MAKING A DIFFERENCE

In September 2021, May Salahi, a former Department employee, pled guilty to conspiracy to commit honest services fraud. As a technical expert, Salahi was involved in evaluating bids for critical overseas government construction projects such as U.S. embassies and consulates. OIG and Internal Revenue Service special agents determined that Salahi gave confidential inside bidding information to Sina Moayedi, the owner of Montage Incorporated, and received $60,000 in kickback payments in return. This occurred in 2016, when Salahi was serving as a Technical Evaluation Panel Chair. Sentencing is pending. Previously, in May 2021, Moayedi was arrested and charged with one count of wire fraud and one count of conspiracy to commit wire fraud in connection with a bribery scheme. Agents determined Moayedi paid Salahi bribes in exchange for confidential bidding information and that he made misrepresentations about his employees’ qualifications to induce the Department into awarding approximately $100 million in lucrative construction contracts to his company.

In September 2021, Olayinka Agboola pled guilty to engaging in monetary transactions in property derived from specified unlawful activity. Sentencing is pending. A year earlier (October 2020), Agboola, Linda Johnson, and Wanda Barker were indicted for using a business email compromise scheme to defraud the Department. OIG and FBI special agents determined the individuals tricked the Department and a non-profit agency into wiring at least $575,000 into bank accounts they controlled for the purpose of enriching themselves and their co-conspirators.

In September 2021, Elmer Baker, a former project manager of a construction company, was sentenced to approximately 30 months in prison, 3 years of probation, and ordered to pay $309,000 in restitution. Baker previously pled guilty to one count of conspiracy to violate the anti-kickback statute and four counts of wire fraud for his role in a scheme to overbill a General Services Administration (GSA) contract for work performed on a Department facility. GSA, FBI, and OIG special agents determined that after Baker’s company awarded a construction subcontract on the facility, he began receiving kickbacks in the form of meals and vacations. Baker later began demanding monetary kickbacks and tried to cover his tracks by sending the subcontractor fake invoices to make it appear as though payments were for legitimate work.

RECOMMENDATIONS STATUS

as of September 30, 2021

<table>
<thead>
<tr>
<th>Open Recommendations</th>
<th>Recommendations Closed During August</th>
</tr>
</thead>
<tbody>
<tr>
<td>610*</td>
<td>35</td>
</tr>
</tbody>
</table>

*Classified recommendations are not included in these totals since their status is currently unavailable due to COVID-19 remote working conditions. This total also includes 30 recommendations associated with IBWC.

SPOTLIGHTS ON SUCCESS

Program Enhances Internal Controls While Reducing Annual Inventory Time (Inspection of the Bureau of Administration’s Property Management Division, ISP-I-21-34)

The Annual Inventory Modernization (AIM) program, initiated by the Property Management Division and the Logistical Systems Division, enhanced internal controls over Department property while reducing the time spent on completing annual inventories. AIM improved accountability of IT equipment by transferring custodial responsibilities from embassy general services officers, who have typically had responsibility for such equipment, to information management officers, thus making them responsible for their own inventory.

AIM also allowed property management transactions, such as property transfers or disposals, to be recorded in the Integrated Logistics Management System’s (ILMS) during the annual inventory. The legacy inventory system did not allow such updates, which created a backlog of transactions that could only be added to ILMS once the annual inventory was closed.

Finally, bureaus and missions that adopted AIM saw an average decrease of approximately 40 percent in the time needed to complete annual inventories. After a successful pilot phase involving 4 bureaus and 5 overseas missions in FY 2018, self-funded deployments to 74 missions and bureaus began in FY 2019. As of the end of FY 2020, AIM had been deployed to 15 bureaus and 118 missions.
Core-Values Initiative Drove Change Within Passport Services Directorate (Inspection of the Bureau of Consular Affairs’ Passport Services Directorate, ISP-I-21-17)

In April 2019, the Bureau of Consular Affairs’ Passport Services Directorate (CA/PPT) received input from more than 3,500 staff and contract personnel in response to a campaign launched by the new Deputy Assistant Secretary (DAS) to define the values that should drive organizational change. The campaign was prompted by responses to an employee survey that found “valuing people” was not among the top 15 results to a question about current organizational values. What did appear in the top 15 were “hierarchy” and “rules.”

As a result, CA/PPT employees developed and defined five core operational values for the directorate: Our People, Effective Leadership, Professionalism, Integrity, and Collaboration. A values steering committee, working through volunteer “change champions” at each of CA/PPT’s 29 passport agencies, centers, and production facilities, and at headquarters, was tasked with instilling the core operational values throughout the directorate. The “change champions” scheduled local meetings and participated in a monthly directorate-wide teleconference to strategize and discuss progress.

To ensure these core values were considered when developing new initiatives or changes to directorate-wide policies, all decision memos to the DAS required a “values alignment paragraph” explaining how the proposed initiative or change supported one or more of the new core organizational values. Staff interviewed by OIG consistently expressed appreciation for the values initiative.

Overseas Schools Advisory Council Advanced International School Education (Inspection of the Bureau of Administration, Office of Overseas Schools, ISP-I-21-32)

The Office of Overseas Schools’ partnership with private sector companies and foundations, through the Overseas Schools Advisory Council, promoted international education innovations. Originally established in 1967 to advise on international education policy and funding matters, the Overseas Schools Advisory Council brought key participants from private industry, foundations, and associations together to discuss pressing concerns and developed forward-thinking innovations in international education. This effort directly supported the Department of State’s goal of promoting American leadership through balanced engagement.

Since 1983, the Advisory Council has played an important role in providing more than $2.1 million in private financial support championing 133 programs, including:

- The World Virtual School project, funded in 2011, enabled international schools to quickly pivot to online classes during the worldwide COVID-19 pandemic.
- The Child Protection project, funded in 2015, has helped safeguard hundreds of thousands of students through background vetting of international school staff.
- The Special Needs project, funded in 2018, has improved the capabilities of overseas schools to offer more support for students with unique learning styles and needs.
- The Social Emotional Learning project, started in 2019, helped support students challenged by the virtual learning situations created during the pandemic.

NEW WORK STARTED

- Audit of Department of State Efforts to Promote Competition for Overseas Construction Projects
- Audit of Department of State Emergency Action Plans at Selected Domestic Locations

REPORTS ISSUED

- Inspection of the Bureau of Administration’s Property Management Division (ISP-I-21-34)
- Inspection of the Bureau of Consular Affairs’ Passport Services Directorate (ISP-I-21-17)
- Inspection of the Bureau of Administration, Office of Overseas Schools (ISP-I-21-32)
- Audit of U.S. Embassy Kabul, Afghanistan, Public Affairs Section Administration of Grants and Cooperative Agreements (AUD-MERO-21-42)
- Management Assistance Report: Process To Report Department of State Security Clearance Data to the Office of the Director of National Intelligence Needs Improvement (AUD-MERO-21-41)
- Audit of Acquisition Planning and Cost Controls While Transitioning Support Service Contracts in Iraq (AUD-MERO-21-43)
- Audit of the Department of State’s FY 2021 Information Security Program for Sensitive Compartmented Information Systems (AUD-IT-21-44) (CLASSIFIED)