



Office of Inspector General
United States Department of State

DEPARTMENT
OF
STATE

Inspector General Statement on the Department of State's

Major Management and Performance Challenges

FISCAL YEAR 2024

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Introduction

Each year, in accordance with the Reports Consolidation Act of 2000¹, the Office of Inspector General (OIG) for the Department of State (Department) identifies the most significant management and performance challenges facing the Department and provides a brief assessment of the Department's progress in addressing those challenges. We evaluate progress primarily through our compliance process, which tracks and assesses the Department's efforts to implement corrective actions related to OIG recommendations. We determine challenges by taking a qualitative and holistic view of our body of oversight work, giving particular weight to common issues that appear to impact the Department systemically.

We assess the Department's major management and performance challenges as falling into three primary areas:

- **Safety and Security:** Deficiencies that implicate the Department's ability to ensure the safety and security of its personnel and their families, its facilities and other property, or its information.
- **Stewardship:** Deficiencies that implicate the Department's ability to efficiently and effectively manage its significant resources, financial and otherwise.
- **Staffing and Organizational Structure:** Deficiencies that implicate the Department's ability to manage its human capital and design and maintain an organizational structure that conveys clear lines of authority and responsibility.

Additionally, throughout this report we highlight some of the difficulties the Department faces when operating in contingency environments and crisis situations. We have assessed this as a cross-cutting issue that can have implications for the overarching performance and management challenge areas.

This document includes examples of OIG reports and findings completed in FY 2024 that illustrate these challenge areas. In addition to publicly available work, OIG issues Sensitive But Unclassified² and classified reports throughout the year. Although we are only able to discuss unclassified portions of our reports here, many of the findings that are not publicly available reinforce our assessment of these management challenges.

¹ The Reports Consolidation Act of 2000, § 3, Public Law 106-531 (amending 31 United States Code [U.S.C.] § 3516).

² Sensitive But Unclassified material is information that is not classified for national security reasons, but warrants/requires administrative control and protection from public or other unauthorized disclosure for other reasons.

Safety and Security

As the federal agency responsible for advancing the interests and security of Americans abroad through the implementation of U.S. foreign policy, the Department necessarily has a global footprint, with programs and operations in more than 190 countries. Given the breadth and diversity of its operating environments, safeguarding its personnel, property, and information against hostile or natural threats is a perennial challenge for the Department.

Much of our oversight work related to safety and security is classified for obvious reasons. The unclassified examples and findings included in this report represent a fraction of what our work reveals about this challenge.

Health and Safety

One aspect of this challenge is ensuring the health and safety of Department personnel and their families. The Department has policies and procedures in place that are designed to protect its people; but, as we have noted in previous years, the Department struggles to ensure compliance with its own standards. Our routine inspections of U.S. embassies and consulates abroad offer much insight on this challenge. Issues commonly identified in that body of work include failures to:

					
Perform seismic evaluations of residential and non-residential properties	Enforce driver duty limits and training requirements related to operating official vehicles	Complete and document safety certifications for residential properties	Correctly identify safety deficiencies at residences before occupancy	Mitigate the fire and life-safety risks of high-rise residential properties	Implement fire protection programs at facilities and residences

In FY 2024, our work resulted in more than 270 recommendations to remedy such deficiencies. For example, we found Embassy Dili, which is in a very high seismic risk area, did not conduct seismic safety assessments for all residences. Leasing properties without performing seismic safety assessments poses significant risk to the safety of occupants, who could face injury or death in the event of an earthquake.³ Another example: we found unresolved pool safety deficiencies at two posts in Africa.⁴ Failure to comply with the Department's safety, health, and environmental management standards, such as those pertaining to pools, increases the risk of injury and loss of life.

³ OIG, *Inspection of Embassy Dili, Timor-Leste* (ISP-I-24-13, May 2024).

⁴ OIG, *Inspection of Embassy Dar es Salaam, Tanzania* (ISP-I-24-12, March 2024) and OIG, *Inspection of Embassy Lilongwe, Malawi* (ISP-I-24-15, March 2024).

Additionally, we inspected the Department’s Bureau of Medical Services, which resulted in findings with implications for employee health and safety.⁵ For example, we found the bureau’s quality management procedures did not comply with health care industry standards requiring regular clinical performance reviews of medical providers. We also noted that staff vacancies, insufficient staffing, and increasing workloads affected some aspects of operations, including mental health support services.

Building and Maintaining Secure Facilities

In addition to health and safety concerns, another dimension of this challenge relates to the construction and maintenance of secure facilities. The Department’s facilities must meet certain physical security requirements that are meant to reduce risk and vulnerabilities and to protect personnel, property, and information. When overseas posts identify facilities that do not meet the relevant physical security requirements, they first seek ways to bring the facilities into compliance, but when this is not possible, the Department may grant a waiver or an exception. In FY 2024, OIG reviewed the Bureau of Diplomatic Security’s processes for granting such waivers and exceptions.⁶ Although our work found that the bureau implemented some internal controls to ensure the effective functioning of the processes, there were areas for improvement. The bureau did not have formal controls in place to ensure mitigations that were approved as part of a waiver or exception were implemented. We also found the bureau did not require some overseas posts to seek exceptions when facilities did not meet standards.

Our inspection of Embassy Warsaw, Poland, offers a good example of the Department’s difficulties with facilities maintenance.⁷ Embassy Warsaw and Consulate General Krakow have outdated facilities. We found infrastructure concerns and issues in both locations, including increased maintenance, replacement, and repair needs for aging key building systems and significant security, fire, and safety vulnerabilities. At the time of the inspection, Embassy Warsaw’s chancery and its annex had a long list of infrastructure update and repair needs. For example, the chancery windows were a source of constant problems involving temperature, noise, and outside pollutants. Many windows were sealed with duct tape to prevent cold air entering the chancery.

Information Security

The final dimension of this challenge relates to information security. The Department depends on information systems to function, and the security of these systems is vital to protecting national and economic security, public safety, and the flow of commerce. The Department acknowledges that its information systems and networks are subject to serious threats that can exploit and compromise sensitive information, and it takes steps to address these concerns. Nonetheless, in FY 2024, our work offered more than 30 recommendations to remedy deficiencies such as:


 <p>Developing and testing contingency plans</p>	 <p>Testing configuration changes prior to approval</p>	 <p>Ensuring information systems security officers perform all required duties</p>	 <p>Tracking users required to take specialized IT security training</p>	 <p>Monitoring and configuring dedicated internet networks</p>
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As in previous years, the annual audit of the Department’s information security program found that the Department did not have a fully implemented information security program based on evidence of security weaknesses identified in eight of nine domains, including risk management, supply chain risk management, configuration management, security

⁵ OIG, *Inspection of the Bureau of Medical Services* (ISP-I-24-08, December 2023).

⁶ OIG, *Review of the Bureau of Diplomatic Security’s Physical Security Waivers and Exceptions Processes* (ISP-I-24-19, June 2024).

⁷ OIG, *Inspection of Embassy Warsaw and Constituent Post, Poland* (ISP-I-24-18, June 2024).



training, and contingency planning.⁸ The information security standards that form the criteria for this audit represent foundational guidelines for managing and reducing cyber risk by protecting networks and data. The Department's persistent inability to comply with those standards creates significant risk and will be a continued focus of our work. To illustrate, we are tracking 11 significant recommendations stemming from these annual security audits that the Department still has not taken sufficient action on to close. Two of these date to 2015.

This year, we also performed a review of the Bureau of Diplomatic Technology's cloud services program management and found that the bureau's cloud computing policies and guidelines have not kept pace with the quickly evolving cloud computing landscape and the rollout of enterprise cloud services in the Department.⁹ Although the bureau established processes and procedures to meet most federal and Department security requirements and to monitor and control costs associated with enterprise cloud services, the bureau's policies and guidelines for governing the procurement, implementation, configuration, and use of cloud services in the Department were outdated and obsolete.

Contingency and Crisis Environments

The Department operates in countries that face critical terrorism, political violence, and crime threats. Emergency planning and crisis preparedness challenges at these posts are often exacerbated by security threats, evacuations, and other disruptions. In our review of Embassy Kyiv's operating status, OIG's objectives were to assess key operating challenges related to staffing, security, and facilities, areas particularly important to ensuring continuity of operations for the embassy.¹⁰ Although most of the report's findings were Sensitive But Unclassified or classified, OIG identified several significant challenges that negatively affected the embassy's ability to accomplish its goals. OIG determined that the embassy generally implemented procedural and residential security measures to enable it to operate in a high-risk, wartime environment. However, OIG identified deficiencies in Embassy Kyiv's preparedness for an emergency. Specifically, the embassy had not completed annual updates to its Emergency Action Plan and security directives had not been updated and signed by the Ambassador. While the embassy corrected these deficiencies during OIG's review, OIG also recommended that the Department take steps to review contingency plans for operational, staffing, and security support requirements to address and mitigate future risks in Ukraine.

Progress

In FY 2024, the Department closed 276 OIG recommendations related to safety and security issues. This represents nearly half of all recommendations closed during the year.

An example of one of these recommendations comes from an audit we performed in FY 2023.¹¹ We had noted that the Bureau of Diplomatic Security had a large backlog of pending physical security surveys—surveys completed once every 3 years by posts to determine whether the facilities meet the appropriate physical security standards and, if not, to document the deficiencies to be remediated. We found that when surveys remained in a pending status, new deficiencies noted as part of the physical security surveys were not visible and did not contribute to the overall security profile of a post. Upon our recommendation, the bureau analyzed its backlog of physical security surveys and developed a plan of action to address and resolve the backlog. This action gives more assurance that security deficiencies can be remediated in a timely manner and that physical security mitigation actions can be taken to address security and life safety concerns.

⁸ OIG, *Audit of the Department of State FY 2024 Information Security Program* (AUD-IT-24-26, July 2024).

⁹ OIG, *Targeted Review of the Bureau of Diplomatic Technology's Cloud Services Program Management* (ISP-I-24-21, June 2024).

¹⁰ OIG, *Review of Embassy Kyiv's Operating Status* (ISP-S-24-01, October 2023).

¹¹ OIG, *Audit of Physical Security Standards for Department of State Temporary Structures at Selected Overseas Posts* (AUD-SI-23-30, September 2023).

Stewardship

The Department has significant resources and as has been the case for many years, its ability to manage them efficiently and effectively is a challenge. We assess this challenge as having two primary dimensions related to financial and property management and oversight of federal funding instruments.

Financial and Property Management

Internal controls over financial and property management have historically been a challenge for the Department. Weaknesses in property and equipment were initially reported during the audit of the Department's FY 2005 financial statements. Our most recent audit of the Department's financial statements found that its internal control structure continued to exhibit several deficiencies that negatively affected the Department's ability to account for property in a complete, accurate, and timely manner.¹² We concluded that the combination of property-related control deficiencies was a significant deficiency. The individual deficiencies identified were related to overseas real property, domestic construction projects, leases, personal property, and software. The audit also identified internal control deficiencies related to unliquidated obligations and financial reporting.

Oversight of Federal Funding Instruments

The Department also faces challenges in properly overseeing its contracts, grants, and cooperative agreements. Those responsible for oversight of contractors and grantees must monitor and document performance, confirm work is done in accordance with agreed upon terms, address nonperformance, and ensure that costs are effectively contained. Our inspection work often highlights deficiencies in this area at the overseas post level and bureau level.

Additionally, during our audit related to the construction of a new embassy compound in Mexico City, we found that the Department did not execute contract modifications for the construction contract in accordance with requirements.¹³ Specifically, the project director did not assess the impact that the contract modifications would have on the overall construction project timeline, the Department did not always perform required pre-negotiation and negotiation activities to determine fair and reasonable pricing, and the contracting officer did not always obtain required contractor release statements to avoid exposing the Department to increased financial risk.

In another case, the Department redesigned a major guard services, personnel protection, and support services contract to address issues with the quality, oversight, and cost of training provided.¹⁴ However, OIG could not determine whether this had resulted in improved training quality or achieved cost savings because the Department had not collected data; established baseline data or performance indicators; or developed a methodology to monitor, evaluate, and measure training quality improvements or cost savings.

¹² OIG, *Independent Auditor's Report on the U.S. Department of State FY 2023 and FY 2022 Financial Statements* (AUD-FM 24-07, November 2023).

¹³ OIG, *Audit of Select Contract Administration Processes Related to the Construction of New Embassy Compound Mexico City, Mexico* (AUD-CGI-24-09, January 2024).

¹⁴ OIG, *Audit of Worldwide Protective Services III Initial Training Consolidation Initiative* (AUD-SI-24-23, July 2024).

As of the end of FY 2024, OIG was tracking 65 open recommendations intended to improve oversight of contractors and grantees at the Department.

Contingency and Crisis Environments

For programs and posts operating in contingency and critical environments, pervasive security concerns and widespread reliance on contractors and grantees can serve to contribute further to the Department's stewardship challenge.

In an example of the former, we audited the planning, design, construction, and commissioning of the central power plant at Embassy Baghdad and learned that Bureau of Overseas Buildings Operations officials, at the time the plant was under construction, felt that the project needed to be completed as soon as possible because of the security and life support needs at such a critical threat post.¹⁵ Our audit ultimately found that the Department did not always follow federal and Department requirements when executing the project and missed multiple opportunities to address known deficiencies. The primary reason for such failures was the desire to expedite completion of the project. Consequently, persistent performance problems have required the Department to incur significant costs. In another example of acting fast hindering good stewardship, we audited the Department's provision of humanitarian assistance to Ukraine and found that the responsible bureau did not include measurable objectives in the terms of its awards.¹⁶ Absent specific, measurable objectives or corresponding performance indicators, the Department was not positioned to track progress toward intended program results.

Contingency or crisis environments can also complicate good stewardship by making in-person monitoring and oversight difficult or impossible. For example, in our review of end-use-monitoring in Ukraine, we identified security restrictions as one of several ongoing challenges to conducting such monitoring.¹⁷ Additionally, in an audit of the Bureau of International Security and Nonproliferation's administration of assistance to Ukraine, we found that security concerns and staffing limitations at Embassy Kyiv led the bureau to rely on alternative methods for monitoring its assistance.¹⁸ We concluded that, in line with identified risk mitigation plans for grants and cooperative agreements, the bureau should explore other options for providing in-person monitoring.

Lastly, a recent audit on the disposition of sensitive security assets during and after the Embassy Kabul evacuation found that many of Embassy Kabul's security assets—including 63 percent of its armored vehicles and 26 percent of its firearms—were abandoned, mostly intact.¹⁹ We concluded that several factors contributed to this, including Embassy Kabul maintaining more assets than what was needed, inadequate disposition planning, inadequate guidance, and insufficient training. We also noted that, although the Department has an interest in fully and accurately accounting for security assets that are left behind, this accounting did not occur due to the lack of a requirement to reconcile post assets following a suspension of operations and weaknesses in a key bureau's records management practices.

¹⁵ OIG, *Audit of the Planning, Design, Construction, and Commissioning of the Central Power Plant at U.S. Embassy Baghdad, Iraq* (AUD-GEER-24-02, November 2023).

¹⁶ OIG, *Audit of the Department of State's Humanitarian Response to the Ukraine Crisis* (AUD-GEER-24-16, May 2024).

¹⁷ OIG, *Review of Department of State End-Use Monitoring in Ukraine* (ISP-I-24-02, November 2023).

¹⁸ OIG, *Audit of the Bureau of International Security and Nonproliferation Administration of Assistance to Ukraine* (AUD-GEER-24-14, March 2024).

¹⁹ OIG, *Supplemental Classified Report on the Audit of the Disposition of Sensitive Security Assets at U.S. Embassies Kabul, Afghanistan and Kyiv, Ukraine* (AUD-GEER-24-31, September 2024).



Progress

In FY 2024, the Department demonstrated it had taken the necessary actions to close 193 recommendations related to stewardship. This represents one-third of all recommendations closed during the year.

An example of one of these recommendations comes from an FY 2022 audit.²⁰ We identified multiple deficiencies with acquisition planning that resulted in the Department missing opportunities to expand its pool of potential construction contractors, and thus recommended that the Bureau of Overseas Buildings Operations coordinate with the Bureau of Administration to develop and implement processes to ensure acquisition planning for construction projects was performed in accordance with federal regulations and Department policy. As a result of implementing this recommendation in FY 2024, we believe that the Department strengthened its efforts to promote competition related to costly construction awards.

²⁰ OIG, *Audit of Department of State Efforts To Promote Competition for Overseas Construction Projects* (AUD-CGI-22-34, August 2022).



Staffing and Organizational Structure

The Department must recruit, retain, and sustain a diverse and talented workforce that is prepared to advance the Department’s foreign policy mission and priorities in every corner of the world. Given the vital nature of that mandate, OIG identifies managing human capital and designing and maintaining an organizational structure that conveys clear lines of authority and responsibility as a management challenge facing the Department.

The kinds of workforce or human capital management issues that OIG’s work identifies varies widely, but it tends to include staffing gaps, inexperienced and undertrained staff, and failure to adhere to leadership principles. On the latter, our inspections of Embassy Singapore and Embassy Baghdad offered examples. We reported that the Ambassador to Singapore failed to model Department leadership and management principles.²¹ In addition to concerns that his relationships with host government ministries were poorly developed, which impacted the achievement of diplomatic goals and objectives, we also reported that his many projects were frequently unattainable, distracting for staff, and dubious in their ability to promote U.S. interests in Singapore. At Embassy Baghdad, we found that a Political Counselor also failed to adhere to the Department’s leadership and management principles, including by engaging in behavior that created an atmosphere of tension and fear within the Political Section which detracted from its ability to function well under its heavy workload.²²

Our work also often highlights structural issues that confuse staff, lead to gaps or overlap in authority, and ultimately weaken accountability. Following the release of a White House strategy that elevated anti-corruption efforts as a key national security and foreign policy priority, the Department announced the creation of the Office of the Coordinator on Global Anti-Corruption.²³ Despite its important role in advancing a key priority, we found that the Department had not properly established the office or codified its roles and responsibilities as required. Without taking the steps to properly establish the office, the Department risks shortcomings in its efforts to achieve anticorruption goals and objectives.

As of the end of FY 2024, OIG was tracking 73 open recommendations designed to guide the Department toward improvements in these areas.

Progress

In FY 2024, the Department demonstrated it had taken the necessary actions to close 66 recommendations related to staffing and organizational structure. Several of these recommendations came from an FY 2022 audit of the process to prepare residences for new tenants at Embassy Cairo.²⁴ Among other actions, the embassy made progress toward addressing issues impacting collaboration, morale, and interpersonal relationships at post, resulting in the closure of six recommendations.

²¹ OIG, *Inspection of Embassy Singapore, Singapore* (ISP-I-24-09, February 2024).

²² OIG, *Inspection of Embassy Baghdad and Constituent Post, Iraq* (ISP-I-24-06, January 2024).

²³ OIG, *Management Assistance Report: Actions Needed To Meet Requirements for Establishing the Office of the Coordinator on Global Anti-Corruption* (AUD-GEER-24-19, June 2024).

²⁴ OIG, *Audit of the Process To Prepare Residences for New Tenants at U.S. Embassy Cairo, Egypt* (AUD-MERO-22-23, March 2022).

Appendix A: U.S. Department of State Response, As Printed in the 2024 Agency Financial Report



The Department's Challenges and Management's Response

Office of Inspector General Introduction

Each year, in accordance with the Reports Consolidation Act of 2000¹, the Office of Inspector General (OIG) for the Department of State (Department) identifies the most significant management and performance challenges facing the Department and provides a brief assessment of the Department's progress in addressing those challenges. We evaluate progress primarily through our compliance process, which tracks and assesses the Department's efforts to implement corrective actions related to OIG recommendations. We determine challenges by taking a qualitative and holistic view of our body of oversight work, giving particular weight to common issues that appear to impact the Department systemically.

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- **Safety and Security.** Deficiencies that implicate the Department's ability to ensure the safety and security of its personnel and their families, its facilities and other property, or its information.
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effectively manage its significant resources, financial and otherwise.

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Additionally, throughout this report we highlight some of the difficulties the Department faces when operating in contingency environments and crisis situations. We have assessed this as a cross-cutting issue that can have implications for the overarching performance and management challenge areas.

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¹ The Reports Consolidation Act of 2000, § 3, Public Law 106-531 (amending 31 United States Code [U.S.C.] § 3516)

² Sensitive But Unclassified material is information that is not classified for national security reasons, but warrants/requires administrative control and protection from public or other unauthorized disclosure for other reasons.

Management Introduction

Secretary Blinken's Modernization Agenda continues to guide ambitious undertakings across the Department to equip us to meet today's emerging challenges. Through new investments, realignment of resources, strategic risk-taking, and innovation, the Department made significant progress in 2024 to advance Modernization Agenda initiatives and to address major management and performance challenges, including those flagged by the Office of Inspector General (OIG) in this report. The Modernization Agenda focuses on the following three lines of effort with desired end-states:

1. **Critical Missions:** The workforce and the Department are well equipped to meet the challenges of diplomacy in the 21st Century in six particularly critical foreign policy priority areas – cyberspace and emerging technologies; climate, environment, and energy; global health diplomacy; strategic competition with the PRC; economic statecraft; and multilateral diplomacy.
2. **Workforce:** The Department is a model workplace that attracts and retains top talent, across all hiring categories, including Civil Service, Foreign Service, temporary, and contract positions.
3. **Risk and Innovation:** The Department enjoys a culture of thoughtful risk management that enables agility and innovation in setting up platforms, systems, and processes to equip and enable our workforce to succeed.

Many Modernization Agenda accomplishments in 2024 also address the three themes in this report. For example, to

highlight just one accomplishment aligned with each OIG theme:

- **Safety and Security:** The Department's leadership on safe, secure implementation of artificial intelligence (AI) tools to advance diplomacy is a key Risk and Innovation accomplishment.
- **Stewardship:** The Department's creation in 2024 of the Journey to Unleash Manager Potential initiative for first-time and middle managers intends to eliminate many stewardship and other management-related deficiencies through clear expectation setting, learning, and feedback, supporting the Workforce line of effort.
- **Staffing and Organizational Structure:** In 2023-2024, the Department used all available hiring mechanisms and intensified recruitment to achieve record onboarding numbers in both the Foreign and Civil Service.

The above illustrate the Department's ongoing efforts to modernize our institution, workforce, and technology not only to better enable the practice of diplomacy, but also to address recurring deficient areas identified by the OIG. Additional examples on the Modernization Agenda lines of effort include:

Critical Missions: The Department's Office of Policy Planning's nearly 30-page study of gaps and barriers in our six critical foreign policy mission areas mentioned above guided Department efforts in 2024. The study resulted from engaging more than 1,600 experts and employees around the world and yielded a dozen recommendations for closing identified gaps – as such, it is a roadmap to success in these six critical mission areas. The

Department also continued implementation of staffing-related initiatives on key critical mission areas in 2024. We:

- Capitalized on expanded funding from Congress by adding 250 additional positions to our “training float,” which allowed us to offer long-term training and details without creating corresponding staffing gaps;
- Developed climate and cyber fellowships at flagship universities, details to foster economic statecraft, and overseas excursions in the multilateral space;
- Expanded Regional China, Regional Environmental, and Regional Technology Officer program footprints; and
- Published a new pre-classified standard job description for a locally employed (LE) staff data scientist position.

The renaming and corresponding expansion of the bureau formerly known as Information Resource Management was a significant rebranding to reflect the critical cyberspace and emerging technologies foreign policy priority area. Now Diplomatic Technology (DT), the bureau announced its very intentional approach to upskill. With nearly all former Information Resource Management Foreign Service Specialists now known as Diplomatic Technology Officers, DT professionals stand ready to conceptualize, acquire, develop, and troubleshoot technology solutions to enable modern diplomacy. The Foreign Service Institute (FSI) has correspondingly expanded training opportunities for diplomacy on cyberspace and emerging technologies, launching three new or expanded courses and curating three AI-specific online learning paths for beginners, intermediate, and expert users.

Workforce: We continued to address issues that make serving abroad challenging, from

eligible family member employment and workplace flexibilities to the particular obstacles that LGBTQ+ employees, those with disabilities, and employees of color may face in some overseas locations. For example, the Department held a global town hall on modernization of the medical clearance process and expanded non-competitive eligibility criteria to allow eligible family members to use the status more than once within the three-year eligibility period. In June, the Department hosted our first-ever Diversity, Equity, Inclusion, and Accessibility (DEIA) Leadership Summit. This two-day event assembled more than 200 U.S. direct hire Civil and Foreign Service first-time supervisors from across the Department to inform them on key DEIA initiatives and best practices for fostering DEIA in the workplace. To enhance the learning experience, FSI developed a six-month learning journey for participants to deepen understanding of DEIA concepts and apply them to their everyday work experience.

To address training needs and in support of the Department’s 2023 Learning Policy, FSI expanded its External Training Program by 250 percent in 2024 to allow increased participation. We inaugurated the 2024 DEIA Distinguished Scholar Speaker Series, a nine-session webinar series highlighting cutting-edge scientific research on DEIA to better inform participants on evidence-based workplace DEIA initiatives. FSI developed the IDEA Competency Framework which serves as a guide for instructional designers and facilitators to develop modules and resources for the Department meeting best in class industry standards. Additionally, FSI created the IDEA Lens, a self-directed, just-in-time, DEIA learning tool designed to provide practical application of DEIA concepts in the Department. Meanwhile, the Department implemented bystander intervention training

to create a more inclusive and accountable workplace reached approximately 3,000 domestic and overseas employees.

We revamped the public State Careers website with information about accessibility, reasonable accommodations, and Schedule A non-competitive hiring for Civil Service positions. Through increased recruitment, use of Schedule A non-competitive hiring, and self-identification the Department increased the representation of employees with disabilities from 14.6 percent in 2023 to 20.5 percent in 2024. We also launched the [Disabilities Powering Diplomacy](#) project, featuring high-performing Department employees with disabilities, which disrupts the narrative around disability and advances disability pride.

For employees with disabilities, we released accessibility applications to allow them to independently download and use screen-reading software, magnification software, a color contrast tool, and more. We also revised the Disability and Reasonable Accommodations course to better help employees understand accessibility, the reasonable accommodation process, and the Department's legal responsibilities. Additionally, the Department also added a new Foreign Affairs Manual (FAM) subchapter related to religious accommodations and released a planning calendar for religious observances to enhance religious awareness and inclusion.

In support of the Modernization Agenda goal regarding improving the Foreign Service performance management processes, the Foreign Service Selection Board began in 2024 to review Generalist FSOs at grades FS-02 and above for cross-functional (class-wide) promotion in addition to the "cone-based" process. This diversification has expanded the paths to advancement in the

Foreign Service. We also began distributing Foreign Service Selection Board scoring rubric results to employees to improve transparency in the promotion process and help employees identify potential areas for further growth. For the Civil Service, in 2024, we launched the Civil Service Career Pathing Tool to help employees find a path for advancement based on their experiences and skills.

We also conducted our first annual Mission Leadership and Management Survey (MLMS) in December 2023 and January 2024, which aimed to reinforce positive leadership practices and identify areas for constructive development. The MLMS solicited workforce feedback on the leadership and management performance of senior leaders overseas, defined as Chiefs of Mission, Deputy Chiefs of Mission, Chargés d'Affaires ad interim, and Principal Officers. In addition to meeting a Congressional requirement, the MLMS reinforced the Department's commitment to accountable leadership and transparency. More information about the survey results and next steps are included later in this report.

The MLMS was a key component of 2024 being our "Year of Accountability." The Department has defined accountability as ensuring we fulfill our responsibility to employees, and that employees fulfill their responsibility to each other and the Department. Other components of this year-long focus on accountability included:

- Sharing 12 tips for leaders to help manage workload for their teams and avoid burnout;
- Receiving nominations from around the world to recognize managers who helped balance workload, support professional development, empower optimal performance, and care for their teams;

- Providing tools and resources to strengthen employees' managerial and leadership skills through the Journey to Unleash Manager Potential initiative;
- Ongoing support from our Manager Support Unit, which has advised and trained more than 13,000 managers, supervisors, and human resource professionals worldwide in its first four years; and
- Establishing the Department's first Anti-Bullying Policy and dedicating resources to stand up the Workplace Conflict Prevention and Resolution Center in the Office of the Ombuds.

Risk and Innovation: The Department's broader work on risk and innovation aims to foster a culture of thoughtful risk management that enables agility and innovation in setting up platforms, systems, and processes to equip our workforce to succeed. During 2024, the Department published new FAM and Foreign Affairs Handbook guidance on enterprise risk management and introduced the Risk@State SharePoint site as our one-stop-shop for risk management resources, policies, bureau toolkits, and risk stories. FSI developed an online training module to introduce State's risk management policies and increased discussion of risk mitigation strategies in leadership and tradecraft courses.

The Department is widely recognized as the front-runner across the Federal Government for incorporating of technological solutions to improve efficiency and enable our workforce to spend more time engaging in the face-to-face interaction Secretary Blinken identifies as the core element of diplomacy. In 2024, the Department successfully launched Online Passport Renewal for U.S. citizens, which will improve customer service to meet today's

expectations. Additionally, the Department of State's Artificial Intelligence Steering Committee formally released its first-ever Enterprise Artificial Intelligence Strategy in 2024, which established a centralized vision and guidance for AI innovation, to include infrastructure, policy, responsible and ethical use, governance, and culture.

The Secretary underscored the important role of AI in diplomacy during a fireside chat in June 2024 with our Chief Data and Artificial Intelligence Officer. His comments included:

AI is a tool... This technology is not a substitute for us. It's a complement to our work ... to make us more effective. All of you are being asked to do more with less ... we're challenged for resources, even though we're fighting for them every single day. If we can have technology like AI that genuinely frees up people's time ... that is an incredible source of freedom and opportunity for the workforce to make sure that it's focused on what really matters.

Existing AI resources available to Department employees, nearly all of which launched in 2024, include:

- **AI.State:** A central hub for internal AI resources, trainings, and guidance.
- **StateChat:** Our first Sensitive But Unclassified-enabled chatbot, tested by 3,600 employees, and capable of summarizing, drafting, translating, and uploading documents.
- **Northstar:** A digital and social media analytics tool harnessing the power of AI to search, translate, and generate brief narrative summaries of more than one million daily news articles from more than 80,000 media outlets in over 100 languages, plus social media from

12 outlets around the world, in seconds. It also shares content and cross-platform engagement trends from hundreds of Department-owned social media channels in one place.

- **Data Collection and Management Tool:** An AI-powered research assistant, designed to augment report research with automated capabilities – such as summarization, translation, and categorization of user submitted material – for the Human Rights Country Reports, International Religious Freedom Reports, and Trafficking in Persons Reports, which collectively cost more than 150,000 person-hours annually to compile. Already leveraged by 180 users, the data collection and management tool saves almost 30 percent of annual time spent on these reports.
- **AI for Public Diplomacy Hub:** A collection of instructional videos, training materials, and guidance documents on approved AI services and OpenAI procurement for public diplomacy practitioners.
- **Foreign Affairs Manual Search:** One of several improved search tools for the Department, both through Sensitive But Unclassified-enabled chatbots and other tools.

Piloting of the above tools involved close collaboration with thousands of test users across the Department to employ the Department's AI chatbot for targeted use cases. This fostered innovation among the pilot participant community and promoted continuous feature enhancement. Input from beta testers helped build a platform that is not only powerful but is also tailored to address the unique challenges faced by the State Department workforce.

The Department has also learned an important lesson about AI – sometimes process improvements such as streamlining clearances, removing irrelevant questions or steps, and minimizing instruction changes add more value than technical interventions. The Department therefore continues to pursue such efforts to improve efficiency, as well. For example, we developed a new Statement of Assurance (SoA) checklist which reduced the total number of questions in the Management Controls Checklist from nearly 800, which had imposed an estimated 8,000-hour yearly burden not directly aligned with SoA attestations, to 55 questions, achieving a 93 percent reduction in the number of questions. Streamlining this process frees up valuable time for posts and bureaus to focus on implementing effective management controls and other critical management activities to address recurring deficiencies identified by the OIG.

We appreciate the information, constructive feedback, and trend analysis provided by the OIG in this report, and hope many of the above examples underscore the importance the Department places on addressing these recurring concerns at their root causes. The Department commits to continue addressing major challenges and taking corrective actions in response to OIG findings and recommendations. We welcome continued cooperation with the OIG towards that end, including a nascent effort beginning in late 2024 to build a more centralized and modern manner through available collaborative technology to enable more efficient and timely tracking of open recommendations as well as ongoing trend analysis. Department responses to specific recommendations in this report are in the respective sections that follow.

Safety and Security

As the Federal agency responsible for advancing the interests and security of Americans abroad through the implementation of U.S. foreign policy, the Department necessarily has a global footprint, with programs and operations in more than 190 countries. Given the breadth and diversity of its operating environments, safeguarding its personnel, property, and information against hostile or natural threats is a perennial challenge for the Department.

Much of our oversight work related to safety and security is classified for obvious reasons. The unclassified examples and findings included in this report represent a fraction of what our work reveals about this challenge.

Health and Safety

One aspect of this challenge is ensuring the health and safety of Department personnel and their families. The Department has policies and procedures in place that are designed to protect its people; but, as we have noted in previous years, the Department struggles to ensure compliance with its own standards. Our routine inspections of U.S. embassies and consulates abroad offer much insight on this challenge. Issues commonly identified in that body of work include failures to:

- Perform seismic evaluations of residential and non-residential properties;
- Enforce driver duty limits and training requirements related to operating official vehicles;
- Complete and document safety certifications for residential properties;
- Correctly identify safety deficiencies at residences before occupancy;

- Mitigate the fire and life-safety risks of high-rise residential properties; and
- Implement fire protection programs at facilities and residences.

In 2023, our work contained 116 recommendations to remedy deficiencies like those listed above.

In 2024, our work resulted in more than 270 recommendations to remedy such deficiencies. For example, we found Embassy Dili, which is in a very high seismic risk area, did not conduct seismic safety assessments for all residences. Leasing properties without performing seismic safety assessments poses significant risk to the safety of occupants, who could face injury or death in the event of an earthquake.³ Another example: we found unresolved pool safety deficiencies at two posts in Africa.⁴ Failure to comply with the Department's safety, health, and environmental management standards, such as those pertaining to pools, increases the risk of injury and loss of life.

Additionally, we inspected the Department's Bureau of Medical Services, which resulted in findings with implications for employee health and safety.⁵ For example, we found the bureau's quality management procedures did not comply with health care industry standards requiring regular clinical performance reviews of medical providers. We also noted that staff vacancies, insufficient staffing, and increasing workloads affected some aspects of operations, including mental health support services.

Building and Maintaining Secure Facilities

In addition to health and safety concerns, another dimension of this challenge relates to the construction and maintenance of secure

³ OIG, *Inspection of Embassy Dili, Timor-Leste* (ISP-I-24-13, May 2024).

⁴ OIG, *Inspection of Embassy Dar es Salaam, Tanzania* (ISP-I-24-12, March 2024) and OIG, *Inspection of Embassy Lilongwe, Malawi* (ISP-I-24-15, March 2024).

⁵ OIG, *Inspection of the Bureau of Medical Services* (ISP-I-24-08, December 2023).

facilities. The Department's facilities must meet certain physical security requirements that are meant to reduce risk and vulnerabilities and to protect personnel, property, and information. When overseas posts identify facilities that do not meet the relevant physical security requirements, they first seek ways to bring the facilities into compliance, but when this is not possible, the Department may grant a waiver or an exception. In 2024, OIG reviewed the Bureau of Diplomatic Security's processes for granting such waivers and exceptions.⁶ Although our work found that the bureau implemented some internal controls to ensure the effective functioning of the processes, there were areas for improvement. The bureau did not have formal controls in place to ensure mitigations that were approved as part of a waiver or exception were implemented. We also found the bureau did not require some overseas posts to seek exceptions when facilities did not meet standards.

Our inspection of Embassy Warsaw, Poland, offers a good example of the Department's difficulties with facilities maintenance.⁷ Embassy Warsaw and Consulate General Krakow have outdated facilities. We found infrastructure concerns and issues in both locations, including increased maintenance, replacement, and repair needs for aging key building systems and significant security, fire, and safety vulnerabilities. At the time of the inspection, Embassy Warsaw's chancery and its annex had a long list of infrastructure update and repair needs. For example, the chancery windows were a source of constant problems involving temperature, noise, and outside pollutants. Many windows were sealed with duct tape to prevent cold air entering the chancery.

Information Security

The final dimension of this challenge relates to information security. The Department depends

on information systems to function, and the security of these systems is vital to protecting national and economic security, public safety, and the flow of commerce. The Department acknowledges that its information systems and networks are subject to serious threats that can exploit and compromise sensitive information, and it takes steps to address these concerns. Nonetheless, in 2024, our work offered more than 30 recommendations to remedy deficiencies such as:

- Developing and testing contingency plans;
- Testing configuration changes prior to approval;
- Ensuring information systems security officers perform all required duties;
- Tracking users required to take specialized IT security training; and
- Monitoring and configuring dedicated internet networks.

As in previous years, the annual audit of the Department's information security program found that the Department did not have a fully implemented information security program based on evidence of security weaknesses identified in eight of nine domains, including risk management, supply chain risk management, configuration management, security training, and contingency planning.⁸ The information security standards that form the criteria for this audit represent foundational guidelines for managing and reducing cyber risk by protecting networks and data. The Department's persistent inability to comply with those standards creates significant risk and will be a continued focus of our work. To illustrate, we are tracking 11 significant recommendations stemming from these annual security audits that the Department still has not taken sufficient action on to close. Two of these date to 2015.

⁶ OIG, *Review of the Bureau of Diplomatic Security's Physical Security Waivers and Exceptions Processes* (ISP-I-24-19, June 2024).

⁷ OIG, *Inspection of Embassy Warsaw and Constituent Post, Poland* (ISP-I-24-18, June 2024).

⁸ OIG, *Audit of the Department of State FY 2024 Information Security Program* (AUD-IT-24-26, July 2024).

This year, we also performed a review of the Bureau of Diplomatic Technology's cloud services program management and found that the bureau's cloud computing policies and guidelines have not kept pace with the quickly evolving cloud computing landscape and the rollout of enterprise cloud services in the Department.⁹ Although the bureau established processes and procedures to meet most Federal and Department security requirements and to monitor and control costs associated with enterprise cloud services, the bureau's policies and guidelines for governing the procurement, implementation, configuration, and use of cloud services in the Department were outdated and obsolete.

Contingency and Crisis Environments

The Department operates in countries that face critical terrorism, political violence, and crime threats. Emergency planning and crisis preparedness challenges at these posts are often exacerbated by security threats, evacuations, and other disruptions. In our review of Embassy Kyiv's operating status, OIG's objectives were to assess key operating challenges related to staffing, security, and facilities, areas particularly important to ensuring continuity of operations for the embassy.¹⁰ Although most of the report's findings were Sensitive But Unclassified or classified, OIG identified several significant challenges that negatively affected the embassy's ability to accomplish its goals. OIG determined that the embassy generally implemented procedural and residential security measures to enable it to operate in a high-risk, wartime environment. However, OIG identified deficiencies in Embassy Kyiv's preparedness for

an emergency. Specifically, the embassy had not completed annual updates to its Emergency Action Plan and security directives had not been updated and signed by the Ambassador. While the embassy corrected these deficiencies during OIG's review, OIG also recommended that the Department take steps to review contingency plans for operational, staffing, and security support requirements to address and mitigate future risks in Ukraine.

Progress

In 2024, the Department closed 276 OIG recommendations related to safety and security issues. This represents nearly half of all recommendations closed during the year.

An example of one of these recommendations comes from an audit we performed in 2023.¹¹ We had noted that the Bureau of Diplomatic Security had a large backlog of pending physical security surveys – surveys completed once every three years by posts to determine whether the facilities meet the appropriate physical security standards and, if not, to document the deficiencies to be remediated. We found that when surveys remained in a pending status, new deficiencies noted as part of the physical security surveys were not visible and did not contribute to the overall security profile of a post. Upon our recommendation, the bureau analyzed its backlog of physical security surveys and developed a plan of action to address and resolve the backlog. This action gives more assurance that security deficiencies can be remediated in a timely manner and that physical security mitigation actions can be taken to address security and life safety concerns.

⁹ OIG, *Targeted Review of the Bureau of Diplomatic Technology's Cloud Services Program Management* (ISP-I-24-21, June 2024).

¹⁰ OIG, *Review of Embassy Kyiv's Operating Status* (ISP-S-24-01, October 2023).

¹¹ OIG, *Audit of Physical Security Standards for Department of State Temporary Structures at Selected Overseas Posts* (AUD-SI-23-30, September 2023).

Management Response

Ensuring safety and security remains the Department's top priority. Although this year's management challenges have revealed areas for improvement, the Department has made significant strides in enhancing safety, facilities, crisis management, and cybersecurity.

The Department's overseas diplomatic real estate portfolio, managed by the Bureau of Overseas Buildings Operations (OBO), includes over 25,000 properties valued at \$74.2 billion. These properties span 279 locations and directly support more than 100,000 personnel from approximately 30 U.S. Government agencies under Chief of Mission authority.

With a constant focus on employee safety overseas, the Department remains dedicated to enhancing employee safety by continually raising safety and health standards. In 2024, OBO's Office of Safety, Health, and Environmental Management (SHEM) evaluated several residential properties certified by Post Occupational Safety and Health Officers (POSHOs), leading to the revocation of some certifications. SHEM's evaluations reinforced the quality and accuracy required for POSHO certification and ultimately improved residential safety.

The Department also expanded our successful DriveCam program to 30 posts and implemented lessons learned from this program to all posts. DriveCam has reduced overseas fatalities by 75 percent and hospitalizations by 20 percent since the program began in 2009. Fiscal year 2024 also marked the first fiscal year with no official vehicle-related fatalities at any of the Department's overseas posts. The Department has implemented a robust driver safety and armored vehicle familiarization training program for overseas posts, increasing the

number of certified instructors to over 350 and conducting 60 yearly train-the-trainer seminars. Participants in these seminars, in turn, train thousands of American and local national drivers worldwide. OBO documents driver training and duty hours as part of mishap reporting. We also audit driver training and daily hours worked, record findings and assessments in online tracking systems to ensure posts' compliance and share these reviews and records with the OIG in advance of post inspections – a testament to the effective partnership between the OIG and the Department.

Regarding the Department's fire protection programs at facilities and residences, OBO's Office of Fire Protection has a robust training program both domestically and internationally to provide support on not only fire protection but also fire systems, prevention, and "fire as a weapon." In 2024, the Office of Fire Protection increased its engineering, system technician, and fire marshal staff by 45 percent, enabling more efficient responses to fire system outages and allowing for annual instead of biennial assessments of each overseas post. In addition, the Department improved its fire protection policy to include a risk-based approach (the deliberate process of identifying, assessing, and managing risks to enhance decision making) to assess and mitigate building issues, including for high-rise spaces.

Over the past three years, the Department of State has significantly enhanced its seismic risk screening program to more efficiently and systematically identify buildings susceptible to major earthquake damage. This initiative aims to guide decisions towards acquiring or leasing seismically optimal buildings. In partnership with the U.S. Geological Survey, the Department has improved

its understanding of the seismic hazards faced by diplomatic missions worldwide.

Additionally, OBO's Climate Security and Resilience (CS&R) program has shifted from subjective screening metrics to a modified version of FEMA's P-154 Rapid Visual Screening methodology. This transition has increased the efficiency of assessments and improved quality and consistency among engineers. In 2024, OBO evaluated properties at 27 posts, bringing the total number of posts assessed since 2022 to 60, or two-thirds of those identified for screening. This progress marks a significant advancement in seismic risk management. Specific to Dili, CS&R is completing a residential building screening report to inform housing acquisition and disposal decisions.

In terms of maintaining its overseas facilities, Mission Poland is working with OBO's Overseas Regional Support Center to address critical issues such as window and pipe replacement, office refurbishments, and other projects. Across all overseas posts, the Department is enhancing its projection of total facility life cycle costs and incorporating these projections into design decisions, prioritization, and maintenance processes. OBO integrates facilities maintenance into all aspects of the facility life cycle, addresses existing and potential natural hazards and their impact on facility designs, and incorporates energy resilience projects to achieve future operational cost savings.

The Bureau of Diplomatic Security's (DS) is also establishing internal controls processes to mitigate various safety and security risks worldwide. This initiative includes DS efforts to address several OIG audit recommendations regarding a backlog of pending physical security surveys, the accounting of deficiencies, and ensuring mitigations are approved using waivers or exceptions are

implemented. DS reformatted and simplified the post physical security survey, enabling security professionals at overseas posts to easily determine whether the facilities meet required physical security standards. The new survey launched globally in May 2024 and is providing the Department a realistic understanding of physical security needs and deficiencies at its facilities. DS is also updating guidance to posts on waiver and exception requests, to include additional clarifications on when exceptions are required. DS enters all reported deficiencies for overseas facilities that fall under Chief of Mission authority into a database to ensure collaborative tracking, prioritization, and coordination. This includes a "post profile page" to track corresponding reported mitigations for these deficiencies. DS and OBO continue to improve the Department's practices and corresponding guidance on identifying deficiencies, assessing feasibility, and prioritizing projects to improve the safety and security of facilities.

In recent months, the Department's Bureau of Medical Services (MED) has worked diligently to address the recommendations with implications for employee health and safety made by the OIG in its inspection report. The OIG's recommendation regarding MED's Quality Management documents has been officially closed based on subsequent information MED provided to the OIG. In addition, MED has made significant progress addressing OIG's recommendation on Peer Reviews and will continue working assiduously to meet the requirements to close this recommendation as well.

The Bureau of Diplomatic Technology (DT) addressed longstanding deficiencies during the 2024 Federal Information Security Modernization Act inspection, leading to the closure of 11 recommendations from prior audit reports. These actions also yielded

an improved maturity rating for one of nine FISMA domains assessed in the audit (Information Security Continuous Monitoring), to include closing out one recommendation from 2015.

The Department is making great strides to ensure that the deficiencies identified by the 2024 FISMA Audit are properly mitigated. By supporting the Diplomatic Technology Advisory Board, all configuration changes are approved and authorized prior to implementation. The Department also coordinates with other bureaus and offices to identify and track users with significant cybersecurity responsibilities to ensure that they complete all required specialized training to perform their duties. The Department is also executing a security controls migration to their Governance, Risk, and Compliance tool, which is expected to be complete by early 2025.

Since the review of DT's cloud service program, the bureau has reorganized. The Cloud Project Management Office resources

have been aligned to better support the DT mission. The Bureau has closed out two of the 11 recommendations and published the [5 FAM 910, Information Technology \(IT\) Acquisition Policies](#). Other initiatives include overhauling the existing cloud policies to better reflect Department cloud operations.

Missions Ukraine and Poland continue to work on cross-border contingency planning especially as "heating season" begins, when Kyiv is more vulnerable to Russian attacks on the country's energy grid. DS and the Operations Center Crisis Management teams convene regularly to participate in tabletop exercises, and EUR's EX also helps to refine contingency plans with post, DS, and the Operations Center. Specifically, the bureau coordinated the Operations Center Crisis Management and FSI's crisis management training teams to visit post and assist with emergency planning and scenario-based exercises. The bureau has also consolidated the Kyiv Transit Platform in Krakow to help augment logistical and crisis management support to both Missions Ukraine and Poland.

Stewardship

The Department has significant resources and as has been the case for many years, its ability to manage them efficiently and effectively is a challenge. We assess this challenge as having two primary dimensions related to financial and property management and oversight of Federal funding instruments.

Financial and Property Management

Internal controls over financial and property management have historically been a challenge for the Department. Weaknesses in property

and equipment were initially reported during the audit of the Department's 2005 financial statements. Our most recent audit of the Department's financial statements found that its internal control structure continued to exhibit several deficiencies that negatively affected the Department's ability to account for property in a complete, accurate, and timely manner.¹² We concluded that the combination of property-related control deficiencies was a significant deficiency. The individual deficiencies identified were related to overseas real property, domestic construction projects, leases, personal

¹² OIG, *Independent Auditor's Report on the U.S. Department of State FY 2023 and FY 2022 Financial Statements* (AUD-FM 24-07, November 2023).

property, and internal use software. The audit also identified internal control deficiencies related to unliquidated obligations and financial reporting.

Oversight of Federal Funding Instruments

The Department also faces challenges in properly overseeing its contracts, grants, and cooperative agreements. Those responsible for oversight of contractors and grantees must monitor and document performance, confirm work is done in accordance with agreed upon terms, address nonperformance, and ensure that costs are effectively contained. Our inspection work often highlights deficiencies in this area at the overseas post level and bureau level.

Additionally, during our audit related to the construction of a new embassy compound in Mexico City, we found that the Department did not execute contract modifications for the construction contract in accordance with requirements.¹³ Specifically, the project director did not assess the impact that the contract modifications would have on the overall construction project timeline, the Department did not always perform required pre-negotiation and negotiation activities to determine fair and reasonable pricing, and the contracting officer did not always obtain required contractor release statements to avoid exposing the Department to increased financial risk.

In another case, the Department redesigned a major guard services, personnel protection, and support services contract to address issues with the quality, oversight, and cost of training provided.¹⁴ However, OIG could not determine whether this had resulted in improved training quality or achieved cost savings because the Department had not collected data; established

baseline data or performance indicators; or developed a methodology to monitor, evaluate, and measure training quality improvements or cost savings.

As of the end of 2024, OIG was tracking 65 open recommendations intended to improve oversight of contractors and grantees at the Department.

Contingency and Crisis Environments

For programs and posts operating in contingency and critical environments, pervasive security concerns and widespread reliance on contractors and grantees can serve to contribute further to the Department's stewardship challenge.

In an example of the former, we audited the planning, design, construction, and commissioning of the central power plant at Embassy Baghdad and learned that Bureau of Overseas Buildings Operations officials, at the time the plant was under construction, felt that the project needed to be completed as soon as possible because of the security and life support needs at such a critical threat post.¹⁵ Our audit ultimately found that the Department did not always follow Federal and Department requirements when executing the project and missed multiple opportunities to address known deficiencies. The primary reason for such failures was the desire to expedite completion of the project. Consequently, persistent performance problems have required the Department to incur significant costs. In another example of acting fast hindering good stewardship, we audited the Department's provision of humanitarian assistance to Ukraine and found that the responsible bureau did not include measurable objectives in the terms of its awards.¹⁶ Absent specific, measurable objectives or corresponding performance indicators, the

¹³ OIG, *Audit of Select Contract Administration Processes Related to the Construction of New Embassy Compound Mexico City, Mexico* (AUD-CGI-24-09, January 2024).

¹⁴ OIG, *Audit of Worldwide Protective Services III Initial Training Consolidation Initiative* (AUD-SI-24-23, July 2024).

¹⁵ OIG, *Audit of the Planning, Design, Construction, and Commissioning of the Central Power Plant at U.S. Embassy Baghdad, Iraq* (AUD-GEER-24-02, November 2023).

¹⁶ OIG, *Audit of the Department of State's Humanitarian Response to the Ukraine Crisis* (AUD-GEER-24-16, May 2024).

Department was not positioned to track progress toward intended program results.

Contingency or crisis environments can also complicate good stewardship by making in-person monitoring and oversight difficult or impossible. For example, in our review of end-use-monitoring in Ukraine, we identified security restrictions as one of several ongoing challenges to conducting such monitoring.¹⁷ Additionally, in an audit of the Bureau of International Security and Nonproliferation's administration of assistance to Ukraine, we found that security concerns and staffing limitations at Embassy Kyiv led the bureau to rely on alternative methods for monitoring its assistance.¹⁸ We concluded that, in line with identified risk mitigation plans for grants and cooperative agreements, the bureau should explore other options for providing in-person monitoring.

Lastly, a recent audit on the disposition of sensitive security assets during and after the Embassy Kabul evacuation found that many of Embassy Kabul's security assets – including 63 percent of its armored vehicles and 26 percent of its firearms – were abandoned, mostly intact.¹⁹ We concluded that several factors contributed to this, including Embassy Kabul maintaining more assets than what was needed, inadequate disposition planning, inadequate guidance, and insufficient training. We also noted that, although the Department has

an interest in fully and accurately accounting for security assets that are left behind, this accounting did not occur due to the lack of a requirement to reconcile post assets following a suspension of operations and weaknesses in a key bureau's records management practices.

Progress

In 2024, the Department demonstrated it had taken the necessary actions to close 193 recommendations related to stewardship. This represents one-third of all recommendations closed during the year.

An example of one of these recommendations comes from a 2022 audit.²⁰ We identified multiple deficiencies with acquisition planning that resulted in the Department missing opportunities to expand its pool of potential construction contractors, and thus recommended that the Bureau of Overseas Buildings Operations coordinate with the Bureau of Administration to develop and implement processes to ensure acquisition planning for construction projects was performed in accordance with Federal regulations and Department policy. As a result of implementing this recommendation in 2024, we believe that the Department strengthened its efforts to promote competition related to costly construction awards.

Management Response

The Department benefits from the OIG's review to improve stewardship of its resources, such as those recommendations outlined in the audit related to select contract

administration processes for the construction of the New Embassy Compound in Mexico City. Due in part to the OIG's report, OBO improved its collaboration with the contractor

¹⁷ OIG, *Review of Department of State End-Use Monitoring in Ukraine* (ISP-I-24-02, November 2023).

¹⁸ OIG, *Audit of the Bureau of International Security and Nonproliferation Administration of Assistance to Ukraine* (AUD-GEER-24-14, March 2024).

¹⁹ OIG, *Supplemental Classified Report on the Audit of the Disposition of Sensitive Security Assets at U.S. Embassies Kabul, Afghanistan and Kyiv, Ukraine* (AUD-GEER-24-31, September 2024).

²⁰ OIG, *Audit of Department of State Efforts To Promote Competition for Overseas Construction Projects* (AUD-CGI-22-34, August 2022).

on this large construction project, holding regular planning sessions to accurately record and forecast activities leading to project completion and is working to clarify roles, responsibilities, and expectations regarding contract modifications. Notwithstanding the benefits that may be achieved from the recent audit, OBO construction projects remain generally below the normal rate for contract changes for both U.S. industry and U.S. Government, which is a substantial achievement given the high-risk environments in which the Department operates worldwide.

The Department appreciates the OIG's understanding of the challenges associated with planning, designing, and executing overseas diplomatic construction projects in unpredictable environments often plagued by rapidly changing security risks, political and civil unrest, evolving climate threats, and malign influence. In the example of the central power plant at Embassy Baghdad, OBO developed its own lessons learned and process improvements resulting from the challenges it faced with the power plant, and the OIG's report allowed OBO to reinforce those necessary improvements. For example, OBO has improved its process for prioritizing, planning, evaluating, and committing to capital investment projects across its real property portfolio and developed a data-driven capital planning process.

Over the past several years, DT has become a leader in U.S. Government cybersecurity. Additional information systems security officer (ISSO) and regional ISSO (RISSO) positions have been established since issuance of the OIG November 2020 report. "Continued Deficiencies in Performance of Information Systems Security Officer (ISSO) Responsibilities at Overseas Posts." The Department has expanded the Information Technology Cybersecurity Skills Incentive Agile program, which includes both overseas and domestic positions with titles of ISSO, ISSO (Cyber),

RISSO, or RISSO (Cyber). DT Cyber Operations has identified a budget of \$250,000 for external training for ISSOs. The Department is also working on co-location of ISSOs with DS Regional Cyber Security, which will enhance collaboration within the two Bureaus. DS and DT are close to finalizing a memorandum of understanding defining how the ISSO and regional cybersecurity officer programs will interact. Furthermore, DT has established a Cyber Hygiene Scorecard that leverages iPost data for Bureaus to review their cybersecurity performance data in the dashboard and identify and remediate issues. Bureaus can work with the Cybersecurity Integrity Center and/or the iPost team to update data in systems of record as needed.

Recent Department discussions covered specific use cases on how AI is supporting negotiations, combatting disinformation, and aiding in media monitoring around the globe to keep diplomats informed on global developments in real time. Secretary Blinken has highlighted existing Department tools such as Northstar and StateChat (currently in beta testing), which are transforming operational efficiency and enabling less face-to-screen and more time face-to-face. He also highlighted the risks associated with AI and the importance of strengthening cybersecurity, mitigating biases, and expanding awareness of potential issues upfront to successfully integrate AI into day-to-day missions. Lastly, Secretary Blinken strongly encouraged all Department employees to start using AI tools and resources, both public and internal to State, as well as to seek out training opportunities offered through FSI to bolster AI skillsets.

The Department's Chief Information Officer has underscored, "We can see what prompts people are using not just to inform how is the technology being used and how is innovation happening in the field but also we can see if somebody is up to no good. Whether they are

a person who works at the State Department.” The Chief Information Officer emphasized, “To help mitigate the risk in deploying new AI code in existing digital environments the agency launched red teaming efforts to bolster enterprise cybersecurity.” The Chief Information Officer concluded “Mandatory training for State employees, routine system testing, and visibility into what prompts individuals are feeding are among State’s cybersecurity tactics.”

In addition, on May 6, 2024, the Department of State released the [United States’ International Cyberspace and Digital Policy Strategy: Towards an Innovative, Secure, and Rights-Respecting Digital Future](#). This proactive, affirmative strategy focuses on building broad digital solidarity, recognizing that all who seek to use digital technologies in a right-respecting manner are made more secure, resilient, self-determining, and prosperous when we work together to shape the international environment and innovate at the technological edge. The strategy guides international engagement on technology diplomacy to advance the National Security Strategy vision for a “free, open, secure, and prosperous world” and the National Cybersecurity Strategy objective of forging international partnerships to build a defensible resilient and rights-respecting digital ecosystem. These initiatives, among others, attest to the Department’s effort and initiatives to make the Department a leader within the U.S. Government.

The Department dissented to several assertions made in the OIG’s report on sensitive security assets during and after the suspension of operations at Embassy Kabul, which failed to recognize the complexity of the logistical operations required to evacuate one of the largest embassies in the world, as well as the unique policy circumstances leading up to evacuation, which required post to consider maintaining sensitive assets in defense of the

embassy without DoD presence and then to rapidly withdraw completely. Nonetheless, the Department values the opportunity afforded by OIG in its recent recommendations for improving post sensitive security asset accountability and disposition planning, which has prompted a review, reinforcement, and broadening of guidance for posts when planning potential evacuation with a special focus on austere and exigent scenarios. The Bureau of Diplomatic Security (DS) is updating its guidance for posts on developing disposition plans for departure or evacuation, including formalized instructions for posts to periodically evaluate and adjust holdings of special protective equipment and armored vehicles, and developing scenario-based emergency plans and how-to guides for all acceptable practices that factor in the resources needed to accomplish temporary deactivation or destruction. DS is working with the Bureau of Administration (A Bureau) to review the Department’s internal controls to better and more expeditiously account for and reconcile all sensitive security assets following an evacuation.

The A Bureau has established systems and policies to improve personal property accountability. The Department conducts routine, enterprise-wide personal property audits to ensure compliance with Department policies and Federal laws. For example, the A Bureau’s annual inventory programs have reported a 1.5 percent loss rate Department-wide for the last six years. The A Bureau continues to work with overseas posts in high-risk areas to mitigate property accountability challenges due to civil unrest or natural disasters. Additionally, the A Bureau provides ongoing support and training to personal property staff to enhance their ability to maintain and adhere to established protocols.

The Department appreciates the OIG’s careful review of property management

financial statements. Regarding the significant deficiency in internal controls for accounting for real and personal property, leases, and internal use software in a complete, accurate, and timely manner, the Bureau of the Comptroller and Global Financial Services (CGFS) continues to work closely with multiple Department stakeholders to improve financial reporting and operational controls. CGFS has established working groups to collaborate with property program level leaders in the effort to identify control risks, recommend improvements, develop sound policy, and implement changes across the organization. CGFS also has worked closely with program and project managers to ensure an improved understanding of the reporting requirements for internal use software. Additionally, CGFS has implemented a more frequent and robust data call process to help improve the review and timeliness of internal use software data.

The Department has dedicated additional resources to achieve timely implementation

of Statement of Federal Financial Accounting Standards (SFFAS) No. 54, Leases. The Department developed a lease calculation tool and updated its lease inventory using manual reviews and AI models. The data and results from this short-term effort will support a longer-term, technology-based solution.

The Department also invested significant resources to develop an unliquidated obligations (ULOs) dashboard that provides insightful metrics and information to efficiently monitor ULO balances domestically and overseas. This dashboard allows management to efficiently monitor balances for funds that are expiring and require cancelling. The dashboard can be used to evaluate ULO risk, identify cancelling ULO documents, evaluate trends in ULO activity over time across bureaus, and drill into ULO status for a specific bureau or post. CGFS conducted extensive outreach in educating Department personnel, engaging every bureau and post on how to use the ULO Dashboard.

Staffing and Organizational Structure

The Department must recruit, retain, and sustain a diverse and talented workforce that is prepared to advance the Department's foreign policy mission and priorities in every corner of the world. Given the vital nature of that mandate, OIG identifies managing human capital and designing and maintaining an organizational structure that conveys clear lines of authority and responsibility as a management challenge facing the Department.

The kinds of workforce or human capital management issues that OIG's work identifies vary widely, but they tend to include staffing gaps, inexperienced and undertrained staff, and failure to adhere to leadership principles. On the latter, our inspections of Embassy Singapore and

Embassy Baghdad offered examples. We reported that the Ambassador to Singapore failed to model Department leadership and management principles.²¹ In addition to concerns that his relationships with host government ministries were poorly developed, which impacted the achievement of diplomatic goals and objectives, we also reported that his many projects were frequently unattainable, distracting for staff, and dubious in their ability to promote U.S. interests in Singapore. At Embassy Baghdad, we found that a Political Counselor also failed to adhere to the Department's leadership and management principles, including by engaging in behavior that created an atmosphere of tension and fear within the Political Section which detracted

²¹ OIG, *Inspection of Embassy Singapore, Singapore* (ISP-I-24-09, February 2024).

from its ability to function well under its heavy workload.²²

Our work also often highlights structural issues that confuse staff, lead to gaps or overlap in authority, and ultimately weaken accountability. Following the release of a White House strategy that elevated anti-corruption efforts as a key national security and foreign policy priority, the Department announced the creation of the Office of the Coordinator on Global Anti-Corruption.²³ Despite its important role in advancing a key priority, we found that the Department had not properly established the office or codified its roles and responsibilities as required. Without taking the steps to properly establish the office, the Department risks shortcomings in its efforts to achieve anticorruption goals and objectives.

As of the end of 2024, OIG was tracking 73 open recommendations designed to guide the Department toward improvements in these areas.

Progress

In 2024, the Department demonstrated it had taken the necessary actions to close 66 recommendations related to staffing and organizational structure. Several of these recommendations came from a 2022 audit of the process to prepare residences for new tenants at Embassy Cairo.²⁴ Among other actions, the embassy made progress toward addressing issues impacting collaboration, morale, and interpersonal relationships at post, resulting in the closure of six recommendations.

Management Response

The Department is committed to recruiting, retaining, and sustaining a diverse and talented workforce that is enabled and equipped to advance the Department's foreign policy mission and priorities in every corner of the world. The Secretary's Modernization Agenda focuses on ensuring the Department supports a model workplace that recruits and retains diverse talent, fosters professional development, deepens expertise, and promotes equity across the board.

Internal surveys have shown that unfilled positions drive many of the challenges faced across our institution. The Department has made filling staffing gaps a priority. As mentioned in the [Management Introduction](#), the Department employed a variety of creative approaches to addressing these gaps and

plans to continue doing so in the coming year. Hiring above attrition is a top priority.

The Department is dedicated to reinforcing a culture of accountability, key to supporting our Leadership and Management Principles. As mentioned in the [Management Introduction](#), the Director General (DG) underscored accountability as a core value and set 2024 as a year to specifically "Focus on Accountability" from a human resources perspective. As part of this initiative, the Bureau of Global Talent Management (GTM) has provided resources throughout the year that emphasize the critical role of transparent communication, continuous feedback, and shared responsibility, ensuring that all employees – regardless of level – are empowered to hold themselves and each other to the highest standards. By equipping

²² OIG, *Inspection of Embassy Baghdad and Constituent Post, Iraq* (ISP-I-24-06, January 2024).

²³ OIG, *Management Assistance Report: Actions Needed To Meet Requirements for Establishing the Office of the Coordinator on Global Anti-Corruption* (AUD-GEER-24-19, June 2024).

²⁴ OIG, *Audit of the Process To Prepare Residences for New Tenants at U.S. Embassy Cairo, Egypt* (AUD-MERO-22-23, March 2022).

both employees and supervisors with clear expectations, resources, and tools, GTM is fostering a high-performance culture where accountability is not just encouraged but ingrained in the fabric of the workforce.

In addition, the Department has significantly expanded the role and resources of our Office of the Ombuds, whose mission is to identify, mitigate, and prevent workplace conflict that can negatively affect personnel or disrupt our ability to achieve mission goals through confidential, informal, and impartial actions and engagement. The Office of the Ombuds advises the Secretary and senior management on systemic trends affecting the workforce and provides confidential services to personnel to include consultations, conflict coaching, mediation, group facilitation, training, and trend analysis. The Office of the Ombuds launched the Department's first Anti-Bullying Policy, which defined and established a clear process for reporting and addressing bullying behavior, and stood up the Workplace Conflict Prevention and Resolution Center. The Workplace Conflict Prevention and Resolution Center will manage a central bullying reporting portal, provide informal support and resolution services, and enhance individual and organizational accountability through a structured referral program when an administrative inquiry or investigation is appropriate to address allegations of misconduct.

In June 2023, the Department established the Organizational Health and Performance Council, comprising leadership from across the agency to address the unique needs of the workforce. The objectives are to leverage administrative data, use evidence for improvements, foster a culture of continuous improvement, and identify best practices and data gaps. The Organizational Health and Performance dashboard was launched in March 2024 and

provides a snapshot of organizational health, including bureau-level and regional-level comparisons and trend analysis for both our domestic and overseas workforce.

As mentioned in this report's Management Introduction, the Department also conducted the first Mission Leadership and Management Survey (MLMS) in late 2023 to assess perceptions of management and leadership behaviors of Chiefs of Mission/Ambassadors, Deputy Chiefs of Mission, Chargés d'Affaires ad interim, and Principal Officers in three general areas -- post morale, work environment, and mission leadership. GTM shared the general survey results with the workforce and will release a second iteration of the MLMS for 2024. Nearly one in four eligible U.S. direct hire employees serving at 96 percent of our missions abroad participated in the 2023 survey. A majority of respondents had favorable perceptions of leadership and management regarding senior leaders and provided favorable feedback on questions related to job satisfaction.

All responses that warranted additional attention are being addressed accordingly, to include mandatory reporting to the Office of Civil Rights, Diplomatic Security, and the OIG. Concerns were raised to the highest levels of the Department, which is committed to holding leadership accountable at all levels, addressing workplace challenges, and reinforcing quality leadership. Senior leaders received anonymized results from the MLMS specific to them, as well as information about resources available to enhance and improve their own performance and support diplomatic excellence. The individualized feedback obtained through the MLMS is a valuable tool for senior leaders that can reinforce best practices in leadership and management, provide feedback to promote

self-awareness, and support career-long learning and professional development. It also gives the Department vital feedback that will continue to help identify and address any concerning leadership and management issues.

The Department continues to implement the Learning Policy introduced in 2023. Culminating a two-year reorganization process in 2024, the Department's Foreign Service Institute (FSI) hired a Provost and realigned staff to create new teams to further improve FSI's delivery of training and other professional development. The Provost's team will ensure curricula for all Department employees are relevant and comprehensive, break down silos across various FSI schools to share best practices, and coordinate a consistent adult learning approach in all FSI offerings.

In addition to improving individual employee satisfaction and leadership, the Department undertook efforts to better orient its structure and management support towards accountability, efficiency, and customer satisfaction. Several bureaus have reorganized their offices and leadership structures to better reflect today's needs.

Chief among these was the Bureau of Administration, which shifted disparate offices into groupings that reflected actual customer experience in key friction points for employees, such as travel and logistics. Policy bureaus, such as the Bureau for Arms Control, Deterrence, and Stability, also reorganized to provide additional leadership support to growing policy issues.

The Department's goal is to create organizational structures that enable us to meet our mandates and strengthen our position in the Federal Government. Since the Department shares with OIG the objective of creating sustainable, accountable, and well-structured organizations, the OIG often tasks bureaus to work with GTM to conduct organizational assessments to validate the findings when an OIG inspection has identified factors that prevent an organization from effectively achieving its mandate. Through this partnership, GTM – often with support from M/SS – contributes to the Department's and OIG's mission by providing organizational analysis that is rooted in partnership, mission-centric, and intentional about helping the Department overcome critical management challenges.



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