which Licensing Officers deviated from Department guidance and did not engage other Department bureaus in licensing decisions. When Licensing Officers fail to engage Department bureaus and offices, Department officials who are most familiar with foreign policy issues specific to the countries or commodities to be exported cannot provide input in the licensing decision.

(U) OIG also found that DDTC appropriately vetted the end-use and end-user of exports associated with applications reviewed for this audit. However, during audit fieldwork, OIG observed an end-use/end-user check that was not conducted in accordance with guidance. This exception occurred, in part, because the Department does not have a standard training program for the overseas Foreign Service Officers who conduct the checks. Furthermore, staff rotations at posts can impact the timeliness of vetting. Without proper vetting, DDTC could fail to safeguard the integrity and security of defense articles.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-07

What OIG Inspected
OIG inspected the executive direction, consular, resource management, and information management operations of Embassy Majuro.

What OIG Recommended
This report includes 12 recommendations. OIG made 11 recommendations to Embassy Majuro to improve consular, resource management, and information management operations, and 1 recommendation to Embassy Manila to document Information Systems Security Officer reviews.

In its comments on the draft report, the Department concurred with all 12 recommendations. OIG considers all 12 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written response is reprinted in its entirety in Appendix B.

February 2019
OFFICE OF INSPECTIONS
Bureau of East Asian and Pacific Affairs

Inspection of Embassy Majuro, Republic of the Marshall Islands

What OIG Found

- The Ambassador and the Deputy Chief of Mission led Embassy Majuro in a professional and collaborative manner.
- Embassy Majuro lacked sufficient internal controls in consular, resource management, security, and information management operations.
- Embassy Manila generally provided adequate support to Embassy Majuro in information management and management operations.
- Embassy Majuro had deficiencies in the implementation of its information management and information security programs that could put Department of State computer systems at risk.

HIGHLIGHTS

Office of Inspector General
United States Department of State

ISP-I-19-06

February 2019
OFFICE OF INSPECTIONS
BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS

Inspection of Embassy Koror, Republic of Palau

What OIG Inspected

OIG inspected the executive direction, consular, resource management, and information management operations of Embassy Koror.

What OIG Recommended

OIG made 21 recommendations to improve Embassy Koror's consular, management, and information management operations.

In its comments on the draft report, the Department concurred with all 21 recommendations. OIG considers all 21 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- Although it is one of the smallest U.S. missions in the world, Embassy Koror faces significant challenges because it is charged with coordinating the work of more than 40 U.S. agencies that regularly visit Palau.
- Despite embassy leadership's laudable efforts, Embassy Koror remained understaffed with just two U.S. direct hire personnel—the Ambassador and Mission Deputy. Accordingly, the embassy was unable to adequately implement many Department of State mandated internal controls to properly manage the security program, classified IT system, or management operations.
- The Office of Management Policy, Rightsizing, and Innovation conducted a rightsizing review in which it supported the need for an additional position at Embassy Koror. Based on its observations and findings, OIG supports Embassy Koror's request.
- Embassy Manila generally provided adequate support for Embassy Koror's security, information technology, and management operations.
- The Ambassador did not conduct reviews of the non-immigrant visa adjudications done by the Mission Deputy, a mandatory consular management control.
- Embassy Koror did not follow Department of State requirements to monitor unliquidated obligations, resulting in up to $823,547 that could be put to better use.
- The embassy did not proactively plan and rehearse for emergencies.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-05

February 2019
OFFICE OF INSPECTIONS
Bureau of East Asian and Pacific Affairs

Inspection of Embassy Kolonia, Federated States of Micronesia

What OIG Inspected

OIG inspected the executive direction, consular, resource management, and information management operations of Embassy Kolonia.

What OIG Recommended

OIG made 16 recommendations to improve Embassy Kolonia's consular, resource management, and information management operations.

In its comments on the draft report, the Department concurred with all 16 recommendations. OIG considers all 16 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- Staffing gaps, curtailments, collateral duty assignments, and a lack of training contributed to management control deficiencies throughout the embassy—including in management, security, information management, and consular operations.
- The embassy did not meet Department of State guidance for consular crisis preparation.
- The embassy met day-to-day computing and communications needs; however, OIG found significant deficiencies in the implementation of effective information management and information security.
- Embassy Kolonia generally received good support from Embassy Manila in security, information management, and management operations.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-10

December 2018
OFFICE OF INSPECTIONS
Bureau of South and Central Asian Affairs

Inspection of Embassy New Delhi and Constituent Posts, India

What OIG Inspected

OIG inspected the executive direction, program and policy implementation, and resource management operations of Embassy New Delhi. The inspection included Consulates General Mumbai, Chennai, Hyderabad, and Kolkata.

What OIG Recommended

This report includes 39 recommendations. OIG made 35 recommendations to improve Mission India's operations. OIG also made one recommendation to the Office of Policy, Planning, and Resources for Public Diplomacy and Public Affairs to address position classification; two to the Bureau of Overseas Buildings Operations to address facilities management issues; and one to the Bureau of South and Central Asian Affairs to establish clear roles for the supervision of the Kabul Support Unit.

In its comments on the draft report, the Department concurred with 36 recommendations and neither agreed nor disagreed with 3 recommendations. OIG considers all 39 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Ambassador, the Deputy Chief of Mission, and the Consuls General established clearly defined goals and priorities for Mission India. They effectively employed a wide variety of mechanisms to communicate and coordinate their activities across the spectrum of internal operations and external engagements with the Government of India and other stakeholders.
- Mission India generally implemented required processes and procedures in accordance with applicable laws and Department of State guidance. However, the embassy's internal review processes did not consistently identify management control deficiencies throughout the mission. The mission corrected more than 25 specific deficiencies during the on-site portion of OIG's inspection.
- Human capital management weaknesses, such as lack of training and accurate position descriptions, hindered operations, efficiency, and accountability throughout the mission.
- Staff vacancies, workload, and coordination challenges limited the North India Office's ability to fulfill its stated mission.
- Mission India had a history of making modifications to U.S. Government-owned buildings without first obtaining approval from the Bureau of Overseas Buildings Operations. A total of nine unapproved modifications, made between roughly 2004 and 2016, did not receive the benefit of a technical review to ensure the projects conformed to the Department's building codes.
- The mission developed and used local information technology applications without any required risk assessments and approvals.
- Spotlight on Success: The mission's Consular Section created innovative programs for planning and managing nonimmigrant visa adjudication.

November 2018
OFFICE OF AUDITS
Middle East Region Operations

HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-19-10

Audit of the Bureau of Near Eastern Affairs Selection and Management of Contract Oversight Personnel in Iraq

What OIG Audited

The Department of State (Department) often relies on contractors to execute important projects that support its mission. For contracts in Iraq, the Department's Bureau of Near Eastern Affairs (NEA) nominates Contracting Officer's Representatives (COR) and Government Technical Monitors (GTM) to oversee contracts valued at more than $3.1 billion.

The Office of Inspector General (OIG) conducted this audit to determine whether (a) NEA's nomination and selection process for CORs and GTMs in Iraq resulted in the designation of qualified personnel, (b) NEA established and implemented an effective process to hold CORs and GTMs accountable for their performance, and (c) CORs and GTMs documented contractor performance in the official contract file in accordance with Federal and Department requirements.

What OIG Recommends

OIG made 13 recommendations to improve the process to nominate and select CORs and GTMs, promote accountability of oversight staff, and advance the completeness of COR files. On the basis of management's response to a draft of this report, OIG considers 1 recommendation closed and 12 recommendations resolved, pending further action. A synopsis of management's comments regarding the recommendations made and OIG's reply follow each recommendation in the Audit Results section of this report. Responses to a draft of this report from NEA and the Bureau of Administration, Office of the Procurement Executive, are reprinted in their entirety in Appendices B and C, respectively.

What OIG Found

OIG found that NEA did not consistently nominate CORs and GTMs with the required certification level and technical expertise to oversee contracts in Iraq. Specifically, 11 of 17 CORs and none of the 14 GTMs reviewed for this audit possessed the required level of certification for the contracts assigned when nominated. In addition, oversight personnel did not always possess sufficient technical expertise relative to the contract's subject matter. These shortfalls occurred because NEA did not assess the qualifications and technical expertise needed and nominate qualified CORs and GTMs. In addition, the number of qualified CORs available was not sufficient to meet demand, which suggests a shortfall in human capital planning. Until these conditions are corrected, NEA will have limited assurance that contractors in Iraq are performing as required under the contract.

OIG also found that NEA did not consistently establish work commitments or seek feedback from the Contracting Officers (COs) to effectively hold CORs and GTMs accountable for their performance. For example, 7 of 13 CORs and 8 of 14 GTMs did not have work commitments that aligned with the duties assigned by the CO. According to NEA officials, this occurred because space on the evaluation form was too limited to include all work commitments. Furthermore, none of the CORs' supervisors solicited performance feedback from the COs as required. According to NEA officials, this was an oversight. Without appropriate work commitments and input in evaluating COR and GTM performance, contract oversight performance cannot be fully recognized and assessed.

Finally, OIG found that CORs did not always maintain complete COR files. According to the CORs, sometimes they relied on the contractor to maintain certain documentation, some documentation was maintained in a different location, and they had limited time to organize the files. In addition, incomplete files were not identified during monthly reviews because these reviews were either not completed or not structured to identify certain required documentation. Without complete files, the Department may not have the records to demonstrate nonconformity with the contract and hold contractors accountable.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-04

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, and resource management operations of Embassy Banjul.

What OIG Recommended
This report includes 15 recommendations. OIG made 13 recommendations to Embassy Banjul, including 4 recommendations to improve management functions and 8 recommendations to improve information management operations. Additionally, OIG made 1 recommendation to the Bureau of Administration and 1 recommendation to the Bureau of Overseas Buildings Operations.

In its comments on the draft report, the Department concurred with all 15 recommendations. OIG considers all 15 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

November 2018
OFFICE OF INSPECTIONS
Bureau of African Affairs

Inspection of Embassy Banjul, The Gambia

What OIG Found

- The Ambassador established a generally positive relationship with the new government of The Gambia and emphasized U.S. interest in the promotion of economic, political, and social development, and outreach to the Gambian populace.
- A troubled relationship between the Ambassador and the recently departed Deputy Chief of Mission created morale problems and miscommunication within the embassy.
- Lengthy staffing gaps, curtailments of U.S. direct-hire staff, and the suspension and termination of locally employed staff for fraud adversely affected embassy operations.
- U.S. direct-hire vacancies in the Consular and Management Sections led to deficiencies in internal controls, including vulnerabilities in the procurement and financial management functions.
- The chancery's physical plant deficiencies, structural limitations, and poor external and internal appearance presented a negative image of the United States.
- The embassy did not comply with Department of State visa referral procedures.
- Information systems security and information management contingency training and planning needed to be strengthened.
- Spotlight on Success: By making effective use of existing resources, the Public Diplomacy Section created Competitive College Clubs to provide educational advising and leadership training for Gambian youth.

HIGHLIGHTS
Office of Inspector General
United States Department of State

ISP-I-19-03

November 2018
OFFICE OF INSPECTIONS
Bureau of African Affairs

Inspection of Embassy Dakar, Senegal

What OIG Inspected
OIG inspected the executive direction, program and policy implementation, and resource management operations of Embassy Dakar.

What OIG Recommended
OIG made 19 recommendations to improve embassy operations and internal controls, including 4 recommendations to correct general services and facilities management issues and 10 recommendations to address information technology management issues.

In its comments on the draft report, Embassy Dakar concurred with 16 recommendations and disagreed with 3. OIG considers 17 recommendations resolved and 2 unresolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Ambassador set a positive and professional tone for Embassy Dakar, clearly communicating mission priorities and strategic goals to embassy staff.
- The Ambassador promoted the strategic goal of assisting Senegal's political and economic development in order to make the country a more effective partner for the United States.
- Expanding engagement in Guinea-Bissau promoted U.S. interests but also posed challenges to the embassy's capacity for oversight and coordination.
- Internal controls for some general services and facility management functions did not comply with Department of State standards and procedures.
- Public diplomacy programs were integrated through physical and virtual platforms to promote a better public understanding of U.S. policy and to build relationships with Senegalese leaders, particularly among youth.
- The embassy continued to improve its management of foreign assistance and public diplomacy grants through deployment of the State Award Management System.
- Information systems security and telephone programs did not comply with Department requirements.

HIGHLIGHTS

Office of Inspector General
United States Department of State

ESP-19-01

October 2018
OFFICE OF EVALUATIONS AND SPECIAL PROJECTS
Review of Allegations of Improper Seizures of Passports at Embassy Sana'a, Yemen

What OIG Reviewed

In January 2016, OIG received a complaint alleging that an Assistant Regional Security Officer for Investigations (ARSO-I) at Embassy Sana'a, Yemen, failed to follow regulations and Department policies when, as part of an ongoing passport fraud investigation from 2012 through 2014, he took the passports of individuals holding citizenship from both Yemen and the U.S. These U.S. citizens were unable to leave Yemen, which was in the midst of ongoing violent conflict.

OIG examined the circumstances surrounding the allegations to determine whether the ARSO-I and other Department staff followed applicable regulations and policies in seizing the passports. OIG did not address whether the citizens making the allegations committed passport fraud nor assess the quality of the ARSO-I's fraud investigation. Several factors affected the nature and timing of OIG's analysis, including difficulty in locating relevant information, evolving Department assertions about the authority by which it took the passports, and adoption of revised policies.

What OIG Recommends

OIG made four recommendations: develop databases to track and manage passport revocations, retentions, and confiscations; issue guidance on the procedures required to revoke and confiscate passports; clarify the circumstances in which individuals are entitled to limited validity passports to return to the United States if their documents are taken while they are abroad; and clarify the role of the Legal Adviser as the senior legal authority for the Department, including considering whether attorneys in other offices should report directly to the Legal Adviser. The Department concurred with all of OIG's recommendations.

What OIG Found

The Department does not have a central system to track passport confiscations or retentions. As a result, OIG could not determine the number of passport seizures that occurred at Embassy Sana'a from 2012 to 2014, and the total number remains uncertain. However, because one document provided by the Department contained a list of 31 names with dates on which the passports were taken, OIG focused on these cases. There are two bases in Department regulations that govern its authority to take passports from U.S. citizens: "retention" and "confiscation." Regardless of the authority by which the Department took the passports at issue here, the Department did not follow relevant standards. If the Department "retained" the passports, officials did not comply fully with required procedures. Furthermore, although the Department acknowledged that retentions are temporary measures, it held many of the passports in question for months (and in some cases, over a year), suggesting that the Department effectively confiscated these documents. Confiscation is permitted only after revocation or pursuant to an arrest. Revocation is the formal process by which the Department invalidates an individual's passport. Neither an arrest nor revocation occurred before any of the passports were taken.

The Department also failed to comply with relevant standards when it ultimately revoked the passports in all but one of the cases OIG examined. Although the Department must notify the holders in writing of the reason for revocation and their right to appeal, OIG could not confirm that these notices were sent in every case. Even if notices were sent, the affected individuals remained uninformed about the status of their passports for lengthy periods (in one case, almost 2 years). OIG also identified instances where individuals contacted the Department with questions and received limited information or no response at all.

OIG also identified other concerns. First, the lack of a single legal authority within the Department led to significant difficulties in resolving key legal issues. Second, although the Department has updated its policies, issues remain unresolved, including conflicting interpretations of the Department's authority to seize passports and uncertainty regarding eligibility for limited validity passports.

ISP-I-19-12

October 2018
OFFICE OF INSPECTIONS
Domestic Operations and Special Reports

Inspection of the Bureau of Democracy, Human Rights, and Labor's Foreign Assistance Program Management

What OIG Inspected

OIG inspected the Bureau of Democracy, Human Rights, and Labor's foreign assistance program management.

What OIG Recommended

OIG made 6 recommendations to improve the Bureau of Democracy, Human Rights, and Labor's management of foreign assistance, including recommendations to strengthen grants management and improve the bureau's financial management practices related to foreign assistance.

In its comments on the draft report, the Bureau of Democracy, Human Rights, and Labor concurred with all 6 recommendations. OIG considers all 6 recommendations resolved. The bureau's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- The Bureau of Democracy, Human Rights, and Labor took steps to strengthen internal controls as bureau-managed assistance funds nearly doubled since 2013. However, 11 of 26 direct-hire positions in the Office of Global Programming, which manages the bureau's foreign assistance, were vacant at the time of the inspection.
- The bureau did not update risk assessments and monitoring plans annually for 7 of the 13 grant files reviewed during the inspection. Moreover, the bureau did not systematically conduct and document site visits in accordance with monitoring plans.
- The Bureau of Democracy, Human Rights, and Labor returned $6.6 million in canceled funds to the U.S. Treasury in FY 2016 and FY 2017, despite having a statutory reclassification authority to extend the period of availability for most foreign assistance appropriations.
- Expenditures on the bureau's foreign assistance grants were not accurately recorded in the Department of State's financial system, creating the potential for violations of the Anti-Deficiency Act.
- Spotlight on Success: Through an innovative program, the Bureau of Democracy, Human Rights, and Labor delivered financial compliance training to its grant recipients.

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

OIG HIGHLIGHTS

ISP-I-19-08

October 2018
OFFICE OF INSPECTIONS
Bureau of African Affairs

Inspection of Embassy Nairobi, Kenya

What OIG Inspected

OIG inspected the executive direction, program and policy implementation, resource management, and information management operations of Embassy Nairobi.

What OIG Recommended

OIG made 33 recommendations, including 31 recommendations to Embassy Nairobi to improve internal controls in general services, financial management, human resources, information management, foreign assistance, and public diplomacy. OIG also made 2 recommendations to the Bureau of International Narcotics and Law Enforcement Affairs on contract oversight.

In its comments on the draft report, the Department concurred with 32 recommendations and disagreed with 1 recommendation. OIG considers all recommendations, except one, resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- Embassy Nairobi leadership coordinated the foreign assistance and policy advocacy activities of the 31 U.S. Government agencies in Nairobi to ensure they were consistent with, and contributed to, achieving Integrated Country Strategy goals.
- The 2017 Annual Chief of Mission Management Control Statement of Assurance did not identify multiple internal control deficiencies in the management and information technology operations as well as in the Regional Security Office.
- The embassy did not follow Department of State requirements to monitor unliquidated obligations, resulting in up to $1.7 million that could be put to better use.
- Embassy Nairobi reported over $3.6 million in inventory shortages over the past two fiscal years and had $14 million in non-expendable inventory that should have been replaced or disposed of and the funds put to better use.
- Cybersecurity deficiencies left Department information technology systems vulnerable.
- The Consular Section delivered efficient services under challenging conditions.
- Spotlights on Success: Embassy Nairobi implemented successful measures to solicit staff feedback, create a climate of intercultural respect, make effective use of the Integrated Country Strategy, improve crisis readiness, combat disinformation, deliver consular services in Mogadishu, and reduce vehicle accidents through the Drive-Cam driver safety program.

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

OIG HIGHLIGHTS

ISP-I-19-11

October 2018
OFFICE OF INSPECTIONS
Domestic Operations and Special Reports

Inspection of the Bureau of Democracy, Human Rights, and Labor

What OIG Inspected

OIG inspected the Bureau of Democracy, Human Rights, and Labor's executive direction, program and policy implementation, resource management, and management controls.

What OIG Recommended

This report includes 10 recommendations. OIG made one recommendation to improve strategic planning, one recommendation to promote compliance with legislation mandating Department training on international religious freedom, and eight recommendations to improve Leahy vetting internal controls and operations, visa ineligibility processing, information management systems development, and contract management.

In its comments on the draft report, the Department concurred with all 10 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- Stakeholders from other Federal agencies and Department of State offices described the Bureau of Democracy, Human Rights, and Labor as effective in advancing human rights issues.
- Staffing shortfalls and the lack of an effective bureau strategic planning process increased internal controls risks for Leahy vetting, visa ineligibility determinations, and foreign assistance management—areas where the bureau faced an expanding workload.
- Insufficient staffing and oversight of information technology systems development increased risks of waste, fraud, and mismanagement and delays in modernizing the bureau's information technology system used to conduct Leahy vetting.
- DRL did not dedicate sufficient staff, training resources, or strategic direction to prepare human rights assessments related to visa processing and sanctions functions.
- Spotlight on Success: The bureau's Office of Policy Planning and Public Diplomacy effectively used social media tools to conduct outreach on human rights issues. The bureau's Facebook page is the Department's second-most popular domestic page, with approximately 2.3 million followers.

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

September 2018
OFFICE OF AUDITS
Security and Intelligence Division

OIG HIGHLIGHTS

AUD-SI-18-59

Audit of the Department of State's Administration of its Aviation Program

What OIG Audited

The Department of State (Department) created its aviation program in 1976 to support narcotics interdiction and drug crop eradication programs. The program has since grown to a fleet of 206 aircraft and includes transportation services for chief of mission personnel. Within the Department, the Aviation Governing Board (AGB) is responsible for providing oversight of aviation activities. In addition, the Bureau of International Narcotics and Law Enforcement Affairs, Office of Aviation (INL/A), is the aviation service provider in support of counter-narcotics, law enforcement, and overseas missions operations.

The Office of Inspector General (OIG) conducted this audit to determine whether the Department is administering its aviation program, including key internal controls related to aviation asset accountability, aviation asset disposal, and aircraft operations and maintenance, in accordance with Federal requirements and Department guidelines.

What OIG Recommends

OIG made 25 recommendations to address the deficiencies identified in the aviation program. On the basis of the Department's responses to a draft of this report, OIG considers 2 recommendations closed, 22 recommendations resolved pending further action, and 1 recommendation unresolved. A synopsis of management's comments regarding the recommendations and OIG's reply follow each recommendation in the Audit Results section of this report. Management's responses to a draft of this report are reprinted in their entirety in Appendices B through F.

What OIG Found

The Department is not consistently administering its aviation program in accordance with Federal requirements or Department guidelines. Specifically, OIG found instances in which significant aviation operations were undertaken without the knowledge or approval of the AGB, which is required by Department policy. In addition, the AGB is not fulfilling its responsibilities to evaluate the usage and cost effectiveness of aircraft services, as required by Office of Management and Budget Circulars and Department guidance. Furthermore, INL administered country-specific aviation programs differently depending on whether a post used the worldwide aviation support services contract. As a result of limited AGB oversight and the absence of evaluations to determine the appropriate usage and cost effectiveness of the Department's aircraft operations worldwide, the Department is not optimally managing aviation resources and spent $72 million on unnecessary services from September 2013 to August 2017.

OIG also found that INL did not fully maintain sufficient accountability over aircraft equipment, and OIG identified deficiencies related to accounting for aviation assets. In addition, Department aviation assets were not always disposed of in accordance with Department requirements, which resulted in more than $8 million in funds that could be put to better use. OIG determined that the underlying cause of these deficiencies typically involved a lack of procedures and guidance to effectuate compliance. Until INL/A improves in these areas, aviation assets will be at risk for fraud, waste, and abuse.

OIG found that INL/A had sufficient oversight mechanisms in place related to the operations and maintenance of aircraft at the locations tested. However, INL's goal of increasing the institutional capability of host nations to eventually operate certain aviation programs without INL support remains elusive. Efforts to nationalize these aviation programs have faltered primarily because transition plans, including benchmarks, have not been developed and executed with the host countries. Until these plans are implemented, INL will be unable to fully assess and address the obstacles hindering the realization of this fundamental foreign assistance goal.

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

August 2018
OFFICE OF AUDITS
Middle East Region Operations

OIG HIGHLIGHTS

AUD-MERO-18-55

Audit of Cost Controls Within the Baghdad Life Support Services Contract Food Services Task Order SAQMMA14F0721

What OIG Audited

The Department of State (Department) provides life support services, including food and water, to personnel working in Iraq through Baghdad Life Support Services (BLiSS) food services task order SAQMMA14F0721. The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), awarded the BLiSS food services task order on March 1, 2014.

The Office of Inspector General (OIG) conducted this audit to determine whether (1) A/LM/AQM established, implemented, and held the contractor accountable for complying with cost controls during the life of task order SAQMMA14F0721 and (2) A/LM/AQM and the Bureau of Near Eastern Affairs (NEA) held the contractor accountable for complying with its cost control plan. In March 2018, OIG issued AUD-MERO-18-31, which addressed the first objective. This report communicates OIG's findings regarding the second objective.

What OIG Recommends

OIG made four recommendations intended to improve the administration and oversight of current and future food services contracts. NEA concurred with one recommendation, which is resolved pending further action. The Bureau of Administration, Office of the Procurement Executive, Office of Acquisition Management (A/OPE/AQM), nonconcurred with three recommendations. On the basis of A/OPE/AQM's responses and proposed actions, one is resolved pending further action and two are unresolved. A synopsis of management's comments follows each recommendation in the Audit Results section of this report. A/OPE/AQM's and NEA's responses to a draft of this report are reprinted in Appendices C and D, respectively.

What OIG Found

In March 2018, OIG reported that the Department established, but did not effectively implement, four cost controls under BLiSS food services task order SAQMMA14F0721. The Contracting Officer partially implemented one of four contractually established cost controls but did not implement the other three. For example, plans to convert BLiSS food services from a cost-reimbursement to a fixed-price task order and to implement a point-of-sale cafeteria system were not implemented. Furthermore, a requirement to limit the number of Department-subsidized meals for individuals who do not live on Department posts in Iraq was not implemented. That report addressed objective 1 of the audit and offered 14 recommendations.

With respect to this report and the second audit objective, OIG found that A/LM/AQM and NEA did not hold PAE accountable for complying with its cost control plan. This occurred, in part, because the BLiSS food services inspection checklist used by contract oversight personnel in Iraq only included steps for monitoring one of seven elements contained in PAE's cost control plan. OIG therefore concludes that contracting personnel did not fulfill their obligations to safeguard the interests of the Department and the public. Moreover, the annual assessments of PAE's cost control efforts were ineffectual.

In addition, OIG found that the Contracting Officer assigned to the BLiSS contract did not comply with the Federal Acquisition Regulation when definitizing the BLiSS food services task order. Specifically, the Contracting Officer did not definitize the option years within the 180-day maximum definitization date, exceeding that requirement by 761 days for option year 1,368 days for option year 2, and 31 days for option year 3. In response to a July 2016 OIG report describing the Department's challenges in definitizing contracts supporting operations in Iraq, A/LM/AQM issued a directive that established a tracking system to foster timely definitization. Because this problem nonetheless persists, OIG recommends that the Department revisit this issue to determine why the Contracting Officer did not comply with the definitization requirement and implement a corrective action plan.

August 2018
OFFICE OF AUDITS
Contracts, Grants, and Infrastructure Division

Audit of the Bureau of Overseas Buildings Operations' Value Engineering Program

OIG HIGHLIGHTS

AUD-CGI-18-54

What OIG Audited

The Bureau of Overseas Buildings Operations (OBO) directs the Department of State's (Department) overseas buildings program and its mission is to provide safe, secure, and functional facilities. Within OBO, the Office of Cost Management oversees the required value engineering (VE) program. The intent of the VE program is to achieve essential functions at the lowest lifecycle cost consistent with required levels of performance, reliability, quality, or safety. VE performs studies that result in a report with recommendations for improving the cost and function of a planned project. For the period covered by this audit, the Office of Management and Budget (OMB) required agencies to annually report the results of its VE program, including VE expenditures, cost savings, and cost avoidances.

OIG conducted this audit to determine whether OBO complied with Federal and Department VE program requirements and accurately reported VE expenditures, cost savings, and cost avoidances to OMB. OIG was unable to complete the planned audit analysis because of missing documentation. In particular, OIG could not evaluate the overall effectiveness of the VE program.

What OIG Recommends

OIG made six recommendations intended to improve the execution of OBO's VE program. On the basis of OBO's responses to a draft of this report, OIG considers all six recommendations resolved pending further action. A synopsis of OBO's responses to the recommendations and OIG's reply follow each recommendation in the Audit Results section of this report. OBO's responses to a draft of this report are reprinted in Appendix D.

What OIG Found

OIG found that OBO complied with some, but not all, Federal and Department VE program requirements. Specifically, for projects reviewed for this audit, OBO performed VE studies or obtained approved waivers for 66 of 67 projects. However, OBO did not perform a second VE study for 49 construction projects that merited a second VE study on the basis of OBO's own VE Policy and Procedures Directive in place at the time. In addition, for the projects reviewed, OIG found in some cases that documentation was either missing or incomplete for required items.

The deficiencies identified occurred, in part, because OBO management did not enforce program requirements outlined by OMB and OBO policy for maintaining VE program data. In addition, OBO lacks a reliable centralized database to maintain information and record the results of the VE program. Without a reliable database and management controls to collect and evaluate VE program data, OBO cannot accurately determine VE cost savings and cost avoidances. Because OBO has not implemented sufficient controls over its VE program, the Department is missing opportunities to achieve essential construction functions at the lowest lifecycle cost, which is the fundamental purpose of the VE program.

OIG also found that OBO did not comply with OMB reporting requirements. Specifically, OBO did not submit annual VE reports to OMB for FYs 2013 through 2015, as required, and the VE report submitted in FY 2016 was 2 months late and contained inaccuracies. OBO's noncompliance with VE reporting requirements occurred, in part, because OBO management did not enforce VE reporting requirements outlined in OMB and OBO policies. In 2017, OMB waived the VE reporting requirement for Federal agencies. OMB reiterated that VE should continue and encouraged agencies to work with OMB to highlight successful uses of VE. Until OBO management implements a process to collect and evaluate VE program data, it will remain unable to properly report VE cost savings and cost avoidances and highlight successful uses of VE. Reporting VE savings and cost avoidances is also important to demonstrate that OBO is prudently using U.S. taxpayer funds to advance its mission.

ISP-I-18-42

What OIG Inspected

OIG inspected the Office of Fraud Prevention Programs in the Bureau of Consular Affairs.

What OIG Recommended

OIG made eight recommendations to improve operations in the Office of Fraud Prevention Programs. The report addressed seven recommendations to the Bureau of Consular Affairs, and one recommendation to the Bureau of Human Resources.

In its comments on the draft report, the Department concurred with all eight recommendations. OIG considers the recommendations resolved. The Department's responses can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

August 2018
OFFICE OF INSPECTIONS
Domestic Operations and Special Reports

Inspection of the Bureau of Consular Affairs' Office of Fraud Prevention Programs

What OIG Found

- The Office of Fraud Prevention Programs' leadership and staff were committed to advancing an ambitious 5-year strategy to strengthen border security through data analytics.
- Employees supported leadership's priorities and contributed to the data analytics and training strategic goals.
- The Office of Fraud Prevention Programs evaluated many of its products and programs through an annual stakeholder survey but did not have a similar mechanism in place to assess the value and sustainability of several programs developed primarily for the office's internal use.
- Several divisions of the Office of Fraud Prevention Programs provided relevant and effective fraud prevention and detection training, but the office lacked a centralized system to record training activities, limiting its ability to track and evaluate its overall training efforts.
- The office's standalone data analytics test network and internal case management system lacked adequate security controls.
- The Office of Fraud Prevention Programs did not adequately oversee two labor-hour contracts with a total award value of $8.1 million.
- The Office of Fraud Prevention Programs created expanded training opportunities through innovative learning tools.

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

OIG HIGHLIGHTS

AUD-MERO-18-56

August 2018
OFFICE OF AUDITS
Middle East Region Operations

Audit of Foreign Assistance For Internally Displaced Persons in Iraq

What OIG Audited

In August 2014, the United Nations declared a humanitarian emergency in Iraq. The Department of State's (Department) Bureau of Population, Refugees, and Migration (PRM) obligated $914 million between October 2013 and September 2017 to help internally displaced persons (IDP) in Iraq and Iraqi refugees in surrounding countries. Of this amount, more than $815.4 million was provided through voluntary contributions to international organizations.

The Office of Inspector General (OIG) conducted this audit to determine whether PRM monitored humanitarian assistance provided to IDPs in Iraq in accordance with applicable Federal requirements and Department policies and guidance. This report is the first of two audit reports and focuses on funding provided to international organizations through five voluntary contributions. A subsequent report will address humanitarian assistance funding provided through cooperative agreements with non-governmental organizations.

What OIG Recommends

OIG made three recommendations intended to assist the bureau to improve its documentation of award files and clarify current delegations of authority over approvals for funding voluntary contributions under the Migration and Refugee Assistance Act of 1962. PRM concurred with all three recommendations, and OIG considers each resolved, pending further action. A synopsis of PRM's response and OIG's reply follow each recommendation in the Audit Results section of this report. PRM's response to a draft of this report is reprinted in its entirety in Appendix B. OIG's reply to the technical comments provided by PRM are presented in Appendix C.

What OIG Found

PRM's monitoring of voluntary contributions made to international organizations generally followed Federal and Department requirements. However, the award files maintained by PRM for the five voluntary contributions selected for review need improvement. Specifically, the award files did not contain all required documents, such as the funding approval memorandum. This condition occurred, in part, because the transfer of award files in January 2017 from GrantSolutions to the new grants management system, State Assistance Management System Domestic, was not entirely successful. Notwithstanding the system migration issue, the methodology used by PRM to establish and maintain the award files is inadequate and hinders PRM's ability to demonstrate that funding decisions for each contribution are advancing the U.S. Government's goals in Iraq.

OIG also found that the Assistant Secretary of PRM approved the funding for the five contributions OIG reviewed, but the most recent Delegation of Authority assigns that responsibility to the Director of the Office of U.S. Foreign Assistance Resources. PRM explained that it obtains approval from the Director of the U.S. Foreign Assistance Resources through submission of its annual financial plans. PRM will need to obtain clarification from the Director of the Office of U.S. Foreign Assistance that the current approval practice is in accordance with language included in the most recent delegation of authority to approve voluntary contributions.

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

August 2018
OFFICE OF AUDITS
Contracts, Grants, and Infrastructure Division

Audit of the Bureau of European and Eurasian Affairs Administration and Oversight of Selected Contracts and Grants

AUD-CGI-18-50

What OIG Audited

The Bureau of European and Eurasian Affairs (EUR) was responsible for administering and overseeing $8.4 million in high-risk contract task orders from October 2014 through August 2016 and $35.05 million in grants and cooperative agreements from FY 2014 through FY 2016. These contract task orders and grants support EUR's mission of promoting U.S. interests in Europe and Eurasia on issues such as international security, the North Atlantic Treaty Organization, coordination with the European Union, and other regional efforts.

The Office of Inspector General (OIG) conducted this audit to determine whether EUR's administration and oversight of selected contracts and grants were in accordance with Federal laws and Department of State (Department) policy.

What OIG Recommends

OIG made 17 recommendations to improve EUR's administration and oversight of contracts and grants. On the basis of the responses received from EUR and the Bureau of Administration's Office of Logistics Management, Office of Acquisitions Management (AQM), and the Office of the Procurement Executive (A/OPE) to a draft of this report, OIG considers 16 recommendations resolved pending further action and 1 recommendation unresolved.

A synopsis of EUR's, AQM's, and A/OPE's responses and OIG's reply follow each recommendation in the Results section of this report. EUR's, AQM's, and A/OPE's responses to a draft of this report are reprinted in Appendices C, D, and E, respectively.

What OIG Found

EUR did not consistently administer and oversee the contract task orders selected for this audit in accordance with Federal laws and Department policies. Specifically, Contracting Officer's Representatives' (COR) files were not properly maintained to include all required documents such as a quality assurance surveillance plan or documentary evidence that all invoice charges were reviewed and deliverables were accepted. In addition, OIG found instances in which EUR employees who served as the COR or Government Technical Monitor (GTM) were not formally designated. The failure to comply with required contract administration and oversight policies occurred, in part, because EUR did not have sufficient internal procedures to ensure adherence to Federal and Department contract administration policy. In addition, EUR management and Contracting Officers did not sufficiently oversee COR and GTM performance, and they did not always include required performance work commitments in the COR and GTM performance standards. Without comprehensive oversight of EUR contract task orders, EUR will not have reasonable assurance that the task orders are supporting EUR's mission as intended.

Similar to the concerns identified with respect to contract administration and oversight, OIG also found that EUR Grants Officers (GO) and Grants Officer Representatives (GOR) did not administer and oversee the grants selected for this audit in accordance with Federal law and Department policy. Specifically, grant agreements did not contain sufficient performance indicators to assess whether program objectives were being achieved. Furthermore, GOR files did not include all required documents, such as monitoring plans, evidence of reviews of performance and financial reports, or evidence of site visits. These deficiencies occurred, in part, because EUR did not have sufficient internal procedures to ensure required grant policies were followed. In addition, EUR management and the GOs did not sufficiently oversee GOR performance. Until these deficiencies are corrected, EUR will not have reasonable assurance that EUR is spending funds in accordance with grant terms, nor will it be able to affirm that grant awards are achieving expected program goals and objectives.

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

OIG HIGHLIGHTS

AUD-MERO-18-48

July 2018

OFFICE OF AUDITS, Middle East Region Operations

Audit of Humanitarian Assistance to South Sudan

What OIG Audited

Since 2013, civil wars in South Sudan have resulted in millions of internally displaced persons (IDP) within its borders and refugees fleeing to neighboring countries. From FY 2014 to FY 2016, the Department of State (Department), Bureau of Population, Refugees, and Migration (PRM), provided $578.8 million in humanitarian assistance for South Sudanese IDPs and refugees through cooperative agreements provided to non-governmental organizations and voluntary contributions to international organizations.

The Office of Inspector General (OIG) conducted this audit to determine whether PRM monitored humanitarian assistance provided to South Sudanese IDPs and refugees in accordance with Federal requirements, Department policies and guidance, and award terms and conditions. Specifically, OIG reviewed humanitarian assistance provided through cooperative agreements awarded to Save the Children and International Medical Corps and voluntary contributions awarded to the United Nations High Commissioner for Refugees (UNHCR) and the International Committee of the Red Cross (ICRC).

What OIG Recommends

OIG made one recommendation intended to improve PRM's monitoring of cooperative agreements awarded in support of South Sudanese IDPs and refugees. PRM concurred with the recommendation. A synopsis of management's comments follow the recommendation in the Audit Results section of this report. PRM's response to a draft of this report is reprinted in Appendix C.

What OIG Found

PRM generally complied with Federal and Department requirements regarding the monitoring of cooperative agreements. Specifically, PRM assessed programmatic and organizational risks, reviewed quarterly performance and financial reports, conducted programmatic site visits, and maintained communications with award recipients. In addition, OIG found that expenses claimed by the award recipients were generally supported and allowable. However, OIG also found instances in which the award recipients deviated from the approved budget plan and misapplied expenses. This deficiency occurred, in part, because PRM did not implement procedures to verify that award recipients were complying with approved budget plans or obtaining permission to deviate from the approved budget plans. Until such procedures are implemented, PRM will not be able to ensure award recipients apply costs to authorized budget categories.

In addition, OIG found that although PRM assessed programmatic and organizational risks of the awards, it did not fully assess all relevant country risks regarding South Sudan, such as crime and corruption. This occurred because the risk assessment worksheet used by PRM in 2016 did not include questions specifically addressing how crime and corruption could affect the award's execution. However, beginning with FY 2018 awards, PRM will apply a new risk assessment worksheet that includes a section on identifying and assessing country-specific risks. Employing this checklist will assist PRM in completing more thorough risk assessments and preparing robust monitoring plans.

OIG also found that PRM's risk assessments and monitoring of its 2016 voluntary contributions to UNHCR and ICRC were consistent with Federal and Department requirements. For example, ICRC and UNHCR provided global and country-specific performance information that PRM reviews when developing annual plans and allocating assistance for South Sudanese refugees and IDPs.

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

June 2018
OFFICE OF AUDITS
Financial Management Division

Audit of the Department of State's Process to Identify and Transfer Excess Working Capital Funds

OIG HIGHLIGHTS

AUD-FM-18-44

What OIG Audited

The Foreign Assistance Act of 1963, codified at 22 U.S. Code § 2684, established the Department of State's (Department) Working Capital Fund (WCF), which is funded by reimbursements or advanced payments for "supplies and services at rates which will approximate the expense of operations." The law states that "[t]here shall be transferred into the Treasury as miscellaneous receipts, as of the close of each fiscal year, earnings which the Secretary of State determines to be excess to the needs of the fund."

The Office of Inspector General (OIG) conducted this audit to determine whether the Department transferred excess working capital funds to the Department of the Treasury (Treasury) annually, as prescribed by the Foreign Assistance Act of 1963, codified at 22 U.S. Code § 2684.

What OIG Recommends

OIG made three recommendations to the Bureau of Administration and one recommendation to the Bureau of Budget and Planning that are intended to improve the Department's pricing methodologies, internal controls, and processes for the WCF. On the basis of the Department's responses to a draft of this report, OIG considers one recommendation unresolved and three recommendations resolved pending further action. A synopsis of the Department's responses to the recommendations offered and OIG's reply follow each recommendation. The Department's responses to a draft of this report are reprinted in their entirety in Appendices B and C. Summaries of the Department's general comments and OIG's replies are presented in Appendices D and E.

What OIG Found

The Department could not demonstrate that it annually determined whether excess earnings exist in its WCF accounts, and it has not transferred any excess earnings to Treasury. Specifically, as of December 2017, Bureau of Administration, Office of the Executive Director, Working Capital Fund Division (A/EX/WCF) officials had provided no documentation that it determined if excess earnings exist within any of the nine service centers that A/EX/WCF manages, nor has the Department transferred any excess earnings to Treasury. Federal law, however, has required the Secretary to determine and return excess WCF earnings to Treasury since 1963.

This occurred, in part, because the Department has not established adequate policies and procedures to implement the statutory requirement to evaluate and remit excess earnings to Treasury. Specifically, OIG found that A/EX/WCF did not have policies and procedures to annually determine the appropriate carry forward fund amounts for WCF cost centers or the amount in excess earnings to transfer to Treasury. As the Department bureau responsible for the oversight of nine WCF service centers, A/EX/WCF should have established appropriate policies and procedures to comply with all laws and regulations pertaining to the WCF.

As a result of these deficiencies, OIG is unable to independently determine the extent to which excess earnings should have been transferred to Treasury from FY 2015 to FY 2017. Moreover, until A/EX/WCF establishes the means to determine excess earnings and implement the WCF transfer requirement, the Department will remain unable to advance a primary purpose of the WCF, namely, to provide an effective means for controlling the costs of goods and services and encourage cost consciousness and efficiency for users and suppliers of services.

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

OIG HIGHLIGHTS

ISP-I-18-07

June 2018
OFFICE OF INSPECTIONS
Domestic Operations and Special Reports

Inspection of Comptroller and Global Financial Services' Office of Management Control

What OIG Inspected

OIG inspected the Comptroller and Global Financial Services' Office of Management Control's oversight of the management control program for non-financial operations.

What OIG Recommended

OIG made one recommendation to address the Department's non-financial management control program.

In its comments on the draft report, the Department concurred with OIG's recommendation. The Department's response and OIG's reply, can be found in the Recommendation section of this report. The Department's formal written response is reprinted in its entirety in Appendix D.

What OIG Found

- The Office of Management Control is responsible for designing and overseeing a wide range of non-financial management controls within the Department of State. These responsibilities range from managing the Department's statements of assurance process, which is used to identify and report deficiencies that might significantly impair the fulfillment of the Department's mission, to overseeing or conducting vulnerability and risk assessments of Department bureaus and offices. The office did not carry out many of its key responsibilities in this area.
- The office's method for identifying management control deficiencies was ineffective.
- The Office of Management Control did not request the personnel resources needed to properly oversee the Department's non-financial management controls program.
- The split of responsibility—between the Office of Management Control and the Office of Management Policy, Rightsizing, and Innovation—for the Department's non-financial management controls and its enterprise risk management program required close coordination between the two offices to be successful. Such coordination did not happen, which increased the risk that the Department will not fully achieve its overall mission.

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

OIG HIGHLIGHTS

AUD-MERO-18-46

June 2018
OFFICE OF AUDITS
Middle East Region Operations

Audit of the Bureau of Overseas Buildings Operations Process for Reviewing Invoices for Construction of the U.S. Embassy in Islamabad, Pakistan

What OIG Audited

In September 2010, the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), on behalf of the Bureau of Overseas Buildings Operations (OBO), awarded a firm-fixed-price, design-build contract to BL Harbert for the construction of the New Embassy Compound (NEC) and Housing Project in Islamabad, Pakistan. The new construction replaces existing structures on the compound and provides secure housing for embassy personnel. As of April 2018, the cost of the construction project totaled $857 million.

The Office of Inspector General (OIG) conducted this audit to determine the extent to which A/LM/AQM and OBO implemented invoice review and approval procedures that verified the accuracy and completeness of invoiced construction costs and ensured payments were made in accordance with Federal requirements and Department of State (Department) guidance.

What OIG Recommends

OIG made three recommendations to prompt adherence to the Federal Acquisition Regulation (FAR) and to protect the Department's interests. A/LM/AQM concurred with the recommendation, but OBO did not concur or otherwise indicate a position for the recommendations addressed to it. A synopsis of management's comments to the recommendations follow each recommendation in the Audit Results section of this report. A/LM/AQM's and OBO's response to a draft of this report are reprinted in Appendices C and D, respectively.

What OIG Found

The invoice review and approval procedures used by OBO generally complied with Federal requirements and Department policy; however, OIG identified areas that could be improved. Specifically, the 26 invoices OIG reviewed for this audit had all the elements of a proper invoice, including supporting documentation. However, the contractually required subcontractor payments certification statement used by BL Harbert to certify that payment was made to subcontractors and suppliers did not comport with the required language in the FAR or the contract. The distinction between the BL Harbert certification and what that required by the FAR affects OBO's ability to confirm that BL Harbert has made ***all*** payments ***due*** to its subcontractors and suppliers.

OIG also found that the Contracting Officer's Representative (COR) did not always document his inspection of the contractor's work to attest to the amount which, in his opinion, was due to the contractor for work performed. Although there is no requirement under current policy and guidance to record quality assurance and work progress inspections aligned with a given invoice and to document that determination in the invoice file, such a practice would be helpful for construction projects that take several years to complete. Implementing such a practice would provide more complete historical information through the course of a project, and that information would moreover be directly aligned with invoice payment approval. This level of contextual information would help incoming CORs who rotate to the project by providing details of the project's progression. Related to this finding, OIG found that OBO had not adopted a Standard Operating Procedure (SOP) for reviewing construction invoices associated with the Islamabad project. Implementing such an SOP for reviewing invoices associated with large, multi-million-dollar, multi-year construction projects would provide continuity among the CORs and OBO engineers who periodically rotate throughout the life of the project. In addition, implementing an SOP for reviewing construction invoices would provide for consistent and uniform invoice reviews and facilitate the Contracting Officer's final acceptance of the project.

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

OIG HIGHLIGHTS

AUD-MERO-18-47

June 2018
OFFICE OF AUDITS
Middle East Region Operations

Audit of the Bureau of Diplomatic Security's Invoice Review Process for Worldwide Protective Services Contracts

What OIG Audited

In Iraq and Afghanistan, the Bureau of Diplomatic Security (DS) oversees the Worldwide Protective Services (WPS) contracts that provide the Department of State (Department) with static guard security services, protective movement security services, emergency response teams, and explosive detection security services for diplomatic missions. The WPS contracts require the contractor to plan, manage, and provide these services. DS's WPS Division and Operational Support Division share invoice review and contract oversight responsibilities.

The Office of Inspector General (OIG) conducted this audit to determine: (1) whether DS is following Federal regulations, Department guidance, and its own standard operating procedures (SOP) when reviewing invoices under the WPS contracts for guard services in Iraq and Afghanistan; (2) whether DS assigned a sufficient number of qualified staff members to oversee the WPS contracts; and (3) the extent to which DS provided oversight of contractor performance. OIG reviewed 57 out of 1,189 invoices DS approved for the WPS contract Task Orders 10 and 12 between May 2016 and May 2017.

What OIG Recommends

OIG made four recommendations that are intended to improve DS's invoice review and associated contract oversight activity. DS agreed with all four recommendations offered, and OIG considers each recommendation resolved pending further action. A synopsis of DS's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. DS's response to a draft of this report is reprinted in Appendix B.

What OIG Found

DS followed Federal Acquisition Regulation requirements, Department guidance, and its own SOP in reviewing invoices. However, rather than review all supporting documentation associated with the corresponding invoices, DS Desk Officers sampled supporting documentation for cost reimbursable invoices. According to the DS Desk Officers, the primary reason that all supporting documentation was not being reviewed was the limited review time and the need to comply with the Prompt Payment Act. When OIG informed DS managers that sampling was being employed, they stated that sampling was not permitted. This prohibition is not, however, made explicit in the bureau's invoice review SOP. Although OIG found that DS's invoice review process demonstrated that at least a sample of supporting documentation was being reviewed, the use of such informal sampling increases the risk that unallowable or unsupported costs for high-dollar, high-risk invoices could go undetected.

With respect to the number of assigned staff members qualified to oversee the WPS contracts, OIG found that staffing shortfalls have affected DS's ability to perform effective invoice review and contractual oversight. Specifically, OIG found that the two DS offices charged with WPS contract oversight responsibilities had 26 percent fewer staff members than required as of November 2017. This was due, in part, to a Department-imposed hiring freeze in addition to staffing challenges that predate the hiring freeze. DS requested two waivers from the hiring freeze; however, its requests remained pending as of May 2018.

OIG also found that DS performed required oversight of contractor performance. Specifically, DS conducted Program Management Reviews and Post Assistance Visits between July 2014 and December 2017. However, OIG noted that DS had not developed standardized oversight reporting formats, which would be helpful in uniformly documenting contractor performance and further affirming that contract terms and conditions are being fulfilled.

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

ISP-I-18-28

June 2018
OFFICE OF INSPECTIONS
Domestic Operations and Special Reports

Inspection of the Bureau of Consular Affairs' Office of Policy Coordination and Public Affairs

What OIG Inspected

OIG inspected the Bureau of Consular Affairs' Office of Policy Coordination and Public Affairs' strategic planning, organizational structure, congressional functions, outreach unit, and performance evaluation.

What OIG Recommended

OIG made 5 recommendations to improve strategic planning, organizational structure, congressional engagement, human resource management, and contractor oversight in the Office of Policy Coordination and Public Affairs.

In its comments on the draft report, the Bureau of Consular Affairs concurred with all 5 recommendations. OIG considers all recommendations resolved. The bureau's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- The structure of and reporting lines in the Office of Policy Coordination and Public Affairs were inconsistent with Department of State guidance on organizational control.
- Office leadership took steps to improve operations but did not have a strategic plan to implement internal reforms, including those recommended by an external auditor.
- The office led the implementation of an executive communication strategy for the Bureau of Consular Affairs' new Assistant Secretary and the creation of a public affairs strategic communication plan for the entire bureau.
- The dispersal of the office's congressional functions across three separate elements limited internal coordination.
- The Outreach Unit fulfilled its responsibilities and Department stakeholders praised the digital engagement team's crisis communications performance.
- The office did not document or formally monitor contract staff performance.

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

ISP-I-18-24

What OIG Inspected

OIG inspected the executive direction, management, management controls, and information management operations of Embassy Dublin.

What OIG Recommended

OIG made 11 recommendations to improve Embassy Dublin's management controls and information management operations.

In its comments on the draft report the embassy concurred with all 11 recommendations. OIG considers all recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

June 2018
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

Inspection of Embassy Dublin, Ireland

What OIG Found

- The Chargé d'Affaires effectively led Embassy Dublin's activities to focus on the new administration's policy priorities, especially on cybersecurity, trade and investment.
- The Chargé d'Affaires modeled many of the Department of State's leadership and management principles. However, speculation about several curtailments by American direct-hire staff became a source of tension between the Chargé and some staff members.
- Embassy Dublin lacked sufficient internal controls in management operations, including motor pool, nonexpendable property, and time and attendance.
- Information management operations and services generally complied with the Department's policies and guidance but lacked information technology contingency planning to efficiently respond to system outages.

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

May 2018
OFFICE OF AUDITS
Financial Management Division

Audit of Broadcasting Board of Governors FY 2017 Compliance With Improper Payments Requirements

OIG HIGHLIGHTS

AUD-FM-IB-18-39

What OIG Audited

In FY 2017, improper Federal payments Government-wide totaled approximately $141 billion. The Improper Payments Information Act (IPIA), as amended, requires Federal agencies to annually identify programs and activities at high risk of improper payments and estimate the amount of improper payments, among other requirements. In addition, Inspectors General are required to annually determine whether agencies are in compliance with improper payments requirements. The Broadcasting Board of Governors (BBG) is an independent Federal agency that supervises all U.S. Government-supported civilian international broadcasting. BBG's mission is to inform, engage, and connect people around the world in support of freedom and democracy. The BBG Federal broadcasting organizations include the Voice of America and the Office of Cuba Broadcasting, as well as the management and support offices in the International Broadcasting Bureau.

The Office of Inspector General (OIG) conducted this audit to determine whether BBG was in compliance with the IPIA, as amended.

What OIG Recommends

OIG made one recommendation to improve BBG's process for reporting improper payments information. However, BBG did not agree with OIG's determination of noncompliance and the recommendation is considered unresolved. BBG's comments and OIG's reply follow the recommendation in the Audit Results section of this report. BBG's response to a draft of this report is reprinted in its entirety in Appendix C.

What OIG Found

BBG did not comply with all IPIA requirements for FY 2017. Specifically, BBG did not publish required information related to estimates, such as current year proper payment amount and percentage and over- and underpayment percentages. This occurred, in part, because BBG had not updated its policies to reflect Office of Management and Budget (OMB) requirements issued in August 2017. Noncompliance with any of the six criteria established in OMB Circular A-123 requires OIG to conclude that BBG is not in compliance with IPIA. As detailed in Table 1, BBG did not comply with one of six criteria established for IPIA.

Table 1: Compliance with Improper Payment Criteria

Improper Payment Criteria	Compliance
Conducted Risk Assessment	Yes
Published PAR	Yes
Published Estimate*	No
Published Corrective Actions*	Yes
Published and Met Reduction Targets*	Yes
Published Error Rate Less Than 10 percent*	Yes

* Required disclosure and testing since domestic payroll was previously identified as a program susceptible to significant improper payments.
Source: OIG created using criteria from OMB Circular A-123, Appendix C.

With respect to the other five IPIA requirements, OIG found that BBG complied with the requirement to perform program-specific risk assessments. Specifically, BBG elected to perform annual risk assessments of all key programs. BBG also performed qualitative risk assessment testing for nine programs and quantitative risk assessment testing for three programs. In addition, BBG published an FY 2017 Performance and Accountability Report (PAR) that included the required, general, improper payments information on its public website. Furthermore, OIG found that BBG complied with other OMB requirements for programs identified as susceptible to significant improper payments. Specifically, BBG implemented corrective action plans, published and met reduction targets, and published in its FY 2017 PAR gross error rate information that was less than 10 percent.

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

May 2018
OFFICE OF AUDITS
Financial Management Division

OIG HIGHLIGHTS

AUD-FM-18-40

Audit of Department of State FY 2017 Compliance With Improper Payments Requirements

What Was Audited

In FY 2017, improper Federal payments Government-wide totaled approximately $141 billion. The Improper Payments Information Act (IPIA), as amended, requires Federal agencies to annually identify programs and activities at high risk of improper payments and estimate the amount of improper payments, among other requirements. In addition, Inspectors General are required to annually determine whether agencies are in compliance with improper payments requirements.

Acting on behalf of and under the direction of the Office of Inspector General (OIG), the independent public accountant Kearney & Company, P.C. (Kearney), conducted this audit to determine whether the Department of State (Department) was in compliance with IPIA, as amended, for FY 2017.

What OIG Recommends

In its May 2017 report *Audit of Department of State FY 2016 Compliance With Improper Payments Requirements* (AUD-FM-17-42), OIG made five recommendations to address the deficiencies identified during the audit. At the conclusion of fieldwork for this audit, one recommendation was closed and four recommendations were resolved pending further action. Because the recommendations have not been fully implemented and the related finding in this report has not significantly changed, OIG is not making new recommendations but will continue to track the Department's implementation of the four remaining recommendations through its audit compliance process. The Department's comments are included in this report as Appendix C.

What Was Found

Kearney found that the Department was in compliance with improper payments requirements for FY 2017, as presented in Table 1.

Table 1: Compliance With Improper Payment Criteria

Improper Payment Criteria	Compliance
Conducted Risk Assessment	Yes
Published Agency Financial Report	Yes
Published Estimate	Not applicable*
Published Corrective Actions	Not applicable*
Published and Met Reduction Targets	Not applicable*
Published Error Rate Less than 10 percent	Not applicable*

* These requirements apply only to agencies that have identified programs susceptible to significant improper payments.

Source: Kearney prepared the table using criteria from Office of Management and Budget Circular A-123, Appendix C.

The Department performed the required program risk assessments in FY 2017. Specifically, the Department evaluated whether each program subject to IPIA had a significant legislative or funding change, identified programs requiring improper payments risk assessments, and performed risk assessments using required criteria (that is, risk factors) defined by Office of Management and Budget (OMB) Circular A-123 for all programs requiring evaluation. Furthermore, the Department also lowered its threshold for programs requiring evaluation from $100 million to $10 million, identified programs that fell above the new threshold that were not evaluated in FY 2016, and performed risk assessments using the criteria required by OMB.

In addition, the Department published its FY 2017 Agency Financial Report (AFR) on its website and the AFR included all the required improper payment disclosures. Although the Department included the required disclosures, some optional improper payment information identified outside of the payment recapture process was not included in the AFR. As previously recommended, because much of this information is available and would be beneficial to the users of the AFR, it should be included in the AFR and disclosed, even though it is not required.

OIG HIGHLIGHTS

AUD-MERO-18-38

May 2018
OFFICE OF AUDITS
Middle East Region Operations

Audit of Food Safety Controls Under Baghdad Life Support Services Task Order SAQMMA14F0721

What OIG Audited

U.S. Government personnel working at Department of State (Department) facilities in Iraq rely on the Department to provide life support services. In July 2013, the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) awarded contract SAQMMA13D0120—referred to as the Baghdad Life Support Services (BLiSS) contract—to PAE Government Services, Inc. (PAE). Task order SAQMMA14F0721, associated with this contract, involves food services at three Department sites within Iraq.

The Office of Inspector General (OIG) conducted this audit to determine whether the Bureau of Near Eastern Affairs (NEA) provided oversight of food safety controls for task order SAQMMA14F0721, in accordance with Department and contractual requirements, and whether A/LM/AQM and NEA held PAE accountable for complying with food safety controls.

What OIG Recommends

OIG made seven recommendations to NEA that are intended to improve oversight of the BLiSS food services task order and one recommendation to A/LM/AQM. On the basis of responses received from NEA and A/LM/AQM to a draft of this report, OIG considers five recommendations resolved pending further action and three recommendations unresolved. A synopsis of management comments and OIG's reply follow each recommendation in the Audit Results section of this report. NEA and A/LM/AQM responses to a draft of this report are reprinted in their entirety in Appendices B and C, respectively.

What OIG Found

NEA officials did not provide sufficient oversight of food safety controls for BLiSS task order SAQMMA14F0721. Specifically, NEA did not verify that PAE, or its subcontractor, Taylors International Services, Inc. (Taylors), implemented comprehensive Hazard Analysis and Critical Control Point (HACCP) plans that are meant to assess and prevent potential food safety hazards for each site in Iraq. Rather, Taylors developed a single HACCP plan that covered all sites. NEA officials did not review or approve the single HACCP plan or verify that it included pertinent HACCP principles. The lapse in oversight occurred, in part, because NEA officials did not prioritize food safety planning and did not include a review of HACCP plans in their oversight process. In addition, the Contracting Officer's Representatives (COR) and Alternate CORs were not properly trained on HACCP food safety principles. As a result, the risk increases that food safety hazards could go undetected.

Additionally, OIG found that NEA did not plan or conduct sufficient oversight to hold PAE accountable for complying with food safety controls and contract requirements. Specifically, NEA officials did not:

- Develop a comprehensive quality assurance surveillance plan that included measurable performance standards or aligned with the BLiSS contract's performance metrics.
- Maintain pertinent oversight documentation in the COR files, including monthly food service inspections.
- Complete timely contractor performance assessment report narratives.

A/LM/AQM and NEA officials attributed the insufficient development of a quality assurance surveillance plan to the shortage of subject-matter expertise within the Department and the incomplete COR file to challenges encountered during a security-related crisis in Iraq. A/LM/AQM and NEA officials attributed the untimely past performance evaluations to the frequent turnover of oversight personnel in Iraq and the need to realign period of performance dates within the Contractor Performance Assessment Reporting System. As a result of these factors, the Department was hampered in fully assessing PAE's performance and holding PAE accountable for fulfilling BLiSS food safety controls and contract requirements.

ISP-I-18-24

What OIG Inspected

OIG inspected the executive direction, management, management controls, and information management operations of Embassy Dublin.

What OIG Recommended

OIG made 11 recommendations to improve Embassy Dublin's management controls and information management operations.

In its comments on the draft report the embassy concurred with all 11 recommendations. OIG considers all recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

June 2018
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

Inspection of Embassy Dublin, Ireland

What OIG Found

- The Chargé d'Affaires effectively led Embassy Dublin's activities to focus on the new administration's policy priorities, especially on cybersecurity, trade and investment.
- The Chargé d'Affaires modeled many of the Department of State's leadership and management principles. However, speculation about several curtailments by American direct-hire staff became a source of tension between the Chargé and some staff members.
- Embassy Dublin lacked sufficient internal controls in management operations, including motor pool, nonexpendable property, and time and attendance.
- Information management operations and services generally complied with the Department's policies and guidance but lacked information technology contingency planning to efficiently respond to system outages.

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

OIG HIGHLIGHTS

ISP-I-18-18

May 2018
OFFICE OF INSPECTIONS
Bureau of African Affairs

Inspection of Embassy Addis Ababa, Ethiopia

What OIG Inspected

OIG inspected Embassy Addis Ababa's executive direction, program and policy implementation, management controls, and resource management operations.

What OIG Recommended

This report includes 30 recommendations. OIG made 27 recommendations to improve Embassy Addis Ababa's resource management, information management, foreign assistance, public diplomacy, consular, and political-economic programs and operations; 1 recommendation to the Bureau of African Affairs related to management controls; and 2 recommendations to the Bureau of Overseas Buildings Operations related to embassy safety programs.

In its comments on the draft report, the Department concurred with all 30 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- At the time of the inspection, new leadership at Embassy Addis Ababa had started taking steps to address significant challenges in policy implementation and resource management.
- The 2017 Annual Chief of Mission Management Control Statement of Assurance did not identify multiple internal control deficiencies in the Management and Consular Sections.
- The embassy denied visas to special immigrant visa applicants on the basis of incorrect criteria that did not comply with Department of State policy.
- Embassy Addis Ababa's warehouses lacked sufficient controls to prevent access by unauthorized personnel.
- The embassy did not address serious safety deficiencies at many of its leased residences.
- The embassy did not protect personally identifiable information when destroying visa records.
- Embassy Addis Ababa did not document grants files or obtain regional bureau approval for certain grants in accordance with Department of State standards.
- The Department lacked an adequate plan to ensure the seismic adequacy of embassy residences despite Addis Ababa being at high risk for earthquakes, and Embassy Addis Ababa did not inform the embassy community about seismic risks documented in a Bureau of Overseas Buildings Operations report.

OIG HIGHLIGHTS

ISP-I-18-20

May 2018
OFFICE OF INSPECTIONS
Bureau of African Affairs

Inspection of the U.S. Mission to the African Union, Addis Ababa, Ethiopia

What OIG Inspected

OIG inspected the executive direction, program and policy implementation, management controls, and resource management operations of the U.S. Mission to the African Union.

What OIG Recommended

OIG made 3 recommendations to enhance oversight of foreign assistance programs, develop a social media strategy to guide public diplomacy online engagement efforts, and improve grants management.

In its comments on the draft report the Department concurred with all 3 recommendations. OIG considers all recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- Since their arrival in September 2016, the Ambassador and the Deputy Chief of Mission have led the U.S. Mission to the African Union in advancing Integrated Country Strategy goals.
- The mission could not implement a strategy that encompassed all U.S. Government foreign assistance programs and funding priorities because it did not have insight into foreign assistance funding provided to the African Union by other Department of State and U.S. Government entities.
- Public Affairs Section staff did not have a common understanding of the key audiences it wanted to reach in the mission's multilateral operating environment.
- The U.S. Mission to the African Union did not provide sufficient oversight and documentation in administering its public diplomacy grants.

ISP-I-18-19

May 2018
OFFICE OF INSPECTIONS
Bureau of Western Hemisphere Affairs

Inspection of Embassy Georgetown, Guyana

What OIG Inspected

OIG inspected the executive direction, program and policy implementation, management controls, and resource management operations of Embassy Georgetown.

What OIG Recommended

OIG made 29 recommendations to improve Embassy Georgetown operations, including 15 related to improving internal controls in the Management Section and 6 related to the Information Management Section.

In its comments on the draft report, the Department concurred with all 29 recommendations. OIG considers the recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- Embassy Georgetown's Ambassador advanced U.S. interests in Guyana, a country that has grown more important to the United States with the discovery of large oil reserves.
- The Ambassador and the Deputy Chief of Mission set a positive and professional tone for the embassy, consistent with the Department of State's leadership principles.
- The Ambassador was inattentive to the embassy's security program. This is inconsistent with the requirement that chiefs of mission advise, protect, and assist U.S. citizens and take direct and full responsibility for the security of the embassy and its personnel.
- Internal controls for some General Services and Facility Management operations did not comply with Department standards and procedures.
- The embassy did not have a consular warden system, and its preparedness for managing crisis situations was poor.
- The embassy's monitoring of defense articles and equipment supplied to the Government of Guyana did not comply with the Department's end-use monitoring requirements.
- The Department should vacate and sell the U.S. Government-owned warehouse.
- The embassy did not manage or document public diplomacy grants in accordance with Department standards.
- Information systems security operations and information technology contingency plan testing did not comply with Department requirements.

ISP-I-18-17

May 2018
OFFICE OF INSPECTIONS
Bureau of Near Eastern Affairs

Inspection of Embassy Riyadh and Constituent Posts, Saudi Arabia

What OIG Inspected

OIG inspected the executive direction, program and policy implementation, management controls, and resource management operations of Embassy Riyadh. The inspection included Consulates General Dhahran and Jeddah.

What OIG Recommended

This report includes 29 recommendations. OIG made 27 recommendations to Embassy Riyadh to improve embassy operations; one to the Bureau of Consular Affairs regarding handling of security threat information; and one to the Bureau of Educational and Cultural Affairs regarding the educational advising center in Dhahran.

In its comments on the draft report, the Department concurred with 28 recommendations and disagreed with 1. OIG considers all recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Chargé d'Affaires and the acting Deputy Chief of Mission worked as a team, leading the embassy's country team in pursuing the administration's priorities for a key bilateral relationship. However, staff reported the Chargé limited his communications to a small group of employees and did not always include all relevant offices in meetings he chaired.
- Embassy Riyadh lacked procedures to review sensitive threat information related to the safety of both official and nonofficial Americans living and working in Saudi Arabia.
- Embassy reporting met policy makers' needs and supported the mission's Integrated Country Strategy goals.
- Public diplomacy programming promoted strategic goals in a challenging environment that limited mixed-gender social interaction and required host government approval for most outreach activities.
- During the inspection, the embassy began to address weaknesses in passport audits, the visa referral program, fraud prevention, and crisis preparedness.
- Spotlight on Success: Public diplomacy programming promoting study in the United States reached 80 percent of local social media users.
- Spotlight on Success: Innovations in the Facilities Management Section improved oversight and could save the U.S. Government more than $3 million.
- Spotlight on Success: An embassy-developed procedure for monitoring unclassified equipment and network performance improved customer service and productivity.

ISP-I-18-22

May 2018
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

Inspection of Embassy Lisbon and Consulate Ponta Delgada, Portugal

What OIG Inspected

OIG inspected the executive direction, consular affairs, and resource management operations of Embassy Lisbon. The inspection included U.S. Consulate Ponta Delgada.

What OIG Recommended

This report includes 7 recommendations. OIG made 6 recommendations to Embassy Lisbon to improve its Consular and General Services operations and 1 to the Bureau of Human Resources regarding the embassy's local compensation plan.

In its comments on the draft report, the Department concurred with all 7 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- Embassy Lisbon's Ambassador and Deputy Chief of Mission set an inclusive, positive, and ethical tone for the mission. They also promoted strong coordination among country team members to advance U.S. goals in Portugal through an updated set of mission goals and objectives.
- The Principal Officer in Consulate Ponta Delgada established an open and inclusive relationship with staff and engaged in consular services, public outreach, and diplomatic representation to the Azores.
- A locally employed staff member in the Consular Section performed legal work for other embassy sections, although doing so was not permitted under Department guidance.
- The Bureau of Human Resources' Office of Overseas Employment had not responded to a long-standing embassy request to update its local compensation plan.
- Spotlight on Success: Embassy Lisbon achieved a positive work-life balance with a self-funded child care facility and fitness programs for employees on the embassy compound. The Front Office actively participated in health and wellness activities.
- Spotlight on Success: The Management Section created a useful Official Residence Expenses Handbook to guide incoming Front Office staff unfamiliar with these complex Department of State regulations, which helped minimize accountability problems.

OIG HIGHLIGHTS

ISP-I-18-13

What OIG Inspected

OIG inspected Embassy San Jose's executive direction, program and policy implementation, resource management, and management controls.

What OIG Recommended

This report includes 28 recommendations. OIG made 26 recommendations to improve embassy operations in the Public Affairs, Consular, and Management Sections. OIG also made 2 recommendations to the embassy to mitigate risks in implementing Bureau of International Narcotics and Law Enforcement Affairs' aviation and maritime security programs and to ensure effective use of program property.

In its comments on the draft report, the embassy concurred with all 28 recommendations. OIG considers the recommendations resolved. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The embassy's formal written responses are reprinted in their entirety in Appendix B.

April 2018
OFFICE OF INSPECTIONS
Bureau of Western Hemisphere Affairs

Inspection of Embassy San Jose, Costa Rica

What OIG Found

- Embassy San Jose improved U.S.-Costa Rican cooperation on transnational security issues.
- The Consular Section did not meet Department of State standards for crisis preparedness.
- The embassy did not have staff with the skills required to manage large and complex aviation and maritime security projects.
- The Bureau of International Narcotics and Law Enforcement Affairs did not have a plan to deal with more than $500,000 in video surveillance equipment it had purchased in 2015 but could not install because the intended facility lacked the necessary electrical infrastructure and cabling.
- The embassy's fuel program did not have the required controls in place to guard against theft and abuse.
- Spotlight on Success: The embassy's use of an online grants management tool facilitated grants management and oversight.
- Spotlight on Success: By engaging outside experts and funding teacher training sessions, the embassy helped Costa Rica modernize its English language education programs.
- Spotlight on Success: Internal embassy coordination and engagement with external entities influenced the Costa Rican government's decision to initiate legislation to create a national lifeguard corps, a significant step in reducing the high rate of drownings along Costa Rica's coasts.

April 2018
OFFICE OF INSPECTIONS
Domestic Operations and Special Reports

Inspection of the Bureau of Information Resource Management's Office of Governance, Resource, and Performance Management

OIG HIGHLIGHTS

ISP-I-18-15

What OIG Inspected

OIG inspected the Office of Governance, Resource, and Performance Management in the Bureau of Information Resource Management.

What OIG Recommended

OIG made 14 recommendations to improve operations in the Office of Governance, Resource, and Performance Management. The report addressed 11 recommendations to the Bureau of Information Resource Management, 2 recommendations to the Bureau of Administration, and 1 recommendation to the Bureau of Human Resources.

In its comments on the draft report, the Department concurred with all 14 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Office of Governance, Resource, and Performance Management's unclear strategic vision, goals, and priorities impeded the office's ability to meet its objectives.
- The office's formal organizational structure, roles, and responsibilities did not align with its actual functions.
- A single employee oversaw 14 contracts worth more than $130 million per year in FY16 and FY17, which resulted in deficient oversight of contractor performance, vendor payments, and contract files.
- The Office of Governance, Resource, and Performance Management did not maintain a centralized inventory of the Department of State's information technology software purchases—amounting to $230 million and $205 million in FY16 and FY17, respectively.
- Department policies did not consistently identify the Office of Governance, Resource, and Performance Management as responsible for managing the Department's Information Technology Configuration Control Board.
- The office lacked authority to enforce requirements that bureaus and posts worldwide register dedicated internet networks.
- The six process management working groups lacked standard operating procedures for collaboration, documentation, and performance measures, which hindered their effectiveness.

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

ISP-I-18-23

What OIG Inspected

OIG inspected the executive direction, resource management, and information management operations of Embassy Copenhagen.

What OIG Recommended

OIG made 8 recommendations to improve Financial Management, General Services, Facilities Management, and Information Management operations.

In its comments on the draft report, the Department concurred with 7 recommendations and disagreed with 1. OIG considers all recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

April 2018
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

Inspection of Embassy Copenhagen, Denmark

What OIG Found

- Embassy Copenhagen's Ambassador and Deputy Chief of Mission set a positive leadership climate, modeling integrity, openness, and concern for the mission and its staff.
- The embassy's security cooperation activities with the Danish government included military, law enforcement, and counterterrorism. The embassy highlighted security cooperation through various events in Greenland, Denmark, and Europe that supported the U.S. European Command theater priorities of deterring Russian aggression, enabling the NATO alliance, and preserving U.S. strategic partnerships.
- The Management Section generally implemented required processes and procedures in accordance with applicable laws and Department guidance, although there were some exceptions in the Financial Management, General Services, and Facilities Management Sections.
- The Information Management Section had deficiencies in information systems security, mailroom screening, and records management.

ISP-I-18-14

April 2018
OFFICE OF INSPECTIONS
Bureau of African Affairs

Inspection of Embassy Djibouti, Djibouti

What OIG Inspected

OIG inspected Embassy Djibouti's executive direction, program and policy implementation, resource management, and management controls.

What OIG Recommended

This report includes 25 recommendations. OIG made 22 recommendations to Embassy Djibouti to improve Management, Consular, Public Diplomacy, Political-Economic and Information Management operations. OIG also made 1 recommendation to the Bureau of African Affairs regarding staffing; 1 to the Bureau of Consular Affairs on position reclassification; and 1 to the Bureau of Overseas Buildings Operations regarding seismic safety.

In its comments on the draft report, the Department concurred with all 25 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- Under the Charge' d'Affaires' leadership, Embassy Djibouti effectively supported its top Integrated Country Strategy goal by advancing the long-term viability and maximum operational flexibility of the U.S. military presence in the Republic of Djibouti.
- Chronic staffing vacancies hampered mission performance.
- OIG identified multiple internal control deficiencies in Management, Consular, Public Diplomacy, Political-Economic, and Information Management operations.
- The Department of State had not added a section chief position to the Political-Economic Section to ensure the section's effectiveness in support of the Integrated Country Strategy.
- Embassy Djibouti did not have an Assistant Regional Security Officer-Investigator position in the Consular Section, leaving it vulnerable to a security risk for consular fraud.
- Despite Djibouti being at high risk for earthquakes, the embassy had not addressed findings from the Bureau of Overseas Buildings Operations' 2014 Seismic Report, and it had not performed seismic safety assessments of any subsequently leased residential properties.
- Spotlight on Success: Collaborative coordination mechanisms established between Embassy Djibouti and the U.S. military stationed at nearby Camp Lemonnier effectively advanced U.S. interests in the Horn of Africa.

OIG HIGHLIGHTS

AUD-MERO-18-35

April 2018
OFFICE OF AUDITS
Middle East Region Operations

Audit of Costs Invoiced Under the Afghanistan Life Support Services Contracts

What OIG Audited

In September 2014, the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), awarded two Afghanistan Life Support Services (ALiSS) contracts on behalf of the Bureau of South and Central Asian Affairs (SCA) to DynCorp International, LLC (DynCorp) and Global Development Support Services, LLC (GDSS). Both ALiSS contracts are multiple-award indefinite-delivery, indefinite-quantity contracts with a combined value of more than $1 billion to be executed over a 5-year period (1 base year and 4 option years). The contracts are executed through a series of task orders to provide services such as food operations, logistics, fire protection, medical services, warehouse operations, and miscellaneous support services. SCA Contracting Officer's Representatives (CORs) perform oversight duties such as inspecting goods and services, reviewing invoices, and advising the Contracting Officer on occurrences of unsatisfactory contractor performance.

OIG conducted this audit to determine whether SCA properly reviewed and approved invoices submitted under the ALiSS contracts between May 11, 2015, and July 20, 2017.

What OIG Recommends

OIG made one recommendation to strengthen SCA's invoice review process and two recommendations to A/LM/AQM to address the questioned costs identified in this report. On the basis of responses received from SCA and A/LM/AQM to a draft of this report, OIG considers all three recommendations resolved pending further action. A synopsis of each response and OIG's reply follow each recommendation in the Results section of this report. SCA's and A/LM/AQM's response to a draft of this report are reprinted in their entirety in Appendices E and F, respectively.

What OIG Found

SCA CORs for the ALiSS contracts generally reviewed and approved invoices in accordance with Federal regulations, Department of State (Department) guidance, and contract requirements. However, OIG found a small percentage of invoiced costs that either did not meet contract requirements or lacked supporting documentation. Specifically, between May 11, 2015, and July 20, 2017, SCA CORs approved 53 invoices, valued at $74,799,525. OIG reviewed all invoices and questioned $822,243 (about 1 percent). Of this amount, $507,940 was not allowed under the contract terms and conditions and $314,303 lacked supporting documentation.

A recent OIG report* stated that SCA CORs were sufficient in number, adequately trained, and properly processing invoices. This finding is affirmed in this audit, in which OIG questioned approximately 1 percent of reviewed costs. However, OIG identified some areas for improvement and noted that SCA management did not routinely monitor the results of its invoice reviews, which could explain the questioned costs. Language in 4 Foreign Affairs Handbook (FAH) 3 H-424.1 states that the "[p]ost and bureau/office personnel contracting or purchasing goods and services … are responsible for determining that invoices or vouchers examined, approved or certified, are correct, just and proper for payment." The Contracting Officer and CORs told OIG that it would be useful if SCA established a quality assurance process to track invoice review results and periodically test invoice reviews for accuracy. Such a process would provide SCA management with information on the effectiveness of its invoice reviews and alert it to possible problems and performance issues.

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

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

March 2018
OFFICE OF AUDITS
Middle East Region Operations

Audit of the Administration and Oversight of Fuel Contracts at U.S. Embassy Amman, Jordan

OIG HIGHLIGHTS

AUD-MERO-18-33

What OIG Audited

U.S. Embassy Amman, Jordan, has grown in size over the last few years, leading to an increase in the number of leased residences requiring diesel fuel and the number of vehicles requiring gasoline. To procure diesel fuel and gasoline, Embassy Amman awarded three contracts in the last 5 years, two for residential diesel fuel and one for gasoline.

In July 2017, the Office of Inspector General (OIG) issued a report on inconsistent diesel fuel use at Embassy Amman and, in September 2017, issued a related report on controls over fuel storage and distribution at Embassy Amman. For this report, OIG's objective was to determine whether Department of State (Department) oversight personnel implemented adequate controls to ensure that the contractor provided fuel for Embassy Amman in accordance with contract terms, Federal regulations, and Department guidance.

What OIG Recommends

OIG made 28 recommendations to Embassy Amman and the Bureau of Administration, Office of the Procurement Executive (A/OPE) to improve contracting oversight procedures and determine if ratification is required for potential unauthorized commitments OIG identified. On the basis of responses received from Embassy Amman and A/OPE to a draft of this report, OIG considers all 28 recommendations resolved pending further action. A synopsis of management's comments and OIG's reply follow each recommendation in the Audit Results section of this report. Comments received from Embassy Amman and A/OPE are reprinted in their entirety in Appendices C and D, respectively.

What OIG Found

OIG found that the Department did not implement adequate controls for the acquisition of fuel at Embassy Amman. Specifically, OIG found that embassy personnel engaged in unauthorized commitments, did not close purchase orders once they were completed, and inappropriately destroyed contract files. These contract administration deficiencies occurred, in part, because embassy personnel ordered fuel and added funds to the fuel card account before the award of formal contracts. Other improper contracting practices occurred because Embassy Amman did not implement procedures to ensure compliance with the Federal Acquisition Regulation (FAR). As a result, the Department lost the ability to use funds that were not deobligated from completed contracts and the embassy could not provide complete contract files to support procurement decisions.

OIG also found that oversight of fuel contractors needs improvement. For example, the Contracting Officer's Representatives (CORs) did not always (1) develop and implement quality assurance surveillance plans that ensured contract requirements were met, (2) implement effective procedures to accept fuel, (3) maintain complete COR files, and (4) obtain the required oversight certifications. These deficiencies primarily occurred because Embassy Amman did not comply with FAR requirements and Department policies for conducting proper contract oversight. As a result, Embassy Amman cannot be certain that the fuel received between October 2012 and January 2017 met the contract's quality requirements and may have paid for fuel that it did not receive during that period.

Finally, according to a sample of invoices reviewed, Embassy Amman officials did not follow Federal regulations and Department guidance when approving invoices submitted by fuel contractors from October 2012 through January 2017. This occurred because Embassy Amman did not implement effective procedures for reviewing invoices. OIG is therefore questioning $8.3 million paid by Embassy Amman for fuel purchases from October 2012 through January 2017.

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

OIG HIGHLIGHTS

ISP-I-18-12

March 2018
OFFICE OF INSPECTIONS
Bureau of Western Hemisphere Affairs

Inspection of Embassy Managua, Nicaragua

What OIG Inspected

OIG inspected the executive direction, program and policy implementation, management controls, and resource management operations of Embassy Managua.

What OIG Recommended

This report includes eight recommendations. OIG made seven recommendations to improve Embassy Managua's public diplomacy, general services, and information management operations. OIG made one recommendation to the Bureau of Overseas Buildings Operations regarding a cost-benefit analysis of Embassy Managua's solar power contract.

In its comments on the draft report, the Department concurred with all eight recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- Employees credited the Ambassador with providing a clear strategic vision of U.S. priorities in Nicaragua, focused on the prosperity, security, and governance pillars contained in the U.S. Strategy for Engagement in Central America.
- Embassy Managua section chiefs generally managed their sections well and used resources in support of the Integrated Country Strategy.
- Embassy information management operations needed improvement in the areas of information security and contingency planning and testing.
- The embassy lacked a written mechanism to measure the American Space's overall performance to ensure Department-funded public diplomacy programs were achieving objectives.
- Embassy Managua estimated that a solar power array contract would cost $1.76 million in unanticipated costs over five years. An updated cost-benefit study was needed before proceeding with a possible second-phase expansion of the contract.
- Embassy sections met Department of State standards for crisis preparedness, but additional planning steps were warranted because of elevated risks of natural disasters such as earthquakes and hurricanes.
- Spotlight on Success: The embassy's commercial promotion activities and its initiative for regional coordination on export promotion generated noteworthy results.
- Spotlight on Success: The Consular Section developed an innovative training program for wardens that improved its ability to assist American citizen victims of crime.

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

OIG HIGHLIGHTS

ISP-I-18-11

February 2018
OFFICE OF INSPECTIONS
Domestic Operations and Special Reports

Inspection of the Bureau of South and Central Asian Affairs

What OIG Inspected

OIG inspected the Bureau of South and Central Asian Affairs' executive direction, program and policy implementation, resource management, and management controls.

What OIG Recommended

This report includes 7 recommendations. OIG made 2 recommendations to build on the Bureau of South and Central Asian Affairs' reorganization plan and 5 recommendations to improve strategic planning, foreign assistance tracking, Government Technical Monitor training, and completion of Civil Service employee performance appraisals.

In its comments on the draft report, the Bureau of South and Central Asian Affairs concurred with all seven recommendations. OIG considers the recommendations resolved. The bureau's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The bureau's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- Stakeholders from other Federal agencies and Department of State offices and bureaus described the Bureau of South and Central Asian Affairs as effective in the interagency policy formulation and implementation process.
- The Special Representative for Afghanistan and Pakistan Office integrated successfully into the Bureau of South and Central Asian Affairs, but the bureau's reorganization plan required further refinement.
- Bureau leadership, structure, and staffing were in transition throughout the inspection as the reorganization plan was designed to take effect in stages spanning several months.
- The bureau had addressed chronic problems in filling its overseas positions with some success, but recruiting for Embassy Dhaka remained especially difficult.
- The bureau lacked senior-level oversight of strategic planning and foreign assistance, as well as a process for measuring performance against goals and objectives.
- Spotlight on Success: The Bureau of South and Central Asian Affairs' Office of Press and Public Diplomacy used a multi-track training and support program to maintain effective grants administration in Afghanistan and Pakistan despite high turnover of U.S. officers and locally employed staff. In addition, the bureau's customized risk assessment template for overseas public diplomacy grants monitoring merited consideration for Department-wide replication.

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

February 2018
OFFICE OF AUDITS
Contracts, Grants, and Infrastructure Division

OIG HIGHLIGHTS

AUD-CGI-18-15

Audit of the Administration of Selected Cooperative Agreements Awarded to the Institute of International Education by the Bureau of Educational and Cultural Affairs

What OIG Audited

Between FY 2014 and FY 2016, the Bureau of Educational and Cultural Affairs (ECA) awarded 12 cooperative agreements, valued at approximately $403.8 million, to the Institute of International Education (IIE) in support of the J. William Fulbright Program (Fulbright Program). The Fulbright Program is ECA's international educational exchange program, which has awarded more than 370,000 grants since its establishment in 1946.

OIG conducted this audit to determine whether ECA monitored cooperative agreements awarded to IIE between FY 2014 and FY 2016 in accordance with Federal regulations and Department of State (Department) policy and whether IIE complied with the terms and conditions of the cooperative agreements and incurred expenses related to the Fulbright Program in accordance with Federal regulations and Department policy.

What OIG Recommends

OIG made 20 recommendations for ECA to improve its monitoring of IIE's cooperative agreements and to determine whether questioned costs were supported and allowable. On the basis of ECA's response to a draft of this report, OIG considers 19 recommendations resolved pending further action and 1 recommendation unresolved. A synopsis of ECA's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. ECA's and IIE's comments are reprinted in Appendices B and C, respectively. A summary of ECA's and IIE's general comments and OIG's replies are presented in Appendices D and E, respectively.

What OIG Found

OIG found that ECA officials did not monitor the 12 cooperative agreements awarded to IIE between FY 2014 and FY 2016, in accordance with Federal regulations and Department policy. Specifically, OIG found that the designated Grants Officer (GO) and the Grants Officer Representative (GOR) developed monitoring plans; however, the plans were not specific to each cooperative agreement and did not contain all required elements. OIG also found that the designated GO and GOR did not always assess IIE-submitted financial and progress reports as required. The lack of oversight occurred, in part, because ECA officials did not understand the extent of documentation required to demonstrate that monitoring occurred. Furthermore, a senior ECA official stated that ECA managed the Fulbright Program "as a whole" rather than monitoring each cooperative agreement distinctly to ascertain whether each cooperative agreement was achieving desired outcomes. Because of the limited monitoring of each cooperative agreement and agreement-specific performance indicators, the Department had limited assurance that IIE fulfilled the terms and conditions of the cooperative agreements.

OIG also found that IIE did not always comply with the terms and conditions of the cooperative agreements or support incurred expenses in accordance with Federal regulations and Department policy. Specifically, of $39.4 million in cost-sharing expenses claimed by IIE that OIG reviewed, OIG found that IIE was unable to sufficiently support $36 million (91 percent). In addition, OIG reviewed $4.5 million in contractual, salary, and travel expenses and identified $3.5 million (78 percent) in unsupported costs. This occurred, in part, because ECA did not have adequate controls in place to ensure that the designated GO and GOR performed appropriate financial monitoring of the agreements. Moreover, ECA did not ensure that IIE had an adequate accounting and reporting system, as required. As a result, OIG is questioning costs of $39.5 million associated with the 12 cooperative agreements reviewed for this audit.

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

February 2018
OFFICE OF AUDITS
Middle East Region Operations

Audit of the Bureau of International Narcotics and Law Enforcement Affairs Invoice Review Process for Contracts in Afghanistan

OIG HIGHLIGHTS

AUD-MERO-18-30

What OIG Audited

Since 2003, the Bureau of International Narcotics and Law Enforcement Affairs (INL) has worked with the Government of Afghanistan to reform law enforcement in an effort to build and sustain legal institutions and increase the government's ability to enforce the rule of law. INL uses a number of contracts to support this effort. As of December 2016, INL had nine active contracts supporting Afghanistan with a combined value of approximately $202 million.

The Office of Inspector General (OIG) conducted this audit to determine whether (1) INL was following Federal regulations, Department of State (Department) guidance, and its own Standard Operating Procedures (SOP) when reviewing Afghanistan contract invoices; (2) INL assigned a sufficient number of Contracting Officer's Representatives (COR) to oversee the contracts; and (3) contractor performance was documented in accordance with requirements.

What OIG Recommends

OIG made six recommendations that are meant to improve the invoice review process, including ensuring that INL has a sufficient number of CORs to oversee its Afghanistan contracts and is properly documenting contract oversight activities. INL agreed with all six recommendations offered. A synopsis of INL's response to each recommendation and OIG's reply is presented in the Audit Results section of this report. INL's response to a draft of this report is reprinted in Appendix B.

What OIG Found

INL followed Federal regulations, Department guidance, and its own SOP when reviewing contract invoices supporting operations in Afghanistan. Specifically, OIG reviewed 81 invoices processed by INL between May and November 2016 and found that INL followed processes that complied with invoice review requirements and that the assigned COR had appropriately rejected invoices when they contained unallowable costs.

OIG also found that during the same time period, INL had a sufficient number of CORs in Afghanistan. According to INL, a minimum of three CORs are needed to review contract invoices and provide contract oversight. However, the number of CORs in Afghanistan available to support INL decreased through much of 2017 and INL faced challenges filling these positions. According to INL, this decrease in CORs has, in turn, created oversight challenges for the Afghanistan contracts. To compensate, INL temporarily assigned CORs from other locations to Afghanistan but recognizes that this is not a long-term solution. Without dedicated and experienced CORs in Afghanistan, the risk that contract oversight will suffer and inadequate contractor performance could go undetected increases.

In addition, OIG found that COR documentation of contractor performance was not completed in accordance with requirements. Specifically, inspection reports prepared by INL were often incomplete, with no indication that the CORs had reviewed contractor-prepared reports to verify that the contractor was performing in accordance with contract terms and conditions. For example, quality assurance inspection reports maintained by the CORs did not identify the contracts inspected or the inspection period; nor did they contain evidence showing that identified deficiencies had been resolved. In addition, evidence was limited that the CORs had independently verified contractor-reported information to ensure it was accurate and complete. Without ensuring that contractor performance is fully documented, INL will not have a complete depiction of performance on its contracts and may be unable to hold its contractors accountable when performance is questioned.

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

January 2018
OFFICE OF AUDITS
Financial Management Division

OIG HIGHLIGHTS

AUD-FM-18-24

Audit of the National Endowment for Democracy and Its Core Institutes' Use of Grant Funds During FYs 2015 and 2016

What Was Audited

The National Endowment for Democracy (NED) is a non-profit organization with the stated goal of promoting democracy abroad. Although Congress recognizes and authorizes NED's funding, NED is not an establishment of the U.S. Government. Each year, Congress authorizes funds that the Department of State (Department) distributes to NED through an annual grant agreement. In addition, the Department awards discretionary grants to NED. NED received $148 million in grant awards from the Department in FY 2015 and $185 million in FY 2016.

Acting on behalf of the Office of Inspector General (OIG), Kearney & Company, P.C. (Kearney), an independent public accounting firm, conducted this audit to determine whether NED's financial transactions and operations, as well as those of its four core institutes, complied with the National Endowment for Democracy Act (NED Act), applicable Federal regulations, and grant agreements for FYs 2015 and 2016.

What OIG Recommends

OIG made four recommendations to the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (AQM), to improve NED's operations or to address issues related to questioned costs. On the basis of AQM's response to a draft of this report, OIG considers all four recommendations resolved, pending further action. A synopsis of AQM's response to the recommendations and OIG's reply follow each recommendation in the Audit Results section of this report. AQM's and NED's comments are reprinted in Appendices B and C, respectively.

What Was Found

Kearney found that NED's financial transactions and operations generally complied with the NED Act, Federal regulations, and grant agreements. For example, Kearney tested 49 of NED's expenditures and found that NED complied with the key requirements that were tested. Selected transactions generally complied with key requirements because NED had an effective system of controls.

Kearney also found that NED generally had controls in place to ensure that its discretionary grantees complied with key requirements. For example, NED searched Federal databases to identify organizations that had been blocked from receiving Federal funds and performed required risk assessments on those organizations. However, NED did not always comply with its internal policy on reviewing invoices or daily transaction ledgers for discretionary grantees. In general, NED had implemented a strong internal control environment for the oversight of the discretionary grantees, but its policies should be updated to require NED officials to reassess the level of monitoring required when additional funds are added to an existing award.

In addition, Kearney found that expenditures made by NED's discretionary grantees complied with Federal regulations, grant agreements, and NED's internal guidance. For the 25 expenditures tested, Kearney found that discretionary grantees complied with the key requirements that were tested. This occurred because NED had developed and implemented a step-by-step guide for its discretionary grantees.

Kearney also found that, on the whole, expenditures made by NED's four core institutes complied with the NED Act, Federal regulations, and grant agreements. Specifically, Kearney tested 72 expenditures from the core institutes and found only 1 instance where the expenditure did not comply with requirements. This occurred because each core institute had generally implemented an effective system of internal controls over financial reporting and document retention.

January 2018
OFFICE OF AUDITS
Middle East Region Operations

Audit of Bureau of Overseas Buildings Operations' Oversight of New Construction Projects at the U.S. Embassy in Kabul, Afghanistan

OIG HIGHLIGHTS

AUD-MERO-18-17

What OIG Audited

In September 2011, the Bureaus of Overseas Buildings Operations (OBO) and Administration contracted with Caddell Construction, Inc. (Caddell), to build the New Office Annex (NOX) and Staff Diplomatic Apartment-1 (SDA-1) at the U.S. Embassy in Kabul, Afghanistan. OBO is responsible for overseeing the commissioning process, verifying that buildings are substantially complete, and ensuring that the turnover of the buildings to the post Facility Manager and transition to occupancy are efficient. The commissioning process focuses on verifying and documenting that building systems operate within the functional performance guidelines, as required by the contract. Buildings are deemed substantially complete when only minor items remain to be completed and it has been determined that those minor items will not interfere with occupancy. Following substantial completion, the buildings are occupied and turned over to the post Facility Manager, who assumes responsibility for operations and maintenance (O&M) of the facility.

OIG conducted this audit to determine whether OBO followed Department of State (Department) policies, procedures, and directives governing the commissioning, substantial completion, and turnover of the NOX and SDA-1 at the U.S. Embassy in Kabul.

What OIG Recommends

OIG made 10 recommendations to OBO to address identified deficiencies in its oversight of the commissioning, substantial completion, and turnover of the NOX and SDA-1. On the basis of OBO's response to a draft of this report (see Appendix D) OIG considers three recommendations resolved pending further action and seven recommendations unresolved. A synopsis of OBO's comments and OIG's reply follow each recommendation in the Audit Results section of this report. OIG's reply to OBO's general and technical comments are presented in Appendix E.

What OIG Found

OIG found that OBO's oversight of commissioning, substantial completion, and turnover of the NOX and SDA-1 was inconsistent with Department policies, procedures, and directives. The OBO Project Director in Kabul declared both buildings substantially complete and proceeded with occupancy before a number of key project milestones had been met. For example, even though OBO policies state that commissioning of all major building systems must be done before a project is declared substantially complete, OIG identified 25 systems that were not fully commissioned in one or both buildings prior to the declaration of substantial completion. The failure to complete the commissioning process occurred because of a combination of factors, including fundamental disagreements between the OBO Project Director in Kabul and the Commissioning Agent regarding the readiness of the systems in question, ambiguous OBO guidance as to which systems must be commissioned prior to substantial completion, and the fact that the Commissioning Agent is subordinate to the Project Director and, thus, the Project Director has ultimate authority over the commissioning process. These factors enabled the OBO Project Director to exercise his discretion to declare the buildings substantially complete notwithstanding the opinion of the Commissioning Agent. The decision to accept the buildings without completing the commissioning process, in turn, contributed to a range of building deficiencies after occupancy described in previously issued OIG reports.

In addition, OBO did not ensure that Caddell or the Commissioning Agent prepared and submitted key project documents before substantial completion and occupancy. For example, OBO did not require Caddell to prepare and submit Owner's Project Requirements or Basis of Design documents, both of which are needed to determine whether the contractor fulfilled project requirements. Furthermore, OBO did not follow established procedures or best practices in planning for the buildings' turnover from OBO's Office of Construction Management to the post Facility Manager. For example, according to OBO procedures and directives, O&M deliverables, such as system manuals and as-built drawings are to be provided to the post Facility Manager at or before substantial completion. However, because OBO did not include phasing requirements in the contract modification for the NOX and SDA-1, a number of key O&M deliverables were not, in fact, required to be provided when the OBO Project Director declared each building substantially complete. As a result, Facility Management personnel were not fully prepared to accept responsibility for O&M of the NOX and SDA-1 following substantial completion and occupancy.

ISP-I-18-04

December 2017
OFFICE OF INSPECTIONS
Bureau of East Asian and Pacific Affairs

Inspection of Embassy Beijing and Constituent Posts, China

What OIG Inspected

OIG inspected U.S. Embassy Beijing from April 21 to May 24, 2017. The inspection included Consulates General Chengdu, Guangzhou, Shanghai, Shenyang and Wuhan.

What OIG Recommended

This report includes 29 recommendations. OIG made 24 recommendations to Embassy Beijing to improve operations and address deficiencies in the Public Affairs, Consular, and Management Sections. OIG made recommendations to the Bureau of Educational and Cultural Affairs on the Regional Educational Advising Program; to the Bureau of Consular Affairs and the Bureau of Democracy, Human Rights and Labor on advisory opinions; to the Bureau of Administration on contracting officer warrants, and to the Bureau of Overseas Buildings Operations on seismic surveys of residential buildings.

In its comments on the draft report, the Department concurred with all 29 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations Section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Chargé d'Affaires, ad interim and Acting Deputy Chief of Mission led Mission China in a professional and collaborative manner while it was between ambassadors, providing input to the new Administration as it engaged China.
- The Front Office's oversight of internal controls lacked rigor. Review processes did not identify management control deficiencies in motor pool operations, grant and contract oversight, post allowances, human resources, and the residential leasing programs.
- Media and internet controls, as well as Chinese Government interference, impeded professional and academic exchanges, civil society engagement, and outreach to universities.
- Embassy Beijing's $5.1 million American Cultural Center grants program was ineffective as an outreach tool and required a formal evaluation.
- Spotlight on Success: Embassy Beijing created an intranet platform for U.S. missions around the world to collaborate in developing information and analyzing China's growing global economic impact and its use of economic tools to achieve political objectives.
- Spotlight on Success: Consulate General Guangzhou's fraud prevention unit developed a protocol to improve prescreening of nonimmigrant visa applicants. Mission China consular officers also worked together to improve consular crisis readiness by consolidating into one document Department guidance on assisting U.S. citizens in a disaster, local contact information, and designated roles and training requirements for consular staff.
- Spotlight on Success: First- and Second-Tour officers assigned to Consulate General Shanghai served as team leaders to assist consular managers to deploy consular resources for maximum efficiency in the nonimmigrant visa unit.

November 2017
OFFICE OF INSPECTIONS
Bureau of East Asian and Pacific Affairs

Inspection of Consulate General Hong Kong, China

OIG HIGHLIGHTS

ISP-I-18-06

What OIG Inspected

OIG inspected U.S. Consulate General Hong Kong, China, from May 27 to June 15, 2017.

What OIG Recommended

This report includes 19 recommendations: OIG made 18 to Consulate General Hong Kong to improve operations and one to the Bureau of East Asian and Pacific Affairs regarding language designated positions.

In its comments on the draft report, the Department concurred with all 19 recommendations and OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations Section of this report. The Department's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- The Consul General demonstrated policy leadership and proactive engagement in official and public spheres but did not pay adequate attention to Consulate General Hong Kong's security, information management, internal controls, and staffing challenges.
- Consulate General Hong Kong had internal control deficiencies in consular management, facilities, and fee collections.
- The consulate general lacked sufficient internal controls related to its motor vehicle program, including driver and vehicle safety requirements.
- Spotlight on Success: The General Services Office reduced warehouse lease costs by modernizing shelving and using analytical tools to reduce holdings, while the Financial Management Section developed a pocket-sized manual and an application that explained the management platform to customers.
- Spotlight on Success: The Information Management Section used text messages, flyers, and an art contest to enhance customer service and engagement.

November 2017
OFFICE OF AUDITS
Financial Management Division

OIG HIGHLIGHTS

AUD-FM-IB-18-04

Audit of the Broadcasting Board of Governors Implementation of the Digital Accountability and Transparency Act of 2014

What Was Audited

Under the Digital Accountability and Transparency Act (DATA Act) the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) established standards for spending data to be displayed on USASpending.gov. Treasury developed an IT system—the DATA Act Broker—to facilitate the submission of agency data. Agency Senior Accountable Officials (SAO) certify seven data files (DATA Act Files A, B, C, D1, D2, E and F) as part of quarterly submissions to Treasury's DATA Act Broker under the requirements of the DATA Act.

Acting on behalf of the Office of Inspector General (OIG), Kearney & Company, P.C. (Kearney), an external audit firm, conducted this audit to assess (1) the accuracy, completeness, timeliness, and quality of second quarter FY 2017 data submitted by the Broadcasting Board of Governors (BBG) for publication on USASpending.gov and (2) BBG's implementation and use of the Government-wide financial data standards established by OMB and Treasury.

What OIG Recommends

OIG made four recommendations to BBG to improve the quality of the data submitted for publication on the USASpending.gov website. In its response to a draft of this report, BBG concurred with each recommendation. On the basis of BBG's response, OIG considers all four recommendations resolved pending further action. A synopsis of BBG's responses and OIG's reply follow each recommendation in the Audit Results section of this report. BBG's response to a draft of this report is reprinted in its entirety in Appendix D.

What Was Found

Kearney found the data included in DATA Act Files A and B for the second quarter of FY 2017 (which BBG submitted to Treasury for inclusion on the USASpending.gov website) to be accurate, complete, timely, and of an acceptable quality. Conversely, Kearney identified exceptions related to the accuracy, completeness, timeliness, and quality of data included in DATA Act Files C, D1, and D2. Kearney concluded that 70.1 percent of the certified transactions selected for testing using a statistically valid sample did not meet the quality requirements outlined by OMB. These errors were within the control of BBG.

During the audit, Treasury became aware of flaws in its Broker system that led to additional errors in the quality of BBG's data in DATA Act File D1. If the errors attributable exclusively to the Treasury Broker system are added to the errors within the control of BBG, the overall quality error rate would increase to 86.6 percent.

A number of factors contributed to the errors in accuracy, completeness, and timeliness that Kearney identified in BBG's second quarter FY 2017 DATA Act submission. One reason was that BBG officials did not add information to Government-wide systems efficiently. Furthermore, the DATA Act File submission may not have been accurate, complete, and timely, because Office of the Chief Financial Officer officials did not perform sufficient quality assurance reviews of the data submitted. Kearney also noted that BBG did not comply with OMB's requirements for the positioning of the SAO within the organization. The quality of the data needs to be improved to fulfill the intent of the DATA Act.

Although errors in BBG's DATA Act submission do not necessarily indicate that BBG has not made efforts to implement and use required data elements, Kearney concluded that BBG has taken only limited steps to implement and use the data element standards established by OMB and Treasury.

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

November 2017
OFFICE OF AUDITS
Financial Management Division

OIG HIGHLIGHTS

AUD-FM-18-03

Audit of the Department of State's Implementation of the Digital Accountability and Transparency Act of 2014

What Was Audited

Under the Digital Accountability and Transparency Act (DATA Act), the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) established standards for spending data to be displayed on USASpending.gov. Treasury developed an IT system—the DATA Act Broker—to facilitate the submission of agency data. Agency Senior Accountable Officials (SAO) certify seven data files (DATA Act Files A, B, C, D1, D2, E, and F) as part of quarterly submissions to Treasury's DATA Act Broker.

Acting on behalf of the Office of Inspector General (OIG), Kearney & Company, P.C. (Kearney), an external audit firm, conducted this audit to assess (1) the accuracy, completeness, timeliness, and quality of second quarter FY 2017 data submitted by the Department of State (Department) for publication on USASpending.gov and (2) the Department's implementation and use of the Government-wide financial data standards established by OMB and Treasury.

What OIG Recommends

OIG made four recommendations to the Bureau of the Comptroller and Global Financial Services (CGFS) to improve the quality of the data submitted for publication on the USASpending.gov website. In its response to a draft of this report, CGFS concurred with each recommendation. On the basis of CGFS's response, OIG considers all four recommendations resolved pending further action. A synopsis of CGFS's responses and OIG's reply follow each recommendation in the Audit Results section of this report. CGFS's response to a draft of this report is reprinted in its entirety in Appendix D.

What Was Found

Kearney was unable to assess data related to overseas transactions submitted by the Department because the Department's SAO did not certify transactions originating at overseas posts. Of the domestic data that the SAO certified and Kearney was able to assess, Kearney found the data in DATA Act Files A and B to be accurate, complete, timely, and of an acceptable quality. During the testing of certified transactions selected using a statistically valid sample, however, Kearney identified exceptions related to accuracy, completeness, timeliness, and quality for domestic data included in DATA Act Files C, D1, and D2. Kearney concluded that 64.4 percent of the domestic transactions that were tested did not meet the quality requirements outlined by OMB. These errors were within the control of the Department.

During the audit, Treasury became aware of flaws in its Broker system that led to additional errors in the quality of the Department's data in DATA Act Files D1 and D2. If the errors attributable exclusively to the Treasury Broker system are added to the errors within the control of the Department, the overall quality error rate would increase to 83.6 percent.

Kearney found that most of the Department's identified data errors were contained in DATA Act Files D1 and D2. The errors can be attributed in part to delays by the Department in adding information to the Government-wide systems that are the sources of the data in those DATA Act Files. In addition, the Department did not perform sufficient quality assurance of the data submitted. The quality of the Department's DATA Act information must be improved to fulfill the intent of the DATA Act.

Despite the fact that the Department's SAO could not certify the overseas data and Kearney found errors in the data that was submitted, Kearney concluded, that CGFS took steps to implement and use the data element standards established by OMB and Treasury.

OIG HIGHLIGHTS

ISP-I-18-02

October 2017
OFFICE OF INSPECTIONS
Bureau of African Affairs

Inspection of the Bureau of African Affairs' Foreign Assistance Program Management

What OIG Inspected

OIG inspected the Bureau of African Affairs from April 12 to May 12, 2017.

What OIG Recommended

OIG made 10 recommendations to improve the Bureau of African Affairs' management of foreign assistance programs, including recommendations to consolidate duplicative administrative functions, standardize foreign assistance business processes, and improve risk management.

In its comments on the draft report, the Bureau of African Affairs concurred with all 10 recommendations. OIG considers the recommendations resolved. The bureau's response to each recommendation, and OIG's reply, can be found in the Recommendations Section of this report. The bureau's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Bureau of African Affairs led or participated in at least 25 distinct political, security, and economic initiatives on the continent, which created a complex planning and program management environment.
- The bureau had not conducted a strategic review of its foreign assistance programs to reduce administrative fragmentation and duplication among offices and ensure that programs were clearly aligned with current policy priorities.
- The bureau returned $4.96 million in canceled foreign assistance funds to the U.S. Department of the Treasury in FY 2016 despite having statutory authority to extend the period of availability for most foreign assistance appropriations.
- The bureau had not established policy and procedures for identifying, assessing, and mitigating terrorist financing risks for its programs in countries where terrorist organizations, such as Al-Shabaab and Boko Haram, operate.
- The bureau continued payments to Somali National Army units during two periods of several months each—one in 2014 and another spanning 2016 and 2017—despite a lapse in Leahy human rights vetting approvals.
- Ten of 12 award files reviewed in this inspection did not include all required grants officer representative evaluation reports.

October 2017
OFFICE OF INSPECTIONS
Bureau of Diplomatic Security

OIG HIGHLIGHTS

ISP-I-18-05

Inspection of the Office of Mobile Security Deployments

What OIG Inspected

OIG inspected the Office of Mobile Security Deployments from April 19 to May 12, 2017.

What OIG Recommended

OIG made one recommendation to the Bureau of Diplomatic Security to make the Office of Mobile Security Deployments' temporary administrative chief a permanent position in order to strengthen personal property management and internal controls.

In its comments on the draft report, the Bureau of Diplomatic Security concurred with the recommendation. OIG considers the recommendation resolved. The bureau's response to the recommendation and OIG's reply can be found in the Recommendations Section of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- The Bureau of Diplomatic Security's Office of Mobile Security Deployments successfully accomplished its mission by addressing embassy and consulate support needs, providing effective assistance to protective details, and providing high-quality training to personnel overseas.
- Office leadership faced challenges in recruitment, mentoring, and establishing policies for personnel unable or unwilling to deploy on Office of Mobile Security Deployment's overseas missions.
- Some internal controls for the Office of Mobile Security Deployments' resource management needed to be reinforced.
- The office lacked permanent high-level oversight for its administrative functions.

ISP-I-18-03

October 2017
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

Inspection of Embassy Nicosia, Cyprus

What OIG Inspected

OIG inspected U.S. Embassy Nicosia from April 19 to May 4, 2017.

What OIG Recommended

This report includes 12 recommendations. OIG made 11 recommendations to Embassy Nicosia to improve internal controls, grants management, and consular, general services, financial, facility management, and information management operations. OIG also made one recommendation to the Bureau of Overseas Buildings Operations regarding seismic evaluations of embassy housing.

In its comments on the draft report, the Department concurred with all 12 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations Section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Ambassador navigated a challenging environment in difficult negotiations that sought to reunify Cyprus and pursued bilateral relations with Cyprus to advance U.S. foreign policy goals and business interests.
- Section leaders across the embassy generally managed their sections well and used resources to pursue Integrated Country Strategy goals.
- Embassy Nicosia's annual statement of assurance of compliance with management controls did not include the Political-Economic and Public Affairs Sections.
- The embassy lacked standardized procedures to properly monitor and document federal assistance grants.
- Although there was no evidence of waste or misuse of supplies or equipment, internal controls over facility maintenance expendable supplies did not appropriately mitigate such risks.
- Embassy Nicosia was not in compliance with the Prompt Payment Act for vendor payments.
- Although Cyprus is in a high-risk seismic zone, the embassy had not conducted proper seismic evaluations of U.S. Government-leased properties.
- The embassy had not tested its information technology contingency plan.
- Embassy Nicosia's North Office had no central fire alarm system or means to properly restrict access to consular work space.
- Spotlight on Success: Monthly crisis management tabletop exercises prepared the embassy to perform well in actual emergencies.

October 2017
OFFICE OF INSPECTIONS
Bureau of African Affairs

OIG HIGHLIGHTS

ISP-I-18-01

What OIG Inspected

OIG inspected the Bureau of African Affairs from April 10 to May 12, 2017.

What OIG Recommended

OIG made five recommendations to improve the Bureau of African Affairs' financial management controls, personnel programs, and information technology operations.

In its comments on the draft report, the Bureau of African Affairs concurred with all five recommendations. OIG considers the recommendations resolved. The bureau's response to each recommendation, and OIG's reply can be found in the Recommendations Section of this report. The bureau's formal written responses are reprinted in their entirety in Appendix B.

Inspection of the Bureau of African Affairs

What OIG Found

- Stakeholders from other Federal agencies and Department of State offices and bureaus described the Bureau of African Affairs as a collaborative partner in the interagency policy process.
- The bureau faced challenges in managing foreign assistance programs and aligning resources with strategic priorities. The bureau's program management structure failed to evolve sufficiently to keep pace with an increasingly diversified portfolio of foreign assistance programs that have developed over the past decade.
- The bureau's difficulties in filling its overseas positions were profound. It attracted, at most, only one Foreign Service bidder on 37 percent of its positions in the summer 2017 assignments cycle, leaving 143 of 385 total positions potentially unfilled.
- The bureau's policy, public diplomacy, and administrative offices effectively supported overseas missions.
- Spotlight on Success: OIG identified best practices related to crisis management and collaborative leadership.

September 2017
OFFICE OF AUDITS
Information Technology Division

Audit of the Department of State's Information Technology Configuration Control Board

OIG HIGHLIGHTS

AUD-IT-17-64

What Was Audited

The Department of State (Department) uses a variety of IT systems to execute its global mission. Configuration change control ensures that unnecessary changes to IT systems, or changes that could introduce security weaknesses, are prevented. A system change could be as minor as adding a new type of printer or as significant as deploying an entirely new application. Enterprise-wide change requests are required to go through a review process led by the Department's Information Technology Configuration Control Board (IT CCB).

Acting on behalf of the Office of Inspector General (OIG), Kearney & Company, P.C. (Kearney), an independent public accounting firm, conducted this audit to determine whether the Department's enterprise-wide 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.

What OIG Recommends

OIG made 17 recommendations to IRM to improve the Department's review process for change requests submitted to the IT CCB. On the basis of the Bureau of Information Resource Management's (IRM) response to a draft of this report, OIG considers 15 recommendations resolved, pending further action, and 2 recommendations unresolved. A synopsis of IRM's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. IRM's response to a draft of this report is reprinted in its entirety in Appendix C.

What Was Found

Kearney found the Department's IT CCB did not authorize or test change requests in compliance with Federal requirements and Department policy. Specifically, Kearney found that change requests were not sufficiently authorized at every stage of the review process and change requests were not tested as required. For example, Kearney found that different categories of reviewing officials are not required to approve all change requests and do not always approve them before they move forward in the process. The IT CCB process is deficient in part because IRM has not implemented sufficient program management to execute the IT CCB process. In addition, the IT CCB process is not adequately designed to support the review of change requests. Furthermore, Kearney found deficiencies in the manner in which Technical Reviewers and Voters are appointed, as well as with IT CCB policies and procedures, the database used by the IT CCB to track change requests, and training. 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.

Kearney 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. Untimeliness occurred at every phase of the process. One reason that the IT CCB did not always meet its timeliness metrics was that it has not developed and implemented sufficient monitoring procedures. In addition, Kearney found that, although the IT CCB had established deadlines for the different stages of the change request review process, it did not have a method to track whether these metrics were accomplished. Kearney also found inaccurate data in the database used to track change requests, which makes monitoring more difficult. Also, the IT CCB did not have sufficient policies and procedures in place. As a result of untimely processing of change requests, the Department could be exposed to network vulnerabilities.

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

September 2017
OFFICE OF AUDITS
Contracts, Grants, and Infrastructure Division

OIG HIGHLIGHTS

AUD-CGI-17-63

Audit of Invoices Submitted by Torres Advanced Enterprise Solutions, LLC, for Select Local Guard Force Contracts

What OIG Audited

Every overseas diplomatic mission operates under a security program designed and maintained by the Bureau of Diplomatic Security (DS). As part of the security program, DS contracts with qualified security firms to provide local guard services to overseas posts. One of the firms that provides local guard services overseas is Torres Advanced Enterprise Solutions, LLC (Torres). As of June 30, 2016, DS had 12 local guard force (LGF) contracts with Torres, with an estimated total value of $202.4 million. This audit selected four LGF contracts being performed at Embassies Islamabad, Kampala, Lima, and Panama City. OIG sampled invoices submitted over the life of each selected contract from award through September 30, 2016.

OIG conducted this audit to determine whether the Department of State (Department) approved invoices that contained unsupported or unallowable costs submitted by Torres for select LGF contracts.

What OIG Recommends

OIG made seven recommendations intended to address the deficiencies and questioned costs identified in this report. One recommendation concerning the recovery of $11,705 has been closed because Torres took corrective actions during audit fieldwork.

Based on the Bureau of Administration, Office of Logistics Management's (A/LM) and DS' response to a draft of this report, OIG considers the six recommendations resolved pending further action. A synopsis of A/LM's and DS' response to the recommendations and OIG's reply follow each recommendation in the Audit Results section of this report. A/LM's and DS' comments are reprinted in Appendices C and D, respectively.

What OIG Found

OIG identified instances in which the Contracting Officer's Representatives (CORs) approved invoices submitted by Torres that contained unsupported or unallowable costs. Specifically, OIG reviewed a sample of 35 invoices associated with four selected LGF contracts, valued at $11,193,655, and found that 30 of 35 invoices (approximately 86 percent) contained unsupported or unallowable costs, for a total of $113,614 in questioned costs. The amount of questioned costs identified represents approximately 1 percent of the overall value of the invoices tested. In addition, OIG identified a systemic error that resulted in a $4,881 recovery from Torres for invoices not sampled.

Although OIG generally concluded that invoices were accurate and were being reviewed appropriately, OIG found areas for improvement and identified three primary COR oversight deficiencies that led to the approval of unsupported and unallowable costs. First, three of four posts did not maintain sufficient contract oversight documentation prior to 2015. However, each post has since implemented centralized, electronic methods to document COR oversight, and OIG noted significant improvement. Second, the COR was not always aware of contract requirements, such as the need for Torres to submit invoice packages with supporting documentation. For example, the Mission Peru LGF contract requires Torres to submit a monthly Quality Assurance and Compliance Report (QACR). However, none of the 13 invoices that OIG tested at Mission Peru included a QACR. The COR stated that he was unaware of the requirement. Third, the CORs did not always complete required invoice review procedures. For example, the LGF contracts reviewed for this audit state that the total number of hours invoiced must be equal to the total number of hours contained in individual timesheets. However, OIG found that the CORs at two of four audited posts did not review any LGF timesheets, while the CORs at the two other posts reviewed a portion of the timesheets but did not verify that the total number of invoiced hours was supported.

As a result, OIG identified $102,898 in unsupported costs and $15,597 in unallowable costs, for a total of $118,495 in questioned costs related to the four LGF contracts audited.

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

ISP-I-17-43

September 2017
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

Inspection of Embassy Valletta, Malta

What OIG Inspected

OIG inspected U.S. Embassy Valletta from May 4 to 19, 2017.

What OIG Recommended

OIG made five recommendations to improve Embassy Valletta's general services, facility management, and information management operations.

In its comments on the draft report, Embassy Valletta concurred with the five recommendations. The embassy's response to each recommendation and OIG's reply can be found in the Recommendations Section of this report. OIG considers the five recommendations resolved. The embassy's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- 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.
- Embassy contractors lacked worker's compensation insurance, although it is required by U.S. law.
- 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.
- The embassy's emergency and evacuation radio network failed to cover all residences.

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

OIG HIGHLIGHTS

ISP-I-17-41

What OIG Inspected

OIG inspected U.S. Embassy Podgorica from May 5 to May 17, 2017

What OIG Recommended

This report contains no recommendations.

September 2017
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

Inspection of Embassy Podgorica, Montenegro

What OIG Found

- Embassy Podgorica operated well and pursued the Integrated Country Strategy's major policy objectives; however, the Ambassador did not foster the highest attainable degree of employee morale and productivity.
- Embassy administration of grants and export control assistance complied with Department of State standards.

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

September 2017
OFFICE OF AUDITS
Information Technology Division

OIG HIGHLIGHTS

AUD-IT-17-61

Audit of the Department of State's Efforts to Detect and Address the Use of Unapproved Portable Devices

What OIG Audited

Protecting sensitive information is one of the Department of State's (Department) greatest responsibilities and challenges. Portable devices, such as miniature or external hard drives and thumb drives, provide users the capability to easily transport business and personal information, as well as other data. As their use increases, however, so do the associated risks because the properties that make these devices portable and enable their convenient connections also increase the risk of data loss and the introduction of malware.

The Office of Inspector General (OIG) conducted this audit to determine whether the Department has implemented a process to detect the use of unapproved portable devices, as required by Federal and Department requirements, and has taken action to address instances in which unapproved portable devices have been used.

What OIG Recommends

OIG made seven recommendations to the Bureau of Information Resource Management (IRM), one of which is in coordination with the Bureau of Diplomatic Security (DS), to enhance controls over the identification of unapproved portable devices and to prompt action when unapproved devices are detected. On the basis of IRM's response to a draft of this report, OIG considers five recommendations resolved, pending further action, and two recommendations unresolved. A synopsis of IRM's comments regarding the recommendations offered and OIG's reply follow each recommendation in the Results section of this report. IRM's response to a draft of this report is reprinted in its entirety in Appendix B.

What OIG Found

Department policy prohibits the use of non-Department owned portable devices on the Department's systems. OIG found that the Department has implemented methods to detect the use of unapproved portable devices. For example, IRM's Office of Operations, Information Technology Infrastructure Office, Systems Integrity Division uses software to detect when unapproved portable devices are connected to Department systems based on the Enterprise Master List, which is a list that contains both authorized and excluded devices. DS also identifies the use of unapproved devices through its requirement that employees report cybersecurity incidents. These approaches can nonetheless be improved. Specifically, the Systems Integrity Division should keep current its list of approved and excluded portable devices to further protect the network from unapproved portable devices. Moreover, the Systems Integrity Division has not implemented an effective method to verify the approval of authorized portable devices that have been added to the Enterprise Master List. Inadequate controls with respect to these issues increases the risk of data loss and the introduction of malware.

OIG also found that the Department has taken action to address instances in which unapproved portable devices have been used. In addition to automatically blocking unapproved portable devices from connecting, the Systems Integrity Division informally follows up on some reported incidents. DS also follows up on unauthorized portable devices reported by Department employees. Again, these processes can be enhanced. For example, the Systems Integrity Division needs to formalize its processes for following up on incidents and documenting the remediation of the incident. In addition, the Systems Integrity Division and DS should collaborate to clarify their respective roles and responsibilities to maximize effectiveness.

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

September 2017
OFFICE OF AUDITS
Financial Management Division

OIG HIGHLIGHTS

AUD-FM-17-53

Audit of the Bureau of Consular Affairs Fee-Setting Methodology for Selected Consular Services

What Was Audited

The Bureau of Consular Affairs (CA) charges user fees for many of the consular services it provides. Congress allows the Department of State (Department) to retain the revenue generated from certain consular fees, although other fees are required to be remitted to the Department of the Treasury (Treasury). Both retained and remitted fees must be set at an amount determined in accordance with Office of Management and Budget (OMB) Circular A-25, "User Charges" and with fee-governing statutes.

Acting on behalf of the Office of Inspector General (OIG), Kearney & Company, P.C. (Kearney), an independent public accounting firm, conducted this audit to determine whether CA complied with cost recovery requirements of OMB Circular A-25. Kearney evaluated the revenues and costs for the Machine Readable Visa (MRV) fee, Passport Security Surcharge, and Western Hemisphere Travel Initiative Surcharge, for FYs 2014 and 2015.

What OIG Recommends

OIG made 11 recommendations to address issues identified in the report. On the basis of the Department's responses to a draft of this report, OIG considers nine recommendations resolved, pending further action, and two recommendations unresolved. A synopsis of the Department's response and OIG's reply follow each recommendation. The Department's responses to a draft of this report are reprinted in their entirety in Appendices B and C. A summary of the Department's general comments and OIG's replies are presented in Appendix D.

What Was Found

Kearney found that CA collected revenue from consular fees in FYs 2014 and 2015 of $3.7 billion and $4.1 billion, respectively. The cost for providing consular services in FYs 2014 and 2015, however, was $3.3 billion each year. Because it recovered more than the full cost of providing services, CA did not fully comply with OMB Circular A-25 or with fee-governing statutes.

One reason that CA collected revenue in excess of costs during this time period was that CA had not adjusted one class of the MRV fee since April 2012, even though the unit price to provide this service had decreased by $20. One notable change was that the Department as of FY 2013 no longer received an appropriation to cover consular service costs related to fees that CA was not legislatively authorized to retain. Therefore, CA needed additional funds. During the audit, CA officials provided conflicting information on whether the decision not to lower the fee was related to the loss of appropriated funds. By not reducing one class of the MRV fee to align with costs, CA collected revenue that offset some, if not all, of the lost funding. CA does not have the 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 that CA expended funds collected in excess of cost, CA may have violated the Antideficiency Act and appropriations law.

Another reason that CA's revenues exceeded costs for selected consular services was its flawed fee-setting methodology. Kearney concluded that the data used was insufficient, which would affect the accuracy of the calculated fee amounts. Although Kearney was unable to determine what amount of revenue collected in excess of costs was attributable to the flaws, 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 is 31.4 percent, or $284 million more than CA anticipates needing. CA should address the flaws in its methodology and remit the $284 million to Treasury to be put to better use across the Federal Government.

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

August 2017
OFFICE OF AUDITS
Financial Management Division

OIG HIGHLIGHTS

AUD-FM-17-51

Audit of Select Cost-of-Living Allowances for American Employees Stationed in Foreign Areas

What OIG Audited

Federal law authorizes Federal employees to receive cost-of-living allowances (COLA) to cover certain costs incurred when stationed in foreign areas. The Department of State (Department) is responsible for setting COLA rates for all eligible U.S. Government civilians. COLA consists of six different types of allowances, including the three covered in this audit—post allowance, education allowance, and separate maintenance allowance (SMA). Between FY 2013 and FY 2015, the Department spent approximately $673 million for these three allowances.

The Office of Inspector General (OIG) conducted this audit to determine whether the Department established appropriate post allowance, education allowance, and SMA rates for American employees stationed overseas and whether the Department appropriately paid employees for education allowances in accordance with Federal regulations and Department policies.

What OIG Recommends

OIG made 16 recommendations that are intended to improve COLA rate determination methodologies, internal controls, and processes. On the basis of the Department's responses to a draft of this report, OIG considers 1 recommendation closed and 15 resolved pending further action. A synopsis of the Department's responses to the recommendations offered and OIG's reply follow each recommendation. The Department's responses to a draft of this report are reprinted in their entirety in Appendices B through G. Summaries of the Department's general comments and OIG's replies are presented in Appendices H through J.

What OIG Found

The Bureau of Administration, Deputy Assistant Secretary for Operations, Office of Allowances (A/OPR/ALS) has not established 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, even aside from those flaws, A/OPR/ALS does not have sufficient policies and procedures to guide the process for rate setting. 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.

Although OIG found that A/OPR/ALS generally followed the established process to determine post education allowance rates for dependents of employees living overseas, A/OPR/ALS had not maintained a listing of adequate schools on which to base the rates. In addition, OIG found that A/OPR/ALS had not reviewed and updated the SMA rates annually, as required. OIG estimates that had A/OPR/ALS updated the SMA rates, the Department would have saved $1.7 million between FY 2013 and FY 2015.

In addition, 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. Without uniform policies for tracking education expenses at all posts, the risk of unallowable education expenses being paid increases.

Furthermore, OIG identified shortcomings with the oversight of a task order for eAllowances, which is an IT application used by A/OPR/ALS to convert cost-of-living information into post allowance rates. This occurred, in part, because the Contracting Officer did not timely appoint a Government Technical Monitor and because the quality assurance plan was insufficient. Without sufficient oversight, the risk of undetected calculation errors increases, which would have a financial impact on the Department as well as other agencies that pay employees COLA.

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

August 2017
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

OIG HIGHLIGHTS

ISP-I-17-40

Inspection of Embassy Skopje, Macedonia

What OIG Inspected

OIG inspected U.S. Embassy Skopje from April 19 to May 4, 2017.

What OIG Recommended

OIG made two recommendations to Embassy Skopje to improve controls over official vehicles keys and bulk fuel operations.

In its comments on the draft report, the embassy concurred with the two recommendations. The embassy's response can be found in the Recommendations Section of this report. OIG considers both recommendations resolved. The embassy's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Ambassador and 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.
- Spotlights on Success: Sustained embassy engagement bolstered programs at Macedonia's five American Corners, while "Competitive College Clubs" helped disadvantaged youth access U.S. higher education.
- Spotlight on Success: The embassy Management Section leveraged technology to more efficiently process vouchers.

OIG HIGHLIGHTS

AUD-SI-17-48

July 2017
OFFICE OF AUDITS
Security and Intelligence Division

Audit of the Process To Approve, Disburse, and Report Rewards for Justice Payments

What OIG Audited

Since its inception in 1984, the Rewards for Justice (RFJ) program has disbursed more than $125 million in reward payments to more than 80 people who provided actionable information that led to the arrest of terrorists or prevented acts of international terrorism worldwide. The Bureau of Diplomatic Security (DS) administers the RFJ program, and an RFJ lead coordinator leads the program.

The objective of this audit was to determine whether the Department of State (Department) approved, disbursed, and accurately reported to Congress RFJ program reward payments in accordance with Federal requirements and Department guidance.

OIG reviewed reward payments made between FY 2013 and FY 2015 and reviewed the RFJ case files supporting the 19 reward payments selected for this audit.

What OIG Recommends

OIG made three recommendations to DS to address control weaknesses identified with the RFJ program that pertain to congressional reporting requirements.

DS concurred with the three recommendations, and on the basis of the responses, OIG considers all three recommendations resolved, pending further action.

A synopsis of each response and OIG's reply is presented in the Audit Results section of this report. DS's comments to the draft of this report are reprinted in Appendix B.

What OIG Found

OIG found that between FY 2013 and FY 2015 the Department had approved and disbursed 19 RFJ reward payments totaling almost $22.7 million in accordance with Federal requirements and Department guidance.

However, OIG also found that DS did not always report RFJ reward payments to Congress as required. For example, DS failed to submit reports to Congress on 13 of 19 (68 percent) reward payments made between FY 2013 and FY 2015. In addition, for 6 of the 19 (32 percent) reward payments that were reported to Congress, the reports were submitted beyond the 30-day requirement; these submissions ranged from 40 days to 74 days late. These reporting deficiencies occurred, in part, because of internal control weaknesses within DS and the Bureau of Legislative Affairs that 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.

Further, Federal regulations require DS to submit an annual report to Congress on the total amounts expended to operate the RFJ program. OIG found no evidence that any of the required annual reports had ever been prepared and submitted. According to RFJ program officials, they believed the quarterly reports submitted by the Office of the Under Secretary for Management, Emergencies in the Diplomatic and Consular Service (M/EDCS), which included key aspects of the RFJ program, fulfilled this reporting requirement. However, although the M/EDCS reports included information on total expenditures for reward payments and costs associated with publicizing the program, they did not include other operating expenditures such as payroll and travel. These other expenditures make up approximately 10 percent of total program expenditures. Because DS has not submitted the required annual reports to Congress, members of Congress have not had the opportunity to review the total annual operating costs of the RFJ program.

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

July 2017
OFFICE OF AUDITS
Middle East Operations

OIG HIGHLIGHTS

AUD-MERO-17-46

Compliance Follow-Up Audit of Bureau of International Narcotics and Law Enforcement Affairs Programs in Pakistan

What OIG Audited

The Bureau of International Narcotics and Law Enforcement Affairs (INL) provides funding and manages assistance programs to Pakistan through INL partners under three key program areas: Law Enforcement and Border Security (which includes the Law Enforcement Reform Program), Counternarcotics, and Rule of Law. In October 2014, OIG issued an audit report that contained eight recommendations intended to improve INL's Law Enforcement Reform Program in Pakistan: three recommendations to improve the program management and five recommendations to improve the financial management of the program.

The Office of Inspector General (OIG) conducted this compliance follow-up audit to determine the extent to which INL implemented the recommendations from OIG's October 2014 report and incorporated them into other key programs in Pakistan, including INL's Counternarcotics and the Rule of Law Programs.

What OIG Recommends

On the basis of confirmation of implementing actions and new information INL provided, OIG closed seven of the eight recommendations from its October 2014 audit report. The single open recommendation pertaining to conducting annual evaluations of the Law Enforcement Reform Program remains resolved, pending further action. In addition, OIG made seven new recommendations, including reprogramming $8.7 million in unsubobligated funds. INL concurred with all seven recommendations offered. OIG considers six recommendations resolved pending further action and one recommendation closed. A synopsis of INL's comment and OIG's reply follow each recommendation in the Results section of this report. INL's response is reprinted in Appendix C, and OIG's reply to INL technical comments is presented in Appendix D.

What OIG Found

INL has taken actions or provided clarifying information to close seven of the eight recommendations from OIG's 2014 report. Three of the eight recommendations involved program management, and one of the three remains open. Specifically, OIG confirmed that INL has implemented a monitoring and evaluation framework as recommended in the October 2014 report but has not completed actions to conduct a joint evaluation of the program with the Government of Pakistan. Accordingly, this recommendation remains resolved pending further action.

With respect to the five financial management recommendations contained in the October 2014 report, OIG confirmed that INL has revised its Financial Management Handbook to include new requirements for requesting subobligation terminal date extensions, monitoring and reviewing unliquidated obligations and subobligations, and reconciling funding advances. INL also reprogrammed funds of more than $86 million that OIG determined could be used for other purposes. As a result, OIG considers all five recommendations in the October 2014 report related to financial management closed.

However, during this compliance follow-up audit, OIG found that INL does not have formal standard operating policies and procedures for defining specific equipment partner needs and assessing partner requests, nor had it completed drafting updated project descriptions, goals, objectives, and performance measures for its Law Enforcement and Border Security Program. OIG is therefore making new recommendations to address these issues. In addition, INL has incorporated some, but not all, of the recommended actions from the October 2014 report into its Pakistan Counternarcotics and Rule of Law Programs. For example, although INL has implemented the new financial management requirements for its Pakistan programs, the template used for requesting subobligation terminal date extensions does not include all information required. Further, although INL de-obligated and reprogrammed the $86.2 million OIG reported in October 2014 that could be used for other purposes, it still maintains significant levels of unliquidated obligations in its Pakistan programs. As a result, $11.3 million in funds covering the three programs was canceled and was not used at the end of FY 2016, and up to $55.2 million in funds, including $8.7 million in unsubobligated funds, is at risk of being canceled at the end of FY 2017 if no action is taken.

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

OIG HIGHLIGHTS

ESP-17-02

July 2017

OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

Evaluation of the Department of State's Security Clearance Process

What OIG Evaluated

In light of ongoing concerns with Government-wide efforts to reform the security clearance process, the Office of Inspector General (OIG) evaluated efforts undertaken by the Department of State (Department) to meet requirements related to timeliness and cost-effectiveness. Specifically, this report addresses (1) the accuracy of timeliness data submitted to the Office of the Director of National Intelligence (ODNI), (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.

What OIG Recommends

OIG made five recommendations to the Bureau of Diplomatic Security to improve its reported timeliness data, to establish clear roles and responsibilities for the clearance process, to perform a workforce analysis of its clearance workforce, to perform cost estimates of the clearance process, and to attempt to recover funds expended for investigative services performed for other agencies.

OIG made one recommendation to the Bureau of Human Resources to better analyze the type of clearance that student interns may require.

The Department concurred with all of OIG's recommendations.

What OIG Found

The Bureau of Diplomatic Security's Office of Personnel Security and Suitability (DS/SI/PSS) is responsible for conducting security clearance and suitability investigations for individuals at the Department and at certain other Government agencies. DS/SI/PSS investigates newly hired employees who do not currently have a clearance (initial clearances) and processes requests to transfer a clearance from another Government agency (reciprocal clearances). DS/SI/PSS also processes clearances for current Department employees moving from one position within the Department to another without a break in service (conversions).

To comply with various laws and regulations, DS/SI/PSS reports to ODNI on a quarterly and annual basis how long it takes to process both initial and reciprocal security clearances. OIG reviewed the reports submitted from 2012 through 2016 and identified a number of errors, making it impossible for OIG to determine the actual amount of time it takes to process clearances at the Department. For example, DS/SI/PSS uses blanket estimates instead of actual times in its reporting to ODNI and maintains databases with conflicting timeliness information. In addition, DS/SI/PSS does not maintain any data on conversions, so actual processing times for those efforts are also unknown. Finally, OIG identified 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.

Even though agencies must ensure that security clearances are conducted in a cost-effective manner, OIG found that DS/SI/PSS has not analyzed how much it spends on its clearance investigations. In FYs 2012 through 2015, DS/SI/PSS also failed to seek payment for overseas investigatory work performed for other agencies, potentially costing the Department millions of dollars in lost reimbursements. DS/SI/PSS began billing other agencies in 2016. However, because it does not know how much its own work actually costs, DS/SI/PSS uses pricing developed by the Office of Personnel Management, which performs the majority of background investigations for the Government.

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

AUD-MERO-17-47

June 2017
OFFICE OF AUDITS, Middle East Region Operations

Audit of the Bureau of South and Central Asian Affairs Invoice Review Process for the Afghanistan Life Support Services Contract

What OIG Audited

In Afghanistan, the Department of State (Department) is responsible for providing life support services—such as food services and fire protection—to U.S. Government Chief of Mission personnel. The services are provided through the Afghanistan Life Support Services (ALiSS) contract. ALiSS is a multiple award Indefinite Delivery Indefinite Quantity contract with a ceiling value of $750 million and a 5-year period of performance (1 base and 4 option years). It is executed through a series of task orders for specific services. The contract is funded and managed by the Bureau of South and Central Asian Affairs (SCA).

The Office of Inspector General (OIG) conducted this audit to determine whether (1) SCA is following Federal requirements, Department guidance, and its own standard operating procedures when reviewing ALiSS contract invoices; (2) contract oversight by SCA has been effective; and (3) SCA has assigned sufficient numbers of qualified staff members to oversee the ALiSS contract.

What OIG Recommends

OIG made two recommendations to SCA. The first is intended to improve the clarity of quality assurance reports that are used to evaluate contractor performance. The second is intended to develop invoice review training for incoming ALiSS contracting officer's representatives (COR) to prepare newly assigned staff members for this important oversight role.

SCA concurred with both recommendations OIG offered. A synopsis of each response and OIG's reply is presented in the Audit Results section of this report. SCA's comments to a draft of this report are reprinted in Appendix B.

What OIG Found

SCA is following Federal requirements, Department guidance, and its own standard operating procedures to process ALiSS invoices that support contingency operations in Afghanistan. Specifically, SCA is using a three-phase invoice review process for cost reimbursable invoices in which it consults with Department subject matter experts on price reasonableness, conducts a review of draft invoices before formal submission, and conducts a final review before authorizing payment. The invoice review process is documented and has established internal controls that comply with applicable invoice review requirements.

SCA's oversight has been effective and has allowed the bureau to identify and resolve performance issues. OIG's review of delivery inspections, food service operations reviews, safety inspections, and quality assurance reports showed that CORs are verifying receipt of services and assessing whether they meet contractual requirements. OIG also noted that the CORs reduced invoice payments when contractual requirements were not being fulfilled. However, OIG also found that the reporting format for the food services task order can be improved by specifying and reporting individual performance standards. Specifically, the quality assurance reports that CORs currently prepare and submit provide an overall performance assessment but do not address each of the 19 individual performance standards contained in the food services quality assurance plan. Including the individual performance standards is important to ensure that each performance standard is satisfactorily achieved and any identified deficiencies are addressed.

Further, SCA currently has enough qualified staff members at Embassy Kabul to oversee the ALiSS contract and to manage the invoice review workload. However, SCA has not established invoice review training to prepare less experienced CORs who may be assigned to Embassy Kabul in the future. Establishing such training is important to ensure that new CORs assigned to oversee the ALiSS contract are fully prepared and familiar with the unique features of the contract.

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

June 2017
OFFICE OF AUDITS
Security and Intelligence Division

Audit of Department of State Grants and Cooperative Agreements Awarded to Kennesaw State University

OIG HIGHLIGHTS

AUD-SI-17-43

What OIG Audited

Between FY 2008 and FY 2016, Kennesaw State University (KSU) managed seven Department of State (Department) grant or cooperative agreement awards valued at approximately $3.7 million. Four of the awards were public diplomacy awards from the Bureau of South and Central Asian Affairs (SCA), two awards were democracy and human rights awards from the Bureau of Democracy, Human Rights, and Labor (DRL), and one award was an academic exchange program award from the Bureau of Educational and Cultural Affairs (ECA).

The Office of Inspector General (OIG) conducted this audit to determine whether KSU expended funds and accurately reported financial information related to the Department awards in accordance with Federal requirements and the award terms and conditions.

What OIG Recommends

OIG made four recommendations to SCA, DRL, and ECA to assess and, if appropriate, recover questioned costs identified by OIG as unallowable or unsupported. OIG received responses to a draft of this report from SCA, ECA, and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions (AQM), in coordination with DRL (see Appendices C through E). On the basis of the responses, OIG considers all four recommendations resolved, pending further action. A synopsis of management's response and OIG's reply follows each recommendation in the Results section of this report. KSU's response and a summary of KSU's comments and OIG's replies thereto are presented in Appendices F and G, respectively.

What OIG Found

OIG found that KSU 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 unsupported or unallowable costs, which is approximately 56 percent of the total amount of award funds expended by KSU between FY 2008 and FY 2016. 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, KSU 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 KSU did not submit accurate and timely financial reports for six of the seven awards audited.

The identified deficiencies occurred, in part, because the KSU grants management office did not have the technical competencies needed to perform required administration of the awards. As a result, KSU was unable to fulfill Department program goals within the agreed-upon deadlines and Department funding may have been expended for purposes other than those agreed to in award terms and conditions. Specifically, KSU did not complete all program goals within the agreed upon deadlines for five of the seven awards audited. In two instances, primary program goals were not completed at all. For example, KSU failed to develop a secure website and create a blog to support a DRL disability sport development award. In another instance, KSU failed to assist with executing an international educational technology conference in Karachi, Pakistan. The Department learned less than 2 weeks before the conference was scheduled to begin that KSU would not be sending faculty to assist with the event, which according to Department officials was detrimental to the conference because KSU staff had key roles in making presentations and conducting workshops.

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

June 2017
OFFICE OF INSPECTIONS
Bureau of Near Eastern Affairs

OIG HIGHLIGHTS

ISP-I-17-18

Inspection of Consulate General Jerusalem

What OIG Inspected

OIG inspected Consulate General Jerusalem from November 1 to 18, 2016.

What OIG Recommended

This report includes a total of 25 recommendations. OIG made 24 recommendations to improve Consulate General Jerusalem's operations and procedures. The report addresses the implementation of Department of State-managed security assistance programs, the consulate general's management of employee security and safety programs, and the need to improve information management operations. OIG made one recommendation to the Bureau of Information Resource Management to upgrade the radio network coverage for the West Bank.

In its comments on the draft report, the Department concurred with all 25 recommendations. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations Section of this report. OIG considers the recommendations resolved. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Chief of Mission and Deputy Principal Officer promoted constructive engagement with the Palestinian public and the Palestinian Authority.
- Consulate General Jerusalem's annex facility did not meet operational standards for use as a warehouse.
- The consulate general's radio network coverage for the West Bank did not meet Department standards.
- The consulate general did not update and test its information technology contingency plans.
- The Bureau of Near Eastern Affairs did not enforce Department of State standards in the provision of services and benefits to the staff of the U.S. Security Coordinator office.
- Spotlight on Success: Consulate General Jerusalem instituted a program for First- and Second-Tour American staff to mentor Marine Security Guards and established a mission code of conduct that promotes teamwork and respect.

OIG HIGHLIGHTS

(U) AUD-MERO-17-39

May 2017
OFFICE OF AUDITS
Contracts, Grants, and Infrastructure Division

(U) Audit of FY 2011 Incurred Cost Proposals for SOC LLC's Worldwide Protective Services Task Order

(U) What Was Audited

(U) SOC LLC (SOC) supports the Department of State's Worldwide Protective Services (WPS) program. Under the Federal Acquisition Regulations (FAR), SOC is required to prepare and submit an Incurred Cost Proposal (ICP), which is used for reporting costs incurred on Government contracts, reconciling costs to the amounts billed, and calculating an indirect cost rate. The FAR also requires that the cognizant Federal agency obtain an audit of the ICP.

(U) The Department of State, Bureau of Administration, Office of Logistics Management, Office of Acquisition Management (AQM), is the cognizant Federal agency for SOC. AQM requested that the Office of Inspector General (OIG) conduct an audit of SOC's cost representation for its FY 2011 ICPs for WPS contract SAQMMA10D0099, Task Order SAQMMA10F5211 (Task Order 3). The objective of the audit was to determine whether the indirect and direct costs claimed in SOC's FY 2011 ICPs were reasonable, allowable, allocable, and applicable to the contract.

(U) SOC prepared two ICPs for FY 2011: the corporate ICP and the Special Programs ICP. An external audit firm, Kearney & Company, P.C. (Kearney), performed this audit acting on behalf of OIG.

(U) What OIG Recommends

(U) OIG made nine recommendations to address the questioned costs identified in this report. On the basis of the response from AQM, OIG considers all nine recommendations resolved, pending further action.

(U) AQM's comments are included as Appendix D. SOC's response to the audit findings is included as Appendix E. A summary of SOC's comments and Kearney's responses is included as Appendix F.

(U) What Was Found

(U) Kearney is questioning a total of (b) (4) [redacted] in indirect and direct costs claimed in SOC's Special Programs FY 2011 ICP.

(U) Of the total questioned costs, Kearney is questioning (b) (4) [redacted] in indirect costs in the Special Programs FY 2011 ICP. Specifically, Kearney is questioning (b) (4) [redacted] in indirect costs claimed because SOC did not provide sufficient documentation to support related party transactions, duplicated a transaction, included FY 2010 costs in the FY 2011 ICP, and did not properly complete or approve timesheets. In addition, Kearney is questioning (b) (4) [redacted] in indirect costs included on the Special Programs 2011 ICP related to SOC corporate allocations. Kearney questions (b) (4) [redacted] in indirect costs because SOC included FY 2010 costs in the FY 2011 ICP, was unable to provide sufficient documentation related to non-labor indirect expenses, included unallowable costs related to sponsoring a trade show, and did not follow its own policy or FAR guidelines when completing or approving timesheets.

(U) Finally, Kearney is questioning (b) (4) [redacted] in Special Programs direct costs, including (b) (4) [redacted] that lacked supporting documentation, (b) (4) [redacted] incurred in FY 2010 but claimed on the Special Programs ICP FY 2011, and (b) (4) [redacted] in unallowable travel-related service fees.

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

June 2017
OFFICE OF AUDITS
Middle East Region Operations

OIG HIGHLIGHTS

AUD-MERO-17-45

Audit of Baghdad Diplomatic Support Center Task Orders Awarded Under Operations and Maintenance Support Services Contract SAQMMA12D0165

What OIG Audited

The Department of State (Department) awarded two task orders to PAE Government Services, Inc. (PAE) under the Operations and Maintenance Support Services (OMSS) contract to provide transition and sustainment services at the Baghdad Diplomatic Support Center (BDSC). Task order SAQMMA13F3862 for transition services and task order SAQMMA14F0096 for sustainment services had a total estimated value of $174.1 million as of August 2016.

OIG conducted this audit to determine whether the Bureau of Near Eastern Affairs (NEA) approved invoices that contained unsupported and/or unallowable costs submitted by PAE for these two task orders.

What OIG Recommends

OIG made six recommendations to the Department to address actual and estimated questioned costs identified in this audit relating to task orders SAQMMA13F3862 and SAQMMA14F0096. Specifically, OIG made five recommendations to the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) and one to NEA. On the basis of comments to a draft of this report received from NEA and the Bureau of Administration, Office of Logistics Management (A/LM), which responded on behalf of A/LM/AQM, OIG considers all recommendations resolved pending further action. A synopsis of management's comments and OIG's reply follow each recommendation in the Results section of this report. A/LM and NEA responses are reprinted in Appendices C and D, respectively.

What OIG Found

OIG found that NEA approved invoices submitted by PAE that were generally supported and allowable. Specifically, OIG reviewed a statistical sample of 46 invoices totaling $43.1 million paid to PAE through August 2016 and found that $40.8 million of sampled costs was supported and allowable. Additionally, OIG found 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 questions $2.2 million in costs that was not adequately supported as required by contract terms. OIG also questions $118,000 in costs considered unallowable based on the contract terms, applicable laws, or regulations. On the basis of testing a statistical sample of invoices, OIG estimates that the untested invoices 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 the Department's BDSC task orders at increased risk of waste.

OIG reported on aspects of NEA's invoice review policies and procedures in March 2017 (AUD-MERO-17-33), finding that NEA generally followed Federal requirements and its invoice review procedures to process invoices. However, OIG made eight recommendations in that report to improve the invoice review process, including completing post-payment reviews on aging invoices and requiring invoice examiners to consistently document their invoice reviews. NEA and A/LM/AQM concurred with all eight recommendations from that report, and OIG considers each recommendation resolved, pending further action. Accordingly, OIG is not making additional recommendations related to these issues in this report.

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

June 2017
OFFICE OF INSPECTIONS
Bureau of African Affairs

OIG HIGHLIGHTS

ISP-I-17-17

Inspection of Embassy Accra, Ghana

What OIG Inspected

OIG inspected Embassy Accra from November 2 to 18, 2016.

What OIG Recommended

This report includes 20 recommendations. OIG made 19 recommendations to Embassy Accra to improve operations and resource oversight. Nine recommendations addressed the need to strengthen internal controls in general services and facilities management operations. OIG also made recommendations regarding grants administration, consular operations, and the recurring use of unauthorized wireless networks on the embassy compound. OIG made one recommendation to the Bureau of African Affairs to improve management and implementation of the Security Governance Initiative.

In their comments on the draft report, Department stakeholders concurred with the 20 recommendations. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations Section of this report. OIG considers the recommendations resolved. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- Embassy Accra's inclusive strategic planning process fostered consensus regarding goals, objectives, and the use of resources.
- Although the embassy had taken steps to correct internal control weaknesses identified during investigations into alleged fraud and malfeasance, OIG identified additional vulnerabilities, particularly in general services and facilities management operations.
- The explosive growth of U.S. foreign assistance funding to Ghana over the past 2 years, including the Security Governance Initiative, strained the embassy resources needed to plan, implement, and monitor assistance programs.
- The Consular Section had made progress in correcting deficiencies identified by the Bureau of Consular Affairs, but improvements were still needed in training, managing the appointment system, and reconfiguring consular space to eliminate the presence of non-consular personnel in consular offices.
- Unauthorized wireless networks operated on the embassy compound prior to and during the inspection.
- Spotlight on Success: The Public Affairs Section promoted privately funded study for Ghanaians in the United States through its educational advising (EducationUSA) programs, which contributed to Ghana's status as Africa's second largest source of students to the United States in 2016.

June 2017
OFFICE OF INSPECTIONS
Bureau of African Affairs

OIG HIGHLIGHTS

ISP-I-17-19

Inspection of Embassy Luanda, Angola

What OIG Inspected

OIG inspected U.S. Embassy Luanda from October 11 to 29, 2016.

What OIG Recommended

OIG made 11 recommendations to Embassy Luanda to improve grants administration in the Public Affairs and Political/Economic Sections, strengthen internal controls in management operations, and ensure information technology systems management complies with Department standards.

In its comments on the draft report, the embassy concurred with all 11 recommendations. The embassy's response to each recommendation, and OIG's reply, can be found in the Recommendations Section of this report. OIG considers the recommendations resolved. The embassy's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- Under the leadership of the Ambassador, 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 some Department requirements.
- Following an extended vacancy in the Consular Section's most senior position, new leadership was taking steps to bring the section into compliance with Department standards on issues including visa adjudication review, crisis preparedness, and consular facilities.
- Under a new Management Officer, the Management Section was making progress implementing processes and procedures to correct deficiencies in management controls. Issues that still needed to be addressed included control over the use of official vehicles and accountability for fuel deliveries for official vehicles and residential generators.
- Embassy Luanda's server room for the unclassified computer system did not meet Department standards for structural integrity and physical protection.
- Embassy Luanda's alternate command center was not properly equipped.
- Spotlight on Success: The Management Section's use of a 3-D printer to produce custom products that were unavailable in the local market was efficient and customer-friendly.

May 2017
OFFICE OF INSPECTIONS
Bureau of African Affairs

OIG HIGHLIGHTS

ISP-I-17-12

Inspection of Embassy Monrovia, Liberia

What OIG Inspected

OIG inspected U.S. Embassy Monrovia from October 5 to 26, 2016.

What OIG Recommended

This report includes a total of 26 recommendations. OIG made 23 recommendations to Embassy Monrovia to improve internal controls and emergency preparedness, and to provide shelter to consular clients. OIG also made one recommendation to the Bureau of Overseas Buildings Operations to comply with Department of State standards regarding the treatment of sewage; one recommendation to the Bureau of International Narcotics and Law Enforcement Affairs to conduct contract evaluations; and one recommendation to the Bureau of the Comptroller and Global Financial Services to conduct an audit of travel-related expenses.

In their comments on the draft report, Department stakeholders concurred with 26 recommendations. The Department's response to each recommendation and OIG's reply can be found in the Recommendations Section of this report. OIG considers the recommendations resolved. The Department's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- Embassy Monrovia was still recovering from the effects of responding to the Ebola crisis; internal controls and management programs were especially affected.
- The embassy had 21 internal control deficiencies in management, consular, political, and IT operations.
- The Department of State had not provided sewage treatment for 10 U.S. Government-owned buildings, allowing raw sewage to run into the Atlantic Ocean which is contrary to Department standards.
- Embassy Monrovia had not requested Department of State approval to operate a medical clinic for local employees on U.S. Government-owned property, which could create a liability for the Department.
- Spotlight on Success: The Public Affairs Section's collective training with grant recipients and Grants Officer Representatives helped mitigate financial risk.

OIG HIGHLIGHTS

ISP-C-17-28

May 2017
OFFICE OF INSPECTIONS
Bureau of Western Hemisphere Affairs

Limited-Scope Compliance Follow-up Review of Embassy Brasilia, Brazil

What OIG Inspected

OIG conducted a limited-scope compliance follow-up review of Embassy Brasilia from February 6 until February 17, 2017. This review evaluated the implementation of 30 of the 54 recommendations primarily related to management and information technology issues at Embassy Brasilia.

What OIG Recommended

OIG issued no recommendations in this report.

What OIG Found

- All 30 recommendations reviewed during this limited-scope follow-up of the 2013 inspection report of Embassy Brasilia 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 July 4th event.

ISP-I-17-22

May 2017
OFFICE OF INSPECTIONS
Bureau of Near Eastern Affairs

Inspection of the Bureau of Near Eastern Affairs

What OIG Inspected

OIG inspected the Bureau of Near Eastern Affairs from October 4 to November 9, 2016.

What OIG Recommended

OIG made 17 recommendations to improve the Bureau of Near Eastern Affairs strategic planning, foreign assistance, human capital management, and information technology operations.

In its comments on the draft report, the Bureau of Near Eastern Affairs concurred with the 17 recommendations. The bureau's response to each recommendation, and OIG's reply, can be found in the Recommendations Section of this report. OIG considers the recommendations resolved. The bureau's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- In addressing the regional crises in Syria, Iraq, Libya, and Yemen, the Assistant Secretary led the bureau's policy implementation process decisively and clearly. The Bureau of Near Eastern Affairs is widely recognized as crisis-driven and, of necessity, intensely operational in its focus as it responded to four active conflicts in a region that has been in almost constant turmoil since the Arab Spring in 2011.
- The bureau did not measure its performance against its Joint Regional Strategy goals and objectives. The lack of formal monitoring and evaluation processes to measure progress towards goals that require long-term policy coordination—such as equitable economic engagement and expansion of democracy and good governance—diminished the bureau's ability to make strategic adjustments based on evidence derived from the review process.
- The creation of the Office of Assistance Coordination had produced some positive results. However, OIG identified deficiencies in policy coordination, stabilization planning, and strategic planning for assistance to Syria.
- The bureau faced shortages of Foreign Service officers to fill domestic and overseas positions, placing at risk its ability to develop the next generation of diplomats with expertise in the region.
- Bureau staffing had not kept pace with workload in parts of the bureau, increasing workplace stress and employee burnout.
- Spotlights on Success: The bureau created the Office of Iranian Affairs in 2006 to increase the Department's capabilities to focus on Iranian issues and enhance outreach to the Iranian people. The Office of Maghreb Affairs effectively led regional policy implementation and integrated the Special Envoy for Libya into operations.

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

OIG HIGHLIGHTS

AUD-MERO-17-41

May 2017
OFFICE OF AUDITS
Middle Eastern Region Operations Division

Audit of the Department of State's Contract To Monitor Foreign Assistance Programs in Iraq

What OIG Audited

In September 2011, the Department of State (Department) awarded a $15-million indefinite-delivery, indefinite-quantity contract to All Native, Inc. (ANI) to provide support for overseeing foreign assistance programs in Iraq. Under this contract, the Department's Bureau of Administration (A Bureau) issued four separate task orders, obligating more than $7 million to ANI to provide monitoring support to four regional and functional Department bureaus—Near Eastern Affairs (NEA); International Narcotics and Law Enforcement (INL); Democracy, Human Rights, and Labor (DRL); and Population, Refugees, and Migration (PRM)—that are providing foreign assistance in Iraq.

OIG conducted this audit to assess the Department's management and oversight of ANI's performance in monitoring the foreign assistance programs in Iraq. Specifically, the objectives of this audit were to determine (1) the extent to which the Department is managing and overseeing the contract in accordance with Federal and Department regulations and guidelines and (2) whether the contractor is providing monitoring support in accordance with contract terms and conditions.

What OIG Recommends

OIG made three recommendations to A Bureau to determine whether the $3,053,893 in unsupported costs identified in this report are allowable, recover all costs determined to be unallowable, and improve the oversight capabilities of future monitoring contracts by including objective and measurable criteria to assess contractor performance. A Bureau agreed with all recommendations offered, and a synopsis of its response and OIG's reply follow each recommendation in the Results section of this report. Management comments from A, PRM, DRL, and INL to a draft of this report are reprinted as Appendices C through F, respectively.

What OIG Found

OIG found that the contracting officer's representatives approved invoices for payment without reviewing sufficient documentation to support the invoiced amount. Specifically, OIG found that 51 of 75 invoices (68 percent) were approved for payment without documentation that supported the invoiced amount. As a result, OIG is questioning a total of $3,053,893 in unsupported costs, as shown below.

Bureau	Invoices Reviewed	Invoices with Unsupported Costs	Total Unsupported Costs
NEA	39	37	$2,695,051
INL	9	1	$57
DRL	15	12	$318,752
PRM	12	1	$40,033
Total	**75**	**51**	**$3,053,893**

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 for months invoicing for incurred costs.

With respect to the contractor's performance, OIG found that ANI provided satisfactory monitoring support to the Department bureaus and fulfilled contract requirements. For example, as contractually required, ANI submits reports on its monitoring activities. OIG reviewed a random selection of 50 reports that ANI prepared and submitted to the bureaus and found that they met contract requirements. In addition, bureau and Embassy Baghdad representatives stated that they considered ANI's monitoring reports useful and praised ANI's monitoring support. However, OIG also 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.

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

May 2017
OFFICE OF INSPECTIONS
Broadcasting Board of Governors

OIG HIGHLIGHTS

ISP-IB-17-21

Inspection of Radio Free Europe/Radio Liberty

What OIG Inspected

OIG inspected Radio Free Europe/Radio Liberty from September 13 to December 2, 2016. The inspection included the headquarters in Prague, Czech Republic; the Washington, D.C. office; and the news bureau in Kyiv, Ukraine.

What OIG Recommended

OIG made seven recommendations, including two in financial management, and one in human resources policy. Additionally, OIG made four recommendations regarding compliance with the Radio Free Europe/Radio Liberty grant agreement in the areas of information technology and security.

What OIG Found

- Radio Free Europe/Radio Liberty advanced U.S. international broadcasting objectives by providing news to 23 countries through 26 languages.
- Radio Free Europe/Radio Liberty had internal controls vulnerabilities in the approval of contract actions and cashiering operations.
- The International Broadcasting Bureau Office of Chief Financial Officer did not close out expired Radio Free Europe/Radio Liberty grants.
- Not all employees in Radio Free Europe/Radio Liberty signed the required conflict of interest declaration form.
- The grant agreement between the Broadcasting Board of Governors and Radio Free Europe/Radio Liberty did not require information technology policies and standards.
- Radio Free Europe/Radio Liberty had outdated security policies.

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

May 2017
OFFICE OF AUDITS
Financial Management Division

OIG HIGHLIGHTS

AUD-FM-17-42

Audit of Department of State FY 2016 Compliance With Improper Payments Requirements

What Was Audited

In FY 2016, improper Federal payments Government-wide totaled approximately $144 billion. The Improper Payments Information Act (IPIA), as amended, requires Federal agencies to annually identify programs and activities at high risk of improper payments and estimate the amount of improper payments, among other requirements. In addition, inspectors general are required to annually determine whether agencies are in compliance with improper payments requirements.

Acting on behalf of the Office of Inspector General (OIG), Kearney & Company, P.C. (Kearney), an independent certified public accounting firm, conducted this audit to determine whether the Department of State (Department) was in compliance with IPIA, as amended.

What OIG Recommends

OIG made five recommendations to the Bureau of the Comptroller and Global Financial Services (CGFS) to address areas identified in this report that can be improved, including refining quality control procedures in the risk assessment process and reporting optional information in the Agency Financial Report (AFR).

CGFS concurred with all the recommendations, which OIG considers resolved, pending further action. The CGFS response and OIG's reply follow each recommendation in the Audit Results section of this report. The CGFS response to a draft of this report is reprinted in its entirety in Appendix C.

What Was Found

Kearney found that the Department was in compliance with improper payments requirements for FY 2016, as presented in Table 1.

Table 1: Compliance with Improper Payment Criteria

Improper Payment Criteria	Compliance
Conducted Risk Assessment	Yes
Published Agency Financial Report	Yes
Published Estimate	Not applicable*
Published Corrective Actions	Not applicable*
Published and Met Reduction Targets	Not applicable*
Published Error Rate Less than 10 percent	Not applicable*

* These requirements apply only to agencies that have identified programs susceptible to significant improper payments.

Source: Kearney prepared using criteria from the Office of Management and Budget Circular A-123, Appendix C.

Kearney found that the Department performed the required risk assessments using criteria defined by OMB Circular A-123 for all programs meeting minimum thresholds. However, the CGFS 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.

In addition, the Department published its FY 2016 AFR on its website and the AFR included the required improper payment disclosures. Although the Department included all required disclosures, some optional information on improper payments identified outside of the payment recapture process was not provided. Because much of this information is available, it would be prudent and useful to the users of the AFR to include this information.

May 2017
OFFICE OF AUDITS
Contracts, Grants, and Infrastructure Division

OIG HIGHLIGHTS

AUD-CGI-17-38

Audit of the Bureau of Consular Affairs, Office of Consular Systems and Technology, Administration of Selected Information Technology Contracts

What Was Audited

The Bureau of Consular Affairs (CA) relies on a number of information technology (IT) systems to achieve its mission to protect U.S. citizens abroad and strengthen the security of U.S. borders through the adjudication of visa and passports. Much of the development and maintenance of the IT systems is performed by contractors. The Bureau of Consular Affairs, Office of Consular Systems and Technology (CA/CST) is responsible for the oversight of these contractors.

Acting on behalf of the Office of Inspector General (OIG), Kearney & Company P.C. (Kearney), an independent public accounting firm, conducted this audit to determine whether CA/CST administered IT contracts in accordance with applicable Federal and Department of State (Department) procurement guidelines.

What OIG Recommends

OIG made nine recommendations to address issues identified in the report, including approximately $28.4 million in identified questioned costs.

CA concurred with eight of the nine recommendations offered and OIG considers each of these recommendations resolved, pending further action. CA did not concur with one recommendation but took action that fulfilled the underlying intent of the recommendation. OIG therefore considers this recommendation closed and no further action is required. A synopsis of management's response and OIG replies are presented after each recommendation in the Audit Results section of this report. CA's comments have been reprinted in Appendix C.

What Was Found

Kearney found that CA/CST did not administer selected IT contracts in accordance with Federal and Department guidelines. Specifically, Kearney found that contracting officer's representative (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. In addition, 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. For example, CA/CST did not have clear internal guidance on using a website designed to maintain COR files and did not require new CORs to verify that existing files were complete before undertaking COR oversight duties. Moreover, CA/CST management did not sufficiently oversee CORs and government technical monitors (GTMs). CA/CST management and Contracting Officers in the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) were aware of COR and GTM turnover but did not perform a review of COR files to ensure that CORs were maintaining required documentation. In addition, CA/CST management and A/LM/AQM contracting officers did not sufficiently oversee CORs and GTMs or adequately communicate oversight roles and responsibilities when new CORs or GTMs were assigned.

Because CA/CST did not sufficiently monitor the contracts, Kearney questioned costs of approximately $28.4 million:

Unsupported Costs	$25,295,594
Unallowable Costs	$3,057,674
Total Questioned Costs	**$28,353,268**

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

May 2017
OFFICE OF INSPECTIONS
Bureau of African Affairs

Inspection of Embassy Freetown, Sierra Leone

OIG HIGHLIGHTS

ISP-I-17-16

What OIG Inspected

OIG inspected U.S. Embassy Freetown from October 27 to November 16, 2016.

What OIG Recommended

OIG made 18 recommendations: 17 to Embassy Freetown to improve internal controls and emergency preparedness and 1 recommendation to the Bureau of Overseas Buildings Operations and Embassy Freetown to develop and implement an action plan to identify, prioritize, and resolve maintenance deficiencies.

In their comments on the draft report, Department stakeholders concurred with the 18 recommendations. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. OIG considers the recommendations resolved. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- Embassy Freetown was still recovering from the effects of responding to the Ebola crisis. Management programs at the embassy were particularly affected by the crisis.
- Communication between Embassy Freetown 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 internal controls issues in its 2016 Statement of Assurance. However, OIG identified 22 internal controls deficiencies.
- Many of Embassy Freetown's buildings had been poorly maintained, the cumulative effect of which risks mission effectiveness.
- The Consular Section was not prepared for a crisis or major disaster.
- 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 tune up led to improvements in internal controls.

May 2017
OFFICE OF INSPECTIONS
Bureau of Near Eastern Affairs

OIG HIGHLIGHTS

ISP-I-17-20

Inspection of Embassy Tel Aviv, Israel

What OIG Inspected

OIG inspected U.S. Embassy Tel Aviv from October 7 to November 1, 2016.

What OIG Recommended

This report includes a total of 23 recommendations. OIG made 22 recommendations to Embassy Tel Aviv to improve operations and procedures. The report addresses deficiencies in the embassy's Management, Information Management, and Public Affairs Sections and the Haifa Consular Agency's lack of compliance with Department of State (Department) internal controls. OIG made one recommendation to the Bureau of Near Eastern Affairs regarding the Middle East Regional Cooperation Program's interagency agreement.

In their comments on the draft report, Department stakeholders concurred with 22 recommendations and deferred one to the Bureaus of Overseas Buildings Operations. The Department's response to each recommendation and OIG's reply can be found in the Recommendations Section of this report. OIG considers the recommendations resolved. The Department's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- The Ambassador promoted interagency team work, played a key part in the mission's public diplomacy programs, and effectively led Embassy Tel Aviv in advancing its strategic policy goals in Israel.
- The embassy's residential housing program lacked verification that residences met security standards.
- Motor pool operations had several deficiencies.
- The embassy's Information Management Section had technical, administrative, and contingency planning deficiencies.
- The Public Affairs Section did not submit required strategic planning documents to the Department.
- 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 HIGHLIGHTS

AUD-FM-IB-17-40

May 2017
OFFICE OF AUDITS
Financial Management Division

Audit of Broadcasting Board of Governors FY 2016 Compliance With Improper Payments Requirements

What OIG Audited

In FY 2016, improper Federal payments Government-wide totaled approximately $144 billion. The Improper Payments Information Act (IPIA), as amended, requires Federal agencies to annually identify programs and activities at high risk of improper payments and estimate the amount of improper payments, among other requirements. In addition, inspectors general are required to annually determine whether agencies are in compliance with improper payments requirements.

The Office of Inspector General (OIG) conducted this audit to determine whether the Broadcasting Board of Governors (BBG) was in compliance with IPIA, as amended. Specifically, OIG determined whether BBG conducted a risk assessment for significant programs and evaluated whether BBG reported the required improper payments information in its FY 2016 Performance and Accountability Report (PAR). In addition, OIG performed procedures to determine whether BBG complied with the Office of Management and Budget (OMB) requirements for testing and reporting programs identified as susceptible to significant improper payments.

What OIG Recommends

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.

BBG's comments to a draft of this report are reprinted in Appendix C.

What OIG Found

OIG found that BBG was in compliance with improper payment requirements for FY 2016, as presented in Table 1.

Table 1: Compliance with Improper Payment Criteria

Improper Payment Criteria	Compliance
Conducted Risk Assessment	Yes
Published PAR	Yes
Published Estimate	Yes
Published Corrective Actions	Yes
Published and Met Reduction Targets	Yes*
Published Error Rate Less Than 10 percent	Yes

* BBG was required to publish a reduction target for FY 2016; meeting the reduction target applies beginning in FY 2017.

Source: OIG created using criteria from OMB Circular A-123, Appendix C.

OIG found that BBG complied with the requirement to perform program-specific risk assessments. 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 performed additional testing of domestic payroll in FY 2016, as required.

BBG also published an FY 2016 PAR 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. Specifically, BBG obtained OMB approval for an alternative sampling and estimation methodology and published improper payment estimates, corrective action plans, reduction targets, and error rate information in its FY 2016 PAR.

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

April 2017

OFFICE OF INSPECTIONS

Bureau of South and Central Asian Affairs

OIG HIGHLIGHTS

ISP-I-17-14

Inspection of Embassy Colombo, Sri Lanka

What OIG Inspected

OIG inspected U.S. Embassy Colombo from October 31 to November 19, 2016. OIG also inspected embassy operations in Maldives.

What OIG Recommended

OIG made nine recommendations to improve the embassy's public diplomacy and policy and program implementation, and its motor pool, procurement and financial management.

In their comments on the draft report, Department stakeholders concurred with the recommendations. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. OIG considers the recommendations resolved. The Department's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- 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 that the Ambassador 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 six areas that are the subject of recommendations in this report: records management; unannounced cash counts; annual purchase card reviews; fuel management; overtime; and the training needs for grants officer representatives.
- The embassy's management of bulk fuel had numerous physical safety and internal control deficiencies.
- Spotlight on Success: The "iBus" mobile classroom took social media training on the road to diverse and underserved communities.

March 2017
OFFICE OF INSPECTIONS
Bureau of South and Central Asian Affairs

OIG HIGHLIGHTS

ISP-I-17-13

Inspection of Embassy Bishkek, Kyrgyzstan

What OIG Inspected

OIG inspected U.S. Embassy Bishkek from October 5 to 28, 2016.

What OIG Recommended

OIG made 11 recommendations to improve Embassy Bishkek's financial, general services, and information management operations.

In their comments on the draft report, Department stakeholders concurred with the 11 recommendations. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. OIG considers the recommendations resolved. The Department's formal written response is reprinted in its entirety in Appendix B.

What OIG Found

- The Ambassador provided critical leadership of a mission-wide strategic plan to reengage with the Government of Kyrgyzstan following a sharp downturn in the bilateral relationship.
- Embassy Bishkek, with Department support, improved earthquake preparedness. It formed an interagency earthquake preparedness working group, hosted a regional crisis management exercise, and took steps to obtain seismically secure housing.
- The embassy addressed several internal control weaknesses identified in the 2015 Statement of Assurance process. The embassy had not yet corrected internal control issues in financial management, motor pool and information management.
- The mission's grants were managed in accordance with Department standards.
- The Front Office's communication flow led to confusion and delays in decision-making.
- Spotlights on Success: Embassy Bishkek partnered with grantee organizations to provide vocational training to at-risk youth in madrassas (religious schools) and the embassy's seven American Corners countered the influence of Russian extremist rhetoric.

March 2017
OFFICE OF AUDITS
Contracts, Grants, and Infrastructure Division

OIG HIGHLIGHTS

AUD-CGI-17-32

Audit of Atlas Service Corps, Inc., Grant Expenditures and Program Income

What Was Audited

In September 2012, the Department of State (Department) awarded Atlas Service Corps, Inc. (Atlas), a grant to be used to engage Sudanese professionals between the ages of 23 and 35 in fellowship programs. The final total budgeted award amount was $1,884,984.

Acting on the Office of Inspector General's (OIG) behalf, Kearney & Company, P.C. (Kearney), an independent public accounting firm, conducted this audit to determine whether Atlas expended grant funds, collected program income, and reported financial information related to grant S-LMAQM-12-GR-1139 in accordance with Federal regulations, Department requirements, and the grant agreement.

What OIG Recommends

OIG made five recommendations to address issues related to questioned costs and program income. On the basis of the response from the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), OIG considers all five recommendations resolved, pending further action.

A/LM/AQM's comments are included as Appendix B, and Atlas' comments are included as Appendix C. A summary of A/LM/AQM's general comments and Kearney's responses is included as Appendix D, and a summary of Atlas' general comments and Kearney's responses is included as Appendix E.

What Was Found

Kearney found that Atlas did not always expend grant funds, collect program income, or report financial information related to the Department's grant in accordance with Federal regulations, Department requirements, and the grant agreement. Kearney found approximately $117,000 in grant costs that were charged to the Department's share of the grant and were unallowable or unsupported, as defined by Federal policies. Specifically, Kearney found that Atlas made changes to the scope of the grant agreement without approval and identified other unallowable costs related to compensation and other expense categories. Kearney also found that Atlas did not provide the required minimum amount of cost-sharing funds and that the indirect costs charged to the grant should be revised to consider unallowable direct costs.

Kearney also found that Atlas charged certain fees to host organizations and the participants that were not documented in the Department grant agreement. Although Atlas used the program income to offset the agreed-upon cost-sharing portion of the grant, Kearney identified some transactions that were not recorded correctly. Further, some of the program income that Atlas used to fulfill its cost-sharing arrangement was not generated by activities related to the grant. Because this income was generated outside the scope of the grant agreement, the Department and Atlas will need to make a determination as to the appropriate method to handle the income collected by Atlas. If Atlas does not use those funds to fulfill its cost-sharing arrangement, it will need to provide funds from another source to cover the required cost-share amounts.

In addition, Kearney found instances in which Atlas did not comply with general Federal grant requirements and the Department's Standard Terms and Conditions. Specifically, Kearney found that Atlas' financial management system did not comply with Federal requirements and that Atlas did not comply with the requirement to maintain an effective internal control environment, accurately report program income, and spend available program income before requesting Federal funds.

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

OIG HIGHLIGHTS

AUD-MERO-17-33

March 2017

OFFICE OF AUDITS, Middle East Region Operations

Aspects of the Invoice Review Process Used by the Bureau of Near Eastern Affairs to Support Contingency Operations in Iraq Need Improvement

What OIG Audited

In December 2011, the U.S. Mission to Iraq assumed responsibility from the U.S. Military for supporting all U.S. Government personnel under Chief of Mission authority at Department of State (Department) facilities throughout the country. The support includes medical services, utilities, food, water, equipment and facility maintenance, grounds keeping, and landscaping. The support is provided under several contracts with a combined value of more than $4 billion.

The Office of Inspector General (OIG) conducted this audit to determine whether the Department's Bureau of Near Eastern Affairs (NEA) invoice review policies and procedures, training and staffing, and practices are sufficient to support overseas contingency operations in Iraq and ensure invoice payments are reviewed in accordance with Federal requirements and NEA guidance.

What OIG Recommends

To address the deficiencies identified in this report, OIG offered eight recommendations intended to improve the invoice review process, including addressing a backlog of invoices that had not been reviewed and ensuring that contractors are not paid for subpar performance.

NEA and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) concurred with all the recommendations OIG offered. A synopsis of each response and OIG's reply is presented after each recommendation in the Audit Results section of this report. NEA and A/LM/AQM comments to a draft of this report are reprinted in Appendix B and C, respectively.

What OIG Found

NEA is generally following Federal requirements and its invoice review procedures to process invoices that support contingency operations in Iraq. Specifically, CMO (Contract Management Office)-Frankfurt is presently reviewing invoices before authorizing payment to ensure that invoiced amounts are allowable, allocable, and reasonable. It also verifies that invoices have proper supporting documentation. However, two aspects of its invoice review process need improvement: First, greater attention is needed to address a backlog of invoices that were initially approved for payment without full review and before CMO-Frankfurt was adequately staffed. As of December 2016, the backlog consisted of at least 138 invoices totaling approximately $14 million that had been awaiting a post-payment review for more than a year. Because CMO-Frankfurt's invoice reviews have previously identified unallowable costs, delays in conducting these reviews increase the risk that unallowable costs may not be recouped in a timely manner. Second, NEA guidance requiring invoice reviewers to document their invoice reviews must be consistently applied to demonstrate that a thorough review has been performed.

OIG also found that NEA's invoice reviewers have completed required training to prepare them for assessing whether invoiced costs are suitable for payment. However, having an adequate number of invoice reviewers has been a challenge for NEA since the award of the first major contract for services in Iraq in May 2011. The office is presently staffed adequately to keep abreast of its current workload, but additional staff is needed to address the backlog of invoices previously approved for payment without a full review.

In addition, OIG found that NEA has not developed contract performance metrics to provide a basis for reducing invoice payments when problems with contractor performance were identified. Further, A/LM/AQM has not developed a practice or methodology for calculating payment reductions when subpar performance is detected. NEA and A/LM/AQM are working to address both issues.

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

OIG HIGHLIGHTS

ISP-I-17-11A

February 2017
OFFICE OF INSPECTIONS
Bureau of South and Central Asian Affairs

Inspection of Embassy Islamabad, Pakistan

What OIG Inspected

OIG inspected U.S. Embassy Islamabad from May 8 to June 17, 2016. The inspection included Consulates General Karachi, Lahore, and Peshawar.

What OIG Recommended

OIG made 15 recommendations to improve Embassy Islamabad's operations and procedures. The report addresses implementation of Department of State-managed government-to-government assistance, embassy management support to the consulates general, and the need to improve information management coordination.

What OIG Found

- The U.S. Mission in Pakistan advanced U.S. interests despite Pakistan's challenging security environment, host-nation restrictions on travel, and impediments to program implementation.
- The Ambassador led the mission in positively shaping U.S.-Pakistan relations, making progress toward achieving its Integrated Country Strategy goals, and focusing on the mission's security.
- The embassy's International Narcotics and Law Enforcement Affairs Pakistan Section had deficiencies in program oversight and management controls.
- Embassy Islamabad provided inconsistent management support to Consulates General Karachi, Lahore, and Peshawar.
- The mission conducted effective and innovative public diplomacy programs.
- The mission's Information Management Sections provided satisfactory customer service but needed to improve coordination.

February 2017
OFFICE OF AUDITS
Financial Management Division

OIG HIGHLIGHTS

AUD-FM-17-29

Audit of the U.S. Section of the International Joint Commission, United States and Canada, FYs 2014 and 2015 Expenditures

What OIG Audited

The International Joint Commission, United States and Canada (IJC), is a binational commission established in 1910 by the Boundary Waters Treaty of 1909. The IJC was created to prevent and resolve boundary and water disputes between the United States and Canada. The IJC is composed of a U.S. Section and a Canadian Section. The U.S. Section of the IJC is funded via U.S. appropriations and receives a variety of support services from the Department of State (Department) in matters of budget, personnel, and general administration.

OIG conducted this audit of the U.S. Section of the IJC to determine whether (1) expenditures made in FY 2014 and FY 2015 were in accordance with applicable policies, laws, and Federal regulations and (2) contracted outside legal services were in accordance with Federal regulations.

What OIG Recommends

OIG made one recommendation to the U.S. Section of the IJC to promote compliance with the Prompt Payment Act (PPA) and Federal Acquisition Regulation (FAR) payment requirements and to avoid unnecessary interest penalties. The U.S. Section of the IJC agreed to the recommendation, which OIG considers resolved, pending further action. The U.S. Section of the IJC's response and OIG's reply follow the recommendation in the Audit Results section of this report. The U.S. Section of the IJC's response to a draft of this report is reprinted in its entirety in Appendix B. OIG requested but did not receive formal comments from the Department's Bureau of Western Hemisphere Affairs.

What OIG Found

OIG found that the U.S. Section of the IJC generally expended funds during FYs 2014 and 2015 in accordance with applicable policies, laws, and regulations and that those expenditures were supported by appropriate documentation, as required by the Department's Foreign Affairs Handbook. Specifically, OIG tested 150 expenditures and found that 139 (93 percent) were made in accordance with applicable policies, laws, and Federal regulations. In addition, OIG found that 149 of 150 expenditures tested (99 percent) were supported by appropriate documentation that confirmed the validity and accuracy of the payments. However, OIG found that 11 of 150 expenditures tested (7 percent) were not compliant with the PPA and FAR payment requirements, which generally require Government organizations to make payment within 30 days of receipt of a proper invoice.

The reason the U.S. Section of the IJC did not always comply with PPA and FAR requirements was, in part, because the IJC did not follow Department procedures concerning the timeliness of invoice processing or establish its own policies and procedures to ensure compliance. As a result, OIG determined that the U.S. Section of the IJC incurred over $1,200 in interest penalties in FYs 2014 and 2015. Because OIG limited its testing to a sample of 150 expenditures out of a total universe of 1,619, it is possible that additional expenditures may not have been paid within 30 days, which could have increased the risk of additional interest penalties. Therefore, successfully addressing the deficiencies noted in this report regarding the timely processing of invoices could result in monetary savings by avoiding interest penalties.

In addition, OIG found that the U.S. Section of the IJC contracted outside legal services, which was in accordance with Federal regulations. Specifically, OIG determined that a contract executed by the U.S. Section of the IJC to obtain an expert legal opinion during the Federal Government's assessment of certain IJC recommendations was reasonable and made in accordance with Federal regulations.

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

OIG HIGHLIGHTS

AUD-SI-17-21

February 2017
OFFICE OF AUDITS
Security and Intelligence Division

Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program

What OIG Audited

The Office of Inspector General (OIG) conducted this audit to determine whether the Bureau of Diplomatic Security (DS) effectively administered the armored vehicle program in accordance with Department of State (Department) policies and guidelines, allocated armored vehicles to meet posts' needs, and maintained accountability over armored vehicles stored domestically. OIG also determined whether select posts utilized armored vehicles that met required standards, whether posts sufficiently maintained armored vehicles, and whether the Department disposed of and transferred armored vehicles in accordance with Department policies.

The armored vehicle program is intended to provide armored vehicles abroad so that posts have a reasonable number of armored vehicles for "enhanced levels of protection…during periods of increased threat, instability, or evacuation" and "to enhance security for U.S. dignitaries visiting countries that require higher protection levels."

What OIG Recommends

OIG made 38 recommendations to address the deficiencies identified in the armored vehicle program. OIG received responses to a draft of this report from DS, the Bureau of Administration, the Bureau of International Narcotics and Law Enforcement Affairs, Embassy Abuja, Embassy Bogota, and Embassy Port-au-Prince (see Appendices D through I). OIG considers 4 recommendations closed; 26 recommendations resolved, pending further action; and 8 recommendations unresolved. A synopsis of management's response and OIG's reply follow each recommendation in the Results section of this report.

What OIG Found

OIG found that DS did not effectively administer the armored vehicle program in accordance with Department policies and guidelines, because DS had not developed appropriate procedures, guidance, or processes. As a result, the armored vehicle program continues to be at significant risk for fraud, waste, and abuse; indeed, court documents in a recent criminal matter included allegations that a DS employee misappropriated Department vehicles. Moreover, these issues mean that DS is not positioned to fulfill its intended mission: to ensure overseas posts have a reasonable number of armored vehicles that offer enhanced levels of protection.

OIG also found that DS did not allocate armored vehicles to meet posts' needs because of a lack of oversight of the process. As a result, overseas posts requiring armored vehicles have not been provided the appropriate number. Additionally, OIG determined that DS had incurred an impairment loss of $24.9 million for 259 armored vehicles that were unused for over one year. OIG also found that, to reduce inventory, DS transferred 200 unused armored vehicles, valued at $26.4 million, to other U.S. Government agencies without cost reimbursement. OIG questions the $51.3 million associated with these issues.

In addition, DS did not maintain sufficient accountability over armored vehicles stored domestically because of a lack of policies and procedures. As a result, OIG could not locate five vehicles, valued at $536,159. Additionally, OIG determined that posts used armored vehicles that did not always meet required protective standards. As a result, the armored vehicles used by these posts do not meet the minimum protection level, putting U.S. Government personnel at risk. Further, OIG found that posts did not always sufficiently maintain armored vehicles because of a lack of oversight by embassy personnel. As a result, posts may not have armored vehicles mission-ready, which could jeopardize the safety and security of vehicle occupants. Finally, OIG found that the Department did not always dispose of or transfer armored vehicles in accordance with Department requirements. These deficiencies occurred, in part, because of insufficient policies and procedures, which increase the risk that vehicles will be improperly disposed of or misappropriated.

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

OIG HIGHLIGHTS

ISP-IB-17-09

February 2017
OFFICE OF INSPECTIONS
Broadcasting Board of Governors

Inspection of the Broadcasting Board of Governors' Middle East Broadcasting Networks

What OIG Inspected

OIG inspected the Middle East Broadcasting Networks from May 9 to June 10, 2016. The inspection included the headquarters in Springfield, Virginia, the news bureau in Washington, DC, and the production center in Dubai, United Arab Emirates.

What OIG Recommended

OIG recommended that the International Broadcasting Bureau Office of Chief Financial Officer review the Middle East Broadcasting Networks' past unliquidated obligations and expired grants. OIG also recommended that the Middle East Broadcasting Networks strengthen property management operations and conduct a fire drill on an annual basis. OIG made other recommendations regarding compliance of the Middle East Broadcasting Networks' grant agreement in the areas of information technology and security.

What OIG Found

- The Middle East Broadcasting Networks established the *Raise Your Voice* campaign to counter the influence and messaging of the Islamic State of Iraq and the Levant.
- Since the 2010 OIG inspection, the Middle East Broadcasting Networks improved the methods it uses to measure its effectiveness and impact of its programming.
- The International Broadcasting Bureau Office of Chief Financial Officer did not review the networks' past unliquidated obligations totaling $6.2 million or close out expired grants.
- The Middle East Broadcasting Networks did not have robust disposal processes and internal controls for excess property.
- The Middle East Broadcasting Networks lacked formal information technology standards or policies.
- The Middle East Broadcasting Networks had not conducted a fire drill at its headquarters in Springfield, Virginia since occupying it in 2004.

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

OIG HIGHLIGHTS

ISP-I-17-10

February 2017
OFFICE OF INSPECTIONS
Domestic Operations

Inspection of the Bureau of Population, Refugees, and Migration

What OIG Inspected

OIG conducted an inspection of the Bureau of Population, Refugees, and Migration from May 10 to June 18, 2016.

What OIG Recommended

OIG made 10 recommendations to the Bureau of Population, Refugees, and Migration to address staffing planning, communication, contract management, monitoring and evaluation, human resources, and purchase card internal controls.

OIG questioned costs of $1,361,408 incurred by the bureau under task order SAQMMA11F4076 and $845,429 under delivery order SAQMMA14F142. Payments made under these orders exceeded the firm-fixed price ceilings in the original orders without justifications in the contract file.

What OIG Found

- The Assistant Secretary led the Bureau of Population, Refugees, and Migration's response to a series of humanitarian emergencies that have produced the largest number of displaced persons since World War II. This unprecedented increase in workload placed stress on bureau personnel and operations at all levels.
- The bureau established standard operating procedures and systematic mechanisms to engage, monitor, and evaluate the effectiveness of the international organizations it funds.
- As a result of unclear communication about policy priorities, bureau employees were uncertain about how to prioritize their work in order to meet bureau strategic goals most effectively.
- The bureau has been hampered by the lack of a staffing plan to address its expanded workload. As humanitarian crises grew more complex and protracted, close coordination between bureau humanitarian and U.S. Agency for International Development programs became imperative in order to make more efficient use of resources and improve outcomes for refugee populations.
- The bureau developed generally effective internal control policies and procedures to manage grants and cooperative agreements.
- The bureau's engagement on the Migration in Countries in Crisis Initiative resulted in the June 2016 development of internationally accepted draft guidelines on the treatment and protection of vulnerable migrants.
- The bureau's 2015 annual statement of assurance on management controls did not include formal assessments of contract management, information technology security, and refugee admissions.
- The Bureau of Population, Refugees, and Migration and the Bureau of Administration, Office of Acquisitions Management exceeded firm-fixed price ceilings for two contracts by $2.21 million from 2012–2016.

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

OIG HIGHLIGHTS

ISP-I-17-08A

January 2017
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

Inspection of Embassy Belgrade, Serbia

What OIG Inspected

OIG inspected U.S. Embassy Belgrade from May 4 to 24, 2016.

What OIG Recommended

OIG made six recommendations to Embassy Belgrade to address issues related to record emails; electronic files organization; timely reporting of grants awards; adequate safeguards and controls and annual inventory reconciliation of facility stock and supplies; and fire safety standards for residential properties.

What OIG Found

- The Ambassador and the Deputy Chief of Mission formed a cohesive team and ensured that employees worked together to accomplish Embassy Belgrade's goals.
- Staffing shortages and insufficient embassy oversight of the local guard force resulted in unnecessary overtime work, causing inefficiencies and morale problems.
- Embassy Belgrade's Public Affairs Section was not in compliance with Department of State standards on grants management.
- The Management Section followed Department guidance for most required procedures, but was not maintaining inventory controls.
- Embassy Belgrade employees did not use record emails, and electronic records were not organized in accordance with Department standards.
- Spotlights on Success: Consular managers created an effective and simple mechanism for monitoring consular management controls, and the Customer Service Center improved service.

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

OIG HIGHLIGHTS

ISP-I-17-07A

January 2017
OFFICE OF INSPECTIONS
Bureau of East Asian and Pacific Affairs

Inspection of Embassy Port Moresby, Papua New Guinea

What OIG Inspected

OIG inspected the U.S. Embassy Port Moresby from June 9 to 28, 2016.

What OIG Recommended

OIG made 13 recommendations to U.S. Embassy Port Moresby to strengthen internal controls, comply with directives on grant management, and limit the work of the Consular Agency in the Solomon Islands to border security and protection of American citizens.

What OIG Found

- Internal control deficiencies adversely affected Embassy Port Moresby operations.
- Embassy managers paid insufficient attention to internal controls for the purchase card program, contracts, property management, and fuel consumption.
- Embassy Port Moresby's management of grants did not comply with Department of State directives.
- The embassy's Integrated Country Strategy was overly ambitious to the detriment of effective internal control.
- The work of the Consular Agency in Honiara, Solomon Islands, exceeded the mandate of a consular agent.
- Embassy Port Moresby personnel told OIG that the recent assignment of an ambassador with strong management experience had been needed, and they expressed appreciation for the Ambassador's and the Deputy Chief of Mission's inclusive and collaborative styles.

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

OIG HIGHLIGHTS

January 2017
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

Inspection of Embassy Bratislava, Slovakia

ISP-I-17-06A

What OIG Inspected

OIG inspected U.S. Embassy Bratislava from May 25 to June 13, 2016.

What OIG Recommended

OIG made 11 recommendations to tighten Embassy Bratislava's internal controls and improve embassy operations. These address deficiencies in fire alarm testing and maintenance; grants management; electronic file organization; use of record emails; employee use of the contracted taxi service for personal trips; cabling infrastructure; housing inspections; and monitoring of consular cashier activities.

What OIG Found

- Embassy Bratislava's Chargé d'Affaires and acting Deputy Chief of Mission encouraged teamwork and collaboration in the mission, consistent with Department of State leadership principles.
- The Department of State has been trying since 2007 to identify a new embassy compound site. Embassy Bratislava identified this as its highest priority management goal and was working with the Department and the Government of Slovakia to identify and acquire a site.
- Embassy Bratislava did not inspect, test, or maintain the embassy fire alarm systems.
- The Public Affairs Section did not fully comply with Department guidance on grants management.
- Electronic records were not organized or readily retrievable and employees made limited use of record emails.
- The embassy did not effectively monitor employees' use of its contracted taxi service for personal trips.
- The embassy systems cabling infrastructure did not meet Department specifications.

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

OIG HIGHLIGHTS

ISP-I-17-05A

December 2016
OFFICE OF INSPECTIONS
Bureau of East Asian and Pacific Affairs

Inspection of Embassy Rangoon, Burma

What OIG Inspected

OIG inspected U.S. Embassy Rangoon from May 11 to June 7, 2016.

What OIG Recommended

OIG made nine recommendations to U.S. Embassy Rangoon to correct weaknesses in earthquake response plans, tighten internal control, and reallocate public diplomacy resources.

What OIG Found

- Embassy Rangoon engaged effectively to advance goals of credible general elections and a peaceful government transition in Burma.
- The embassy contributed to Washington policy deliberations on multiple issues, shaped high-level U.S. Government representations, and advanced U.S. goals in Burma.
- The Ambassador and the Deputy Chief of Mission set an inclusive and professional tone for the embassy consistent with Department of State leadership principles.
- Rapid mission growth and a capital city 240 miles from the embassy pose internal control risks.
- Embassy internal review processes did not identify deficiencies in inventory, invoicing, cashiering, motor pool, and grants management.
- The embassy's management of grants lacked effective monitoring and closeouts of expired grants.
- The Public Affairs Section produced five daily media products, but had not surveyed end users to determine whether each product had an audience.
- Embassy emergency preparedness did not encompass response to earthquakes.
- The embassy's Assistance Working Group managed a coherent foreign assistance portfolio and may be a useful model for other embassies to coordinate assistance.

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

OIG HIGHLIGHTS

AUD-MERO-17-16

December 2016
OFFICE OF AUDITS
Middle East Region Operations

Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq

What OIG Audited

The Department of State (Department) awarded two contracts to PAE Government Services, Inc. (PAE): (1) the Baghdad Life Support Services (BLiSS) contract and (2) the Operations and Maintenance Support Services (OMSS) contract. These contracts were to provide fuel and related services to Department facilities in Iraq. The BLiSS contract includes the requirements for fuel acquisition, and the OMSS contract includes the requirements for fuel distribution and storage, as well as fuel-related equipment maintenance. Fuel is a mission-critical item because each Department site in Iraq operates and maintains its power sources independently from the local power grid.

The Office of Inspector General (OIG) conducted this audit to determine whether Bureau of Near Eastern Affairs (NEA) oversight personnel implemented adequate controls to ensure that PAE performed fuel acquisition, fuel distribution, equipment maintenance, and other fuel-related activities in accordance with the contract terms and Federal regulations.

What OIG Recommends

OIG made 14 recommendations to NEA that are intended to improve the oversight of fuel acquisition and related services. In addition, OIG made four recommendations to the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), to seek adjustment for any nonconforming fuel included in the $64 million paid through January 2016 and to recover $2.3 million in overpayments to PAE. Based on responses from NEA and the Bureau of Administration, Office of Logistics Management (A/LM), which responded on behalf of A/LM/AQM, OIG considers 1 recommendation closed; 16 recommendations resolved, pending further action; and 1 recommendation unresolved.

What OIG Found

OIG found that NEA did not ensure that fuel acquired by PAE for Department operations in Iraq complied with fuel quality standards. This occurred because NEA did not require PAE to implement a fuel inspection system in accordance with the Federal Acquisition Regulation (FAR) and BLiSS contract terms. As a result, PAE did not provide NEA with inspection reports to demonstrate that fuel purchases complied with contractual quality requirements. OIG is therefore questioning $64 million paid to PAE for fuel purchases as of January 2016.

Further, OIG found that NEA did not nominate personnel with the contract experience and technical expertise necessary to conduct oversight of fuel-related activities. This occurred because NEA's oversight structure was inadequate to ensure that the BLiSS and OMSS contracts were staffed with sufficient numbers of trained, experienced, and certified personnel. As a result, many oversight activities were not adequately performed.

In addition, OIG found that NEA did not adequately plan for or conduct comprehensive oversight of the fuel task orders awarded under the BLiSS and OMSS contracts. Specifically, NEA did not (1) develop comprehensive quality assurance surveillance plans to ensure fuel quality, (2) ensure that the contracting officer's representatives (CORs) acted within their delegated authority when accepting fuel, and (3) ensure that the CORs adequately documented PAE's performance. These deficiencies occurred, in part, because NEA did not implement FAR requirements and Department policies. As a result, NEA did not hold PAE accountable for identified performance weaknesses.

Finally, although OIG found that the invoice review process implemented by NEA for fuel-related invoices generally complied with Federal and Department guidance for conducting invoice reviews, the process did not include an independent verification of domestic fuel prices. Specifically, Contract Management Office-Frankfurt's invoice review process did not include a step to independently verify whether PAE invoiced for domestic fuel at prices that were established in accordance with contract terms and conditions. As a result, NEA overpaid PAE $2.4 million for domestic fuel, all of which had been recovered by the Department as of October 2016.

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

OIG HIGHLIGHTS

ISP-I-17-04

December 2016
OFFICE OF INSPECTIONS
Domestic Operations

Inspection of the Bureau of Consular Affairs, Office of Consular Systems and Technology

What OIG Inspected

OIG inspected the Bureau of Consular Affairs, Office of Consular Systems and Technology from May 9-June 10, 2016.

What OIG Recommended

OIG made 25 recommendations to the Bureau of Consular Affairs to address needed improvements in the Office of Consular Systems and Technology, including staff shortfalls; coordination and communication with other bureau offices and within the office itself; management of its modernization effort; information security; management controls; financial management; and acquisition management.

What OIG Found

- The Director of the Office of Consular Systems and Technology implemented a reorganization and new processes to improve the workflow, provide more information on projects, and prioritize work. These actions advanced office and Bureau of Consular Affairs strategic goals and objectives.
- Staffing vacancies, which increased from 14 percent in 2015 to 27 percent in 2016, negatively affected office and bureau-wide operations. Such vacancies—ranging from deputy director to financial officer—hindered the office's ability to carry out day-to-day functions, delayed the development of critical software, and contributed to weak management controls.
- The Office of Consular Systems and Technology stabilized legacy consular systems applications to improve the availability, integrity, and security of the data they contain. However, the office did not develop proper security and contingency plans for its current program to modernize key consular systems.
- The office required improved input, collaboration, and communication with the rest of bureau and with its own staff to effectively manage its legacy systems and ConsularOne development.
- OIG found deficiencies in management controls. Some internal controls were weak or not operating—including required segregation of duties between budget, acquisition, and contracting oversight functions—which increased the risk of fraud, waste and abuse. The office also did not follow Department of State requirements in preparing management control statements of assurance, closing contracts, and monitoring unliquidated obligations. The failure to monitor unliquidated obligations resulted in $18.54 million that could be put to better use.

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

OIG HIGHLIGHTS

AUD-MERO-17-08

November 2016
OFFICE OF AUDITS
Middle East Region Operations

Audit of the Bureau of Near Eastern Affairs Middle East Partnership Initiative

What OIG Audited

The Department of State's (Department) Bureau of Near Eastern Affairs (NEA) is responsible for managing the multimillion-dollar Middle East Partnership Initiative (MEPI) program. During FYs 2013 and 2014, NEA managed 400 separate MEPI awards, with total Federal funding of $461.3 million. MEPI provides funding to non-governmental organizations, civil society organizations, educational institutions, local governments, and private businesses to implement projects that promote political, economic, and social reform.

The Office of Inspector General (OIG) conducted this audit to determine whether the goals and objectives of the MEPI program were being achieved and whether NEA effectively monitored the MEPI grants and cooperative agreements. To do this, OIG reviewed 30 MEPI awards executed during FYs 2013 and 2014.

What OIG Recommends

OIG made five recommendations to NEA to improve the performance management and oversight of MEPI awards. NEA concurred with all five recommendations, which OIG considered resolved, pending further action. NEA's response to the recommendations (see Appendix C) and OIG's replies are presented after each recommendation.

What OIG Found

NEA could not systematically demonstrate that MEPI was achieving its goals and objectives to promote political, economic, and social reform in the Middle East and North Africa. OIG found that NEA created performance indicators that did not facilitate decisionmaking or lacked baseline data and performance targets. Specifically, OIG found that 194 of the 357 performance indicators measured outputs—the amount of services provided—rather than outcomes, which measure the effectiveness of a program, and less than half of the indicators fully met Performance Management Guidebook criteria for indicator appropriateness. In addition, NEA staff members did not establish baselines for 114 or targets for 80 of the 357 indicators. Also, OIG verified that NEA achieved only 43 percent of performance targets. NEA officials explained that performance indicators were poorly created, in part, because the assistance award process was compartmentalized and their personnel received inconsistent training. Although NEA cited anecdotal successes for the MEPI program, it could not provide systematic evidence of MEPI's success or provide useful information to decision makers managing the multimillion-dollar program.

OIG also found that NEA did not sufficiently monitor the 30 MEPI awards. Specifically, 27 of the 30 awards reviewed did not have required monitoring plans, and the plans for the remaining 3 awards did not focus on achieving targets and objectives. Further, NEA staff members did not conduct site visits for 10 of the 30 awards, conducted only one site visit each for 18 of the 30 awards, and did not focus on whether the award recipients were achieving the award objectives during site visits. In addition, OIG found that NEA reviews of the recipients' quarterly reports often were not thorough and lacked meaningful comments: 91 of the 137 reports contained no comments or were limited to comments such as "OK" and "on track." NEA officials said that they limited the number of monitoring staff to make available more funds for the award recipients. As a result of insufficient monitoring, MEPI objectives may not be met and opportunities to correct performance challenges may be missed.

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

OIG HIGHLIGHTS

AUD-MERO-17-01

November 2016
OFFICE OF AUDITS
MIDDLE EAST REGION OPERATIONS

Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance

What OIG Audited

According to the Department of State (Department), the U.S. Government has committed more than $400 million in non-lethal assistance to support the moderate Syrian opposition since the start of the crisis in 2011. The Department uses non-lethal assistance to provide training, equipment, and various services to enhance the stability of targeted communities or groups of people. The Department conveys this assistance to recipients through cooperative agreements and grants awarded to non-governmental implementing partners. Department and bureau policies require vetting for these awards in order to ensure the funds are not used to provide support to entities or individuals deemed to be a risk to national security. Vetting is conducted to screen individuals for derogatory information such as terrorist or extremist affiliations. The Office of Inspector General (OIG) conducted this audit to (1) determine the extent to which non-lethal assistance recipients and implementing partners' key personnel and staff were vetted in accordance with established guidance and (2) identify challenges, if any, to the effectiveness of the vetting process.

OIG reviewed the Syrian non-lethal assistance vetting process associated with five Bureau of Near Eastern Affairs (NEA) cooperative agreements; three Bureau of Democracy, Human Rights, and Labor (DRL) cooperative agreements; and six DRL grants.

What OIG Recommends

To address the deficiencies identified in this report, OIG offered nine recommendations intended to ensure that implementing partners' key personnel, staff, and program participants are vetted in accordance with the Department's policies and guidance. On the basis of responses received from NEA; DRL; the Bureau of Administration, Office of the Procurement Executive; and the Office of Management Policy, Rightsizing, and Innovation to a draft of this report (see Appendices D through G), OIG considers eight recommendations resolved and one recommendation unresolved.

What OIG Found

OIG found NEA and DRL did not always follow either the Department's Federal Assistance Policy Directive 2.05-B or NEA's *Syrian Opposition Vetting Guidance for Grantees*. Specifically, OIG found (1) DRL did not ensure its implementing partners submitted information on their key personnel to the Department for vetting prior to issuing the award and (2) NEA and DRL did not always ensure implementing partners submitted information on their program staff or participants to the Department for vetting prior to the start of work or participation in program activities. The implementing partners told OIG that they believed the vetting policies and guidance were not applicable in some situations. For example, one implementing partner believed that U.S. citizens were exempt from vetting, contrary to NEA's guidance. The implementing partner added that neither NEA nor DRL officials corrected their interpretations. OIG attributes the varied ways in which the bureaus and implementing partners conducted vetting to the lack of a consolidated and detailed Department-issued vetting guidance. Because some individuals were not vetted in accordance with applicable guidance, the risk that U.S. Government assistance could have been inadvertently delivered to terrorists or their supporters increased.

Bureau officials and implementing partners identified several challenges to the current vetting process. For example, officials stated that the Department does not have personnel on the ground in Syria to monitor and oversee non-lethal assistance programs. As a result, it must rely on its implementing partners to carry out its program objectives and ensure non-lethal assistance reaches its intended recipients. In addition, beginning in November 2015, the Department's vetting processing time significantly increased partly because of an increased workload coinciding with a reduction in staff at an intelligence agency the Department uses to obtain vetting information. According to the implementing partners, the delays in the vetting process have impeded the delivery of Syrian non-lethal assistance.

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

OIG HIGHLIGHTS

ISP-I-17-02

October 2016
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

Inspection of Embassy Zagreb, Croatia

What OIG Inspected

OIG inspected Embassy Zagreb from May 31 through June 15, 2016.

What OIG Recommended

OIG recommended funding for an additional ambassadorial driver position to comply with Department guidance limiting the number of hours a driver can be on duty. OIG made one recommendation on grants management and one on compliance with record email guidance.

What OIG Found

- Embassy Zagreb operated well and pursued the Integrated Country Strategy's major policy objectives.
- The Bureau of European and Eurasian Affairs had not funded an additional ambassadorial driver position. Ambassadorial drivers were regularly on duty more than 10 hours per day.
- The embassy had not consistently completed risk assessments or developed monitoring plans for all federal assistance awards using Department-approved formats.

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

OIG HIGHLIGHTS

ISP-I-17-01

October 2016
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

Inspection of Embassy Sarajevo, Bosnia and Herzegovina

What OIG Inspected

OIG inspected Embassy Sarajevo and Branch Offices in Banja Luka and Mostar from May 10 to May 27, 2016.

What OIG Recommended

OIG made no recommendations but advised management on ways to tighten internal controls and enhance efficiency.

What OIG Found

- Embassy Sarajevo was a well-functioning mission that pursued the Integrated Country Strategy's major policy objectives.
- The embassy corrected internal control deficiencies in human resources, general services, and information management during the inspection.

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

September 2016

OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

OIG HIGHLIGHTS

ESP-16-04

Department of State Has Administrative Leave Policies but Lacks Complete and Accurate Data on the Use of Leave

What OIG Evaluated

In response to a request from Congress, the Office of Inspector General (OIG) evaluated the use of administrative leave at the Department of State (Department). The objectives of this evaluation were (1) to describe the Department's administrative leave policies and (2) to determine the amount of administrative leave Department employees used from January 2011 to January 2015 and the circumstances surrounding the use of such leave.

What OIG Recommends

OIG made two recommendations to the Department to ensure that its new payroll systems can collect information regarding the justification for granting administrative leave and to identify and remedy the causes of the discrepancy with its administrative leave records.

What OIG Found

Administrative leave is granted to employees as an authorized absence from duty without loss of pay or use of leave for various reasons unrelated to employee conduct, such as blood donations and weather-related closures. It may also be granted to employees who are under investigation for misconduct.

At the Department of State, administrative leave can be authorized in 26 circumstances not related to conduct. Employees under investigation for misconduct may also be placed on administrative leave if their continued presence in the workplace may pose a threat to the employee or to others, may result in loss of or damage to government property, or may otherwise jeopardize legitimate government interests. Conduct-related administrative leave over 16 hours may only be granted by the Deputy Assistant Secretary of Human Resources.

OIG intended to determine the amount of administrative leave used by Department employees from January 2011 to January 2015 and the circumstances surrounding the use of such leave. However, the Department did not provide OIG with sufficient data to make these determinations. Consequently, OIG is unable to make any assessments about the Department's use of administrative leave. OIG identified two key deficiencies in the data the Department provided: (1) the Department lacks a centralized source of information regarding the justification for why administrative leave is granted and (2) HR data on the hours of administrative leave used conflicts with data from individual employing offices.

OIG HIGHLIGHTS

ISP-I-16-29A

September 2016
OFFICE OF INSPECTIONS
Bureau of Western Hemisphere Affairs

Inspection of Embassy Port of Spain, Trinidad and Tobago

What OIG Inspected

OIG inspected the U.S. Embassy in Port of Spain from February 24 to March 11, 2016.

What OIG Recommended

OIG made 10 recommendations to Embassy Port of Spain to improve management operations and internal control.

What OIG Found

- Embassy Port of Spain's chancery building was inadequate for secure diplomatic operations.
- Under the direction of the Management Officer, internal controls and customer service had improved.
- The Consular Section did not comply with Department of State procedures on processing visa referral cases.
- Embassy Port of Spain did not comply with Department of State and Federal regulations on records management.
- Despite inadequate network infrastructure throughout the chancery and the two annex buildings, the information management staff received high marks for computer services in the Department of State's 2015 annual customer satisfaction survey.

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

OIG HIGHLIGHTS

ISP-I-16-28A

September 2016
OFFICE OF INSPECTIONS
Domestic Operations

Inspection of the Bureau of Diplomatic Security, Threat Investigations and Analysis Directorate

What OIG Inspected

OIG inspected the Bureau of Diplomatic Security, Threat Investigations and Analysis Directorate, from February 5 to March 7, 2016.

What OIG Recommended

OIG made five recommendations to the Bureau of Diplomatic Security to improve operations and internal control in the Threat Investigations and Analysis Directorate.

What OIG Found

- The Threat Investigations and Analysis Directorate was accomplishing its stated mission "to protect life safety."
- The Directorate's decision to shift to a proactive approach to threat management expanded its mission and workload without a commensurate increase in human resources.
- Coordination and communication were effective at senior levels of the Threat Investigations and Analysis Directorate, but senior managers did not communicate consistently with mid-level staff members, adversely affecting the Directorate's ability to efficiently meet its defined objectives and goals.

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

September 2016
OFFICE OF AUDITS
Contracts, Grants, and Infrastructure Division

OIG HIGHLIGHTS

AUD-CGI-16-48

Audit of the Department of State Travel Card Program

What OIG Audited

OIG conducted this audit to determine whether Department of State (Department) travel card holders (1) obtained cash advances in accordance with regulations, (2) used their Government-issued card only for purchases allowed by laws and regulations, and (3) obtained and used their Government-issued card for travel expenses in accordance with regulations. OIG also addressed whether the Bureau of the Comptroller and Global Financial Services (CGFS) closed travel card accounts in a timely manner when employees were separated from service.

What OIG Recommends

OIG made seven recommendations to improve internal controls for the Department's Travel Card Program by developing or clarifying related policies, changing certain existing procedures, and developing new procedures, such as for applying disciplinary actions uniformly to employees who misuse or abuse their travel cards.

CGFS concurred with six of the recommendations offered. OIG considers these recommendations resolved, pending further action. OIG considers one recommendation pertaining to administrative and disciplinary procedures for the Travel Card Program unresolved and has redirected this recommendation, as requested by CGFS, to the Bureau of Human Resources. Management responses and OIG's reply follow each recommendation in the Audit Results section of this report. CGFS's response to a draft of this report is reprinted in its entirety in Appendix E.

What OIG Found

OIG found that travel card holders did not always obtain cash advances in accordance with Department regulations. Specifically, OIG identified 255 travel card holders who obtained 2,051 cash advances, valued at $847,189, without a travel authorization, which is contrary to Department regulations. This occurred, in part, because the Department had not developed specific policies for travel card cash advances, which puts the Department at risk, since it is responsible to Citibank should card holders default on travel card payments.

OIG also identified 1,306 travel card transactions that occurred in FY 2014 and FY 2015, valued at approximately $222,348, that were spent at prohibited or questionable merchants, such as physicians and charitable organizations. One reason this occurred was because the Department had not reviewed or updated its list of prohibited merchant categories. The lack of controls may allow travel card holders who misuse the travel card to go undetected. In addition, the Department had not developed or imposed administrative and disciplinary procedures, as prescribed in the *Government Charge Card Abuse Prevention Act of 2012,* to prevent travel card abuse.

Additionally, OIG found that employees who travelled more than two times in a 12-month period did not always have a Department-issued travel card, as required. One reason this occurred was because the Department did not have a method to identify and enforce compliance with this requirement. As a result, the Department could have received additional sales refunds had these 2,400 individuals used a Department-issued travel card to pay an estimated $10,133,051 in official travel expenses.

Furthermore, OIG identified 96 individuals who still had active travel card accounts after separation, including 16 individuals who completed 247 transactions, valued at approximately $63,886, after they separated from the Department. This occurred, in part, because the Department's policies need to be updated. Former employees with active travel cards may misuse the travel cards and the Department would have little recourse against them.

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

OIG HIGHLIGHTS

AUD-SI-16-43

September 2016
OFFICE OF AUDITS
Security and Intelligence Division

Compliance Follow-up Review of the Department of State's Implementation of Executive Order 13526, Classified National Security Information

What OIG Evaluated

In March 2013, the Office of Inspector General (OIG) reported[a] that the Department of State (Department) had generally adopted classification policies, procedures, rules, and regulations prescribed by Executive Order 13526.[b] However, in that report, OIG identified instances where the Department did not effectively follow and administer certain requirements.

The objective of this compliance follow-up review was to determine whether the actions taken by the Bureau of Administration and other responsible bureaus fully addressed the deficiencies identified in the March 2013 report. OIG conducted this review pursuant to the Reducing Over-Classification Act of 2010.[c]

What OIG Recommends

OIG is modifying and reissuing one recommendation from its March 2013 report and, to advance the Department's compliance with Executive Order 13526, is making seven new recommendations. OIG received responses to the draft report from the Bureau of Administration and the Bureau of Information Resource Management (see Appendices C and D, respectively). Based on the responses, OIG considers one recommendation closed; six recommendations resolved, pending further action; and one recommendation unresolved. Management responses and OIG replies are presented after each recommendation. The Foreign Service Institute also provided general comments (see Appendix E), which OIG incorporated into the report as appropriate.

[a] OIG, *Evaluation of Department of State Implementation of Executive Order 13526, Classified National Security Information* (March 2013, AUD-SI-13-22).

[b] Classified National Security Information, December 29, 2009.

[c] Pub. L. No. 111-258, 124 Stat. 2648 (2010).

What OIG Found

OIG found that most of the Department's security-cleared employees had not taken the training required by Executive Order 13526. Based on training records obtained from the Foreign Service Institute, OIG found that less than 14 percent of security-cleared employees had completed the required training within the timeframe considered in this review. Moreover, only 20 percent had completed the training even one time since the outset of the training program. In addition, the Department had not implemented the sanction provision in the Executive Order that suspends an individual's classification authority until training is completed. These conditions occurred in part because the Bureau of Administration had not provided adequate guidance to the Department's bureaus specifying how the process for suspending classification authority should work. When Department employees and contractors are unaware of classification standards and no mechanism is in place to enforce training requirements, there is an increased risk that information could be incorrectly marked, misclassified, and/or improperly restricted or disseminated.

OIG also found that although the Department updated the version of the Classified State Messaging Archive and Retrieval Toolset (SMART-C), as recommended in OIG's March 2013 report, the current version allows a user to classify information as an original classifier when the user does not have that authority. Further, technical difficulties have afflicted SMART-C, which have impacted its availability on the classified email system. Both of these situations can lead to over-classification or misclassification of information. OIG confirmed that the Bureau of Administration had established a process to self-inspect its classification program, as required by Executive Order 13526. However, in a self-inspection completed in December 2014, the Bureau of Administration did not include a representative sample of all classified documents because it had not captured all classified documents during its annual count of classification decisions and had not fully determined which bureaus had collections of classified documents. In addition, Bureau of Administration officials acknowledged that they lacked the resources necessary to fully comply with the requirements of Executive Order 13526.

ISP-I-16-27

September 2016
OFFICE OF INSPECTIONS
Bureau of Western Hemisphere Affairs

Inspection of Embassy Quito, Ecuador

What OIG Inspected

OIG inspected U.S. Embassy Quito from February 9 to 26, 2016. Members of the team traveled to Consulate General Guayaquil from February 16 to 19, 2016.

What OIG Recommended

OIG made six recommendations to Embassy Quito to improve operations and internal control in the Public Affairs, Consular, and Management Sections. OIG also made one recommendation to address resource issues in the Public Affairs Section at Consulate General Guayaquil.

What OIG Found

- The Ambassador's and the Deputy Chief of Mission's leadership and engagement during the volcanic activity of Cotopaxi in 2015 demonstrated their commitment to the security and welfare of the mission.
- Public Affairs Section grants files did not comply with Department of State guidance on the administration of Federal assistance awards.
- Mission Ecuador lacked an effective records management program.
- The mission's end-use monitoring rate in 2015 was the third lowest of the 70 posts required to monitor items donated to host governments.
- An imbalance in the allocation of public affairs resources limited outreach capacity at Consulate General Guayaquil.
- Embassy Quito and Consulate General Guayaquil integrated mission-wide consular activities.
- Mission Ecuador's professional development programs built key skills and improved integration of all mission elements.
- Embassy Quito's termination process for locally employed staff members was not in accordance with local labor law.

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

OIG HIGHLIGHTS

AUD-MERO-16-50

September 2016
OFFICE OF AUDITS
Middle East Region Operations

Additional Actions Are Needed To Fully Comply With Section 846 of the National Defense Authorization Act for Fiscal Year 2013 Concerning Critical Environment Contracting

What OIG Audited

Congress included Section 846 in the National Defense Authorization Act for Fiscal Year 2013 (NDAA-13) to address concerns that operational and political risks associated with contractor performance in overseas contingency operations were not being adequately addressed. The statute requires the Department of State (Department) to conduct comprehensive risk assessments and develop a mitigating action for each high-risk area identified whenever contractors are involved in supporting overseas contingency operations. The Department created an office, the Critical Environment Contracting Analytics Staff (CECAS), and assigned it responsibility for developing, coordinating, and implementing the risk assessments and the mitigation plans.

The Office of Inspector General (OIG) conducted this audit to determine whether CECAS and the applicable stakeholders—the Bureau of Diplomatic Security and regional bureaus—conducted risk assessments, identified high-risk areas, and developed a corresponding mitigating action for each high-risk area identified for operational and political risks associated with contractor performance supporting contingency operations in Afghanistan and Iraq in accordance with the requirements and intent of Section 846.

What OIG Recommends

OIG made two recommendations to the Bureau of Administration, Office of Logistics (A/LM) to address the deficiencies identified in this report. Based on A/LM's response to a draft of this report (see Appendix F), OIG considers both recommendations resolved, pending further action. A/LM's response to the recommendations and OIG's replies follow each recommendation in the Audit Results section of this report.

What OIG Found

OIG reviewed the Department's risk assessments for Afghanistan and Iraq and nine risk mitigation plans to determine whether all high-risk areas identified had corresponding mitigating actions as required by Section 846. OIG found that CECAS and the stakeholders conducted comprehensive risk assessments for the two countries and identified high-risk areas that met Section 846 requirements. In total, the assessments identified 32 high-risk areas for Afghanistan and 52 high-risk areas for Iraq.

However, OIG's review of the risk mitigation plans found that CECAS and the stakeholders did not always develop mitigating actions for each high-risk area identified, as required by Section 846. Specifically, OIG could not identify mitigating actions for 14 of the 32 high-risk areas in Afghanistan and 32 of the 52 high-risk areas in Iraq. Of the high-risk areas for which mitigating actions were identified, most pertain to contractor safety. Other high-risk areas, such as the Government's oversight of contractor operations, received less attention. According to CECAS officials, mitigating actions were not developed for all high-risk areas identified because CECAS determined that some were outside the scope of the Section 846 requirements and some were not applicable to specific contracts. In addition, CECAS concluded some were Department-wide issues that were beyond its authority to resolve.

Section 846 also requires that each risk mitigation plan include measurable milestones for implementing the mitigating actions and a process for monitoring, measuring, and documenting progress of each mitigating action. However, OIG found that none of the mitigation plans reviewed had measurable milestones or identified a process for monitoring, measuring, and documenting progress. Although CECAS was responsible for developing, coordinating, and implementing the mitigation plans, CECAS believed that it was not responsible for the milestones and oversight processes. A May 2016 revision to 14 Foreign Affairs Manual 240 clarified that, although CECAS is responsible for coordinating the mitigation plans that include these requirements, the funding bureau or program office involved is responsible for developing the milestones and the oversight processes. Notwithstanding this clarification, as of May 2016, the mitigation plans have no milestones, nor do they identify processes for monitoring and measuring progress. As a result, the Department does not have evidence that its risks associated with contractor performance in Afghanistan and Iraq are effectively mitigated to the fullest extent.

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

September 2016
OFFICE OF AUDITS
Security and Intelligence Division

OIG HIGHLIGHTS

AUD-SI-16-49

Audit of the Bureau of Political-Military Affairs Federal Assistance Awards

What Was Audited

The Bureau of Political-Military Affairs (PM) provides policy direction in the areas of international security, security assistance, military operations, defense strategy and plans, and defense trade. PM awards grants and cooperative agreements to facilitate its mission. The majority of PM's awards relate to humanitarian demining programs, which involve the removal of land mines and other remnants of war.

Acting on the Office of Inspector General's (OIG) behalf, Kearney & Company, P.C. (Kearney), an independent public accounting firm, conducted this audit to determine the extent to which (1) PM's grantees claimed expenses that were allowable, allocable, reasonable, supported, and made in accordance with Federal requirements; and (2) the unliquidated obligations (ULO) associated with PM's grants and cooperative agreements remain valid.

What OIG Recommends

OIG made three recommendations to address the deficiencies noted in this report relating to PM's grant monitoring process, as well as $2.8 million in identified questioned expenditures that were either unsupported or unallowable costs, and $2.6 million in statistically projected questioned costs. Based on the response from PM, OIG considers two recommendations unresolved and one recommendation closed.

PM's comments are included in this report in their entirety as Appendix B.

What Was Found

Kearney found that $2.8 million (18 percent) of $15.8 million in grant expenditures tested for this audit were unsupported or unallowable, as defined by Federal policies. These questioned costs occurred, in part, because PM's grants monitoring process was not sufficiently designed to prevent or detect unallowable and unsupported costs. PM did not independently verify that all award recipients have sufficient financial management controls in place to prevent unsupported and unallowable costs. Further, during site visits, PM did not review recipient expenditures as recommended by Department guidance. Without reviews of recipient expenditures, it is difficult for PM to ensure grantees are performing the activities that are being funded. Further, the funds expended on questioned costs may have been put to better use.

In addition, because of PM's lack of oversight of grantees, it is difficult for PM to ensure that award recipients are using funds to support PM's overall mission and programs. Moreover, when the questioned costs identified are extrapolated over the 18 sampled grants and cooperative agreements, Kearney estimates a total of $4.6 million may be unallowable and unsupported. Further, Kearney believes that there is a likelihood that unallowable and unsupported costs exist in some other PM grants outside the scope of this audit.

ULOs represent the cumulative amount of orders, contracts, and other binding agreements for which the goods and services ordered have not been received, or the goods and services have been received but payment has not yet been made. With respect to ULOs associated with PM's grants, Kearney selected a sample of 49 ULOs to review from a population of 181 ULOs as of October 31, 2015. Kearney did not identify any invalid ULOs as a result of its test work. According to PM officials, PM had no invalid ULOs because Program Managers, who have direct knowledge of award status, review ULOs monthly. In addition, the Grants Officer verifies the status of all ULOs. In cases where a grant's period of performance has ended, PM will promptly adjust the obligation. PM self-identified 17 ULOs that needed adjustment because the period of performance had ended. Therefore, Kearney concludes that PM is in compliance with Department policy regarding obligation management.

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

September 2016
OFFICE OF INSPECTIONS
Bureau of Western Hemisphere Affairs

Inspection of Consulate General Curacao, Kingdom of the Netherlands

ISP-I-16-26A

What OIG Inspected

OIG inspected Consulate General Curacao from February 29 to March 10, 2016.

OIG made eight recommendations to improve Consulate General Curacao's operations and internal controls. OIG also made one recommendation to the Bureau of Human Resources to authorize a comprehensive salary and benefit survey to evaluate the validity of the consulate general's local compensation plan.

What OIG Found

- Effective interagency cooperation facilitated Consulate General Curacao's attainment of key Integrated Country Strategy goals in the Dutch Caribbean.
- The small size of the consulate general created inherent internal control vulnerabilities.
- Advancing mission objectives in the Dutch Caribbean required working with three separate political entities, which increased the workload of Consulate General Curacao's staff.
- The consulate general used record e-mails for some reports, but overall records management activities did not comply with Department of State standards.

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

OIG HIGHLIGHTS

ISP-I-16-25

September 2016
OFFICE OF INSPECTIONS
Bureau of Western Hemisphere Affairs

Inspection of Embassy Belmopan, Belize

What OIG Inspected

OIG inspected Embassy Belmopan, Belize, from February 29 to March 11, 2016.

What OIG Recommended

OIG made six recommendations to U.S. Embassy Belmopan to improve management operations and internal controls.

OIG made one recommendation to the Bureau of Human Resources to respond to the outstanding requests for proposed changes to the local compensation plan. OIG also made one recommendation to the Bureau of Information Resource Management to upgrade the ClassNet local area network.

What OIG Found

- Despite logistical difficulties inherent in the distance between the capital and the much larger Belize City where most government officials reside, the Ambassador had cultivated relationships with the highest levels of the Belizean Government. This enabled the mission to promote U.S. Government interests.
- The lack of internal controls over non-official use of government resources weakened safeguards against waste, loss, unauthorized use, or misappropriation of funds, property and other assets.
- The Bureau of Human Resources, Office of Overseas Employment, had not responded to three long-standing embassy requests submitted as part of the requirement to change the local compensation plan. Premium rates and use of compensatory time were inconsistent with local law and prevailing practice.
- Embassy Belmopan's ClassNet equipment and architecture were significantly outdated compared to that deployed worldwide. A planned Global Information Technology Modernization upgrade was cancelled without warning as part of a worldwide suspension of installation activities.

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

OIG HIGHLIGHTS

ISP-I-16-24A

September 2016
OFFICE OF INSPECTIONS
Bureau of European and Eurasian Affairs

Inspection of Embassy Ankara, Turkey

What OIG Inspected

OIG inspected the U.S. Embassy in Ankara, Turkey, from February 3 to March 22, 2016. The inspection included the U.S. Consulate General in Istanbul, the U.S. Consulate in Adana, the U.S. Consular Agency in Izmir, and the Embassy Branch Office in Gaziantep.

What OIG Recommended

OIG recommended that the Bureaus of Near Eastern Affairs and Administration reduce processing times for vetting potential assistance recipients and program personnel to conform with the Quadrennial Diplomatic and Development Review mandate to standardize risk management and mitigation. OIG also recommended that the embassy and the Bureau of Consular Affairs eliminate the backlog of Iranian immigrant visa cases. OIG made other recommendations to strengthen operations in the conduct of foreign relations, public diplomacy, consular services, and management oversight.

What OIG Found

- The Ambassador led a mission on the front lines of the fight against the Islamic State of Iraq and the Levant, the 5-year civil war in Syria, and the related refugee crisis. He had been a key participant in the interagency policy formulation process and advanced coordination between the United States and Turkey despite strains in the relationship.
- Embassy Ankara had the fourth longest backlog world-wide in processing Iranian immigrant visas.
- Embassy Ankara and Consulate General Istanbul were not well coordinated on diplomatic engagement strategy or management oversight.
- Consulate General Istanbul's focus on a narrow range of issues and its heavy allocation of officers' time to internal meetings and visit support functions limited its effectiveness.
- The Syria Transition Assistance Response Team was an innovative approach to responding to the Syrian crisis that may be a model for operations in future high-risk environments.
- The Department of State's process for vetting program personnel and recipients of the Syria Transition Assistance Response Team's non-humanitarian aid impeded the delivery of high-priority assistance in Syria.

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

OIG HIGHLIGHTS

ISP-IB-16-23

September 2016
OFFICE OF INSPECTIONS

U.S. International Broadcasting to Egypt

What OIG Inspected

OIG conducted the inspection of the Voice of America and Middle East Broadcasting Networks, Inc., operations in Cairo, Egypt, from October 12 to 29, 2015.

What OIG Recommended

OIG made one recommendation for Voice of America to coordinate with Embassy Cairo to oversee cashiering operations.

What OIG Found

- The Broadcasting Board of Governors' two broadcasting operations in Egypt, the Voice of America Correspondent Cairo news bureau and the Middle East Broadcasting Networks Cairo office, supported strategic objectives outlined in the Broadcasting Board of Governor's 5-year strategic plan for 2012-2016, *Impact through Innovation and Integration.*
- The Middle East Broadcasting Networks Cairo office complied with internal administrative procedures in financial management, contracting, and property management.
- The Voice of America Correspondent Cairo news bureau's administrative operations did not comply with Broadcasting Board of Governors' policies, Federal regulations, and applicable Department of State standards in four areas: cashiering operations, contract administration, position descriptions for the locally employed staff, and inventory accountability procedures.
- The Voice of America Correspondent Cairo news bureau did not conduct fire drills as required by the Broadcasting Administrative Manual.

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

OIG HIGHLIGHTS

ISP-I-16-22A

September 2016
OFFICE OF INSPECTIONS
Bureau of Western Hemisphere Affairs

Inspection of Embassy Montevideo, Uruguay

What OIG Inspected

OIG inspected the U.S. Embassy in Montevideo from February 9 to 23, 2016.

What OIG Recommended

OIG made two recommendations to U.S. Embassy Montevideo to improve embassy operations and internal controls.

Key Findings

- The Chargé d'Affaires and Acting Deputy Chief of Mission practiced and encouraged information sharing and innovation, attributes of leadership emphasized in 3 Foreign Affairs Manual 1214.
- The Consular Section met management and internal controls requirements and used innovative projects to engage with the public.
- The Public Affairs Section initiated several innovative projects. The section was in substantial compliance with Department regulations on grants.
- Embassy Montevideo did not use record emails, even when the exchanges contained information that facilitated decision making and documented policy formulation and execution.

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

September 2016
OFFICE OF AUDITS
Financial Management Division

OIG HIGHLIGHTS

AUD-FM-16-47

Audit of Department of State Strategic Sourcing Efforts

What Was Audited

According to the Government Accountability Office, Federal agencies have historically acquired goods and services in a decentralized manner, resulting in missed opportunities to leverage the government's aggregate buying power. The Office of Management and Budget (OMB) tasked Federal agencies with using "strategic sourcing"—a collaborative and structured process of critically analyzing an organization's spending patterns to leverage purchasing power, reduce costs, and improve overall performance, which enables agencies to maximize the value of each dollar spent.

The objective of this audit was to determine the extent to which the Department of State (Department) had developed and implemented a strategic sourcing program that addresses Federal strategic sourcing guidance and goals. An independent certified public accounting firm, Kearney & Company, P.C. (Kearney), acting on behalf of the Office of Inspector General (OIG), performed this audit.

What OIG Recommends

OIG made 11 recommendations to the Department to improve its strategic sourcing efforts, including the establishment of a Department-wide Strategic Sourcing Council to collaborate effectively to implement and administer strategic sourcing initiatives that are identified.

The Bureau of Administration agreed with all of the recommendations. OIG considers all recommendations resolved, pending further action. Bureau of Administration comments are reprinted in their entirety as Appendix C.

What Was Found

Kearney found that the Bureau of Administration took some steps to develop a strategic sourcing program that aligned with Federal guidance and goals; however, these efforts have not been fully implemented or utilized. Specifically, the Bureau of Administration complied with OMB guidance to identify a Strategic Sourcing Accountable Official, analyze procurement patterns, identify goods or services for which strategic sourcing should be implemented (known as a "spend analysis"), and consider using Federal Strategic Sourcing Initiative programs. However, the Department did not fulfill the OMB goal for strategic sourcing, which required agencies to reduce the costs of acquiring common products and services by strategic sourcing of at least two new commodities or services in both 2013 and 2014 that yielded at least a 10 percent savings. Further, although the Bureau of Administration identified 17 categories for potential strategic sourcing, only 3 initiatives that were in effect prior to the spend analysis were fully implemented; 4 other initiatives were started but not fully implemented; and no action was taken on the remaining 10 initiatives. In addition, the Department has not taken significant steps to consider strategic sourcing opportunities overseas and has not performed specific analyses to determine whether strategic sourcing overseas would be cost beneficial. Further, for the strategic sourcing initiatives in place, domestic bureaus and offices did not always purchase goods and services through the required programs.

The Department's strategic sourcing program is not effective, in part, because the Bureau of Administration has not developed a comprehensive Department-wide strategic sourcing program plan that includes a governance structure, goals and objectives, performance measures, and a communication plan. Further, the Bureau of Administration does not sufficiently monitor strategic sourcing activities to ensure that bureaus and offices are using the initiatives that are in place.

As a result, the Department's ability to fully achieve the cost benefits of strategic sourcing is limited. Further, the Department will not be positioned to realize these potential cost savings until the Bureau of Administration places greater emphasis on maximizing strategic sourcing solutions.

AUD-IT-16-46

August 2016
OFFICE OF AUDITS
Information Technology Division

(U) Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, Information Security Program

(U) What OIG Audited

(U) The Office of Inspector General (OIG) conducted this audit to assess the effectiveness of the International Boundary and Water Commission, United States and Mexico, U.S. Section (USIBWC), information security program and whether security practices in FY 2016 complied with laws and regulations established by the Federal Information Security Management Act of 2002 (FISMA), as amended, and standards prescribed by the Office of Management and Budget (OMB) and the National Institute of Standards and Technology (NIST).

(U) In addition, OIG collected information from USIBWC regarding computer security controls for personally identifiable information (PII), as required by the Consolidated Appropriations Act, 2016, Section 406, Federal Computer Security.

(U) What OIG Recommends

(U) In the 2015 FISMA audit report, OIG made three recommendations to address the deficiencies identified during the audit. At the conclusion of fieldwork for this audit, these recommendations remained open, and OIG is making three additional recommendations in this report related to protecting PII and incident response. OIG provided USIBWC a draft of this report and requested comments, but USIBWC did not respond within the timeframe allotted for this mandated audit. Therefore, OIG considers all three newly issued recommendations unresolved, pending further action, and will monitor the implementation of all six recommendations in this report during the audit compliance process.

(U)What OIG Found:

~~(SBU)~~ During FY 2016, USIBWC maintained an effective information security program for its General Support System; however, OIG found that USIBWC has not implemented controls to ensure the confidentiality and integrity of PII saved on its General Support System. Specifically, USIBWC has not deployed an encryption method to protect PII residing on its servers. Further, USIBWC has not published a notice of the Systems of Records, as required by the Privacy Act. Without adequate protection of PII data, there is increased risk that unauthorized disclosure of PII could occur.

~~(SBU)~~ OIG also found that additional actions are needed to fully secure USIBWC's Supervisory Control and Data Acquisitions (SCADA) systems. Although USIBWC is taking action to improve [redacted] and FISMA compliance for its SCADA systems, as of March 2016, when OIG performed fieldwork for this audit, USIBWC had not fully implemented the improvements. According to USIBWC officials, the improvements should generally be implemented during 2016. Until an upgrade strategy, [redacted] improvements are implemented, the confidentiality, integrity, and availability of the SCADA systems will remain at increased risk.

~~(SBU)~~ OIG is also reporting required information related to USIBWC's computer security controls for covered systems. OIG provided information on USIBWC's logical access controls and practices as well as multi-factor authentication. OIG found that USIBWC established and maintained an inventory of systems but did not implement data loss prevention or digital rights management technological solutions.

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

OIG HIGHLIGHTS

ISP-I-16-21A

August 2016
OFFICE OF INSPECTIONS
Bureau of Western Hemisphere Affairs

Inspection of Embassy Tegucigalpa, Honduras

What OIG Inspected

OIG inspected U.S. Embassy Tegucigalpa from February 3 to 25, 2016.

What OIG Recommended

OIG made 8 recommendations to Embassy Tegucigalpa to improve management operations and internal controls.

OIG also made one recommendation to the Department's Bureau of Information Resource Management to complete the installation of the private branch exchange system.

Key Findings

- Embassy Tegucigalpa was a well-functioning mission, with leadership focused on advancing U.S. interests and maintaining a collegial atmosphere.
- The embassy did not conduct risk assessments or develop monitoring plans for its public affairs Federal assistance awards, leaving the U.S. Government vulnerable to loss.
- The International Narcotics and Law Enforcement section was not appropriately staffed. The embassy was finalizing plans to engage U.S. direct-hire, eligible family member, and locally employed staff to improve program continuity and increase oversight.
- The embassy lacked sufficient internal controls in four areas related to travel advances, overtime, night differential, and the duty officer program.
- The Political and Economic Sections did not archive non-reporting cable information. Although the embassy had recently issued a management memorandum outlining the Department's Record Email requirement and where to receive relevant training, neither section had adjusted its record keeping accordingly.

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

~~SENSITIVE BUT UNCLASSIFIED~~

August 2016
OFFICE OF AUDITS
Contracts, Grants, and Infrastructure

OIG HIGHLIGHTS

AUD-CGI-16-40

Audit of the Aeromedical Biological Containment Evacuation Contracts Within the Bureau of Medical Services

What OIG Audited

OIG conducted this audit to determine whether (1) the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), and the Bureau of Medical Services (MED) properly administered and provided oversight of the aeromedical biocontainment evacuation contracts in accordance with requirements and (2) MED received reimbursement for non-Department of State (Department) aeromedical biocontainment evacuations as required.

What OIG Recommends

OIG made one recommendation to A/LM/AQM and three recommendations to MED to address the weaknesses identified in this report.

A/LM/AQM agreed with the one recommendation addressed to it and OIG considers that recommendation resolved, pending further action. MED neither agreed nor disagreed with the three recommendations addressed to it. OIG considers one recommendation resolved, pending further action, and two recommendations unresolved. Management responses and OIG's reply follow each recommendation in the Audit Results section of this report.

A/LM/AQM's and MED's comments are reprinted, in their entirety, as Appendix B and Appendix C, respectively.

What OIG Found

OIG determined that A/LM/AQM and MED generally administered and provided oversight of the aeromedical biocontainment evacuation contracts in accordance with requirements. In addition, OIG found that MED received reimbursement for non-Department aeromedical biocontainment evacuations as required. However, some internal controls regarding the administration and oversight of the aeromedical biocontainment evacuation contracts should be strengthened to ensure these weaknesses do not become deficiencies in future aeromedical evacuation missions. Specifically, OIG found weaknesses in the following areas:

- The A/LM/AQM quality assurance surveillance plans lacked a methodology to measure and document the contractor's performance, as required by the Federal Acquisition Regulation and Foreign Affairs Handbook.
- MED/Office of Operational Medicine did not adequately segregate duties over the procurement and contracting practices.
- MED does not have a method to track the usage of emergency Ebola funds.
- MED does not have a formal process in place to invoice for non-Department aeromedical biocontainment evacuations reimbursement.

These weaknesses occurred, in part, because A/LM/AQM and MED have not established and implemented formal procedures to guide the administration and oversight of these activities. Without procedures to guide MED's oversight of the aeromedical biocontainment evacuation contracts, there is increased risk that errors, irregularities, and inadequate contractor performance could go undetected. In addition, the need for formal procedures to efficiently account for emergency funds transferred to the MED Working Capital Fund, as well to report expenditures and reimbursements made to the Working Capital Fund, becomes particularly important should the demand for aeromedical biocontainment evacuations escalate in the future.

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

OIG HIGHLIGHTS

AUD-MERO-16-42

JULY 2016
OFFICE OF AUDITS
Middle East Region Operations

Audit of the Bureau of Near Eastern Affairs Financial Management of Grants and Cooperative Agreements Supporting the Middle East Partnership Initiative

What Was Audited

In 2002, the Department of State (Department) initiated the Middle East Partnership Initiative (MEPI). MEPI is the primary U.S. Government tool for supporting civil society in the Middle East and North Africa. The Department placed MEPI under the responsibility of the Bureau of Near Eastern Affairs (NEA). Programs implemented under MEPI aim to improve and expand civil society, economic growth, democracy, women's rights, and education. To accomplish its goals and objectives, MEPI awards grants and cooperative agreements to non-governmental organizations, private-sector organizations, academic institutions, and government institutions, both in the United States and abroad. From FY 2012 through FY 2015, Congress appropriated approximately $253.3 million for MEPI.

Acting on behalf of the Office of Inspector General (OIG), Kearney & Company, P.C. (Kearney), an independent public accounting firm, conducted this audit to determine to what extent NEA ensured that grant and cooperative agreement expenditures were allowable, allocable, reasonable, supported, and made in accordance with the terms and conditions of the award agreement.

What OIG Recommends

OIG made four recommendations to address approximately $1.5 million in questioned costs and improve NEA's monitoring of grants expenditures. NEA concurred with three recommendations and did not concur with one recommendation. NEA's response to the report is reprinted in full in Appendix B.

What OIG Found

Kearney selected 20 MEPI grants and cooperative agreements awarded from FYs 2012–2014 valued at approximately $18.9 million to review. From these 20, Kearney selected a sample of expenditures totaling $6.7 million for detailed analyses. After its analyses, Kearney questioned approximately $1.5 million in expenditures as either unsupported or unallowable.

Unsupported Costs	$1,423,118
Unallowable Costs	$ 74,820
Total Questioned Costs	**$1,497,938**

The unsupported and unallowable questioned costs occurred, in part, because NEA's grants monitoring process was not designed to prevent or detect unallowable and unsupported costs. Specifically, NEA did not independently verify that all award recipients had sufficient financial management controls in place to prevent unallowable and unsupported costs. Rather, NEA procedures required such verifications only for "high-risk" recipients. NEA officials had determined that the 20 awards were low risk based on results of audit reports and financial statements, among other things. However, the documentation NEA officials provided and analysis Kearney performed showed that 5 recipients did not even have A-133 audits conducted, while 6 had A-133 audits that contained findings, significant deficiencies, or questioned costs. In addition, during site visits, NEA did not consistently validate financial controls, review recipient expenditures and determine whether funds are being spent in accordance with cost principles, as recommended by the Department's Grants Policy Directives. Without procedures to monitor the financial management of award recipients, NEA cannot easily determine if funds are being spent in accordance with laws and regulations. Moreover, unallowable costs that the Department reimbursed could have been put to better use in helping MEPI's overall mission.

When these questioned costs are extrapolated over the 20 sampled grants and cooperative agreements, Kearney estimates a total of $3.3 million may be unallowable and unsupported. Further, Kearney believes that there is a strong likelihood that unallowable and unsupported costs exist in other MEPI grants and cooperative agreements outside the scope of this review.

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

OIG HIGHLIGHTS

ISP-C-16-20

July 2016
OFFICE OF INSPECTIONS
Bureau of International Narcotics and Law Enforcement Affairs

Compliance Follow-up Review of the Bureau of International Narcotics and Law Enforcement Affairs

What OIG Inspected

OIG conducted a Compliance Follow-up Review of the Bureau of International Narcotics and Law Enforcement Affairs from January 4 to February 19, 2016.

What OIG Recommends

OIG revised and reissued one recommendation that addressed the need to establish and track training requirements for program officers and financial management analysts.

What OIG found

- OIG determined that the Bureau of International Narcotics and Law Enforcement Affairs had implemented 27 of the 28 recommendations issued in the September 2014 inspection report as of the beginning of this Compliance Follow-up Review.
- OIG found that the Bureau of International Narcotics and Law Enforcement Affairs had made progress tracking Department-mandated training requirements but had not addressed discretionary training related to job performance and professional development.
- The Department's budgeting and accounting systems are not designed to manage foreign assistance. As a direct consequence, the Bureau of International Narcotics and Law Enforcement Affairs staff is required to engage in time-consuming, inefficient, and parallel processes to track the bureau's finances. OIG issued a Management Assistance Report in 2015 that placed responsibility for addressing this systemic problem with the Department rather than individual bureaus and included a recommendation that the Department develop a comprehensive plan to address foreign assistance tracking and reporting requirements.

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

AUD-MERO-16-41

July 2016
OFFICE OF AUDITS
Middle East Region Operations

Audit of Task Orders for the Union III Compound Awarded Under the Operations and Maintenance Support Services Contract

What OIG Audited

On behalf of the Department of Defense, the Department of State (Department) awarded two task orders to PAE Government Services, Inc. (PAE) under the Operations and Maintenance Support Services (OMSS) contract in Iraq for the revitalization, transition, and sustainment of the Union III Compound in Baghdad, Iraq.

OIG conducted this audit to determine whether Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) and the Bureau of Near Eastern Affairs (NEA) were administering and overseeing the task orders for the Union III Compound, awarded under the OMSS contract, in accordance with acquisition regulations and Department requirements.

What OIG Recommends

OIG made four recommendations to NEA to improve its oversight processes for the Union III Compound task orders, to include developing a performance work statement and quality assurance surveillance plan in accordance with acquisition regulations. OIG made six recommendations to A/LM/AQM, including taking action to definitize the task orders, recovering approximately $500,000 in unallowable contractor fees paid to PAE, and properly designating oversight personnel. Based on responses received from NEA and A/LM to a draft of this report (see Appendices C and D, respectively), OIG considers seven recommendations resolved and three recommendations unresolved. Bureau responses and OIG replies are presented after each recommendation in the Audit Results section of this report.

What OIG Found

A/LM/AQM and NEA officials did not adequately plan for oversight activities of the Union III Compound task orders awarded under the OMSS contract. This occurred, in part, because A/LM/AQM and NEA personnel did not implement requirements prescribed in Federal regulations and Department policies for proper and adequate oversight of these task orders. Specifically, A/LM/AQM and/or NEA officials did not:

- prepare a comprehensive performance work statement;
- develop a comprehensive quality assurance surveillance plan specifically tailored to conduct quality assurance and surveillance procedures at the Union III Compound;
- formally and consistently assign oversight personnel;
- develop and implement a process to ensure that personnel properly conducted oversight activities or adequately documented PAE's performance.

In addition, A/LM/AQM did not comply with negotiated schedules to definitize—that is, finalize the contractual terms and price—the task orders to comply with statutory and Department requirements to definitize the Union III Compound task orders within 180 days or prior to PAE completing 40 percent of the work to be performed, whichever occurs first. As of March 15, 2016, task orders SAQMMA15F0567 and SAQMMA15F1245 exceeded the authorized 180-day definitization period by 245 days and 146 days, respectively, and exceeded the 40 percent of work performed date by 257 and 166 days, respectively.

Further, NEA approved invoices for payment under task order SAQMMA15F1245 that included unallowable contractor fees representing 7 percent of the total invoiced amount, totaling $381,658. After OIG brought this issue to the Department's attention, NEA identified an additional $122,341 in unallowable contractor fees paid to PAE against task order SAQMMA15F1246. As a result, the Department paid PAE $503,999 in contractor fees deemed unallowable.

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

OIG HIGHLIGHTS

View Report: ISP-I-16-19A.

What OIG Inspected

OIG inspected the U.S. Embassy in Kinshasa, Democratic Republic of the Congo, from October 13 to November 2, 2015.

What OIG Recommended

OIG made recommendations to U.S. Embassy Kinshasa to strengthen management control procedures in the areas of purchase card oversight, time and attendance accountability, separation of duties, IT deficiencies, and operations in the City of Goma.

OIG also made recommendations designed to bring public diplomacy in line with Department standards and to ensure that the embassy is capable of responding to emergencies.

June 2016
OFFICE OF INSPECTIONS
Bureau of African Affairs

Inspection of Embassy Kinshasa, Democratic Republic of the Congo

What OIG Found

- Mission leadership has not consistently communicated clear expectations of behavior and conduct to mission employees.
- Embassy Kinshasa is effectively focused on the three priority goals of its Integrated Country Strategy: peace and security, democracy and governance, and economic development and growth.
- The Government of Democratic Republic of the Congo changed regulations governing international adoptions, preventing Americans from taking their adopted children home. Resolving this issue has become an unplanned embassy priority.
- The embassy is not adequately prepared to respond to a man-made crisis or a natural disaster in Democratic Republic of the Congo or in a neighboring country.
- Built in 1950, the chancery has outlived its usefulness. Security upgrades and haphazard additions make it inadequate for mission needs.
- The Congo-American Language Institute provides the embassy an effective means of promoting its Integrated Country Strategy goals to groups otherwise beyond the mission's reach.

ISP-C-16-18

What OIG Inspected

OIG conducted a Compliance Follow-up Review of the Bureau of Diplomatic Security, High Threat Programs Directorate from February 2 to 22, 2016.

What OIG Recommended

OIG reissued 3 of the 22 recommendations issued in the original report.

The reissued recommendations include establishing Memoranda of Understanding with U.S. military commands for all liaison positions; revising the Foreign Affairs Manual to include guidance for Post Security Program Reviews specific to high threat posts; and undertaking a comprehensive review of the structure, management, and manpower needs of the High Threat Programs Directorate and making adjustments as necessary.

MAY 2016
OFFICE OF INSPECTIONS
Bureau of Diplomatic Security

Compliance Follow-up Review of the Inspection of the Bureau of Diplomatic Security, High Threat Programs Directorate

Key Findings

- OIG determined that the Bureau of Diplomatic Security and other bureaus had implemented 19 of the 22 recommendations issued in the report of the Inspection of the Bureau of Diplomatic Security, High Threat Programs Directorate as of the completion of this Compliance Follow-up Review.
- The Bureau of Diplomatic Security, the Office of the Legal Adviser, and the Bureau of Human Resources had not established Memoranda of Understanding with U.S. military commands for three liaison officer positions. Department policy requires Memoranda of Understanding for Department detailees to other agencies.
- The Bureau of Diplomatic Security had not incorporated into the appropriate Foreign Affairs Manual section the changes in the Post Security Program Reviews specific to high threat posts.
- The Bureau of Human Resources had made considerable progress but had not yet completed a comprehensive review of the structure, management, and manpower needs of the High Threat Programs Directorate.

May 2016
OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

OIG HIGHLIGHTS

ESP-16-03

Office of the Secretary: Evaluation of Email Records Management and Cybersecurity Requirements

What OIG Evaluated

As part of ongoing efforts to respond to requests from the current Secretary of State and several Members of Congress, the Office of Inspector General (OIG) reviewed records management requirements and policies regarding the use of non-Departmental communications systems. The scope of this evaluation covers the Office of the Secretary, specifically the tenures of Secretaries of State Madeleine Albright, Colin Powell, Condoleezza Rice, Hillary Clinton, and John Kerry.

This report (1) provides an overview of laws, regulations, and policies related to the management of email records; (2) assesses the effectiveness of electronic records management practices involving the Office of the Secretary; (3) evaluates compliance with records management requirements; and (4) examines information security requirements related to the use of non-Departmental systems.

What OIG Recommends

OIG makes eight recommendations. They include issuing enhanced and more frequent guidance on the permissible use of personal email accounts to conduct official business, amending Departmental policies to provide for administrative penalties for failure to comply with records preservation and cybersecurity requirements, and developing a quality assurance plan to address vulnerabilities in records management and preservation. The Department concurred with all of OIG's recommendations.

What OIG Found

The Federal Records Act requires appropriate management and preservation of Federal Government records, regardless of physical form or characteristics, that document the organization, functions, policies, decisions, procedures, and essential transactions of an agency. For the last two decades, both Department of State (Department) policy and Federal regulations have explicitly stated that emails may qualify as Federal records.

As is the case throughout the Federal Government, management weaknesses at the Department have contributed to the loss or removal of email records, particularly records created by the Office of the Secretary. These weaknesses include a limited ability to retrieve email records, inaccessibility of electronic files, failure to comply with requirements for departing employees, and a general lack of oversight.

OIG's ability to evaluate the Office of the Secretary's compliance with policies regarding records preservation and use of non-Departmental communications systems was, at times, hampered by these weaknesses. However, based on its review of records, questionnaires, and interviews, OIG determined that email usage and preservation practices varied across the tenures of the five most recent Secretaries and that, accordingly, compliance with statutory, regulatory, and internal requirements varied as well.

OIG also examined Department cybersecurity regulations and policies that apply to the use of non-Departmental systems to conduct official business. Although there were few such requirements 20 years ago, over time the Department has implemented numerous policies directing the use of authorized systems for day-to-day operations. In assessing these policies, OIG examined the facts and circumstances surrounding three cases where individuals exclusively used non-Departmental systems to conduct official business.

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

May 2016
OFFICE OF AUDITS
Contracts, Grants, and Infrastructure Division

OIG HIGHLIGHTS

AUD-CGI-16-34

Audit of Time and Material Expenses and Performance Incentive Payments Under the Bureau of Information Resource Management, Vendor Management Office Vanguard Program

What Was Audited

Acting on the Office of Inspector General's (OIG) behalf, Kearney & Company, P.C. (Kearney), an independent public accounting firm, conducted this audit to determine whether (1) time and material (T&M) expenses for the Vanguard Program were allowable and supported and (2) performance incentive payments were made in accordance with the terms and conditions of the contract.

The Vanguard Information Technology Consolidation Program is a Department of State (Department) initiative to consolidate and centralize all IT service contracts under the umbrella of one performance-based contract with multiple task orders.

What OIG Recommends

OIG made seven recommendations to the Bureau of Information Resource Management (IRM) and one recommendation to the Bureau of Administration to address $567,071 in questioned costs and improve the Department's review process for invoices submitted under the Vanguard Information Technology Consolidation Program.

IRM and the Bureau of Administration concurred with the recommendations. OIG considers five of the eight recommendations resolved, pending further action, and three recommendations unresolved. Management responses and OIG replies are presented after each recommendation in the Audit Results section of this report.

IRM's and the Bureau of Administration's comments to a draft of this report are reprinted in Appendix B and Appendix C, respectively.

What Was Found

Kearney found that T&M expenses were generally allowable according to the terms of the Vanguard Program task orders and Federal and Department guidance. However, Kearney questions $560,486 in expenses that were not adequately supported. The $560,486 in questioned costs represents 6.5 percent of the total $8.6 million of T&M expenses tested. One reason this occurred is that IRM did not have an adequate document retention policy. Specifically, IRM did not have clear requirements for transferring documentation to a new Contracting Officer's Representative (COR) or maintaining electronic documentation in a shared location. As a result, it is unclear that the unsupported funds paid to contractors benefited the Vanguard Program.

Kearney also found that IRM did not document that all contract employees met the requirements of billed labor categories, as required. Specifically, Kearney found that CORs were generally unaware of the requirement to validate contractor qualifications against labor categories. Because of this, the Department may be relying on an unknown level of service.

In addition, Kearney found that performance incentive payments were generally made in accordance with contract criteria. However, Kearney identified $6,585 in unallowable performance incentive payments. The $6,585 in unallowable performance incentive payments represents less than half a percent of the total $3.2 million of performance incentive payments tested. This occurred, in part, because the Department has more than 300 different metrics that must be tracked to calculate performance incentive payments. In addition, the processes used by IRM employees to calculate and validate the amount of performance incentive payments are inconsistent, time consuming, and manual in nature. As a result, Department employees are spending a significant amount of time and effort tracking and administering performance incentive payments, the cost of which could potentially exceed the low dollar amount of the payments themselves (the amount of performance incentive payments is less than 1 percent of the total Vanguard Program payments).

OIG HIGHLIGHTS

AUD-SI-16-33

April 2016
OFFICE OF AUDITS
Security and Intelligence Division

(U) Audit of Local Guard Force Contractors at Critical- and High-Threat Posts

(U) What OIG Audited

(U) OIG conducted this audit to determine whether (1) local guard force (LGF) contractors at selected critical- and high-threat overseas posts are complying with general and post orders included in the contract; (2) LGF contractors at selected critical- and high-threat overseas posts provide invoices that comply with contract requirements; and (3) regional security officers at selected critical- and high-threat overseas posts perform oversight of the LGF contract in accordance with their Contracting Officer's Representative (COR) delegation memoranda.

(U) What OIG Recommends

(U) OIG offered 18 recommendations intended to address the deficiencies identified in this report. The action entities for the recommendations include the Bureau of Administration, the Bureau of Diplomatic Security, Mission [redacted], Mission [redacted], and Mission [redacted].

Based on the collective responses to a draft of this report from the action entities, OIG considers 13 recommendations resolved, pending further action; 2 unresolved; and 3 implemented and closed. The action entity's response and OIG's reply follow each recommendation in the Audit Results section of this report.

(U) What OIG Found

(U) OIG found that the guards working for the four LGF contractors at eight overseas posts (in four missions) complied with, on average, greater than 90 percent of security-related guard post orders observed. However, OIG identified deficiencies that were common across two or more missions related to access control procedures, equipment, unofficial reassignment of post orders, delivery and mail screening procedures, and reporting and investigating procedures. OIG also found that some guards were not receiving a proper number of breaks. Deficiencies generally occurred due to human error, lack of refresher training, and unavailable equipment. These deficiencies, if not addressed, could negatively impact the performance of security procedures that are intended to maintain post security and are required by the LGF contract.

(U) OIG also reviewed whether contractor invoices complied with contract terms and conditions and found that three of the four LGF contractors properly submitted invoices that included appropriate supporting documentation. However, the Mission [redacted] LGF contractor did not adhere to the contractually required invoice format or to the schedule for submitting invoices.

(U) Finally, OIG found that assistant regional security officers (acting as CORs, alternate CORs, and Government Technical Monitors) generally conducted LGF oversight in accordance with requirements, which are to monitor, inspect, and document the contractor's performance and, when necessary, apply negative incentives for not meeting performance standards. However, OIG found that not all assistant regional security officers (1) documented the contractors' performance or (2) maintained complete COR files. As a result, oversight was not properly documented. Without a complete COR file, the Government may not have the necessary documentation to defend its position of contractor nonconformance with contract terms, potentially resulting in paying for services that do not meet contract requirements.

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

May 2016
OFFICE OF AUDITS
Financial Management Division

OIG HIGHLIGHTS

AUD-FM-16-38

Audit of Department of State FY 2015 Compliance With Improper Payments Requirements

What Was Audited

In FY 2015, improper Federal payments Government-wide totaled approximately $137 billion. The Improper Payments Information Act (IPIA), as amended, requires Federal agencies to annually identify programs and activities at high risk of improper payments and estimate the amount of improper payments, among other requirements. In addition, inspectors general are required to annually determine whether an agency is in compliance with improper payments requirements.

Acting on behalf of the Office of Inspector General (OIG), Kearney & Company, P.C. (Kearney), an independent certified public accounting firm, conducted this audit to determine whether the Department of State (Department) was in compliance with IPIA, as amended.

What OIG Recommends

In its May 2015 report *Audit of Department of State FY 2014 Compliance With Improper Payments Requirements* (AUD-FM-15-26), OIG made two recommendations to address the deficiencies identified during the audit. At the conclusion of fieldwork for this audit, both recommendations remained open. Because the recommendations have not been implemented and the findings in this report have not significantly changed, OIG is not making new recommendations but will continue to track the Department's implementation of the recommendations made previously through its audit compliance process.

The Department's comments are included in this report as Appendix B.

What Was Found

Kearney found that the Department was in compliance with improper payments requirements for FY 2015, as presented in Table 1.

Table 1: Compliance with Improper Payment Criteria

Improper Payment Criteria	Compliance
Conducted Risk Assessment	Yes
Published Agency Financial Report	Yes
Published Estimate	Not applicable*
Published Corrective Actions	Not applicable*
Published and Met Reduction Targets	Not applicable*
Published Error Rate Less than 10 percent	Not applicable*

* These requirements apply only to agencies that have identified programs susceptible to significant improper payments.

Source: Kearney prepared using criteria from Office of Management and Budget (OMB) Circular A-123, Appendix C.

Kearney found that the Department performed the required program risk assessments in FY 2015. Specifically, the Bureau of the Comptroller and Global Financial Services (CGFS) evaluated whether or not each program subject to IPIA, as amended, had a significant legislative or funding change and performed a risk assessment, as appropriate, for each program using criteria defined by OMB. Although the Department conducted the required risk assessments for programs that experienced a significant change in funding, it could have improved its process by considering other factors as well, such as percentage change in funding. By not considering additional factors, the Department may not have identified all programs that had increased risks of improper payments because of increased funding.

In addition, the Department published its FY 2015 Agency Financial Report (AFR) on its website and that the AFR included the required improper payments disclosures. Although the AFR included the required disclosures, one disclosure was incomplete. Specifically, CGFS did not disclose the complete amount of improper payments recaptured outside its payment recapture audit activities. By not including complete information in its AFR, the Department was not providing users with complete information about its efforts related to improper payments.

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

May 2016
OFFICE OF AUDITS
Financial Management Division

OIG HIGHLIGHTS

AUD-FM-IB-16-39

Audit of Broadcasting Board of Governors FY 2015 Compliance With Improper Payments Requirements

What OIG Audited

In FY 2015, improper Federal payments Government-wide totaled approximately $137 billion. The Improper Payments Information Act (IPIA), as amended, requires Federal agencies to annually identify programs and activities at high risk of improper payments and estimate the amount of improper payments, among other requirements. In addition, inspectors general are required to annually determine whether an agency is in compliance with improper payments requirements.

The Office of Inspector General (OIG) conducted this audit to determine whether the Broadcasting Board of Governors (BBG) was in compliance with IPIA, as amended. Specifically, OIG determined whether BBG conducted a risk assessment for significant programs and evaluated whether BBG reported the required improper payments information in its FY 2015 Performance and Accountability Report (PAR).

What OIG Recommends

Because BBG was found to be in compliance with improper payment requirements for FY 2015, OIG is not offering recommendations as a result of this audit.

BBG's comments to a draft of this report are reprinted in Appendix B.

What OIG Found

OIG found that BBG was in compliance with improper payment requirements for FY 2015, as presented in Table 1.

Table 1: Compliance with Improper Payment Criteria

Improper Payment Criteria	Compliance
Conducted Risk Assessment	Yes
Published PAR	Yes
Published Estimate	Not applicable*
Published Corrective Actions	Not applicable*
Published and Met Reduction Targets	Not applicable*
Published Error Rate Less Than 10 percent	Not applicable*

* These requirements only apply to agencies that have identified programs susceptible to significant improper payments.

Source: OIG created using criteria from Office of Management and Budget (OMB) Circular A-123, Appendix C.

OIG found that BBG complied with the requirement to perform program-specific risk assessments in FY 2015. Specifically, BBG elected to perform annual risk assessments of all key programs. BBG performed qualitative risk assessment testing for nine programs in FY 2015. BBG also performed quantitative risk assessment testing of Radio Free Europe/Radio Liberty, Middle East Broadcasting Networks, and domestic payroll as part of its rotational testing approach. The quantitative assessment found that domestic payroll was a program susceptible to significant improper payments as defined by OMB Circular A-123, Appendix C, "Requirements for Effective Estimation and Remediation of Improper Payments." BBG is required to perform additional analysis of the domestic payroll program in FY 2016 as a result of its quantitative risk assessment.

In addition, BBG disclosed required improper payments information in its FY 2015 PAR. Specifically, BBG published an FY 2015 PAR and posted that report on its public website. In accordance with OMB Circular A-136, "Financial Reporting Requirements," BBG included in its PAR the required improper payments disclosures, including a list of its programs and a description of its process to identify programs susceptible to significant improper payments, including domestic payroll.

OIG HIGHLIGHTS

View Report: ISP-C-16-16.

April 2016
OFFICE OF INSPECTIONS
Bureau of Human Resources

Compliance Follow-up Review of the Review of the Department of State Disciplinary Process

What OIG Inspected

OIG conducted a compliance follow-up review of the Bureau of Human Resources' implementation of the nine recommendations issued in the report Review of the Department of State Disciplinary Process (ISP-I-15-04, December 2014) from October 5 to October 28, 2015.

What OIG Recommends

OIG reissued four of the nine recommendations issued in the original report.

The reissued recommendations include updating Department guidance on disciplinary issues, implementing standard operating procedures relating to oversight of bureaus with delegated authority, implementing a recusal process for Department officials involved in the disciplinary process, and updating the instructions for the Foreign Service employee evaluation report to include supervisor responsibility to address employee misconduct.

What OIG Found

- OIG determined that implementation was still pending, in varying stages, for the nine recommendations issued in Review of the Department of State Disciplinary Process, as of the beginning of this Compliance Follow-up Review.
- The Bureau of Human Resources had not updated the Civil Service and Foreign Service guidebooks to add the latest guidance and information on disciplinary issues.
- The Bureau of Human Resources had not implemented a recusal policy for its officials and those in bureaus with delegated authority.
- The Bureau of Human Resources had not implemented procedures to update delegation agreements and to establish reporting and evaluation mechanisms to monitor delegated bureaus' performance in administering disciplinary actions.

OIG HIGHLIGHTS

AUD-MERO-16-35

April 2016
OFFICE OF AUDITS
Middle East Region Operations

Improvements Needed To Strengthen Vehicle-Fueling Controls and Operations and Maintenance Contract at Embassy Kabul, Afghanistan

What OIG Audited

In December 2010, OIG reported that an Afghan fuel vendor, National Fuels, Inc., billed Embassy Kabul for $346,682 in fuel that it had not received.[*] OIG conducted this audit to determine whether U.S. Embassy Kabul had implemented adequate controls to safeguard and account for purchased fuel and whether PAE Government Services, Inc. (PAE), the embassy's operations and maintenance contractor, performed its fuel-monitoring duties in accordance with the statement of work.

What OIG Recommends

OIG made 10 recommendations to Embassy Kabul to improve fuel operations at the embassy and Camp Sullivan including increasing oversight of PAE, updating the Department's vehicle-fueling system to prevent unauthorized access to fuel and promote accountability, reviewing $1.21 million in unsupported costs, and relocating the fueling station office on the embassy compound to a location that offers sufficient egress capacity in the event of an emergency.

Embassy Kabul agreed with five of the recommendations offered, partially agreed with four, and disagreed with one. Embassy Kabul responses to the recommendations and OIG replies are presented after each recommendation in the Audit Results section of this report. Embassy Kabul comments are reprinted in Appendix C.

[*] *PAE Operations and Maintenance Support at Embassy Kabul, Afghanistan* (MERO-I-11-05, December 2010).

What OIG Found

The effectiveness of controls to safeguard and account for fuel throughout the receipt and distribution process at Embassy Kabul varied. For example, for a time, the embassy was using flow meters that were not calibrated. This led the embassy to use calculations provided by the fuel vendor to reconcile the invoices it received. OIG determined that this practice may have led to the embassy being overbilled by at least $160,000 between January 2013 and March 2014. OIG also found that four of eight controls in place at the embassy's vehicle-fueling station were ineffective and allowed for unauthorized access to fuel. Other controls to safeguard fuel, such as having updated software and hardware at the fueling station and regular analysis of fuel consumption, need improvement.

Further, the embassy paid $1.21 million in fuel invoices without proper supporting documentation. The embassy only provided OIG with the invoices for $1.21 million of fuel purchased, and did not provide any documentation supporting the invoice approval and payment during the audit. Although embassy officials could not locate the required documentation, the embassy's Facility Management Services; Post Support Unit in Charleston, South Carolina; or PAE personnel may have such documentation.

OIG also found that PAE staff performed an inherently governmental function by accepting the generator fuel deliveries on behalf of the embassy—in effect authorizing payment to National Fuels, Inc. The *Foreign Affairs Manual* states that a contract employee is not authorized to sign the receiving report *accepting* the property on behalf of the U.S. Government. While PAE is authorized to inspect and verify the fuel received, a U.S. Government employee must officially *accept* the fuel.

Lastly, although the embassy moved the office used at the fueling station to comply with egress standards, PAE staff must enter the old office building throughout the day to access the vehicle-fueling system computer and retrieve spare parts. As such, the egress hazard has not fully been addressed.

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

April 2016
OFFICE OF INSPECTIONS

OIG HIGHLIGHTS

View Report: ISP-I-16-15A.

What OIG Inspected

OIG inspected the U.S. Embassy in Cairo from October 13 to November 18, 2015. Members of the team inspected the U.S. Consulate General in Alexandria on November 1 and 2, 2015.

What OIG Recommended

OIG made 20 recommendations to improve Embassy Cairo's operations and procedures. The report addresses management of foreign assistance, integration of crisis preparation across the agencies and offices, and the need for a more strategic approach to public diplomacy. The report also recommends strengthening management controls and oversight of IT operations.

Inspection of Embassy Cairo, Egypt

What OIG Found

- Washington credits the Ambassador and the Deputy Chief of Mission with providing clear and effective leadership to an embassy that performs well in challenging circumstances. The Ambassador has helped shape Washington's evolving policy for U.S.-Egyptian relations.
- Embassy Cairo had not fully coordinated and integrated its crisis planning nor ensured crisis training tests cross-functional aspects of its crisis plans.
- The Public Affairs Section, one of the world's 10 largest, was rebuilding after several years of disruption but has not focused on strategic planning and direction.
- The embassy was spending public diplomacy funds on events without clearly branding them as U.S. Government-sponsored activities.
- After years of limited staffing, the Consular Section had made substantial progress in re-establishing internal controls and standardizing staff training but did not devote adequate attention to ensuring efficient American citizens service delivery.
- The Management Section had made progress on strengthening oversight of internal controls, but senior managers paid insufficient attention to management controls for the purchase card program and contracts.
- Embassy Cairo information management operations lacked standard procedures and internal control to ensure effective and efficient IT and communication services.
- OIG identified $133,200 in funds that could be put to better use by terminating leases for vacant residences in Alexandria.

OIG HIGHLIGHTS

View Report: ISP-I-16-13A.

March 2016
OFFICE OF INSPECTIONS
Bureau of South and Central Asian Affairs

Inspection of Embassy Ashgabat, Turkmenistan

What OIG Inspected

OIG inspected the U.S. Embassy in Ashgabat from October 28 to November 17, 2015.

What OIG Recommended

OIG made 15 recommendations to U.S. Embassy Ashgabat to improve management operations and internal controls.

OIG also made one recommendation to the Department's Bureau of Overseas Buildings Operations to address seismic vulnerability.

What OIG Found

- Washington end-users cite the embassy's resourcefulness and ability to convey useful reporting from Turkmenistan's repressive environment.
- Embassy leadership explicitly sets high standards for ethics and standards of conduct.
- Despite the Ambassador's emphasis on strong internal controls, OIG found several areas of embassy operations where internal controls need to be strengthened. These include IT contingency planning, information system security officer duties, and overtime use.
- The embassy stresses the importance of emergency preparedness in this seismically active area, but U.S. Government personnel occupy housing that has not been evaluated for seismic adequacy.
- Innovative Practice: The embassy includes embassy children in the Emergency and Evacuation Radio program to ensure everyone in the household understands radio equipment and network procedures.

OIG HIGHLIGHTS

View Report: ISP-I-16-12A.

March 2016
OFFICE OF INSPECTIONS
Bureau of South and Central Asian Affairs

Inspection of Embassy Tashkent, Uzbekistan

What OIG Inspected

OIG inspected the U.S. Embassy in Tashkent during October 2–October 26, 2015.

What OIG Recommended

OIG made 17 recommendations to U.S. Embassy Tashkent to strengthen consular management controls, expand the embassy's reporting and social media outreach, and improve interagency cooperation.

OIG made one recommendation to the Bureau of Overseas Buildings Operations to improve the seismic safety of the embassy's housing.

What OIG Found

- The Ambassador steers the United States-Uzbekistan engagement in constructive ways, including the signing of agreements on counter-narcotics and the U.S. Foreign Account Tax Compliance Act.
- Washington end-users uniformly expressed satisfaction with Political/Economic Section reporting that provides the information needed to understand the United States-Uzbekistan relationship.
- American and locally employed staff members in Tashkent described the Ambassador's collaborative style, interest in a variety of views, and openness to suggestions, in keeping with the Department's leadership principles.
- The Consular Section did not comply with non-immigrant visa adjudication review standards, visa referral management and referral procedures, and consular management control requirements.
- The Bureau of Overseas Buildings Operations has not addressed the seismic risk by identifying suitable housing with the lowest possible risk to life safety as required by 15 Foreign Affairs Manual 252.6. The embassy has taken steps to prepare its staff for the aftermath of a major earthquake.
- The embassy's social media outreach is limited by its reliance on English, rather than Russian- and Uzbek-language material.
- The reporting and supervisory relationships among the Centers for Disease Control and Prevention regional office, its locally employed staff, the Political/Economic Section, and the Front Office are unresolved and contentious.
- Innovative Practice: The embassy produced a no-cost and reliable short message service for employees.

OIG HIGHLIGHTS

View Report: ISP-I-16-10

What OIG Inspected

OIG conducted this evaluation in Baghdad, Iraq, from October 18, 2015, to November 10, 2015.

What OIG Recommended

OIG made recommendations to U.S. Embassy Baghdad to include public diplomacy in its Integrated Country Strategy action plan and to complete a Public Diplomacy Implementation Plan for FY 2016.

March 2016
OIG Office of Inspections
Evaluation of Embassy Baghdad's Implementation of Line of Effort 6 in the President's Strategy to Counter ISIL: Exposing ISIL's True Nature

What OIG Found

- Embassy Baghdad's public diplomacy activities operate without formal strategic planning and goals. None of the embassy's Integrated Country Strategy goals or objectives contain language relating to public diplomacy generally or to counter-Islamic State in Iraq and the Levant messaging, specifically.
- The Department did not formally task Embassy Baghdad with specific actions under Line of Effort 6 in the counter-Islamic State in Iraq and the Levant strategy.
- The embassy focuses counter-Islamic State in Iraq and the Levant messaging on building confidence among Iraqis that the Iraqi Security Forces, with U.S. and Coalition support, can degrade and defeat the Islamic State in Iraq and the Levant. This approach involves highlighting Iraqi Security Force battlefield gains and Islamic State in Iraq and the Levant setbacks, and underscoring U.S and Coalition assistance to those efforts.
- Embassy Baghdad is focusing more resources on social media. The embassy's Facebook page expanded its audience by almost 40 percent between January and October 2015, beginning with about 250,000 followers and growing to more than 400,000.
- The embassy confronts active disinformation campaigns and residual suspicions about U.S. policy that undermine its messaging. Recent Department polling shows that about 40 percent of Iraqis believe that the United States is working to destabilize Iraq and control its natural resources and nearly a third believe that America supports terrorism in general or the Islamic State in Iraq and the Levant, specifically. About half of Iraqi Sunnis and Shia now say that they completely oppose the Global Coalition to Counter the Islamic State in Iraq and the Levant.

OIG HIGHLIGHTS

AUD-FM-16-32

March 2016
OFFICE OF AUDITS
Financial Management Division

Audit of the Financial Results of the Telephone, Wireless, and Data Cost Center

What Was Audited

The Department of State (Department) established the Telephone, Wireless, and Data Cost Center (TWD Cost Center) to provide centralized management control over equipment, services, and maintenance for unclassified voice and data telecommunications.

Acting on the Office of Inspector General's (OIG) behalf, Kearney & Company, P.C. (Kearney), an independent public accounting firm, conducted this audit to determine whether the fees collected for the TWD Cost Center were sufficient to cover all operating costs required to sustain operations for the activity.

What OIG Recommends

OIG made six recommendations to the Department to improve the effectiveness of the TWD Cost Center's fee-setting. The Bureau of Administration concurred with Recommendations 1-4, and the Bureau of Information Resource Management (IRM) concurred with Recommendations 5 and 6. OIG considers all six recommendations resolved, pending further action.

IRM's comments are included in this report as Appendix B, and the Bureau of Administration's comments are included as Appendix C.

What Was Found

Kearney found that the TWD Cost Center collected fees in excess of the amount needed to cover the costs to sustain its operations. The total amount of revenue from FY 2010 to FY 2014 exceeded the TWD Cost Center's expenses by more than $25 million.

One reason this occurred is that the TWD Cost Center fee-setting methodology was not effective. Specifically, the fees charged from FY 2010 to FY 2014 were established in FY 2005 and have not been updated. The Bureau of Information Resource Management was unable to provide documentation to support the fee amounts. Although the TWD Cost Center proposed an update to the fees in FY 2013, no action was taken on the effort, and no additional attempts have been made to update the fee structure, even though a significant segment of services—wireless services—are no longer handled by the TWD Cost Center.

Another cause of the issues identified with the TWD Cost Center's financial results was that Kearney identified instances where the TWD Cost Center provided services to bureaus without charging a fee. For example, the TWD Cost Center did not have an accurate inventory of data ports used by three organizations and did not charge those organizations for that service. Further, the TWD Cost Center did not have a method to charge a customer only for the cost of providing connectivity. In addition, the TWD Cost Center sometimes provided services to bureaus and offices that were not charged because accurate data to identify usage was not always available.

Without an effective fee-setting methodology, it is more difficult for the TWD Cost Center to effectively control costs, account for activities, and encourage efficiency. Additionally, charging customers for services received by others risks noncompliance with Federal appropriations law. Further, without an effective process to charge and collect fees for services rendered, revenue may not be available to cover operating costs and sustain operations in the future.

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

OIG HIGHLIGHTS

AUD-FM-16-31

March 2016
OFFICE OF AUDITS
Financial Management Division

Audit of the Department of State Process To Select and Approve Information Technology Investments

What Was Audited

In FY 2014, the Department of State (Department) reported that it had spent $1.4 billion on 83 IT investments that support Department operations, ranging from property management to passport and visa systems.

Acting on OIG's behalf, Kearney & Company, P.C. (Kearney), an independent public accounting firm, conducted this audit to determine whether the Department designed a process to select and approve IT investments in accordance with Office of Management and Budget (OMB) requirements, followed the process that it had designed to select and approve IT investments, and provided accurate and complete Exhibit 53 and Exhibit 300 reports to OMB.

What OIG Recommends

OIG made 30 recommendations intended to improve the Department's process for selecting, approving, and reporting information on IT investments. Based on the response from the Bureau of Information Resource Management (IRM), OIG considers 11 recommendations resolved, pending further action, and 19 recommendations are unresolved.

IRM's comments are included in this report as Appendix D, the Bureau of Administration's comments are in Appendix E, and the Bureau of Diplomatic Security's comments are in Appendix F.

What Was Found

Kearney found that IRM designed a process to select and approve IT investments in accordance with OMB requirements. However, the policy governing the process did not include a clear definition of an IT investment that complies with OMB's definition, nor did it require bureaus to assess the potential duplication of planned IT acquisitions. The policy was insufficient primarily because the Department did not have a process for IRM management to approve updates to the policy. As a result, the Department cannot ensure that IT investments are made in accordance with OMB requirements.

Kearney also found that the Department generally did not select IT investments in accordance with the process it had designed or with OMB requirements. This occurred, in part, because the Department has not put into practice sufficient Chief Information Officer authority for IT acquisitions. In addition, IRM does not have a sufficient centralized oversight process in place. Further, the Department did not implement adequate controls to assess and avoid duplicative IT investments. The Department also did not use its IT portfolio management system, iMatrix, consistently or to its full capabilities. Specifically, not all bureaus use iMatrix, and IRM does not provide open access to iMatrix information, which limits bureaus' ability to identify duplicative IT investments. Because of these issues, stakeholders lack visibility into the Department's IT portfolio, the Department made duplicative IT investments, and the Department was not well positioned to implement new mandates related to IT investments.

In addition, Kearney found that the Department did not always report to OMB accurate and complete information on its IT investments. This occurred primarily because the process to prepare the reports is manual and involves numerous users across the Department. Further, training on OMB requirements and the functionality of iMatrix was inadequate. Insufficient IRM oversight of the reporting process also contributed to incomplete and inaccurate reports. Because the reports were inaccurate and incomplete, Department stakeholders had limited ability to analyze and assess IT spending.

OIG HIGHLIGHTS

View Report AUD-MERO-16-30

March 2016
OFFICE OF AUDITS
Middle East Region Operations

Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 8 – Security Services at U.S. Consulate Erbil

What OIG Audited

The Department awarded Task Order 8 under the Worldwide Protective Services (WPS) base contract to DynCorp International, LLC (DynCorp), on June 24, 2011. The purpose of the task order is to provide static guard and other security services for Chief of Mission personnel and facilities at U.S. Consulate Erbil. The task order's period of performance is for one base year beginning September 15, 2011, and four option years. The Department exercised only one option year. The total expended under the task order was $160 million.

Acting on the Office of Inspector General's (OIG) behalf, Kearney & Company, P.C. (Kearney), an independent public accounting firm, conducted this audit to determine the extent to which the Department's invoice review and approval procedures are effective for ensuring the accuracy and completeness of costs.

What OIG Recommends

OIG made three recommendations to the Bureau of Administration to address $10.8 million in questioned costs and to improve the Department's invoice review guidance. In its response (see Appendix C), the Bureau of Administration concurred with OIG's recommendations. In comments received from the Bureau of Diplomatic Security (DS) (see Appendix D), DS stated that it would assist the Bureau of Administration in implementing Recommendation 3. The bureaus' responses to the recommendations and OIG's replies are presented after each recommendation.

What OIG Found

Kearney reviewed a sample of 52 invoices, totaling $93.3 million, that DynCorp submitted as of September 30, 2015, and is questioning $10.8 million of the costs approved by the Contracting Officer's Representative (COR). Specifically, Kearney questions $807,507 in costs considered unallowable based on the contract terms, applicable laws, or regulations. Kearney is also questioning $10 million in costs not adequately supported in accordance with the contract terms.

Invoice Category	Unsupported Costs	Unallowable Costs	Total Questioned Costs
Labor	$18,000	$286,331	$304,331
Training	$6,754,766	-	$6,754,766
Travel	$237,160	$4,649	$241,809
Other Direct Costs	$2,978,793	$516,527	$3,495,320
Total	**$9,988,719**	**$807,507**	**$10,796,226**

The COR approved these costs primarily because DS did not have a sufficient process to review and approve WPS invoices. Specifically, DS did not have documented procedures for CORs to follow when reviewing and approving invoices. Additionally, DS did not provide training to CORs on how to perform an in-depth review of WPS invoices. Further, the Bureau of Administration's Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), did not formally modify the contract for instances where DS allowed DynCorp to deviate from the base contract. Finally, AQM signed and executed modifications to DynCorp's approved pricing schedules as much as a year after their stated effective dates.

March 2016
OFFICE OF INSPECTIONS
Broadcasting Board of Governors

Inspection of the Edward R. Murrow Transmitting Station

OIG HIGHLIGHTS

View Report: ISP-IB-16-08.

What OIG Inspected

OIG conducted the on-site inspection of the Edward R. Murrow Transmitting Station in Greenville, NC, from October 26 to October 30, 2015.

What OIG Recommended

OIG made two recommendations regarding the Edward R. Murrow Transmitting Station operations: one to the Broadcasting Board of Governors to prepare a written cost/benefit evaluation of the Edward R. Murrow Transmitting Station to determine the future of its operations and one to the International Broadcasting Bureau to upload missing performance evaluations to employees' electronic official personnel folders.

What OIG Found

- The Broadcasting Board of Governors Special Committee on the future of shortwave broadcasting issued the report "*To Be Where the Audience Is*," in August 2014. It concluded that the demand for shortwave broadcasting is declining in most of its audience markets. The report referred to transmission to Cuba twice, but fell short of recommending to close any Broadcasting Board of Governors shortwave transmitting stations.

- The Edward R. Murrow Transmitting Station reports to the Office of Cuba Broadcasting and Office of Technology, Services, and Innovation. The dual reporting structure has not affected operations negatively.

- Administrative operations for the Edward R. Murrow Transmitting Station were effective, except in management of human resources. Specifically, the station manager's position description was outdated and the performance evaluations record keeping did not comply with Federal regulations.

- The Edward R. Murrow Transmitting Station had effective internal controls processes in place. The Edward R. Murrow Transmitting Station management were cognizant of internal controls and provides effective oversight of operations.

- The Edward R. Murrow Transmitting Station complied with the Broadcasting Board of Governors and applicable Federal regulations for contracting, property management, and safety. The Edward R. Murrow Transmitting Station complied with the Broadcasting Board of Governors review processes for unliquidated obligations and the purchase card program.

- The security and emergency preparedness at the Edward R. Murrow Transmitting Station met the Interagency Security Committee, Office of Security, and Office of Technology, Services, and Innovation policies and standards. The employees participated in emergency drills and complete required insider threat training annually.

February 2016
OFFICE OF INSPECTIONS
Bureau of Diplomatic Security

Inspection of the Bureau of Diplomatic Security, Directorate of International Programs

OIG HIGHLIGHTS

View Report: ISP-I-16-07

What OIG Inspected

OIG inspected the Bureau of Diplomatic Security, Directorate of International Programs, during June 2 through July 2, 2015.

What OIG Recommended

OIG made three recommendations to the Bureau of Diplomatic Security that include establishing or updating memoranda of agreement between the Department and the Department of Defense pertaining to the Marine Security Guard program, issuing guidance to Chiefs of Mission on the availability of U.S. military assets during emergency situations and implementing an orientation program for directorate acquisition staff.

OIG also made two recommendations to the Bureau of Administration relating to the implementation of a service level agreement pertaining to the administration of local guard and personal protective services contracts and updating the Contractor Performance Assessment Reporting System with timely contract performance data.

What OIG Found

- Eighty-six percent of the Regional Security Officers who responded to an OIG field survey expressed satisfaction with timely guidance, direction, and coordination by the Directorate of International Programs on their behalf.
- Thirty-six percent of the Deputy Chiefs of Mission who responded to the field survey expressed satisfaction with the frequency and timeliness of communications and guidance from the Directorate of International Programs relating to Deputy Chief of Mission supervision of Regional Security Officers.
- Officials interviewed in five of the six regional bureaus stated that communications and coordination with the Bureau of Diplomatic Security have much improved in the aftermath of the attack on Benghazi in September 2012.
- The directorate is in the process of coordinating the updates of memoranda of understanding between the Department and the Department of Defense concerning Force Protection Detachments under Chief of Mission authority and the Marine Security Guard detachments.
- The Office of Acquisition Management and the Directorate of International Programs entered into an informal agreement to assign contracting officers and contracting specialists within the directorate Office of Overseas Protective Operations 8 years ago to help desk officers and acquisition management specialists oversee more than $1.6 billion in local guard and personal protective services contracts. However, the Bureau of Diplomatic Security and the Office of Acquisition Management have no service level agreement defining the roles and responsibilities of both staffs, which has caused confusion and some misunderstanding.

February 2016
OFFICE OF AUDITS
Middle East Region Operations

OIG HIGHLIGHTS

AUD-MERO-16-28

Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 – Baghdad Embassy Security Force

What OIG Audited

The Department of State (Department) awarded Task Order 3 under the Worldwide Protective Services (WPS) base contract to SOC, LLC (SOC) on September 29, 2010. The purpose of the task order is to provide static guard and emergency response services for U.S. Embassy Baghdad. The task order's period of performance is for one base year beginning July 21, 2011, and four option years. The task order is currently valued at approximately $909 million.

OIG conducted this audit to determine whether the Department is managing and overseeing Task Order 3 in accordance with Federal and Department regulations and guidelines. Specifically, the objective of the audit was to determine the extent to which (1) SOC performed in accordance with the contract terms and conditions; and (2) the Department appropriately reviewed and approved invoices.

What OIG Recommends

OIG made three recommendations to address $7.2 million in questioned costs and improve the Department's invoice review process, and one recommendation to recover $13.6 million in deferred assessments for staffing shortages. OIG made three recommendations to the Bureau of Administration (A) and one to the Bureau of Diplomatic Security (DS). Both bureaus concurred with the recommendations offered. Bureau responses to the recommendations and OIG replies are presented after each recommendation in the Audit Results section of this report. A and DS comments are reprinted in Appendices C and D, respectively.

What OIG Found

Although SOC did not initially meet several contract requirements such as staffing, English language proficiency, and implementing a biometric time and attendance system, SOC executed corrective actions to address the deficiencies. Specifically, Task Order 3 required SOC to meet an initial staffing level of 986 positions, but SOC began performing the contract with less than 70% of the positions filled. The shortages occurred across labor categories including security screeners, static guards, and management positions. During our audit, the Department sent SOC a demand letter to recover $13.6 million in deferred assessments for staffing shortages. Additionally, although the WPS base contract requires SOC to provide static security guards who meet Level 2 English language proficiency, defined as having a "limited working proficiency," SOC employed guards who did not meet this requirement. Lastly, the WPS base contract requires SOC to establish a biometric time and attendance tracking and reporting system but SOC failed to do this initially. The Department issued multiple cure notices and deficiency letters requiring SOC to correct the deficiencies.

OIG reviewed all 1,016 invoices totaling $466.0 million submitted by SOC as of December 31, 2014, and is questioning $7.2 million of the costs approved by the Contracting Officer's Representative. Specifically, OIG questions $652,061 in costs considered unallowable based on the contract terms, applicable laws, or regulation. OIG is also questioning $6.5 million in costs not adequately supported.

Invoice Category	Unsupported Costs	Unallowable Costs	Total Questioned Costs
Labor	$2,911,838	$19,787	$2,931,625
Training	$1,476,519	$37,660	$1,514,179
Travel	$1,314,605	$479,093	$1,793,698
Other Direct Costs	$840,227	$115,521	$955,748
Total	**$6,543,189**	**$652,061**	**$7,195,250**

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

OIG HIGHLIGHTS

February 2016
OFFICE OF INSPECTIONS
Domestic Operations

Inspection of the Bureau of Energy Resources

View Report: ISP-I-16-06

What OIG Inspected

OIG inspected the Bureau of Energy Resources from April 20 to June 24, 2015.

What OIG Recommended

The OIG team made 14 recommendations to the Bureau of Energy Resources to address leadership, communications, structural, staffing, and security issues. The majority of OIG's recommendations focus on the need to improve internal management procedures and the bureau's organization.

What OIG Found

- Since its establishment in late 2011, the Bureau of Energy Resources has made itself the center for energy diplomacy and the action office for energy security issues in the Department. It has contributed to important U.S. policy deliberations and initiatives.
- The Special Envoy's substantive knowledge, tactical skills and advocacy have strengthened the bureau's leadership role in energy diplomacy.
- Extended absences of senior officials for official travel, leave, and telework have been detrimental to ENR's operational effectiveness.
- Weak institutional procedures, in particular information sharing and communication, as well as the bureau's organizational structure hamper internal operations and coordination with bureau partners.
- The strategic planning process is not inclusive and lacks rigorous prioritization of objectives.
- The Bureau of Energy Resources is building a cadre of experienced and knowledgeable energy officers through its training programs and seminars.
- The Bureau of Energy Resources lacks an effective security program to ensure the protection of sensitive information.

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

OIG HIGHLIGHTS

View Report

January 2016
OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

Evaluation of the Department of State's FOIA Processes for Requests Involving the Office of the Secretary

What OIG Reviewed

As part of ongoing efforts to respond to requests from the current Secretary of State and several Members of Congress, the Office of Inspector General (OIG) evaluated efforts undertaken by the Department of State (Department) to ensure that records are properly produced in response to Freedom of Information Act (FOIA) requests involving past and current Secretaries of State. This report addresses (1) the Department's compliance with FOIA statutory and regulatory requirements and (2) the effectiveness of the processes used by the Office of the Secretary's Executive Secretariat (S/ES) to respond to FOIA requests.

What OIG Recommends

OIG recommends that the Bureau of Administration identify personnel needed to improve the timeliness of FOIA responses and to quickly acquire those resources.

OIG recommends further that the Department develop a quality assurance plan to identify and address vulnerabilities in the FOIA process.

OIG also makes two recommendations to S/ES to ensure that its FOIA searches are complete and accurate.

Based on the Department's responses to a draft of this report, OIG considers all of these recommendations to be resolved, pending further action.

What OIG Found

S/ES is responsible for coordinating searches for FOIA requests for records held by the Office of the Secretary. When a FOIA request of that nature is received by the Department, the Office of Information Programs and Services (IPS) within the Bureau of Administration notifies S/ES. S/ES reports its findings to IPS, which then communicates with the FOIA requester.

OIG's past and current work demonstrates that Department leadership has not played a meaningful role in overseeing or reviewing the quality of FOIA responses. The searches performed by S/ES do not consistently meet statutory and regulatory requirements for completeness and rarely meet requirements for timeliness. S/ES currently searches Department email accounts only if a FOIA request mentions emails or asks for "all records," or if S/ES is requested to do so during the course of litigation. However, FOIA and Department guidance require searching email accounts when relevant records are likely maintained in these accounts. In addition, although FOIA requires agencies to respond to requests within 20 working days, some requests involving the Office of the Secretary have taken more than 500 days to process. These delays are due, in part, to the Department's insufficient provision of personnel to IPS to handle its caseload.

These problems are compounded by the fact that S/ES FOIA responses are sometimes inaccurate. Officials in IPS and attorneys for the Department identified instances in which S/ES reported that records did not exist, even though it was later revealed that such records did exist. Procedural weaknesses in S/ES FOIA processes appear to be contributing to these deficiencies. For example, S/ES management is not monitoring search results for accuracy, and IPS has limited ability to conduct oversight. S/ES also lacks written policies and procedures for responding to FOIA requests. Finally, staff in S/ES and other components in the Office of the Secretary have not taken training offered by IPS to better understand their FOIA responsibilities.

In September 2015, the Department appointed a Transparency Coordinator to improve the Department's FOIA process, among other things.

OIG HIGHLIGHTS

AUD-ACF-16-20

December 2015
AUDIT COMPLIANCE AND FOLLOWUP DIVISION

Compliance Follow-up Audit of the Process to Request and Prioritize Physical Security-Related Activities at Overseas Posts

What Kearney Audited

In March 2014, Kearney and Company, P.C. (Kearney), reported[a] that the Department of State's (Department) process to request funds for physical security needs could be improved and that the Department did not have information to ensure that the highest priority physical security needs were funded.

The objective of this compliance follow-up audit was to determine the extent to which the Department had implemented the 10 Office of Inspector General (OIG) recommendations from the March 2014 report and whether the deficiencies identified in that report were fully addressed.

What OIG Recommends

OIG is reissuing three recommendations and making six new recommendations to address actions still to be taken, including implementing a monitoring plan for completing physical security surveys, populating the Deficiencies Database with currently available information, and developing and issuing a Long-Range Physical Security Plan. Based on DS's response to a draft of this report, OIG considers the five recommendations addressed to DS resolved, pending further action. OIG requested, but did not receive, a response from OBO. OIG therefore considers the four recommendations to OBO unresolved and will monitor implementation through the audit compliance process.

[a] *Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts* (AUD-FM-14-17, March 2014).

What Kearney Found

Kearney found that the Department had not taken action to fully address seven recommendations in the March 2014 report but had taken action to address the other three recommendations. Specifically, the Department developed new tools to identify and track physical security deficiencies to include a Physical Security Survey SharePoint Site and a Deficiencies Database. However, the Department had not fully implemented the tools. For example, the Department had completed only 10 percent of the required physical security surveys despite being 62 percent into its 3-year reporting cycle, and it had not populated the Deficiencies Database that was established in April 2015 with any data.

The recommendations made by OIG to improve the process to request funds for physical security needs have not been fully implemented for several reasons. For example, being behind schedule in completing physical security surveys affected the Department's ability to complete the Deficiencies Database. Additionally, the Department had not started populating the Deficiencies Database because sufficient resources were not allocated to this task. Without a populated database, action on two other recommendations related to prioritizing all deficiencies and developing and issuing a Long-Range Physical Security Plan could not proceed. Further, Kearney found that while a component of the Deficiencies Database was designed to provide information for vetting physical security needs, the information could not be sorted in a useful manner. Finally, for two recommendations related to tracking official funding requests, the Department did not provide support for the limited actions taken for one recommendation, and considered its existing process related to the second recommendation to be sufficient.

Until recommendations intended to improve the process to request and prioritize physical security needs are fully implemented, the Department will be unable to identify and address all physical security-related deficiencies and will be unable to make fully informed funding decisions based on a comprehensive list of physical security needs.

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

OIG HIGHLIGHTS

November 2015
OFFICE OF AUDITS
Information Technology Division

View Report AUD-IT-IB-16-17

(U) Audit of the Broadcasting Board of Governors Information Security Program

(U) What OIG Audited

(U) Acting on OIG's behalf, Williams, Adley & Company-DC, LLP (Williams, Adley), an independent public accounting firm, conducted this audit to determine the effectiveness of the Broadcasting Board of Governors (BBG) information security program and whether security practices in FY 2015 complied with applicable Federal laws, regulations, and information security standards.

(U) What OIG Recommends

(U) OIG made three recommendations to improve BBG's information security program. Specifically, OIG is recommending that BBG (1) develop a strategy to realign information technology resources; (2) develop and implement an organization-wide information security risk management strategy; and (3) define and implement the [Redacted] (b) (5) [redacted]

(U) Based on BBG's responses to a draft of this report, OIG considers all recommendations resolved, pending further action.

(U) What OIG Found

~~(SBU)~~ Overall, Williams, Adley identified control weaknesses that significantly impacted BBG's information security program. While BBG has taken some action to improve its information security program since our last assessment in FY 2014, Williams, Adley continued to find that BBG was not in compliance with Federal laws, regulations, and information security standards. Specifically, Williams, Adley found that BBG had not fully developed and implemented an organization-wide risk management strategy to identify, assess, respond to, and monitor information security risk at all levels of the organization because, according to a senior BBG official, BBG chose to prioritize its resources on operations and not information security.

~~(SBU)~~ In addition, although BBG had established a [Redacted] (b) (5) [redacted] Therefore, Williams, Adley concludes, based on the Council of the Inspectors General on Integrity and Efficiency *ISCM Maturity Model For FY 2015*,[1] BBG is performing ISCM activities in a [Redacted] (b) (5) [redacted]

(U) Overall, Williams, Adley identified control deficiencies in [redacted] [Redacted] (b) (5) [redacted]

[1] (U) DHS, *FY 2015 Inspector General Federal Information Security Modernization Act Reporting Metrics*, June 2015.
[2] (U) See Appendix D: FY 2015 Continuous Monitoring Maturity Model for additional details.

OIG HIGHLIGHTS

November 2015
OFFICE OF AUDITS
Information Technology Division

View Report AUD-IT-16-16.

Audit of the Department of State Information Security Program

What Was Audited

(U) Acting on OIG's behalf, Williams, Adley & Company-DC, LLP (Williams, Adley), an independent public accounting firm, conducted this audit to assess the effectiveness of the Department's information security program and to determine whether security practices in FY 2015 complied with applicable Federal laws, regulations, and information security standards.

What OIG Recommends

(U) OIG made four recommendations to improve the Department's information security program. Specifically, OIG is recommending that the Department (1) amend the [Redacted] (b) (5) [redacted] (2) review the organizational placement of the Chief Information Officer (CIO) and make a determination as to whether the CIO should be realigned within the Department's organizational structure; (3) implement an [Redacted] (b) (5) [redacted]

(U) Based on the Department's responses to a draft report of this report, OIG considers all four recommendations resolved, pending further action.

What Was Found

~~(SBU)~~ Williams, Adley identified control weaknesses that significantly impacted the Department's information security program. While the Department had taken some action to improve its information security program since our last assessment in FY 2014, Williams, Adley continued to find that the Department was not in compliance with Federal laws, regulations, and information security standards. Specifically, although the Department had documented and approved an ISRMS, [Redacted] (b) (5) [redacted] According to Department officials, this occurred because the Department was waiting for the Department of Homeland Security to implement the Continuous Diagnostics and Mitigation solution, which the Department intends to inherit.

(U) In addition, although the Department documented and approved an ISCM strategy, the strategy was not fully implemented. Williams, Adley found that the Department had not established and implemented an [Redacted] (b) (5) [redacted]

(U) Overall, Williams, Adley identified control deficiencies in [redacted] [Redacted] (b) (5) [redacted] Without an effective information security program, the Department is vulnerable to attacks and threats.

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

OIG HIGHLIGHTS

View Report AUD-IT-16-07.

November 2015
OFFICE OF AUDITS
Information Technology Division

(U) Audit of International Boundary and Water Commission, United States and Mexico, U.S. Section, Information Security Program

(U) What OIG Audited

(U) The Office of Inspector General (OIG) conducted this audit to assess the effectiveness of the International Boundary and Water Commission, United States and Mexico, U.S. Section (USIBWC), information security program in accordance with the Federal Information Security Management Act (FISMA). Specifically, OIG assessed USIBWC's information security program and related practices for risk management, configuration management, incident response and reporting, security training, plan of action and milestones, remote access management, identity and access management, continuous monitoring, contingency planning, oversight of contractor systems, access controls, personnel security, and physical and environmental protection.

(U) What OIG Recommends

~~(SBU)~~ OIG made three repeat recommendations, with revision to address progress made relating to the [Redacted] (b) (5) [redacted] at its [Redacted] (b) (5) International Wastewater Treatment Plant [Redacted] (b) (5) and [Redacted] (b) (5) International Wastewater Treatment Plant [Redacted] (b) (5)

(U) Based on USIBWC's responses to the draft report, OIG considers all recommendations resolved, pending further action.

(U) What OIG Found

~~(SBU)~~ During FY 2015, USIBWC implemented an effective information security program for its General Support System, but additional actions are needed to fully secure its [Redacted] (b) (5) [redacted] Specifically, OIG found that USIBWC executed a contract to obtain expertise to design and implement an upgrade strategy for the [Redacted] (b) (5) at its [Redacted] (b) (5) However, as of August 2015, USIBWC has not fully completed implementation of the [Redacted] (b) (5) upgrade design, including [Redacted] (b) (5) improvements. According to USIBWC officials, implementation has not been completed for [Redacted] (b) (5) systems due to the time required to award a contract and acquire the technical resources to design a [Redacted] (b) (5) upgrade strategy. Until an upgrade strategy and [Redacted] (b) (5) [redacted] improvements are implemented, the confidentiality, integrity, and availability of the [Redacted] (b) (5) [redacted] will remain at increased risk.

~~(SBU)~~ OIG also found that the upgrade strategy includes steps to implement an [Redacted] (b) (5) [redacted] However, the [Redacted] (b) (5) [redacted] was not fully implemented at the time of our audit fieldwork because USIBWC had not fully obtained the technical resources needed to implement the strategy. Without full implementation of the [Redacted] (b) (5), there is increased risk that threats and vulnerabilities to USIBWC's [redacted] could go undetected, which may lead to potential damage or disruption to the services provided by the [Redacted] (b) (5) [redacted]

~~(SBU)~~ Finally, the current [Redacted] (b) (5) operation and maintenance contract does not contain provisions that ensure the contractor-operated [Redacted] (b) (5) [redacted] that are compliant with FISMA. USIBWC executed a new contract in September 2015 that intends to bring its [Redacted] (b) (5) system closer to compliance with FISMA. USIBWC is also developing an upgrade strategy for its [Redacted] (b) (5) [Redacted] (b) (5) [redacted] However, until the upgrade strategy is fully implemented, the [Redacted] (b) (5) [redacted] will remain non-compliant with FISMA, potentially rendering it susceptible to outside attacks and insider threats.

OIG HIGHLIGHTS

View Report AUD-SI-16-05.

November 2015
OFFICE OF AUDITS
Security and Intelligence Division

Audit of the National Endowment for Democracy Use of Department of State FY 2006 – FY 2014 Annual Grant Funds

What OIG Audited

OIG conducted this audit to determine whether the National Endowment for Democracy (NED) used annual grant funds from FY 2006 to FY 2014 provided by the Department of State (Department) in compliance with applicable laws and regulations.

What OIG Recommends

OIG did not make any recommendations in this report. However, OIG made two recommendations to the Department regarding its grant oversight of NED in the *Management Assistance Report: Oversight of Grants to the National Endowment for Democracy* (AUD-SI-15-34, June 2015). In that report, OIG recommended that the Department take actions to implement a process to conduct the required audit of NED financial transactions and amend its annual grant agreement with NED to specifically include the audit requirement.

With respect to this report, NED concurred with the results of the audit and its comments are reprinted in their entirety as Appendix B.

What OIG Found

Congress recognized and authorized funding for NED in 1983 through the National Endowment for Democracy Act (the Act). NED is a private, nonprofit corporation that is not an agency or establishment of the U.S. Government. NED was created to strengthen democratic institutions throughout the world by distributing funds through grants to private organizations. NED receives funding each year from Congress through amounts authorized in the Department's annual budget appropriations to accomplish its purposes. NED received more than $960 million in grant funds from the Department from FY 2006 to FY 2014.

OIG found that NED used funds in compliance with applicable laws and regulations for the projects tested that were funded from Department FY 2006 to FY 2014 annual grants. Further, NED files reflected evidence to show adherence to the Act. This occurred because NED designed and implemented policies and procedures to help ensure grantee compliance, including detailed guidance provided to its grantees. In addition, NED's Compliance Department conducted annual reviews of core institutes to ensure that procedures were followed and made recommendations for improvement when issues were identified.

In the related *Management Assistance Report: Oversight of Grants to the National Endowment for Democracy*, OIG found that the Department had not conducted audits of NED financial transactions, as required by the Act. Further, the terms and conditions of the annual grant to NED did not include the language related to the audit requirement. The Department suggested alternatives to the two recommendations OIG made. In respect to OIG's recommendation that the Bureau of Administration implement a process to conduct required audits of NED financial transactions, OIG did not accept the alternative action suggested because it was non-responsive to the recommendation. OIG considers this recommendation "unresolved," and this matter will be addressed during the audit compliance process. However, OIG accepted the alternative action suggested for the timeframe for updating the terms and conditions of the grant, and considers this recommendation "resolved," pending further action.

OIG HIGHLIGHTS

View Report: ISP-I-16-03.

What OIG Inspected

OIG inspected the Bureau of Information Resource Management, Operations, Vendor Management Office from May 26 to July 2, 2015.

What OIG Recommended

OIG made four recommendations to the Bureau of Information Resource Management, Operations, Vendor Management Office to improve its operations including: to complete the Foreign Affairs Manual section on the office's roles and responsibilities; update all quality assurance surveillance plans for Vanguard contracts; conduct a cost-benefit analysis to determine if the Vendor Management Offices should develop a new performance metrics data base system; and to make mandatory use of a centralized project management system. OIG made two recommendations to the Bureau of Administration: to delegate the Vendor Management Office as a contract administration office and specify the contract administration duties the office should perform, and require contracting officer's representatives and government technical monitors to validate all performance metrics.

October 2015
Domestic Operations and Special Reports

Inspection of the Bureau of Information Resource Management, Operations, Vendor Management Office

What OIG Found

- The Vendor Management Office operates without authority to require compliance with its procedures. The Department has no guidelines on the operation of a vendor management office in the Foreign Affairs Manual, which defines authorities and responsibilities for each major component of the Department.

- The Vendor Management Office performs some contract administration office duties for the $3.5-billion Vanguard acquisition without formal delegation from the contracting officer as required by the Federal Acquisition Regulations.

- Between April 2014 and March 2015, the OIG team found that Vanguard government technical monitors failed to validate, on average, 25 of 268 performance metrics per month, leading the Department to pay performance incentive fees to contractors without complete validation of performance metrics.

- Despite the Vendor Management Office's deployment of the iSchedule project management application in September 2014, the Bureau of Information Resource Management directorates do not use iSchedule consistently because the bureau has not made use of the system mandatory.

October 2015
OFFICE OF INSPECTIONS
Domestic Operations

OIG HIGHLIGHTS

View Report: ISP-I-16-02.

Inspection of the Bureau of International Organization Affairs

What OIG Inspected

OIG inspected the Bureau of International Organization Affairs from April 20 to June 12, 2015.

What OIG Recommended

The OIG team made 16 recommendations to the Bureau of International Organization Affairs to address program implementation, organization structure, financial management, management controls, and information technology shortcomings.

What OIG Found

- The Assistant Secretary has taken the lead to expand the Bureau of International Organization Affairs impact in multilateral diplomacy efforts.
- The Bureau of International Organization Affairs efforts to evaluate the $340 million in foreign assistance voluntary contributions paid to international organizations are insufficient.
- The Bureau of International Organization Affairs ceased payments on its $26 million tax reimbursement obligations to international organizations while it waited for the issuance of a solicitation for tax professional services to assist with verifying the validity and accuracy of bills submitted for payment.
- Despite efforts to address staffing and organization, the Bureau of International Organization Affairs current organizational structure does not reflect workload increases in some offices or its functional bureau strategy priorities. In addition, responsibility for some functions is dispersed among several offices.
- The Bureau of International Organization Affairs Management Control Program should include all its domestic programs and activities when assessing controls. In addition, aspects of the Bureau of International Organization Affairs performance management, training, and purchase card programs do not comply with Department of State guidelines.
- The Bureau of International Organization Affairs records and file management program does not meet Department standards.
- The Bureau of International Organization Affairs finance software application does not comply with Department of State information security requirements.

October 2015
OFFICE OF INSPECTIONS
Domestic Operations and Special Reports

Review of the Consular Annual Certification of Management Controls Process

View Report: ISP-I-16-01.

What OIG Inspected

The review took place in Washington, DC, between April 6 and June 29, 2015.

What OIG Recommended

OIG made six recommendations to the Bureau of Consular Affairs to better align the Annual Certification of Management Controls with Federal standards for internal controls.

Three recommendations are directed to enhance the value of the Annual Certification of Management Controls as a tool for consular managers abroad to prioritize and verify compliance of management controls and for analysts in the bureau to monitor compliance.

Three recommendations are directed to develop risk assessment processes and to improve communication and reporting of deficiencies in management controls within the Bureau of Consular Affairs.

What OIG Found

- The Consular Annual Certification of Management Controls is a useful mechanism for taking a snapshot survey of consular internal controls. It does not require meaningful continuous monitoring of internal controls, nor does it enable consular managers to track their compliance throughout the year.
- The Bureau of Consular Affairs lacks a standard procedure for sharing data and analysis from the certification with users in other directorates or for reporting results to higher-level management.
- Although the Bureau of Consular Affairs describes the Annual Certification of Management Controls as thorough and documented and says it holds certifying officers accountable, no documentation is required in support of compliance.
- The Annual Certification of Management Controls collects extensive data that could be used to assess and mitigate risk to overseas management controls. However, the Bureau of Consular Affairs does not aggregate, analyze, or use the data for those purposes, except on an ad hoc basis.

OIG HIGHLIGHTS

Report ISP-I-15-37.

September 2015
OFFICE OF INSPECTIONS
Domestic Operations and Special Reports

Review of the Statements of Assurance Process

What OIG Inspected

The review took place in Washington, DC, between January 5 and March 31, 2015.

What OIG Recommends

The team made eight recommendations to improve the process by which the Department meets its responsibilities to review and report on the effectiveness of management control systems and correct detected deficiencies.

Five recommendations are directed to improving the guidance prepared by the Office of Management Controls in the Bureau of the Comptroller and Global Financial Services. GCFS needs to inform posts at the beginning of each fiscal year that management control reviews are an ongoing process. The guidance CGFS provides needs to be more specific on identifying review areas and reporting and monitoring deficiencies.

With improved reporting of deficiencies, the report recommends guidance from CGFS on the need for bureaus to coordinate among themselves to identify trends and areas of commonality. Such aggregation of deficiencies could lead to future mandatory reviews or identification of significant deficiencies. The report makes three recommendations to the Foreign Service Institute for improving training on management controls, including developing a course for key managers.

What OIG Found

- The Bureau of the Comptroller and Global Financial Services should provide more guidance to bureaus and missions on conducting management control reviews, including on programmatic activities, and how missions should report deficiencies to bureaus.
- The Bureau of the Comptroller and Global Financial Services needs to emphasize, in guidance issued early in the fiscal year, that management controls are ongoing and should be reviewed throughout the year.
- Regional and functional bureaus need to coordinate in identifying trends and patterns in deficiencies that, when aggregated, could lead to an identification of a significant deficiency.
- The Foreign Service Institute should expand its training on management controls, incorporating such training in all leadership courses and developing a course targeting senior managers in bureaus and missions.