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Weekly/Monthly Activity Reports, 2011-2014

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Office of Inspector General  
Office of General Counsel  
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United States Department of State  
and the Broadcasting Board of Governors

*Office of Inspector General*

JUL 17 2014

Re: OIG FOIA Case No. 14-00049

This is in response to your Freedom of Information Act (FOIA), 5 U.S.C. § 552, request dated June 3, 2014, to the U.S. Department of State's Office of Inspector General (OIG). You requested "a copy of the Dept of State OIG Weekly Activity Reports for the time period January 1, 2011 through the present."

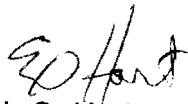
OIG conducted a search located 43 OIG Monthly Update/OIG Quarterly Update reports. Thirty-two documents are being released to you in part, redacted under FOIA exemption (b)(6). Eleven documents are being released to you in their entirety. We have enclosed a separate sheet explaining the exemption.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. § 552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

You may appeal this decision within 60 days to the Chairman of the Appeals Panel of the U.S. Department of State as explained in the enclosed. Appeals should be addressed to: Chairman, Appeals Review Panel, Attention: Appeals Officer,

A/ISS/IPS/PP/LC, Room 8100, State Annex 2 (SA-2), U.S. Department of State,  
Washington, D.C. 20522-8100.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Hart", written in a cursive style.

Erich O. Hart  
General Counsel

Enclosures: As stated



Office of Inspector General  
United States Department of State and  
Broadcasting Board of Governors

## OIG Monthly Update January 2011

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### **New Work Started**

- Program Evaluation of the Department of State's Antiterrorism Assistance Program in Iraq (MERO)
- Program Evaluation of the Department of State's Antiterrorism Assistance Program in Pakistan (MERO)
- Program Evaluation of the Department of State's Antiterrorism Assistance Programs within the Bureau of Near Eastern Affairs and the Bureau of South and Central Asian Affairs (MERO)
- Evaluation of the Department of State's Contract with PAE to Provide Operations and Maintenance Support to Embassy Baghdad, Iraq (MERO)
- Inspection of the Broadcasting Board of Governors Operations in Indonesia (ISP)
- Inspection of the Broadcasting Board of Governors Operations in Thailand (ISP)
- Review of Claims on Recovered Gold (ISP)

### **OIG Value Added**

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **Recommendations to Strengthen Controls Over Trafficking in Persons (MERO)**

OIG evaluated six contracts in Kuwait, Oman, Saudi Arabia, and United Arab Emirates, and found no direct evidence that the contractors violated anti-trafficking in persons (TIP) regulations. OIG found, however, several practices that increased the risk of TIP, including recruitment fees, passport confiscation, wage issues, and substandard housing (including unsafe conditions). OIG recommended that the embassies monitor contracts to ensure compliance with host country labor laws. OIG also recommended that, for future solicitations, contractors be required to provide workers with detailed housing descriptions, contracts in English and their native languages, and information in native languages on labor laws and the U.S. Government's "zero tolerance" TIP policy. Finally, OIG recommended that contracting officers' representatives receive guidance and training on TIP monitoring.

#### **Recommendations to Improve Monitoring of Department Assistance in Pakistan (MERO)**

In a recent performance evaluation, OIG could not determine the effectiveness of the Department's assistance to internally displaced persons in Pakistan between April 2008 and January 2010, because neither the United Nations High Commissioner for Refugees nor the International Committee of the Red Cross reports on performance. OIG recommended that the Department's Bureau of Population, Refugees and Migration, which donated \$80.5 million to this assistance effort, encourage regular reporting on progress toward specific assistance targets, performance measurement plans, and funding and material needs.

#### **Funds Put to Better Use Resulting from Elimination of Leases (ISP)**

In its recent inspection of Embassy Bangkok, OIG recommended that the embassy conduct a cost-benefit analysis of the 18 leases at the consulate in Chiang Mai. In response to the recommendation, the embassy determined that it would be in the best interest of the U.S. Government to eliminate all 18 leases, with a total annual operating cost of \$520,000. Consulate General Chiang Mai is in the process of eliminating the leases from its inventory, and will meet housing needs with other leased properties at more reasonable cost levels.

### **Arrest of Department Contractor for Possession of Child Pornography (INV)**

OIG participated in an investigation by the Bureau of Immigration and Customs Enforcement of a Department contractor who purchased child pornography that was downloaded onto his home computer. In December 2010, the contract employee was indicted and arrested on charges of possession of child pornography. His access to all Department buildings was revoked, and prosecution is pending.

### **Reports Issued<sup>1</sup>** (Reports in bold include a separate classified Security Management Annex.)

AUD/CG-11-12 Audit of Funding Provided by the American Recovery and Reinvestment Act for the Foreign Service Institute National Foreign Affairs Training Center

MERO-I-11-01 Performance Evaluation of the Bureau of Population, Refugees and Migration's Internally Displaced Persons Program in Pakistan

MERO-I-11-06 Performance Evaluation of Department of State Contracts to Assess the Risk of Trafficking in Persons Violations in Four States in the Cooperation Council for the Arab States of the Gulf

ISP-I-11-20 Review of the Department of State's Role in Detainee Transfers, Assurances, and Monitoring

ISP-I-11-18 Inspection of the Regional Consular Officer and Consular Management Assistance Team Programs

ISP-I-11-17A Inspection of Embassy Luxembourg, Luxembourg

### **Coming Attractions for February: Significant Reports Expected To Be Issued**

- Audit of Department of State Compliance With Federal Procurement Data System: Next Generation Reporting Requirements of the American Recovery and Reinvestment Act
- Review of the Department of State FY 2010 Drug Control Funds and Related Performance Reports for Office of National Drug Control Policy
- Management Letter Related to the Audit of the Department of State 2010 Financial Statements
- Management Letter Related to the Audit of the Broadcasting Board of Governors 2010 Financial Statements
- PAE Operations and Maintenance Support for the Bureau of International Narcotics and Law Enforcement Affairs' Counternarcotics Compounds in Afghanistan, Performance Evaluation
- Limited-Scope Review of the Design and Construction of a Recreation Center at Embassy Dushanbe, Tajikistan
- Inspection reports of the following embassies: Jakarta, Indonesia; Athens, Greece; The Hague, The Netherlands; Oslo, Norway; Reykjavik, Iceland; Valetta, Malta; and Copenhagen, Denmark.

### **Points of Contact**

(b) (6)

*For additional information or assistance, please contact one of the following:*

Deputy Inspector General	Harold Geisel	(202) 663-		@state.gov
AIG for Audits	Evelyn Klemstine	(703) 284-		@state.gov
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AIG for Investigations	Anna Gershman	(703) 284-		@state.gov
AIG for Middle East Regional Office	Nick Amtson	(202) 663-		@state.gov
General Counsel	Erich Hart	(202) 663-		@state.gov
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Deputy AIG, Policy, Planning, and Reports	Cynthia Saboe	(202) 663-		@state.gov
Legislative Advisor	Tom Burgess	(202) 663-		@state.gov
OMB Liaison	Maura Young	(703) 284-		@state.gov

OIG conducts independent audits, inspections, and investigations to promote effective management, accountability, and positive change in the Department of State, the Broadcasting Board of Governors (BBG), and the foreign affairs community. OIG provides leadership to: promote integrity, efficiency, effectiveness, and economy; prevent and detect waste, fraud, abuse, and mismanagement; identify vulnerabilities and recommend constructive solutions; offer expert assistance to improve Department and BBG operations; communicate timely, useful information that facilitates decision-making and achieves measurable gains; and keep the Department, BBG, and the Congress fully and currently informed.

<sup>1</sup> If you wish to schedule a briefing on any of these reports, please contact Maura Young, OMB Liaison, (703) 284-

Selected reports are available at [OIG Publications Library](#).



Office of Inspector General  
United States Department of State and  
Broadcasting Board of Governors

## OIG Monthly Update February 2011

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### **New Work Started**

- Audit of Impact on Department of State When Contracting Officers Exceed Delegated Procurement Authority (AUD)
- Audit of Department of State Approach to Developing an Automated Time and Attendance System (AUD)
- Audit of Department of State 2011 and 2010 Financial Statements (AUD)
- Audit of Broadcasting Board of Governors 2011 and 2010 Financial Statements (AUD)
- Evaluation of the Bureau of International Narcotics and Law Enforcement Affairs' Justice Sector Support Program Assistance to the Attorney General's Anti-Corruption Unit in Afghanistan (MERO)
- Evaluation of the Department of State's Provision of Embassy and Consulate Guard Forces in Pakistan (MERO)
- Inspections of U.S. missions in the following countries: Colombia, Guinea, Senegal, Botswana, India, South Africa, Dominican Republic, Cameroon (ISP)

### **OIG Value Added**

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **Reimbursement of \$2 Million to the Department Resulting from OIG Audit (AUD)**

During the 2006 *Audit of the Identification and Collection of Value-Added Tax Overseas*, OIG recommended that the Department obtain the necessary invoices from a contractor and work with Embassy Berlin officials to obtain reimbursement related to a construction project. The Department recently confirmed that it received reimbursement of approximately \$2 million resulting from this recommendation.

#### **Guilty Verdict in OIG Investigation of Embezzlement of \$100,000 at Embassy Baghdad (INV)**

OIG investigated a Department employee at Embassy Baghdad who embezzled funds in connection with two Blanket Purchase Agreements. The investigation determined that the amount embezzled was approximately \$100,000, which was transmitted to the bank account of the subject's spouse in Jordan. On February 2, 2011, a jury in the Eastern District of Virginia delivered a guilty verdict on two counts of theft of public money and one count of engaging in acts affecting a personal financial interest. Sentencing is scheduled for April 8, 2011.

#### **Sentencing in Visa Fraud Case (INV)**

OIG investigated allegations that owners of a business were committing visa fraud by using a fraudulent IT company to sponsor themselves and others for H-1B visas, which are generally reserved for occupations in the technology sector. The investigation determined that the owners were actually running a restaurant chain and grocery store. On January 13, 2011, one of the owners pleaded guilty to conspiracy to commit visa fraud. On February 10, 2011, one of the subjects was sentenced to one month of home detention, two years' supervised probation, and a \$5,000 fine.

#### **Recommendations to Improve Contractor Performance in Afghanistan (MERO)**

In the *Performance Evaluation of PAE Operations and Maintenance Support for the Bureau of International Narcotics and Law Enforcement Affairs' Counternarcotics Compounds in Afghanistan*, OIG

found weaknesses in the Department's oversight of the contractor PAE at counternarcotics compounds in Kabul and Kunduz, and in PAE's fuel operations, food services, security, and facility maintenance. OIG recommended the Department develop an acquisition plan, implement a quality assurance surveillance plan, and assign a sufficient number of contracting officer's representatives. OIG also recommended that the Department: ensure accurate fuel measurement, monitor food services, evaluate security requirements, resolve construction deficiencies in Kunduz, assess power needs, and ensure that guards are familiar with standard operating procedures. The Department stated that it had begun to implement many of these recommendations.

**Reports Issued<sup>1</sup>** (Reports in bold include a separate classified Security Management Annex.)

AUD/FM-11-04	Management Letter Related to Audit of U.S. Department of State FY 2010 Financial Statements
AUD/FM-11-15	Independent Review of U.S. Department of State Accounting and Authentication of FY 2010 Drug Control Funds and Related Performance Report
MERO-I-11-02	Performance Evaluation of PAE Operations and Maintenance Support for the Bureau of International Narcotics and Law Enforcement Affairs' Counternarcotics Compounds in Afghanistan
ISP-I-11-10	Review of the Use of Social Media by the Department of State
<b>ISP-I-11-15A</b>	<b>Inspection of Embassy Athens, Greece</b>
<b>ISP-I-11-23A</b>	<b>Inspection of Embassy The Hague, The Netherlands</b>
<b>ISP-I-11-17A</b>	<b>Inspection of Embassy Luxembourg, Luxembourg</b>
<b>ISP-I-11-27A</b>	<b>Inspection of Embassy Oslo, Norway</b>
<b>ISP-I-11-28A</b>	<b>Inspection of Embassy Reykjavik, Iceland</b>

**Coming Attractions for March: Significant Reports Expected To Be Issued**

- Performance Evaluation of Palestinian Authority Security Forces Infrastructure Construction Projects in the West Bank
- Limited-scope Review of the Design and Construction of a Recreation Center at Embassy Dushanbe, Tajikistan
- Inspection reports of the following embassies: Jakarta, Indonesia; and Valetta, Malta

**Points of Contact**

(b) (6)

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Office of Inspector General  
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## OIG Monthly Update

### March 2011

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#### New Work Started

- Review of the Information Security Program at the Department of State (AUD)
- Review of the Information Security Program for Sensitive Compartmented Information Systems at the Department of State (AUD)
- Review of the Information Security Program at the Broadcasting Board of Governors (AUD)
- Compliance Follow-Up Review of Embassy Kabul (ISP)
- Inspection of International Broadcasting Bureau, Botswana Transmitting Station (ISP)
- Management Review of Embassy Montevideo (ISP)

#### OIG Value Added

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

##### **Recovery by the Department of \$1.4 Million in Duplicative Charges in Afghanistan (AUD)**

In the 2007 audit *Accounting for Government-Owned Personal Property Held by Selected Contractors in Afghanistan*, OIG recommended that the Department review questioned costs of \$2.9 million pertaining to Government-owned personal property held by a contractor in Afghanistan. Based on its review of vouchers containing costs that OIG had identified as unallowable, the Department agreed that the contractor had billed the Department \$1.4 million twice for vehicles. In March 2011, the Department notified OIG that the contractor had refunded \$1.4 million to the Department for the duplicative charges.

##### **Guilty Plea and Agreement to Pay \$107,000 in Restitution in Fraud Case in Iraq (INV)**

OIG conducted a joint investigation with the Special Inspector General for Iraq Reconstruction and Defense Criminal Investigative Service of a Department employee assigned to Iraq who was suspected of soliciting bribes and kickbacks from vendors in exchange for awarding Department contracts. The investigation determined that the employee accepted payments from a company that was awarded a Department contract, inflated in cost by the amount received by the subject. On February 28, 2011, the subject agreed to plead guilty to one count of wire fraud conspiracy and pay \$106,800 in restitution. Sentencing is currently pending.

##### **Indictment of Department Contract Employees for Fraud and Bribery (INV)**

OIG conducted a joint investigation with U.S. Immigration and Customs Enforcement (ICE) and Bureau of Diplomatic Security of two Department contract employees. ICE had determined that the two employees had purchased naturalization certificates from a corrupt employee of another agency, and then applied for and received U.S. passports. A search warrant was executed at their residence in November 2010, resulting in the recovery of Department computers. Both contract employees were terminated from employment with the Department, and on March 17, 2011, they were indicted on charges of naturalization fraud, bribery, passport fraud, and misuse of government computers.

##### **Recommendations to Strengthen Construction Program in the West Bank (MERO)**

In the *Performance Evaluation of Palestinian Authority Security Forces Infrastructure Construction Projects in the West Bank*, OIG found that the Palestinian Authority (PA) and the Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) have successfully overseen and implemented these construction projects, which appeared to be of generally good quality and on schedule. OIG found that the Jerusalem INL office is adequately monitoring the PA's work, but may not have enough employees to perform inherently governmental functions. OIG recommended that INL develop detailed plans to complete and sustain the construction program, and conduct a staffing analysis of its Jerusalem office.



## Recommendations to Strengthen Contractor Design and Construction Activities (MERO)

In the *Limited-Scope Review of the Design and Construction of a Recreation Center at Embassy Dushanbe, Tajikistan*, OIG found that the contractor was unqualified, and failed to design and construct the facility according to required building codes and guidelines. OIG concluded that the unusable and unsafe recreation facility will require an additional \$1.5 million to rebuild, and made recommendations to improve posts' technical expertise, establish technical qualifications for contracting officers' representatives, and ensure full review and approval of contractor designs, and post management and quality assurance plans.

## **Reports Issued**<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)

AUD/IB-11-06	Management Letter Related to the Audit of the Broadcasting Board of Governors 2010 Financial Statements
AUD/CG-11-13	Audit of Department of State Compliance with Federal Procurement Data System – Next Generation Reporting Requirements of the American Recovery and Reinvestment Act
MERO-I-11-07	Performance Evaluation of Department of State Contracts to Monitor Vulnerability to Trafficking in Persons Violations in the Levant
MERO-I-11-04	Limited-Scope Review of the Design and Construction of a Recreation Center at Embassy Dushanbe, Tajikistan
MERO-I-11-03	Performance Evaluation of Palestinian Authority Security Forces Infrastructure Construction Projects in the West Bank
ISP-IB-11-29	Inspection of Radio Free Asia
ISP-IB-11-25	Inspection of Broadcasting Board of Governors' Operations in Indonesia
ISP-IB-11-33	Inspection of Broadcasting Board of Governors' Operations in Thailand
ISP-I-11-22	Inspection of the Bureau of European and Eurasian Affairs
ISP-I-11-35	Joint Issues in the Inspections of Embassy Tel Aviv and Consulate General Jerusalem
ISP-I-11-34A	Inspection of Consulate General Jerusalem
ISP-I-11-31A	Inspection of Embassy Tel Aviv, Israel
ISP-I-11-19A	Inspection of Embassy Copenhagen, Denmark
ISP-I-11-21A	Inspection of Embassy Dili, East Timor
ISP-I-11-24A	Inspection of Embassy Jakarta, Indonesia
ISP-I-11-30A	Inspection of Embassy Stockholm, Sweden
ISP-I-11-16A	Inspection of Embassy Valletta, Malta
ISP-I-11-36	Review of Department of State Activities Regarding Shipwreck Salvage Claims

## **Coming Attractions for April: Significant Reports Expected To Be Issued**

- Audit of Department of State Controls Over Bureau of Diplomatic Security Domestic Firearms and Optics
- Performance Evaluation of Department of State Planning for the Transition to a Civilian-led Mission in Iraq

### Points of Contact

(b) (6)

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## OIG Monthly Update

### April 2011

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#### **New Work Started**

- Audit of Impact on Department of State When Contracting Officers Exceed Delegated Procurement Authority (AUD)
- Audit of Department of State Process to Award the Worldwide Protective Services Contract and Kabul Embassy Security Force Task Order (AUD)
- Evaluation of the Department of State's Internal Management Controls over Civilian Assistance Funds to Pakistan (MERO)
- Inspection of President's Emergency Plan for AIDS Relief (ISP)
- Inspection of the U.S. Mission to the United Nations, New York (ISP)
- Inspection of Voice of America in Indonesia (ISP)
- Inspection of the Office of American Citizens Services and Crisis Management, Bureau of Consular Affairs (ISP)
- Inspection of the Office of the Director of U.S. Foreign Assistance (ISP)
- Inspection of the Office of eDiplomacy, Bureau of Information Resource Management (ISP)
- Inspections of U.S. missions in the following countries: Mongolia, Germany, South Korea, Poland, and Finland (ISP)

#### **OIG Value Added**

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#### **Deputy Inspector General Testimony before the House Foreign Affairs Committee**

On April 5, 2011, OIG testified at a House Foreign Affairs Committee hearing on "*Watching the Watchers: The Need for Systemic Reforms and Independence of the State Department Inspector General*." Deputy Inspector General Harold Geisel testified that OIG had substantially complied with Government Accountability Office (GAO) recommendations from its 2007 report, which reviewed State OIG operations from FY 2001- 2005. GAO testified that OIG had actions under way or completed to address most of GAO's recommendations, and it commended OIG for the steps it is taking to build and strengthen its audit practice. Additional information is available at [oig.state.gov/testimony](http://oig.state.gov/testimony).

#### **Contractors Settle Civil Fraud Case for \$8.7 Million (INV)**

OIG investigated a Department contractor and its subcontractor who grossly overcharged for work performed on a major Department contract. The original contract was let for over \$1.7 billion to recruit U.S. police officers, provide them with developmental training, and equip them to participate in international peacekeeping operations, including operations in Iraq. The investigation determined that the contractor submitted inflated claims for the construction of container camps at various locations in Iraq. The investigation also determined that the subcontractor sought reimbursement for danger pay that it falsely claimed to have paid its U.S. expatriate employees working in Iraq. On March 22, 2011, the contractor and subcontractor entered into separate civil settlements with the Department of Justice, and agreed to repay the U.S. Government a total of \$8.71 million in damages.

#### **Sentencing in Iraq Embezzlement Case (INV)**

As previously reported, OIG investigated a Jordanian national employee at U.S. Embassy Baghdad who transferred funds to his wife's bank account that were originally intended to be paid to a contractor. In February 2011, he was found guilty of two counts of theft of public money and one count of engaging in acts affecting a personal financial interest. On April 8, 2011, the former employee was sentenced to 41 months' imprisonment, and ordered to pay \$243,416 in restitution, a \$5,000 fine, and a \$100 special assessment.

### Debarment Action Against Department Grantees (INV)

OIG investigated a Department grantee and subgrantee who submitted false expense documentation to the Department regarding use of grant funds. The grantee had received more than \$1.2 million in connection with the grant. The subgrantee was suspected of paying "ghost" employees and generating false invoices. The investigation determined that the subgrantee had previously been convicted of fraud in the host country for paying ghost employees. On April 13, 2011, the Department sent suspension letters to the grantee and subgrantee, as well as to two individuals associated those companies, and also proposed permanent debarment of the subgrantee.

### Action Taken to Correct Serious Leadership Deficiency (ISP)

In its recent inspection of Embassy Luxembourg, OIG determined that the Ambassador's confrontational leadership style led to numerous costly curtailments, and caused major elements of the embassy to be dysfunctional. Excessive resources were devoted to the Ambassador's residence, while the embassy played no significant role in policy advocacy or reporting. OIG made numerous corrective recommendations. Shortly after the inspection, the Ambassador resigned from the position.

### Reports Issued<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)

AUD/SI-11-25      Audit of Department of State Controls Over Bureau of Diplomatic Security Domestic Firearms and Optics  
ISP-I-11-37      Oversight of Rest and Recuperation Travel Documentation and Certification (Memorandum Report)

### Coming Attractions for May: Significant Reports Expected To Be Issued

- Performance Evaluation of Department of State Planning for the Transition to a Civilian-led Mission in Iraq
- Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2010 and 2009 Financial Statements
- Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2010 and 2009 Financial Statements
- Audit of Expenditures from the Department of State Emergencies in the Diplomatic and Consular Service Appropriation
- Audit of Construction and Transfer of Ownership of the President's Emergency Plan for AIDS Relief (PEPFAR) Overseas Construction Projects

#### Points of Contact

(b) (6)

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## OIG Monthly Update May 2011

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### New Work Started

- Performance evaluations of Emergency Action Plans for embassies and consulates in Pakistan, Iraq, and Afghanistan (MERO)

### OIG Value Added

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#### **Recommendations to Strengthen Transition Planning in Iraq (MERO)**

In the *Performance Evaluation of Department of State Planning for the Transition to a Civilian-led Mission in Iraq*, OIG found that several key decisions remain unresolved, some plans cannot be finalized, and progress in a number of areas is slipping. Issues remain with respect to transfer of police training, establishment of provincial posts, security capability, air transportation, medical facilities, budget planning, and housing capacity at Embassy Baghdad. OIG recommended finalizing plans so that detailed cost estimates can be developed, and examining the feasibility of locating a temporary consulate in Erbil at a contingency operations site.

#### **Recommendations to Strengthen Oversight of Travel Benefits for Rest and Recuperation (ISP)**

In the report *Oversight of Rest and Recuperation (R&R) Travel Documentation and Certification*, OIG identified several missions that had not submitted documentation justifying continued eligibility for this benefit. Lack of Department oversight allowed missions such as Athens, Valetta, and Hong Kong to retain R&R travel benefits, although these posts no longer meet the criteria for eligibility. OIG recommended that the Department transfer oversight responsibility for R&R benefits, which cost \$30.8 million in FY 2010, from the regional bureaus to the Bureau of Administration. OIG also recommended that the Bureau of Administration reassess continued eligibility for all 146 missions, which could result in substantial savings and funds put to better use.

#### **Recommendations to Put \$1.8 Million to Better Use at Embassy Athens (ISP)**

In response to OIG's recommendation in the 2011 inspection of Embassy Athens, the Department reported that it has initiated action to discontinue R&R travel benefits. In that report, OIG also recommended that the Department close Consulate General Thessaloniki, eliminate one U.S. direct-hire position and 14 local staff positions, and eliminate language designation for 16 positions, which would result in \$1.8 million in funds put to better use.

#### **Debarment Action Against Department Contractors (INV)**

OIG conducted an investigation in response to allegations received from the Department of forgery of a purchase order, and fraudulent invoicing and assignment of claims by two contractors. The investigation determined that the contractors submitted a fraudulent invoice and fraudulently-modified purchase order in an attempt to collect \$20,000 above the approved purchase order amount. The investigation also determined that the contractors submitted false certifications and representations stating that no principal officers had previously been debarred from government contracting. On April 15, 2011, the Department's

Office of the Procurement Executive proposed debarments for a period of three years for six entities and individuals involved in the case, in addition to immediately placing them on the Excluded Parties List.

**Reports Issued<sup>1</sup>** (Reports in bold include a separate classified Security Management Annex.)

MERO-I-11-08	Performance Evaluation of Department of State Planning for the Transition to a Civilian-led Mission in Iraq
ISP-I-11-38	Review of Continuity of Operations and Intelligence Readiness, U.S. Department of State
ISP-I-11-50	Inspection of the Office of the Special Envoy for Middle East Peace
ISP-I-11-51	Inspection of the Bureau of Consular Affairs, Consular Systems and Technology Office
<b>ISP-I-11-40A</b>	<b>Inspection of Embassy Santo Domingo, Dominican Republic</b>
AUD/FM/11-27	Independent Auditor's Report on International Boundary and Water Commission, United States and Mexico, U. S. Section, Financial Statements for 2010 and 2009
AUD/FM/11-28	Management Letter Related to Audit of International Boundary and Water Commission, United States and Mexico, U. S. Section, Financial Statements for 2010 and 2009

**Coming Attractions for June: Significant Reports Expected To Be Issued**

- Inspection of the Bureau of Near Eastern Affairs
- Inspection of the Bureau of South and Central Asian Affairs
- Inspection of the Office of the Special Representative for Afghanistan and Pakistan
- Performance Evaluation of the Bureau of Population, Refugees, and Migration's Reintegration Assistance Program for Refugees Returning to Afghanistan
- Audit of International Boundary and Water Commission Construction Contract with Ballenger Construction Company Using Funds Provided by the American Recovery and Reinvestment Act
- Audit of Construction and Transfer of Ownership of the President's Emergency Plan for AIDS Relief (PEPFAR) Overseas Construction Projects

**Points of Contact**

(b) (6)

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## OIG Monthly Update

### June 2011

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#### **New Work Started**

- Review of the Multinational Force and Observers Security Clearance and Diplomatic Passport Retention and Issuance (ISP)

#### **OIG Value Added**

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **Million Dollar Settlement in Grant Fraud Case (INV)**

OIG investigated a Department grantee concerning allegations that the grantee was violating the False Claims Act in the administration of the Department's Fulbright Program. The investigation determined that during an 8-year period, the program's administrator repeatedly made false claims for payment with respect to labor costs. Instead of reporting the labor costs actually incurred – as required by the terms of the grant – the grantee improperly charged labor costs based on budget estimates. The grantee then fraudulently shifted labor costs among the grants to ensure that the funds would be fully exhausted and no unused grant funds would be returned to the United States. On June 16, 2011, the grantee entered into a civil settlement with the Department of Justice and agreed to pay \$1,000,000 in restitution.

#### **Action Taken to Strengthen Controls and Redistribute \$51 Million for PEPFAR Projects (AUD)**

In response to OIG's recommendations in the *Audit of Construction and Transfer of Ownership of the President's Emergency Plan for AIDS Relief (PEPFAR) Overseas Construction Projects*, the Department's Office of the U.S. Global AIDS Coordinator (S/GAC) is developing new guidance with detailed procedures for PEPFAR construction projects. The guidance will include identifying Department personnel responsible for the project, preparing detailed construction project plans, and requiring a memorandum of understanding with the host government to establish host country responsibilities following transfer of facilities. Also, OIG raised concerns about unliquidated obligations for construction projects that were put on hold at three locations because of a legal dispute between the Department of State and another agency. To address these concerns, S/GAC transferred more than \$51 million in PEPFAR funds previously allocated to other agencies back to the Department for redistribution to PEPFAR projects.

#### **Recommendation to Eliminate or Re-channel \$12 Million in Assistance Funds (ISP)**

During its recent inspection of Embassy Bogotá, OIG found that the Department's assistance program for internally displaced persons and refugees may no longer be needed. The number of displaced persons has fallen significantly since 2008, and the Government of Colombia's support for the program has grown considerably. OIG recommended that the Department review the need for this assistance program, and eliminate or re-channel the funds, as appropriate, which range from \$12 million to \$20 million a year.

#### **Recommendations to Close an Office and Terminate a Lease at an Overseas Mission (ISP)**

In the recent inspection of Embassy Yaoundé, OIG recommended that the mission consider closing its office in Douala, which has had modest responsibilities that did not justify its annual operating costs of \$1.5 million. OIG also recommended that the mission terminate a \$45,000 residential lease that had been vacant for more than a year.

#### **Recommendations to Put Funds to Better Use by Eliminating Unnecessary Language Training (ISP)**

During the inspection of Embassy New Delhi, OIG determined that the Department was providing language training to far more consular officers than necessary. OIG recommended cutting the number of language-

designated positions in half, which could result in funds put to better use estimated at \$1.9 million. OIG made similar recommendations during inspections of Embassies Copenhagen and Stockholm earlier this year. Both missions complied, resulting in funds put to better use of \$165,000.

**Reports Issued<sup>1</sup>** (*Reports in bold include a separate classified Security Management Annex.*)

AUD/IP-11-14	Audit of Construction and Transfer of Ownership of the President's Emergency Plan for AIDS Relief (PEPFAR) Overseas Construction Projects
AUD/CG-11-23	Audit of International Boundary and Water Commission Construction Contract With Longhorn Excavators, Inc., Using Funds Provided by the American Recovery and Reinvestment Act
ISP-C-11-53A	<b>Compliance Follow-up Review of Embassy Kabul, Afghanistan</b>
ISP-I-11-47	Inspection of the Bureau of South and Central Asian Affairs
ISP-I-11-48	Inspection of the Office of the Special Representative for Afghanistan and Pakistan
ISP-I-11-49A	<b>Inspection of the Bureau of Near Eastern Affairs</b>
ISP-I-11-39A	Inspection of Embassy New Delhi, India
ISP-I-11-41A	Inspection of Embassy Bogota, Colombia
ISP-I-11-44A	Inspection of Embassy Conakry, Guinea
ISP-I-11-45A	Inspection of Embassy Yaoundé, Cameroon
ISP-I-11-46A	Inspection of Embassy Dakar, Senegal
ISP-I-11-52A	Inspection of Embassy Gaborone, Botswana
ISP-IB-11-52A	Inspection of International Broadcasting Bureau Botswana Transmitting Station

**Coming Attractions for July: Significant Reports Expected To Be Issued**

- Performance Evaluation of the Bureau of Population, Refugees, and Migration's Reintegration Assistance Program for Refugees Returning to Afghanistan
- Performance Evaluation of Training and Logistical Support for Palestinian Authority Security Forces
- Limited-scope Review of Planning for the Civilian Uplift at Embassy Kabul
- DoD and DOS Need Better Procedures to Monitor and Expend DoD Funds for the Afghan National Police Training Program (joint audit with the Department of Defense)
- Afghan National Police Training Program Would Benefit From Better Compliance With the Economy Act and Reimbursable Agreements (joint audit with the Department of Defense)
- Afghan National Police Training Program: Lessons Learned During the Transition of Contract Administration (joint audit with the Department of Defense)
- Inspection of Embassy Pretoria, South Africa

**Points of Contact**

(b) (6)

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### July 2011

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#### **New Work Started**

- Review of Excess, Obsolete, and Underutilized Overseas Real Property (ISP)
- Inspection of Automated Security Clearance Verification (ISP)
- Inspection of President's Emergency Plan for AIDS Relief (PEPFAR) Oversight (ISP)
- Inspection of the Bureau of Diplomatic Security Counterintelligence Division (ISP)
- Review of Selection and Notification Errors in the Diversity Visa 2012 Program (ISP)
- Review of Department of State's Role in Detainee Transfers, Assurances, and Monitoring II: Compliance Follow-up and Annual Review (ISP)
- Limited-Scope Audit of Department of State Management of the Afghanistan Civilian Uplift (AUD)
- Audit of Department of State Implementation of a Drug-Free Workplace Testing Program (AUD)
- Audit of International Boundary and Water Commission (IBWC) Financial Statements, FY 2011 (AUD)
- Review of the IBWC Information Security Program for FY 2011 (AUD)

#### **OIG Value Added**

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

##### **OIG Reorganization to Strengthen Oversight in the Middle East and South and Central Asia**

OIG is strengthening its Middle East oversight operations by merging MERO as a distinct directorate into the Office of Audits. The reorganization will further enhance the quality and consistency of OIG overseas audits and program evaluations, while streamlining administrative support activities. The merger will be fully effective on August 1, 2011, at which time MERO will officially become the Middle East Region Operations Directorate within the Office of Audits. The MERO Directorate will be headquartered in Washington, DC, and will continue to operate a field office in Cairo, Egypt, and temporary satellite offices in Kabul, Afghanistan; Baghdad, Iraq; and Islamabad, Pakistan.

##### **Civil Settlement of \$7.5 Million with a Contractor Providing Security Services in Afghanistan (INV)**

OIG investigated allegations that employees of a Department security contractor in Afghanistan engaged in a wide variety of misconduct. OIG's investigation determined that the company did not implement policies required under regulations for combating trafficking in persons; failed to prevent its personnel who were working on the Department contract from procuring commercial sex acts; misrepresented the work history of 38 third-country national employees; and failed to comply with requirements relating to foreign ownership, control, and influence. On July 6, 2011, the Department of Justice filed a civil settlement agreement in the District of Columbia, in which the company agreed to pay the Department \$7,536,510.

##### **Recommendations to Streamline Assistance Programs and Consulates at an Overseas Post (ISP)**

During the *Inspection of Embassy Pretoria*, OIG found widespread duplication between the U.S.A. agency for International Development and the Center for Disease Control for programs funded by the President's Emergency Plan for AID's Relief (PEPFAR). OIG found that the two agencies have parallel offices which do similar work in some of the same geographic areas. OIG recommended the mission develop plans to eliminate program and staffing duplication, and to transition to a more sustainable platform with greater ownership assumed by South Africa.

OIG also identified opportunities to streamline consulate operations and the inventory of real property. OIG recommended that the mission consider converting Consulate General (CG) Johannesburg into an embassy branch office, and downsizing or closing CG Durban. These actions could result in \$6 million from the sale of CG residences, and \$2.3 million annually in funds put to better use through reductions of



staff, operations, and maintenance. OIG also recommended selling a representational residence in Cape Town, which could result in \$3 million and funds put to better use of \$26,000 annually.

#### **Recommendations to Strengthen Contractor Performance for Palestinian Authority Security (MERO)**

In the performance evaluation *Training and Logistical Support for Palestinian Authority Security Forces*, OIG found that the Bureau of International Narcotics and Law Enforcement Affairs (INL) had not evaluated contractor performance, fully measured progress, or documented comprehensive program management. OIG recommended that INL provide guidance on appropriate duties for the deputy director's position, require the contractor to submit performance measures, assist the Palestinian Authority in developing a property accountability system, and ensure that staff in Jerusalem receives contract administration training.

#### **Reports Issued<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)**

MERO-I-11-09	Performance Evaluation of Training and Logistical Support for Palestinian Authority Security Forces
MERO-I-11-10	Performance Evaluation of the Bureau of Population, Refugees, and Migration's Reintegration Assistance Program for Refugees Returning to Afghanistan
AUD/CG-11-18	Audit of International Boundary and Water Commission Construction Contract with Milestone Excavation, Inc., Using Funds Provided by ARRA
AUD/CG-11-20	Audit of International Boundary and Water Commission Construction Contract with Lakeshore Engineering Services, Inc., Using Funds Provided by ARRA
Joint Report	DoD and DOS Need Better Procedures to Monitor and Expend DoD Funds for the Afghan National Police Training Program (DOS Report AUD/CG-11-30 and DoD Report D-2011-080)
ISP-I-11-42A	Inspection of Embassy Pretoria, South Africa

#### **Coming Attractions for August: Significant Reports Expected To Be Issued**

- The U.S. Civilian Uplift in Afghanistan Has Cost Nearly \$2 Billion and State Needs to Strengthen its Management and Oversight of the Funds Transferred to Other Agencies
- Audit of Expenditures from the Department of State Emergencies in the Diplomatic and Consular Service Appropriation
- Audit Survey of Reimbursements to the Department of State for Overseas Hospitalizations
- Inspection of the Office of the Director of U.S. Foreign Assistance
- Post inspections of Embassy Ulaanbaatar, Mongolia; Embassy Seoul and BBG Operations in Seoul, South Korea; Voice of America Indonesia; and the U.S. Mission to the United Nations New York
- Performance Evaluation of DynCorp Operations and Maintenance Support at Camp Falcon in Kabul, Afghanistan

#### **Points of Contact**

(b) (6)

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#### **New Work Started**

- Audit of Department of State Use of Consular Fees Collected in Support of the Border Security Program

#### **OIG Value Added**

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

##### **Recommendations to Strengthen Contractor Support in Kabul, Afghanistan (AUD-MERO)**

In its evaluation of *DynCorp Operations and Maintenance Support at Camp Falcon in Kabul, Afghanistan*, OIG identified weaknesses relating to the contractor's overcharges for food services, measurement of diesel fuel provided by a vendor, and the language proficiency and work schedule of the guard force. OIG recommended seeking reimbursement for meal overcharges, ensuring maintenance of fuel records and proper measurement of fuel, assessing guards' language proficiency, and ensuring that guards work only six days per week.

##### **Recommendations to Strengthen Controls over Consular Systems (ISP)**

In its inspection of the Office of Consular Systems and Technology, OIG made recommendations to strengthen controls over the database that serves as a backbone for all consular services and applications. The database contains personally identifiable information of American citizens, passports, immigrant visas, and non-immigrant visas, and is used by the Department of Homeland Security, the Federal Bureau of Investigation, the Social Security Administration, and other agencies. OIG also made recommendations to strengthen oversight of contracts (totaling \$226 million in FY 2010), institute a systems life cycle process to ensure projects meet intended requirements, and address issues related to management style affecting office morale and communication.

##### **Funds Put to Better Use in Kabul Estimated at \$1.2 – 1.5 Million (ISP)**

During the compliance follow-up review of *Embassy Kabul*, OIG found that the embassy planned to install Department-funded computers in all embassy apartments. OIG pointed out that employees already had remote access to mission systems at comparable speeds. Based on discussions with OIG, the embassy cancelled the proposed installation, thereby avoiding installation costs of between \$1.2 million and \$1.5 million, as well as annual maintenance costs of \$800,000.

##### **Sentencing in Embezzlement Case, International Boundary and Water Commission (INV)**

OIG investigated a supervisor and subordinate employee of the International Boundary and Water Commission who embezzled more than \$100,000 from the Falcon Dam facility. The subjects used a government credit card to purchase a large number of items for personal use, and used Dam employees' time for work on the supervisor's personal property. On July 25, 2011, the supervisor was sentenced to 24 months incarceration, 3 years of probation, and \$31,521 in restitution. The subordinate was sentenced to 4 months incarceration, 6 months home confinement, 3 years probation, and \$64,600 in restitution.

#### **Reports Issued<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)**

MERO/1-11-11	Limited-Scope Review of Planning for the Civilian Uplift at Embassy Kabul
MERO/1-11-12	DynCorp Operations and Maintenance Support at Camp Falcon in Kabul, Afghanistan

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AUD/FM-11-29 Audit of Expenditures from the Department of State Emergencies in the Diplomatic and Consular Services Appropriation

AUD/CG-11-31 Audit of Replacement of Aging Desktop Workstations at the Department of State with Funds Provided by the American Recovery and Reinvestment Act (ARRA)

AUD/CG-11-32 Audit of the Project to Replace Diplomatic Facility Telephone Systems at the Department of State with Funds Provided by ARRA

AUD/CG-11-34 Audit of Department of State Data Center Program Funded by ARRA

AUD/CG-11-36 Audit of the Department of State Safeguarding Citizens – Computer Security Systems Program Funded by ARRA

AUD/CG-11-37 Audit of the Department of State Mobile Computing Program Funded by ARRA

AUD/CG-11-38 Audit of the Department of State Tools to Guard Against and Track Cyber Attacks Program Funded by ARRA

AUD/CG-11-39 Audit of Norwegian People's Aid under Department of State and U.S. Agency for International Development Multiple Agreements for Year Ended Dec. 31, 2006 (joint audit with USAID)

AUD/CG-11-40 Audit of Norwegian People's Aid under Department of State and U.S. Agency for International Development Multiple Agreements for Year Ended Dec. 31, 2007 (joint audit with USAID)

AUD/CG-11-42 Afghan National Police Training Program: Lessons Learned During the Transition of Contract Administration

AUD/HCI-11-43 Audit Survey of Reimbursement to the Department of State for Overseas Hospitalizations

AUD/CG-11-44 Afghan National Police Training Program Would Benefit From Better Compliance with the Economy Act and Reimbursable Agreements

ISP-I-11-60 Inspection of Bureau of Consular Affairs, Overseas Citizens Services, Office of American Citizen Services and Crisis Management

ISP-I-11-57 Inspection of the Office of the Director of U.S. Foreign Assistance

ISP-IB-11-61 Inspection of Voice of America Indonesia

ISP-IB-11-56 Inspection of BBG Operations in Seoul, South Korea

ISP-I-11-62 Inspection of the Office of eDiplomacy, Bureau of Information Resource Management

ISP-I-11-59 Review of President's Emergency Plan for AIDS Relief in Small Investment Countries

ISP-I-11-63 Memorandum Report - Automated Security Clearance Verification

ISP-I-11-54A Inspection of U.S Mission to the United Nations New York

ISP-I-11-55A Inspection of Embassy Seoul, South Korea

ISP-I-11-58A Inspection of Embassy Ulaanbaatar, Mongolia

**Coming Attractions for September: Significant Reports Expected To Be Issued**

- Audit of Department of State Approach to Developing an Automated Time and Attendance System
- Audit of Funding Provided by ARRA for the Foreign Affairs Security Training Center
- Audits of International Boundary and Water Commission Construction Contracts with Sun Belt Builders, Inc., Ultimate Concrete, LLC., and Inuit Services, Inc., Using Funds Provided by ARRA
- Inspection of the Bureau of Diplomatic Security, Counter Intelligence Division
- Post inspections of Embassies Berlin, Germany; Helsinki, Finland; and Warsaw, Poland
- Inspection of IBB Germany Transmitting Station

**Points of Contact**

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### New Work Started

- Limited-Scope Audit of Department of State Management of the Afghanistan Civilian Uplift
- Inspections of U.S. missions in the following countries: Austria, Vietnam, Algeria, Lebanon, Venezuela, and The Bahamas
- Inspection of the American Institute in Taiwan
- Inspection of the Bureau of Administration, Global Information Services, Global Publishing Solutions
- Inspection of the Bureau of Educational and Cultural Affairs
- Special Review of Embassy Stockholm
- Compliance Follow-up Review of Embassy Copenhagen

### OIG Value Added

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#### **Recommendations to Return \$3.5 Million of Unused Funds in the Afghanistan Civilian Uplift (AUD)**

In the joint audit of the Afghanistan civilian uplift, OIG and the Special Inspector General for Afghanistan Reconstruction (SIGAR) found that since early 2009, U.S. agencies tripled the number of civilian employees deployed to Afghanistan, at a cost of almost \$2 billion. The Department has been the primary agency funding the civilian uplift, with \$1.7 billion in obligated funds. The joint OIG-SIGAR report recommended that the Department strengthen controls over the awarding and monitoring of funds to other agencies, and recover \$3.5 million of unused funds from the Department of Transportation. In its response to the draft report, the Department of Transportation indicated that the unused funds will be returned to the U.S. Treasury.

#### **Recommendations to Close or Downsize Four Consulates at an Overseas Mission (ISP)**

In its recent *Inspection of Embassy Berlin, Germany*, OIG made several recommendations to reduce the size of the U.S. mission in Germany. OIG concluded that the importance of the consulate in Leipzig is insufficient to justify its expense, given its proximity to Embassy Berlin. OIG recommended that the consulate be closed, which would result in an annual reduction in operating expenses of \$2.7 million, as well as savings from U.S. salaries and other centrally-funded expenses. OIG also recommended that the consulates in Dusseldorf and Hamburg be downsized to achieve an annual reduction of \$3 million in operating expenses, and that the consular section in Frankfurt be downsized by three positions.

#### **Recommendations to Eliminate Positions at an Overseas Mission (ISP)**

In its recent *Inspection of Embassy Warsaw, Poland*, OIG concluded that Embassy Warsaw was overstaffed, and recommended eliminating 6 U.S. direct-hire positions and 23 locally employed staff. The reductions are expected to result in \$5.4 million in funds put to better use. In addition, OIG found no evidence to justify rest and recuperation travel for embassy staff, which costs about \$130,000 annually, and recommended that the embassy submit the required documentation to the Department to justify continued eligibility for this travel benefit.

#### **Recommendations to Reduce Language-Designated Positions at an Overseas Post (ISP)**

In its recent *Inspection of Embassy Helsinki, Finland*, OIG found that only two of the six officers occupying language-designated positions used the Finnish language frequently. OIG recommended converting four

of the positions to non-designated positions, which would result in funds put to better use of \$500,000 per assignment cycle.

#### **Suspension of Senior Department Official for Improper Travel Charges (INV)**

Based on information uncovered during an inspection, OIG investigated a senior embassy official who reportedly submitted improper claims for travel reimbursement. When interviewed by OIG investigators, the senior official admitted that some of the charges were improper. In June 2010, the Bureau of Resource Management determined that the official was liable for \$9,419 in improper travel charges. On September 7, 2011, the Bureau of Human Resources proposed a 10-day suspension of the senior official.

#### **Reports Issued<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)**

AUD/CG-11-47	Audit of Overtime Pay for Locally Employed Staff Assigned to Embassy Baghdad
AUD/SI-11-45	The U.S. Civilian Uplift in Afghanistan Has Cost Nearly \$2 Billion, and State Should Continue to Strengthen its Management and Oversight of the Funds Transferred to Other Agencies (Joint audit with SIGAR; SIGAR Report Number Audit-11-17)
AUD/IT-11-41	Audit Survey of Department of State Approach to Developing an Automated Time and Attendance System
AUD/IT-11-48	Review of the Information Security Program for Sensitive Compartmented Information Systems at the Department of State
<b>ISP-I-11-67A</b>	<b>Inspection of Embassy Helsinki, Finland</b>
<b>ISP-I-11-64A</b>	<b>Inspection of Embassy Warsaw, Poland</b>
<b>ISP-I-11-65A</b>	<b>Inspection of Embassy Berlin, Germany</b>
ISP-IB-11-66	Inspection of IBB Germany Transmitting Station
ISP-I-11-68	Inspection of the Bureau of Diplomatic Security, Counterintelligence Division

#### **Coming Attractions for October: Significant Reports Expected To Be Issued**

- Audit of Bureau of East Asian and Pacific Affairs Compliance With Trafficking in Persons Requirements
- Independent Public Accountant's Report on the Application of Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management
- Capping Report of International Boundary and Water Commission Contractor Performance Audits Using Funds Provided by the American Recovery and Reinvestment Act

#### **Points of Contact**

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## OIG Monthly Update October 2011

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### New Work Started

- Improved Contract Documentation and Monitoring by the Regional Procurement Support Office Are Needed for Construction Projects Associated with the President's Emergency Plan for AIDS Relief (PEPFAR)
- Audit of Iraq Grants to the International Republican Institute

### OIG Value Added

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **Awards Received by OIG's Office of Investigations**

OIG's Office of Investigations was recognized in the annual awards ceremony held by the Council of the Inspectors General on Integrity and Efficiency on October 18, 2011. The Office of Investigations received the following awards:

- ❖ Award for Excellence, Investigations – *Baghdad Foreign Service National Investigative and Prosecutorial Team*
- ❖ Award for Excellence, Information Technology – *Computer Forensics Branch Team*

#### **Recommendations to Improve the Diversity Visa Program Lottery (ISP)**

In its recent limited-scope *Review of the FY 2012 Diversity Visa Program Selection Process*, OIG determined that the primary reason for the failure of the FY 2012 Diversity Visa program lottery was that the Bureau of Consular Affairs, Office of Consular Systems and Technology (CST), did not adequately test the new computer program for the random selection of potential diversity visa program participants. CST management acknowledged that it did not follow the standard systems development life cycle process, which establishes standards for planning, developing, testing, and deploying systems. As a result of the flawed selection and notification process, the Department nullified the visa lottery results and had to re-run the lottery. OIG recommended increased management controls and clear designation of responsibility for future Diversity Visa program lotteries. OIG also recommended that the Bureau of Consular Affairs develop a detailed plan for CST's implementation of the 2013 program, and a plan for CST to conduct after-action reviews to benefit from lessons learned.

#### **Recommendations to Improve Compliance with Trafficking in Persons (TIP) Requirements (AUD)**

In the *Audit of Bureau of East Asian and Pacific Affairs Compliance with Trafficking in Persons Requirements*, OIG contracted with an independent public accountant (IPA) to investigate a sample of contracts in the Asia-Pacific region that had a heightened risk of TIP. The IPA found that Department employees for the region were not uniformly aware of what constitutes TIP activity, the penalties for TIP violations, where to report allegations of violations, and the fact that the TIP policy applies to Department contractors. Also, contractors were not always aware of or did not always comply with their obligations under the Federal Acquisition Regulation clause "Combating Trafficking in Persons," because Department contracting officials did not consistently include the clause in Department contracts. The report recommended implementing a separate policy on TIP in the Department's Foreign Affairs Manual, expanding the Department's code of conduct to prohibit TIP activities, expanding training to all Department

employees, and establishing an office responsible for employees to report instances of TIP. The Department has begun to implement the recommendations.

#### **Settlement in Contract Fraud Case (INV)**

OIG received information from the Department of Justice regarding a civil complaint filed against a Department contractor. The complaint stated that from 1998 to the present, the company entered into alliances with various consultants and vendors, creating an organizational conflict of interest that compromised the company's role as an objective, third-party advisor. Following a multi-agency investigation, the company settled the claim in September 2011, in which the Department received \$138,000.

#### **Reports Issued<sup>1</sup>**

ISP-I-12-01	Review of the FY 2012 Diversity Visa Program Selection Process
AUD/FM-12-01	Independent Accountant's Report on the Application of Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management
AUD/IP-12-02	Audit of Bureau of East Asian and Pacific Affairs Compliance with Trafficking in Persons Requirements

#### **Coming Attractions for November: Significant Reports Expected To Be Issued**

- Evaluation of the Broadcasting Board of Governors Information Security Program
- Evaluation of Department of State Information Security Program
- Evaluation of the International Boundary and Water Commission Information Security Program
- Independent Auditor's Report on the U.S. Department of State 2011 and 2010 Special-Purpose Financial Statements
- Independent Auditor's Report on the U.S. Department of State 2011 and 2010 Financial Statements
- Independent Auditor's Report on the Broadcasting Board of Governors 2011 and 2010 Financial Statements

#### **Points of Contact**

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### **New Work Started**

- Special Review of the Keystone XL Pipeline Permit Process
- Audit of Department of State Compliance with the Improper Payments Elimination and Recovery Act

### **OIG Value Added**

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **OIG Testimony Before the House Oversight and Government Reform Subcommittee**

On November 2, 2011, OIG testified before the House Oversight and Government Reform Subcommittee on the subject "Are Government Contractors Exploiting Workers Overseas? Examining Enforcement of the Trafficking Victims Protection Act." Evelyn Klemstine, Assistant Inspector General for Audits, testified along with representatives from the Department of Defense Office of Inspector General, the Army and Air Force Exchange Service, and non-governmental organizations. Additional information is available at [oig.state.gov/testimony](http://oig.state.gov/testimony).

#### **Conditions Identified in Department's Information Security Programs and Financial Statements (AUD)**

OIG completed its evaluations of the information security programs of the Department, the Broadcasting Board of Governors (BBG), and the International Boundary and Water Commission for inclusion in OMB's Annual Performance Report. The evaluations, required by the Federal Information Security Management Act of 2002, resulted in the Department's agreement to include information security as a reportable condition in its annual statement of assurance.

OIG also provided oversight for the independent auditors who audited the Department's and BBG's financial statements for FY 2011. The Department received a qualified opinion on its financial statements, and agreed to identify specific after-employment benefits as a material weakness in its statement of assurance.

#### **Action Taken To Improve the Passport Information Electronic Records System (AUD)**

In response to recommendations contained in OIG's 2008 report on the Passport Information Electronic Records System, the Bureau of Consular Affairs (CA) demonstrated the auditing capabilities of its Application Citizen Records Query (ACRQ) system to OIG. CA recently launched a pilot of the ACRQ system at the Washington, DC, and Los Angeles Passport Offices. Also in response to OIG's recommendations, CA administrators stated that they plan to train all CA staff and managers involved with passport adjudication on the new system, and to incorporate information on ethics and personally identifiable information into the training.

#### **Guilty Plea in Weapons Case Related to Major Department Security Contractor (INV)**

OIG conducted a joint investigation with several other Federal law enforcement agencies of a major Department security contractor for weapons and contract violations. The investigation determined that a deputy sheriff violated Federal firearms laws by using the official letterhead of his office to purchase automatic weapons on behalf of the contractor. On November 15, 2011, the deputy sheriff pleaded guilty in U.S. District Court to charges of making false statements related to records required of a licensed firearms dealer. Sentencing is expected in February.



### **Suspensions Proposed Related to Nepotism at an Overseas Post (INV)**

An OIG investigation confirmed allegations that a Foreign Service officer drafted an award nomination for his spouse, and had a subordinate sign it as the nominator. The investigation also determined that another officer, who was chairman of the post's awards committee, approved the award despite being aware of the nepotism. The second officer also failed to comply with the Department's Foreign Affairs Handbook by allowing the spouse to be supervised by an employee who reported directly to her husband. In November 2011, the Department proposed a 25-day and 10-day suspension, respectively, for the two officers.

### **Reports Issued<sup>1</sup>**

AUD/IP-12-03	Improved Contract Documentation and Monitoring by the Regional Procurement Support Office Are Needed for Construction Projects Associated with the President's Emergency Plan for AIDS Relief (PEPFAR)
AUD/FM-12-04	Independent Auditor's Report on the Department of State 2011 and 2010 Special-Purpose Financial Statements
AUD/FM-12-05	Independent Auditor's Report on the Department of State 2011 and 2010 Financial Statements
AUD/IB-12-07	Independent Auditor's Report on the Broadcasting Board of Governors 2011 and 2010 Financial Statements
AUD/IT-IB-12-15	Evaluation of the Broadcasting Board of Governors Information Security Program
AUD/IT-12-14	Evaluation of the Department of State Information Security Program
AUD/IT-12-16	Evaluation of the United States Section, International Boundary and Water Commission, Information Security Program

### **Coming Attractions for December: Significant Reports Expected To Be Issued**

- Audit of Department of State Process to Award the Worldwide Protective Services Contract and Kabul Embassy Security Force Task Order
- Detainee Transfers, Assurances, and Monitoring Compliance Follow-up Review
- Information Technology Contingency Planning (Memo Report)

#### **Points of Contact**

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### **New Work Started**

- Review of Department of State FY 2011 Drug Control Funds and Related Performance Report for the Office of National Drug Control Policy
- Audit of Broadcasting Board of Governors Compliance with the Improper Payments Information Act
- Audit of Department of State Access Controls for Major Applications
- Inspections of U.S. missions in the following countries: France, Haiti, Costa Rica, Singapore, and Brunei
- Compliance Follow-up Reviews of U.S. missions in Thailand, Pakistan, and Hong Kong
- Inspection of the Bureau of Counterterrorism
- Inspection of the Bureau of Diplomatic Security's Office of Antiterrorism Assistance
- Inspection of the Office to Monitor and Combat Trafficking in Persons
- Inspection of the Bureau of Information Resource Management's Systems and Integration Office
- Inspection the Bureau of Consular Affairs' Office of Overseas Citizens' Services
- Inspection of the Office of Vehicle Fleet Management

### **OIG Value Added**

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **OIG Testimony Before the House Oversight and Government Reform Subcommittee**

On December 7, 2011, Deputy Inspector General Harold Geisel testified before the House Oversight and Government Reform Subcommittee on the subject "Oversight in Iraq and Afghanistan: Challenges and Solutions," including the Department's readiness to transition to civilian control in Iraq. Additional information is available at [oig.state.gov/testimony](http://oig.state.gov/testimony).

#### **OIG Audit Recommendations May Result in Government-wide Cost Savings (AUD)**

OIG's August 2011 report *Audit of Replacement of Aging Desktop Workstations at the Department of State with Funds Provided by the American Recovery and Reinvestment Act* identified cost savings that may have Government-wide applicability. The Department agreed with OIG's recommendation to replace computer monitors every 6 years instead of every 4 years, which, when implemented, will result in annual savings estimated at \$587,000. In addition, the Recovery Accountability and Transparency Board's manager for external reporting forwarded a proposal to the Recovery Funds Working Group Committee as to whether other Federal agencies could benefit from adopting this timeframe for replacing computer monitors.

#### **Positive Assurance of the Department's Process in Awarding Protective Services Contract (AUD)**

In response to a request from the U.S. Senate Committee on Homeland Security and Governmental Affairs, OIG completed the *Audit of the Department's Process to Award the Worldwide Protective Services Contract and the Embassy Kabul Force Task Order*. The audit provided assurance that the process the Department used to evaluate the contractors' proposals was performed properly and carried out in accordance with Federal regulations.

#### **Recommendations to Strengthen Information Technology Contingency Planning (ISP)**

In 20 of its last 50 inspections, OIG identified shortcomings in posts' and bureaus' information technology (IT) contingency planning, which directly affects the bureau's or post's ability to operate effectively after an unforeseen incident such as a power outage, equipment failure, or tsunami. In the memorandum report *Improvements Needed in Information Technology Contingency Planning*, OIG recommended that the Department's Bureau of Information Resource Management track bureau and post compliance with contingency planning requirements, incorporate contingency planning in Department-wide IT risk scoring

methodology, and include adherence to contingency planning requirements in performance appraisals of responsible system owners and information management personnel.

#### **Funds Put to Better Use at an Overseas Post (ISP)**

In response to recommendations in OIG's 2011 *Inspection of Embassy Warsaw, Poland*, the embassy eliminated a locally-employed staff position, and replaced an office management specialist position with an eligible family member position. These actions will result in estimated annual savings of \$425,000. The Department's Bureau of Administration also implemented procedures to factor value-added tax reimbursements into Embassy Warsaw's cost of living allowance, which may generate additional annual savings of \$234,000.

#### **Sentencing in Visa Fraud Case (INV)**

As previously reported, OIG conducted a joint investigation with other law enforcement officials of a Department contractor and related party who purchased naturalization certificates from a corrupt employee of another agency. On December 2, 2011, one subject was sentenced to 2 years' probation and a \$20,000 fine, and the other to 2 years' probation and a \$3,000 fine. In a related case, a third subject involved in brokering the visas was sentenced to 2 years' probation and a \$70,000 fine.

#### **Reports Issued<sup>1</sup>**

AUD/SI-12-17	Audit of the Department's Process to Award the Worldwide Protective Services Contract and the Embassy Kabul Force Task Order
ISP- I-12-04	Improvements Needed in Information Technology Contingency Planning (Memorandum Report)
ISP-S-12-02	Compliance Follow-up Review of Detainee Transfers, Assurances, and Monitoring
ISP- I-12-05	Special Review of Management of Security Operations at Embassy Stockholm

#### **Coming Attractions for January: Significant Reports Expected To Be Issued**

- Management Letter Related to the Audit of the Broadcasting Board of Governors 2011 and 2010 Financial Statements
- Independent Review of the U.S. Department of State Accounting of FY 2011 Drug Control Funds and Related Performance Report
- Review of Best-Value Contracting for the Department of State Local Guard Program and the Utility of Expanding the Policy Beyond High-Threat Posts in Iraq, Afghanistan, and Pakistan
- Inspection of Embassy Algiers, Algeria

#### **Points of Contact**

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### New Work Started

- Audit of the Correction Systems Support Program in Afghanistan
- Compliance Review of Office of Inspector General Report on Trafficking in Persons in the Gulf Region
- Audit of the U.S. Department of State Use of Short-Term Leases Overseas

### OIG Value Added

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **Recommendations to Strengthen Embassy Controls (ISP)**

During its *Inspection of Embassy Algiers, Algeria*, OIG found that management controls were weak due to the absence of standard operating procedures, insufficient collaboration among units, and chronic problems in recruiting qualified American officers. Controls at the mission are particularly important given that the Department had recently uncovered malfeasance, mismanagement, and embezzlement that cost the U.S. Government hundreds of thousands of dollars. OIG recommended that the mission revise procedures relating to vendor payments, receiving, and bulk fuel, and automate certain procurement and financial management functions.

### Reports Issued<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)

AUD/MERO-12-18	Evaluation of Emergency Action Plans for Embassy Baghdad and Consulates General Basrah and Erbil
AUD/IB-12-08	Management Letter Related to the Audit of the Broadcasting Board of Governors FY 2011 and 2010 Financial Statements
AUD/FM-12-19	Independent Review of the U.S. Department of State Accounting of FY 2011 Drug Control Funds and Related Performance Report
ISP-I-12-07	Inspection of the Bureau of Administration, Global Information Services, Global Publishing Solutions
ISP-I-12-06A	<b>Inspection of Embassy Algiers, Algeria</b>

### Coming Attractions for February: Significant Reports Expected To Be Issued

- Special Review of the Keystone XL Pipeline Permit Process
- Evaluation of the Antiterrorism Assistance Program for Countries Under the Bureaus of Near Eastern Affairs and South and Central Asian Affairs

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- Management Letter Related to the Audit of the Department of State FY 2011 and 2010 Financial Statements
- Review of Best-Value Contracting for the Department of State Local Guard Program and the Utility of Expanding the Policy Beyond High-Threat Posts in Iraq, Afghanistan, and Pakistan
- Inspection of Embassy Caracas, Venezuela
- Inspection of Embassy Nassau, The Bahamas

#### Points of Contact

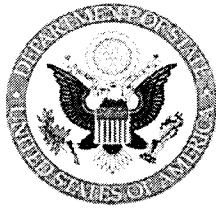
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### New Work Started

- Review of Iraqi Refugee Admissions (Congressional Request)

### OIG Value Added

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#### **Keystone XL Pipeline Permit Process (AUD)**

In response to a congressional request, OIG conducted a special review of the Keystone XL pipeline permit process to determine whether the Department adequately complied with Federal laws and regulations relating to the process. OIG found that the Department properly conducted its review of the application for the permit, but that improvements could be made. OIG recommended that the Department: maximize its control of each step in the process and minimize the permit applicant's role; fill at least one full-time Civil Service position that is responsible for handling the National Environmental Policy Act process with staff who have experience and expertise in this area; and modify its process for selecting third-party contractors to reduce the appearance of conflicts of interest. The Department agreed with OIG's recommendations.

#### **Review of Methods for Awarding Local Guard Contracts at Overseas Missions (AUD)**

In response to a congressional request, OIG examined methods for awarding contracts for local guard services at overseas missions. OIG found that the current requirement to use the lowest-price bid from all technically-acceptable firms resulted in selecting companies that did not always provide the best security, necessitating significant embassy oversight. OIG determined that using best-value contract competition at overseas missions could result in more technically-qualified vendors and reduce Department oversight requirements.

#### **Recommendation to Terminate a \$15-Million Assistance Program in Beirut (ISP)**

In its *Inspection of Embassy Beirut, Lebanon*, OIG found shortcomings in embassy leadership that inhibited efficient operations. OIG recommended that the embassy terminate a \$15 million assistance program; implement procedures to document whether grants totaling \$3.9 million were meeting intended purposes; outsource a position and certain voucher-processing functions to a regional center; eliminate one position; and tighten controls over information systems and inventory functions.

#### **Recommendations to Reduce Staffing and Property for Potential Savings Exceeding \$7 Million (ISP)**

During the *Inspection of the American Institute in Taiwan*, OIG recommended the mission sell three properties, including a vacation cottage valued at \$2.6 million used by employees for recreational purposes, a summer house in disrepair valued at \$1 million, and office space valued between \$2.8 and \$16 million. OIG also found the consular section was overstaffed, and recommended that the mission eliminate two direct-hire and four locally-employed staff positions, which could result in an additional \$733,000 in funds put to better use.

#### **Recommendations to Improve Embassy Operations (ISP)**

In the *Inspection of Embassy Nassau, The Bahamas*, OIG found leadership and mismanagement problems caused, in part, by the Ambassador's preference to work from her residence and extensive travel out of country, which exceeded Department standards. The Ambassador resigned after the inspection. OIG also found that the mission poorly managed establishment of a consular agency, wasting \$41,000. OIG recommended that the Department: convert a direct-hire position into an eligible family-member position,

which would allow the Department to put \$500,000 to better use; consider eliminating certain embassy cashier services; and improve controls over bill payments, position descriptions, and gift reporting.

#### **Sentencing of Contract Employee for Conspiracy to Steal U.S. Government Property (INV)**

OIG conducted a joint investigation with other law enforcement agencies of a contract employee who conspired to steal Department equipment related to his work in Baghdad, Iraq. The investigation determined that the contractor planned with other co-conspirators to steal a truck and a generator, and arranged for them to be sold in the black market. When interviewed, the subject admitted to participating in this scheme to defraud the government. In November 2011, the subject pleaded guilty to conspiracy to commit theft of Government property. On February 21, 2012, the subject was sentenced to 5 months' incarceration and 3 years of supervised release, and was ordered to pay \$12,000 in restitution to the Department.

#### **Reports Issued**<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)

AUD/CG-12-24	Survey of Broadcasting Board of Governors Suspension and Debarment Process
AUD/CG-12-27	Review of Best-Value Contracting for the Department of State Local Guard Program and the Utility of Expanding the Policy Beyond High-Threat Posts in Iraq, Afghanistan, and Pakistan
AUD/SI-12-28	Special Review of the Keystone XL Pipeline Permit Process
AUD/HCI-12-30	Audit of Department of State Drug-Free Workplace Program Plan
ISP-I-12-08A	<b>Inspection of Embassy Nassau, The Bahamas</b>
ISP-I-12-09A	<b>Inspection of Embassy of Caracas, Venezuela</b>
ISP-I-12-10A	<b>Inspection of Embassy Beirut, Lebanon</b>
ISP-I-12-11A	<b>Inspection of Embassy Hanoi and Consulate General Ho Chi Minh City, Vietnam</b>
ISP-I-12-12A	<b>Inspection of the American Institute in Taiwan</b>

#### **Coming Attractions for March: Significant Reports Expected To Be Issued**

- Limited Inspection of Broadcasting Board of Governors Operations in Vietnam, Memorandum Report
- Limited Inspection of Broadcasting Board of Governors Operations in Taiwan, Memorandum Report
- Inspection of the Bureau of Educational and Cultural Affairs
- Audit of the Broadcasting Board of Governors Compliance with the Improper Payments Information Act
- Audit of the Department of State Compliance with the Improper Payments Information Act
- Audit of Funding Provided by the American Recovery and Reinvestment Act for the Bureau of Consular Affairs Passport Facilities Project

#### **Points of Contact**

(b) (6)

*For additional information or assistance, please contact one of the following:*

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<sup>1</sup> Selected reports are available at [OIG Publications Library](#). If you wish to schedule a briefing on any of these reports, please contact Maura Young, OMB Liaison, (703) 284-[REDACTED]



Office of Inspector General  
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## OIG Monthly Update March 2012

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### New Work Started

- Inspection of the U.S. Mission to the Organization for Economic Cooperation and Development
- Inspection of the U.S. Mission to the United Nations Educational, Scientific, and Cultural Organization
- Evaluation of Department of State Implementation of Executive Order 13526, Classified National Security Information
- Audit of Department of State Oversight and Reporting of U.S. Government Contributions to the Global Fund
- Audit of the Nonproliferation and Disarmament Fund Controls Over Contracting and Project Management and Integrity of Financial Data
- Audit of the Information Security Program at the Department of State
- Audit of the Information Security Program at the International Boundary and Water Commission
- Audit of the Information Security Program at the Broadcasting Board of Governors
- Audit of Bureau of Diplomatic Security Worldwide Protective Services Contracts in Iraq

### OIG Value Added

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **OIG Testimony Before the House Committee on Oversight and Government Reform**

On March 27, 2012, OIG testified before the House Committee on Oversight and Government Reform on the subject "*Human Trafficking and Abusive Labor Practices Involving Third-Country Nationals Hired to Perform Services Under Contracts or Subcontracts to the Federal Government on Overseas Contracts.*" Evelyn Klemstine, Assistant Inspector General for Audits, testified along with other representatives from the Department of State and the Department of Defense. Additional information is available at [oig.state.gov/testimony/2012](http://oig.state.gov/testimony/2012).

#### **Recommendations to Improve Exchange Program Oversight and Accountability (ISP)**

In its inspection of the *Bureau of Educational and Cultural Affairs (ECA)*, OIG made 78 recommendations to address longstanding institutional weaknesses in ECA's programs. ECA had a program budget of \$633 million, supplemented by \$121 million from other sources, to increase mutual understanding between peoples of the United States and other countries by means of educational and cultural exchanges. OIG found that exchanges had proliferated with minimal strategic planning or oversight, and ECA was struggling to oversee more than 1,200 sponsor organizations. OIG recommended strengthening strategic planning mechanisms; eliminating or transferring to the Department of Labor all non-cultural and non-educational work programs; strictly limiting the summer work travel program until ECA can provide proper oversight; restructuring the Bureau of International Information Programs' executive office to improve management oversight and efficiency; and implementing proper monitoring, evaluation, and grants funds oversight.

#### **Recommendations to Reduce Waste in the Tri-Missions in Vienna (ISP)**

In its inspections of Embassy Vienna, the U.S. Mission to the Organization for Security and Cooperation in Europe, the U.S. Mission to International Organizations in Vienna, and Tri-Mission Vienna Joint Management Office, OIG commended the missions for advancing high-priority foreign policy goals. OIG



also identified areas for improvement, and recommended that the missions assign space more judiciously to address safety shortcomings and reduce maintenance costs, eliminate six unneeded positions, and improve internal controls over the American Employees' Association.

**Reports Issued**<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)

AUD/FM-12-06	Management Letter Related to the Audit of the U.S. Department of State FY 2011 Financial Statements
AUD/CG-12-25	Audit of Funding Provided by the American Recovery and Reinvestment Act for the Bureau of Consular Affairs Passport Facilities Project
AUD/FM-12-31	Audit of Department of State Compliance with the Improper Payments Information Act
AUD/IB-12-32	Audit of Broadcasting Board of Governors Compliance with the Improper Payments Information Act
ISP-I-12-15	Inspection of the Bureau of Educational and Cultural Affairs
<b>ISP-I-12-16A</b>	<b>Inspection of Embassy Vienna, Austria</b>
<b>ISP-I-12-17A</b>	<b>Inspection of the U.S. Mission to International Organizations in Vienna</b>
<b>ISP-I-12-18A</b>	<b>Inspection of the U.S. Mission to the Organization for Security and Cooperation in Europe</b>
<b>ISP-I-12-19A</b>	<b>Inspection of the Tri-Mission Vienna Joint Management Office</b>
ISP-C-12-20	Compliance Followup Review of Embassy Copenhagen, Denmark

**Coming Attractions for April: Significant Reports Expected To Be Issued**

- Limited-Scope Audit of Department of State Management of the Afghanistan Civilian Uplift

**Points of Contact**

(b) (6)

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## OIG Monthly Update

### April 2012

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#### New Work Started

- Audit of Bureau of International Narcotics and Law Enforcement Affairs Law Enforcement Reform Program in Pakistan
- Audit of Department of State Compliance with Physical Security Standards and Measures Taken to Address Threat Levels at Selected Overseas Posts
- Inspection of the Foreign Service Institute
- Inspection of the Bureau of Administration, Global Information Services, Information Programs and Services
- Inspections of the following embassies: Bucharest, Romania; Lisbon, Portugal; Ljubljana, Slovenia; Lusaka, Zambia; Madrid, Spain; and Prague, Czech Republic
- Inspection of Radio Free Europe/Radio Liberty
- Inspection of the American Institute in Taiwan, Washington
- Inspection of Embassy Nairobi and the U.S. Mission to the United Nations Environment Programme, Kenya
- Inspection of the Somali Affairs Unit, Nairobi, Kenya
- Inspection of Voice of America's Operations in Nairobi, Kenya

#### OIG Value Added

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **OIG Testimony Before the Senate Committee on Homeland Security and Government Affairs**

On April 17, 2012, Deputy Inspector General Harold Geisel testified before the Senate Committee on Homeland Security and Government Affairs Ad Hoc Subcommittee on Contracting Oversight. The subject of the hearing was: "Effects on Inspector General Oversight of S. 2139, the 'Comprehensive Contingency Contracting Reform Act Of 2012.'" Deputy Inspector General Geisel testified along with the Acting Inspectors General of the Department of Defense (DOD) and U.S. Agency for International Development (USAID), and other officials from the Department of State, DOD, and USAID. Additional information is available at [oig.state.gov/testimony/2012](http://oig.state.gov/testimony/2012).

#### **Recommendations to Strengthen the Department's Antiterrorism Assistance Programs (AUD)**

In the *Evaluation of the Antiterrorism Assistance Program for Countries Under the Bureaus of Near Eastern Affairs and South and Central Asian Affairs*, OIG found that in FY 2010, the Department's antiterrorism assistance (ATA) program trained nearly 2,700 participants from countries in North Africa, the Middle East, and South and Central Asia at a cost of approximately \$1,800 per student per day of training. However, the Department could not determine the ATA program's effectiveness because it had not developed measurable, outcome-oriented program objectives or implemented a mechanism for program evaluation. OIG recommended the establishment of a monitoring and evaluation system with clearly defined and measurable outcome-oriented goals, objectives, and performance indicators; definition and consistent application of a threshold for sustainability; establishment of a consultative process within the Department when determining eligible countries for the ATA program; implementation

of a standardized reporting process for in-country oversight of ATA training contracts; establishment of a process to determine whether equipment to be provided to a country is appropriate; and a review of the types, utility, and appropriate disposition of the Iraq ATA Program equipment in storage.

#### **Annual Reduction of \$75,000 in Leasing Costs at Embassy Overseas (ISP)**

During its 2010 *Inspection of Embassy Colombo*, OIG recommended that U.S. Government agencies combine furniture and appliance pools for a more efficient use of inventories and to reduce required warehouse space. The embassy complied with OIG's recommendations, resulting in annual funds put to better use of \$75,000.

#### **Guilty Plea in Embezzlement Case (INV)**

OIG conducted a joint investigation with the Washington Metropolitan Police Department based on information received from the Department about a company participating in the International Visitor's Leadership Program. An external audit of the company disclosed that a former senior financial officer embezzled grant funds of more than \$36,000 and more than \$80,000 in other company funds. When interviewed, the subject admitted to embezzling a total of \$140,000. On April 20, 2012, the subject pleaded guilty to theft in District of Columbia Superior Court. Sentencing is scheduled for July 2012.

#### **Report Issued<sup>1</sup>** (Reports in bold include a separate classified Security Management Annex.)

AUD/MERO-12-29 Evaluation of the Antiterrorism Assistance Program for Countries Under the Bureaus of Near Eastern Affairs and South and Central Asian Affairs

#### **Coming Attractions for May: Significant Reports Expected To Be Issued**

- Audit of Department of State Use of Consular Fees Collected in Support of the Border Security Program
- Audit of Department of State Access Controls for Major Applications

#### **Points of Contact**

(b) (6)

*For additional information or assistance, please contact one of the following:*

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Office of Inspector General  
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## OIG Monthly Update May 2012

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### New Work Started

- Inspection of the International Broadcasting Bureau, Regional Marketing and Program Placement Office, Prague

### OIG Value Added

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **Recovery of \$2 Million by Department Relating to Contractor Charges in Afghanistan (AUD)**

In the 2007 audit report *Accounting for Government-Owned Personal Property Held by Selected Contractors in Afghanistan*, OIG identified charges on the contractors' vouchers for items not specified in the task orders or included in the contractors' pricing proposals. As a result of OIG's recommendations and the Department's subsequent reconciliations, the Department recovered more than \$2 million from one contractor for trucks, materials, and the applicable fixed fee.

#### **Recommendations to Scale Back Resource Commitments in Pakistan (ISP)**

In the *Compliance Follow-up Review of Embassy Islamabad and Constituent Posts*, OIG found that large resource increases and major construction projects were in process as part of a 2009 grand engagement strategy, despite a rapidly-changing bilateral relationship that most expect will be much less ambitious and more focused. OIG recommended that the mission scale back projected staffing increases, and current and proposed construction projects which exceed \$1 billion. OIG also found that harassment and obstructionism of U.S. diplomats has affected mission operations, but had not been given the priority deserved.

#### **Recommendations to Reduce Positions and Improve Operations at Overseas Embassy (ISP)**

In the recent *Inspection of Embassy San José, Costa Rica*, OIG recommended reductions in the information management and financial management offices, which would result in \$567,000 in funds put to better use. OIG also recommended that the mission strengthen processes for travel orders, sending and filing messages, and regularly reviewing fuel and oil consumption records to detect potential mechanical problems with vehicles and theft or misappropriation of fuel.

#### **Special Review Relating to Refugees Charged as Terrorists (ISP)**

In response to a Congressional request, OIG reviewed Department activities related to certain refugees who were admitted into the United States, given Government benefits, and subsequently charged with terrorism-related offenses. In its review, OIG found that the Department has a limited role in the security screening process for refugees, and that procedures in effect at the time did not identify any derogatory information that should have raised red flags regarding these refugees. OIG found some minor discrepancies in the records related to these cases that could be attributed to human error, but the errors did not affect the outcome of the screening and admissions process. OIG determined that there is no realistic means by which funds provided to refugees (other than travel loans) can be collected if refugees prove to be terrorists. Since the time these refugees were admitted, the Department of Homeland Security has significantly enhanced security screening procedures, further tightening the entry process for all refugees.

**Reports Issued<sup>1</sup>** (Reports in bold include a separate classified Security Management Annex.)

AUD/SI-12-36	Limited-Scope Audit of Department of State Management of the Afghanistan Civilian Uplift
ISP-I-12-21	Inspection of the Bureau of Consular Affairs, Directorate of Overseas Citizens Services, Office of Children's Issues, Office of Policy Review and Interagency Liaison, and the Planning, Programs, and Systems Liaison Division
ISP-I-12-22	Review of Department of State Activities Concerning the Processing of Refugee Applications and the Provision of Refugee Benefits to Iraqi Refugees Later Accused of Terrorism-Related Offenses
<b>ISP-I-12-23A</b>	<b>Inspection of Embassy San José, Costa Rica</b>
<b>ISP-I-12-24A</b>	<b>Inspection of Embassy Port-au-Prince, Haiti</b>
<b>ISP-I-12-25A</b>	<b>Inspection of Embassy Paris, France, and Constituent Posts</b>
ISP-I-12-26	Inspection of the U.S. Mission to the United Nations Educational, Scientific, and Cultural Organization, Paris, France
ISP-I-12-27	Inspection of the U.S. Mission to the Organization for Economic Cooperation and Development, Paris, France
<b>ISP-C-12-28A</b>	<b>Compliance Follow-up Review of Embassy Islamabad, Pakistan, and Constituent Posts</b>

**Coming Attractions for June: Significant Reports Expected To Be Issued**

- Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2011 and 2010 Financial Statements
- Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2011 and 2010 Financial Statements
- Review of the Costs Charged to Iraq Democracy-Building Grants Awarded to the International Republican Institute During FYs 2004–2010
- Audit of Bureau of Oceans and International Environmental and Scientific Affairs Administration and Oversight of Funds Dedicated to Address Global Climate Change
- Audit of Contracting Officers Exceeding Delegated Procurement Authority for Overseas Contract Awards
- Audit of Department's Use of Consular Fees Collected in Support of the Border Security Program
- Inspection of the Bureau of Information Resource Management's Systems and Integration Office
- Compliance Follow-up Review of Consulate General Hong Kong, China

**Points of Contact**

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Office of Inspector General  
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## OIG Monthly Update

### June 2012

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#### New Work Started

- Audit of Implementation of the Baghdad Master Plan
- Audit of Office of Medical Services Contracting Practices for Continuing Medical Education

#### OIG Value Added

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **OIG Testimony Before the House Committee on Oversight and Government Reform**

On June 28, 2012, Deputy Inspector General Harold W. Geisel testified before the House Committee on Oversight and Government Reform. The title of the hearing was: "Assessment of the Transition from a Military to a Civilian-Led Mission in Iraq." Deputy Inspector General Geisel testified on a panel along with representatives from the U.S. Government Accountability Office, the Special Inspector General for Iraq Reconstruction, and the Offices of Inspector General for the Department of Defense and the U.S. Agency for International Development (USAID). Another panel included testimony from officials from the Department of State, Department of Defense, and USAID. Additional information is available at [oig.state.gov/testimony/2012](http://oig.state.gov/testimony/2012).

#### **Recommendations to Improve Tracking of Contracts and Security of Information (ISP)**

In the recent *Inspection of the Bureau of Information Resource Management, Systems and Integration Office*, OIG found that the Department had inadequate monitoring procedures and controls in place for contracts totaling more than \$182 million. OIG also found that the SharePoint application, for which the Department has spent \$16 million to date, has become a mission-critical tool for the Department, increasing from approximately 200 sites in 2008 to more than 25,000 sites in 2012. In its report, OIG recommended that the Department establish a central repository for all contracts and related documentation; reevaluate the SharePoint application from a security standpoint, based on its current scope and use; and review the model of the National Institute of Standards and Technology as the Department considers adopting cloud computing.

#### **Proposed Suspension of Supervisor Resulting from OIG Investigation (INV)**

OIG investigated a supervisory Department employee who functioned as a contracting officer's representative. The investigation determined that the employee violated several regulations by creating the appearance of using public office for private gain, exceeding the scope and authority of his contracting warrant, and viewing and transferring sexually explicit material on his Government computer. On June 13, 2012, the Bureau of Human Resources proposed a ten-day suspension for the supervisor.

#### **Reports Issued**<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)

AUD-CG-12-33 Audit of Contracting Officers Delegated Procurement Authority for Overseas Contract Awards

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AUD/FM-12-37 Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2011 and 2010 Financial Statements

AUD/FM-12-38 Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2011 and 2010 Financial Statements

ISP-C-12-29A **Compliance Followup Review of Consulate General Hong Kong, China**

ISP-I-12-30 Inspection of the Bureau of Information Resource Management, Systems and Integration Office

ISP-I-12-31 Inspection of the Bureau of Diplomatic Security, Office of Antiterrorism Assistance

ISP-I-12-32A **Inspection of the Bureau of Counterterrorism**

ISP-C-12-33A **Compliance Followup Review of Embassy Bangkok and Consulate General Chiang Mai, Thailand**

ISP-IB/C-12-34 Compliance Followup Review of Broadcasting Board of Governors' Operations, Thailand

ISP-I-12-35A **Inspection of Embassy Bandar Seri Begawan, Brunei**

ISP-I-12-36A **Inspection of Embassy Singapore, Singapore**

**Coming Attractions for July: Significant Reports Expected To Be Issued**

- Audit of Department of State Access Controls for Major Applications
- Audit of the Intelligence Community Information Security Program at the Department of State
- Evaluation of Invoices and Payments for the Embassy Baghdad Operations and Maintenance Contract
- Evaluation of the Local Guard Force Contract for Embassy Islamabad and Consulates General Karachi, Lahore, and Peshawar
- Audit of Bureau of Oceans and International Environmental and Scientific Affairs Administration and Oversight of Funds Dedicated to Address Global Climate Change
- Review of Costs Charged to Iraq Democracy-Building Grants Awarded to the International Republican Institute During FYs 2004–2010
- Audit of the Department of State Use of Consular Fees Collected in Support of the Border Security Program

**Points of Contact**

(b) (6)

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## OIG Monthly Update

### July 2012

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#### New Work Started

- Audit of the Department of State Application of the Procurement Surcharge to Achieve Key Procurement Shared Services Goals
- Audit of Office of Medical Services Contracting Practices for Continuing Medical Education Services
- Safe-Havening Families of Department of State Employees Serving in Afghanistan, Iraq, and Pakistan (Inspection Memorandum Report)

#### OIG Value Added

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **Department Action to Improve Administration and Oversight of Climate Change Programs (AUD)**

In the recent *Audit of Bureau of Oceans and International Environmental and Scientific Affairs Administration and Oversight of Funds Dedicated to Address Global Climate Change*, OIG found several areas that require greater management attention in order to improve the Department's administration and oversight of climate change programs, totaling \$214 million in programmed funds during Fiscal Years 2006–2010. In its report, OIG recommended that the Department conduct data quality assessments, account for \$600,000 in Economic Support Funds awarded to the U.S. Agency for International Development, and improve the overall management of grants and interagency agreements by developing and issuing standardized Department policies and procedures. In response to OIG's report, the Department convened a working group to facilitate compliance with OIG's recommendations. Based on the Department's responses, OIG considers all 18 of the report's recommendations resolved, pending documentation.

#### **Recommendations to Strengthen Department's Office to Combat Trafficking in Persons (ISP)**

In its recent *Inspection of the Office to Monitor and Combat Trafficking in Persons*, OIG found that fundamental tensions hinder Department collaboration on anti-trafficking goals, and contribute to poor resource allocation. OIG recommended that the Department address leadership and management challenges in the Office to Monitor and Combat Trafficking in Persons, including internal communications, work prioritization, resource planning, and training, as well as insufficient staffing to support the annual Trafficking-in-Persons report-drafting process. OIG also recommended eliminating the backlog of delinquent grants awaiting closeout.

#### **Sentencing of Former Department Employee (INV)**

OIG conducted a joint investigation with the OIG of another agency of a Department employee who provided false statements in order to qualify for a Federal Housing Administration (FHA) mortgage loan. The investigation determined that the employee created or altered false leave and earnings statements, W-2 forms, bank statements, and child support checks, and submitted them in order to obtain an FHA-insured mortgage loan for \$390,837. On January 4, 2012, the employee resigned from the Department. On July 9, 2012, the former employee was sentenced in U.S. District court to 8 months of home detention and 36 months probation, and was ordered to pay \$1,000 in restitution.



**Reports Issued** (Reports in bold include a separate classified Security Management Annex.)

AUD-CG-12-40    Audit of Bureau of Oceans and International Environmental and Scientific Affairs  
Administration and Oversight of Funds Dedicated to Address Global Climate Change  
AUD-CG-12-35    Review of Costs Charged to Iraq Democracy-Building Grants Awarded to the  
International Republican Institute During Fiscal Years 2004-2010  
ISP-I-12-37    Inspection of the Office to Monitor and Combat Trafficking in Persons

**Coming Attractions for August: Significant Reports Expected To Be Issued**

- Audit of Department of State Access Controls for Major Applications
- Evaluation of Invoices and Payments for the Embassy Baghdad Operations and Maintenance Contract
- Evaluation of the Local Guard Force Contract for Embassy Islamabad and Consulates General Karachi, Lahore, and Peshawar
- Compliance Followup Review of Department of State Contracts to Assess the Risk of Trafficking in Persons Violations in Four States in the Cooperation Council for the Arab States of the Gulf
- Audit of the Department of State Use of Consular Fees Collected in Support of the Border Security Program

**Points of Contact**

(b) (6)

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<sup>1</sup> Selected reports are available at [OIG Publications Library](#). If you wish to schedule a briefing on any of these reports, please contact Maura Young, OMB Liaison, (703) 284- [REDACTED]

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## OIG Monthly Update

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#### New Work Started

- Audit of the Information Security Program for Sensitive Compartmented Information Systems at the Department of State
- Improving Leadership at Posts and Bureaus
- Review of Maintenance of the Shuttle Bus Fleet

#### OIG Value Added

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

##### **Security Contractor Fined \$7.5 Million (INV)**

OIG, along with five other Federal agencies, investigated the international security contractor Academi LLC, formerly known as Blackwater, relating to violations of the Arms Export Control Act, various Federal firearms statutes, contract fraud, and the Foreign Corrupt Practices Act. On August 7, 2012, Academi agreed to pay a \$7.5 million fine to settle Federal criminal charges as part of a deferred prosecution agreement.

##### **Conviction in Embezzlement Case (INV)**

OIG conducted an investigation of a company participating in the Department's International Visitor's Leadership Program. The company's former financial officer embezzled \$36,000 in grant funds and \$80,000 in other funds. The financial officer pled guilty, and was sentenced to 18 months in prison and ordered to pay restitution of \$145,701.

##### **Nine Debarments of Department Contractors Resulting from OIG Investigations (INV)**

OIG received nine proposals for debarment resulting from OIG investigations: two former contract employees who conspired to bribe foreign officials; a former contract employee, foreign national contractor, and contract firm who conspired to sell \$70,000 of U.S. Government property; two former foreign national contract employees who stole and sold armored vehicles valued at \$85,000; and a contractor and his firm, for failure to pay \$94,344 in taxes to the local country's Social Security Administration, as required by the contract.

##### **Department Action in Progress to Strengthen the Border Security Program (AUD)**

In the recent *Audit of Department of State Use of Consular Fees Collected in Support of the Border Security Program*, OIG found that the border security program did not have a centralized program management structure, program-related roles and responsibilities were not clearly defined, funding decisions were not based on prioritization factors, overall accomplishments were not being tracked, and the Department did not have sufficient guidance on the use of the funds or have an adequate process in place to monitor program expenditures. The Department responded that it is in the process of addressing OIG recommendations, including revising the *Foreign Affairs Manual*, updating budget and allocation processes, and creating an internal review program for better financial management.

##### **Overpayment of \$2.7 Million to Contractor in Iraq (AUD)**

In the recent *Evaluation of Invoices and Payments for the Embassy Baghdad Operations and Maintenance Contract*, OIG found that the contracting officer's representative approved 86 invoices totaling \$4.4 million in unauthorized costs and undelivered goods and services from the contractor, Pacific Architects and Engineers (PAE). OIG recommended that the Department recover \$2.7 million in overpayments from PAE, and advised the contracting officer to closely review an additional \$1.7 million in invoices that lacked adequate support. The Department plans to solicit an independent auditing firm to review these issues.

### **Recommendations to Strengthen PEPFAR Oversight and Improve Embassy Leadership (ISP)**

In its recent inspection of Embassy Nairobi, OIG found significant problems with the embassy's executive direction. OIG issued strong recommendations to address these leadership concerns. OIG also found the Government of Kenya was not upholding its commitment in the 2010-2014 PEPFAR partnership framework implementation plan to increase financial support for HIV/AIDS programs. OIG recommended that the mission highlight, for the Department, Kenya's level of financial support for HIV/AIDS as compared to the level outlined in the PEPFAR partnership framework. Finally, OIG recommended that the Department consider extending Embassy Nairobi's assignments from 2 to 3 years to enhance productivity and effectiveness. This change could result in more than \$5 million in funds put to better use annually.

### **Recommended Cost Savings at Embassy Prague (ISP)**

In the recent *Inspection of Embassy Prague*, OIG found diminished need for Czech language proficiency to conduct diplomatic operations. OIG recommended reducing the number of language-designated positions at Embassy Prague, which would result in \$386,000 in funds put to better use. Other potential cost savings recommended by OIG included amending the housing policy to include appropriate fees for occupants of temporary-duty apartments; collecting applicable fees for other authorized use of U.S. Government vehicles; and reclassifying two officer positions to entry-level or other less costly position classifications.

### **Reports Issued<sup>i</sup> (Reports in bold include a separate classified Security Management Annex.)**

AUD-MERO-12-43	Evaluation of Invoices and Payments for the Embassy Baghdad Operations and Maintenance Contract
AUD-FM-12-39	Audit of Department of State Use of Consular Fees Collected in Support of the Border Security Program
<b>ISP-I-12-38A</b>	<b>Inspection of Embassy Nairobi, Kenya</b>
ISP-I-12-39	Inspection of the Somalia Unit, Embassy Nairobi, Kenya
ISP-IB-12-40	Review of Broadcasting Board of Governors Operations in Nairobi, Kenya
<b>ISP-I-12-41A</b>	<b>Inspection of Embassy Lusaka, Zambia</b>
<b>ISP-I-12-42A</b>	<b>Inspection of Embassy Prague, Czech Republic</b>
ISP-IB-12-43	Inspection of Radio Free Europe/Radio Liberty Prague
ISP-IB-12-44	Inspection of the International Broadcasting Bureau's Regional Office of Marketing and Program Placement in Prague, Czech Republic
<b>ISP-I-12-45A</b>	<b>Inspection of Embassy Bucharest, Romania</b>
<b>ISP-I-12-46A</b>	<b>Inspection of Embassy Ljubljana, Slovenia</b>

### **Coming Attractions for September: Significant Reports Expected To Be Issued**

- Audit of International Boundary and Water Commission, United States and Mexico, U.S. Section, Information Security Program
- Audit of Department of State Access Controls for Major Applications
- Compliance Followup Review of Department of State Contracts to Assess the Risk of Trafficking-in-Persons Violations in Four States in the Cooperation Council for the Arab States of the Gulf
- Evaluation of the Local Guard Force Contract for Embassy Islamabad and Consulates General Karachi, Lahore, and Peshawar
- Inspections of Embassy Lisbon, Portugal, and Embassy Madrid, Spain, and constituent posts
- Inspection of the American Institute in Taiwan/Washington
- Inspection of the Bureau of Administration, Global Information Services, Office of Information Programs and Services
- Review of Motor Vehicle Fleet Management
- Support for Department Employees Serving in Afghanistan, Iraq, and Pakistan and Their Families

#### **Points of Contact**

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### New Work Started

- Memorandum Reports: Consular Leadership, Consular ICASS Participation, and the ARSO-I Program
- Review of the President's Emergency Plan for AIDS Relief (PEPFAR) Training
- Review of China Construction
- Review of Oversight and Management of Security Programs and Operations
- Review of Voucher Processing
- Inspection of the Broadcasting Board of Governors
- Inspection of the Foreign Service Institute (to complete the full inspection of FSI to include Language Studies)
- Inspection of the Regional Information Management Centers
- Inspection of Diplomatic Security's Special Investigations Division, Criminal Investigations, and the Computer Investigations and Forensics Division
- Inspections of the following posts: Embassy Abuja, Embassy Bangui, Embassy Buenos Aires, Embassy Santiago, Embassy Manila, and Embassy Phnom Penh
- Compliance Followup Reviews of Embassy Berlin and Embassy Luxembourg

### OIG Value Added

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **OIG Awarded by the Council of the Inspectors General on Integrity and Efficiency**

OIG was recognized with four Awards for Excellence from the Council of the Inspectors General on Integrity and Efficiency. The Office of Audits received awards in the categories of Multiple Disciplines, Audits, and Law and Legislation for the following work: *The Keystone XL Pipeline Permit Process Review*, *Trafficking in Persons Risk Assessment*, and *Afghanistan National Police Training Audit*. The Office of Inspections received an Award for Excellence for the *Inspection of the Bureau of Educational and Cultural Affairs*. OIG investigators were also recognized in these awards as members of the audit and inspection teams.

#### **Action Taken to Combat Trafficking in Persons (AUD)**

In the *Compliance Followup Review of Department of State Actions to Reduce the Risk of Trafficking in Persons Violations in Four States in the Cooperation Council for the Arab States of the Gulf*, OIG reported that embassies had taken recommended steps to prevent trafficking in persons violations by providing information on passport retention laws, improving workers' living conditions, and developing oversight training. OIG reissued recommendations related to labor standards, and issued new recommendations to protect further the health and welfare of workers overseas.

#### **Recommendations to Reduce Contractor Security Risks in Pakistan (AUD)**

In the *Evaluation of the Local Guard Force Contract for Embassy Islamabad and Consulates General Karachi, Lahore, and Peshawar*, OIG determined that a U.S. contractor had created a security risk by failing to provide Department-approved replacement guards during a June 2011 labor strike. In its report, OIG recommended that the Department improve its reviews of local guard force contractors.

#### **Recommendations to Reduce Costs by More Than \$1 Million at Two Embassies Overseas (ISP)**

In the inspection of Embassy Lisbon, OIG recommended closing a consular agency, eliminating the language requirement from five positions, and reorganizing the Public Affairs section, to result in an

estimated \$1 million in funds put to better use. In the inspection of Embassy Madrid, OIG recommended closing a consular agency, which would result in an estimated \$100,000 in funds put to better use each year.

**Recommendations to Improve Safety and Reduce Costs in Domestic Shuttle Bus Vehicles (ISP)**

In the *Review of the Department of State's Shuttle Bus Fleet Operations*, OIG identified serious safety concerns regarding the maintenance and design of the local shuttle buses. Buses deemed inoperable were not serviced on a timely basis to maintain safety of drivers and passengers. OIG made recommendations to improve safety and maintenance procedures for the fleet, and reduce costs by leasing vehicles from the General Services Administration rather than hiring substitute vehicles for shuttles undergoing maintenance.

**Reports Issued<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)**

AUD-IT-12-41	Evaluation of the Information Security Program for Sensitive Compartmented Information Systems at the Department of State for FY 2012
AUD-IT-12-44	Audit of Department of State Access Controls for Major Applications
AUD-MERO-12-46	Evaluation of the Local Guard Force Contract for Embassy Islamabad and Consulates General Karachi, Lahore, and Peshawar
AUD-MERO-12-47	Compliance Followup Review of Department of State Actions to Reduce the Risk of Trafficking in Persons Violations in Four States in the Cooperation Council for the Arab States of the Gulf
AUD-SI-12-48	Outline for Action: Physical Security Concerns at Embassy Berlin
AUD-SI-12-49	Outline for Action: Physical Security Concerns at Embassy Quito
ISP-I-12	Inspection of the American Institute in Taiwan/Washington
ISP-I-12-47	Inspection of the American Institute in Taiwan/Washington
ISP-I-12-48	Memorandum Report: Improving Leadership at Posts and Bureaus
ISP-I-12-49	Support for Department Employees Serving in Afghanistan, Iraq, and Pakistan
ISP-I-12-50	Review of the Department of State's Shuttle Bus Fleet Operations
ISP-I-12-51	Assessment of the Department of State's Motor Vehicle Fleet
<b>ISP-I-12-52A</b>	<b>Inspection of Embassy Madrid, Spain, and Constituent Posts</b>
<b>ISP-I-12-53A</b>	<b>Inspection of Embassy Lisbon, Portugal, and Constituent Posts</b>
ISP-I-12-54	Inspection of the Bureau of Administration, Global Information Services, Office of Information Programs and Services

**Coming Attractions for October: Significant Reports Expected To Be Issued**

- Audit of Department of State Information Security Program
- Audit of Broadcasting Board of Governors Information Security Program
- Audit of International Boundary and Water Commission, United States and Mexico, U.S. Section, Information Security Program
- Independent Accountant's Report on the Application of Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management
- Audit of Nonproliferation and Disarmament Fund Controls Over Contracting and Project Management and Integrity of Financial Data
- Audit of U.S. Department of State Use of Short-Term Leases Overseas

**Points of Contact**

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### New Work Started

None.

### OIG Value Added

#### **Action Taken to Improve Controls for the Passport Information Electronic Records System (AUD)**

In July 2008, following media reports that the passport files of three U.S. senators (who were presidential candidates) had been improperly accessed by Department employees, OIG issued the report, *Review of Controls and Notification for Access to Passport Records in the Department of State's Passport Information Electronic Records System (PIERS)*, which identified numerous control weaknesses. The Department's controls to prevent and detect unauthorized use of PIERS have significantly improved as a result of implementation of actions to address and close all 22 of the report's recommendations.

#### **Action Taken in Response to Review of the Keystone XL Pipeline Permit Process (AUD)**

In response to OIG's recommendations in the *Special Review of the Keystone XL Pipeline Permit Process*, the Department redesigned its third-party contractor selection process, hired a National Environmental Policy Act (NEPA) coordinator with extensive NEPA experience in both the Government and private sector, and redesigned the organizational conflict of interest process.

#### **Recommendations to Reduce Costs for Voucher Processing (ISP)**

In its *Review of Voucher Processing*, OIG found the Post Support Unit (PSU) in the Department's Bureau of the Comptroller and Global Financial Services could process vouchers far more economically than voucher examiners at most overseas missions. PSU's charge per voucher is \$12, compared to an average of \$34 per voucher overseas. The Department has no plans to centralize voucher processing, however, because of the potential costs associated with reductions-in-force in certain countries. OIG recommended that the Department institute a policy requiring missions to conduct a cost-benefit analysis of outsourcing voucher processing to the PSU as a part of its annual workforce planning, which could result in a reduction of approximately 65 percent in costs overseas for this function.

#### **Action Taken to Develop Building Plans at an Overseas Post (ISP)**

In its 2011 *Inspection of Embassy Seoul*, OIG reported that the Department had not yet determined how it planned to replace embassy housing currently located on a U.S. base scheduled for relocation. Delays in planning for a new embassy compound could be costly, given that leasing on the local economy could cost \$100 million over 7 years. In response to OIG's recommendation, the Department agreed to commence advance planning in FY 2013 for a master building plan.

#### **Recommendations to Improve Oversight of Mission Security Program (ISP)**

In its *Review of Oversight and Management of Security Programs and Operations*, OIG found that the security programs at seven overseas missions inspected between 2010 and 2012 were not well-managed, in part because the Deputy Chiefs of Mission and principal officers overseeing the Regional Security Officers (RSOs) did not understand the RSOs' responsibilities. OIG recommended that the Department ensure that training courses for Deputy Chiefs of Mission and principal officers dedicate

sufficient time to thoroughly cover RSO program responsibilities, and appropriate measures for evaluating RSO performance.

### Reports Issued<sup>1</sup>

AUD-FM-13-01	Independent Accountant's Report on the Application of Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management
AUD-CG-13-05	Audit of Department of State Oversight and Reporting of U.S. Government Contributions to the Global Fund
ISP-I-13-01	Review of Voucher Processing
ISP-I-13-02	Review of Consular Leadership
ISP-I-13-03	Review of Oversight and Management of Security Programs and Operations

### Coming Attractions for November: Significant Reports Expected To Be Issued

- PEPFAR Training
- Independent Auditor's Report on the Department of State 2012 and 2011 Financial Statements
- Independent Auditor's Report on the U.S. Department of State 2012 and 2011 Special Purpose Financial Statements
- Independent Auditor's Report on the Broadcasting Board of Governors 2012 and 2011 Financial Statements
- Outline for Action: Physical Security Concerns at Embassy Dar es Salaam
- Outline for Action: Physical Security Concerns at Consulate General Istanbul
- Outline for Action: Physical Security Concerns at Embassy Kampala

### Points of Contact

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### New Work Started

- Audit of Selected Overseas Refugee Assistance Programs
- Broadcasting Board of Governors Operations in Nigeria (Memorandum Report)
- Inspection of the International Broadcasting Bureau's Philippines Transmitting Station

### OIG Value Added

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **Recommendations to Improve Control Weaknesses in Information Security Programs (AUD)**

OIG worked with an independent public accountant to review and evaluate the Department and Broadcasting Board of Governors (BBG) information security programs' compliance with the requirements of the Federal Information Security Management Act of 2002. In the *Audit of Department of State Information Security Program* and *Audit of the Broadcasting Board of Governors Information Security Program*, OIG reported that the Department and BBG had improved their information security programs. However, control weaknesses still existed "that, if exploited, could adversely affect the confidentiality, integrity, and availability of information and information systems." In response to OIG's recommendations, the Department and BBG stated that they will continue to enhance information programs to protect infrastructure critical to the preservation of national security.

#### **Unqualified Opinions Issued on Financial Statements of the Department and BBG (AUD)**

OIG and its two independent public accounting firms collaborated with the Department and the Broadcasting Board of Governors and completed the mandated financial statement audits by the required deadlines. Both the Department and BBG received unqualified opinions on their financial statements, which is the best possible outcome. Although the audits identified internal control deficiencies for each organization that need to be addressed, both the Department and BBG agreed with these findings and indicated that they would take action to address the issues.

#### **Department's Comptroller Initiates Action to Recover Workers Compensation Funds (INV)**

OIG investigated a Department employee who sustained an injury at work in 2008. The employee continued to use Workers Compensation Leave/Continuation of Regular Pay (WCL/COP) in 2009, 2010, and 2011, despite the fact that she was only entitled to WCL/COP for 45 days after the original injury. On November 20, 2012, OIG was notified by the Department's Comptroller's Office that a monetary recovery would be initiated against the employee for \$45,067.

#### **Action Taken to Revise the Training Curriculum for Vietnamese Language (ISP)**

In the 2012 *Inspection of Embassy Hanoi and Consulate General Ho Chi Minh City*, OIG found that consular officers assigned to language-designated positions could not adequately understand Vietnamese when conducting immigrant visa interviews without the help of an interpreter, despite the fact that the officers had successfully completed Vietnamese language training at the Department's



Foreign Service Institute. In response to OIG's recommendations, the Department agreed to pilot a new Vietnamese consular tradecraft module in FY 2013.

**Reports Issued<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)**

ISP-I-13-04	Review of President's Emergency Plan for AIDS Relief (PEPFAR) Training
AUD-FM-13-07	Independent Auditor's Report on the Department of State 2012 and 2011 Special-Purpose Financial Statements
AUD-FM-13-08	Independent Auditor's Report on the Department of State 2012 and 2011 Financial Statements
AUD-FM-IB-13-12	Independent Auditor's Report on the Broadcasting Board of Governors 2012 and 2011 Financial Statements
AUD-IT-13-03	Audit of Department of State Information Security Program
AUD-IT-IB-13-04	Audit of the Broadcasting Board of Governors Information Security Program
AUD-IT-13-15	Audit of International Boundary and Water Commission, United States and Mexico, U.S. Section, Information Security Program
AUD-SI-13-06	Outline for Action: Physical Security Concerns at Consulate General Istanbul
AUD-SI-13-14	Outline for Action: Physical Security Concerns at Embassy Dar es Salaam
AUD-SI-13-16	Outline for Action: Physical Security Concerns at Embassy Kampala

**Coming Attractions for December: Significant Reports Expected To Be Issued**

None.

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**Points of Contact**

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### New Work Started

- Audit of the Financial Results of Selected Working Capital Fund Cost Centers
- Independent Review of the U.S. Department of State Accounting of FY 2012 Drug Control Funds and Related Performance Report
- Audit of Department of State Compliance With the Improper Payments Information Act
- Audit of the Broadcasting Board of Governors Compliance With the Improper Payments Information Act
- Audit of the Department of State Transition Planning for a Reduced U.S. Military Presence in Afghanistan
- Audit of the Contract Closeout Process for Contracts Supporting the U.S. Mission in Iraq
- Review of Overseas Security Policy Board Exceptions and Secure Embassy Construction and Counterterrorism Act of 1999 Waivers
- Summary of the Department's Implementation of Mantraps

### OIG Value Added

*OIG's value added is demonstrated in significant findings, cost efficiencies and savings, actions taken by the Department in response to OIG work, testimonies, and results of other OIG activities.*

#### **Recommendations to Improve Control of Lease Costs (AUD)**

In the *Audit of Department of State Use of Short-Term Leases Overseas*, OIG found that the duration of most of the Department's real property operating leases was less than 10 years. As a result, the Department may be missing opportunities to secure more preferable lease durations and reduce the vulnerability of losing leased properties, which could lead to higher lease costs. OIG also found that the Department had not established guidance and procedures that require posts to track and report costs associated with each property. In its report, OIG made recommendations to enhance real property leasing options and better control lease costs. For example, OIG recommended that the Department establish guidelines and procedures that require posts to track and report on make-ready funds expended for individual properties to help ensure funds are used for authorized purposes and do not exceed the Department limitations.

### Reports Issued<sup>1</sup>

AUD-FM-13-17	Audit of Nonproliferation and Disarmament Fund Controls Over Contracting and Project Management and Integrity of Financial Data
AUD-HCI-13-02	Audit of U.S. Department of State Use of Short-Term Leases Overseas
AUD-MERO-13-18	Compliance Followup Review of Department of State Internal Controls Over the J. William Fulbright Scholarship Fund in Pakistan

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<sup>1</sup> Selected reports are available at [OIG Publications Library](#). If you wish to schedule a briefing on any of these reports, please contact Maura Young, OMB Liaison, (703) 284-XXXX.

**Coming Attractions for January: Significant Reports Expected To Be Issued**

- Independent Review of the U.S. Department of State Accounting of FY 2012 Drug Control Funds and Related Performance Report
- Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2012 and 2011 Financial Statements
- Management Letter Related to the Audit of the Broadcasting Board of Governors 2012 and 2011 Financial Statements
- Evaluation of the Department of State Implementation of Executive Order 13526, Classified National Security Information
- Inspection of the Broadcasting Board of Governors
- Compliance Followup Review of Embassy Luxembourg, Luxembourg

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**Points of Contact**

*For additional information or assistance, please contact one of the following:*

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## OIG Monthly Update

### January 2013

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#### New Work Started

- Audit of Emergency Action Plans for U.S. Diplomatic Facilities in Pakistan
- Audit of Property Accountability at U.S. Mission Iraq
- Audit of Department of State Selection and Positioning of Contracting Officer's Representatives
- Compliance Followup Review of Embassy Beirut, Lebanon
- Inspections of Embassy Baghdad, Embassy Juba, Embassy Khartoum, and Embassy Rabat
- Inspection of the Broadcasting Board of Governor's Voice of America Operations in Russia
- Inspection of the Bureau of Consular Affairs Executive Office and the Comptroller Office
- Inspection of the Bureau of Intelligence and Research
- Inspection of the Frankfurt Regional Support Center and the Florida Regional Center
- Inspection of the Information Resource Management Bureau's Information Assurance Office
- Inspection of the Bureau of International Information Programs

#### OIG Value Added

##### **Recommendation to Establish Chief Executive Officer Position at BBG (ISP)**

In the recent *Inspection of the Board of the Broadcasting Board of Governors*, OIG reported that the Board was a dysfunctional organization which did not meet its legislative obligation to provide oversight of and strategic guidance to the broadcast entities. OIG recommended the establishment of a chief executive officer position at BBG with clearly delineated authorities and responsibilities, which would allow the Board to focus on strategic concerns rather than day-to-day management.

##### **Recommendation to Consolidate Housing Overseas for Potential Savings of \$1.5 Million (ISP)**

In the recent *Inspection of Embassy Phnom Penh, Cambodia*, OIG found that the current configuration of the housing pool did not provide the most cost-effective use of resources. In its report, OIG recommended consolidation of the mission's housing stock in cluster housing or apartments, which could reduce operating and residential security costs by \$1.5 million annually.

##### **Sentencing of Department Employee in Theft of \$59,000 (INV)**

OIG investigated an employee at Global Financial Services in Charleston, South Carolina. The investigation substantiated that the employee stole \$58,861 through a scheme of creating false invoices and forged signatures. The employee confessed to the scheme, pleaded guilty to one count of theft, and repaid the Department, and his employment was terminated. On January 14, 2013, the employee was sentenced to 36 months' home confinement and fined \$3,000.

##### **OIG Investigation Sets New Precedent for Federal Law Enforcement (INV)**

The details of an OIG investigation were published by the Federal Law Enforcement Training Center to the Federal law enforcement community. The case set new precedent pertaining to the 5th amendment that will serve to aid law enforcement in the future. The issue was whether a subject's confession was considered voluntary after a 19-hour trip to the United States from Jordan. The Fourth Circuit Court of Appeals ruled in favor of the Government.

**Reports Issued**<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)

AUD-FM-13-10 Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2012 and 2011 Financial Statements  
ISP-C-13-05 Compliance Followup Review of Embassy Luxembourg, Luxembourg  
ISP-I-13-06 Review of Overseas Security Policy Board Exceptions and Secure Embassy Construction and Counterterrorism Act of 1999 Waivers  
ISP-IB-13-07 Inspection of the Board of the Broadcasting Board of Governors  
**ISP-I-13-08A Inspection of Embassy Phnom Penh, Cambodia**  
ISP-IB-13-09 Memorandum Report, Broadcasting Board of Governors Operations in Phnom Penh  
ISP-I-09-29\* Summary of the Department's Implementation of Mantraps

\*The report on mantraps was issued in 2009. A summary was written and posted to the OIG Web site in January 2013.

**Coming Attractions for February: Significant Reports Expected To Be Issued**

- Evaluation of Emergency Action Plans for U.S. Mission Afghanistan
- Audit of the Bureau of Diplomatic Security Worldwide Services Contract – Task Order 5
- Independent Review of the U.S. Department of State Accounting of FY 2012 Drug Control Funds and Related Performance Report
- Management Letter Related to the Audit of the Department of State 2012 and 2011 Financial Statements
- Management Letter Related to the Audit of the Broadcasting Board of Governors 2012 and 2011 Financial Statements
- Inspection of Diplomatic Security's Special Investigations Division, Criminal Investigations, and the Computer Investigations and Forensics Division
- Inspection of Embassy Abuja, Nigeria
- Inspection of Embassy Bangui, Central African Republic
- Inspection of Embassy Buenos Aires, Argentina
- Inspection of Embassy Manila, Philippines
- Inspection of Embassy Santiago, Chile
- Inspection of the International Broadcasting Bureau's Philippines Transmitting Station
- Inspection of the Regional Information Management Centers
- Memorandum Report, Broadcasting Board of Governors Operations in Nigeria

**Points of Contact**

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## OIG Monthly Update

### February 2013

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#### New Work Started

- Audit of the Department of State's FY 2013 Financial Statements
- Audit of the Broadcasting Board of Governor's FY 2013 Financial Statements
- Audit of Bureau of Diplomatic Security Worldwide Protective Services Contracts Task Orders 2, 9, and 11 for Movement and Static Security Services in Jerusalem and Afghanistan
- Review of Department of State Implementation of Jeddah Accountability Review Board
- Recommendation to Consider Remote Safe Areas at Missions Worldwide

#### OIG Value Added

##### **Savings of \$1.4 Million at Overseas Posts From Reducing Size of Motorpool Fleets (ISP)**

During the 2011 *Inspection of Embassy Conakry, Guinea*, OIG recommended that the mission reduce its motorpool inventory from 67 to 40 vehicles, or less. Embassy Conakry reported that it has implemented OIG's recommendation, resulting in funds put to better use of \$1,247,000.

In the 2011 *Inspection of Embassy Seoul, South Korea*, OIG recommended that the mission implement a plan to reduce the size of the International Cooperative Administrative Support Services vehicle fleet. Embassy Seoul reported that it reduced the fleet by three vehicles and would not replace an additional two vehicles, for an estimated savings of \$180,000.

##### **Potential Savings of \$492,000 Annually Resulting from OIG Recommendation (ISP)**

In the 2012 *Inspection of Embassy Nassau, The Bahamas*, OIG recommended that an office manager position be converted to an eligible family member (EFM) position, for a potential savings of \$492,000 annually. In response to OIG's recommendation, the embassy reported that it is converting the position and will fill it with an EFM during the 2013 bidding cycle.

##### **Recommendation to Remove Language Requirement for Positions at an Overseas Post (ISP)**

In a recent inspection of the U.S. Mission to the Organization for Economic Cooperation and Development (USOECD), OIG recommended that the mission eliminate the language requirement for three entry-level positions, as proficiency in French was not essential to the work. USOECD agreed to remove the language requirement during the next bidding cycle, which will result in potential cost savings of \$234,000.

##### **Proposed Termination of Department Employees for Misuse of Resources (INV)**

OIG conducted an investigation relating to multiple acts of misconduct by a deputy chief of mission (DCM). The investigation found that the DCM misused Department resources, wrongfully accepted gifts, and misused representational funds. On February 13, 2013, the Department proposed termination of the DCM.

OIG also investigated a passport specialist who used her official position to wrongfully access passport databases to obtain personal information about private acquaintances. Based on the results of OIG's investigation, the Department issued a letter of proposed removal on January 23, 2013.

##### **Issuance of Proposed Debarment Letter as a Result of an OIG Investigation (INV)**

OIG investigated allegations that a prospective contractor attempted to bribe a Department contracting official in the amount of \$850,000 in return for the award of a security contract. In addition to substantiating the attempted bribery, the investigation determined that the prospective contractor made false statements about information material to the contract award. Investigative results were referred to the Department's

Office of Procurement Executive, and on January 29, 2013, proposed debarment letters were sent to the prospective contractor company and its president.

**Reports Issued**<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)

AUD-FM-13-21	Independent Review of the U.S. Department of State Accounting of FY 2012 Drug Control Funds and Related Performance Report
AUD-FM-IB-13-13	Management Letter Related to the Audit of the Broadcasting Board of Governors 2012 and 2011 Financial Statements
AUD-FM-13-09	Management Letter Related to the Audit of the U.S. Department of State 2012 and 2011 Financial Statements
AUD-HCI-13-19	Audit of Office of Medical Services Contracting Practices for Continuing Medical Education
<b>ISP-I-13-10A</b>	<b>Inspection of Embassy Manila, Philippines</b>
ISP-IB-13-11	Inspection of the International Broadcasting Bureau's Philippines Transmitting Station
<b>ISP-I-13-12A</b>	<b>Inspection of Embassy Santiago, Chile</b>
<b>ISP-I-13-13A</b>	<b>Inspection of Embassy Bangui, Central African Republic</b>
ISP-I-13-14	Inspection of the Regional Information Management Centers
<b>ISP-I-13-15A</b>	<b>Inspection of Embassy Buenos Aires, Argentina</b>
<b>ISP-I-13-16A</b>	<b>Inspection of Embassy Abuja, Nigeria</b>
ISP-IB-13-17	Memorandum Report. Broadcasting Board of Governors Operations in Nigeria
ISP-I-13-18	Inspection of Diplomatic Security's Special Investigations Division, Criminal Investigations, and the Computer Investigations and Forensics Division
ISP-C-13-19	Compliance Followup Review of Embassy Berlin, Germany
ISP-IB/C-13-20	Compliance Followup Review of the International Broadcasting Bureau's Germany Transmitting Station

**Coming Attractions for March: Significant Reports Expected To Be Issued**

- Management Letter Related to the Audit of the International Boundary and Water Commission 2012 and 2011 Financial Statements
- Audit of the Broadcasting Board of Governors FY 2012 Compliance With Improper Payments Requirements
- Audit of Department of State FY 2012 Compliance With Improper Payments Requirements
- Audit of Bureau of Diplomatic Security Worldwide Protective Services Contracts – Task Order 5 for Baghdad Movement Security
- Third On-Site Review of the New Consulate Compound Site – Guangzhou, China
- Inspection of the Foreign Service Institute

**Points of Contact**

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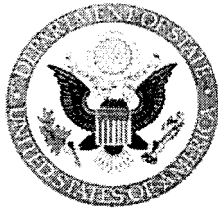
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## OIG Monthly Update

### March 2013

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#### New Work Started

- Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts
- Review of Aspects of PEPFAR program management by the Office of the U.S. Global AIDS Coordinator
- Review of the Accountability Review Board Process
- Inspection of the Bureau of East Asian and Pacific Affairs
- Inspections of Embassies Moscow, Kyiv, Vilnius, Brasilia, and Minsk
- Inspections of the Voice of America, Russia, and the Voice of America, Latin America
- Inspection of BBG Operations in Kyiv, Belarus
- Compliance Followup Review of Detainee Transfers, Assurances, and Monitoring

#### OIG Value Added

##### **Savings of \$362 Million Resulting from Reduction of Contract Staffing (AUD)**

During its recent *Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract – Task Order 5 for Baghdad Movement Security*, OIG determined that contract staffing exceeded mission needs and recommended that the Department adjust its movement security staff levels. In response to OIG's recommendation, the Bureau of Diplomatic Security reported that it would reduce the overall contract staffing by approximately 270 personnel, resulting in savings of \$362,000,000 over the life of the contract.

##### **Recommendations to Strengthen Protection of Classified National Security Information (AUD)**

In its recent *Evaluation of Department of State's Implementation of Executive Order 13526, Classified National Security Information*, OIG found that the Department had not effectively followed certain classification policies, procedures, rules, and regulations prescribed by the Executive Order. OIG recommended that the Department strengthen controls over the classification process, including revising regulations to enforce training requirements, updating tools that facilitate compliance, and implementing a methodology for annual self-inspections. The Department's actions to address these recommendations will prevent over-classification or improper release of classified materials, reduce document marking discrepancies in correspondence, and expedite declassification of materials.

##### **Savings of \$1.1 Million Annually From Reducing Positions at Two Overseas Posts (ISP)**

In the 2011 inspection report of Embassy Pretoria, OIG recommended eliminating a Foreign Service office management position. In response to OIG's recommendation, the position was abolished, resulting in funds put to better use of approximately \$572,000 annually. In the 2012 inspection report of Embassy San Jose, OIG recommended the elimination of an information management specialist position. Embassy San Jose abolished the position, and plans to hire an eligible family member in the fall of 2013 to fill another position, resulting in a recurring savings of approximately \$521,000.

##### **Official Briefing of Afghan Government Official (INV)**

On March 23, 2013, an OIG investigator assigned to OIG's Middle East Investigative Branch in Kabul, Afghanistan, was invited to participate in a briefing for the Afghan Attorney General regarding an OIG investigation that substantiated multiple criminal violations for several local nationals. The OIG investigator joined a contingent of U.S. law enforcement and judicial representatives invited to participate in this unprecedented bilateral coordination.

##### **Contractor Indictment and Suspension for Attempted Contract Bribery (INV)**

OIG conducted a joint investigation with the Special Inspector General for Iraq Reconstruction of an official of the United States Institute of Peace (USIP) for conspiring to enrich himself by having USIP award a security





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## OIG Monthly Update

### April 2013

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#### New Work Started

- Audit of the Department of State's Management of the Marine Security Guard Program and Plans for Program Expansion
- Audit of Contractor Compliance With Department of State Oversight of the Process Required for Vetting Local Guards
- Review of the Department of State Ethics and Financial Disclosure Program

#### OIG Value Added

##### **Testimony by Deputy Inspector General Before the House Committee on Government Reform**

On April 10, 2013, Deputy Inspector General Harold Geisel testified on a panel at a hearing held by the House Committee on Government Reform (HOCR) entitled, "U.S. Foreign Assistance: What Oversight Mechanisms Are in Place to Ensure Accountability?" Other panel members included representatives of the Department of Defense OIG, U.S. Agency for International Development OIG, Special Inspector General for Iraq Reconstruction, and Special Inspector General for Afghanistan Reconstruction. OIG's Website includes links to HOCR's Website, a video, and a full transcript of the hearing.

##### **Recommendations to Improve Process for Establishing Language Requirements Overseas (ISP)**

In the *Review of the Process for Establishing Language Designated Positions*, OIG found that the Department does not determine language requirements globally to facilitate consistent application of criteria and U.S. policy priorities; most decisions are made at the embassy level. OIG estimates the Department spent \$195 million providing language training to its employees in 2012. OIG found some positions that were language-designated but did not need those skills, and other positions that were not language-designated but should be, as suggested by the Benghazi Accountability Review Board. OIG recommended that the Department's Bureau of Human Resources seek input from other bureaus on the distribution of language-designated positions across missions and bureaus, taking into account U.S. policy interests and training costs by language.

##### **Debarments of Employee and Grantee (INV)**

OIG investigated an employee of the U.S. Institute of Peace (USIP) who was located in Iraq and conspired with a foreign contractor in a bid-ridding and gratuities scheme. The allegations were substantiated, and the USIP employee was indicted on a charge of conspiracy to commit fraud and pleaded guilty to the charge. On March 25, 2013, the Office of the Procurement Executive proposed debarment of the USIP employee. As reported in last month's update, the contractor and his firm were previously suspended.

OIG also investigated allegations that a grantee of the Middle East Partnership Initiative based in Cairo, Egypt, submitted false claims relating to training workshops organized by the grantee. The allegations were substantiated with respect to invoices valued at \$4,140. Prosecution was declined, but on April 9, 2013, the Office of the Procurement Executive debarred the grantee and his company for 3 years.

### Security Clearances Revoked in Employee Misconduct Case (INV)

OIG investigated two Department employees who were alleged to have violated multiple regulatory and administrative policies, including violations relating to computer use, purchase card use, and other malfeasance. The allegations were substantiated, and as a result, the Bureau of Diplomatic Security permanently revoked the security clearances of both employees. Final disposition of disciplinary action against the two employees is pending.

### Reports Issued<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)

ISP-I-13-24

Review of the Process for Establishing Language Designated Positions

### Coming Attractions for May: Significant Reports Expected To Be Issued

- Inspection of Embassy Juba, South Sudan
- Inspection of Embassy Khartoum, Sudan
- Inspection of Embassy Baghdad, Iraq, and Constituent Posts
- Inspection of Embassy Rabat, Morocco, and Constituent Posts
- Audit of Department of State Application of the Procurement Fee to Accomplish Key Procurement Services Goals
- Audit of Department of State Compliance With Physical Security Standards at Selected High-Threat Level Posts
- Outline for Action: Physical Security Concerns at Embassy Monrovia
- Outline for Action: Physical Security Concerns at Embassy N'Djamena
- Outline for Action: Physical Security Concerns at Embassy Nouakchott

#### Points of Contact

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## OIG Monthly Update

### May 2013

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#### New Work Started

- Audit of Department of State's Threat Information to Enhance Security at Critical and High Threat Overseas Posts
- Audit of Department of State Expired and Canceled Funds
- Audit of the FY 2013 and 2012 Financial Statements for the International Boundary and Water Commission, United States and Mexico, U.S. Section
- Compliance Followup Audit of the Audit of the Bureau of Oceans and International Environmental and Scientific Affairs Administration and Oversight of Funds Dedicated to Address Global Climate Change

#### OIG Value Added

##### **Action Taken Resulting in \$19 Million in Funds Put to Better Use (AUD)**

In the 2013 *Audit of Nonproliferation and Disarmament Fund Controls Over Contracting and Project Management and Integrity of Financial Data*, OIG recommended that the Nonproliferation and Disarmament Fund (NDF) develop a standard timeframe for closing out projects. OIG also recommended that NDF implement a policy to ensure that standard timeframes are met for project closeouts, or that the reasons for delay are documented. In response to this recommendation, NDF provided evidence that \$19,168,162 was returned to the NDF account for funds that were (1) obligated but unspent on projects completed under budget, and/or (2) unspent because the projects were canceled, or the funds were not used and not obligated. These funds will be available for use on new NDF projects.

##### **Recommendations to Improve Embassy Baghdad Operations (ISP)**

In the recent *Inspection of Embassy Baghdad, Iraq*, OIG found that the mission was adjusting staff levels to transition from a wartime operation to a normal diplomatic platform. However, several rightsizing, construction, and military-to-civilian contract issues remained. Construction projects valued at more than \$500 million were plagued with delays, disagreements between the mission and Washington, and insufficient oversight. The Department had not yet identified qualified personnel to monitor an estimated \$5 billion in life-support and logistics contracts for which the Department will be responsible. OIG's report contained recommendations to address these issues.

##### **Funds Put to Better Use of \$679,584 from Consulate General Hong Kong (ISP)**

In the 2012 *Compliance Follow-up Review of Consulate General Hong Kong, China*, OIG recommended that the mission abolish two locally employed staff positions in the immigrant visa and fraud prevention units, and review U.S. direct-hire staffing for information management specialists. In response to OIG's recommendations, the Department abolished two locally employed staff positions and reprogrammed the information management specialist position, resulting in \$679,584 in funds put to better use.

##### **Contracting Debarments (INV)**

OIG conducted a joint investigation with the U.S. Agency for International Development involving employees and contractors at Embassy Islamabad. The investigation revealed that two Foreign Service National direct-hire employees were involved in a bribe scheme with two real estate contractors. Due to the non-cooperation of all subjects in the investigation, and the relatively low dollar amount of the contracts, the investigation was referred for administrative action. Embassy Islamabad terminated the employment of both Department employees, and on May 9, 2013, the Department's Suspension Debarment Official debarred both Department employees, both contractors, and both contract firms.

### **Proposed Termination in Employee Misconduct Case (INV)**

OIG investigated allegations that a Department employee submitted falsified time-and-attendance and overtime records in the amount of \$7,246. OIG's investigation substantiated the allegations, and on March 12, 2013, the employee was convicted on one count of felony theft. The employee was sentenced to 6 months' confinement (suspended) and 3 years' probation, and ordered to pay restitution. On April 23, 2013, the Department's Bureau of Human Resources proposed the employee's termination.

### **Reports Issued**<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)

<b>ISP-I-13-25A</b>	<b>Inspection of Embassy Baghdad, Iraq, and Constituent Posts</b>
ISP-IB-13-26	Review of Broadcasting Board of Governors' Operations in Baghdad, Iraq
<b>ISP-C-13-27A</b>	<b>Compliance Followup Review of Embassy Beirut, Lebanon</b>
ISP-I-13-28	Inspection of the Bureau of International Information Programs
<b>ISP-I-13-29A</b>	<b>Inspection of Embassy Juba, South Sudan</b>
<b>ISP-I-13-30A</b>	<b>Inspection of Embassy Rabat, Morocco</b>
AUD-HCI-13-27	OIG Outline for Action: Physical Security Concerns at Embassy N'Djamena
AUD-HCI-13-28	OIG Outline for Action: Physical Security Concerns at Embassy Monrovia
AUD-FM-13-29	Audit of Department of State Application of the Procurement Fee to Accomplish Key Goals of Procurement Services
AUD-HCI-13-30	Outline for Action: Physical Security Concerns at Embassy Nouakchott

### **Coming Attractions for June: Significant Reports Expected To Be Issued**

- Audit of Grant Closeout Processes for Selected Department of State Bureaus
- Audit of the U.S. Mission Iraq Staffing Process
- Inspection of Embassy Khartoum, Sudan
- Inspection of the Bureau of Consular Affairs Executive Office
- Inspection of the Bureau of Consular Affairs Comptroller Office
- Inspection of the Bureau of Intelligence and Research
- Inspection of the Frankfurt Regional Support Center, Germany
- Inspection of the Florida Regional Center, Fort Lauderdale
- Inspection of the Regional Procurement Support Offices, Frankfurt, Germany, and Fort Lauderdale
- Inspection of the Information Resource Management Bureau's Information Assurance Office

#### **Points of Contact**

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Broadcasting Board of Governors

## OIG Monthly Update

### June 2013

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#### New Work Started

- Audit of the Bureau of International Narcotics and Law Enforcement Affairs Counternarcotics Program for Afghanistan
- Audit of the Broadcasting Board of Governors Administration and Oversight of Acquisition Functions

#### OIG Value Added

##### **Recommendations to Improve Cyber Security Controls and Contract Oversight (ISP)**

During its *Inspection of the Bureau of Information Resources Management's Office of Information Assurance (IRM/IA)*, OIG found that the office was not performing the functions it was established to do, and that no bureau had full responsibility for the information systems security officer (ISSO) program, resulting in confusion on requirements and wasted resources. IRM/IA's mishandling of the certification and accreditation process and contracts contributed to expired authorizations to operate 52 of the Department's 309 systems. IRM/IA lacked adequate controls to monitor its \$79 million in procurement vehicles, and contractors performed inherently governmental functions and had access to contract bidding files that could give an unfair advantage in procurement actions. OIG recommended that: the Department assess IRM/IA's organizational structure and staffing; the Under Secretary for Management designate one office to oversee the ISSO program; IRM/IA develop a mission statement, participate in strategic planning, coordinate with other bureaus, strengthen procedures related to expired system authorizations, and establish procedures for granting contractors access to information; and the Bureau of Administration work with IRM/IA to properly designate contracting officer representatives.

##### **Recommendations to Eliminate Regional Positions That Could Save \$1.48 Million (ISP)**

During the *Inspection of the Frankfurt Regional Support Center, Germany*, OIG determined that the regional center's assistance visits to posts, initiated in 1992, were no longer needed. OIG recommended the center discontinue the visits, and eliminate two direct-hire positions and three locally-employed staff positions, which would result in an estimated \$1.48 million annually in funds put to better use.

##### **Staffing Recommendations at Overseas Post Which Could Save \$1 Million (ISP)**

During its *Inspection of the Regional Procurement Support Offices* in Frankfurt, OIG found procurement agent salaries were among the highest in the world, and that the positions could be relocated to Embassy Sofia. OIG recommended that the mission freeze hiring, complete a relocation review, and eliminate a direct-hire training position, given training opportunities available domestically. Implementation of these recommendations would result in an estimated \$1 million annually in funds put to better use.

##### **Action Taken to Remove Funding Authority for \$200,000 in Invalid Obligations (AUD)**

In the *Audit of Funding Provided by the American Recovery and Reinvestment Act for the Bureau of Consular Affairs Passport Project*, OIG recommended that the Bureau of Consular Affairs (CA) review the \$3.6 million remaining in its unliquidated obligations relating to the American Recovery and Reinvestment Act (Recovery Act), and determine whether the Department used funds that were not provided by the Recovery Act to pay for any of CA's Recovery Act-obligated contracts and services. Although CA's review did not identify any other funds used to pay for Recovery Act-obligated contracts and services, CA identified more than \$200,000 in invalid Recovery Act obligations that it submitted for deobligation. Because these funds are no longer available, the Department will not be able to put them to better use. Instead, the Department of the Treasury will remove the funding authority for these funds.

### Contracting Suspension

OIG conducted a joint investigation with the Internal Revenue Service, Criminal Investigation Section, of a Department contract specialist who allegedly steered more than \$39 million in Department contracts to a company she and her husband controlled. On April 25, 2013, the employee and her husband were indicted. On May 29, 2013, the Office of the Procurement Executive suspended the employee, her husband, and their company from government contracting while legal proceedings remain ongoing.

### Proposed Termination in Employee Misconduct Case (INV)

OIG investigated a Department employee who violated regulatory and administrative policies regarding improper dissemination of sensitive information and improper recommendations to the Consular Section for issuance of visas. OIG's investigation substantiated the allegations. On June 11, 2013, the Bureau of Diplomatic Security issued a warning letter to the employee stating that any future security violations may result in revocation of the employee's clearance. The employee's security clearance was placed on probation for 2 years.

### Reports Issued<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)

AUD-CG-13-31	Audit of Grant Closeout Processes for Selected Department of State Bureaus
ISP-I-13-31	Inspection of the Bureau of Intelligence and Research
ISP-I-13-32	Inspection of the Frankfurt Regional Support Center, Germany
ISP-I-13-33	Inspection of the Florida Regional Center, Fort Lauderdale
ISP-I-13-34	Inspection of the Regional Procurement Support Offices, Frankfurt, Germany, and Fort Lauderdale
ISP-I-13-35	Inspection of the Bureau of Consular Affairs Executive Office
ISP-I-13-36	Inspection of the Bureau of Consular Affairs Comptroller Office
ISP-I-13-38	Inspection of the Bureau of Information Resource Management, Office of Information Assurance

### Coming Attractions for July: Significant Reports Expected To Be Issued

- Audit of Bureau of Population, Refugees and Migration Oversight of Selected Cooperative Agreements in Support of Colombian Refugees in Ecuador
- Inspection of Embassy Khartoum, Sudan

#### Points of Contact

(b) (6)

For additional information or assistance, please contact one of the following:

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OIG conducts independent audits, inspections, and investigations to promote effective management, accountability, and positive change in the Department of State, the Broadcasting Board of Governors (BBG), the U.S. International Boundary and Water Commission, and the foreign affairs community. OIG provides leadership to: promote integrity, efficiency, effectiveness, and economy; prevent and detect waste, fraud, abuse, and mismanagement; identify vulnerabilities and recommend constructive solutions; offer expert assistance to improve Department and BBG operations; communicate timely, useful information that facilitates decision-making and achieves measurable gains; and keep the Department, BBG, and the Congress fully and currently informed.

<sup>1</sup> Selected reports are available at [OIG Publications Library](#). If you wish to schedule a briefing on any of these reports, please contact Maura Young, OMB Liaison, (703) 284-[REDACTED].



Office of Inspector General  
United States Department of State and  
Broadcasting Board of Governors

## OIG Monthly Update

### July 2013

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#### New Work Started

- Audit of Selected Contracts and Grants within the Bureau of African Affairs
- Compliance Followup Review of the Bureau of Education and Cultural Affairs

#### OIG Value Added

##### **Monetary Settlement of \$10.5 Million Resulting from Contract Fraud Case (INV)**

OIG received allegations regarding improper activities by The Gallup Organization (Gallup), which has a contract with the Department to provide passport/border crossing surveys. OIG led a multi-agency investigation which determined that Gallup provided false pricing information to the Department during negotiations for a 5-year, sole source contract for \$25,000,000. As a result of the investigation, Gallup agreed to pay \$10.5 million to settle allegations that it improperly inflated contract prices for the Department and the U.S. Mint, and engaged in prohibited employment negotiations with an official of the Federal Emergency Management Agency.

##### **Recommendations to Address Security Deficiencies at Selected High Threat Posts (AUD)**

In the recent *Audit of Department of State Compliance With Physical/Procedural Security Standards at Selected High Threat Level Posts*, OIG found that five selected posts were not always in compliance with current physical security standards, and that common physical and procedural security deficiencies occurred among the posts reviewed. OIG also found that personnel levels were increased at two of the selected posts beyond or near the compounds' intended capacities. At one post, this personnel increase negatively affected implementation of the post security program. OIG made 24 recommendations to the Department and provided post-specific "Outline for Action" reports detailing deficiencies. In response to OIG's recommendations, the posts promptly took action to mitigate many of the deficiencies.

##### **Recommendations to Improve Operations and Assistance Oversight in Khartoum (ISP)**

In its recent *Inspection of Embassy Khartoum, Sudan*, OIG found several deficiencies with respect to embassy operations and oversight of foreign assistance programs. OIG recommended that the mission: eliminate one unnecessary position and utilize another for improved oversight of a \$34 million program; increase the number of language-designated positions to support the embassy's advocacy and outreach efforts; implement procedures to terminate differential and danger pay when American personnel depart post; submit updated information to remedy overly high per diem rates; require supervisors to approve all overtime in advance; and prepare standard operating procedures to improve oversight of consular operations and controlled items. OIG also recommended that the Department develop a sustainability plan for a \$470,000 foreign assistance grant that did not appear to be sustainable, and develop a media plan to inform the Sudanese public about the positive contributions of the United States.

#### **Funds put to Better Use of \$571,000 from Embassy Manila (ISP)**

In response to an OIG recommendation in the 2013 *Inspection of Embassy Manila, Philippines*, the Department eliminated a general services officer position, resulting in \$571,000 in funds put to better use.

#### **Expanded Counseling Services for Employees Serving in High Threat Locations (ISP)**

In the 2010 *Review of Employees Serving in High Threat, High Stress, Unaccompanied Posts*, OIG recommended that the Office of Medical Services expand its counseling services, and survey employees and health providers to determine the effectiveness of the Mental Health Services Program. The Department complied with the recommendation, and increased the Licensed Clinical Social Workers and Regional Medical Officers who work with embassies.

#### **Reports Issued<sup>1</sup>** *(Reports in bold include a separate classified Security Management Annex.)*

AUD-SI-13-32	Audit of Department of State Compliance with Physical and Procedural Security Standards at Selected High Threat Level Posts
AUD-CG-13-35	Audit of Bureau of Population, Refugees and Migration Oversight of Selected Cooperative Agreements in Support of Colombian Refugees in Ecuador
ISP-I-13-37A	<b>Inspection of Embassy Khartoum, Sudan</b>

#### **Coming Attractions for August: Significant Reports Expected To Be Issued**

- Audit of the U.S. Mission Iraq Staffing Process
- Inspection of Embassy Brasilia, Brazil, and Constituent Posts
- Inspection of the Bureau of East Asian and Pacific Affairs

#### **Points of Contact**

(b) (6)

*For additional information or assistance, please contact one of the following:*

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Office of Inspector General  
United States Department of State and  
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## OIG Monthly Update

### August 2013

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#### New Work Started

- None

#### OIG Value Added

##### **Forfeiture Judgment of \$7.9 Million Resulting From Contract Fraud Investigation (INV)**

OIG conducted a joint investigation with the Internal Revenue Service of a former Department contract specialist who allegedly steered more than \$39 million in contracts to a company she and her husband controlled. On August 2, 2013, the former employee and her husband pleaded guilty to major fraud against the United States, conspiracy to commit illegal monetary transactions, and illegal monetary transactions. Both agreed to a forfeiture judgment of \$7,864,795. Sentencing is scheduled for November 2013.

##### **Reduction in Language Training Costs at an Overseas Embassy (ISP)**

In the June 2012 *Inspection of Embassy Bandar Seri Begawan, Brunei*, OIG found that the Malay language designation for the public affairs officer position was not essential, and recommended that the designation be eliminated. In response to OIG's recommendation, the Department approved removing the language designation from the position, resulting in an estimated \$151,000 in funds put to better use.

#### Report Issued<sup>1</sup> (Reports in bold include a separate classified Security Management Annex.)

AUD-MERO-13-33    Audit of the U.S. Mission Iraq Staffing Process

#### Coming Attractions for September: Significant Reports Expected To Be Issued

- Special Review of the Accountability Review Board Process
- Audit of Selected Working Capital Fund Cost Center Financial Results
- International Boundary and Water Commission, United States and Mexico, U.S. Section, Information Security Program
- Audit of the Information Security Program for Sensitive Compartmented Information Systems at the Department of State (*classified report*)
- Outline for Action: Local Guard Contractor Did Not Comply With Contract Terms Regarding Supplemental Wage Allowance
- Audit of Department of State Compliance With Physical Security Standards at Selected Posts Within the Bureau of African Affairs (*classified report*)

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- Audit of the Bureau of International Narcotics and Law Enforcement Affairs Corrections System Support Program in Afghanistan
- Inspection of the Bureau of East Asian and Pacific Affairs
- Inspection of Embassy Brasilia, Brazil
- Inspection of Embassy Moscow, Russia
- Inspection of Embassy Minsk, Belarus
- Inspection of Embassy Vilnius, Lithuania

#### Points of Contact

(b) (6)

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No September 2013 Edition (per Front Office)

**No October 2013 Edition (per Front Office)**

**No November 2013 Edition (per Front Office)**

No December 2013 Edition (per Front Office). Included in December 2013 to February 2014 Quarterly Edition.

No January 2014 Edition (per Front Office). Included in December 2013 to February 2014 Quarterly Edition.

No February 2014 Edition (per Front Office). Included in December 2013 to February 2014 Quarterly Edition.





Office of Inspector General  
United States Department of State and  
Broadcasting Board of Governors

## OIG Quarterly Update

### December 2013 – February 2014

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#### **OIG Value Added**

##### ***Management Alert: OIG Findings of Significant and Recurring Weaknesses in the Department of State Information System Security Program (AUD)***

OIG has undertaken annual Federal Information Security Management Act (FISMA) evaluations since FY 2011 and maintains that the collective control weaknesses identified within the Department's Information System Security Program warrant the designation of a FISMA significant deficiency, which requires immediate corrective action and which should be reported as a material weakness in the Federal Managers Financial Integrity Act (FMFIA) annual assurance statement.

##### ***Informal Recommendation Leads to \$150,000 in Monetary Benefits (AUD)***

In the ongoing *Audit of Selected Contracts and Grants within the Bureau of African Affairs*, OIG informally recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), terminate a grant award based on the grantee's lack of capacity to perform the grant. A/LM/AQM agreed and took immediate action to terminate the award on December 6, 2013, resulting in approximately \$150,000 in funds that the Department can put to better use.

##### ***Joint State OIG/IRS OIG Investigation Results in Sentencing of Contracting Fraud Perpetrators (INV)***

The OIG Office of Investigations conducted a joint investigation with the Internal Revenue Service of a Department contract specialist who allegedly steered more than \$39 million in contracts to a company she and her husband controlled. On December 6, 2013, the employee and her husband were sentenced to 24 months and 18 months in prison, respectively.

##### ***Joint State OIG/SIGAR/FBI Investigation Results in Forfeiture for Receipt of Illegal Gratuity (INV)***

OIG/INV received information from the Special Inspector General for Afghanistan Reconstruction (SIGAR) and the Federal Bureau of Investigation (FBI) that a personal services contractor for the Bureau of International Narcotics and Law Enforcement Affairs accepted money from Afghanistan contractors in exchange for awarding or manipulating the awarding of Department contracts. On September 19, 2013, in the U.S. District Court for the District of Delaware, the contractor pleaded guilty to receipt of an illegal gratuity by a public official. On January 14, 2014, in the U.S. District Court for the District of Delaware, the contractor was sentenced to 1 year probation, and ordered to pay a \$3,000 fine and to forfeit \$30,000.

##### ***Recommendations to Reassign 21 Employees and Better Publicize Export Opportunities for U.S. Businesses (ISP)***

During the *Inspection of the Bureau of Economic and Business Affairs*, OIG discovered an organization that was struggling to fulfill the staffing needs of new, higher priorities such as the National Export Initiative. OIG recommended that the bureau reassign at least 21 employees from overstaffed or unnecessary offices, such as the Office of Technology and Security Policy, to offices that more directly support U.S. business interests abroad. OIG also found that the bureau had spent \$198,000 to develop a website that ultimately would not be used and recommended the bureau cease other activities related to that program. Although economic officers at overseas missions had identified procurement opportunities for U.S. businesses, those opportunities were not fed into Commerce Department websites that are traditionally used by U.S. businesses to identify overseas procurement opportunities. OIG left a recommendation to correct the situation.

***OIG Recommendations Drive Efficiencies: Closure of Consular Agency Funchal and Rightsizing of Consulate Ponta Delgada (ISP)***

In the 2012 *Inspection of Embassy Lisbon*, OIG found that Consular Agency Funchal had a small workload (averaging two U.S. citizens per month) and recommended the Department close the post and put about \$75,000 in funds to better use. In response to the recommendation, the Department closed the consular agency. During the inspection, OIG also found the staffing complement at Consulate Ponta Delgada was excessive, following the transfer of immigrant and diversity visa processing to Embassy Paris, and recommended the Department abolish three locally employed staff positions. In response, Embassy Lisbon abolished the positions, resulting in \$143,000 in funds put to better use.

***Publication of Leadership and Management Principles for Department of State Employees (ISP)***

In its 2012 Memorandum Report, *Improving Leadership at Posts and Bureaus*, OIG recommended that the Department develop a Foreign Affairs Handbook on leadership and management principles. In response, the Department revised its Foreign Affairs Manual and identified the following leadership principles as reflecting values that the Department believes are important for employees to cultivate: 1) model integrity; 2) plan strategically; 3) be decisive and take responsibility; 4) communicate; 5) learn and innovate constantly; 6) be self-aware; 7) collaborate; 8) value and develop people; 9) manage conflict; and 10) foster resilience.

***OIG Inspection Yields \$250,000 in Funds Put to Better Use at Embassy Rabat (ISP)***

In the 2013 *Security Annex to the Report of Inspection of Embassy Rabat*, OIG noted that the mission was ordering equipment for a new embassy compound that the mission already had on hand. OIG recommended that the Embassy compare its security equipment orders to its on-hand equipment and cancel orders of duplicative equipment. Embassy Rabat completed its review and cancelled duplicative orders resulting in \$250,000 in funds put to better use.

***Recommendation to Better Align Embassy Sofia's Activities with Strategic Goals (ISP)***

In the *Inspection of Embassy Sofia*, OIG found that although the mission had developed strategic plans, it needed to do more to link its day-to-day activities to those plans. OIG recommended that the mission: link mission reporting, travel, and representation plans to its strategic goals; establish a process for monitoring goal accomplishment; and periodically report back to the Bureau of European and Eurasian Affairs on its progress.

**New Work Started in December**

- Audits of Department of State Compliance With the Improper Payments Information Act
- Audit of U.S. Mission Iraq Medical Services Contract
- Audit of Premium Class Air Travel in NEA and SCA

**New Work Started in January**

- Audit of Department of State's Implementation and Oversight of Active Directory
- Audit of the Information Security Program at the International Boundary and Water Commission
- Audit of the Information Security Program for Sensitive Compartmented Systems at the Department of State
- Audit of Radio Free Asia Expenditures
- Audit of Radio Free Europe/Radio Liberty After-Employment Benefits
- Audit of Broadcasting Board of Governors Compliance With the Improper Payments Information Act
- Audit of Contract Closeout Process for Afghanistan Contracts
- Audit of the Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 10 - Kabul Embassy Security Force
- Review of Department of State FY 2013 Drug Control Funds and Related Performance Reports for the Office of National Drug Control Policy

**New Work Started in February**

- Audit of Department of State Selection, Positioning, Training, and Oversight Responsibilities of Grants Officer Representatives
- Audit of the Information Security Program at the Department of State
- Audit of the Information Security Program at the Broadcasting Board of Governors
- Audit of the Department of State Security Program for Wireless Networks
- Inspections of Embassies Kabul, La Paz, Lima, Bujumbura, and Kampala
- Limited Scope Inspection of Embassy Asmara
- Inspections of Domestic Bureaus: International Security Nonproliferation; and Arms Control, Verification, and Compliance
- Inspection of Remote Voucher Processing
- Compliance Followup Review of International Information Programs
- Compliance Followup of the Department of State's Actions for Construction Projects Funded by the President's Emergency Plan for AIDS Relief (PEPFAR)

Note: Reports Issued in **bold** include a separate classified Security Management Annex

**Reports Issued in December**

AUD-FM-14-10	Independent Auditor's Report on the U.S. Department of State 2013 and 2012 Financial Statements
AUD-FM-14-09	Independent Auditor's Report on the U.S. Department of State 2013 and 2012 Closing Package Financial Statements
AUD-FM-IB-14-14	Independent Auditor's Report on the BBG 2013 Financial Statements
AUD-MERO-14-06	Audit of the Contract Closeout Process for Contracts Supporting the U.S. Mission in Iraq
AUD-MERO-14-08	Audit of Emergency Action Plans for U.S. Mission Pakistan
AUD-MERO-14-05	Audit of Department of State and Embassy Kabul Planning for the Transition to a Civilian-Led Mission in Afghanistan
AUD-ACF-14-16	Compliance Followup Audit of Bureau of Oceans and International Environmental and Scientific Affairs Administration

**Reports Issued in January**

AUD-IT-14-04	Management Alert: OIG Findings of Significant and Recurring Weaknesses in the Department of State Information System Security Program
AUD-CG-14-07	Audit of Department of State Selection and Positioning of Contracting Officer's Representatives
AUD-FM-14-12	Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2013 and 2012 Financial Statements

**Reports Issued in February**

AUD-SI-14-20	Keystone XL Pipeline Project Compliance Follow-up Review: The Department of State's Choice of Environmental Resources Management, Inc., to Assist in Preparing the Supplemental Environmental Impact Statement
ISP-I-14-01	Inspection of the Bureau of Economic and Business Affairs
<b>ISP-I-14-02A</b>	<b>Inspection of Embassy Sofia, Bulgaria</b>
<b>ISP-I-14-03A</b>	<b>Inspection of Embassy Budapest, Hungary</b>



# OIG MONTHLY UPDATE

March 2014

Office of Inspector General • United States Department of State and Broadcasting Board of Governors

## OIG Value Added

### **Recommendation to Strengthen Coordination and Oversight of Foreign Assistance Programs in San Salvador**

During the Inspection of Embassy San Salvador, where U.S. Government foreign assistance programs totaled \$1 billion over the last 5 years, OIG found the mission lacked a comprehensive inventory of assistance programs that increased the chance of duplication. Embassy personnel were not aware of bureau-funded grants totaling \$717,000 and \$250,000, respectively, and they had not been briefed on the results of a review of Department of Labor grants totaling \$14 million. OIG also found there were no trained grant officer representatives to oversee the Department's foreign assistance programs, which included two Bureau of International Narcotics and Law Enforcement grants in excess of \$2 million, a \$115,000 public affairs grant to the San Salvador Binational Center and a \$100,000 grant for Cultural Preservation. OIG recommended the mission assign an officer responsibility for: cataloguing all foreign assistance programs; assigning program monitoring responsibilities; and aligning program activities with mission goals and objectives. OIG also recommended the mission provide grant officer representatives the required training.

### **Recommendations to Clarify the Bureau of Conflict and Stabilization Operation's Mission and Improve Controls**

During its Inspection of the Bureau of Conflict and Stabilization Operations (CSO), OIG found that many in the bureau, the Department, and the interagency community were unclear about the bureau's mission. Also, while the bureau was charged with coordinating a "whole of government approach" to address conflict, it had yet to develop effective mechanisms for broad-based interagency coordination. OIG recommended the Department clarify the bureau's role and realign its structure. OIG also identified deficiencies in the bureau's security, hiring and travel procedures and found inadequate contractor oversight and files. OIG left recommendations to address these control deficiencies.

### **Recommendations to Strengthen Grant and Contract oversight in Panama City**

In the Inspection of Embassy Panama City, OIG found that grant management responsibilities were too widely disbursed making it difficult to ensure consistent oversight. Improvements were particularly important because several of the grantees were considered high-risk and required increased monitoring, including those related to a \$500,000 grant. Grant files had not consistently included risk management and monitoring plans, they were not properly organized, and they were not properly closed out. OIG recommended that the Department implement a plan to improve grant management. OIG also found Department officers that attended meetings for three foundations did not have the legal expertise to do so and recommended that the mission request that the U.S. Agency for International Development send representatives to attend those meetings.

## New Work Started

- Followup Audit of the Nonproliferation and Disarmament Fund Controls Over Contracting and Project Management and Integrity of Financial Data
- Audit of the Department of State 2014 and 2013 Financial Statements

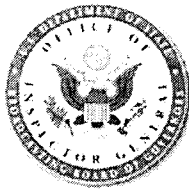
## Reports Issued

AUD-FM-IB-14-15	Management Letter Related to the Audit of the Broadcasting Board of Governors 2013 Financial Statements
AUD-FM-14-13	Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2013 Financial Statements
AUD-FM-14-17	Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts
AUD-FM-14-19	Independent Review of the U.S. Department of State Accounting of FY 2013 Drug Control Funds and Related Performance Report
ISP-I-14-04A	Inspection of Embassy Panama City, Panama <i>(includes a separate classified Security Management Annex)</i>
ISP-I-14-05A	Inspection of Embassy San Salvador, El Salvador <i>(includes a separate classified Security Management Annex)</i>

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The Office of Inspector General conducts independent oversight of the *Department of State* and the *Broadcasting Board of Governors* on behalf of American taxpayers to:

- promote economy, efficiency, and effectiveness;
- prevent and detect fraud, waste, and abuse; and
- identify vulnerabilities and recommend constructive solutions.



# OIG MONTHLY UPDATE

April 2014

Office of Inspector General • United States Department of State and Broadcasting Board of Governors

## OIG Value Added

### Management Alert—Contract File Management Deficiencies

In recent audits, investigations, and inspections, OIG has identified significant vulnerabilities in the management of contract files that could expose the Department to substantial financial losses. Over the past 6 years, OIG has identified Department contracts with a total value of more than \$6 billion in which contract files were incomplete or could not be located at all. The failure to maintain contract files adequately creates significant financial risk and demonstrates a lack of internal control over the Department's contract actions. OIG recommended, among other things, that the Department implement a process to randomly sample and verify the completeness of contract files, and that the results of its reviews be provided to the appropriate bureaus and offices to ensure that individuals who do not adequately maintain contract files, as well as their supervisors, are held accountable and are required to update contract files in accordance with applicable policy.

### Improved Safety and \$300,000 Funds Put to Better Use at Missions in Vienna

In the March 2012 *Inspection of the Tri-Mission Vienna Joint Management Office*, OIG reported that the Tri-missions' dedicated executive drivers were often working more than 10 hours daily, which exceeded requirements set by the Department's motor-vehicle safety program and resulted in excessive overtime payments. The inspection estimated that approximately \$300,000 would be put to better use annually from reduced overtime charges. In response to OIG's recommendation, the Tri-mission's Joint Management Office recently confirmed that it has assumed overall supervisory responsibility for all executive drivers, imposed driver-hour limitations, and adjusted late-driver shift hours.

### Recommendations to Improve Crisis Management Planning at Consular Agencies

In the *Inspection of Embassy Bridgetown, Barbados*, OIG found that consular agents on two islands, Antigua and Martinique, were never asked to contribute to the embassy's crisis-management planning exercises that prepare staff for disasters. Also, the embassy's consular section had not conducted its own consular exercises or drills in the past year to test its ability to communicate with wardens and key contacts. OIG recommended that necessary drills be conducted and key vulnerabilities identified.

### Recommendation to Reduce Potential Government Liability to Official Residence Employees

During several recent inspections, OIG found that Official Residence Expenses staff salaries were paid directly by the Department rather than by the principal representative at the missions inspected. This practice is prohibited. (Principal representatives are reimbursed for these costs, or costs may be advanced.) Payment by the Department may create the false impression that the official residence staff are employees of the government. Maintaining a clear employer/employee relationship preserves the principal representative's flexibility to hire and fire their personal staff members as needs require. In its *Management Assistance Report—Direct Payment of Official Residence Expenses Staff Salaries*, OIG recommended that a directive be issued clarifying acceptable procedures and prohibiting the direct payment by cashiers or by electronic funds transfer to Official Residence Expenses staff.

### BBG's Financial Statements, Grantee Monitoring, and Internal Controls

In its *Independent Auditor's Report on the Broadcasting Board of Governors 2013 Financial Statements* conducted for OIG, Kearney & Company found that BBG's consolidated financial statements present fairly,

in all material respects, BBG's financial position, including its net cost of operations, changes in net position, and budgetary resources as of September 30, 2013; found three material weaknesses in internal control over financial reporting; and found instances of reportable noncompliance with laws, regulations, contracts, and grant agreements. Among other matters, Kearney noted that BBG did not have specific procedures in place for post-award monitoring to ensure grantees were not using Federal awards for unallowable costs. Kearney found that BBG did not record funds advanced to its grantees in its annual financial statements. Additionally, because BBG did not have a sufficient process in place to monitor its grantees, BBG officials did not have a complete understanding of grantee operations and financial management practices and were unaware that the grantees had significant unused funds.

## New Work Started

- Audit of the Broadcasting Board of Governors 2014 and 2013 Financial Statements
- Inspections of Embassies Abidjan, Côte d'Ivoire; Baku, Azerbaijan; Bamako, Mali; Niamey, Niger; Tbilisi, Georgia; and Yerevan, Armenia
- Inspection of the Bureau of International Narcotics and Law Enforcement Affairs
- Inspection of the Bureau of Diplomatic Security, High Threat Programs Directorate
- Inspection of the Bureau of Consular Affairs, Office of Visa Services
- Inspection of the Bureau of Human Resources' Disciplinary Adjudication Process
- Inspection of the Bureau of Information Resource Management, Business Management and Planning, Strategic Planning Office

## Reports Issued

AUD-FM-14-23	Audit of Department of State FY 2013 Compliance With Improper Payments Requirements
AUD-FM-IB-14-22	Audit of Broadcasting Board of Governors FY 2013 Compliance With Improper Payments Requirements
AUD-FM-14-11	Management Letter Regarding the Audit of the U.S. Department of State's 2013 Consolidated Financial Statements
ISP-I-14-08	Management Assistance Report—Direct Payment of Official Residence Expenses Staff Salaries
ISP-I-14-09A	Inspection of Embassy Bridgetown, Barbados, and Embassy St. George's, Grenada (a separate classified annex to the inspection was also published)
MA-A-0002	Management Alert—Contract File Management Deficiencies

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- identify vulnerabilities and recommend constructive solutions.



# OIG MONTHLY UPDATE

May 2014

Office of Inspector General • United States Department of State and Broadcasting Board of Governors

## Recent Reporting

### **Audit of Department of State Use of Appropriated Funds Prior to Expiration and Cancellation Identifies \$980K in Potential Funds Put to Better Use**

In the *Audit of Department of State Use of Appropriated Funds Prior to Expiration and Cancellation*, OIG identified approximately \$980,000 in funds that could be put to better use if two bureaus would deobligate unneeded obligations.

### **OIG Fraud Investigation Results in Contractor Pleading Guilty to Conspiracy to Commit Contract Fraud**

On May 23, 2014, a former employee of a U.S. Government contractor pled guilty to conspiracy to defraud the Department in connection with a contract to provide reconstruction-related services in Afghanistan. The employee worked in Afghanistan as a training program coordinator to train and supply uniforms to Afghan correctional officers. The employee and co-conspirators created a company ostensibly to provide uniforms to the Department. They subsequently submitted false and fraudulent invoices to the Department, seeking payment for goods that were not provided. As a result, the Department incurred a loss of more than \$120,000. A sentence will be imposed at a later date.

### **Abolishment of Vacant Specialist Position at Embassy Panama City Shows Confirmed Funds Put to Better Use**

In the March 2014 *Inspection of Embassy Panama City*, OIG reported that the public affairs section, with 18 positions, was the most heavily staffed section in Central America. In response to OIG's recommendation, a locally employed staff position was abolished on March 19, 2014, resulting in available funds put to better use in the amount of \$24,914.

### **OIG Recommendations Enhance Parole Processing and Building Safety in Havana**

During the *Inspection of U.S. Interests Section (USINT), in Havana, Cuba*, OIG found an insufficient number of staff to handle the nonimmigrant visa adjudication and parole processing workload. (In 2013, the consular section approved nearly 14,000 parole cases.) OIG recommended the Department support a proposal that U.S. Citizenship and Immigration Services take responsibility for processing parole cases for Cuban nationals and move the caseload from the mission to the United States. OIG estimates that this will free up 2.5 consular officer positions. OIG also left a recommendation to address fire and safety hazards in an annex building.

## Reports Issued

AUD-FM-14-21	Audit of Department of State Use of Appropriated Funds Prior to Expiration and Cancellation
AUD-SI-14-25	Audit of Department of State Use of Threat Information To Enhance Security at High-Threat Overseas Posts
ISP-I-14-10A*	Inspection of U.S. Interests Section Havana, Cuba
ISP-I-14-11A*	Inspection of Embassy Abu Dhabi and Consulate General Dubai, United Arab Emirates

\* Report includes a separate classified Security Management Annex.



## Results from Prior Reporting

### OIG Recommendation Leads to Lucrative Sale of Underused Property in Helsinki

In the September 2011 *Inspection of Embassy Helsinki*, OIG recommended that Embassy Helsinki develop and submit to the Bureau of Overseas Buildings Operations a business case for selling one of four underused properties. In May 2014, the recommendation was closed based on Embassy Helsinki's report that one of the properties was sold for \$838,838.

### Rightsizing of Public Diplomacy Staff at Embassy Vienna Yields Significant Savings

In the March 2012 *Inspection of Embassy Vienna*, OIG recommended that Embassy Vienna abolish three locally employed staff positions. The Embassy complied, and the recommendation was closed in May 2014, with reported funds put to better use in the amount of \$268,119.

### Closure of Consular Agency A Coruna in Spain Yields Significant Savings to Department

In the September 2012 *Inspection of Embassy Madrid, Spain, and Constituent Posts*, OIG recommended closing the consular agency in A Coruna, Spain. The Embassy complied, and the recommendation was closed in May 2014 with funds put to better use of \$113,000.

## New Work Started

- Audit of the Department of State Bureau of International Security and Nonproliferation Administration and Oversight of Foreign Assistance Funds—Export Control and Related Border Security Program
- Audit of the Department of State Bureau of International Security and Nonproliferation Administration and Oversight of Foreign Assistance Funds—Global Threat Reduction

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## Recent Reporting

### **OIG Management Alert Outlines Pervasive Contract-file Management Deficiencies**

In recent audits, investigations, and inspections, OIG has identified significant vulnerabilities in the management of contract files that could expose the Department to substantial financial losses. Over the past 6 years, OIG has identified Department contracts with a total value of more than \$6 billion in which contract files were incomplete or could not be located at all. The failure to maintain contract files adequately creates significant financial risk and demonstrates a lack of internal control over the Department's contract actions. OIG recommended, among other things, that the Department implement a process to randomly sample and verify the completeness of contract files, and that the results of its reviews be provided to the appropriate bureaus and offices to ensure that individuals who do not adequately maintain contract files, as well as their supervisors, are held accountable and are required to update contract files in accordance with applicable policy.

### **Audit of Department of State Use of Appropriated Funds Prior to Expiration and Cancellation Identifies \$980K in Potential Funds Put to Better Use**

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### **OIG Recommends Strengthened Coordination and Oversight of Foreign Assistance Grants in San Salvador in Excess of \$1B**

During the *Inspection of Embassy San Salvador*, where U.S. Government foreign assistance programs totaled \$1 billion over the last 5 years, OIG found the mission lacked a comprehensive inventory of assistance programs that increased the chance of duplication. Embassy personnel were not aware of bureau-funded grants totaling \$717,000 and \$250,000, respectively, and they had not been briefed on the results of a review of Department of Labor grants totaling \$14 million. OIG also found there were no trained grant officer representatives to oversee the Department's foreign assistance programs, which included two Bureau of International Narcotics and Law Enforcement grants in excess of \$2 million, a \$115,000 public affairs grant to the San Salvador Binational Center, and a \$100,000 grant for Cultural Preservation. OIG recommended the mission assign an officer responsibility for cataloguing all foreign

assistance programs, assigning program monitoring responsibilities, and aligning program activities with mission goals and objectives. OIG also recommended the mission provide grant officer representatives the required training.

### **Inspection Asserts Need for Enhanced Grant and Contract Oversight in Panama City**

In the *Inspection of Embassy Panama City*, OIG found that grant management responsibilities were too widely disbursed, making it difficult to ensure consistent oversight. Improvements were particularly important because several of the grantees were considered high-risk and required increased monitoring, including those related to a \$500,000 grant. Grant files had not consistently included risk management and monitoring plans, they were not properly organized, and they were not properly closed out. OIG recommended that the Department implement a plan to improve grant management. OIG also found Department officers that attended meetings for three foundations did not have the legal expertise to do so and recommended that the mission request that the U.S. Agency for International Development send representatives to attend those meetings.

### **OIG Recommendations Enhance Parole Processing and Building Safety in Havana**

During the *Inspection of U.S. Interests Section (USINT), in Havana, Cuba*, OIG found an insufficient number of staff to handle the nonimmigrant visa adjudication and parole processing workload. (In 2013, the consular section approved nearly 14,000 parole cases.) OIG recommended the Department support a proposal that U.S. Citizenship and Immigration Services take responsibility for processing parole cases for Cuban nationals and move the caseload from the mission to the United States. OIG estimates that this will free up 2.5 consular officer positions. OIG also left a recommendation to address fire and safety hazards in an annex building.

### **Recommendations Help Clarify Bureau of Conflict and Stabilization Operations' Mission and Improve Controls**

During its *Inspection of the Bureau of Conflict and Stabilization Operations (CSO)*, OIG found that many in the bureau, the Department, and the interagency community were unclear about the bureau's mission. Also, while the bureau was charged with coordinating a "whole of government approach" to address conflict, it had yet to develop effective mechanisms for broad-based interagency coordination. OIG recommended the Department clarify the bureau's role and realign its structure. OIG also identified deficiencies in the bureau's security, hiring, and travel procedures and found inadequate contractor oversight and files. OIG left recommendations to address these control deficiencies.

### **OIG Recommends Improved Crisis Management Planning at Consular Agencies**

In the *Inspection of Embassy Bridgetown, Barbados*, OIG found that consular agents on two islands, Antigua and Martinique, were never asked to contribute to the embassy's crisis-management planning exercises that prepare staff for disasters. Also, the embassy's consular section had not conducted its own consular exercises or drills in the past year to test its ability to communicate with wardens and key contacts. OIG recommended that necessary drills be conducted and key vulnerabilities identified.

### **OIG Inspectors Recommend Reduction in Potential Government Liability to Official Residence Employees**

During several recent inspections, OIG found that Official Residence Expenses staff salaries were paid directly by the Department rather than by the principal representative at the missions inspected. This practice is prohibited. (Principal representatives are reimbursed for these costs, or costs may be advanced.) Payment by the Department may create the false impression that the official residence staff are employees of the government. Maintaining a clear employer/employee relationship preserves the principal representative's flexibility to hire and fire their personal staff members as needs require. In its *Management Assistance Report—Direct Payment of Official Residence Expenses Staff Salaries*, OIG recommended that a directive be issued clarifying acceptable procedures and prohibiting the direct payment by cashiers or by electronic funds transfer to Official Residence Expenses staff.

### **Independent Auditors on Behalf of OIG Find Significant Material Weaknesses in BBG's Financial Statements, Grantee Monitoring, and Internal Controls**

In its *Independent Auditor's Report on the Broadcasting Board of Governors 2013 Financial Statements* conducted for OIG, Kearney & Company found that BBG's consolidated financial statements present fairly, in all material respects, BBG's financial position, including its net cost of operations, changes in net position, and budgetary resources as of September 30, 2013; found three material weaknesses in internal

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## OIG Reports, March–May 2014

### Audit Reports

AUD-FM-IB-14-15	Management Letter Related to the Audit of the Broadcasting Board of Governors 2013 Financial Statements	March
AUD-FM-14-13	Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2013 Financial Statements	March
AUD-FM-14-17	Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts	March
AUD-FM-14-19	Independent Review of the U.S. Department of State Accounting of FY 2013 Drug Control Funds and Related Performance Report	March
AUD-FM-14-23	Audit of Department of State FY 2013 Compliance With Improper Payments Requirements	April
AUD-FM-IB-14-22	Audit of Broadcasting Board of Governors FY 2013 Compliance With Improper Payments Requirements	April
AUD-FM-14-11	Management Letter Regarding the Audit of the U.S. Department of State's 2013 Consolidated Financial Statements	April
AUD-FM-14-21	Audit of Department of State Use of Appropriated Funds Prior to Expiration and Cancellation	May
AUD-SI-14-25	Audit of Department of State Use of Threat Information To Enhance Security at High-Threat Overseas Posts	May

### Inspection Reports

ISP-I-14-04A*	Inspection of Embassy Panama City, Panama	March
ISP-I-14-05A*	Inspection of Embassy San Salvador, El Salvador	March
ISP-I-14-08	Management Assistance Report—Direct Payment of Official Residence Expenses Staff Salaries	April
ISP-I-14-09A*	Inspection of Embassy Bridgetown, Barbados, and Embassy St. George's, Grenada	April
ISP-I-14-10A*	Inspection of U.S. Interests Section Havana, Cuba	May
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### Management Alerts

MA-A-0002	Management Alert—Contract File Management Deficiencies	April
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### **Inspection Yields Improved Safety and \$300,000 in Funds Put to Better Use at Missions in Vienna**

In the March 2012 *Inspection of the Tri-Mission Vienna Joint Management Office*, OIG reported that the Tri-missions' dedicated executive drivers were often working more than 10 hours daily, which exceeded requirements set by the Department's motor-vehicle safety program and resulted in excessive overtime payments. The inspection estimated that approximately \$300,000 would be put to better use annually from reduced overtime charges. In response to OIG's recommendation, the Tri-mission's Joint Management Office recently confirmed that it has assumed overall supervisory responsibility for all executive drivers, imposed driver-hour limitations, and adjusted late-driver shift hours.

### **Rightsizing of Public Diplomacy Staff at Embassy Vienna Yields Significant Savings**

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## **New Work Started in March**

- Follow-up Audit of the Nonproliferation and Disarmament Fund Controls Over Contracting and Project Management and Integrity of Financial Data
- Audit of the Department of State 2014 and 2013 Financial Statements

## **New Work Started in April**

- Audit of the Broadcasting Board of Governors 2014 and 2013 Financial Statements
- Inspections of Embassies Abidjan, Côte d'Ivoire; Baku, Azerbaijan; Bamako, Mali; Niamey, Niger; Tbilisi, Georgia; and Yerevan, Armenia
- Inspection of the Bureau of International Narcotics and Law Enforcement Affairs
- Inspection of the Bureau of Diplomatic Security, High Threat Programs Directorate
- Inspection of the Bureau of Consular Affairs, Office of Visa Services
- Inspection of the Bureau of Human Resources' Disciplinary Adjudication Process
- Inspection of the Bureau of Information Resource Management, Business Management and Planning, Strategic Planning Office

## **New Work Started in May**

- Audit of the Department of State Bureau of International Security and Nonproliferation Administration and Oversight of Foreign Assistance Funds—Export Control and Related Border Security Program
- Audit of the Department of State Bureau of International Security and Nonproliferation Administration and Oversight of Foreign Assistance Funds—Global Threat Reduction

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