



U.S. Embassy Rome, Italy

January 2021

MAKING A DIFFERENCE

In January 2021, Katrin Verclas pled guilty to charges of obstruction of a federal audit and causing a financial institution to fail to file a suspicious activity report, relating to more than \$1.2 million in Department grant funds awarded to her corporation, MobileActive. OIG special agents determined from November 2010 through October 2012 she failed to disclose to the bank that many of the transactions involving the MobileActive business account were for her own personal gain rather than legitimate business purposes. Verclas, a German citizen living in the U.S., was initially arrested in March 2018 after her company had been awarded a grant to support and promote U.S. global internet freedom efforts under the guise that it was a 501(c)(3) nonprofit organization. OIG special agents determined the company was not a nonprofit organization and, thus, not eligible to apply for the grant. A sentence is pending.

In response to recommendations in the 2020 report, [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](#), the Bureaus of Diplomatic Security and Bureau of Counterterrorism took various actions. The bureaus coordinated to establish a mechanism to monitor regionally funded and mentorship Antiterrorism Assistance training programs and Department of Defense-funded Antiterrorism Assistance training. Additionally, both bureaus revised the Antiterrorism Assistance Monitoring Plan and quarterly report template to include measures on sustainability in accordance with the Foreign Affairs Manual. A Memorandum of Agreement was also updated to clarify which bureau is responsible for collecting and reporting this information.

In response to a recommendation in a 2019 report, [Audit of Cooperative Agreement Sub-Award Recipients Supporting the US Presidents Emergency Plan for AIDS Relief](#), the Bureau of Administration, Office of the Procurement Executive (A/OPE) included a standard provision related to obtaining reimbursements for value added taxes in all grants and cooperative agreements. This was done to prevent the unnecessary expenditure of funds. Additionally, A/OPE calculated an estimate of the anticipated savings within the first year of implementing this provision. The inclusion of the award provision is expected to result in a net reimbursement to the U.S. Government of \$244,402 or more as the provision continues to be implemented widely in all new applicable agreements.

In the 2019 report, Inspection of Embassy Helsinki, Finland ([ISP-I-20-08](#)), OIG recommended the embassy dispose of excess expendable

RECOMMENDATIONS STATUS

as of January 31, 2021

601* Open Recommendations	36 Recommendations Closed During January
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*Classified recommendations are not included in these totals because of delays in preparing classified materials due to OIG's effort to maximize telework and social distancing during the COVID-19 pandemic.

property in accordance with Department standards and put up to \$1.3 million to better use. In response, Embassy Helsinki provided documentation showing a full accounting of disposals of expendable property, including sales from auctions, resulting in \$95,193.55 being put to better use.

In the 2019 report, Inspection of Embassy Koror, Republic of Palau ([ISP-I-19-06](#)), OIG recommended that Embassy Koror request authorization to maintain additional vehicles or dispose of three vehicles according to Department guidelines and put proceeds of the sale to better use. In response, the embassy provided documentation that three vehicles were sold, resulting in \$30,817 being put to better use.

NEW WORK STARTED

- *Audit of Department of State's Implementation of the Digital Accountability and Transparency Act of 2014*
- *Audit of U.S. Agency for Global Media FY 2020 Compliance With the Payment Integrity Information Act of 2019*
- *Audit of U.S. Agency for Global Media's Implementation of the Digital Accountability and Transparency Act of 2014*
- *Inspection of the Bureau of Administration, Office of Acquisitions Management, International Programs Division, Grants Branch*

- *Inspection of the Bureau of Administration, Office of Program Management and Policy, Property Management Division*
- *Inspection of the Bureau of Administration, Office of Overseas Schools*
- *Inspection of the Bureau of Global Talent Management, Systems Development Division*
- *Inspection of the Bureau of Diplomatic Security, Office of Overseas Security Advisory Council*
- *Inspection of the Bureau of Diplomatic Security, Office of the Criminal Investigative Liaison*
- *Inspection of the Bureau of Consular Affairs, Office of 1CA: Leadership, Management, and Innovation*
- *Inspection of the Office of the Science and Technology Adviser*
- *Inspection of the Office of Global Criminal Justice*
- *Resumption of Inspection of Embassy Praia, Cape Verde*
- *Review of the Effects of the COVID-19 Pandemic on the Bureau of Educational and Cultural Affairs Exchange Programs*

REPORTS ISSUED

- *Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, FY 2020 Financial Statements (AUD-FM-21-09)*
- *Audit of the Department of State's Unarmored Overseas Motor Vehicle Fleet (AUD-SI-21-13)*
- *Inspection of the Office of Global Women's Issues (ISP-I-21-10)*
- *Inspection of the Bureau of Diplomatic Security's Special Program for Embassy Augmentation and Response (ISP-I-21-12)*



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