



Office of Inspector General United States Department of State

REVIEW OF THE FISCAL YEAR 2025 BUDGET REQUEST FOR THE U.S. DEPARTMENT OF STATE

STATEMENT BY
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BEFORE THE SENATE APPROPRIATIONS SUBCOMMITTEE
ON STATE, FOREIGN OPERATIONS, AND RELATED PROGRAMS

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Chairman Coons, Ranking Member Graham, and distinguished Members of the Subcommittee, thank you for the opportunity to provide testimony today for this hearing on the U.S. Department of State's fiscal year 2025 budget request.

I was confirmed by the Senate on May 2, 2024, as the Inspector General of the Department of State (Department of State) and the U.S. Agency for Global Media (USAGM). This is my first congressional testimony in that capacity. I am delighted to join the State Office of Inspector General (OIG) team, which has done a remarkable job remaining focused on its important oversight mission despite the absence of a Senate-confirmed inspector general for approximately 4 years. I look forward to leveraging my decades of public service experience—most recently as inspector general of the National Geospatial-Intelligence Agency—to lead State OIG and ensure that it remains an independent, objective organization that provides robust oversight, transparency, and accountability to the programs and operations of the agencies it oversees.

OIG inspects embassies and diplomatic posts throughout the world to determine whether policy goals are being achieved and whether the interests of the United States are being represented and advanced effectively. OIG performs specialized security inspections and audits in support of the Department's mission to provide effective protection to our personnel, facilities, and sensitive information. OIG also audits Department operations and activities to ensure that they are as effective and efficient as possible. Finally, OIG investigates instances of fraud, waste, and mismanagement that may constitute either criminal wrongdoing or violations of Department regulations. In short, OIG plays a crucial role in overseeing the funds Congress appropriates to the Department for its many programs and activities and we believe that our work can play an important role in assisting Subcommittee Members with funding decisions.

OIG concentrates a substantial portion of its oversight on the sustained major management and performance challenges confronting the Department. Beyond this important work, a growing element of our mission involves oversight of U.S. responses to global emergencies and emerging risks. Often these take the form of complex crises and contingency operations that have triggered whole-of-government responses. In recent years, for example, OIG has surged to provide oversight of the U.S. withdrawal from Afghanistan, including the evacuation of Embassy Kabul, and worked closely with oversight counterparts to ensure comprehensive oversight of the more than \$174 billion in supplemental funding that has been appropriated in response to the war in Ukraine. We are also directing oversight toward the Department's response to risks emerging from conflicts in the Middle East, strategic competition with the People's Republic of China, and responses to unauthorized migration and transnational crime arising from countries in the Western Hemisphere.

In this testimony, I will discuss the nature and scope of our oversight mission, major management challenges confronting the Department, and our work to drive improvements reflected in various projects related to Ukraine and other high priority countries. I will conclude by reflecting on our financial standing and OIG's ability to deliver on our mandate from a resource and staffing perspective.

MISSION AND RESULTS

OIG's mandate covers both Department and USAGM programs and operations, which include more than 80,000 employees and more than 270 overseas missions and domestic entities. We also oversee the U.S. Section of the International Boundary and Water Commission, a federal agency that operates under the foreign policy guidance of the Department. In terms of dollars, we are responsible for the oversight of more than \$87 billion in Department, USAGM, and foreign assistance resources.

In pursuit of this mission, OIG provides valuable return on investment through its audits, evaluations, inspections, and investigations. For example, in FY 2023, OIG identified approximately \$245 million in questioned costs and taxpayer funds that could be put to better use, and OIG's criminal, civil, and administrative investigations produced an additional \$13.8 million in monetary results (including fines, restitution, and recoveries).

Our work consistently results in findings and recommendations that significantly improve the programs and activities we oversee—including improvements that are not easily quantifiable, such as our work related to safety and security. Our recommendations frequently address inadequate compliance with emergency planning standards and facility safety and security deficiencies. By helping the Department improve its security, OIG's work safeguards the lives of the thousands of people who work in or visit U.S. posts abroad and at home.

Further, our investigative work consistently holds employees, contractors, and grantees accountable. In FY 2023, OIG obtained 7 indictments, 5 informations¹, and 17 convictions. In one recent case, our investigative work led to a 10-year prison sentence for a construction company president who was found to have fraudulently obtained more than 25 government contracts worth more than \$125 million.

MAJOR MANAGEMENT AND PERFORMANCE CHALLENGES

OIG focuses substantial resources on oversight projects that address the Department's major management and performance challenges. For FY 2024, we assessed those challenges to be primarily threefold: safety and security, stewardship, and staffing.

Safety and Security

Safeguarding people, facilities, property, and information is a continual challenge for the Department. Physical security and safety deficiencies at diplomatic facilities combine to form one aspect of this challenge. Some of our findings from a recent inspection of Embassy Lilongwe, Malawi, illustrate the issue well.² We found that approximately 93 percent of the

¹ Per Black's Law Dictionary 772 (6th ed. 1990), an information is an accusation exhibited against a person for some criminal offense, without an indictment.

² OIG, *Inspection of Embassy Lilongwe, Malawi* (ISP-I-24-15, March 2024).

embassy's non-residential properties were not properly certified to ensure that safety, health, and environmental hazards were mitigated. We also found the embassy's fire protection program did not fully comply with Department standards, and that 67 percent of its outstanding fire and life safety recommendations (issued by the Department's Bureau of Overseas Buildings Operations) remained unaddressed. These failures to comply increase the risk of injury and loss of life for Department personnel at this post.

We also conducted an audit related to the Department's implementation of physical security standards for temporary structures—such as containerized housing units, hardened alternative trailers, and shipping containers—that serve as residential or functional space at overseas posts when permanent structures for these purposes are unavailable. We found that the Department could not provide an accurate or complete inventory of temporary structures at the posts we audited. Moreover, we identified some temporary structures that did not comply with the Department's physical security standards and did not have required waivers or exceptions to those standards, which gives the Department limited assurance that physical security mitigation actions have been taken to address security and life safety concerns.³ We also found that overseas posts were generally not complying with Department guidance regarding the use of shipping containers.

Another health and safety risk our work often highlights relates to emergency action planning. We continue to find that the Department struggles to meet its own standards and inspections of posts often find failures to implement emergency exit plans in non-residential facilities, regularly conduct drills, and stay current with consular crisis preparedness activities.⁴

In addition to the security of people and property, we often focus on information security, and our oversight of the Department's IT security program continues to identify numerous control weaknesses. The FY 2023 Federal Information Security Modernization Act (FISMA) audit concluded again 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, configuration management, identity and access management, and security training. 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.⁵

Stewardship

Efficiently and effectively managing its significant resources is another longstanding challenge for the Department. OIG's work demonstrates that the Department could enhance its

³ OIG, *Audit of Physical Security Standards for Department of State Temporary Structures at Selected Overseas Posts* (AUD-SI-23-30, September 2023).

⁴ See e.g., OIG, *Inspection of Embassy Cotonou, Benin* (ISP-I-23-20, July 2023).

⁵ OIG, *Audit of the Department of State FY 2023 Information Security Program* (AUD-IT-23-31, September 2023).

stewardship of taxpayer resources by improving its ability to identify and address weaknesses in financial and property management and oversight of its contractors and other implementers of its worldwide programs.

Weaknesses in property and equipment management were initially reported during the audit of the Department's FY 2005 financial statements and have persisted since then. In FY 2023, the Department's internal control structure continued to exhibit several deficiencies that negatively affected the Department's ability to account for real and personal property in a complete, accurate, and timely manner. An independent contractor concluded that the combination of property-related control deficiencies was a significant deficiency. The individual deficiencies identified were related to overseas real property, construction projects, leases, personal property, software, and heritage assets. The audit also identified internal control deficiencies related to unliquidated obligations and financial reporting.⁶

Regarding Department oversight of its contractors and other implementers, we conducted an audit to determine whether selected recipients of cooperative agreement funds supporting refugee resettlement support centers—overseas centers that assist in the processing of refugee applications—adhered to applicable federal requirements. We looked specifically at three centers with offices in Bangkok, Thailand; Kuala Lumpur, Malaysia; Istanbul, Turkey; and Nairobi, Kenya. We found that the recipients audited did not always comply with requirements, due in part to insufficient oversight by the Department's Bureau of Population, Refugees, and Migration, which could result in inconsistent refugee application information being processed. In addition, refugees can wait years for the adjudication process to be completed, and inconsistent refugee application information could delay the already lengthy process. Additionally, selected award recipients did not always spend funds in accordance with federal requirements and award terms and conditions, which led to questioned costs.⁷

In another audit, we sought to determine whether the Department's contract administration of the new embassy compound in Mexico City was in accordance with federal regulations and Department guidance. Regarding contract modifications processes, we found the project director did not assess the impact that such modifications would have on the overall project timeline. Moreover, the Department did not always perform required 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. As a result of these deficiencies, the Department executed contract modifications without full awareness of potential consequences to the construction project timeline and associated project costs.⁸

⁶ 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).

⁷ OIG, *Audit of Selected Cooperative Agreements Supporting Department of State Refugee Resettlement Support Centers* (AUD-SI-23-28, September 2023).

⁸ OIG, *Audit of Select Contract Administration Processes Related to the Construction of New Embassy Compound Mexico City, Mexico* (AUD-CGI-24-09, January 2024).

Staffing

The Department expends substantial resources on recruiting, training, and retaining a diverse, talented workforce that can advance the Department's foreign policy mission and priorities. Nonetheless, our work suggests managing its human capital and designing and maintaining an organizational structure that conveys clear lines of authority is a continuing challenge for 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, frequent turnover, and inexperienced and undertrained staff. Our work also often highlights structural issues that confuse staff, lead to gaps or overlap in authority, and ultimately weaken accountability.

Examples are found in our audit of the management and administration of the Consular Systems Modernization program, which was conceived to modernize and consolidate approximately 90 discrete consular legacy IT systems into a common technology framework for the Bureau of Consular Affairs. Deficiencies in managing this program are highly problematic because the program is expensive and has broad implications for the bureau's ability to meet its mission, which, among other important duties, includes issuing passports, visa, and other documents to citizens and foreign nationals to facilitate travel to and from the United States. We found that bureau leadership did not ensure that the program was properly designed to meet its goals. Furthermore, insufficient management oversight from key Department bureaus contributed to problems with the program.

Among other factors, we found that unqualified project managers contributed to the deficiencies we identified with the program. Of the seven project managers appointed to projects within the Consular Systems Modernization program, we found that none could provide a record of having taken the required training, none could provide a record of having met the annual continuing professional education requirement, and three stated that they did not believe they had received sufficient training to successfully execute the responsibilities of their respective positions. Moreover, we found that bureau leadership did not consider the experience of personnel before assigning them to project management positions.⁹

⁹ OIG, *Management and Administration of the Consular Systems Modernization Program* (AUD-CGI-23-20, July 2023).

RESPONSE TO CRISES AND EMERGING RISKS

Ukraine Response Oversight

Given the scale, scope, and stakes of the U.S. government's Ukraine response, related oversight remains State OIG's top priority. We, along with the Department of Defense (DoD) and U.S. Agency for International Development (USAID) OIGs, and other U.S. government oversight organizations, have adopted a collaborative approach to ensure that our oversight of the U.S. government's response to Russia's war against Ukraine is comprehensive, relevant, timely, and transparent, and preemptively identifies and mitigates gaps in coverage or duplication of effort.

Over the past few years, about one-third of State OIG's workforce, including some State OIG staff located at Embassy Kyiv, has been contributing to the Ukraine response oversight mission on a full- or part-time basis. Congress has provided us with \$21.5 million in dedicated funding to support this effort. We are grateful for this essential support, which we have applied toward a body of work that currently focuses on four leading risk areas for the Department:

- *Strategy and Coordination.* Since an effort of the scale and complexity of the Ukraine response can only be successful with a clear strategy and effective coordination, this has been a major emphasis in our work. In 2022, we shared oversight observations to inform the Department's Ukraine response, drawing on our past work to flag the strategic challenges it was likely to encounter as well as highlighting effective responses to the same types of challenges that had been successfully applied elsewhere in the past.¹⁰ Last summer, we issued a report detailing the Department's efforts to establish a strategy to guide foreign assistance programs and coordinate these efforts across the U.S. government.¹¹ Working with USAID OIG, we also reviewed the execution of roles and responsibilities for providing direct financial support to the government of Ukraine.¹² In addition, we have begun a joint audit with DoD OIG on Foreign Military Financing funding provided in response to the invasion of Ukraine. Because the response to Russia's war against Ukraine is not limited to the U.S. government, we have also examined the Department's coordination and engagement with pertinent multilateral institutions like the North Atlantic Treaty Organization, European Union, the Organization for Security and Cooperation in Europe, as well as several United Nations agencies.¹³

¹⁰ OIG, *Information Brief: Oversight Observations to Inform the Department of State Ukraine Response* (OIG-23-01, December 2022).

¹¹ OIG, *Review of Ukraine Foreign Assistance Coordination and Oversight* (ISP-I-23-18, July 2023).

¹² In [January](#) and [March 2023](#), State and USAID OIG jointly reported to congressional oversight committees on the required monitoring mechanisms and safeguards that the Department and USAID OIG had put in place surrounding direct financial support to the Ukrainian government.

¹³ See for example: OIG, *Inspection of the U.S. Mission to the North Atlantic Treaty Organization* (ISP-I-23-16, May 2023); OIG, *Inspection of the U.S. Mission to the European Union* (ISP-I-23-15, April 2023); OIG, *Inspection of the U.S. Mission to the Organization for Security and Cooperation in Europe* (ISP-I-24-05, January 2024); and OIG, *Inspection of the U.S. Mission to International Organizations in Vienna, Austria* (ISP-I-24-04, December 2023).

- *Establishing Effective Operations.* Managing, coordinating, and supporting a robust response effort in Ukraine requires strong core systems and support. Accordingly, OIG examined a range of key questions related to Embassy Kyiv operations, including those relating to security, staffing, facilities, equipment, and emergency planning.¹⁴ We have also inspected other diplomatic posts in the region that provide support to Embassy Kyiv and that play a key role in the wider Ukraine response effort, and we have plans for more work in this vein in the months ahead.¹⁵
- *Monitoring and Evaluation.* Given the nationwide reach of the conflict, U.S. government personnel in Ukraine are subject to constraints on movement; conditions accentuated by the lack of U.S. military logistical support, which has been provided in other conflict settings. The quality and extent of monitoring and evaluation for Department-funded programs and activities is key in this context. In response, we reviewed the Department’s end-use monitoring activities in Ukraine,¹⁶ and audited the Bureau of International Security and Nonproliferation’s monitoring plans and practices.¹⁷ In addition, we are completing an audit that covers the Department’s monitoring and evaluation related to humanitarian assistance programming in and around Ukraine as well as an ongoing review of Department efforts to counter illicit diversion of advanced conventional weapons in Eastern Europe.¹⁸
- *Anti-Corruption and Counter-Fraud.* Anti-corruption reforms in Ukraine and wider efforts to counter fraud are key to the success of U.S. assistance in Ukraine. As a result, OIG is currently conducting an audit of Department anti-corruption programming and activities in Central and Eastern Europe, including Ukraine. In addition, OIG maintains a dedicated Ukrainian- and Russian-language hotline to receive and process allegations of fraud, waste, abuse, and mismanagement affecting Department programs and activities in Ukraine. This hotline is an important source of information that has not only triggered investigative activities but has also formed the basis for audit work to respond to risks and vulnerabilities impacting the Department’s Ukraine response. Finally, by establishing memoranda of understanding with anti-corruption authorities in Ukraine, we have set a framework that allows us to share information necessary to advance cases of mutual interest with a connection to U.S.-provided resources.

¹⁴ See e.g., OIG, *Audit of Technical Security Following Reestablishment of Operations at U.S. Embassy Kyiv, Ukraine* (AUD-MERO-23-24, August 2023) and OIG, *Review of Embassy Kyiv’s Operating Status* (ISP-S-24-01, October 2023).

¹⁵ See e.g., OIG *Classified Inspection of Embassy Warsaw and Constituent Post, Poland* (ISP-S-24-18, April 2024) and OIG, *Inspection of Embassy Chisinau, Moldova* (ISP-I-23-19, July 2023).

¹⁶ OIG, *Review of Department of State End-Use Monitoring in Ukraine* (ISP-I-24-02, November 2023).

¹⁷ OIG, *Audit of the Bureau of International Security and Nonproliferation Administration of Assistance to Ukraine* (AUD-GEER-24-14, March 2024).

¹⁸ OIG, [Ongoing Work](#) for Office of Audits, Evaluations and Special Projects, Office of Inspections, and Office of Overseas Contingency Operations.

Our intensive focus on Ukraine has yielded a rapidly expanding body of work. We have issued 24 reports with 106 recommendations to improve critical aspects of the Ukraine response. We also have 17 ongoing and planned projects, and the list of our planned Ukraine-related work continues to grow. Our recommendations have triggered some important Department action. For example, because of our work, the Department completed the strategic framework needed to guide U.S. government assistance activities in Ukraine and evaluated the effectiveness of the alternative end-use monitoring practices it has been using in place of in-person monitoring in Ukraine.

Other Oversight Priorities and Emerging Risks

For the past 2½ years, State OIG has devoted substantial time and resources to oversight of the 2021 suspension of U.S. embassy operations in Afghanistan and its aftermath. Following the U.S. withdrawal from Afghanistan, State OIG developed and executed an extensive workplan to provide needed oversight coverage of the Department’s role in supporting Afghan evacuees and re-establishing a diplomatic mission outside of Afghanistan. In October 2021, State OIG also coordinated with the Department of Homeland Security OIG and Department of Defense OIG to establish an interagency OIG Afghanistan Project Coordination Group to coordinate and facilitate oversight of Operation Allies Welcome, deconflict when one OIG’s review overlapped with another’s responsibility, and promote comprehensive coverage of issues relating to the screening, vetting, and relocation of Afghan evacuees.

To date, State OIG’s Afghanistan response oversight efforts have resulted in the publication of 22 oversight products that have addressed topics that range from the Afghan special immigrant visa program and resettlement efforts to embassy evacuation efforts and current diplomatic operations. Included in this number are several joint quarterly reports with a focus on Operation Enduring Sentinel, the continuing counter-terrorism effort relating to Afghanistan. Our oversight work in this area has led to changes in the Department’s guidance for future evacuations and yielded improvements in the Department’s handling of visas for Afghans at risk who worked in support of U.S. military, diplomacy, and development efforts.

While OIG’s Afghanistan-related oversight work continues,¹⁹ we are also pivoting to meet emerging oversight requirements in other key areas:

- *Israel and Gaza.* Challenges to U.S. Middle East policy have multiplied since October 7, 2023. OIG is planning audit and inspection work to provide oversight of Department

¹⁹ OIG has seven ongoing and planned Afghanistan-related oversight projects. Information on each project is available on State OIG’s Afghanistan oversight [website](#).

programs and operations in the region and has recently launched an audit of Department efforts to counter Iran-backed groups.

- *People's Republic of China.* Last year, OIG completed an inspection of the American Institute in Taiwan²⁰ and has plans for more oversight projects examining the Department's response to China's influence. We are also taking steps to establish an OIG office in Bangkok, Thailand, reflecting our increasing focus on work in the region.
- *Western Hemisphere Concerns.* OIG is developing plans for several inspections and audits of Department operations and programs related to migration in the Western Hemisphere, counter-narcotics, and security at the southern border.

Against the backdrop of ongoing work to meet mandates and drive measures that will improve the Department's ability to address major management challenges, OIG will continue to assiduously work to address emerging areas of risk with available resources.

RESOURCES

We greatly appreciate the Subcommittee's ongoing support of our work and are grateful for the much-needed FY 2024 increase in our base appropriation and the substantial supplemental funding over the past 2 years. Our FY 2025 request is nearly \$108 million, which will allow us to keep pace with training and travel costs, pursue upgrades to support our IT network's resilience against cybersecurity attacks, and maintain a staff presence in Embassy Kyiv.

However, the most pressing challenge we face are the restrictions related to selection and appointment requirements, which add months to the onboarding process for new hires. In the context of our efforts to meet emerging oversight demands, these restrictions not only delay our ability to meet staffing requirements, but also make it difficult to effectively utilize our supplemental funding. To address this challenge and meet the long-term and critical hiring requirements associated with Ukraine-related oversight, we would like to secure selection and appointment flexibilities consistent with direct hire authority.

A second resource concern for us is the escalating costs associated with maintaining the security of our IT systems. OIG established an independent IT system in 2017 to create a firewall between the Department and our oversight information. This risk-mitigation effort has proven costly to continue to execute and we are currently studying potential options to address these costs. However, it is foreseeable that we will be requesting additional resources related to IT security in coming months.

²⁰ OIG, *Inspection of the American Institute in Taiwan-Taipei and Kaohsiung* (ISP-I-24-07, November 2023).

CONCLUSION

I am incredibly proud of the work of my State OIG colleagues and the value we provide to the Department, USAGM, Congress, and taxpayers. Team State OIG includes talented, committed professionals dedicated to helping the Department and USAGM successfully accomplish their respective missions through robust oversight and well-designed, practical recommendations. I thank my team for their resilience, ingenuity, integrity, and tenacity in promoting efficiency and effectiveness in Department programs and operations.

I also want to conclude by thanking Chairman Coons, Ranking Member Graham, and distinguished Members of the Subcommittee for your support of State OIG's mission. I take seriously my statutory requirement to keep Congress fully and currently informed, and I appreciate your enduring interest in our work.