



U.S. Embassy Jakarta, Indonesia

August 2018

MAKING A DIFFERENCE

In July 2018, the Department debarred a former government official, a company president, and two companies for their roles in a U.S. Embassy bribery scheme. OIG special agents determined that a former Local Guard Force Coordinator, who had been terminated from his position at a U.S. Embassy in July 2016, accepted a bribe of approximately \$1,375 from the president of two security companies in exchange for procurement information on a 2010 security contract solicitation.

In July 2018, a former Department contractor who worked in Kandahar, Afghanistan, was convicted of three counts of theft and unauthorized sale of government property and one count of interstate transportation of stolen property. OIG and Special Inspector General for Afghanistan Reconstruction special agents determined that the former contractor stole and re-sold approximately \$48,900 worth of equipment that was meant for excess under the Foreign Excess Personal Property Program. Sentencing is scheduled for

RECOMMENDATIONS STATUS

as of July 31, 2018

1014

Open Recommendations

68

Recommendations Closed During July

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October 2018.

In July 2018, the owner, chief executive officer, and former president of a Texas construction company was sentenced to 18 months in federal prison for defrauding the Department out of \$1.37 million. In January 2018, a co-conspirator was sentenced to 15 months in federal prison after he pleaded guilty to a two-count criminal information charging him with conspiracy to defraud the United States, wire fraud, and conflicts of interest. The co-conspirator served as a senior contracts administrator for the Department at the outset of the criminal enterprise and, upon his departure from government service in 2013, was majority owner and a company executive of the construction company involved in the fraud. OIG and FBI

special agents determined that both individuals defrauded the Department in the course of securing and executing international business contracts involving specialized overseas construction projects in military zones and developing countries.

In July 2018, a Department employee pleaded guilty to conspiring to produce child pornography and producing child pornography. According to court documents, the employee conspired to produce more than 1,000 sexually explicit images and videos of minor children in Canada during a two-year period. The employee will face 15 to 60 years in federal prison when he is sentenced in October 2018.

MAKING A DIFFERENCE (continued)

In June 2018, a Department contractor agreed to pay a \$158,063 settlement for alleged fuel over-billings. The settlement was reached between the Department and the contractor while being mediated by the Civilian Board of Contract Appeals. OIG special agents found a sub-contractor had submitted false, inflated invoices to the prime contractor. Those invoices were subsequently submitted to the Department for payment of fuel delivered to Camps Gibson and Falcon in Afghanistan.

OIG reviewed a September 2015 grant to the University of Kentucky in the amount of \$225,000. OIG identified \$38,288 in unallowable and unsupported expenditures related to the grant, including an unauthorized Tanzanian safari for \$7,500 and more than \$15,000 in expenditures made outside of the grant period. In June 2018, the grants officer agreed with OIG's determination and requested that the University of Kentucky return the funds to the Department.

In February 2017, OIG issued the report, *Audit of the Bureau of Diplomatic Security's (DS) Administration of the Armored Vehicle Program*, which made 38 recommendations to address deficiencies identified in the armored vehicle program. Since then, DS has made significant strides in revamping the program in an effort to effectively administer it and resolve and close OIG's recommendations. For example, DS has developed and implemented a plan that includes extensive standard operating procedures that have created an internal control structure and addressed records management deficiencies. Additionally, DS has implemented a new oversight mechanism within the Post Security Program Review to independently validate that overseas posts have

a sufficient number of armored vehicles and that those vehicles meet Overseas Security Policy Board standards. Further, DS has implemented two new mobile application modules that assist in monthly inventory procedures and maintenance tracking. Finally, DS has developed a system to mark all armored vehicles so overseas post personnel can ensure that the vehicles meet required security standards.

In the 2016 report, *Management Assistance Report: Annual Purchase Card Program Reviews*, OIG recommended that the Bureau of Administration (Bureau) require other bureaus and posts to submit the results of their annual purchase card reviews so it can monitor compliance. In response to the recommendation, the Bureau implemented the Purchase Card Management and Reporting System for both domestic and overseas program participants. This system allows users to complete annual purchase card reviews online, and the Bureau can monitor compliance. Since fiscal year 2014, compliance has increased from 47 percent to 95 percent.

REPORTS ISSUED

- *2018 Update: Review of the Implementation of the Benghazi Accountability Review Board Recommendations (ISP-S-18-30)**
- *Audit of Humanitarian Assistance to South Sudan (AUD-MERO-18-48)*

*Report is classified or sensitive but unclassified.



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