



Annual Awards Ceremony



Mr. Gene Dodaro gives opening remarks at the 2026 OIG Awards Ceremony.

On June 23, members of the Office of Inspector General (OIG) for the U.S. Department of State (Department) gathered for the 2026 OIG Awards Ceremony, recognizing outstanding contributions across the organization. Gene L. Dodaro, former Comptroller General of the United States with more than 50 years of service at the U.S. Government Accountability Office, delivered keynote remarks highlighting the vital role of independent oversight in supporting the Administration, Congress, and the public.



Scott N. Terry (center) receives the Inspector General Excellence Award, presented by Acting Inspector General Arne Baker (left) and Acting Deputy Inspector General Norm Brown.

Mr. Dodaro reflected on key challenges facing the oversight community, including evolving fraud schemes and emerging technological risks, and

RECOMMENDATIONS STATUS*

as of June 30, 2026

1,000**
Open
Recommendations

20***
Recommendations
Closed During June

[View Recommendations](#)

*OIG delivers monthly SBU/classified recommendation reports to congressional committees of jurisdiction.

**Includes 49 recommendations associated with USIBWC.

***Includes 7 recommendations closed on OIG's classified network.

[Reports](#)

[Ongoing Work](#)

noted that advancements such as AI present both opportunities and vulnerabilities. He emphasized the importance of professionalism, objectivity, and a long-term perspective in public service. He also shared a framework for effective leadership rooted in preparation, patience, persistence, perspective, and a people-centered approach. Mr. Dodaro closed by underscoring the value of public service and the need to continue attracting skilled professionals committed to strengthening government accountability.

Fraud Awareness

OIG is committed to preventing and addressing fraud across Department programs and operations. Effective fraud prevention depends on the awareness and vigilance of everyone involved in the Department's work. Our recently updated [Fraud Indicators](#) outlines common warning signs that may signal potential misconduct, and our new [Foreign Assistance Fraud Indicators](#) highlights risks specific to foreign assistance activities. These resources are designed to help individuals identify and report concerns promptly so that issues can be addressed early and effectively.

International Conference

During the first week of June, senior investigations and audit staff participated in a conference hosted by the United Kingdom Foreign Commonwealth and Development Office. The event brought together senior leadership of various international organizations and leading donor-country oversight bodies to discuss transparency, collaboration, and shared oversight challenges. Sessions included presentations on the use of AI in oversight audits and investigations; coordination between audit and investigative functions; approaches to addressing sexual exploitation, assault, and harassment; and strategies for strengthening oversight through organizational change.

Semiannual Report to the Congress

On June 1, 2026, OIG published the [Semiannual Report to the Congress](#) for the reporting period from October 1, 2025, to March 31, 2026. Because the reporting period began on the first day of what became a 43-day U.S. government shutdown, we completed fewer projects in this timeframe than are typically included in a semiannual report. However, OIG issued 31 reports in this period and closed 250 recommendations associated with 68 reports. We identified approximately \$3.1 million in monetary benefits, including \$389,000 in questioned costs, \$2.3 million in funds put to better use, and \$432,000 in investigative monetary results.

Making a Difference

In response to an April audit, the Bureau of Diplomatic Security (DS) enacted important changes that will support the Department's mission to protect people, information, and property. In the *Audit of the DS Oversight of Contractor Performance and Invoice Processing for the Domestic Guard Services Contract (AUD-AFA-26-13)*, OIG reported that DS generally administered the domestic guard services contract in accordance with federal and Department requirements. However, critical internal control gaps hindered DS oversight of contractor performance and invoice processing. These deficiencies created risks related to oversight, quality assurance, and the

Department's ability to verify that federal funds were spent appropriately. OIG identified ways to strengthen internal controls, including maintaining files of key correspondence with the contractor, addressing issues of noncompliance per the contract provisions, and fully documenting invoice reviews. In response to OIG's four recommendations, DS took significant corrective actions—updating its standard operating procedures, establishing a formal process to address access-control deficiencies, and enhancing invoice documentation requirements. All recommendations in this report are now closed. The Department's improvements are expected to strengthen DS' contract oversight, improve accountability, and enhance assurance that the Department will deliver domestic guard services in compliance with contract standards.

Investigative Results

In June 2026, a Department subcontractor was sentenced to three years' probation, 300 hours' community service, and 180 days' home confinement, and was ordered to pay a \$10,000 fine, a \$100 special assessment, and \$36,621.15 in restitution, for their role in a conspiracy to obtain and resell Department protective equipment that a contractor had been paid to destroy. The subcontractor submitted falsified certificates of destruction to the prime contractor and the Department; however, the items were subsequently resold to two private resellers.

An associate of a former Department employee—who had resigned while under investigation—was sentenced to 365 days of probation for embezzlement. A separate coconspirator had previously been ordered to pay \$4,000 in restitution, a \$10,000 fine, and a \$100 special assessment fee for the importation of a controlled substance. Following allegations of employee misconduct, OIG's investigation later expanded into a multiagency effort involving allegations of drug trafficking. OIG worked the case jointly with Homeland Security Investigations and Diplomatic Security.

A former Voice of America (VOA) employee was sentenced to 30 months in federal prison and 24 months' probation and was ordered to pay a \$200

special assessment for threatening a Member of the U.S. House of Representatives, her staff, and their families. A joint OIG and U.S. Capitol Police investigation determined that the employee made threatening phone calls from various phone lines connected to studios and control rooms at VOA headquarters. In eight calls made over 15 months, the individual threatened to kill the representative, her staff, and their families.

Spotlight on Success

Diplomatic Technology Unit's Information Systems Security Officer Program Strengthened Cybersecurity Operations for Embassy Zagreb Information Systems ([Inspection of Embassy Zagreb, Croatia, ISP-I-26-14](#))

Embassies that lack a full-time Information Systems Security Officer (ISSO) have often struggled to perform ISSO duties in accordance with Department standards, as noted in previous OIG management assistance reports. To meet this challenge, the Diplomatic Technology unit at Embassy Zagreb, Croatia, implemented a multipronged approach to managing ISSO duties, which achieved greater success than previous efforts of delegating the ISSO responsibility to a single individual. The unit held a monthly meeting for assigning and tracking ISSO tasks, delegated ISSO tasks to locally employed staff system administrators and the Regional ISSO where feasible, logged all completed tasks in a centralized tracking system, and developed a Microsoft Power App to assist with security group reviews and auditing. This approach resulted in the completion of all required ISSO duties in accordance with Department standards and helped the Embassy achieve the seventh-lowest risk score of all 244 overseas posts in the Department's enterprise network and system monitoring tool.

Political-Economic Section's Coordination with Regional U.S. Embassies on Cross-Border Issues, Especially Energy, Advanced U.S. Interests ([Inspection of Embassy Zagreb, Croatia, ISP-I-26-14](#))

Conflicting policies and lack of collaboration among regional states in Southeast Europe make it difficult to advance U.S. priorities in the region, such as improving energy security. Yet Embassy Zagreb led

successful regional collaboration by promoting joint reporting and advocacy on cross-border issues with U.S. embassies in Hungary, Serbia, Slovakia, Bosnia and Herzegovina (BiH), and Montenegro. The Political and Economic Section, with Front Office support, led a coordinated effort to co-draft and review cables and daily reports on regional topics, communicate cohesive talking points across all the embassies, and organize joint meetings of senior U.S. officials with counterpart energy ministers at regional conferences, such as the November 2025 Transatlantic Security Cooperation Ministerial in Athens. This coordination directly advanced U.S. foreign policy priorities in the region regarding energy security. Successes included replacing Russian natural gas with U.S. suppliers, revitalizing the Croatia-BiH Southern Gas Interconnection project, and blocking control of critical infrastructure by China.

New Work Started

To see a list of all current OIG oversight projects, please visit our [Ongoing Work](#) page. The list below includes new work started in June 2026:

- *Audit of the Department of State's Vetting Processes to Mitigate Terrorist Financing Risks in the Near East*
- *Evaluation of the U.S. Agency for Global Media's Approach to Reducing Operations*

Work Planning Updates

In June, OIG began an evaluation of the U.S. Agency for Global Media's (USAGM) approach to implementing Executive Order 14238, which directed USAGM to reduce its operations and workforce. OIG began this evaluation, which was not included in our [FY 2026 Work Plan](#), this month to perform a timely assessment of whether USAGM applied best practices in carrying out these requirements, given the many changes the organization experienced in the past year.

REPORT RECAP

MONTHLY UPDATE

June 2026

The Department of State Office of Inspector General (OIG) issued the following reports in June 2026:



Audit of Department of State FY 2025 Compliance With Payment Integrity Requirements ([AUD-FM-26-14](#))

The Payment Integrity Information Act of 2019 requires inspectors general to determine annually whether agencies complied with the Act and established requirements for agencies that were deemed noncompliant. For the FY 2025 reporting period, OIG reported that the Department of State (Department) complied with payment integrity requirements.



Evaluation of Fraud Risks Associated With the U.S. Department of State's Security Assistance to Mexico ([ISP-I-26-18](#))

In the FY 2026 National Defense Authorization Act, Section 8365, Congress required OIG to evaluate the fraud risks associated with the Department's security assistance to Mexico. OIG conducted this evaluation to determine whether the Department was positioned to identify and mitigate fraud risks associated with security assistance provided to the government of Mexico and evaluate how Department bureaus providing such assistance mitigate fraud risk. In January 2026, the Department-funded active security assistance programs in Mexico totaled \$145 million. OIG found that the Bureau of International Narcotics and Law Enforcement Affairs (INL), which administered approximately 91 percent (\$132 million) of U.S. security assistance in Mexico as of January, was generally well positioned to manage fraud risk in accordance with federal fraud principles and Department requirements. However, INL's office in Mexico did not prioritize residual fraud risks, lacked a defined process for updating the fraud risk profile, failed to include key elements in its resulting antifraud strategy, and did not explicitly evaluate fraud risks as part of its annual country risk assessment. Additionally, the Bureau of Arms Control and Nonproliferation, which oversaw 9 percent (\$13.3 million) of U.S. security assistance in Mexico, did not apply any of the prescribed fraud risk principles at the bureau or program level. OIG made recommendations to improve the Department's identification and mitigation of fraud risks in its security assistance programs in Mexico.



Inspection of Embassy, Zagreb, Croatia ([ISP-I-26-14](#))


OIG found that Embassy Zagreb, Croatia, generally advanced U.S. foreign policy goals and managed its operations in accordance with Department standards. However, the Embassy did not regularly visit its network of American Corners, which are Department-supported facilities that help foreign audiences with activities including policy and cultural dialogues or English language programs. In the resource management area, the Embassy had deficiencies in its life safety, fire safety, motor vehicle safety, and facilities programs. OIG made recommendations to improve policy and program implementation, consular operations, and resource management.




Inspection of Embassy Lima, Peru ([ISP-I-26-16](#))

OIG found that Embassy Lima, Peru, generally progressed in advancing U.S. foreign policy goals in accordance with Department standards. Embassy Lima's Political, Economic, and Public Diplomacy Sections generally complied with Department standards. However, OIG identified deficiencies in the Embassy's foreign assistance program related to a letter of agreement on counternarcotics. The Consular Section had one deficiency related to crisis preparedness. The Embassy's resource management area had deficiencies in its safety, real property, personal

property management, procurements, and motor pool programs. For example, Embassy Lima's management of the residential make-ready process delayed the placement of personnel in permanent residence and caused the Embassy to incur additional costs for temporary housing arrangements, resulting in \$220,000 that could be put to better use. The Embassy also had deficiencies in its information management operations related to information systems security. OIG made recommendations to address policy and program implementation, consular operations, resource management, and information management.

 *Classified Inspection of Embassy Zagreb, Croatia* (ISP-S-26-14)
This report contains information that is classified and is not available for public viewing.

 *Classified Inspection of Embassy Bratislava, Slovakia* (ISP-S-26-13)
This report contains information that is classified and is not available for public viewing.