



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

AUD-MERO-22-44

## What OIG Audited

As of July 2022, U.S. Embassy Baghdad, Iraq, managed approximately \$164 million worth of U.S. government nonexpendable personal property. The Foreign Affairs Manual defines personal property as property other than land, buildings, and structures, including items such as vehicles, furniture, equipment, appliances, and machinery. Nonexpendable personal property is property that is complete in itself, with a useful life of more than 2 years.

The Office of Inspector General (OIG) conducted this audit to determine whether Embassy Baghdad implemented internal controls to account for and manage the life cycle of nonexpendable personal property in accordance with federal and Department of State (Department) requirements.

To perform this audit, OIG conducted fieldwork at the Baghdad Embassy Compound and the Baghdad Diplomatic Support Center.

## What OIG Recommends

OIG offered 14 recommendations intended to improve the management of nonexpendable personal property at Embassy Baghdad. On the basis of the Department's response to a draft of this report, OIG considers all of the 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. Responses from Embassy Baghdad and the Bureau of Administration to a draft of this report are reprinted in their entirety in Appendices B and C, respectively.

September 2022

OFFICE OF AUDITS

MIDDLE EAST REGION OPERATIONS

## Audit of Nonexpendable Personal Property at U.S. Embassy Baghdad, Iraq

### What OIG Found

Embassy Baghdad implemented key internal controls to account for and manage the life cycle of nonexpendable personal property. Specifically, the embassy designated roles and required separation of duties for personnel involved at each stage to reduce the risk of property loss, misuse, or theft. The embassy also used the Department's online property management system and required documentation, conducted checks on property it received and designated for disposal, and completed annual physical inventories to account for nonexpendable property at every stage in its life cycle.

However, the embassy did not consistently or completely apply some internal controls and did not fully utilize available analytical tools to manage nonexpendable property. Specifically, OIG found that the embassy did not include all accountable property in its annual inventories and discontinued some property spot checks. In addition, the embassy did not always promptly dispose of property or secure access to the destruction yard holding area. Furthermore, the embassy did not always promptly complete the receiving process or promptly update the locations of items in the Integrated Logistics Management System. Lastly, the embassy did not fully utilize analytical tools when purchasing or replacing property, including when processing 24 furniture orders valued at \$12.9 million while \$7.6 million of furniture had been available in storage for more than 2 years.

Although from FY 2019 to FY 2022 the embassy encountered unique staffing challenges that contributed to these shortcomings, it also did not always develop, implement, document, and clearly communicate procedures for managing some elements of the property life cycle. As a result, Embassy Baghdad cannot be fully assured its nonexpendable property is managed in accordance with federal and Department requirements and properly safeguarded from misuse, nor that it has the appropriate property to accomplish its mission. In addition, had Embassy Baghdad employed all available analytical tools, it could have prevented unneeded property from being ordered, stored, and going unused.