

SEMIANNUAL REPORT TO THE CONGRESS

October 1, 2016, to March 31, 2017



OIG Office of Inspector General
U.S. Department of State • Broadcasting Board of Governors



OUR VISION

To be a world-class organization and a catalyst for effective management, accountability, and positive change in the Department, the Broadcasting Board of Governors, and the foreign affairs community.

OUR MISSION

To conduct independent audits, inspections, evaluations, and investigations to promote economy and efficiency and to prevent and detect waste, fraud, abuse, and mismanagement in the programs and operations of the Department and the Broadcasting Board of Governors.

OUR VALUES

Integrity

We remain independent, striving to maintain the highest level of trust, integrity, and professionalism. Our work is fact-based, objective, and supported by sufficient, appropriate evidence in accordance with professional standards.

Teamwork

Our success depends on working together and fostering an inclusive and mutually supportive environment. Our work environment encourages collaboration, innovation, flexibility, and integration of OIG resources.

Accountability

We accept responsibility for our work products and services, upholding the highest professional standards by evaluating and measuring our results against stated performance measures and targets. We strive to ensure that our work is relevant, credible, and timely.

Communication

We clarify expectations up front and communicate openly, honestly, and accurately with our associates and our stakeholders. We look for ways to improve ourselves and our work products by seeking, giving, and using both praise and constructive feedback.

Respect

We promote diversity and equal opportunity throughout the organization. We value and respect the views of others.

OIG Summary of Performance, 10/1/2016–3/31/2017

	Issued during the reporting period	Management decision during the reporting period
Questioned Costs	\$120,585,689	\$67,339,019
Funds To Be Put to Better Use	\$25,941,405	\$7,956,919
Investigative Monetary Results	\$4,677,812	N/A
Total	\$151,204,906	\$75,295,938

*Additional monetary benefits achieved
as the result of prior OIG recommendations*

\$426,224

Investigative Activities

Cases Opened	20
Cases Closed	31
Criminal Actions (arrests, indictments, convictions)	10
Civil Actions	0
Administrative Actions	54
Hotline Complaints Received	1,040

Reports

Office of Audits	34
Office of the Executive Director	2
Office of Inspections	25
Overseas Contingency Operations Oversight	6 ^a
Total	67

^a Jointly issued



MESSAGE FROM THE INSPECTOR GENERAL



Steve A. Linick

I am pleased to present this *Semiannual Report to the Congress*, covering the oversight activities of the Office of Inspector General (OIG) for the Department of State (Department) and the Broadcasting Board of Governors (BBG) from October 1, 2016, to March 31, 2017.

Our work focused on the top management and performance challenges facing the Department and BBG, including protection of staff and facilities, management of contracts and grants, information security and management, and financial management. We also identified systemic issues that intersect with multiple management challenges. Many of these issues related to program management and the need to improve the Department's mechanisms for accountability.

Security of personnel and diplomatic facilities remained an OIG priority. For example, some of our inspection reports identified a lack of compliance with Department requirements related to residential properties. In one case, an embassy had no seismic surveys for its residences despite being at a high risk for earthquakes, and another did not complete mandatory residential inspections during the acquisition process.

OIG continued its efforts to assist the Department in managing posts and programs in conflict areas. For example, a recent management assistance report identified deficiencies related to management of the operations and maintenance contract for Embassy Kabul, and another report audited the Department's vetting process for Syrian non-lethal assistance. Much of our work in this area overlapped with my role as Associate Inspector General for two ongoing overseas contingency operations. In addition to preparing reports and other publications addressing these subjects, in February 2017, I joined the two other inspectors general responsible for overseeing these operations in a visit to Iraq, Afghanistan, and Jordan. This gave us a better understanding of U.S. and international efforts supporting this work and helped ensure effective planning and management of our oversight activities.

OIG examined various issues related to information security and information management. In one inspection, we reported that the Office of Consular Systems and Technology did not develop proper security and contingency plans for its current program to modernize key consular systems. Additionally, an inspection found that BBG's Middle East Broadcasting Networks lacked formal policies regarding information security, a system security plan, and a designated employee with responsibility for information systems security.

As in the past, many of our reports addressed contract and grant management issues. One audit examined the Department's oversight of two contracts to provide fuel and related services to Department facilities in Iraq. Because the Department had not ensured fuel acquired by the contractor met quality standards, OIG questioned \$64 million in fuel purchases under the contracts.

OIG also issued reports related to financial issues. For example, we reported on the audit of the financial statements of the Department and BBG and performed mandated risk assessments of the Department's purchase card and travel card programs. In an example of our non-mandated work, we issued a management assistance report bringing to the Department's attention that Embassy Berlin was using an inaccurate post allowance rate. The report estimated that remedying this error would save approximately \$1.1 million.

Finally, OIG conducted several significant investigations during this reporting period involving a wide range of allegations, including contract and grant fraud and employee misconduct. As a result of a joint investigation with the Federal Bureau of Investigation, the manager of an auto shop pled guilty to charges that included allegations that he had conspired with a Department employee to misappropriate and sell Department-owned vehicles.

All this work results in real value to the Department and the U.S. taxpayer. During this reporting period, OIG identified \$151.2 million in potential monetary benefits and investigative results. Although I could point to many different reports and projects, recent work on the Department's armored vehicle program is a good example of the wide range of benefits—financial and otherwise—that can come from OIG's oversight efforts. In one audit report, OIG concluded that the Department did not effectively administer the program because it had not developed appropriate procedures and processes. Our report concluded, for example, that 259 armored vehicles were left unused for almost a year; we also found that the Department had transferred 200 unused vehicles, valued at \$26.4 million, to other agencies without cost reimbursement. This same project led to a separate audit report that identified health and safety risks to Department personnel and contractors associated with disposals of armored vehicles. Finally, as noted above, our Office of Investigations examined associated criminal issues that resulted in a guilty plea. In short, this single project exemplifies the ways that OIG's work can simultaneously lead to effective stewardship of taxpayer resources, protection of health and safety of personnel, and prosecution of wrongdoers.

OIG's accomplishments reflected in this *Semiannual Report to the Congress* are a credit to the talented and committed staff that I have the privilege to lead.

A handwritten signature in dark ink, appearing to read "Steve Linick", with a stylized flourish at the end.

Steve A. Linick
Inspector General
March 31, 2017

CONTENTS

EXECUTIVE SUMMARY

OVERVIEW

1. Oversight Strategy	2
2. Communications and Outreach	4
3. Overseas Contingency Operations	7
4. OIG Accountability and Independence	11
5. Consolidated Financial Impact of OIG Work	12

OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

6. Office of Audits	14
7. Office of Evaluations and Special Projects	26
8. Office of Inspections	27
9. Office of Investigations	33
10. Financial Impact of OIG Work Related to the Department of State	39
11. Compliance	44

OVERSIGHT OF BROADCASTING BOARD OF GOVERNORS PROGRAMS AND OPERATIONS

12. Office of Audits	46
13. Office of Inspections	48
14. Office of Investigations	49
15. Financial Impact of OIG Work Related to the Broadcasting Board of Governors	50
16. Compliance	53

APPENDICES

A. OIG Reports Related to Department of State Programs and Operations	55
B. OIG Reports Related to Broadcasting Board of Governors Programs and Operations	58
C. Peer Reviews	59
D. Department of State Compliance	60
E. Broadcasting Board of Governors Compliance	93
F. Abbreviations	99
G. Index of Reporting Requirements Under the Inspector General Act of 1978	101



On March 9, 2017, Inspector General Linick testified on "Oversight of the Department of State and Foreign Operations Programs" before the House Appropriations Subcommittee on State, Foreign Operations, and Related Programs.



EXECUTIVE SUMMARY

This *Semiannual Report to the Congress* summarizes the work of the Office of Inspector General (OIG) for the Department of State (Department) and the Broadcasting Board of Governors (BBG) for the reporting period from October 1, 2016, to March 31, 2017.

In FY 2016, OIG was responsible for the oversight of approximately \$70 billion in Department, BBG, and foreign assistance resources. This amount consisted of almost \$47 billion from multiple sources, including FY 2016 Department and BBG appropriations and offsetting collections, and more than \$23 billion in Department and BBG unobligated balances brought forward. During this reporting period, OIG issued 67 reports, including 6 reports produced jointly with the OIGs for the Department of Defense and the U.S. Agency for International Development. In these reports, OIG identified \$146.5 million in questioned costs and funds to be put to better use. OIG's investigative activity led to an additional approximately \$4.7 million in monetary results, as well as 36 suspensions and debarments. Furthermore, much of OIG's most important work focused on issues that cannot be quantified financially—the physical safety of people and facilities, the conduct of Department employees, and matters involving national security.

The *Classified Annex to the Semiannual Report to the Congress* addresses Classified or Sensitive But Unclassified issues identified in OIG reports during this reporting period.

Department of State Management and Performance Challenges

The Department manages the United States' relationships with foreign governments, international organizations, and the people of other countries. In support of its mission

to shape and sustain a more peaceful and democratic world and to foster global conditions for stability and progress, the Department maintains more than 270 overseas missions and multiple domestic entities. These missions and entities are funded through combined annual appropriations, consular fees, and other income.

In addition to fulfilling its statutory mandates, an integral part of OIG's oversight is to identify and assess the Department's management and performance challenges and to align its work with these challenges. In November 2016, OIG issued the Fiscal Year 2016 Inspector General Statement on the Department of State's Major Management and Performance Challenges, which identified the most serious management and performance challenges the Department faced in the previous fiscal year:

- Protection of people and facilities
- Managing posts and programs in conflict areas
- Information security and management
- Oversight of contracts and grants
- Financial management

OIG focused much of its oversight this reporting period on identifying vulnerabilities in these areas and recommending positive, meaningful actions that the Department could take to mitigate risks related to these issues. Many of OIG's most important recommendations addressed the Department's overall need to place more emphasis on program management. OIG's reports in this

area included recommendations to improve staffing, training, and accountability.

Protection of People and Facilities

One of the most critical management challenges that the Department faces is the protection of its people and facilities. Department personnel stationed abroad face risks from crime, terrorist attacks, and natural disasters. Although the Department is committed to protecting its personnel and property, OIG continued during this reporting period to find deficiencies related to physical security and the health and safety of personnel.

For example, a March 2017 management assistance report highlighted physical deficiencies in security doors at a new residential building at Embassy Kabul in Afghanistan and the weaknesses in the security certification process that allowed the deficiencies initially to go unidentified. OIG recommended that the Department conduct follow-up inspections after a certification of occupancy has been issued to minimize this risk in the future.

In two separate reports, OIG highlighted concerns related to the Department's armored vehicle program. A February 2017 report found that armored vehicles were poorly allocated; consequently, some overseas posts did not have the correct number of vehicles to address the posts' needs to provide enhanced levels of protection for employees. Furthermore, OIG found that some posts used vehicles that did not meet required armoring standards and that posts did not always adequately maintain their vehicles. Additionally, a January 2017 report discussed health and safety concerns with the disposal of armored vehicles. In a number of locations, contractors used unsafe practices, and

contractors, and Department personnel who observed disposals lacked protective gear.

Finally, in a number of inspections of overseas posts, OIG found weaknesses related to residential properties. OIG reported that some posts had inadequately inspected properties—or could not confirm inspection because of incomplete documentation—for health and safety risks such as fire and earthquakes. In one instance, because of staffing gaps and a lack of oversight, a post did not undertake mandatory inspections of embassy residences before allowing employees to occupy them.

Managing Posts and Programs in Conflict Areas

In addition to the security and safety challenges highlighted above, the Department faces significant management challenges operating programs and posts in areas afflicted by violence, humanitarian crises, political instability, physical insecurity, weak governance, and rampant corruption. Missions in countries such as Iraq, Afghanistan, and Pakistan are at the forefront of U.S. engagement to counter terrorism, stabilize fragile states, and respond to regional conflicts. Because the Department invests billions of dollars in these areas, OIG continued to examine the complex issues affecting Department operations in unstable environments.

OIG's February 2017 inspection report on Embassy Islamabad in Pakistan highlighted efforts the Department has made to address this challenge. Although security considerations limiting in-country travel for embassy employees restricted the types of public diplomacy programs the embassy could implement, public affairs staff used exchange programs, virtual programming, and program

alumni to overcome these restrictions. OIG also found, in the face of travel restrictions that made onsite monitoring of projects difficult, embassy sections employed other methods of oversight, including videoconferencing and frequent program reports.

Additionally, an audit issued in November 2016 discussed the difficulty of vetting recipients of non-lethal assistance in Syria. OIG found that the Department did not always ensure implementing partners, their program staff, and program participants submitted the necessary information to be properly vetted prior to issuance of the award, start of the work, or participation in program activities. Moreover, vetting was conducted in varied ways, which OIG attributed to the lack of consolidated and detailed Department-issued guidance. OIG recognized that a significant challenge for the Department was its inability to have personnel on the ground to monitor the vetting process and the funded programs.

Much of OIG's work in this area intersected with its Lead Inspector General oversight and reporting obligations for two ongoing overseas contingency operations: Operation Inherent Resolve in Iraq and Syria and Operation Freedom's Sentinel in Afghanistan.

Information Security and Management

The Department depends on information systems and electronic data to carry out essential mission-related functions. Given the complexity and sensitivity of the Department's IT apparatus and the security breaches the Department has experienced in recent years, information security and management continues to be a significant management challenge. During the reporting period,

OIG found several deficiencies related to cybersecurity.

For example, in an inspection of the Office of Consular Systems and Technology, OIG found that the office had stabilized legacy applications in consular systems after major outages in 2014 and 2015. However, the office's current program to modernize key consular systems did not have a proper system security plan or contingency plan to ensure data integrity, availability, and confidentiality.

In one inspection of an overseas post, OIG found that the cable infrastructure of the embassy's Unclassified and Classified local area networks did not meet required specifications. OIG noted the vulnerability could compromise the integrity of sensitive data or networks.

Oversight of Contracts and Grants

The Department manages a complex portfolio of contracts and other assistance awards, including grants and cooperative agreements, administered around the globe. During the reporting period, OIG found deficiencies in the proper management and oversight of Department contracts and grants.

This management challenge continued to be particularly acute at posts and programs in conflict areas. For example, a management assistance report issued in October 2016 detailed weaknesses in the oversight of the operations and management contract at Embassy Kabul. OIG discovered the contract did not have specific performance metrics in the statement of work, which led to the contractor's failure to perform necessary preventative maintenance functions on major equipment systems at the embassy.

Furthermore, OIG found that, partly because of staffing shortages, the contract file was incomplete, which meant the embassy was not in a position to hold the contractor accountable for subpar performance.

Additionally, a December 2016 audit report revealed that the Department did not implement a required inspection system to ensure its contractor for fuel services in Iraq acquired fuel that met contractual quality standards. OIG therefore questioned \$64 million in fuel purchases.

In four inspection reports issued in January 2017, OIG discussed ongoing grant management issues at overseas posts and noted deficiencies in pre-award procedures, recordkeeping, reporting, monitoring and evaluation, and closeout procedures. At one post, for example, grants officers and grants officer representatives failed to conduct risk assessments of applicants. At another post, OIG reviewed work plans that did not include performance indicators that were specific enough to assess whether grants were achieving intended objectives.

Financial Management

The Department manages one of the U.S. Government's most complex financial operations, with financial activities occurring in more than 270 locations in over 180 countries. During the reporting period, OIG helped the Department identify and address ongoing financial management challenges while simultaneously fulfilling mandated requirements in this area. For example, OIG issued four reports related to its obligation to audit the Department's financial statements and performed required risk assessments of the Department's purchase card and travel card programs.

In a March 2017 audit report, OIG discussed the Department's process for reviewing invoices that support contingency operations in Iraq. It found that, although the Department generally followed Federal requirements by reviewing invoices before authorizing payment, there was a significant backlog of invoices that were approved for expedited provisional payment at a time when the reviewing bureau was understaffed. OIG reported that the backlogged invoices, which totaled approximately \$14 million, had been awaiting post-payment review for more than a year.

OIG also issued a management assistance report in November 2016 that alerted Embassy Berlin in Germany to a miscalculation of its post allowance. The report estimated that correcting the calculation would save the Department approximately \$1.1 million over a 2-year period.

Finally, a number of inspection reports of overseas posts highlighted ongoing deficiencies in internal financial management controls. For example, one embassy failed to enforce its taxi policy and, as a result, paid for employees' personal expenses. Supervisors of sub-cashiers at another post failed to conduct unannounced cash verifications at required intervals, and one embassy failed to control access to areas where supplies and stock were kept, increasing the risk of pilferage.

Broadcasting Board of Governors Management and Performance Challenges

An independent Federal agency, BBG manages all U.S. civilian international media broadcasts and has a mission to inform,

engage, and connect people around the world in support of freedom and democracy. As with the Department, an integral part of OIG's oversight is to identify and assess BBG's management and performance challenges and to align its work with these challenges. In November 2016, OIG issued the Fiscal Year 2016 Inspector General Statement on the Broadcasting Board of Governor's Major Management and Performance Challenges, which identified the most serious management and performance challenges BBG faced in the previous fiscal year.

- Information security and management
- Financial and property management
- Managing contracts, acquisitions, and grants

Information Security and Management

In a February 2017 inspection report, OIG highlighted deficiencies in information security and management at BBG's Middle East

Broadcasting Networks. OIG reported that the entity did not have formal policies regarding information security, a system security plan, or a designated employee with the assigned responsibility for the security of information systems.

Financial and Property Management

OIG's oversight this reporting period focused on statutory requirements, including the annual audit of BBG's financial statements and a risk assessment of BBG's purchase card program.

Managing Contracts, Acquisitions, and Grants

In the inspection of BBG's Middle East Broadcasting Networks, OIG found the International Broadcasting Bureau's Office of Chief Financial Officer did not review the networks' past unliquidated obligations, totaling \$6.2 million, or close out expired grants.

OVERVIEW

1. OVERSIGHT STRATEGY	2
2. COMMUNICATIONS AND OUTREACH	4
3. OVERSEAS CONTINGENCY OPERATIONS	7
4. OIG ACCOUNTABILITY AND INDEPENDENCE	11
5. CONSOLIDATED FINANCIAL IMPACT OF OIG WORK	12

1. OVERSIGHT STRATEGY

The primary mission of the Office of Inspector General (OIG) for the Department of State (Department) and the Broadcasting Board of Governors (BBG) is to conduct independent audits, evaluations, inspections, and investigations to promote economy and efficiency and to prevent and detect fraud, waste, abuse, and mismanagement in the programs and operations of the Department and BBG.

OIG's mandate is broad and comprehensive, involving oversight of the full scope of Department and BBG programs and operations, as well as the U.S. Sections of the International Boundary and Water Commission, United States and Mexico (USIBWC), and of the International Joint Commission, United States and Canada (IJC). OIG is responsible for overseeing approximately \$70 billion in Department, BBG, and foreign assistance resources.

In addition to its agency-specific responsibilities, OIG's mandate expanded further in August 2014, when Congress amended the Inspector General Act to provide for coordinated interagency oversight of overseas

contingency operations (OCO), including the designation of a Lead Inspector General for each OCO. Currently, Inspector General Linick is the Associate Inspector General for two OCOs: Operation Inherent Resolve, to degrade and defeat the Islamic State of Iraq and Syria (ISIS), and Operation Freedom's Sentinel, to train, advise, and assist Afghan security forces and defeat the remnants of al Qaeda in Afghanistan.

To meet these and other statutory mandates, OIG maintains offices in Afghanistan, Germany, Iraq, and Pakistan. Offices in these locations help OIG oversee high-cost, high-risk Department programs and operations, and the Office of Audits' Middle East

Figure 1.1
OIG Office Location



Region Operations Directorate and the Office of Investigations dedicate on-the-ground resources, expertise, and oversight. Domestically, in addition to its Washington, D.C., headquarters, OIG has strategically co-located investigative staff with the Department's Global Financial Services Center and Human Resource Shared Services staff in Charleston, South Carolina. Figure 1.1 shows the locations of OIG's offices.

OIG's FY 2016–2018 Strategic Plan affirms its commitment to providing quality oversight to the agencies it serves and informing the Office of Management and Budget (OMB), Congress, the public, and other stakeholders how OIG safeguards taxpayer resources. The plan also emphasizes OIG's continuing obligation to improve its own operations and ensure that its workforce is, and continues to be, highly motivated and well trained to carry out its responsibilities. The following strategic goals and objectives provide the framework that guides OIG's work and activities for FYs 2016–2018:



GOAL 1 Promote Positive Change

Strengthen the ability of Department and BBG to effectively and efficiently advance U.S. foreign policy goals and protect U.S. citizens and interests abroad

OBJECTIVE

- 1.1 Enhance the Department's ability to protect its overseas employees, facilities, and information
- 1.2 Promote effectiveness and efficiency in foreign assistance programs
- 1.3 Strengthen management of the U.S. diplomatic presence
- 1.4 Communicate OIG findings and recommendations to Department and BBG leadership, OMB, and the Congress



GOAL 2 Foster Increased Accountability and Integrity

Increase accountability in Department and BBG personnel, programs, and operations

OBJECTIVE

- 2.1 Investigate allegations of criminal activity and employee misconduct
- 2.2 Enhance investigative capabilities and analytical mechanisms
- 2.3 Engage stakeholders to increase awareness of OIG programs and operations, solicit input, and build relationships



GOAL 3 Address Core Challenges

Assist the Department and BBG to identify and address systemic challenges

OBJECTIVE

- 3.1 Improve integrity in agencies' financial, management, and support systems and procedures, and identify systemic weaknesses, areas of noncompliance, and mismanagement and misuse of financial resources
- 3.2 Identify and report on major vulnerabilities and emerging issues



GOAL 4 Harness Outstanding Talent, Leadership, and Effective Operations

Develop a collaborative and talented staff, ensure clear direction from leadership, effectively manage resources, and deliver quality products and services

OBJECTIVE

- 4.1 Attract, develop, and maintain a highly qualified, motivated, results-oriented, and diverse workforce
- 4.2 Support and strengthen the independence and security of OIG information systems and physical infrastructure
- 4.3 Maintain excellent management controls and communication, improve financial management, and balance workload and oversight needs
- 4.4 Effectively communicate OIG goals and priorities and encourage collaboration across the organization

2. COMMUNICATIONS AND OUTREACH

OIG communicates its global mission to Congress, Department and BBG employees and contractors, peers in the oversight community, and the public in a variety of ways.

Communication With Congress

OIG regularly interacts with Members of Congress and their staffs by testifying at hearings, responding to congressional requests for information, and providing briefings to congressional staff on OIG work.

On December 8, 2016, the Inspector General testified before a subcommittee of the Senate Foreign Relations Committee on State Department management challenges and opportunities for the incoming administration.

On March 9, 2017, the Inspector General testified before a subcommittee of the House Appropriations Committee on oversight of Department programs.

Hotline Complaints

During this reporting period, the OIG Hotline continued to serve as a vehicle through which Department and BBG employees and contractors, as well as members of the public,

reported suspected fraud, waste, abuse, and mismanagement in Department and BBG programs and operations. OIG received Hotline complaints via the OIG website, mail, and telephone. For a summary of OIG Hotline complaints received during this 6-month period, see Table 2.1.

Figure 2.1 highlights the OIG Hotline’s global reach. The largest concentration of complaints (514, or 49 percent) received this reporting period concerned possible criminal, civil, and administrative violations in the United States. The remainder of the complaints dealt with alleged violations in other countries.

Table 2.1
OIG Hotline Complaints,
10/1/2016–3/31/2017

Referred to Other Offices for Action	702
Held for Action Within OIG	121
No Action Required	217
Total Complaints Received	1,040

Figure 2.1
Hotline Complaints Processed by Country, 10/1/2016–3/31/2017



Source: Office of Investigations electronic case management system.

Whistleblower Protection Ombudsman Activities

The whistleblower protection ombudsman, a senior attorney in OIG's Office of Evaluations and Special Projects, educates Department and BBG employees, as well as contractor and grantee employees, on the rights and protections available to whistleblowers. This outreach has included individual counseling, a new Hotline poster, an educational video available on OIG's website, and a pamphlet with information on whistleblower protection for Department and BBG employees and contractor and grantee employees.

As required by the National Defense Authorization Act for Fiscal Year 2013 (41 U.S.C. § 4712), the ombudsman oversees investigations of allegations of retaliation filed by employees of contractors, subcontractors, and grantees. Activities of the OIG whistleblower protection ombudsman are detailed in Table 2.2. Additionally, the ombudsman investigates complaints under Presidential Policy Directive 19, which ensures that Government employees who are eligible for access to classified information can effectively report waste, fraud, and abuse while still protecting classified national security information.

Table 2.2
Whistleblower Investigations Under the National Defense Authorization Act

	Reporting Period 10/1/2016 – 3/31/2017	Since Enactment
Complaints received and reviewed	7	46
Investigations opened	4	-
Investigations completed	2	10

During this reporting period, OIG’s whistleblower protection ombudsman completed five reports, four of which substantiated allegations of whistleblower retaliation.

Department of State

OIG substantiated one instance of whistleblower retaliation by a Department subcontractor after investigating this allegation as required by 41 U.S.C. § 4712. OIG reported its findings to the Department and provided copies to the contractor and the complainant. Pursuant to statute, the Department is responsible for making a determination as to whether to grant or deny relief. OIG has requested information from the Department

regarding the status of this matter but has not received such information to date.

Broadcasting Board of Governors

OIG substantiated three instances of whistleblower retaliation by a BBG grantee after investigating these allegations as required by 41 U.S.C. § 4712. OIG reported its findings to BBG and provided copies to the grantee and complainants. Pursuant to statute, BBG is responsible for making a determination as to whether to grant or deny relief. BBG informed OIG that it awarded attorneys’ fees only for two of the cases and that the third matter is pending.

3. OVERSEAS CONTINGENCY OPERATIONS

OIG has both oversight and reporting responsibilities for overseas contingency operations under Section 8L of the Inspector General Act of 1978. Section 8L is triggered when the Department of Defense declares that a military operation constitutes an OCO or when an operation results in troops being called to or retained on active duty.

When an OCO is declared, Section 8L activates a “Lead Inspector General” mechanism that requires concerted action by the three OIGs of the Department of State, Department of Defense, and the U.S. Agency for International Development, with one of them designated as the Lead Inspector General.

In FY 2015, the Lead Inspector General mechanism went into effect for two OCOs that were still ongoing as of this reporting period: Operation Inherent Resolve, the U.S. effort to degrade and defeat ISIS, and Operation Freedom’s Sentinel, the U.S. effort to develop Afghanistan’s security forces and to fight terrorism in that country. During this reporting period, OIG fulfilled its oversight and reporting obligations for these ongoing OCOs.

OIG aligns its oversight responsibilities with the defined mission objectives of each OCO and focuses on the programs and processes that support the achievement of those objectives. During this reporting period, OIG issued audit reports on OCO-related issues, including the vetting processes for recipients of Department aid and a grant program focusing on political, economic, and social reform in the Middle East. OIG also inspected embassies and bureaus with OCO-related responsibilities, including the Bureau of Population, Refugees, and Migration, which provides humanitarian assistance to refugees fleeing conflict in Syria and Iraq.

As of August 2015, according to the Department, the U.S. had committed more than \$400 million in non-lethal training, equipment, goods, and services to the moderate Syrian opposition. OIG found that Department bureaus awarding non-lethal assistance grants and cooperative agreements did not always ensure implementing partners, their program staff, and program participants submitted the necessary information to be properly vetted prior to issuance of the award, start of the work, or participation in program activities. OIG also identified challenges in the vetting process, such as a lack of Department personnel on the ground in Syria and lengthy processing times.

OIG conducted an audit of the Middle East Partnership Initiative (MEPI), a program that provides funding to non-governmental organizations, civil society organizations, educational institutions, local governments, and private businesses to implement projects that promote political, economic, and social reform. In FYs 2013 and 2014, MEPI awards totaled \$461.3 million. OIG selected 30 awards for review, including grants in Syria, Libya, Jordan, and Tunisia. OIG found that the Department could not consistently demonstrate that MEPI was achieving its goals. OIG also found that the Department did not sufficiently monitor any of the 30 awards reviewed. OIG made five recommendations to improve performance under the program.

OIG inspected the Bureau of Population, Refugees, and Migration and found that humanitarian emergencies in Yemen, Syria, and South Sudan had led to an unprecedented increase in the workload of bureau personnel. OIG found that the bureau had established procedures to monitor the effectiveness of the international organizations that receive its funds and that the bureau had generally effective internal control policies to manage its grants and cooperative agreements. However, OIG also found that unclear communication caused bureau employees to be uncertain as to how to set priorities and meet bureau strategic goals. In addition, OIG concluded that the bureau is hampered by a lack of a staffing plan to address the expanded workload.

As reported in OIG’s previous Semiannual Report to the Congress, OIG and the U.S. Agency for International Development’s OIG are jointly investigating alleged fraud schemes conducted by local non-governmental organizations’ procurement staff and vendors

involving multiple U.S. grants in southeast Turkey. As of the end of the reporting period, the dollar amount of kickbacks under investigation was estimated to be more than \$1 million. Limited information about this investigation has been released because of law enforcement and operational security concerns. OIG opened its preliminary investigation in December 2015.

In addition to the audit, inspection, and investigative efforts related to the ongoing OCOs, OIG worked with its Lead Inspector General counterpart agencies to publish four quarterly reports to Congress on Operation Inherent Resolve and Operation Freedom’s Sentinel, as well as the FY 2017 Comprehensive Oversight Plan for Overseas Contingency Operations. In response to a new requirement under the National Defense Authorization Act, OIG also contributed to a report on oversight activities in Afghanistan. For a list of OIG activities in support of the Lead Inspector General-OCO mandate during the reporting period, see Table 3.1.

Table 3.1
OIG Oversight Activities in Support of the Lead Inspector General-OCO Mandate, 10/1/2016–3/31/2017

Completed Projects	
Audit Reports	
<i>Aspects of the Invoice Review Process Used by the Bureau of Near Eastern Affairs to Support Contingency Operations in Iraq Need Improvement</i> (AUD-MERO-17-33)	3/2017
<i>Management Assistance Report: Iraq Fuel Storage and Safety</i> (AUD-MERO-17-31)*	3/2017
<i>Management Assistance Report: Improvements Needed to the Security Certification Process To Ensure Compliance With Security Standards at Embassy Kabul, Afghanistan</i> (AUD-MERO-17-28)	3/2017
<i>Audit of Emergency Action Plans for U.S. Embassy Tunis, Tunisia</i> (AUD-MERO-17-27)*	2/2017

(Table 3.1 continued on next page)

Completed Projects (continued)	
Audit Reports (continued)	
<i>Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program (AUD-SI-17-21)</i>	2/2017
<i>Audit of the Visas Viper Program (AUD-SI-17-26)*</i>	1/2017
<i>Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq (AUD-MERO-17-16)</i>	12/2016
<i>Audit of the Bureau of Near Eastern Affairs Middle East Partnership Initiative (AUD-MERO-17-08)</i>	11/2016
<i>Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance (AUD-MERO-17-01)</i>	11/2016
<i>Management Assistance Report: Contract Management—Lessons Learned From Embassy Kabul, Afghanistan, Operations and Maintenance Contract (AUD-MERO-17-04)</i>	10/2016
Inspection Reports	
<i>Classified Annex to the Inspection of Embassy Islamabad, Pakistan (ISP-S-17-11A)*</i>	2/2017
<i>Inspection of Embassy Islamabad, Pakistan (ISP-I-17-11A)</i>	2/2017
<i>Inspection of the Bureau of Population, Refugees, and Migration (ISP-I-17-10)</i>	2/2017
<i>Inspection of the Broadcasting Board of Governors' Middle East Broadcasting Networks (ISP-IB-17-09)</i>	2/2017
<i>Management Alert: Information Security in the Worldwide Refugee Admissions Processing System (MA-17-03)*</i>	12/2016
Joint Completed Projects	
<i>Lead Inspector General for Operation Freedom's Sentinel: Quarterly Report to the United States Congress, October 1–December 31, 2016</i>	2/2017
<i>Inspector General Oversight Activities in Afghanistan</i>	2/2017
<i>Lead Inspector General for Operation Inherent Resolve: Quarterly Report to the United States Congress, October 1–December 31, 2016</i>	1/2017
<i>Lead Inspector General for Operation Freedom's Sentinel: Quarterly Report to the United States Congress, July 1–September 30, 2016</i>	11/2016
<i>Lead Inspector General for Operation Inherent Resolve: Quarterly Report to the United States Congress, July 1–September 30, 2016</i>	10/2016
<i>FY 2017 Comprehensive Oversight Plan for Overseas Contingency Operations</i>	10/2016
Ongoing/Planned	
Audits	
Audit of the Administration and Oversight of Grants Within the Office To Monitor and Combat Trafficking in Persons	
Audit of Afghanistan Life Support Services Contract Planning and Solicitation and Award Process	
Audit of All Native, Inc.	

(Table 3.1 continued on next page)

Ongoing/Planned (<i>continued</i>)
Audits (<i>continued</i>)
Audit of the Antiterrorism Assistance Program in Countries Under the Department of State Bureaus of Near Eastern Affairs and South and Central Asian Affairs
Audit of Approved Invoices for the Baghdad Diplomatic Support Center Task Orders Awarded Under Operations and Maintenance Support Services Contract SAQMMA12D0165
Audit of Assistance to Afghanistan Refugees in Pakistan
Audit of Assistance to Internally Displaced Persons in Iraq
Audit of Baghdad Life Support Services Food Operations
Audit of Conventional Weapon Destruction Program
Audit of Construction of the New Embassy Compound—Islamabad
Audit of Counter Narcotics and Police Reform Program Compliance Follow-up in Pakistan and Afghanistan
Audit of Department of State Grants and Cooperative Agreements Awarded to Kennesaw State University
Audit of Department of State's Invoice Review Process for Iraq and Afghanistan
Audit of Department of State Visa Applicant Terrorist Screening Efforts
Audit of Egypt Fuel Acquisition and Distribution
Audit of Embassy Kabul Construction and Commissioning
Audit of Jordan Fuel Acquisition and Distribution
Audit of New Consulate Construction—Erbil, Iraq
Audit of the Overseas Refugee Processing for Applicants to the U.S. Refugee Admissions Program
Audit of the Process to Approve, Disburse, and Report on Rewards for Justice Program Expenditures
Audit of Property Accountability at the Baghdad Diplomatic Support Center in Iraq
Audit of Selected Contract and Grants within the Bureau of European and Eurasian Affairs
Audit of Turkey Fuel Acquisition and Distribution
Follow-up Review of Explosive Detection Dogs in Iraq and Afghanistan
Inspections
Inspection of the Bureau of Democracy, Human Rights, and Labor
Inspection of the Bureau of Near Eastern Affairs
Inspection of the Bureau of South and Central Asian Affairs
<i>*Report is Classified or Sensitive But Unclassified and, therefore, included in the Classified Annex to the Semiannual Report to the Congress.</i>

4. OIG ACCOUNTABILITY AND INDEPENDENCE

OIG has disclosed all Unclassified audits, evaluations, and inspections issued from October 1, 2016, through March 31, 2017. Some reports are not publicly available, but OIG identifies on its website the titles of such reports unless the titles themselves are Classified or Sensitive But Unclassified.

The Classified annex to this *Semiannual Report to the Congress* contains information regarding reports that are not publicly available. In addition, OIG provides all Sensitive But Unclassified and Classified reports to its authorizing, oversight, and appropriations committees in Congress and to other authorized individuals upon request.

OIG did not encounter any attempts to interfere with IG independence—whether through budgetary constraints designed to limit its capabilities or otherwise—for the reporting period from October 1, 2016, through March 31, 2017.

During this reporting period, OIG identified the following incidents where the Department resisted or objected to oversight activities or restricted or significantly delayed access to information. The incidents either arose during or persisted into this reporting period. As to each item, OIG has addressed the issue as described below:

- The Bureau of Diplomatic Security (DS) has limited and continues to limit OIG's permanent worldwide access to specific DS systems that OIG requires to conduct its oversight activities. OIG has and continues to make repeated requests for access, and DS has denied or revoked access without

notice. At this time, OIG is working with the Department to correct this situation.

- The Bureau of International Narcotics and Law Enforcement Affairs (INL) delayed OIG access to requested information. OIG worked with the Department and subsequently obtained the required information. OIG continues to work with the Department to ensure that, in the future, INL provides requested information in a timely manner.
- OIG previously explained in response to other requests from Congress that it had faced challenges investigating allegations of criminal or serious misconduct by Department employees. This limitation was addressed in recent legislation—enacted in December 2016—that requires the Department to submit to OIG within 5 days a report of certain allegations of misconduct, waste, fraud, and abuse. OIG and the Department are actively working to ensure that these reports are provided in a timely manner and that OIG receives all necessary information as required by the statute.

From October 1, 2016, to March 31, 2017, OIG identified no such incidents with respect to its interactions with BBG.

5. CONSOLIDATED FINANCIAL IMPACT OF OIG WORK

OIG returns significant value to U.S. taxpayers through its audits, evaluations, inspections, and investigations. For the reporting period, OIG issued 67 reports and identified \$146.5 million in potential monetary benefits to the Department and BBG.

Additionally, OIG's criminal, civil, and administrative investigations resulted in nearly \$4.7 million in recoveries and other monetary results this reporting period.

From October 1, 2016, to March 31, 2017, the Department made management decisions on about \$75.3 million in potential monetary benefits identified by OIG during the current and prior reporting periods. BBG did not make management decisions on any

recommendations involving monetary benefits this reporting period. At the close of the reporting period, the Department and BBG had not yet taken action on OIG recommendations totaling \$151.2 million. This represents an increase of about \$71.2 million, or 89 percent, from the approximately \$80 million in questioned costs and funds to be put to better use pending management decision at the beginning of the reporting period.

OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

6. OFFICE OF AUDITS	14
7. OFFICE OF EVALUATIONS AND SPECIAL PROJECTS	26
8. OFFICE OF INSPECTIONS	27
9. OFFICE OF INVESTIGATIONS	33
10. FINANCIAL IMPACT OF OIG WORK RELATED TO THE DEPARTMENT OF STATE	39
11. COMPLIANCE	44

6. OFFICE OF AUDITS

The Office of Audits supports the Department in improving management; strengthening integrity and accountability; and ensuring the most efficient, effective, and economical use of resources.

Audit work focuses on areas of concern such as physical security at overseas posts; financial and IT security and management; contracts, acquisition, and grants management; human capital and administrative issues; and high-risk programs and operations in the frontline states of Afghanistan, Iraq, and Pakistan. From October 1, 2016, to March 31, 2017, the Office of Audits issued 30 reports on Department programs and operations, 23 of which were Unclassified.

Contracts, Grants, and Infrastructure

Audit of Atlas Service Corps, Inc., Grant Expenditures and Program Income
(AUD-CGI-17-32, 3/2017)

In September 2012, the Department awarded Atlas Service Corps, Inc. (Atlas), a grant to engage Sudanese professionals in fellowship programs. Acting on OIG's behalf, an independent external auditor conducted this audit to determine whether Atlas expended grant funds, collected program income, and reported financial information related to the grant in accordance with Federal regulations, Department requirements, and the grant agreement.

The independent external auditor found that Atlas did not always expend grant funds, collect program income, or report financial information as required. For example, Atlas made changes to the scope of the grant agreement without approval, and the auditing firm identified other unallowable costs

related to compensation and other expense categories. The auditing firm also found that Atlas did not provide the required minimum amount of cost-sharing funds and identified issues with the program income collected by Atlas. The auditing firm identified grant expenditures of approximately \$117,000 that were unallowable or unsupported. In addition, Atlas's financial management system did not comply with Federal requirements, and Atlas did not comply with the requirement to maintain an effective internal control environment, accurately report program income, and spend available program income before requesting Federal funds. OIG made five recommendations related to questioned costs and program income.

Information Report: Department of State 2016 Purchase Card Risk Assessment
(AUD-CGI-17-25, 12/2016)

OIG conducted this review of the Department purchase card program to assess the risk associated with the program. OIG reviewed the Department's FY 2015 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the Department purchase card program is "high." This conclusion was based on Department purchase card program size, internal controls, training, previous audits, OIG Office of Investigations observations, and reports of violations. OIG encouraged the Department's purchase card program manager to conduct prudent oversight of the purchase card program and ensure that internal controls intended to safe-

guard taxpayer funds are fully implemented and followed among Department purchase cardholders.

OIG included an audit of the Department's purchase card program in its FY 2017–FY 2018 work plan, with audit work scheduled to begin later in FY 2017.

Information Report: Department of State 2016 Travel Card Risk Assessment
(AUD-CGI-17-24, 12/2016)

OIG conducted this review of the Department travel card program to assess the risk associated with the program. OIG reviewed the Department's FY 2015 travel card data and concluded that the risk of illegal, improper, or erroneous use in the Department travel card program is "medium." This conclusion was based on Department travel card program size, internal controls, training, previous audits, and OIG Office of Investigations observations.

OIG encouraged the Department's travel card program manager to fully implement the recommendations made in OIG's Audit of Department of State Travel Card Program (AUD-CGI-16-48, 9/2016), conduct prudent oversight of the travel card program, and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed among Department travel cardholders.

Based on the results of this assessment, OIG did not recommend an audit of the Department's travel card program be included in OIG's FYs 2018–2019 work plan.

Information Report: International Boundary and Water Commission, United States and

Mexico, U.S. Section, 2016 Purchase Card Risk Assessment
(AUD-CGI-17-23, 12/2016)

OIG conducted this review of the International Boundary and Water Commission, United States and Mexico, U.S. Section, purchase card program to assess the risk associated with the program.

OIG reviewed USIBWC's FY 2015 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the USIBWC purchase card program is "low." This conclusion was based on USIBWC purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations observations.

Based on the results of this assessment, OIG did not recommend an audit of USIBWC's purchase card program be included in OIG's FYs 2018–2019 work plan. However, OIG encouraged the USIBWC purchase card program manager to continue prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed among USIBWC purchase cardholders.

Management Assistance Report: Evaluation of the Environmental Studies and Test Results for the Site of the New U.S. Embassy in Mexico City, Mexico
(AUD-CGI-17-19, 12/2016)

In 2011, the Bureau of Overseas Buildings Operations (OBO) negotiated a purchase agreement to initiate the acquisition for \$120 million of 15.3 acres of land from the company Colgate-Palmolive to build a new embassy compound in Mexico City, Mexico. Colgate-Palmolive was required to present the prop-

erty in ready-to-build condition. This required that all contaminants and environmental hazards that “may be present on the property in violation of all applicable environmental laws in Mexico shall either be removed and disposed of off-site, or shall be appropriately capped onsite.” The purchase was not to be completed until the Mexican Ministry of Environmental and Natural Resources (SEMARNAT) confirmed that Colgate-Palmolive fully implemented the approved remediation action plan. In March 2014, OBO contracted with Jacobs Engineering Group to monitor Colgate-Palmolive’s progress on the demolition and environmental remediation and to reconfirm the condition of the site based on the submission of data from Colgate-Palmolive to SEMARNAT.

In October 2015, OIG executed an agreement with the U.S. Army Corps of Engineers (USACE) to provide an independent assessment of the environmental studies and test results for the site of the new U.S. Embassy in Mexico City. OIG issued the management assistance report to ensure that the Department carefully consider and adopt USACE’s findings and two recommendations. SEMARNAT approved the remediation plan in July 2016, and OBO completed the purchase in September 2016.

Management Assistance Report: Department of State Conference Reporting
(AUD-CGI-17-07, 10/2016)

The Department holds conferences in support of U.S. foreign policy and national security objectives. Between FY 2013 and FY 2015, the Department reported almost \$9.7 million in conference spending. OIG conducted this evaluation to assess the Department’s compliance with conference spending report-

ing requirements. Specifically, the objectives of this evaluation were to determine whether the Department publicly reported in a dedicated place on its official website by January 31 of each year all conferences from the previous fiscal year where expenses exceeded \$100,000, annually reported to OIG conferences held where expenses exceeded \$100,000, and reported within 15 days to OIG conferences held where expenses exceeded \$20,000.

OIG found that the Department generally complied with Federal conference reporting requirements. However, the FY 2015 public conference report was not posted on the Department’s website until March, rather than January 31 as required. In addition, all applicable conference spending may not have been included. For example, in a previous audit, OIG determined that the Department holds annual continuing medical education conferences with costs exceeding \$100,000. These conferences were not registered in the system or listed in the annual public conference reports for FYs 2013 through 2015. Personnel who work for the Under Secretary for Management, Office of Management Policy, Rightsizing, and Innovation stated that the medical education conferences should have been registered.

The shortcomings in reporting all conference spending occurred, in part, because guidance was inconsistent and unclear. Further, the Department had not reminded personnel about conference registration, approval, and reporting requirements since August 2014. Without consistent and clear guidance and periodic reminders to help ensure compliance, there is increased risk that conference registration requirements will be misunderstood and that the Department will not be

able to ensure that all required conferences are accounted for and reported.

OIG made three recommendations to the Under Secretary for Management, Office of Management Policy, Rightsizing, and Innovation, to address the shortcomings identified in the Department's conference registration, approval, and reporting guidance.

Financial Management

Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2016 Financial Statements (AUD-FM-17-13, 03/2017)

During the audit of the USIBWC 2016 financial statements, an independent external auditor, working on behalf of OIG, identified weaknesses relating to property and equipment and to budgetary accounting.

Independent Review of the U.S. Department of State Accounting of FY 2016 Drug Control Funds and Related Performance Report (AUD-FM-17-30, 3/2017)

The Office of National Drug Control Policy requires National Drug Control Program agencies, including the Department, to report a detailed accounting and authentication of all funds expended on National Drug Control Program activities and to set and report on performance measures, targets, and results associated with those activities. OIG is required to express a conclusion about the reliability of each management assertion. In OIG's review, nothing came to OIG's attention that caused it to believe that the management

assertions included in the report were not fairly stated in all material respects based on the guidance.

Audit of the U.S. Section of the International Joint Commission, United States and Canada, FYs 2014 and 2015 Expenditures (AUD-FM-17-29, 2/2017)

OIG conducted this audit of the U.S. Section of the International Joint Commission to determine whether (1) expenditures made in FY 2014 and FY 2015 were in accordance with applicable policies, laws, and Federal regulations and (2) contracted outside legal services were in accordance with Federal regulations.

OIG found that the U.S. Section of the IJC generally expended funds during FYs 2014 and 2015 in accordance with applicable policies, laws, and regulations and that those expenditures were supported by appropriate documentation, as required. However, OIG found that 11 (7 percent) of 150 expenditures tested were not compliant with the Prompt Payment Act and Federal Acquisition Regulation (FAR) payment requirements. This occurred, in part, because the U.S. Section of the IJC did not follow Department procedures concerning the timeliness of invoice processing or establish its own policies and procedures to ensure compliance. As a result, OIG determined that the U.S. Section of IJC incurred more than \$1,200 in interest penalties in FYs 2014 and 2015. OIG also found that the U.S. Section of the IJC had contracted for outside legal services in accordance with Federal regulations.

OIG made one recommendation to promote compliance with payment requirements and to avoid unnecessary interest penalties.

Management Letter Related to the Audit of the U.S. Department of State 2016 Financial Statements
(AUD-FM-17-11, 2/2017)

During the audit of the Department's 2016 financial statements, an independent external auditor, working on behalf of OIG, identified matters involving internal control that it brought to the Department's attention. These matters related to the reconciliation of accounts held by the Department of the Treasury, controls over personnel records and actions, supporting data used for the asbestos remediation liability estimate, data used to estimate grants accrual, controls for reporting voluntary contributions, vendor invoice approvals, and IT security weaknesses in the overseas time and attendance system.

Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2016 and 2015 Financial Statements
(AUD-FM-17-12, 1/2017)

An independent external auditor, working on behalf of OIG, audited the USIBWC consolidated financial statements as of, and for the years ended, September 30, 2016 and 2015. The auditor found the consolidated financial statements present fairly, in all material respects, the financial position of USIBWC as of September 30 for both 2016 and 2015, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The auditor found two significant deficiencies in the internal control over financial reporting. Specifically, the auditor identified control

deficiencies in the manual preparation of the Statement of Budgetary Resources and in IT.

Independent Auditor's Report on the U.S. Department of State 2016 Closing Package Financial Statements
(AUD-FM-17-10, 11/2016)

An independent external auditor, working on behalf of OIG, audited the Department's closing package financial statements as of, and for the year ended, September 30, 2016. The auditor found the closing package financial statements present fairly, in all material respects, the financial position of the Department as of September 30, 2016, and its net costs and changes in net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

The auditor identified no material weaknesses in internal control over the financial reporting process for the closing package financial statements, and its tests of compliance with U.S. Department of the Treasury requirements disclosed no instances of noncompliance that were required to be reported.

Independent Auditor's Report on the U.S. Department of State 2016 and 2015 Financial Statements
(AUD-FM-17-09, 11/2016)

An independent external auditor, working on behalf of OIG, audited the Department's annual financial statements as of, and for the years ended, September 30, 2016 and 2015. The auditor found the consolidated financial statements present fairly, in all material respects, the financial position of the Department as of September 30 for both 2016 and 2015, and its net cost of operations, changes

in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The auditor found certain reportable deficiencies in internal control. Specifically, the auditor found significant deficiencies in the internal control over financial reporting, property and equipment, budgetary accounting, unliquidated obligations, and IT. The auditor also found three instances of reportable noncompliance with laws, regulations, contracts, and grant agreements tested—specifically, the Anti-Deficiency Act, the Prompt Payment Act, and the Federal Financial Management Improvement Act of 1996.

Management Assistance Report: Incorrect Post Allowance Rate for Embassy Berlin, Germany
(AUD-FM-17-06, 11/2016)

During an audit of selected cost-of-living allowances, OIG found that the Office of Allowances in the Bureau of Administration incorrectly calculated the post allowance rate effective April 3, 2016, for Berlin, Germany. Specifically, the post allowance rate for Berlin increased from 25 percent in March 2016 to 42 percent in April 2016 even though OIG found that the price data reported had actually decreased overall. The contractor who operates the system used to analyze price data reanalyzed the 2016 data and informed OIG that the post allowance rate should have decreased from 25 percent to 20 percent (rather than increasing to 42 percent).

This error occurred because data on the value-added tax and sales tax were inconsistently and improperly applied during analysis. If the Bureau of Administration corrects the

inaccurate post allowance rate for Embassy Berlin, OIG estimated that the Department would save approximately \$1.1 million over a 2-year period. OIG made two recommendations to the Department to correct the post allowance rate and determine the savings from the correction.

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-FM-17-03, 10/2016)

Under OIG's direction, an independent external auditor performed agreed-upon procedures as required by an OMB Bulletin criterion. These procedures were performed to assist the Office of Personnel Management (OPM) in assessing the reasonableness of retirement, health benefits, and life insurance withholdings and contributions, as well as enrollment information that the Department submitted to OPM via the Semiannual Headcount Report. In addition, the procedures were performed to assist OPM in identifying and correcting errors relating to processing and distributing Combined Federal Campaign (CFC) payroll deductions.

In general, the auditor identified no reportable differences as a result of applying the majority of the procedures. However, the auditor reported some differences as a result of applying procedures relating to life insurance withholdings, CFC location codes, and the official duty stations of employees with CFC deductions.

Middle East Region Operations

Aspects of the Invoice Review Process Used by the Bureau of Near Eastern Affairs to Support Contingency Operations in Iraq Need Improvement
(AUD-MERO-17-33, 3/2017)

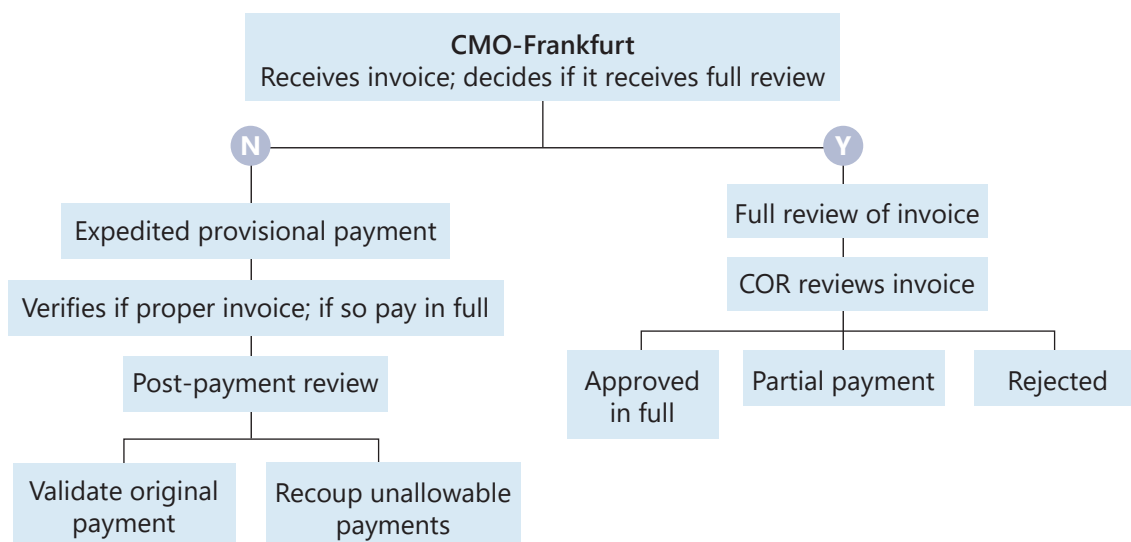
OIG conducted this audit to determine whether the Department's Bureau of Near Eastern Affairs (NEA) invoice review policies and procedures, training and staffing, and practices are sufficient to support overseas contingency operations in Iraq and ensure invoice payments are reviewed in accordance with Federal requirements and NEA guidance.

OIG found that NEA is generally following Federal requirements and its own invoice review procedures, which are detailed in Fig-

ure 6.1. However, greater attention is needed to address a backlog of invoices that were provisionally approved for payment without full review and before NEA was adequately staffed. As of December 2016, the backlog consisted of at least 138 invoices totaling approximately \$14 million that had been awaiting a post-payment review for more than a year. In addition, OIG found that NEA has not developed contract performance metrics to provide a basis for reducing invoice payments when problems with contractor performance are identified. Further, OIG found the Department has not developed a practice or methodology for calculating payment reductions when it detects subpar performance.

OIG recommended the Department address the backlog of invoices and ensure that contractors are not paid for subpar performance.

Figure 6.1
Comparison of Full and Expedited Provisional Payment Invoice Review Process



Source: OIG generated.

*Management Assistance Report:
Improvements Needed to the Security
Certification Process To Ensure Compliance
With Security Standards at Embassy Kabul,
Afghanistan*
(AUD-MERO-17-28, 3/2017)

During an audit of the construction and commissioning process of a new office annex and residential building at Embassy Kabul, Afghanistan, OIG learned that improper alterations had been made to components of two security doors in the residential building that potentially affected the overall security performance of the doors.

The improper alterations to the doors went unaddressed, in part, because the current security certification process does not include a follow-up inspection by DS to confirm OBO's actions to address deficiencies identified in the initial inspection were in accordance with physical security standards. In this instance, the alterations to the doors were discovered during an informal follow-up by the DS security inspection officer when he was in Kabul to inspect other buildings. It is important to replace the altered components of these doors in accordance with the contract because these security doors are not only used to protect personnel, but are also used at Embassy Kabul to protect essential and sensitive equipment such as communications equipment, generators, and electrical switchgear. In addition, it is important to revise the security certification process to include a follow-up inspection by DS to reduce the risk that physical security deficiencies remain after OBO certifies Department buildings for occupancy.

OIG made two recommendations to OBO to address the altered components to the

security doors and to improve the security certification process.

*Audit of the Oversight of Fuel Acquisition
and Related Services Supporting Department
of State Operations in Iraq*
(AUD-MERO-17-16, 12/2016)

OIG conducted this audit to determine whether NEA oversight personnel implemented adequate controls to ensure that a fuel services contractor performed fuel acquisition, fuel distribution, equipment maintenance, and other fuel-related activities in accordance with contract terms and Federal regulations.

OIG found that NEA did not ensure that the contractor acquired fuel for Department operations in Iraq that complied with fuel quality standards. As a result, OIG questioned \$64 million paid to the contractor for fuel purchases as of January 2016. OIG also found that NEA did not nominate personnel with the contract experience and technical expertise necessary to conduct oversight of fuel-related activities, resulting in inadequate performance of many oversight activities. In addition, OIG found that NEA did not adequately plan for or conduct comprehensive oversight of the fuel task orders awarded under the Baghdad Life Support Services and the Operations and Maintenance Support Services contracts. As a result, NEA did not hold the contractor accountable for identified performance weaknesses. Finally, although OIG found that the invoice review process implemented by NEA for fuel-related invoices generally complied with Federal and Department guidance for conducting invoice reviews, the process did not include an independent verification of domestic fuel prices, which resulted in NEA overpaying the contractor \$2.4 million for domestic fuel. As a result of OIG audit work, the

Department recovered these funds from the contractor.

OIG made recommendations for the Department to improve oversight of fuel acquisition and related services, to seek adjustment for any nonconforming fuel purchased, and to recover overpayments.

*Audit of the Bureau of Near Eastern Affairs
Middle East Partnership Initiative
(AUD-MERO-17-08, 11/2016)*

OIG conducted this audit to determine whether the NEA Middle East Partnership Initiative achieved its goals and objectives and whether NEA effectively monitored MEPI grants and cooperative agreements. MEPI provides support to civil society organizations, community leaders, and private-sector groups to implement projects designed to directly engage and invest in the people of the Middle East and North Africa region. Figure 6.2 shows countries where MEPI is active.

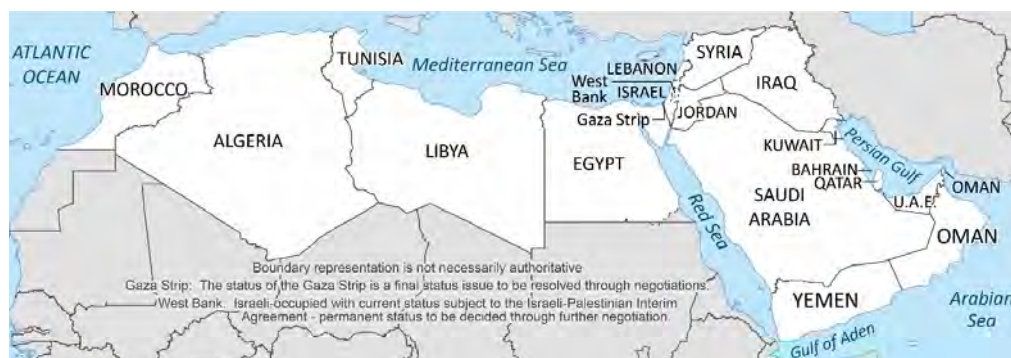
OIG found that NEA could not demonstrate that MEPI was achieving its goals and objectives to promote political, economic, and social reform in the Middle East and North

Africa. OIG found that (1) more than half the performance indicators created by NEA focused on outputs rather than outcomes, (2) slightly less than half the performance indicators fully met the Department's Performance Management Guidebook criteria for indicator appropriateness to facilitate decision making, and (3) almost a third of the performance indicators lacked baseline data or performance targets. Most importantly, OIG confirmed that only 42 percent of performance indicators with established performance targets actually met their respective targets.

Further, OIG found that NEA did not sufficiently monitor the 30 MEPI awards OIG reviewed to determine whether award recipients met the performance requirements for their respective awards. OIG found that 27 of the 30 awards reviewed did not have required monitoring plans and that the plans for the remaining 3 awards did not require review or verification of reported activities or progress toward achieving targets and objectives.

OIG made several recommendations, including for the Department to develop and implement written procedures for all awards to ensure performance indicators meet the

Figure 6.2
Locations With MEPI Projects



Source: U.S. Department of State MEPI Program.

Department's Performance Management Guidebook standards for indicator appropriateness. OIG also recommended that the Department establish and implement additional policies and procedures to require that award monitoring plans include assessments of progress toward achieving the goals, objectives, and expected outcomes of awards and the technical assistance that may be provided.

Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance (AUD-MERO-17-01, 11/2016)

OIG conducted this audit to determine the extent to which non-lethal assistance recipients and implementing partners' key personnel and staff were vetted in accordance with established guidance and to identify challenges, if any, to the effectiveness of the vetting process. OIG reviewed the Syrian non-lethal assistance vetting process associated with five NEA cooperative agreements; three Bureau of Democracy, Human Rights, and Labor (DRL) cooperative agreements; and six DRL grants.

OIG found that NEA and DRL did not always follow either the Department's Federal Assistance Policy Directive 2.05-B or NEA's Syrian Opposition Vetting Guidance for Grantees. Specifically, OIG found (1) DRL did not ensure its implementing partners submitted information on their key personnel to the Department for vetting prior to issuing the award and (2) NEA and DRL did not always ensure implementing partners submitted information on their program staff or participants to the Department for vetting prior to the start of work or participation in program activities. The implementing partners told OIG that they believed the vetting policies and guidance

were not applicable in some situations. For example, one implementing partner believed that U.S. citizens were exempt from vetting, contrary to NEA's guidance. The implementing partner added that neither NEA nor DRL officials corrected their interpretations. OIG attributes the varied ways in which the bureaus and implementing partners conducted vetting to the lack of consolidated and detailed Department-issued vetting guidance. Because some individuals were not vetted in accordance with applicable guidance, the risk that U.S. Government assistance could have been inadvertently delivered to terrorists or their supporters increased.

Bureau officials and implementing partners identified several challenges to the current vetting process. For example, officials stated that the Department does not have personnel on the ground in Syria to monitor and oversee non-lethal assistance programs. As a result, it must rely on its implementing partners to carry out its program objectives and ensure non-lethal assistance reaches its intended recipients. In addition, beginning in November 2015, the Department's vetting processing time significantly increased partly because of an increased workload coinciding with a reduction in staff at an intelligence agency the Department uses to obtain vetting information. According to the implementing partners, the delays in the vetting process have impeded the delivery of Syrian non-lethal assistance.

OIG offered nine recommendations intended to ensure that implementing partners' key personnel, staff, and program participants are vetted in accordance with the Department's policies and guidance.

Management Assistance Report: Contract Management—Lessons Learned From Embassy Kabul, Afghanistan, Operations and Maintenance Contract
(AUD-MERO-17-04, 10/2016)

OIG issued this report on the operations and maintenance (O&M) contract at Embassy Kabul, Afghanistan, to make the Department aware of the deficiencies OIG identified so they may be addressed during the development of contract requirements for the new worldwide O&M contract.

OIG found that the embassy's O&M contract does not have specific performance metrics in the statement of work to assess accurately contractor performance in fulfilling contract requirements. As a result, the contractor did not consistently perform necessary preventative maintenance functions, which, in some cases, caused major equipment systems, such as the chillers and the wastewater treatment plant, to fail or work improperly. OIG also found that the Department did not have a sufficient number of staff to oversee the contract.

Further, OIG found that the contracting officer added three services to the O&M contract, at a cost of \$11.8 million, which were outside the scope of the contract. The FAR requires the Government to compete contracts for new services. Although OIG does not question the need for the services added to the O&M contract, the embassy has no assurance that the \$11.8 million associated with those services was reasonable because there was no full and open competition for the services.

OIG made three recommendations to help ensure the new worldwide O&M contract includes clearly defined and measurable per-

formance metrics and to ensure out-of-scope services are not added to the future O&M contract. OIG also made two recommendations to help ensure sufficient oversight of the O&M contract at Embassy Kabul. OBO and the Bureau of Administration, as well as Embassy Kabul, concurred with all five recommendations in the report.

Security and Intelligence

Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program
(AUD-SI-17-21, 2/2017)

OIG conducted an audit of the armored vehicle program and found that DS did not effectively administer the program in accordance with Department policies and guidelines because DS had not developed appropriate procedures, guidance, or processes. As a result, the armored vehicle program continues to be at significant risk for fraud, waste, and abuse and cannot ensure overseas posts have a reasonable number of armored vehicles that offer enhanced levels of protection.

OIG also found that DS did not allocate armored vehicles to meet posts' needs because of a lack of oversight. As a result, posts requiring armored vehicles have not been provided the appropriate number. Additionally, OIG determined that DS had incurred an impairment loss of \$24.9 million for 259 armored vehicles that were unused for more than 1 year; and to reduce inventory, DS transferred 200 unused armored vehicles, valued at \$26.4 million, to other U.S. Government agencies without cost reimbursement. OIG questions the \$51.3 million for both the impairment loss and the reimbursement costs.

In addition, DS did not maintain sufficient accountability over armored vehicles stored domestically because of a lack of policies and procedures. As a result, OIG could not locate five vehicles, valued at \$536,159. OIG also determined that posts used armored vehicles that did not always meet the minimum level of required protective standards, putting U.S. Government personnel at risk.

Further, OIG found that posts did not always sufficiently maintain armored vehicles because of a lack of oversight by embassy personnel. As a result, posts may not have mission-ready armored vehicles, which could jeopardize the safety and security of vehicle occupants. Finally, OIG found that the Department did not always dispose of or transfer armored vehicles in accordance with Department requirements due to insufficient policies and procedures, increasing the risk that vehicles will be improperly disposed or misappropriated.

OIG made 38 recommendations to three Department bureaus and three overseas posts to address the deficiencies identified in the armored vehicle program.

Management Assistance Report: Health and Safety Concerns Identified Related to Armored Vehicle Disposals
(AUD-SI-17-20, 1/2017)

During the audit of the armored vehicle program, OIG observed health and safety concerns during the disposal of armored vehicles at three overseas posts. For example, OIG observed contractors using blowtorches to dismantle sections of an armored vehicle at one post without appropriate eye protection.

The Department has general guidance relating to the health and safety of Department employees and contractors and has specific occupational safety and health standards, such as the mandatory use of personal protective equipment. However, DS has not incorporated health and safety standards into that guidance. In addition, OIG found that the audited posts that used contractors to dispose of armored vehicles did not incorporate required contract clauses relating to health and safety into the vehicle disposal contracts. As a result, Department employees and contractors who carry out or observe armored vehicle disposals are at increased risk of injury or death.

OIG made two recommendations to DS to improve armored vehicle disposal guidance and ensure that required clauses relating to health and safety standards are incorporated into contracts involving the disposal of armored vehicles.

Ongoing Audit Work

At the close of this reporting period, the Office of Audits was continuing to focus on Department programs implemented in Iraq and Afghanistan. Most notably, it was conducting a series of audits focusing on the way in which the Department was reviewing invoices for contracts supporting the OCOs in those two countries. In addition, auditors were evaluating the construction process at the new embassy in Islamabad, focusing on contractor oversight and costs incurred. Further, the Office of Audits was conducting work on cost-of-living allowances, overseas construction security, the IT Change Control Board, and several contracts and grants.

7. OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

The Office of Evaluations and Special Projects strengthens OIG's oversight of the Department and improves OIG's capabilities to provide whistleblower protections.

This office also reviews allegations of administrative misconduct by senior officials and issues management alerts and management assistance reports to highlight urgent needs for corrective actions, as well as capping reports on thematic areas of concern. It also conducts

special evaluations and reviews, including responses to Congressional inquiries. The office's work complements the work of OIG's Offices of Audits, Investigations, and Inspections by developing a capacity to focus on broader systemic issues.

Ongoing Evaluations and Special Projects Work

The office continued work on its upcoming joint report with the Department of Justice Office of Inspector General on the post-incident responses by the Department and the Drug Enforcement Administration with regard to three drug interdiction missions in Honduras that involved the use of deadly force. The Office of Evaluations and Special Projects is also finalizing its evaluation of the Department's security clearance processes, as well as a review of allegations of improper confiscation of U.S. passports at Embassy Sana'a, Yemen.

8. OFFICE OF INSPECTIONS

The Office of Inspections conducts independent assessments of the operations of the Department, its posts abroad, and related activities. OIG inspects each post and domestic bureau under the Foreign Service Act of 1980, which sets forth three broad areas for inspections: policy implementation, resource management, and management controls.

OIG also conducts targeted reviews of Department programs and operations and compliance follow-up reviews on some posts, offices, and bureaus previously inspected to ensure implementation of key recommendations. From October 1, 2016, to March 31, 2017, the Office of Inspections issued 24 reports on Department programs and operations, 11 of which were Unclassified.

Domestic Bureaus

Management Assistance Report: All Posts Should Comply With New Department Requirement to Revise Policies on Hiring of Personal Domestic Workers
(ISP-17-15, 3/2017)

On February 1, 2016, the Department issued revised requirements in 3 Foreign Affairs Manual 4128 for the employment of personal domestic workers abroad. OIG reviewed Bureau of Human Resources efforts to verify that all chiefs of mission issued revised post policies on personal domestic worker employment that incorporated the new requirements. OIG found that 20 out of 169 missions did not submit a policy to the Bureau of Human Resources. OIG recommended that the Bureau of Human Resources require all delinquent missions to submit a policy on hiring personal domestic workers as soon as possible. OIG also found that 131 out of the

149 missions that did submit a policy failed to incorporate some of the required elements in their policies. OIG recommended that the Bureau of Human Resources require those 131 missions to revise their policies to comply with the new Department requirements and resubmit them to the Department.

Inspection of the Bureau of Population, Refugees, and Migration
(ISP-I-17-10, 2/2017)

In its inspection of the Bureau of Population, Refugees, and Migration, OIG found that the Assistant Secretary led the bureau's response to a series of humanitarian emergencies that had produced the largest number of displaced persons since World War II. This stressed bureau personnel and operations at all levels. The bureau established procedures and mechanisms to monitor and evaluate the effectiveness of the international organizations it funds. However, without clear communication, bureau employees were uncertain about how to effectively prioritize their work to meet strategic goals. As humanitarian crises grew more complex and protracted, close coordination between bureau humanitarian and U.S. Agency for International Development programs became imperative to make efficient use of resources and improve outcomes for refugee populations. The bureau's engagement on the Migration in Countries

in Crisis Initiative resulted in the June 2016 internationally accepted draft guidelines on the treatment and protection of vulnerable migrants. The bureau developed internal control policies and procedures to manage grants and cooperative agreements.

OIG found that, from 2012 to 2016, the Bureau of Population, Refugees, and Migration and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management exceeded firm-fixed price ceilings for two contracts by \$2.21 million.

OIG made recommendations to address bureau staffing planning, communication, contract management, monitoring and evaluation, human resources, and purchase card internal controls.

Inspection of the Bureau of Consular Affairs, Office of Consular Systems and Technology (ISP-I-17-04, 12/2016)

In its inspection of the Office of Consular Systems and Technology, OIG found that the Director implemented new processes to improve the workflow, provide more information on projects, and prioritize work to advance office and Bureau of Consular Affairs strategic goals. Staffing vacancies—ranging from deputy director to financial officer—hindered the office’s ability to carry out day-to-day functions, delayed the development of critical software, and contributed to weak management controls. The Office of Consular Systems and Technology stabilized legacy consular systems applications to improve data availability, integrity, and security. However, the office did not develop proper security and contingency plans for its program to modernize key consular systems.

OIG found deficiencies in management controls, including required segregation of duties between budget, acquisition, and contracting oversight functions. The office also did not follow Department requirements in preparing management control statements of assurance, closing contracts, and monitoring unliquidated obligations (which totaled approximately \$18.54 million).

OIG made recommendations to the Bureau of Consular Affairs to address needed improvements in the Office of Consular Systems and Technology, including staff shortfalls; coordination and communication with other bureau offices and within the office itself; management of its modernization effort; information security; management controls; and financial and acquisition management.

Overseas Missions

Bureau of East Asian and Pacific Affairs

Inspection of Embassy Port Moresby, Papua New Guinea (ISP-I-17-07A, 1/2017)

In its inspection of Embassy Port Moresby, OIG found that internal control deficiencies adversely affected the embassy’s operations. Embassy managers paid insufficient attention to internal controls for the purchase card program, contracts, property management, and fuel consumption. Embassy Port Moresby’s management of grants did not comply with Department directives. The embassy’s Integrated Country Strategy was overly ambitious to the detriment of effective internal controls. In addition, the work of the Consular Agency in Honiara, Solomon Islands, exceeded the mandate of a consular agent. Embassy Port

Moresby personnel told OIG that the recent assignment of an ambassador with strong management experience had been needed and that they appreciated the Ambassador's and the Deputy Chief of Mission's inclusive and collaborative styles. OIG made recommendations to Embassy Port Moresby to strengthen internal controls, comply with directives on grants management, and limit the work of the Consular Agency in the Solomon Islands to border security and protection of U.S. citizens.

Inspection of Embassy Rangoon, Burma (ISP-I-17-05A, 1/2017)

In its inspection, OIG found Embassy Rangoon engaged effectively to advance goals of credible general elections and a peaceful government transition in Burma. The embassy contributed to Washington policy deliberations on multiple issues, shaped high-level U.S. Government representations, and advanced U.S. goals in Burma. The Ambassador and the

Deputy Chief of Mission set an inclusive and professional tone consistent with Department leadership principles. Rapid mission growth and a capital city 240 miles from the embassy pose internal control risks. Embassy internal review processes did not identify deficiencies in inventory, invoicing, cashiering, motor pool, and grants management, and the embassy's management of grants lacked effective monitoring and closeouts of expired grants. The Public Affairs Section produced five daily media products but had not surveyed end users to determine whether each product had an audience. Embassy emergency preparedness did not encompass response to earthquakes. The embassy's Assistance Working Group managed a coherent foreign assistance portfolio that may be a useful model for other embassies to coordinate assistance.

OIG made recommendations to U.S. Embassy Rangoon to correct weaknesses in earthquake response plans, tighten internal controls, and reallocate public diplomacy resources.



Embassy Rangoon, Burma (ISP-I-17-05A, 1/2017).

Bureau of European and Eurasian Affairs

Inspection of Embassy Belgrade, Serbia (ISP-I-17-08A, 1/2017)

In its inspection of Embassy Belgrade, OIG found that the Ambassador and the Deputy Chief of Mission formed a cohesive team and ensured that employees worked together to accomplish Embassy Belgrade's goals. However, staffing shortages and insufficient embassy oversight of the local guard force resulted in unnecessary overtime work, causing inefficiencies and morale problems. In addition, Embassy Belgrade's Public Affairs Section was not in compliance with Department standards on grants management. The Management Section followed Department guidance for most required procedures but did not maintain inventory controls. Embassy Belgrade employees did not use record emails, and electronic records were not organized in accordance with Department standards.

OIG also highlighted two successes at Embassy Belgrade: an effective and simple mechanism that consular managers created for monitoring consular management controls, and improved service on the part of the Customer Service Center.

OIG made recommendations to Embassy Belgrade to address issues related to record emails; electronic files organization; timely reporting of grants awards; adequate safeguards and controls and annual inventory reconciliation of facility stock and supplies; and fire safety standards for residential properties.

Inspection of Embassy Bratislava, Slovakia (ISP-I-17-06A, 1/2017)

In its inspection of Embassy Bratislava, OIG found that the Chargé d'Affaires and the acting Deputy Chief of Mission encouraged teamwork and collaboration in the mission, consistent with Department leadership principles. The Department has been trying since



Embassy Belgrade, Serbia (ISP-I-17-08A, 1/2017).

2007 to identify a new embassy compound site. Embassy Bratislava identified this as its highest priority management goal and was working with the Department and the Government of Slovakia to identify and acquire a site. OIG found that Embassy Bratislava did not inspect, test, or maintain the embassy fire alarm systems. The Public Affairs Section did not fully comply with Department guidance on grants management. In addition, electronic records were not organized or readily retrievable, and employees made limited use of record emails. The embassy also did not effectively monitor employees' use of its contracted taxi service for personal trips. The embassy systems cabling infrastructure did not meet Department specifications.

OIG made recommendations to tighten Embassy Bratislava's internal controls and improve embassy operations. These address deficiencies in fire-alarm testing and maintenance; grants management; electronic file organization; use of record emails; employee use of the contracted taxi service for personal trips; cabling infrastructure; housing inspections; and monitoring of consular cashier activities.

Inspection of Embassy Zagreb, Croatia
(ISP-I-17-02, 10/2016)

In its inspection, OIG found that Embassy Zagreb operated well and pursued its Integrated Country Strategy's major policy objectives. However, the embassy had not consistently completed risk assessments or developed monitoring plans for all Federal assistance awards using Department-approved formats. In addition, because the Bureau of European and Eurasian Affairs had not funded an additional ambassadorial driver position, ambassadorial drivers were regularly on duty more than 10 hours per day. OIG

made recommendations on grants management and on compliance with record email guidance. OIG also recommended funding for an additional ambassadorial driver position to comply with Department guidance limiting the number of hours a driver can be on duty.

Inspection of Embassy Sarajevo, Bosnia and Herzegovina
(ISP-I-17-01, 10/2016)

In its inspection, OIG found that Embassy Sarajevo was a well-functioning mission that pursued the Integrated Country Strategy's major policy objectives. The embassy corrected internal control deficiencies in human resources, general services, and information management during the inspection. OIG did not make any recommendations in this report.

Bureau of South and Central Asian Affairs

Inspection of Embassy Islamabad, Pakistan
(ISP-I-17-11A, 2/2017)

In its inspection of Embassy Islamabad, OIG found that the U.S. mission in Pakistan advanced U.S. interests despite Pakistan's challenging security environment, host-nation restrictions on travel, and impediments to program implementation. The Ambassador led the mission in positively shaping U.S.-Pakistan relations, making progress toward achieving its Integrated Country Strategy goals, and focusing on the mission's security. However, the embassy's INL Pakistan Section had deficiencies in program oversight and management controls. Embassy Islamabad provided inconsistent management support to Consulates General Karachi, Lahore, and Peshawar. The mission conducted effective and innovative public diplomacy programs.

The mission's Information Management Sections provided satisfactory customer service but needed to improve coordination.

The report also addressed implementation of Department-managed government-to-government assistance, embassy management support to the consulates general, and the need to improve information management coordination. OIG made recommendations to improve Embassy Islamabad's operations and procedures.

Bureau of South and Central Asian Affairs

Inspection of Embassy Bishkek, Kyrgyzstan (ISP-I-17-13, 3/2017)

In its inspection of Embassy Bishkek, OIG found that the Ambassador provided critical leadership of a mission-wide strategic plan to reengage with the Government of Kyrgyzstan following a sharp downturn in the bilateral relationship. Embassy Bishkek, with Department support, improved earthquake preparedness. It formed an interagency earthquake preparedness working group,

hosted a regional crisis management exercise, and took steps to obtain seismically secure housing. The embassy also addressed several internal control weaknesses identified in the 2015 Statement of Assurance process, but it had not yet corrected internal control issues in financial management, motor pool, and information management. The mission's grants were managed in accordance with Department standards. However, the front office's communication flow led to confusion and delays in decision making.

Additionally, OIG highlighted two successes at Embassy Bishkek. First, the embassy partnered with grantee organizations to provide vocational training to at-risk youth in religious schools. Second, the embassy's seven American Corners—mobile information resource centers designed to promote mutual understanding between the American and Kyrgyz people—countered the influence of Russian extremist rhetoric.

OIG made recommendations to improve Embassy Bishkek's financial, general services, and information management operations.

Ongoing Inspection Work

At the close of this reporting period, the Office of Inspections was completing inspections of six U.S. embassies—Accra, Colombo, Freetown, Luanda, Monrovia, and Tel Aviv—and Consulate General Jerusalem. Additionally, it was completing inspection work on the Bureau of Near Eastern Affairs. The office was also finalizing a review of cost sharing for information management officers at overseas missions.

The Office of Inspections had begun compliance follow-up reviews of two embassy inspections—Tokyo and Brasilia. The office had also initiated compliance follow-up

reviews of two management assistance reports covering tracking and reporting of foreign assistance funds and the payment of official residence expenses. Inspections were underway to determine how vacant positions are managed for the capital security cost-sharing program, how risk assessment and monitoring requirements for grants issued overseas are enforced, how information systems security officer duties are conducted in embassies, and how mobile computing devices are controlled in domestic offices. Finally, the office was conducting emergency preparedness inspections of Embassy Kingston and Consulate General Hamilton.

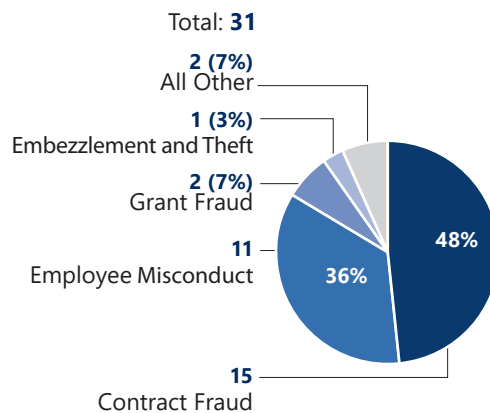
9. OFFICE OF INVESTIGATIONS

The Office of Investigations conducts worldwide investigations of criminal, civil, and administrative misconduct related to programs and operations of the Department.

The office refers investigative results to the Department of Justice for prosecution and to the Department's Bureau of Human Resources, the Bureau of Diplomatic Security, the Office of the Procurement Executive, and other entities for administrative or other appropriate action. OIG's growing involvement in complex investigations of crimes affecting Department employees, programs, and operations has resulted in significant actions—including convictions, settlements, recoveries, suspensions, and debarments—and continues to promote integrity and accountability of personnel and programs.

For a summary of actions related to OIG investigative actions this reporting period, see Table 9.1. For a breakdown of cases closed this reporting period, see Figure 9.1.

Figure 9.1
OIG Investigations Closed, 10/1/2016–3/31/2017



Note: Figures may not equal 100 percent due to rounding.

Table 9.1
OIG Investigative Activity Related to Department of State Programs and Operations,
10/1/2016–3/31/2017

Preliminary Inquiries	
Opened	73
Closed	54
Investigations	
Opened	20
Closed	31
Pending (9/30/2016)	28
Reports Issued ^a	19
Criminal Actions	
Referrals to DOJ	24
Referrals to Foreign, State, and Local Prosecuting Authorities	2
Arrests	0
Indictments/Informations ^b	7
Convictions	3
Civil Judgments/Settlements	0
Administrative Actions	
Removals (Resignation & Termination)	5
Suspensions/Revocations (Employee & Security Clearance)	4
Reprimands/Admonishments/Other	4
Contractors/Grantees Suspended	10
Contractors/Grantees Debarred	26
Cost Recovery	4
Funds Put to Better Use	1
Investigative Monetary Results	
Cost Recovery	\$102,411
Fines and Penalties	\$300
Funds Put to Better Use (Cost Savings)	\$160,254
Restitution	\$4,414,847
Fraud Awareness Briefing	27

Note: The figures in this table were derived from a defined search of the Office of Investigations' electronic case management system from the period 10/01/2016 through 3/31/2017, based upon specific administrative action categories.

^a The number represents final Reports of Investigation issued during the reporting period. The same Report of Investigation may have been issued to more than one Department bureau or office and may include multiple subjects for possible administrative actions.

^b The number represents all indictments and criminal informations that occurred during the reporting period. All indictments and criminal informations result from referral to prosecuting authorities. The referral may have occurred in a prior reporting period.

Figure 9.2
Department-Related Cases and Preliminary Inquiries Closed, by Country,
10/1/2016–3/31/2017



Source: Office of Investigations electronic case management system.

OIG's investigative efforts span the globe. As shown in Figure 9.2 and Table 9.2, of the 85 cases and preliminary inquiries closed this reporting period, 45 percent concerned activity in the United States, and 55 percent concerned activity in other countries.

Table 9.2
Preliminary Inquiries and Cases Closed,
10/1/2016–3/31/2017

Type	Domestic	Overseas
Preliminary Closed	22	32
Case Closed	16	15

Source: Office of Investigations electronic case management system.

During the reporting period, OIG conducted a number of investigations involving senior Government employees. Table 9.3 details each such investigation where OIG substantiated allegations of misconduct. Other than the

investigations described in Table 9.3, OIG has no investigations to report involving senior Government employees that were closed during the reporting period and were not disclosed to the public.

Table 9.3
Investigations Involving Senior Government Employees Where Allegations Were Substantiated,
10/1/2016–3/31/2017

Description	Status	DOJ Referral & Response	Closed Date
Case # C2016-016			
In December 2015, OIG opened an investigation based on an anonymous complaint alleging that a senior Department employee violated conflict-of-interest rules.	The investigation established the employee did not violate conflict-of-interest rules as alleged; however, it substantiated that the employee accepted a personal gift in violation of the general standards rules for gifts from outside sources. The employee retired from the Department prior to administrative review.	12/31/2015 The U.S. Attorney's Office declined the case for prosecution in lieu of administrative referral.	2/2017
Case # C2013-003			
In November 2012, OIG opened an investigation based on information given by a source that alleged a senior Department employee inappropriately influenced a local organization on behalf of another individual, in exchange for a donation to a charity supported by the employee.	The investigation established the employee did violate the general standards rules for gifts from outside sources as alleged. The employee's status as a re-employed annuitant with the Department was terminated.	N/A	11/2016
Case # C2014-022			
In February 2014, OIG opened an investigation based on information given by an anonymous source that a senior Department employee misused Official Residence Expense household staff.	The investigation established that the employee did misuse Official Residence Expense household staff. The employee retired from the Department prior to administrative review.	N/A	10/2016
Case # C2011-092			
In August 2011, OIG opened an investigation based on information given by an anonymous source that alleged that a senior Department employee had misused a Government-owned vehicle, as well as embassy staff and a U.S. embassy taxi card. In addition, the employee allegedly solicited and accepted gifts.	The investigation established that the employee did commit the offenses as alleged, and the matter was referred to the Department for administrative action. The Department suspended the employee for 45 days and issued a warning memorandum regarding the employee's security clearance.	10/20/2011 The U.S. Attorney's Office declined the case for prosecution in lieu of administrative referral.	10/2016

Contract Fraud

In January 2017, a Government contractor pled guilty in the U.S. District Court for the District of Columbia to a charge of conspiracy to commit theft of Government property and wire fraud. As the manager of an auto restoration and collision center, the individual conspired with both the shop owner and a Department employee to misappropriate and illicitly resell Department vehicles. From approximately 2011 to 2015, under an apparently legitimate Government contract to provide fleet services to the Department's Defensive Equipment and Armored Vehicle Division, these individuals misappropriated Department vehicles, totaling at least \$512,420 in value, and resold them while splitting the profits. The plea agreement requires the auto center manager to pay \$416,020 in restitution and an equal amount in forfeiture money judgment.

Employee Misconduct

In March 2017, a former Department contractor pled guilty to theft of Government funds. The plea came after OIG special agents determined that between July 1, 2015, and April 1, 2016, the contractor submitted false travel expense claims for hotel stays in excess of \$29,650 and converted the money for personal use. The contractor's sentencing is pending. In 2016, a locally employed staff member at a U.S. consulate was terminated from employment with the Department for having played a role in the fraud scheme.

In October 2016, a U.S. consulate suspended three locally employed staff members and terminated four for administrative violations in connection with their use of the Diplomatic

Post Office and diplomatic pouch mail system. A joint OIG and DS Regional Security Office investigation determined the employees conspired to and illicitly utilized the system from 2008 through 2016 to import items from online commerce vendors with the goal of evading customs duties.

Visa Fraud/Other

In February 2017, following a grand jury indictment in 2016, a Federal jury convicted two co-conspirators on multiple counts, including conspiracy to defraud the Government and international smuggling of ancient artifacts into the United States from Pakistan. Following a joint investigation by OIG and Homeland Security Investigations, special agents determined that the two individuals—both of Santa Fe, New Mexico—used their legitimate business to import and sell illegal antiquities. The smuggling operation spanned from approximately 2007 through 2014. The individuals were also found guilty of obstructing justice and multiple counts of naturalizing and procuring U.S. citizenship by fraud.

Updates to Prior Cases

In December 2016, following the earlier guilty pleas of two accomplices, a third individual was found guilty on three counts related to a conspiracy to defraud several Federal agencies by issuing numerous fraudulent bonds to insure Government construction contracts. A Federal jury convicted the defendant of major fraud, mail fraud, and false statements to a Federal agency. These convictions stemmed from his role in the fraud scheme that spanned from May 2008 to October 2010. The defendant was sentenced to 150 months

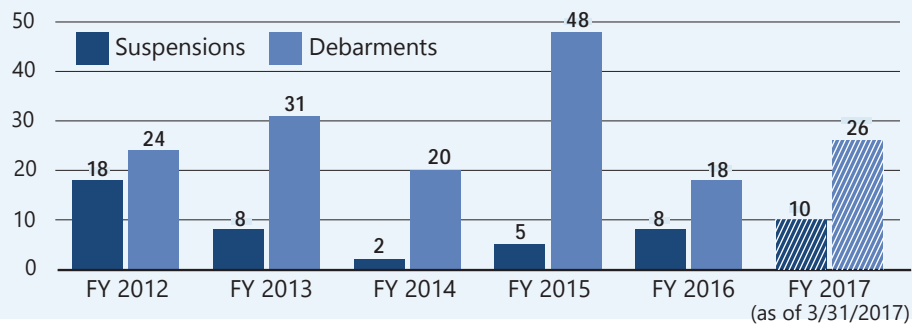
in prison and ordered to pay joint restitution of \$4,165,221. In February 2017, the Government took administrative action to suspend

the individual, along with one co-conspirator and eight entities, from Federal contracting. In addition, a third individual was debarred.

Suspensions and Debarments

OIG has enhanced its efforts to identify and refer appropriate cases to the Department for suspension and debarment. During the first 6 months of FY 2017, because of OIG referrals, 10 contractors and grantees were suspended from conducting business with the Federal Government and 26 were debarred. This represents more than the total number of suspensions and debarments during the entire preceding fiscal year.

Suspension and Debarment Action Taken by the Department as a Result of OIG Referrals, FY 2012–2017



10. FINANCIAL IMPACT OF OIG WORK RELATED TO THE DEPARTMENT OF STATE

In the reports it issued this reporting period, OIG identified \$140.3 million in potential monetary benefits to the Department. Also during this reporting period, the Department made management decisions on \$75.3 million in recommendations involving questioned costs or funds that could be put to better use.

At the close of this reporting period, the Department had not yet made a management decision on nearly \$145 million in questioned costs or funds that could be put to better use, as identified by OIG.

For the status of recommendations involving questioned costs in OIG reports on

Department programs and operations, see Table 10.1. For the status of recommendations involving funds that could be put to better use, see Table 10.2. For a summary of consolidated Department and BBG totals of potential monetary benefits identified by OIG during this reporting period, see Section 5 of this report.

OIG Financial Lexicon

Questioned Costs*

Costs that are questioned by OIG because of an alleged violation of a provision; costs not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Allowed:

A cost questioned by OIG that management has decided should be charged to the Government.

Disallowed:

A cost questioned by OIG that management has agreed should not be charged to the Government.

Funds Put to Better Use

Funds that could be used more efficiently if management took actions to implement and complete the recommendation.

Agreed:

The dollar value of recommendations that management agreed to implement.

Disagreed:

The dollar value of recommendations that management disagreed with implementing.

* "Unsupported Costs" is a subset of total "Questioned Costs."

Table 10.1

Status of OIG Recommendations to the Department of State Including Questioned Costs, 10/1/2016–3/31/2017

Recommendation Status		# Reports	Questioned Costs \$ Thousands	Unsupported Costs ^a \$ Thousands
A.	No management decision made by start of the reporting period	12	\$64,057	\$32,849
B.	Issued during the reporting period			
	<i>Audit of Atlas Service Corps, Inc., Grant Expenditures and Program Income</i>		\$171	\$62
	<i>Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program</i>		\$51,883	\$0
	<i>Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq</i>		\$66,265	\$2,265
	<i>Inspection of the Bureau of Population, Refugees, and Migration</i>		\$2,256	\$0
	<i>Inspection of Embassy Bratislava, Slovakia</i>		\$10	\$9
	Total Issued During the Reporting Period	5	\$120,586	\$2,336
	Total (A+B)	17	\$184,643	\$35,185
C.	Management decision made during the reporting period			
	(i) Disallowed costs		\$2,526	\$2,339
	(ii) Costs not disallowed		\$64,813	\$806
	Subtotal	4	\$67,339	\$3,145
D.	Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]	13	\$117,304	\$32,040
E.	Additional monetary benefits achieved as the result of prior OIG recommendations	2	\$406	\$406

Note: Dollar amount may be affected by rounding.

^a "Unsupported Costs" is a subset of total "Questioned Costs."

Table 10.2

Status of OIG Recommendations to the Department of State Recommending Funds To Be Put to Better Use, 10/1/2016–3/31/2017

Recommendation Status	# Reports	\$ Thousands
A. No management decision made by the start of the reporting period	8	\$15,893
B. Issued during the reporting period		
<i>Management Assistance Report: Incorrect Post Allowance Rate for Embassy Berlin, Germany</i>		\$1,144
<i>Inspection of Embassy Port Moresby, Papua New Guinea</i>		\$30
<i>Inspection of the Bureau of Consular Affairs, Office of Consular Systems and Technology</i>		\$18,540
Total Issued During the Reporting Period	3	\$19,714
Total (A+B)	11	\$35,608
C. Management Decision made during the reporting period		
(i) Dollar Value of Recommendations Agreed to by Management		\$7,830
(ii) Dollar Value of Recommendations Not Agreed to by Management		\$126
Subtotal	5	\$7,957
D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]	6	\$27,651
E. Additional monetary benefits achieved as the result of prior OIG recommendations	1	\$20

Note: Dollar amount may be affected by rounding.

Office of Management and Budget Single Audits

OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200) establishes audit requirements for state and local governments, colleges and universities, and non-profit organizations receiving Federal awards. Under 2 CFR Part 200, covered entities that expend \$750,000 or more a year in Federal funds must obtain an annual organization-wide "single audit" that includes the entity's financial statements and compliance with Federal award requirements. These audits are conducted by non-Federal auditors, such as public accounting firms and state auditors.

OIG reviews selected audit reports for findings and questioned costs related to Department awards to ensure that the reports comply with the requirements of OMB related to single audits. OIG's oversight of non-Federal audit activity informs Federal managers about the soundness of the management of Federal programs and identifies any significant areas of internal control weaknesses, noncompliance, and questioned costs for resolution or follow-up.

During this reporting period, the Office of Audits conducted follow-up on prior year's questioned costs of \$415,915 referred to Department program officials for resolution in prior periods. Table 10.3 summarizes the Department's decisions during this period to allow or disallow the questioned costs.

Table 10.3
Inspector General-Referred A-133 Audit Reports With Questioned Costs

Recommendation Status		# Reports	Questioned Costs \$ Thousands
A.	For which no management decision had been made by the commencement of the reporting period	9	\$416
B.	Issued During Reporting Period	0	\$0
	Subtotal Questioned Costs (A+B)	9	\$416
C.	For which a management decision was made during the reporting period		
	(i) Disallowed costs		\$0
	(ii) Costs not disallowed		\$171
	Total Management Decisions	3	\$171
D.	For which no management decision has been made by the end of the reporting period	6	\$245

Note: Dollar amount may be affected by rounding.

Defense Contract Audit Agency Audits

The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management provided OIG information concerning Department contract awards. The bureau's Business Operations Division initiates and coordinates audits with the Defense Contract Audit Agency (DCAA) to support contracting officers. Questioned

costs that are identified represent the total of all questioned dollars in DCAA audit reports issued during this reporting period. The management decision captures the resolution of audit reports made by the contracting officer during this reporting period to allow or disallow questioned costs. OIG did not verify, or otherwise audit, the values shown in Table 10.4 for the information the Office of Acquisitions Management provided.

Table 10.4
Defense Contract Audit Agency Audit Reports With Questioned Costs

	# Reports	Questioned Costs \$ Thousands
A. For which no management decision had been made by the commencement of the reporting period	10	\$137,964
B. Issued During Reporting Period		
<i>Independent Audit Report on PAE Government Services Inc.'s Proposed Amounts on Unsettled Flexibly Priced Contracts for FYE December 31, 2010 (2010P10100042, 11/8/2016)</i>		\$237
Total Issued During the Reporting Period	1	\$237
Subtotal Questioned Costs (A + B)	11	\$138,201
C. For which a management decision was made during the reporting period		
(i) Disallowed costs		\$19,774
(ii) Costs not disallowed		\$12,727
Total Management Decisions	8	\$32,501
D. For which no management decision has been made by the end of the reporting period	3	\$105,700

Note: Dollar amount may be affected by rounding. Two additional reports were issued that did not have questioned costs.

11. COMPLIANCE

OIG tracks and documents the status of OIG report recommendations and agency follow-up actions. OMB Circular A-50 requires prompt resolution and corrective action on OIG recommendations.

Specifically, the circular states that resolution shall be made within 6 months after the final report is issued, with corrective action proceeding as rapidly as possible.

OIG tracks and documents the status of OIG report recommendations and agency follow-

up actions. Appendix Tables D.1 through D.6 provide detailed information about the status of OIG recommendations. The Department did not revise any of its previous significant management decisions during this reporting period, and it made no significant management decisions with which OIG disagreed.

OVERSIGHT OF BROADCASTING BOARD OF GOVERNORS PROGRAMS AND OPERATIONS

11. OFFICE OF AUDITS	46
12. OFFICE OF INSPECTIONS	48
13. OFFICE OF INVESTIGATIONS	49
14. FINANCIAL IMPACT OF OIG WORK RELATED TO THE BROADCASTING BOARD OF GOVERNORS	50
15. COMPLIANCE	53

12. OFFICE OF AUDITS

The Office of Audits supports the Broadcasting Board of Governors by auditing its programs and operations and making recommendations to improve management, strengthen integrity and accountability, and ensure the most efficient, effective, and economical use of resources.

Audit work focuses on such areas of concern as financial management and information security and management practices. From October 1, 2016, to March 31, 2017, OIG issued four audit reports related to BBG programs and operations, three of which are Unclassified.

implemented and followed among BBG purchase cardholders.

Based on the results of this assessment, OIG did not recommend an audit of BBG's purchase card program be included in OIG's FY 2018–FY 2019 work plan.

Contracts, Grants, and Infrastructure

Information Report: Broadcasting Board of Governors 2016 Purchase Card Risk Assessment
(AUD-CGI-IB-17-22, 12/2016)

OIG conducted this review of the BBG purchase card program to assess the risk associated with the program. OIG reviewed BBG's FY 2015 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the BBG purchase card program is "very low." This conclusion was based on BBG purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations observations.

OIG encouraged BBG's purchase card program manager to continue prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully

Financial Management

Management Letter Related to the Audit of the Broadcasting Board of Governors 2016 Financial Statements
(AUD-FM-IB-17-15, 1/2017)

During the audit of BBG's 2016 financial statements, an independent external auditor, working on behalf of OIG, identified matters involving internal controls that it brought to BBG's attention related to maintenance of time and attendance documentation and timeliness and accuracy of recording personal property acquisitions.

Independent Auditor's Report on the Broadcasting Board of Governors 2016 and 2015 Financial Statements
(AUD-FM-IB-17-14, 11/2016)

An independent external auditor, working on behalf of OIG, audited the BBG annual consolidated financial statements as of, and for the years ended, September 30, 2016 and 2015.

The auditor found the consolidated financial statements present fairly, in all material respects, the financial position of BBG as of September 30 for both 2016 and 2015, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The auditor found one material weakness and two significant deficiencies in internal control over financial reporting. Specifically, the auditor found a material weakness in the validity and accuracy of unliquidated obligations and

significant deficiencies in grantee monitoring and IT. The auditor also found two instances of noncompliance with certain provisions of laws, regulations, contracts, and grant agreements, including Federal grant regulations and the Federal Managers' Financial Integrity Act.

Ongoing Audit Work

At the close of this reporting period, the Office of Audits was performing audits of BBG's compliance with improper payment requirements and of its information security program.

13. OFFICE OF INSPECTIONS

The Office of Inspections inspects BBG programs and operations to help identify systemic issues, use resources efficiently, and ensure the safety of personnel. Areas of specific concern include the allocation of financial resources and compliance with Federal regulations.

From October 1, 2016, to March 31, 2017, the Office of Inspections issued one Unclassified report related to BBG programs and operations.

Inspection of the Broadcasting Board of Governors' Middle East Broadcasting Networks
(ISP-IB-17-09, 2/2017)

In its inspection, OIG found that the Middle East Broadcasting Networks established its Raise Your Voice campaign to counter the influence and messaging of ISIS. The Middle East Broadcasting Networks also improved the methods it uses to measure the effectiveness and impact of its programming. However, the International Broadcasting Bureau Office of Chief Financial Officer did not review Middle East Broadcasting Networks' past unliquidated obligations totaling \$6.2 million

or close out expired grants. The Middle East Broadcasting Networks did not have robust disposal processes and internal controls for excess property, and it lacked formal IT standards or policies. The Networks also had not conducted a fire drill at its headquarters in Springfield, Virginia, since occupying it in 2004.

OIG recommended that the International Broadcasting Bureau Office of Chief Financial Officer review the Middle East Broadcasting Networks' past unliquidated obligations and expired grants. OIG also recommended that the Middle East Broadcasting Networks strengthen property management operations and conduct a fire drill on an annual basis. OIG made other recommendations regarding compliance of the Middle East Broadcasting Networks' grant agreement regarding information technology and security.

Ongoing Inspection Work

At the close of this reporting period, the Office of Inspections was completing an inspection of BBG's Radio Free Europe/Radio Liberty.

14. OFFICE OF INVESTIGATIONS

The Office of Investigations conducts worldwide investigations of criminal, civil, and administrative misconduct related to BBG programs and operations. From October 1, 2016, to March 31, 2017, the office did not open any preliminary inquiries or investigations.

The office closed three preliminary inquiries during the reporting period. OIG has no monetary recoveries from investigations of BBG programs and operations to report

during this reporting period. Furthermore, OIG had no investigations involving senior Government employees during the reporting period.

15. FINANCIAL RESULTS OF OIG WORK RELATED TO THE BROADCASTING BOARD OF GOVERNORS

During this reporting period, OIG issued one report that identified \$6.2 million in potential monetary benefits to BBG. BBG had no open recommendations involving questioned costs from this reporting period or previous reporting periods that required management decision.

Table 15.1 provides information on OIG reports with recommendations involving funds to be put to better use. For a summary of consolidated Department and BBG totals of

potential monetary benefits identified by OIG during this reporting period, see Section 5 of this report.

OIG Financial Lexicon

Questioned Costs*
Costs that are questioned by OIG because of an alleged violation of a provision; costs not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.
Allowed: A cost questioned by OIG that management has decided should be charged to the Government.
Disallowed: A cost questioned by OIG that management has agreed should not be charged to the Government.
Funds Put to Better Use
Funds that could be used more efficiently if management took actions to implement and complete the recommendation.
Agreed: The dollar value of recommendations that management agreed to implement.
Disagreed: The dollar value of recommendations that management disagreed with implementing.

*"Unsupported Costs" is a subset of total "Questioned Costs."

Table 15.1

Status of OIG Recommendations to the Broadcasting Board of Governors for Funds To Be Put to Better Use,
10/1/2016–3/31/2017

Recommendation Status	# Reports	Questioned Costs \$ Thousands
A. No management decision made by start of the reporting period	0	\$0
B. Issued during the reporting period		
<i>Inspection of the Broadcasting Board of Governors' Middle East Broadcasting Networks</i>	1	\$6,227
Total (A+B)	1	\$6,227
C. Management decision made during the reporting period		
(i) Dollar Value of Recommendations Agreed to by Management		\$0
(ii) Dollar Value of Recommendations Not Agreed to by Management		\$0
Subtotal	0	\$0
D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]	1	\$6,227
E. Additional monetary benefits achieved as the result of prior OIG recommendations		\$0

Office of Management and Budget Single Audits

OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200), establishes audit requirements for state and local governments, colleges and universities, and non-profit organizations receiving Federal awards. Under 2 CFR Part 200, covered entities that expend \$750,000 or more a year in Federal

funds must obtain an annual organization-wide "single audit" that includes the entity's financial statements and compliance with Federal award requirements. These audits are conducted by non-Federal auditors, such as public accounting firms and state auditors.

During this reporting period, there were no audit reports with findings and questioned costs for which BBG was required to issue management decisions.

16. COMPLIANCE

OIG tracks and documents the status of OIG report recommendations and agency follow-up actions. OMB Circular A-50 requires prompt resolution and corrective action on OIG recommendations.

Specifically, the circular states that resolutions shall be made within 6 months after the final report is issued, with corrective action proceeding as soon as possible.

OIG tracks and documents the status of OIG report recommendations and agency follow-up actions. Appendix Tables E.1 and E.2 provide detailed information about

the status of OIG recommendations. As of the end of the reporting period, there were no report recommendations without management decision for more than 6 months. Furthermore, during the reporting period, BBG did not revise any of its previous significant management decisions or make any significant management decisions with which OIG disagreed.

APPENDICES

A. OIG REPORTS RELATED TO DEPARTMENT OF STATE PROGRAMS AND OPERATIONS	55
B. OIG REPORTS RELATED TO BROADCASTING BOARD OF GOVERNORS PROGRAMS AND OPERATIONS	58
C. PEER REVIEWS	59
D. DEPARTMENT OF STATE COMPLIANCE	60
E. BROADCASTING BOARD OF GOVERNORS COMPLIANCE	93
F. ABBREVIATIONS	99
G. INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT OF 1978	101

APPENDIX A: OIG REPORTS RELATED TO DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

Table A.1

OIG Reports Related to Department of State Programs and Operations, 10/1/2016–3/31/2017

Report #	Report Title	Date Issued
Office of Audits		
AUD-FM-17-13	<i>Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2016 Financial Statements</i>	3/2017
AUD-CGI-17-32	<i>Audit of Atlas Service Corps, Inc., Grant Expenditures and Program Income</i>	3/2017
AUD-FM-17-30	<i>Independent Review of the U.S. Department of State Accounting of FY 2016 Drug Control Funds and Related Performance Report</i>	3/2017
AUD-MERO-17-33	<i>Aspects of the Invoice Review Process Used by the Bureau of Near Eastern Affairs to Support Contingency Operations in Iraq Need Improvement</i>	3/2017
AUD-MERO-17-28	<i>Management Assistance Report: Improvements Needed to the Security Certification Process To Ensure Compliance With Security Standards at Embassy Kabul, Afghanistan</i>	3/2017
AUD-FM-17-29	<i>Audit of the U.S. Section of the International Joint Commission, United States and Canada, FYs 2014 and 2015 Expenditures</i>	2/2017
AUD-FM-17-11	<i>Management Letter Related to the Audit of the U.S. Department of State 2016 Financial Statements</i>	2/2017
AUD-SI-17-21	<i>Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program</i>	2/2017
AUD-FM-17-12	<i>Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2016 and 2015 Financial Statements</i>	1/2017
AUD-SI-17-20	<i>Management Assistance Report: Health and Safety Concerns Identified Related to Armored Vehicle Disposals</i>	1/2017
AUD-CGI-17-25	<i>Information Report: Department of State 2016 Purchase Card Risk Assessment</i>	12/2016
AUD-CGI-17-24	<i>Information Report: Department of State 2016 Travel Card Risk Assessment</i>	12/2016
AUD-CGI-17-23	<i>Information Report: International Boundary and Water Commission, United States and Mexico, U.S. Section, 2016 Purchase Card Risk Assessment</i>	12/2016
AUD-CGI-17-19	<i>Management Assistance Report: Evaluation of the Environmental Studies and Test Results for the Site of the New U.S. Embassy in Mexico City, Mexico</i>	12/2016
AUD-MERO-17-16	<i>Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq</i>	12/2016

(Table A.1 continued on next page)

Report #	Report Title	Date Issued
AUD-FM-17-10	<i>Independent Auditor's Report on the U.S. Department of State 2016 Closing Package Financial Statements</i>	11/2016
AUD-FM-17-09	<i>Independent Auditor's Report on the U.S. Department of State 2016 and 2015 Financial Statements</i>	11/2016
AUD-FM-17-06	<i>Management Assistance Report: Incorrect Post Allowance Rate for Embassy Berlin, Germany</i>	11/2016
AUD-MERO-17-08	<i>Audit of the Bureau of Near Eastern Affairs Middle East Partnership Initiative</i>	11/2016
AUD-MERO-17-01	<i>Audit of the Department of State Vetting Process for Syrian Non-Lethal Assistance</i>	11/2016
AUD-CGI-17-07	<i>Management Assistance Report: Department of State Conference Reporting</i>	10/2016
AUD-FM-17-03	<i>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</i>	10/2016
AUD-MERO-17-04	<i>Management Assistance Report: Contract Management—Lessons Learned From Embassy Kabul, Afghanistan, Operations and Maintenance Contract</i>	10/2016
Office of the Executive Director		
OIG-EX-17-01	<i>Fiscal Year 2016 Inspector General Statement On The Department Of State's Major Management and Performance Challenges</i>	11/2016
Office of Inspections		
ISP-I-17-13	<i>Inspection of Embassy Bishkek, Kyrgyzstan</i>	3/2017
ISP-17-15	<i>Management Assistance Report: All Posts Should Comply With New Department Requirement To Revise Policies on Hiring of Personal Domestic Workers</i>	3/2017
ISP-I-17-10	<i>Inspection of the Bureau of Population, Refugees, and Migration</i>	2/2017
ISP-I-17-11A	<i>Inspection of Embassy Islamabad, Pakistan</i>	2/2017
ISP-I-17-08A	<i>Inspection of Embassy Belgrade, Serbia</i>	1/2017
ISP-I-17-06A	<i>Inspection of Embassy Bratislava, Slovakia</i>	1/2017
ISP-I-17-07A	<i>Inspection of Embassy Port Moresby, Papua New Guinea</i>	1/2017
ISP-I-17-05A	<i>Inspection of Embassy Rangoon, Burma</i>	1/2017
ISP-I-17-04	<i>Inspection of the Bureau of Consular Affairs, Office of Consular Systems and Technology</i>	12/2016
ISP-I-17-01	<i>Inspection of Embassy Sarajevo, Bosnia and Herzegovina</i>	10/2016
ISP-I-17-02	<i>Inspection of Embassy Zagreb, Croatia</i>	10/2016

Table A.2

OIG Reports* Related to Department of State Programs and Operations Summarized in the *Classified Annex to the Semiannual Report to the Congress, 10/1/2016–3/31/2017*

Report #		Date Issued
Office of Audits		
AUD-MERO-17-31	<i>Management Assistance Report: Iraq Fuel Storage and Safety</i>	3/2017
AUD-IT-17-34	<i>Audit of the Department of State's Management of Industrial Control Systems</i>	3/2017
AUD-MERO-17-27	<i>Audit of Emergency Action Plans for U.S. Embassy Tunis, Tunisia</i>	2/2017
AUD-SI-17-26	<i>Audit of the Visas Viper Program</i>	1/2017
AUD-IT-17-17	<i>Audit of the Department of State Information Security Program</i>	11/2016
AUD-CGI-17-02	<i>Audit of Department of State Compliance With Conducting Background Investigations of Overseas Employees and Foreign Contractor Employees</i>	10/2016
AUD-FM-17-05	<i>2016 Examination of the Diplomatic Security Special Forces Antiterrorism Assistance Project</i>	10/2016
Office of Inspections		
ISP-S-17-11A	<i>Classified Annex to the Inspection of Embassy Islamabad, Pakistan</i>	2/2017
ISP-S-17-08A	<i>Classified Annex to the Inspection of Embassy Belgrade, Serbia</i>	1/2017
ISP-S-17-06A	<i>Classified Annex to the Inspection of Embassy Bratislava, Slovakia</i>	1/2017
ISP-S-17-07A	<i>Classified Annex to the Inspection of Embassy Port Moresby, Papua New Guinea</i>	1/2017
ISP-S-17-05A	<i>Classified Annex to the Inspection of Embassy Rangoon, Burma</i>	1/2017
MA-17-03	<i>Management Alert: Information Security in the Worldwide Refugee Admissions Processing System</i>	12/2016
ISP-S-17-02A	<i>Classified Annex to the Inspection of Embassy Zagreb, Croatia</i>	10/2016
ISP-S-17-01A	<i>Classified Annex to the Inspection of Embassy Sarajevo, Bosnia and Herzegovina</i>	10/2016

*Five additional reports (titles Classified) can be found in the *Classified Annex to the Semiannual Report to the Congress*.

APPENDIX B: OIG REPORTS RELATED TO BROADCASTING BOARD OF GOVERNORS PROGRAMS AND OPERATIONS

Table B.1
OIG Reports Related to Broadcasting Board of Governors Programs and Operations, 10/1/2016–3/31/2017

Report #	Report Title	Date Issued
Office of Audits		
AUD-FM-IB-17-15	<i>Management Letter Related to the Audit of the Broadcasting Board of Governors 2016 Financial Statements</i>	1/2017
AUD-CGI-IB-17-22	<i>Information Report: Broadcasting Board of Governors 2016 Purchase Card Risk Assessment</i>	12/2016
AUD-FM-IB-17-14	<i>Independent Auditor's Report on the Broadcasting Board of Governors 2016 and 2015 Financial Statements</i>	11/2016
Office of Executive Director		
OIG-EX-17-02	<i>Fiscal Year 2016 Inspector General Statement on the Broadcasting Board of Governor's Major Management and Performance Challenges</i>	11/2016
Office of Inspections		
ISP-IB-17-09	<i>Inspection of the Broadcasting Board of Governors' Middle East Broadcasting Networks</i>	2/2017

Table B.2
OIG Reports Related to Broadcasting Board of Governors Programs and Operations Summarized in the *Classified Annex to the Semiannual Report to the Congress*, 10/1/2016–3/31/2017

Report #	Report Title	Date Issued
Office of Audits		
AUD-IT-IB-17-18	<i>Audit of the Broadcasting Board of Governors Information Security Program</i>	11/2016

APPENDIX C: PEER REVIEWS

The Office of Inspector General (OIG) conducts oversight activities to help ensure that the Department of State and the Broadcasting Board of Governors manage and execute programs and operations as efficiently and effectively as possible. To underscore the importance of operational efficiency and effectiveness, OIG is measured by industry standards and best practices set forth by the oversight community, represented by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). As part of this shared internal control system, CIGIE requires OIGs to conduct and undergo periodic external peer reviews, and the Inspector General Act of 1978 requires the results of these peer reviews to be published in this *Semiannual Report to the Congress*.

Office of Audits

The Office of Audits did not undergo a peer review during this reporting period. The Department of Commerce conducted the last peer review for the reporting period ending September 30, 2015, and issued a report on its review on March 18, 2016. The Office of Audits received a peer review rating of pass, the best possible rating. The report's accompanying letter of comment contained two recommendations that, while not affecting the overall opinion, were designed to further strengthen the system of quality control in the Office of Audits. The report is available on OIG's website at <https://oig.state.gov>. The next Office of Audits' peer review will occur during FY 2019.

APPENDIX D: DEPARTMENT OF STATE COMPLIANCE

Tables D.1 through D.6 report the status of open Office of Inspector General (OIG) recommendations to the Department of State (Department) as of March 31, 2017, as well as certain recommendations that were closed

during the reporting period. The Department did not revise any of its previous significant management decisions during this reporting period, and it made no significant management decisions with which OIG disagreed.

OIG Compliance Lexicon

Open
Unresolved: No agreement between OIG and management on the recommendation or proposed corrective action (remains open).
Resolved: Agreement on the recommendation and proposed corrective action (remains open) but implementation has not been completed.
Closed
Agreed-upon corrective action is complete.

Table D.1
Report Recommendations Without Management Decision by the Department of State for More Than 6 Months, as of 3/31/2017

Report Title and #	Report Description
Office of Audits	
<i>Audit of the Department of State Process To Select and Approve Information Technology Investments</i> (AUD-FM-16-31, 3/2016)	OIG recommended that the Bureau of Information Resource Management develop and implement a process for the Chief Information Officer (CIO) to approve the portfolio data for all information technology (IT) investments prior to submission of the Exhibit 53 and Exhibit 300 reports as required by the Office of Management and Budget (OMB). The bureau's response to the draft report did not concur with the recommendation and stated that it had delegated authority for this approval to the Deputy CIOs. OIG expected that the bureau would provide OIG with documentation showing that the CIO has the authority to delegate this responsibility since OMB's requirements explicitly assign this responsibility to the CIO. However, in its March 28, 2017, response, the bureau provided no new or compelling evidence showing that the CIO has the authority to delegate blanket approval to approve the portfolio data for all IT investments prior to submission of the Exhibit 53 and Exhibit 300 reports, as required by OMB. Therefore, Recommendation 30 is unresolved.

(Table D.1 continued on next page)

Report Title and #	Report Description
<i>Compliance Follow-up Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts</i> (AUD-ACF-16-20, 12/2015)	OIG recommended that the Bureau of Overseas Buildings Operations (OBO) develop and implement a method to track the funding status of every physical security deficiency identified by the Bureau of Diplomatic Security (DS) in the Deficiencies Database (Recommendation 6); and that OBO develop and implement a process to respond to posts' formal requests for physical security-related funding, which should include commitments to respond within certain timeframes (Recommendation 9). The bureau's last response was dated June 10, 2016. In its response to Recommendation 6, OBO stated that it already tracks project requirements through the Buildings Management Integrated Systems; however, the bureau did not provide sufficient information on how it will ensure that it will track the funding status of every physical security deficiency identified by DS in the Deficiencies Database, nor did it specifically concur with the recommendation. For Recommendation 9, OBO provided no new information that demonstrated compliance with this recommendation that did not exist at the time of the audit. Therefore, Recommendations 6 and 9 are unresolved.
<i>Audit of the Bureau of International Security and Nonproliferation Administration and Oversight of Foreign Assistance Funds Related to the Global Threat Reduction Program</i> (AUD-SI-15-41, 9/2015)	OIG recommended that the Bureau of International Security and Nonproliferation (ISN) determine whether the 12 percent service fee for the U.S. Civilian Research and Development Foundation grant is allowable. In its latest response dated March 6, 2017, ISN stated that the 12 percent service fee is allowable as a direct cost; however, OIG has asserted that 12 percent fee was an indirect cost that should be covered by the current rate agreement. As a result, Recommendation 4 is unresolved.
<i>Audit of Department of State Oversight Responsibilities, Selection, and Training of Grants Officer Representatives</i> (AUD-CG-15-33, 6/2015)	OIG recommended that the Bureau of South and Central Asian Affairs (SCA) develop and implement a process to track grants officer representative (GOR) compliance with requirements to conduct reviews of performance and financial reports consistent with Grants Policy Directive 16, "Designation of Grants Officer Representatives," and Grants Policy Directive 42, "Monitoring Assistance Awards." In its response to the draft report SCA stated that it has put processes in place that track GORs' compliance with requirements to perform and document their review of financial reports consistent with the Department's grants policy directives. In its reply in the final report, OIG considered the recommendation unresolved because SCA did not address how it will track GOR compliance with performing and documenting the required reviews of performance and financial reports. Furthermore, SCA has not responded to the final report. As of March 31, 2017, the bureau had not provided a response since replying to the final report. Therefore, Recommendation 6 is unresolved.
<i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Law Enforcement Reform Program in Pakistan</i> (AUD-MERO-15-04, 10/2014)	OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs develop inventories of equipment needed for effective law enforcement operations and determine the allowability of \$208,358 in liquidated advances for unapproved purposes. The bureau continues to disagree with the need for equipment inventories based upon an assertion that standardized lists may invite additional requests for foreign assistance above need and capacity. Further, the bureau has not made a determination on the \$208,358 in questioned advances. OIG is currently conducting a compliance followup review on this report and will evaluate the status of these recommendations. Therefore, Recommendations 2 and 8 are unresolved.

(Table D.1 continued on next page)

Report Title and #	Report Description
<i>Management Assistance Report—Termination of Construction Grants to Omran Holding Group</i> (AUD-CG-14-37, 9/2014)	OIG recommended that the Bureau of South and Central Asian Affairs (SCA) immediately terminate grant agreements S-AF200-13-CA-012 and S-AF200-13-CA-014 and deobligate \$5 million in remaining funds; Omran Holding Group reimburse the Department for \$1.2 million in unspent funds from the grant agreements; determine the allowability of \$502,890 in potentially unallowable costs and direct Omran Holding Group to refund the Department any unallowable costs; and require Omran Holding Group to demolish an existing structure at Balkh University. SCA's last response was provided on February 10, 2015. Because the bureau did not respond to OIG's overdue notice dated June 8, 2016, the status of the recommendations was changed from resolved to unresolved. As of March 31, 2017, the bureau had not provided an updated response to the recommendations. Therefore, Recommendations 1-4 are unresolved.
<i>Audit of Department of State Use of Appropriated Funds Prior to Expiration and Cancellation</i> (AUD-FM-14-21, 5/2014)	OIG recommended that the Bureau of Near Eastern Affairs (NEA) enhance its funds management standard operating procedures to improve oversight of obligations, and determine whether the balance of \$741,545 in invalid unliquidated obligations are necessary and, if not, de-obligate them. NEA provided its last response on July 7, 2014, to Recommendations 3 and 4; however, as of March 31, 2017, NEA has not responded to the recommendations. Therefore, Recommendations 3 and 4 are unresolved.
<i>Compliance Follow-up 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</i> (AUD-MERO-12-47, 9/2012)	OIG recommended that Embassy Abu Dhabi establish and implement a monitoring process for service contracts to ensure compliance with host-country labor laws and contractor-provided housing plans; and incorporate into the statement of work detailed contractor-provided housing accommodations, contracts in English and the workers' native language that include a wage policy, relevant United Arab Emirates labor law information in the workers' native language, and the U.S. Government's zero tolerance policy toward trafficking in persons. Embassy Abu Dhabi has never responded to the final report for Recommendations 1 and 2. Therefore, Recommendations 1 and 2 are unresolved.

(Table D.1 continued on next page)

Report Title and #	Report Description
<i>Audit of Expenditures from the Department of State Emergencies in the Diplomatic and Consular Service Appropriation</i> (AUD/FM-11-29, 8/2011)	OIG recommended that the Bureau of Resource Management develop guidance for postage used for activities related to the Secretary of State and for domestic representation events hosted by the Secretary of State similar to guidance contained in the Domestic Representation Guidelines provided to bureaus and offices. This recommendation was transferred to the Office of Emergencies in the Diplomatic and Consular Service (M/EDCS) on February 6, 2013, because M/EDCS now manages the K-fund in support of the Executive Secretariat. The last unofficial response received from M/EDCS was February 6, 2013, in which M/EDCS stated that it would ask its Director if they wished to respond to the recommendation. As of March 31, 2017, OIG has no record that M/EDCS has provided an official response to the recommendation. Therefore, Recommendation 2 is unresolved.
Office of Evaluations and Special Projects	
<i>Review of Selected Internal Investigations Conducted by the Bureau of Diplomatic Security</i> (ESP-15-01, 10/2014)	OIG recommended that the Department take steps to enhance the integrity of the Bureau of Diplomatic Security's internal investigations process by implementing safeguards to prevent the appearance of, or actual, undue influence and favoritism by Department officials. OIG also recommended that the Department clarify and revise the Foreign Affairs Manual and promulgate and implement additional protocols and procedures, in order to ensure that allegations of misconduct concerning Chiefs of Mission and other senior Department officials are handled fairly, consistently, and independently.
Office of Inspections	
<i>Management Assistance Report: Foreign Assistance Sustainability Is Not Clearly Defined in the Foreign Affairs Manual</i> (ISP-16-14, 4/2016)	OIG recommended that the Office of the Deputy Secretary for Management and Resources update Volume 18 – 005 of the Foreign Affairs Manual to clearly articulate Department guidance on incorporating sustainability into foreign assistance programs. The Department has not provided a formal response to the recommendation. As a result, Recommendation 1 is unresolved.

Note: This table describes all recommendations issued before October 1, 2016, that were unresolved as of the end of this reporting period, March 31, 2017. That is, for the purposes of this table, OIG construes "no management decision as "unresolved," meaning that either no management decision has been made or that management disagrees with the recommendation.

Table D.2

Department of State Management Success in Implementing Recommendations, 10/1/2016–3/31/2017

Report	Description
Office of Audits	
<i>Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq</i> (AUD-MERO-17-16, 12/2016)	In its response to an OIG recommendation in the draft report, the Bureau of Administration, Office of Logistics Management provided OIG with evidence showing that it had received a refund of \$2.3 million from PAE Government Services for an overpayment of fuel.
Office of Evaluations and Special Projects	
<i>Evaluation of the Department of State's FOIA Processes for Requests Involving the Office of the Secretary</i> (ESP-16-01, 1/2016) and <i>Office of the Secretary: Evaluation of Email Records Management and Cybersecurity Requirements</i> (ESP-16-03, 5/2016)	OIG recommended in these two reports that the Department draft a quality assurance plan for records management and Freedom of Information Act (FOIA) compliance. In December 2016, the Department issued its first comprehensive records management quality assurance plan.
Office of Inspections	
<i>Review of Department of State Implementation of Jeddah Accountability Review Board of Recommendation To Consider Remote Safe Areas at Missions Worldwide</i> (ISP-I-13-23, 3/2013)	OIG recommended that the Bureau of Overseas Buildings Operations (OBO) provide compound emergency sanctuaries for employees who work in the buildings that do not have an approved safe haven or safe area. In response to the recommendation, OBO coordinated with the Bureau of Diplomatic Security (DS) to conduct a survey of all worldwide posts with warehouses and general services annex buildings. As of September 2016, approximately 50% of chancery and consulate buildings had been surveyed. OBO and DS are using this information to prioritize overseas posts' needs for compound emergency sanctuaries based on threat level and available funding. In addition, OBO is including the construction of compound emergency sanctuaries in the scope of work for major compound security upgrade projects.

Table D.3
Reports Issued in Prior Reporting Period That Did Not Receive Comment Within 60 Days of Issuance, as of 3/31/2017

Report	Description
None	

Table D.4
Open Office of Audits Recommendations Issued in Previous Periods, Pending Final Department of State Action, as of 3/31/2017

Recommendation	Potential Monetary Benefit
<i>Audit of the Department of State Travel Card Program (AUD-CGI-16-48, 9/2016)</i>	
Recommendation 1*: OIG recommended that the Bureau of the Comptroller and Global Financial Services develop, implement, and publish policies in the Foreign Affairs Manual and/or Foreign Affairs Handbook governing cash advances on Department-issued travel cards, specifically regarding the timing and dollar value of cash advances that may be obtained.	N/A
Recommendation 2*: OIG recommended that the Bureau of the Comptroller and Global Financial Services develop and implement a policy to annually review and update its transaction blocking by merchant category code template to ensure that it is complete and accurate.	N/A
Recommendation 3*: OIG recommended that the Office of the Director General for Human Resources, in conjunction with the Bureau of the Comptroller and Global Financial Services, develop and implement administrative and disciplinary procedures related to the Travel Card Program to include misuse, non-usage, and abuse.	N/A
Recommendation 4*: OIG recommended that the Bureau of the Comptroller and Global Financial Services establish controls to identify Department employees eligible to receive a travel card who travel more than two times in a 12-month period and verify that they obtain and use a Department-issued travel card for all official travel-related expenses.	N/A
Recommendation 5*: OIG recommended that the Bureau of the Comptroller and Global Financial Services develop and implement split disbursement procedures as required by the Office of Management and Budget for all Department-issued travel card holders.	N/A
Recommendation 6*: OIG recommended that the Bureau of the Comptroller and Global Financial Services update its policy regarding employees' remittance of the travel charge card to require that Agency/Organization Program Coordinators obtain separating employees' travel charge cards whenever possible.	N/A
Recommendation 7*: OIG recommended that the Bureau of the Comptroller and Global Financial Services update its Travel Card Management Plan to include provisions and procedures for account suspension and/or closure for employees who are placed on administrative leave for conduct issues.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
<i>Compliance Follow-up Review of the Department of State's Implementation of Executive Order 13526, Classified National Security Information (AUD-SI-16-43, 9/2016)</i>	
Recommendation 1*: OIG recommended that the Bureau of Administration develop and disseminate guidance to all Department of State (Department) bureaus and offices regarding how the bureaus should meet their responsibilities outlined in the Foreign Affairs Manual for monitoring and enforcing the mandatory classification training requirements for all Department employees. The guidance should specify, at a minimum, how the bureaus should identify their staff members who require classification training to comply with Executive Order 13526, when each bureau's initial list of individuals who must take the required training is due to the Bureau of Administration, and how often the lists need to be updated. The guidance should also specify the procedures that each bureau must follow to sanction security-cleared individuals who do not take the required training.	N/A
Recommendation 2*: OIG recommended that the Bureau of Administration, in coordination with the Bureau of Diplomatic Security, develop and disseminate guidance to Department of State bureaus and offices that describes when a security-cleared contractor must take classification training required by Executive Order 13526, who will pay for the training, and how the suspension of classification authority will apply to security-cleared contractors who do not complete the required training.	N/A
Recommendation 3: OIG recommended that the Bureau of Information Resource Management develop and implement a control within the Classified State Messaging Archive and Retrieval Toolset that allows only individuals who occupy positions that have been designated as original classification authority to identify themselves as such when making original classification decisions.	N/A
Recommendation 5*: OIG recommended that the Bureau of Administration develop and implement a process to formally request and obtain, from all bureaus and offices within the Department of State, annual reports of all classification decisions made to facilitate compliance with Executive Order 13526 and with the inspection and reporting requirements contained in Title 32, Code of Federal Regulations, Sections 2001.60 and 2001.90.	N/A
Recommendation 6*: OIG recommended that the Bureau of Administration develop and disseminate guidance to all bureaus and offices regarding the creation and maintenance of repositories of Classified documents to facilitate the count of classification decisions reported annually in the Agency Security Classification Management Program Data form and to facilitate the review of a representative sample of Classified documents during each self-inspection.	N/A
Recommendation 7: OIG recommended that the Bureau of Administration, in coordination with the Bureau of Human Resources, (a) conduct a staffing workload assessment of the Bureau of Administration, Office of Information Programs and Services, and (b) ensure that the office has, or will obtain, the adequate level of resources as determined by the assessment. The purpose of the assessment is to determine whether the Bureau of Administration has the appropriate level of resources necessary to establish and maintain an effective sustainable process for the development of the annual Agency Security Classification Management Program Data report and for sampling and reviewing Classified documents required as part of a self-inspection under Executive Order 13526.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 8: OIG recommended that the Bureau of Administration, in coordination with the Under Secretary for Management, develop and implement a standard operating procedure for periodically reviewing and updating the lists of positions in which personnel are authorized to make original classification decisions to ensure that these lists are current and accurate.	N/A
<i>Additional Actions Are Needed To Fully Comply With Section 846 of the National Defense Authorization Act for Fiscal Year 2013 Concerning Critical Environment Contracting (AUD-MERO-16-50, 9/2016)</i>	
Recommendation 1: OIG recommended that the Bureau of Administration, Office of Logistics, Critical Environment Contracting Analytics Staff develop a process to ensure that the risk mitigation plan for each high-risk area identified in a risk assessment has a mitigating action, as required by Section 846 of the National Defense Authorization Act for Fiscal Year 2013.	N/A
Recommendation 2: OIG recommended that the Bureau of Administration, Office of Logistics, Critical Environment Contracting Analytics Staff develop a control that ensures each risk mitigation plan includes measurable milestones for implementing each planned risk mitigation or risk reduction measure and a process for monitoring, measuring, and documenting progress in mitigating or reducing risk in accordance with Section 846 of the National Defense Authorization Act for Fiscal Year 2013.	N/A
<i>Audit of the Bureau of Political-Military Affairs Federal Assistance Awards (AUD-SI-16-49, 9/2016)</i>	
Recommendation 3*: OIG recommended that the Bureau of Political-Military Affairs (a) determine whether the \$2.8 million in questioned costs identified in this report, and the \$2.6 million statistically projected questioned costs, are allowable or supported; and (b) recover any costs determined to be unallowable or unsupported.	\$5,433,596
<i>Audit of Department of State Strategic Sourcing Efforts (AUD-FM-16-47, 9/2016)</i>	
Recommendation 1: OIG recommended that the Bureau of Administration establish a Strategic Sourcing Council to implement strategic sourcing program activities.	N/A
Recommendation 2: OIG recommended that the Department of State Strategic Sourcing Council (Recommendation 1) develop a charter for the Council that identifies members, roles, responsibilities, and operations.	N/A
Recommendation 3: OIG recommended that the Bureau of Administration, in coordination with the Strategic Sourcing Council (Recommendation 1), develop and implement a policy to establish overall Department of State-wide strategic sourcing program goals and objectives by fiscal year.	N/A
Recommendation 4: OIG recommended that the Bureau of Administration, in coordination with the Strategic Sourcing Council (Recommendation 1), develop and implement procedures to establish goals and objectives for strategic sourcing initiatives that are currently in place.	N/A
Recommendation 5: OIG recommended that the Bureau of Administration, in coordination with the Strategic Sourcing Council (Recommendation 1), develop and implement procedures to establish goals and objectives for the implementation of the identified potential strategic sourcing initiatives that are not currently in place.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 6: OIG recommended that the Bureau of Administration, in coordination with the Strategic Sourcing Council (Recommendation 1), develop and implement a process to establish performance measures for strategic sourcing initiatives.	N/A
Recommendation 7: OIG recommended that the Bureau of Administration, in coordination with the Strategic Sourcing Council (Recommendation 1), establish a communication plan for the strategic sourcing program.	N/A
Recommendation 8: OIG recommended that the Bureau of Administration, in coordination with the Strategic Sourcing Council (Recommendation 1), formally establish the strategic sourcing program in the Foreign Affairs Manual and/or the Foreign Affairs Handbook.	N/A
Recommendation 9: OIG recommended that the Bureau of Administration, in coordination with the Strategic Sourcing Council (Recommendation 1), develop and implement an OpenNet site for personnel to obtain information regarding current and future strategic sourcing initiatives.	N/A
Recommendation 10: OIG recommended that the Bureau of Administration, in coordination with the Strategic Sourcing Council (Recommendation 1), develop and implement a process to track bureau and office compliance with Department requirements to use strategic sourcing initiatives.	N/A
Recommendation 11: OIG recommended that the Bureau of Administration, in coordination with the Strategic Sourcing Council (Recommendation 1), develop and implement controls to prohibit users from ordering office supplies from vendors other than the approved Federal Strategic Sourcing Initiative office supply vendors without obtaining a valid waiver.	N/A
<i>Audit of International Boundary and Water Commission, United States and Mexico, U.S. Section, Information Security Program (AUD-IT-16-46, 8/2016)</i>	
Recommendation 1*: OIG recommended that the International Boundary and Water Commission, United States and Mexico, U.S. Section, implement encryption for its personally identifiable information stored on its shared drives and network to comply with National Institute of Standards and Technology, Special Publication 800-53, rev. 4, requirements.	N/A
Recommendation 2*: OIG recommended that the International Boundary and Water Commission, United States and Mexico, U.S. Section, issue a Systems of Records Notice that addresses the privacy information collected, as required by the Privacy Act.	N/A
<i>Audit of the Aeromedical Biological Containment Evacuation Contracts Within the Bureau of Medical Service (AUD-CGI-16-40, 8/2016)</i>	
Recommendation 3*: OIG recommended that the Bureau of Medical Services develop and implement a method to adequately track and report the use of emergency funds related to the Ebola appropriation and other emergency funds appropriated by Congress.	N/A
Recommendation 4*: OIG recommended the Bureau of Medical Services develop and implement procedures for processing invoices, billing, and collecting reimbursements for non-Department of State medical evacuations.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
<i>Audit of the Bureau of Near Eastern Affairs Financial Management of Grants and Cooperative Agreements Supporting the Middle East Partnership Initiative (AUD-MERO-16-42, 7/2016)</i>	
Recommendation 3*: OIG recommended that the Bureau of Near Eastern Affairs (a) determine whether questioned costs of \$1.5 million identified in this report are allowable and supported and (b) recover any costs determined to be unallowable or unsupported.	\$1,497,938
Recommendation 4: OIG recommended that the Bureau of Near Eastern Affairs review the 223 MEPI awards not selected for this audit to determine whether unallowable and unsupported costs exist in those awards and to recover any costs deemed unallowable or unsupported.	N/A
<i>Audit of Task Orders for the Union III Compound Awarded Under the Operations and Maintenance Support Services Contract (AUD-MERO-16-41, 7/2016)</i>	
Recommendation 1: OIG recommended that the Bureau of Near Eastern Affairs develop Performance Work Statements for task orders SAQMMA15F0567 and SAQMMA15F1245 that comply with requirements identified in Federal Acquisition Regulation 37.602, "Performance Work Statement," and Foreign Affairs Handbook Volume 14-2, Subchapter H-340, "The Performance Work Statement," and provide the revised Performance Work Statements to the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, for incorporation and implementation via task order modifications.	N/A
Recommendation 2: OIG recommended that the Bureau of Near Eastern Affairs develop and implement a Quality Assurance Surveillance Plan in accordance with Federal Acquisition Regulation 46.4, "Government Contract Quality Assurance," and the revised Performance Work Statements, to guide oversight of all ongoing and future revitalization, transition, and sustainment requirements for task orders SAQMMA15F0567 and SAQMMA15F1245.	N/A
Recommendation 4: OIG recommended that the Bureau of Near Eastern Affairs develop and implement a process to validate, at a minimum on a quarterly basis, that oversight personnel perform and document in the contract files all required oversight tasks in accordance with Federal regulations, Department policies, and their delegation memoranda.	N/A
Recommendation 5: OIG recommended that the Bureau of Near Eastern Affairs, in coordination with the Department of Defense, identify requirements for task orders SAQMMA15F0567 and SAQMMA15F1245 and milestone dates for completion, and communicate the defined requirements to the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management by the established milestone dates.	N/A
Recommendation 7: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management develop and implement a process to ensure undefinitized task orders are definitized within 180 days after the date of the letter contract or before completion of 40 percent of the work to be performed, whichever occurs first, as required by the Federal Acquisition Regulation. This process should include a method for tracking elapsed time frames on undefinitized contract actions.	N/A
Recommendation 10: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management develop and implement a process to ensure that Department offices performing invoice reviews, including the Contract Management Office within the Bureau of Near Eastern Affairs, are provided timely notification of undefinitized task order awards and subsequent definitization actions.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
<i>Management Assistance Report: Inactive User Accounts Within the Department of State's Active Directory</i> (AUD-IT-16-37, 6/2016)	
Recommendation 1*: OIG recommended that the Bureau of Information Resource Management develop a plan to effectively identify and remove inactive mailbox, service, and terminated user accounts.	N/A
Recommendation 2: OIG recommended that the Bureau of Information Resource Management develop a plan to effectively identify and remove inactive mailbox, service, and terminated user accounts.	N/A
<i>Audit of Time and Material Expenses and Performance Incentive Payments Under the Bureau of Information Resource Management, Vendor Management Office Vanguard Program</i> (AUD-CGI-16-34, 5/2016)	
Recommendation 1: OIG recommended that the Bureau of Information Resource Management (a) determine whether the \$560,486 in questioned costs related to the Vanguard Information Technology Consolidation Program time and material expenses as identified by OIG are allowable or supported and (b) recover any costs determined to be unallowable or unsupported.	\$560,486
Recommendation 3: OIG recommended that the Bureau of Administration update the Foreign Affairs Handbook to clarify that the contracting officer is ultimately responsible for certifying that the contracting officer's representative is maintaining contract files properly and verifying the status of those files during any transition of contracting officer's representatives.	N/A
Recommendation 5: OIG recommended that the Bureau of Information Resource Management develop and implement training for Vanguard Information Technology Consolidation Program contracting officer's representatives that clearly outlines the requirements for reviewing various types of invoices including the requirement to confirm contractors meet the labor category requirements specified in Vanguard Program task orders.	N/A
<i>Improvements Needed To Strengthen Vehicle-Fueling Controls and Operations and Maintenance Contract at Embassy Kabul, Afghanistan</i> (AUD-MERO-16-35, 4/2016)	
Recommendation 1*: OIG recommended that Embassy Kabul (a) update the embassy's vehicle inventory systems (Integrated Logistics Management System and Fleet Management Information System) to fully account for all vehicles authorized to access the embassy's vehicle-fueling system; and (b) establish procedures to periodically review and update the inventory systems.	N/A
Recommendation 2: OIG recommended that once Embassy Kabul updates its vehicle inventory, including all vehicles that fall under Chief of Mission authority, the embassy (a) direct PAE Government Services, Inc., to update the listing of authorized vehicle identification numbers in the vehicle-fueling system; and (b) verify that PAE Government Services, Inc. updated the vehicle-fueling system by periodically testing the system.	N/A
Recommendation 3: OIG recommended that Embassy Kabul (a) direct PAE Government Services, Inc., to reprogram the agency personal identification number to connect the personal identification number to a specific vehicle identification number in the fueling system; and (b) verify that PAE Government Services, Inc., updated the vehicle-fueling system by periodically testing the system.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 4: OIG recommended that Embassy Kabul update its control related to the odometer reading entered into the vehicle-fueling system so that (1) zero cannot be entered as a valid mileage amount and (2) the driver cannot enter an odometer reading that is lower than one previously entered for that vehicle.	N/A
Recommendation 5: OIG recommended that Embassy Kabul update its control specific to the personal badge number entered into the vehicle-fueling system so that only embassy staff with a mission requirement to access fuel are programmed into the fueling system.	N/A
Recommendation 6*: OIG recommended that Embassy Kabul procure a new vehicle-fueling system (hardware and software) to replace the current outdated system.	N/A
Recommendation 7: OIG recommended that the Embassy Kabul motor pool manager review and reconcile the vehicle fuel transactions and the vehicle usage reports on a monthly basis to determine if any theft or improper use of fuel has occurred, in accordance with the Foreign Affairs Handbook, 14 FAH-1, H-814.2-2, "Motor Pool Manager Review."	N/A
<i>Audit of the Department of State Process To Select and Approve Information Technology Investments (AUD-FM-16-31, 3/2016)</i>	
Recommendation 1: OIG recommended that the Bureau of Information Resource Management update the Capital Planning and Investment Control Program Guide to comply with Office of Management and Budget requirements. Specifically, the definition of an IT investment should be modified and a requirement to perform a review for duplicative investments across the agency, Federal Government, and private sector should be included.	N/A
Recommendation 2: OIG recommended that the Bureau of Information Resource Management develop and implement a formal process describing when and how bureau management will review and approve changes to the Capital Planning and Investment Control Program Guide to ensure the guide is compliant with Office of Management and Budget requirements. At a minimum, the plan should include a description of the officials who will review and formally approve the changes to the Program Guide.	N/A
Recommendation 3: OIG recommended that the Bureau of Information Resource Management develop and implement a process to increase the transparency of IT spending related to existing investments, including operations and maintenance costs.	N/A
Recommendation 4: OIG recommended that the Bureau of Information Resource Management, in coordination with the Bureau of Budget and Planning, develop and implement a process for the Bureau of Budget and Planning to provide detailed information to the Bureau of Information Resource Management on bureaus' IT budgeting and spending.	N/A
Recommendation 5*: OIG recommended that the Bureau of Information Resource Management develop and implement a strategy to enforce the requirement that bureaus and offices must consult with and receive guidance from the Bureau of Information Resource Management prior to initiating an IT investment.	N/A
Recommendation 6: OIG recommended that the Bureau of Information Resource Management issue formal guidance stating that bureaus and offices must consult with and receive the approval of the Bureau of Information Resource Management prior to initiating a reorganization of IT investments.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 7: OIG recommended that the Bureau of Information Resource Management develop guidelines on how and when a reorganization of IT investments is necessary and allowable and include those guidelines in the Capital Planning and Investment Control Program Guide.	N/A
Recommendation 8: OIG recommended that the Bureau of Information Resource Management establish and implement a plan to review IT investment reorganizations that occurred since FY 2010 to ensure that the investments resulting from the reorganizations comply with Office of Management and Budget requirements for information technology investments.	N/A
Recommendation 9: OIG recommended that the Bureau of Information Resource Management modify the Capital Planning and Investment Control Program Guide to state that the Bureau of Information Resource Management shall review and approve bureau-specific IT investment methodologies used to develop and invest in IT projects (also known as control gates).	N/A
Recommendation 10: OIG recommended that the Bureau of Information Resource Management develop and implement a process to (a) identify and review all bureau-specific IT investment methodologies (ones currently in place as well as ones that will be developed in the future); (b) determine whether the bureau-specific IT investment methodologies comply with Office of Management and Budget Circular A-130; and, if they do not comply, (c) provide bureaus with guidance regarding the modifications needed to fully comply and verify that the methodologies were modified as necessary. This effort should include reviewing the standard forms used by each bureau during the IT selection process to ensure consistency and compliance with Office of Management and Budget Circular A-130.	N/A
Recommendation 11*: OIG recommended that the Bureau of Information Resource Management develop and implement policies and procedures to oversee and enforce requirements for bureaus and offices to avoid duplicative IT investments.	N/A
Recommendation 12*: OIG recommended that the Bureau of Information Resource Management develop and implement a process to perform periodic, but no less than annual, reviews of the entire agency IT portfolio to enforce bureau accountability and identify potential duplicative systems.	N/A
Recommendation 13*: For duplicative systems that are identified by the new process implemented to perform periodic reviews of the entire agency IT portfolio (Recommendation 12), OIG recommended that the Bureau of Information Resource Management develop and implement a strategy to combine, eliminate, or replace duplicative systems, as practicable.	N/A
Recommendation 14: OIG recommended that the Bureau of Information Resource Management develop and implement a strategy to perform semiannual or more frequent reviews of bureau-funded IT contracts to identify new IT investments developed as part of the contracts.	N/A
Recommendation 15: OIG recommended that the Bureau of Information Resource Management require all bureaus to use iMatrix as the only system to manage IT portfolios.	N/A
Recommendation 16: OIG recommended that the Bureau of Information Resource Management develop and implement a plan to provide access to information on all IT investments in iMatrix to bureaus and offices.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 17: OIG recommended that the Bureau of Information Resource Management (a) develop and implement a policy requiring bureaus and offices to provide details of IT investments, programs, and projects in iMatrix and (b) develop and disseminate guidance specifying the level of detail necessary for each investment, including general descriptions and technical capabilities.	N/A
Recommendation 18: OIG recommended that the Bureau of Information Resource Management develop and implement controls in iMatrix to require that the investment manager and budget analyst revalidate data when financial information for an investment in iMatrix is modified.	N/A
Recommendation 20: OIG recommended that the Bureau of Information Resource Management develop and issue a policy stating that bureaus must update the information on non-major investments in iMatrix quarterly, rather than only when the reports are due to be submitted to the Office of Management and Budget.	N/A
Recommendation 21: OIG recommended that the Bureau of Information Resource Management develop and implement a process to identify bureaus or offices that have not certified investment information in iMatrix and take action to ensure that the information is certified before the report is submitted to the Office of Management and Budget.	N/A
Recommendation 22: OIG recommended that the Bureau of Information Resource Management, in coordination with the Bureau of Budget and Planning, develop and implement a process to verify that all bureau and office IT investment managers and budget analysts complete the respective training courses related to IT capital planning and reporting that are provided annually.	N/A
Recommendation 23: OIG recommended that the Bureau of Information Resource Management, in coordination with the Bureau of Budget and Planning, include information on reporting reimbursable costs in the annual training provided to investment managers and budget analysts on how to report IT investment data in iMatrix.	N/A
Recommendation 24: OIG recommended that the Bureau of Information Resource Management develop guidance on reporting reimbursable costs in iMatrix and distribute that guidance to bureau investment managers and budget analysts.	N/A
Recommendation 25*: OIG recommended that the Bureau of Information Resource Management, in coordination with the Bureau of Budget and Planning, develop and implement a process to validate the completeness of the data in iMatrix. At a minimum, this process should include an analysis of IT expenditures in the financial management system to ensure expenditures are reported in iMatrix, as needed.	N/A
Recommendation 26*: OIG recommended that the Bureau of Information Resource Management, in coordination with the Bureau of Budget and Planning, develop and implement a process to validate the accuracy of data in iMatrix. This could include developing and implementing analytical procedures to identify anomalies in iMatrix data.	N/A
Recommendation 27: OIG recommended that the Bureau of Information Resource Management develop and implement a policy requiring bureaus and offices to submit source documents to support the information entered into iMatrix.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 28: OIG recommended that the Bureau of Information Resource Management develop and implement a process to verify that bureaus and offices are submitting source documents to support the information entered into iMatrix in accordance with the policy developed that requires bureaus and offices to submit source documents that support the information entered into iMatrix.	N/A
Recommendation 29: OIG recommended that the Bureau of Information Resource Management determine the information for non-major investments that should be included in iMatrix and develop a policy to implement that determination.	N/A
<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 8 - Security Services at U.S. Consulate Erbil (AUD-MERO-16-30, 3/2016)</i>	
Recommendation 1*: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (a) determine whether the \$10.8 million in questioned costs related to Worldwide Protective Services Task Order 8 expenses as identified in this audit are allowable or supported and (b) recover any costs determined to be unallowable or unsupported.	\$10,800,000
Recommendation 3: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of Diplomatic Security, conduct a comprehensive review of all Task Order 8 contractor invoices and supporting documentation to determine whether all costs, including those identified in this report, are allowable and supported.	N/A
<i>Audit of the Financial Results of the Telephone, Wireless, and Data Cost Center (AUD-FM-16-32, 3/2016)</i>	
Recommendation 1: OIG recommended that the Bureau of Administration, in coordination with the Bureau of Information Resource Management, develop and implement a formal policy identifying the roles and responsibilities each bureau has in the fee-setting process. This policy should clearly identify which bureau has the authority for authorizing the fee amounts for the Telephone, Wireless, and Data Cost Center.	N/A
Recommendation 2: OIG recommended that the Bureau of Administration, in coordination with the Bureau of Information Resource Management, reassess the fee amount for each of the services provided by the Telephone, Wireless, and Data Cost Center. The methodology used when reassessing the fees should consider all relevant factors, including all expenses that should be supported by Cost Center revenue and retained funds in excess of scheduled capital needs (that is, technical refreshes). The fee-setting process should also ensure that fees are established for all types of services provided to customers, including data port access without operational support. The results of the reassessment should be made available to customers. The Cost Center should maintain supporting documentation of the reassessment that supports the fees.	N/A
Recommendation 3: OIG recommended that once the Telephone, Wireless, and Data Cost Center services fees are reassessed (Recommendation 2), the Bureau of Administration, in coordination with the Bureau of Information Resource Management, implement the new fee structure, to include formally notifying customers of the new fees.	N/A
Recommendation 4: OIG recommended that the Bureau of Administration, in coordination with the Bureau of Information Resource Management, develop a policy that details how often the Telephone, Wireless, and Data Cost Center's fees will be formally reassessed and how documentation of the assessment will be maintained.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 6: OIG recommended that the Bureau of Information Resource Management develop and implement a quality control strategy to identify and correct erroneous asset information in its NetPlus Telecommunications System.	N/A
<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 - Baghdad Embassy Security Force (AUD-MERO-16-28, 2/2016)</i>	
Recommendation 1*: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, recover the \$13.6 million in deferred assessments from SOC, LLC.	\$13,600,000
Recommendation 2*: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine the allowability of and recover, as appropriate, the \$652,061 in unallowed costs identified in this report.	\$652,061
Recommendation 3*: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine whether unsupported costs are allowable and recover, as appropriate, the \$6.5 million in unsupported costs identified in this report.	\$6,543,189
<i>Compliance Follow-up Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts (AUD-ACF-16-20, 12/2015)</i>	
Recommendation 1*: OIG recommended that the Bureau of Diplomatic Security establish a monitoring plan to assist it in achieving its stated goal to complete the physical security surveys by September 2016. The monitoring plan should consist of critical tracking metrics such as key interim milestones, percentage of completion, and other status or performance indicators to assess progress against stated goals.	N/A
Recommendation 2: OIG recommended that the Assistant Secretary for the Bureau of Diplomatic Security send a cable to all post security officers and applicable post management emphasizing the importance of completing physical security surveys on time. The cable should instruct posts to dedicate sufficient resources to post security officers to meet their deadlines.	N/A
Recommendation 4: OIG recommended that the Bureau of Diplomatic Security develop and implement standard policies and procedures for populating the Deficiencies Database with deficiencies from all potential sources. The policies and procedures should include specified timeframes for populating deficiencies into the database and approving them within reasonable timeframes once deficiencies have been identified.	N/A
Recommendation 7*: OIG recommended that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and implement formal standardized processes to prioritize physical security-related deficiencies at posts by category, such as major physical security upgrades, forced-entry/ballistic-resistant projects, and minor physical security upgrades. The prioritizations should be performed based on a comprehensive list of all physical security needs and should be periodically updated based on changes in risk factors or posts' needs. The processes used to perform the prioritizations should be documented and repeatable. In addition, in developing the processes, consideration should be given to how the Overseas Security Policy Board standards will be utilized, what risk factors will be considered, and what impact upcoming major rehabilitation projects or new construction would have on the prioritized rankings.	N/A
Recommendation 8: OIG recommended that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and issue a Long-Range Physical Security Plan.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
<i>Management Assistance Report: Improper Use of Overtime and Incentive Fees Under the Department of State Baghdad Life Support Services (BLISS) Contract (AUD-MERO-16-08, 11/2015)</i>	
Recommendation 2*: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, deobligate all remaining unspent funds awarded against task orders SAQMMA14F2036, SAQMMA14F3785, SAQMMA15F0988, and SAQMMA15F3018, and inform Pacific Architects and Engineering Government Services, Inc., that expenses can no longer be incurred against these task orders.	\$2,642,451
<i>Audit of the Bureau of International Security and Nonproliferation Administration and Oversight of Foreign Assistance Funds Related to the Global Threat Reduction Program (AUD-SI-15-41, 9/2015)</i>	
Recommendation 6: OIG recommended that the Bureau of International Security and Nonproliferation, Office of Cooperative Threat Reduction (ISN/CTR) complete the integration of project data for each of its partner countries into the baseline model, using the performance indicators and metrics developed by the Monterey Institute, which were garnered from best practices and based on ideal standards, to better assess and report on the performance of ISN/CTR programs relative to the President's 2010 National Security Strategy.	N/A
<i>Management Assistance Report: Action Still Needed To Update the Department's Standards of Conduct as They Relate to Trafficking in Persons and To Comply With a Related Recommendation (AUD-ACF-15-43, 9/2015)</i>	
Recommendation 2: OIG recommended that the Under Secretary for Civilian Security, Democracy, and Human Rights provide a plan of action to complete corrective actions, including appropriate milestones, to address Recommendations 1 and 2 from Audit Report AUD/IP-12-02.	N/A
<i>Audit of Department of State Management and Oversight of Non-Lethal Assistance Provided for the Syrian Crisis (AUD-MERO-15-39, 9/2015)</i>	
Recommendation 9*: OIG recommended that the Bureau of Conflict and Stabilization Operations develop and implement a process to verify that grants officers and grants officers representatives develop monitoring plans that comply with the Federal Assistance Policy Directive, Subchapter 3.01-A, "Monitoring Plan," at the onset of any solicitation of applications for assistance award and that the plans identify specific baselines and targets that will allow the Department of State to adequately assess the recipient's performance.	N/A
Recommendation 10*: OIG recommended that the Bureau of Democracy, Human Rights, and Labor develop and implement a process to verify that grants officers and grants officers representatives develop monitoring plans that comply with the Federal Assistance Policy Directive, Subchapter 3.01-A, "Monitoring Plan," at the onset of any assistance award and that the plans identify specific baselines and targets that will allow the Department of State to adequately assess the recipient's performance.	N/A
<i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Aviation Support Services Contract in Iraq (AUD-MERO-15-35, 7/2015)</i>	
Recommendation 1: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine whether the questioned costs of \$140,627 pertaining to flight labor hours and base operations identified by OIG under contracts SAQMPD05C1103 and SAQMA12C1103, Task Orders 3616 and 2643, are allowable and recover any costs determined to be unallowable from DynCorp International.	\$140,627

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 2: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine whether the questioned costs of \$789,416 pertaining to flight labor hours and base operations and the potentially misapplied costs of \$2,601 pertaining to materials identified by OIG under contracts SAQMPD05C1103 and SAQMMA12C1103, Task Orders 3616 and 2643, are allowable and supportable and recover any costs determined to be unsupported or misapplied from DynCorp International.	\$789,416
Recommendation 3: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, conduct a comprehensive review of all cost reimbursable contractor invoices related to Embassy Air-Iraq to determine whether the charges were allocable, allowable, and supportable.	N/A
Recommendation 4: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs (INL), Office of Aviation, require DynCorp International to provide documentation to INL that clearly, accurately, and completely supports all costs submitted on its invoices.	N/A
Recommendation 7: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, Office of Aviation, develop a contract definitization process that identifies all scope of work requirements in advance of the period of performance and ensures that the contractor submits accurate price and technical proposals that incorporate the requirements in advance of the period of performance.	N/A
Recommendation 9*: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management provide to OIG its rationale and all documentation (for example, written legal opinions, written business cases, emails, meeting minutes, and decision papers and memos) used to support the decisions to authorize and obligate \$25,886,861 for reimbursements to DynCorp International (DynCorp) for (1) the payment of DynCorp's employees' personal income and Social Security tax liabilities to the Government of Iraq and (2) DynCorp's employer contributions to Iraq Social Security.	\$25,886,861
<i>Audit of Department of State Oversight Responsibilities, Selection, and Training of Grants Officer Representatives (AUD-CG-15-33, 6/2015)</i>	
Recommendation 7: OIG recommended that the Bureau of Administration, Office of the Procurement Executive, in coordination with the Bureau of Human Resources, develop and implement a policy regarding the inclusion of grants officer representative responsibilities into the annual performance evaluation factors for employees assigned as grants officer representatives.	N/A
<i>Audit of Overseas Health Units Administration of Controlled and Non-Controlled Drugs (AUD-CGI-15-32, 6/2015)</i>	
Recommendation 1*: OIG recommended that the Office of Medical Services develop and issue standardized procedures for overseas Health Units to maintain effective controls and procedures for the ordering, receiving, dispensing, transferring, and disposing of noncontrolled drugs, including vaccines.	N/A
Recommendation 2*: OIG recommended that the Office of Medical Services establish procedures for implementing an automated inventory system for pharmaceuticals.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 3*: OIG recommended that the Office of Medical Services develop and implement training for Foreign Service medical provider personnel related to pharmacy administration.	N/A
<i>Audit of the U.S. Mission Iraq Medical Services (AUD-MERO-15-25, 5/2015)</i>	
Recommendation 3: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, (a) determine whether \$6,087,633 in unsupported charges and \$685,249 in associated General and Administrative charges are allowable under contract SAQMMA11D0073 and (b) recover any costs determined to be unallowable.	\$6,772,882
<i>Management Assistance Report: Embassy Tripoli Armored Vehicles Available for Redistribution and Use (AUD-MERO-15-28, 5/2015)</i>	
Recommendation 1*: OIG recommended that U.S. Embassy Tripoli, in accordance with Department of State policies and procedures, formally transfer to U.S. Embassy Tunis the property rights to the 26 armored vehicles currently located at Embassy Tunis.	\$5,000,000
Recommendation 2: OIG recommended that U.S. Embassy Tunis, in coordination with the Bureau of Near Eastern Affairs and the Bureau of Diplomatic Security, develop and implement a plan to redistribute and use the 26 U.S. Embassy Tripoli armored vehicles that are currently located at Embassy Tunis after property rights to the vehicles have been transferred by Embassy Tripoli, as specified in Recommendation 1.	N/A
<i>Audit of Department of State Humanitarian Assistance in Response to the Syrian Crisis (AUD-MERO-15-22, 3/2015)</i>	
Recommendation 2: OIG recommended that the Bureau of Population, Refugees, and Migration develop and implement internal control procedures that ensure that grants officers follow Department guidance for monitoring a grant that has been issued to a public international organization, such as selecting the appropriate type of assistance instrument and tracking funds and grant activities, in compliance with Grants Policy Directive 54, Grants and Voluntary Contributions to Public International Organizations.	N/A
Recommendation 4: OIG recommended that the Bureau of Population, Refugees, and Migration implement procedures to perform periodic reviews of assigned award files to ensure that Form DS-4012 is completed in accordance with Grants Policy Directive 23, Federal Assistance File Folder, Form DS-4012.	N/A
<i>Management Assistance Report Grant Improprieties by Nour International Relief Aid (AUD-CG-15-19, 1/2015)</i>	
Recommendation 1: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management determine the allowability of contractor fees that were not part of the grant's authorized budget, direct Nour International Relief Aid to refund the Department any costs determined to be unallowable, and verify that funds have been refunded.	\$80,000
Recommendation 2: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management determine the allowability of the \$1,504,151 in costs incurred for items procured beyond the Notice of Award, direct Nour International Relief Aid to refund the Department any costs determined to be unallowable, and verify that funds have been refunded.	\$1,504,151

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 3: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management determine the allowability of \$29,799 in unsupported costs that were withdrawn from the Payment Management System without providing the Department support of its expenses, direct Nour International Relief Aid to refund the Department any costs determined to be unallowable, and verify that funds have been refunded.	\$8,115 ⁺⁺
<i>Audit of the Bureaus of Near Eastern Affairs and South and Central Asian Affairs Compliance With Federal and Department of State Premium Class Travel Policies (AUD-MERO-15-16, 11/2014)</i>	
Recommendation 1*: OIG recommended that the Bureau of the Comptroller and Global Financial Services in coordination with the Joint Executive Office of the Bureaus of Near Eastern Affairs and South and Central Asian Affairs and the Bureau of Administration review and seek repayment of questioned travel costs for the five travel authorizations in which premium class air travel justifications were inappropriately applied and approved. OIG determined the total of these repayments could be as much as \$13,270.	\$417 ⁺⁺
Recommendation 3*: OIG recommended that the Bureau of the Comptroller and Global Financial Services review the 181 premium travel authorizations not reviewed for this audit to determine whether the use of premium class air travel was appropriate, seek repayment for any travel determined to be inappropriate and report the results of the review to OIG.	N/A
Recommendation 4: OIG recommended that the Bureau of Administration develop and implement procedures for ensuring data submitted for the annual Premium Class Travel Report to the General Services Administration completely and accurately reports on all instance of Department use of premium class air travel during the reporting year.	N/A
<i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Counternarcotics Assistance to Afghanistan (AUD-MERO-15-02, 11/2014)</i>	
Recommendation 1: OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs implement Performance Measurement Plans for all initiatives in Afghanistan that measure and manage program performance and communicate program results.	N/A
Recommendation 2: OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs analyze its counternarcotics spending patterns and prior expenditure rates and adjust its budget requests accordingly.	N/A
<i>Audit of the Department of State Information Security Program (AUD-IT-15-17, 11/2014)</i>	
Recommendation 14*: OIG recommended the Bureau of Information Resource Management, Office of Information Assurance, in coordination with system owners (bureaus and posts), follow the Foreign Affairs Manual (12 FAM 620) to have the supervisor complete the appropriate system access forms (for example, new user access and elevated rights) prior to granting access.	N/A
Recommendation 18*: OIG recommended that the Chief Information Officer, in coordination with the Information Security Steering Committee, exercise the authorities prescribed in the Foreign Affairs Manual (1 FAM 040 and 5 FAM 119) and direct bureaus and/or offices to prioritize resources to effectively implement and validate remediation actions prior to closing Plans of Action and Milestones.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 19*: OIG recommended that system owners, in coordination with the Bureau of Information Resource Management, Office of Information Assurance, ensure that bureaus, offices, and posts adhere to completion dates for corrective actions and/or ensure that the remediation dates are updated, as needed. In addition, OIG recommended system owners implement processes and procedures to cross-reference Plans of Action and Milestones information, including costs, to the capital planning budget process with a Unique Investment Identifier.	N/A
Recommendation 21*: OIG recommended that the Bureau of Information Resource Management, Office of Information Assurance (IRM/IA), define a time period for bureaus and/or offices to include identified deficiencies resulting from audits into the Plans of Action and Milestones database and communicate findings to IRM/IA in accordance with Office of Management and Budget Memorandum M-11-33.	N/A
Recommendation 22*: OIG recommended that the Bureau of Information Resource Management, Office of Information Assurance, in coordination with system owners, identify deficiencies resulting from the vulnerability scans performed by the Bureau of Diplomatic Security, Security Infrastructure Directorate, Office of Computer Security, and include those vulnerabilities that are not immediately remediated in the Plans of Action and Milestones database in accordance with Office of Management and Budget Memorandum M-11-33.	N/A
Recommendation 29: OIG recommended that the Chief Information Officer, in coordination with the Bureau of Information Resource Management, Office of Information Assurance, and the Bureau of Diplomatic Security's Security Infrastructure Directorate, Office of Computer Security, implement a tracking mechanism for role-based training, in accordance with National Institute of Standards and Technology Special Publication 800-53, Revision 4, to ensure that personnel with significant security responsibilities receive the appropriate training according to the Information Assurance Training Plan.	N/A
Recommendation 30: OIG recommended that the Information System Steering Committee, in coordination with the Bureau of Information Resource Management, Office of Information Assurance, and the Bureau of Diplomatic Security's Security Infrastructure Directorate, Office of Computer Security, implement a general security awareness course, specific to users with only ClassNet access that do not have OpenNet access, to ensure that those personnel receive the appropriate general security awareness training in accordance with National Institute of Standards and Technology Special Publication 800-53, Revision 4.	N/A
<i>Audit of Department of State's Implementation and Oversight of Active Directory (AUD-IT-15-05, 10/2014)</i>	
Recommendation 1*: OIG recommended that the Bureau of Information Resource Management, in coordination with the Bureaus of Human Resources and Diplomatic Security, develop and implement an overall strategy that will provide policies and procedures for managing Active Directory account management that reflects the interaction between all bureaus.	N/A
Recommendation 2*: OIG recommended that the Bureau of Information Resource Management update and implement Volumes 5 and 12 of the Foreign Affairs Manual to specifically address the deficiencies in Active Directory account management.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 3*: OIG recommended that the Bureau of Information Resource Management, in coordination with the Bureaus of Human Resources and Diplomatic Security, develop and implement guidance that describes a sustainable and repeatable process for determining how to identify and then disable or remove unneeded OpenNet accounts, including users that are not Department of State employees, such as contractors and other Federal agencies.	N/A
Recommendation 4*: OIG recommended that the Bureau of Information Resource Management develop and implement a process to ensure that Information Systems Security Officers conduct monthly reviews of audit logs for security anomalies, as prescribed by Volume 12, Section 629.2-7, of the Foreign Affairs Manual.	N/A
Recommendation 5*: OIG recommended that the Bureau of Information Resource Management develop and implement a process directing Organizational Unit Administrators to update their Active Directory organizational unit structure, in accordance with the Department of State Global Address List and Active Directory Standardization Guidelines.	N/A
Recommendation 6*: OIG recommended that the Bureau of Information Resource Management, in coordination with the Bureaus of Diplomatic Security and Human Resources, implement the use of Personal Identity Verification cards—as detailed in the Chief Information Officer’s implementation plan for logical access—for all Department employees who are eligible for a National Agency Check and Inquiry, as required by Homeland Security Presidential Directive 12.	N/A
<i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Law Enforcement Reform Program in Pakistan (AUD-MERO-15-04, 10/2014)</i>	
Recommendation 1: OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs obtain the cooperation of the Government of Pakistan to establish annual evaluations of the Pakistan Law Enforcement Reform Program and use those evaluations as a basis for future amendments to the Letter of Agreement, adjusting those objectives in a continuous process.	N/A
Recommendation 3: OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs review the Pakistan Law Enforcement Reform Program’s unfulfilled training, infrastructure and equipment performance measures; determine whether the measures can be met; and if so, establish new target dates for their completion.	N/A
Recommendation 4*: OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs (INL) amend the INL Financial Management Handbook to require a detailed justification for extending subobligation terminal dates.	N/A
Recommendation 5*: OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs negotiate future amendments to the Letter of Agreement that stipulate that the U.S. Government may reprogram funds if the funds are not subobligated before the subobligation terminal date.	N/A
Recommendation 7*†: OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs establish and implement additional procedures to review open subobligations and deobligate any subobligations that cannot be demonstrated to be still valid.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 10 Embassy Kabul Security Force (AUD-MERO-15-03, 10/2014)</i>	
Recommendation 2*: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, review the \$1,726,155 in costs OIG identified as possibly unallowable and recover any funds deemed unallowable.	\$882,612 ⁺⁺
Recommendation 3*: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, conduct a comprehensive review of all contractor invoices and supporting documentation to determine whether the contractor submitted adequate supporting documentation for all costs, including the \$6,916,330 identified in this report. If the documentation was not submitted, the contracting officer should request supporting documentation from the contractor and determine whether the costs were allowable under the contract terms. If the reimbursable costs cannot be supported or are not allowable under the terms of the contract, these funds should be recovered.	\$8,901 ⁺⁺
Recommendation 4: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, establish detailed written procedures for in-depth review of invoices and supporting documentation required by the Worldwide Protective Services contract and ensure that the procedures are followed for all reviews of Task Order 10 invoices and supporting documentation.	N/A
<i>Audit of Department of State Management of the Marine Security Guard Program and Plans for Program Expansion (AUD-SI-14-30, 9/2014)</i>	
Recommendation 4*: OIG recommended that the Bureau of Diplomatic Security Deputy Assistant Secretary for International Programs, in consultation with the U.S. Marine Corps, develop a comprehensive, long-term plan that prioritizes the use of dedicated Marine Security Guard program expansion resources for those embassies and other diplomatic facilities that are high threat posts.	N/A
<i>Compliance Followup Audit of Department of State Actions To Address Weaknesses in the Ownership Award, Administration, and Transfer of Overseas Construction Funded by the President's Emergency Plan for AIDS Relief (AUD-ACF-14-32, 8/2014)</i>	
Recommendation 1*: OIG recommended that the Regional Procurement Support Office in Frankfurt, Germany, determine whether the balance of \$5,213,502 in obligations remaining on the nine contracts and task orders identified are still necessary and, if not, deobligate them.	\$5,213,502
Recommendation 2: OIG recommended that the Office of U.S. Global AIDS Coordinator create standard signage for all President's Emergency Plan for AIDS Relief-funded facilities to better highlight and display the American people's contribution towards efforts to globally combat HIV/AIDS (including text, size, and placement).	N/A
<i>Audit of the Administration and Oversight of Contracts and Grants Within the Bureau of African Affairs (AUD-CG-14-31, 8/2014)</i>	
Recommendation 5: OIG recommended that the Bureau of African Affairs discontinue the use of site coordinators in locations that allow Government personnel to work within that country and develop and implement processes to ensure that contracting officer's representatives and government technical monitors with the appropriate levels of Federal Acquisition Certification for contracting officer's representatives are officially delegated to conduct oversight of their assigned contracts.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 8: OIG recommended that the Bureau of African Affairs develop guidance that requires contracting officer's representatives to perform site visits for each contract recipient at least once during the life of the contract or annually for those recipients identified as high-risk.	N/A
Recommendation 24: OIG recommended that Bureau of African Affairs grants officer representatives assess the risk of ongoing grants and identify and re-classify high-risk grant recipients. For each high-risk recipient, grants officer representatives should develop a risk mitigation strategy that includes changes to oversight and a corrective action plan.	N/A
<i>Management Alert: Contract File Management Deficiencies (MA-A-0002, 3/2014)</i>	
Recommendation 2*: OIG recommended that the Bureau of Administration, Office of the Procurement Executive, provide the results of its reviews as set forth in recommendation one to the appropriate bureaus and offices to ensure that contracting officers, contracting officers' representatives, as well as their supervisors and other supporting personnel who do not adequately maintain contract files are held accountable and are required to update contract files in accordance with Federal and Department policies.	N/A
<i>Audit of Department of State Selection and Positioning of Contracting Officer's Representatives (AUD-CG-14-07, 1/2014)</i>	
Recommendation 2: OIG recommended that the Bureau of African Affairs not use contractors to perform contract administration and oversight tasks to avoid assigning inherently governmental, critical, or closely related functions to contracts, as prohibited by the Federal Acquisition Regulation.	N/A
<i>Audit of the Contract Closeout Process for Contracts Supporting the U.S. Mission in Iraq (AUD-MERO-14-06, 12/2013)</i>	
Recommendation 5: OIG recommended that the Bureau of Administration, Office of the Procurement Executive, revise the Department of State Acquisition Regulation to reflect the interagency agreement between the Department of State and the Defense Contract Audit Agency for conducting incurred cost audits.	N/A
Recommendation 8: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop an automated application to track contract status upon award, to include estimated and actual physical completion dates and Federal Acquisition Regulation (FAR)-mandated timeframes for closeout based on actual physical completion. The application should include functionality to notify responsible officials of key contract dates, to include notifications to responsible officials when physically completed contracts are approaching the FAR's mandated deadline.	N/A
Recommendation 9*: OIG recommended that the Bureau of Administration, Office of the Procurement Executive, in conjunction with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop and implement an e-Filing policy and document management system to provide effective contract file inventory control and documentation standards while allowing for ready accessibility through a central locator system. The policy should include minimum guidance over the completeness of data contained in the files and a schedule of milestones identifying mandatory implementation dates.	N/A
<i>Outline for Action: Local Guard Contractor Did Not Comply With Contract Terms Regarding Supplemental Wage Allowance (AUD-HCI-13-41, 9/2013)</i>	
Recommendation 2: OIG recommended that the Bureau of Administration issue instructions to applicable contracting officer's representatives to ensure verification that the contractor pays the supplemental wage allowance to local guards in accordance with contract terms.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
<i>Audit of the U.S. Mission Iraq Staffing Process (AUD-MERO-13-33, 8/2013)</i>	
Recommendation 3: OIG recommended that the Bureau of Overseas Buildings Operations, in coordination with U.S. Embassy Baghdad, develop a strategic facilities plan for construction and maintenance that reflects the results of a systematic analysis of staffing requirements.	N/A
<i>Audit of Grant Closeout Processes for Selected Department of State Bureaus (AUD-CG-13-31, 6/2013)</i>	
Recommendation 6: OIG recommended that the Bureau of Population, Refugees and Migration close the remaining 433 zero balance grants that have expired in the Payment Management System as of March 1, 2012, to avoid unnecessary administrative fees.	N/A
<i>Audit of Department of State Application of the Procurement Fee to Accomplish Key Procurement Services Goals (AUD-FM-13-29, 5/2013)</i>	
Recommendation 5: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop and implement a formal process to obtain feedback from customers that would include providing customers information on the results of the effort including specific plans on how concerns would be addressed.	N/A
Recommendation 7: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), develop a formal methodology to identify customers who want and whom A/LM/AQM determines would benefit from on-site procurement staff.	N/A
Recommendation 8: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), take action to provide on-site procurement staff to bureaus and offices that A/LM/AQM determines would benefit from this practice.	N/A
Recommendation 9: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop a 3-year staffing plan that identifies the number of staff needed and the required mix of staff, based on expectations of contracting needs, including contract oversight responsibilities.	N/A
Recommendation 11: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop a mandatory customer service training curriculum for its employees.	N/A
Recommendation 14: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop a succession plan.	N/A
Recommendation 17: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, identify additional internal reviews that it would perform to assess procurement activity, internal processes, and performance and develop a plan to implement the reviews that it considers beneficial.	N/A
Recommendation 19: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), develop a process to formally measure and report on its accomplishment of the Business Plan goals. A/LM/AQM should refine or update the goals as needed.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contracts - Task Order 5 for Baghdad Movement Security (AUD-MERO-13-25, 3/2013)</i>	
Recommendation 1*: OIG recommended that the Bureau of Diplomatic Security and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, institute procedures to ensure that a needs-based analysis is conducted and documented prior to establishing all Worldwide Protective Services task order staffing requirements and prior to exercising task order options.	N/A
Recommendation 3*: OIG recommended that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, establish a process to ensure that Worldwide Protective Services contract staffing requirements are adjusted when needs change during the contract performance period.	N/A
<i>Evaluation of Emergency Action Plans for U.S. Mission Afghanistan (AUD-MERO-13-20, 3/2013)</i>	
Recommendation 8*: OIG recommended that the Bureau of Diplomatic Security establish a process to validate the adequacy of Emergency Action Plans at high-threat posts, such as Embassy Kabul, by reviewing and assessing the resources listed in the plans for addressing each type of Emergency Action Plan emergency.	N/A
<i>Audit of U.S. Department of State Use of Short-Term Leases Overseas (AUD-HCI-13-02, 12/2012)</i>	
Recommendation 6*: OIG recommended the Bureau of Overseas Buildings Operations establish guidelines and procedures that require posts to track and report on make-ready funds expended for individual properties to help ensure funds are expended for authorized purposes and do not exceed the Department of State limitation.	N/A
<i>Audit of Department of State Access Controls for Major Applications (AUD-IT-12-44, 9/2012)</i>	
Recommendation 2: OIG recommended that the Chief Information Officer establish standard training requirements for post Classified State Messaging and Archive Retrieval Toolset and ensure that system administrators receive required training before they are assigned and annually thereafter.	N/A
Recommendation 7*: OIG recommended that the Chief Information Officer (CIO) require system owners to annually revalidate user and administrator accounts, remove those accounts that no longer require access, and certify to the CIO that revalidation has been completed.	N/A
Recommendation 9*: OIG recommended that the Chief Information Officer institute a formal process to require system owners to certify that the Information Systems Security Officer has reviewed audit logs monthly in order to detect and resolve potential security incidents in a timely manner.	N/A
<i>Evaluation of Invoices and Payments for the Embassy Operations and Maintenance Contract (AUD-MERO-12-43, 8/2012)</i>	
Recommendation 2: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, direct the contracting officer to conduct a comprehensive review of all contractor invoices before the Embassy Baghdad operations and maintenance contract is closed to determine whether all goods paid for were in fact delivered. If the goods were paid for, all such payments for undelivered goods should be recovered from the contractor, including the approximately \$34,000 identified in this report.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 3*: OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, direct the contracting officer to conduct a comprehensive review of all contractor invoices before the Embassy Baghdad operations and maintenance contract is closed to determine whether the contractor submitted adequate supporting documentation for all reimbursable costs, to include the \$1.7 million identified in this report. If not, the contracting officer should request supporting documentation from the contractor and determine whether the costs were allowable under the contract terms. If the reimbursable costs cannot be supported or are not allowable under the terms of the contract, the costs should be recovered from the contractor.	\$1,676,482
<i>Evaluation of the Antiterrorism Assistance Program for Countries Under the Bureaus of Near Eastern Affairs and South and Central Asian Affairs (AUD-MERO-12-29, 4/2012)</i>	
Recommendation 1*: OIG recommended that the Bureau of Diplomatic Security establish a process to validate the adequacy of Emergency Action Plans at high-threat posts, such as Embassy Kabul, by reviewing and assessing the resources listed in the plans for addressing each type of Emergency Action Plan emergency.	N/A
<i>Audit of Bureau of East Asian and Pacific Affairs Compliance With Trafficking in Persons Requirements (AUD-IP-12-02, 10/2011)</i>	
Recommendation 1*: OIG recommended that the Office to Monitor and Combat Trafficking in Persons include, in the Foreign Affairs Manual, the U.S. Government policy regarding trafficking in persons (TIP) to include the definition of TIP activity and information on the prohibition against involvement in acts of TIP for Department of State personnel and contractors, the associated penalties for violations, and the mechanism to report such violations.	N/A
Recommendation 2*: OIG recommended that the Office to Monitor and Combat Trafficking in Persons, in consultation with the Office of the Legal Adviser and the Director General of Human Resources, develop and include a trafficking in persons policy in the Department of State Standards of Conduct.	N/A
<i>Audit Survey of Reimbursement to the Department of State for Overseas Hospitalizations (AUD-HCI-11-43, 8/2011)</i>	
Recommendation 3: OIG recommended that the Office of Medical Services (MED) consult with the Office of the Legal Adviser to determine whether MED has the authority to collect copayments for overseas hospitalizations from employees and their eligible family members. If MED does have the authority, it should develop and implement policies and procedures to collect the copayments.	N/A
<i>DoD and DOS Need Better Procedures to Monitor and Expend DoD Funds for the Afghan National Police Training Program (AUD-CG-11-30, 7/2011)</i>	
Recommendation 9†: OIG recommended that the Executive Director, Bureau of International Narcotics and Law Enforcement Affairs, in coordination with the contracting officer, Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, identify and return unexpended obligations not likely to be expended as soon as possible, but no later than 6 months after the period of performance for Department of Defense-funded requirements related to task order S-AQMMA-08F-5375 and S-AQMMA-10F-2708 ends.	N/A

(Table D.4 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 41†: OIG recommended that the contracting officer, Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Executive Director, Bureau of International Narcotics and Law Enforcement Affairs, recover from DynCorp: overpayments based on Defense Contract Audit Agency audits of task orders 4305, 5375, and 2708.	N/A

* OIG considers these recommendations significant.

† The four denoted recommendations have a total of \$378,309,217 in associated monetary benefits. Those benefits are not included in this table because Department management agreed with each recommendation and took action to realize the specific monetary benefits that OIG identified. The recommendations themselves remain in the table because, although they are resolved, they are not fully implemented because of other compliance requirements separate from those connected with the associated monetary benefit.

†† Potential monetary benefits associated with these recommendations differ from values reflected in the final report due to management decision.

Table D.5

Open Office of Evaluations and Special Projects Recommendations Issued in Previous Periods, Pending Final Department of State Action, as of 3/31/2017

Recommendation	
<i>Department of State Has Administrative Leave Policies but Lacks Complete and Accurate Data on the Use of Leave (ESP-16-04, 9/2016)</i>	
Recommendation 1: OIG recommended the Bureau of the Comptroller and Global Financial Services, in conjunction with the Bureau of Human Resources, ensure that its new payroll systems have the ability to collect information regarding the justification for why administrative leave is granted.	N/A
Recommendation 2: OIG recommended the Bureau of Human Resources, in conjunction with the Bureau of the Comptroller and Global Financial Services, identify and remedy the causes of the discrepancy with its administrative leave records.	N/A
<i>Office of Secretary: Evaluation of Email Records Management and Cybersecurity Requirements (ESP-16-03, 5/2016)</i>	
Recommendation 1*: OIG recommended the Bureau of Administration continue to issue guidance, including periodic, regular notices, to Department employees to remind them that the use of personal email accounts to conduct official business is discouraged in most circumstances; clarify and give specific examples of the types of limited circumstances in which such use would be permissible; and instruct employees how to preserve Federal records when using personal email accounts.	N/A
Recommendation 2*: OIG recommended the Bureau of Administration amend the Foreign Affairs Manual to reflect the updates to Department recordkeeping systems that provide alternatives to print and file emails that constitute Federal records.	N/A

(Table D.5 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 3*: OIG recommended the Office of the Secretary, Executive Secretariat, work with the Office of Information Programs and Services to conduct an inventory of all electronic and hardcopy files in its custody and evaluate them to determine which files should be transferred to the Office of Information Programs and Services in accordance with records disposition schedules or Department email preservation requirements.	N/A
Recommendation 4*: OIG recommended the Office of the Secretary, Executive Secretariat, work with the Office of Information Programs and Services to improve policies and procedures to promote compliance by all employees within its purview, including the Secretary, with records management requirements. These policies should cover the retirement of records in accordance with records disposition schedules, preservation of email and other electronic records of departing officials, and training of employees on their records preservation responsibilities.	N/A
Recommendation 5*: OIG recommended the Office of the Secretary, Executive Secretariat, work with the Office of Information Programs and Services to ensure that all departing officials within its purview, including the Secretary of State, sign a separation form (DS-109) certifying that they have surrendered all Federal records and Classified or administratively controlled documents. In addition, staff should ensure that all incoming officials within its purview, including the Secretary, are thoroughly briefed on their records preservation and retention responsibilities, including records contained on personal email accounts.	N/A
Recommendation 6*: OIG recommended the Department's Transparency Coordinator work with the Office of Information Programs and Services to develop a quality assurance plan to promptly identify and address Department-wide vulnerabilities in the records preservation process, including lack of oversight and the broad inaccessibility of electronic records.	N/A
Recommendation 7*: OIG recommended the Bureau of Information Resource Management issue regular notices to remind Department employees of the risks associated with the use of non-Departmental systems; provide periodic briefings on such risks to staff at all levels; and evaluate the cost and feasibility of conducting regular audits of computer system usage to ascertain the degree to which Department employees are following the laws and policies concerning the use of personal email accounts.	N/A
Recommendation 8*: OIG recommended the Director General of the Foreign Service and Director of Human Resources amend the Foreign Affairs Manual to provide for administrative penalties for Department employees who (1) fail to comply with recordkeeping laws and regulations or (2) fail to comply with Department policy that only authorized information systems are to be used to conduct day-to-day operations. The amendment should include explicit steps employees should take if a reasonable suspicion exists that documents are not being preserved appropriately, including a reminder that the Office of Inspector General has jurisdiction to investigate and refer to appropriate authorities suspected violations of records preservation requirements.	N/A
<i>Evaluation of the Department of State's FOIA Processes for Requests Involving the Office of the Secretary (ESP-16-01, 1/2016)</i>	
Recommendation 1*: OIG recommended the Bureau of Administration identify necessary permanent personnel as part of Freedom of Information Act workforce planning efforts and quickly acquire those resources so the Department can comply with applicable law and improve the timeliness of FOIA searches and responses.	N/A

Note: There were no potential monetary benefits associated with the recommendations in this table.

*OIG considers these recommendations significant.

Table D.6
Open Office of Inspections Recommendations Issued in Previous Periods, Pending Final Department of State Action, as of 3/31/2017

Report #	Potential Monetary Benefit
<i>Inspection of the Bureau of Diplomatic Security, Threat Investigations and Analysis Directorate (ISP-I-16-28A, 9/2016)</i>	
Recommendation 2: OIG recommended the Bureau of Diplomatic Security implement a policy to solicit customer feedback from recipients of Office of Intelligence and Threat Analysis threat assessments.	N/A
<i>Inspection of Embassy Port of Spain, Trinidad and Tobago (ISP-I-16-29A, 9/2016)</i>	
Recommendation 9: OIG recommended Embassy Port of Spain, in coordination with the Bureau of Western Hemisphere Affairs, update cabling infrastructure in the embassy chancery and annexes to comply with Department standards.	N/A
<i>Inspection of Embassy Quito, Ecuador (ISP-I-16-27, 9/2016)</i>	
Recommendation 3: OIG recommended Embassy Quito, in coordination with the Bureau of Consular Affairs, replace the automatic queuing system in Consulate General Guayaquil.	N/A
Recommendation 5: OIG recommended Embassy Quito ensure that all necessary building maintenance engineering contracts are in place for Embassy Quito and Consulate General Guayaquil.	N/A
<i>Inspection of Embassy Belmopan, Belize (ISP-I-16-25A, 9/2016)</i>	
Recommendation 1: Embassy Belmopan should use record emails and provide relevant training to reporting officers.	N/A
Recommendation 2: OIG recommended Embassy Belmopan conduct risk assessments and develop monitoring plans on federal grants awarded by its Public Affairs Section.	N/A
Recommendation 4: Embassy Belmopan should conduct a cost-benefit analysis for the embassy accommodation exchange and implement the results.	N/A
Recommendation 6: OIG recommended Embassy Belmopan maintain residential inventory files in accordance with Department standards.	N/A
Recommendation 8: Embassy Belmopan should request approval for radio frequencies from the Government of Belize.	N/A
<i>Inspection of Embassy Ankara, Turkey (ISP-I-16-24A, 9/2016)</i>	
Recommendation 1: Embassy Ankara should document and preserve ambassadorial email communication in accordance with Department standards.	N/A
Recommendation 5: OIG recommended the Bureau of Near Eastern Affairs, in coordination with the Bureau of Administration, reduce the Department's processing times for vetting potential assistance recipients and program personnel to conform with the Quadrennial Diplomatic and Development Review mandate to standardize Department and U.S. Agency for International Development risk management and mitigation.	N/A

(Table D.6 continued on next page)

Report #	Potential Monetary Benefit
Recommendation 6: OIG recommended Embassy Ankara designate the Deputy Chief of Mission to have general oversight of the Embassy Branch Office, including authority to designate an on-site officer in charge of the Embassy Branch Office whenever temporary duty personnel are present.	N/A
Recommendation 7: OIG recommended Embassy Ankara establish standardized decision criteria and documentation, approved by the Emergency Action Committee, for adjudicating requests to travel in southeastern Turkey.	N/A
Recommendation 9: OIG recommended Embassy Ankara develop a strategy to advance the Integrated Country Strategy's economic goals through outreach, engagement, and reporting.	N/A
Recommendation 10: OIG recommended Embassy Ankara develop a country program plan to use grants to achieve mission strategic goals, including roles, responsibilities, and training for mission Public Affairs Sections.	N/A
Recommendation 18: OIG recommended Embassy Ankara update its Merit Based Compensation Handbook.	N/A
Recommendation 19: OIG recommended Embassy Ankara pay Prompt Payment Act interest fees on late payments.	N/A
Recommendation 22: OIG recommended Embassy Ankara bring all Mission Turkey residences into compliance with Post Occupational Safety Health standards.	N/A
Recommendation 24: OIG recommended Embassy Ankara require all Mission Turkey motor pools to comply with the Department's Motor Vehicle Safety Management Program policy on vehicle operator duty limits.	N/A
Recommendation 25: OIG recommended Embassy Ankara require all mission contracting officer's representatives to maintain required files.	N/A
Recommendation 26: OIG recommended Embassy Ankara require Consulate Adana to establish internal controls to bring procurement files into compliance with Federal Acquisition Regulations and Department requirements.	N/A
Recommendation 28: OIG recommended Embassy Ankara require Consulate General Istanbul and Consulate Adana to establish standard operating procedures to maintain separation of duties among staff members in procurement and property.	N/A
Recommendation 29: OIG recommended Embassy Ankara require offices to manage records in accordance with Department standards.	N/A
Recommendation 30: OIG recommended Embassy Ankara require mission sections to use the State Messaging and Archive Retrieval Toolset application to archive email and other official electronic correspondence.	N/A
<i>Inspection of Consulate General Curacao, Kingdom of the Netherlands (ISP-I-16-26A, 9/2016)</i>	
Recommendation 5: The Bureau of Human Resources should authorize a comprehensive salary and monetized benefits survey of comparator companies to evaluate the validity of Consulate General Curacao's local compensation plan.	N/A

(Table D.6 continued on next page)

Report #	Potential Monetary Benefit
Recommendation 8: OIG recommended Consulate General Curacao, in coordination with the Bureau of Overseas Buildings Operations, establish a memorandum of understanding outlining the duties and responsibilities for the Regional Facilities Manager.	N/A
<i>Inspection of Embassy Tegucigalpa, Honduras (ISP-I-16-21A, 8/2016)</i>	
Recommendation 2: OIG recommended Embassy Tegucigalpa, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, provide the appropriate staff to supervise and manage International Narcotics and Law Enforcement Affairs operations.	N/A
Recommendation 4: OIG recommended Embassy Tegucigalpa conduct risk assessments and develop monitoring plans on Federal grants awarded by its Public Affairs Section in accordance with Department guidelines.	N/A
Recommendation 5: OIG recommended Embassy Tegucigalpa implement a duty officer program that includes Management Section oversight and an up-to-date duty officer guide.	N/A
Recommendation 6: OIG recommended Embassy Tegucigalpa, in coordination with the Bureau of the Comptroller and Global Financial Services, reconcile the outstanding travel vouchers, including initiating collection action for individual travelers' indebtedness.	N/A
Recommendation 7: OIG recommended Embassy Tegucigalpa require authorizing officials to approve mission staff requests for overtime in advance.	N/A
Recommendation 8: OIG recommended the Bureau of Information Resource Management, in coordination with Embassy Tegucigalpa, complete the installation of the private branch exchange system.	N/A
<i>Management Assistance Report: Armored Vehicle Training (ISP-16-17, 7/2016)</i>	
Recommendation 1: OIG recommended the Office of Management Policy, Rightsizing, and Innovation, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Diplomatic Security, establish a mandatory training requirement on armored vehicle safe-driving techniques for all overseas professional chauffeurs and incidental drivers who operate such vehicles.	N/A
<i>Inspection of Embassy Kinshasa, Democratic Republic of the Congo (ISP-I-16-19A, 6/2016)</i>	
Recommendation 4: OIG recommended Embassy Kinshasa, in coordination with the Bureau of International Information Programs, implement a social media strategy.	N/A
Recommendation 5: Embassy Kinshasa, in coordination with the Bureau of International Information Programs and the Bureau of Educational and Cultural Affairs, should bring the appearance of the Information Resource Center into conformity with Department standards.	N/A
<i>Inspection of Embassy Kinshasa, Democratic Republic of the Congo (ISP-I-16-19A, 6/2016)</i>	
Recommendation 15: OIG recommended Embassy Kinshasa implement standard operating procedures that require Information System Security Officers to perform required duties.	N/A
<i>Inspection of Compliance Follow-Up Review of The Bureau of Diplomatic Security, High Threat Programs Directorate (ISP-C-16-18, 5/2016)</i>	
Recommendation 1: OIG recommended the Bureau of Diplomatic Security, in coordination with the Office of the Legal Adviser and the Bureau of Human Resources, establish Memoranda of Understanding for liaison positions.	N/A

(Table D.6 continued on next page)

Report #	Potential Monetary Benefit
Recommendation 2: OIG recommended the Bureau of Diplomatic Security update the Foreign Affairs Manual to incorporate changes to the guidance on Post Security Program Reviews specific to high threat posts.	N/A
Recommendation 3: OIG recommended the Bureau of Human Resources, in coordination with the Bureau of Diplomatic Security, undertake a comprehensive review of the structure, management, and manpower needs of the High Threat Programs Directorate and make necessary adjustments.	N/A
<i>Inspection of Embassy Cairo, Egypt (ISP-I-16-15A, 4/2016)</i>	
Recommendation 1: OIG recommended Embassy Cairo, in coordination with the Bureau of Near Eastern Affairs, disseminate Department-wide a written procedure for ambassadorial review and approval of all foreign assistance activities where Egypt is a place of performance.	N/A
<i>Inspection of the Bureau of Diplomatic Security, Directorate of International Programs (ISP-I-16-07, 2/2016)</i>	
Recommendation 3: The Bureau of Administration, in coordination with the Bureau of Diplomatic Security, should implement a service level agreement to address and clarify the roles and responsibilities of International Programs Directorate desk officers and acquisition management analysts and Office of Acquisition Management contracting staff assigned within the directorate and to establish performance metrics and timelines.	N/A
Recommendation 5: OIG recommended the Bureau of Administration, in coordination with the Bureau of Diplomatic Security, include in the contracting officers' and contracting officer's representatives' work commitments the requirement to input timely contract data into the Contractor Performance Assessment Reporting System for all International Programs Directorate contracts and task orders.	N/A
<i>Management Assistance Report: Continued Deficiencies Identified in Information Technology Contingency Planning (ISP-16-05, 2/2016)</i>	
Recommendation 1: OIG recommended the Bureau of Information Resource Management, in coordination with the regional bureaus, include the requirement to complete and test information technology contingency plans in the work requirements for information management personnel.	N/A
<i>Management Assistance Report: Annual Purchase Card Program Reviews (ISP-I-16-04, 1/2016)</i>	
Recommendation 1*: OIG recommended the Bureau of Administration require bureaus and posts to submit the results of annual purchase card reviews to allow the Bureau of Administration to monitor compliance.	N/A
<i>Inspection of the Bureau of Information Resource Management, Operations, Vendor Management Office (ISP-I-16-03, 11/2015)</i>	
Recommendation 1: The Bureau of Information Resource Management, in coordination with the Bureau of Administration, should complete the 1 Foreign Affairs Manual directives on the roles and responsibilities of the Bureau of Information Resource Management, Operations, Vendor Management Office.	N/A
<i>Inspection of the Bureau of International Organization Affairs (ISP-I-16-02, 10/2015)</i>	
Recommendation 3: OIG recommended the Bureau of International Organization Affairs, in coordination with the Bureau of Human Resources, conduct an organizational assessment to match Office of Peace Operations, Sanctions, and Counterterrorism staffing to workload and review the impact of any staffing adjustments on the rest of the bureau.	N/A
<i>Inspection of Embassy Tokyo, Japan (ISP-I-15-35A, 8/2015)</i>	
Recommendation 33: OIG recommended Embassy Tokyo outsource its post language program to commercial vendors.	\$42,176

*OIG considers these recommendations significant.

APPENDIX E: BROADCASTING BOARD OF GOVERNORS COMPLIANCE

Tables E.1 through E.5 report the status of open Office of Inspector General (OIG) recommendations to the Broadcasting Board of Governors (BBG) as of March 31, 2017, as well as certain recommendations that were closed during the reporting period. As of the end of the reporting period, there were no report recommendations without management decision for more than 6 months. Furthermore, during the reporting period, BBG did not revise any of its previous significant management decisions or make any significant management decisions with which OIG disagreed.

OIG Compliance Lexicon

Open
Unresolved: No agreement between OIG and management on the recommendation or proposed corrective action (remains open).
Resolved: Agreement on the recommendation and proposed corrective action (remains open) but implementation has not been completed.
Closed
Agreed-upon corrective action is complete.

Table E.1
Broadcasting Board of Governors Management Success in Implementing Recommendations, 10/1/2016–3/31/2017

Report #	Description
Office of Audits	
<i>Survey of Broadcasting Board of Governors Suspension and Debarment Process</i> (AUD/CG-12-24, 2/2012)	In response to OIG’s recommendation to strengthen its worldwide suspension and debarment policies, the Broadcasting Board of Governors developed and implemented a detailed worldwide suspension and debarment policy.

Table E.2
Reports Issued in Prior Reporting Period That Did Not Receive Comment Within 60 Days of Issuance, as of 3/31/2017

Report #	Rec #	Description
None		

Table E.3
Open Office of Audits Recommendations Issued in Previous Periods, Pending Final Broadcasting Board of Governors Action, as of 3/31/2017

Recommendation	Potential Monetary Benefit
<i>Management Assistance Report: Inactive User Accounts Within the Broadcasting Board of Governors Active Directory (AUD-IT-IB-16-36, 5/2016)</i>	
Recommendation 1*: OIG recommended that the Chief Information Officer for the Broadcasting Board of Governors revise the Identification and Authentication Policy to provide guidance on how to identify and segregate user and non-user accounts in Active Directory.	N/A
<i>Management Assistance Report: Broadcasting Board of Governors Incident Response and Reporting (AUD-IT-IB-16-25, 1/2016)</i>	
Recommendation 1*: OIG recommended that the Broadcasting Board of Governors Office of Technology, Services, and Innovation amend and implement the Computer Security Incident Response Policy and the Computer Security Incident Response Procedure to reflect all elements of an effective incident response and reporting program in accordance with National Institute of Standards and Technology Special Publication 800-61, Revision 2.	N/A
<i>Audit of Radio Free Asia Expenditures (AUD-FM-IB-15-24, 6/2015)</i>	
Recommendation 1: OIG recommended that the Broadcasting Board of Governors define its grant monitoring structure, formally document the roles and responsibilities of all parties involved in the grant monitoring process, and revise its Grantee Handbook accordingly.	N/A
Recommendation 2: OIG recommended that the Broadcasting Board of Governors develop and implement a comprehensive grant oversight program and revise its Grantee Handbook to document the specific procedures for the grant oversight program.	N/A
Recommendation 3: OIG recommended that the Broadcasting Board of Governors (BBG) develop and implement a training plan for all employees involved in grant oversight as determined in response to Recommendation 1. This training plan should cover both Government-wide requirements for grant oversight and also BBG's internal grants policies and procedures. BBG should revise its Grantee Handbook to include the training plan.	N/A
Recommendation 14: OIG recommended that the Broadcasting Board of Governors require Radio Free Asia to revise its processes to include an assessment of the continued need for funds that are either unexpended or committed and to take action to deobligate funds that are no longer needed.	N/A
Recommendation 15: OIG recommended that the Broadcasting Board of Governors require Radio Free Asia to annually report on the amount of unused funds.	N/A
Recommendation 16: OIG recommended that the Broadcasting Board of Governors develop and implement a process to oversee Radio Free Asia's unused funds.	N/A

(Table E.3 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 21: OIG recommended that the Broadcasting Board of Governors (BBG) work collaboratively with Radio Free Asia (RFA) to perform a comparability study of RFA salaries and benefits and determine whether the salaries and benefits offered by RFA violate the requirements of the grant agreement. If they do, BBG should direct RFA to bring salaries and benefits into compliance with the grant agreement.	N/A
<i>Audit of Broadcasting Board of Governors FY 2014 Compliance With Improper Payments Requirements (AUD-FM-IB-15-30, 5/2015)</i>	
Recommendation 1: OIG recommended that the Broadcasting Board of Governors (BBG) develop and implement a methodology to strengthen its controls to ensure that BBG obtains and maintains sufficient and complete supporting documentation for payments.	N/A
<i>Audit of the Broadcasting Board of Governors Information Security Program (AUD-FM-IB-15-13, 10/2014)</i>	
Recommendation 5*: OIG recommended that the Director of Global Operations approve and implement a continuous monitoring policy that assesses the security state of information systems and is consistent with National Institute of Standards and Technology Special Publication 800-53, Revision 4.	N/A
Recommendation 8*: OIG recommended that the Director of Global Operations update server and workstation baseline procedures to include all of the U.S. Government Configuration Baseline configuration settings as required by the National Institute of Standards and Technology Special Publication 800-53, Revision 4.	N/A
Recommendation 9*: OIG recommended that the Director of Global Operations remediate all critical vulnerabilities as they are identified through periodic scanning.	N/A
Recommendation 10*: OIG recommended that the Director of Global Operations enforce the Broadcasting Board of Governors (BBG) Change Management Policy for all changes within the BBG environment.	N/A
Recommendation 13*: OIG recommended that the Chief Information Security Officer, in coordination with the system owners and the Office of the Chief Information Officer, ensure that Broadcasting Board of Governors' Plans of Action and Milestones (POA&M) include all required elements in accordance with the Information Security POA&M Policy, to include severity of the weakness, responsible organization, estimated funding resources, completion date, key milestones and changes, source of the weakness, and the latest status.	N/A
Recommendation 14*: OIG recommended that the Enterprise Networks and Storage Division implement procedures to assess the adequacy of the security configurations of remote computers that request access to the Broadcasting Board of Governors' (BBG) network and grant access only to properly configured and patched devices, as required by BBG's Virtual Private Network (VPN) policy and VPN Access Acceptance Form.	N/A
Recommendation 16*: OIG recommended that the Director of Global Operations and system owners ensure that user accounts are properly maintained in accordance with Broadcasting Board of Governors' Identification and Authentication Policy.	N/A
Recommendation 17*: OIG recommended that the Director of Global Operations, in coordination with the Office of Security, complete the issuance of Personal Identity Verification cards as required by Homeland Security Presidential Directive 12 and Office of Management and Budget guidelines.	N/A

(Table E.3 continued on next page)

Recommendation	Potential Monetary Benefit
<i>Audit of Radio Free Europe/Radio Liberty After-employment Benefits (AUD-FM-IB-14-34, 9/2014)</i>	
Recommendation 2: OIG recommended that the Broadcasting Board of Governors design and implement procedures to perform routine reviews of Radio Free Europe/Radio Liberty (RFE/RL) financial activity. At a minimum, these procedures should include periodic reviews of significant events and transactions and analyses of RFE/RL's financial statements and actuarial reports.	N/A
Recommendation 3: OIG recommended that the Broadcasting Board of Governors develop a process to review and approve significant contracts over \$350,000 for Radio Free Europe/Radio Liberty.	N/A
Recommendation 4: OIG recommended that the Broadcasting Board of Governors develop policies and procedures to ensure that information needed to oversee grantees is maintained in the grant files and to ensure that the relevant information is available for at least 7 years.	N/A
Recommendation 5: OIG recommended that the Broadcasting Board of Governors (BBG) review and revise its policies and procedures to clearly define the roles and responsibilities of the officials within BBG who are responsible for monitoring and overseeing Radio Free Europe/Radio Liberty.	N/A
Recommendation 9: OIG recommended that the Broadcasting Board of Governors (BBG) design detailed annual budget submission formats and financial planning documents that will allow BBG to obtain details on unfunded liabilities at Radio Free Europe/Radio Liberty.	N/A
Recommendation 10: OIG recommended that the Broadcasting Board of Governors develop and implement a standardized process to produce effective comparability studies. The process should ensure that the studies are performed at prescribed intervals, include all benefits offered by Radio Free Europe/Radio Liberty to its domestic and overseas employees, and contain data and analyses that support conclusions.	N/A
<i>Audit of the Broadcasting Board of Governors Administration and Oversight of Acquisition Functions (AUD-CG-IB-14-26, 6/2014)</i>	
Recommendation 2*: OIG recommended that the Board of Governors develop and implement enforcement mechanisms to ensure accountability for compliance with the action plan developed in response to Recommendation 1. This must include regular monitoring and evaluation of the acquisition function and compliance with the action plan.	N/A
Recommendation 3*: OIG recommended that the Director of Global Operations adhere to the conditions stated in 22 U.S. Code 6206 for hiring personal services contractors; specifically, a determination of resources needed should be made; the Director should approve the employment of each personal services contractor; and contract length, including options, should not exceed 2 years.	N/A
Recommendation 5*: OIG recommended that the International Broadcasting Bureau, Office of Contracts, in coordination with the Office of the Chief Financial Officer, develop and implement policies and procedures to ensure that funds are available at the beginning of the period of performance for each contract, which should include the tracking of contract period of performance and the maintenance of appropriate documentation within the contract file. If funds are not available for the entire term of a contract because of a continuing resolution, a subject to availability clause should be included in the terms and conditions of the contract, per the Federal Acquisition Regulation.	N/A

(Table E.3 continued on next page)

Recommendation	Potential Monetary Benefit
Recommendation 6*: OIG recommended that the International Broadcasting Bureau develop and implement fund control regulations, obtain approval from the Office of Management and Budget for the fund control regulations, and post the fund control regulations on its website, as required by Office of Management and Budget Circular A-11.	N/A
Recommendation 7*†: OIG recommended that the International Broadcasting Bureau, Office of Contracts, develop policies and procedures and implementation guidance for conducting acquisition planning, in accordance with the Federal Acquisition Regulation. Specifically, criteria and thresholds should be established to dictate when a written acquisition plan is needed and guidance should establish what types of documentation should be maintained in the contract file.	N/A
Recommendation 8*: OIG recommended that the International Broadcasting Bureau, Office of Contracts, develop policies and procedures and implementation guidance for conducting market research, in accordance with the Federal Acquisition Regulation. Specifically, criteria should be established to dictate the type and extent of market research to be performed for each procurement action and what types of documentation should be maintained in the contract file.	N/A
Recommendation 22*: OIG recommended that the International Broadcasting Bureau, Office of Contracts, develop policies and procedures and implementation guidance to ensure that contracting officers and contracting officer's representatives are fully aware of the type and extent of quality assurance procedures that should be performed in accordance with the Federal Acquisition Regulation and the type of documentation that should be maintained in the contract file as supporting evidence of quality assurance.	N/A
Recommendation 38*: OIG recommended that the Director of Global Operations develop and implement an updated reporting structure for contracting officers that are embedded in program offices to ensure that all contracting officers are provided with proper oversight by the Office of Contracts.	N/A
<i>OIG Outline for Action: Management Attention Needed to Improve Broadcasting Board of Governors Acquisition Functions (AUD-CG-IB-13-43, 9/2013)</i>	
Recommendation 1*: OIG recommended that the Director of the International Broadcasting Bureau immediately cease the use of personal services contracts that violate the Anti-Deficiency Act, take administrative disciplinary action as deemed appropriate, and report immediately to the President, Congress, and Comptroller General all relevant facts and a statement of actions taken, as required by Title 31 U.S. Code Section 1351, "Reports on violations."	N/A

Note: There were no potential monetary benefits associated with the recommendations in this table.

* OIG considers these recommendations significant.

† This recommendation has \$419,020 in associated monetary benefits. Those benefits are not included in this table because BBG management agreed with the recommendation and took action to realize the specific monetary benefits that OIG identified. The recommendation remains in the table because, although it is resolved, it is not fully implemented because of other compliance requirements separate from those connected with the associated monetary benefit.

Table E.4
Open Office of Evaluations and Special Projects Recommendations Issued in Previous Periods, Pending Final Broadcasting Board of Governors Action, as of 3/31/2017

Recommendation	Potential Monetary Benefit
<i>Management Alert: Broadcasting Board of Governors Significant Management Weaknesses (MA-15-01, 5/2015)</i>	
Recommendation 2*: OIG recommended that the Broadcasting Board of Governors develop a plan to monitor and sustain actions previously taken (that is, closed recommendations) to address the concerns discussed in this alert.	N/A

Note: There were no potential monetary benefits associated with the recommendations of this table.

*OIG considers these recommendations significant.

Table E.5
Open Office of Inspections Recommendations Issued in Previous Periods, Pending Final Broadcasting Board of Governors Action, as of 3/31/2017

Recommendation	Potential Monetary Benefit
<i>U.S. International Broadcasting to Egypt (ISP-IB-16-23, 9/2016)</i>	
Recommendation 1: OIG recommended that the Voice of America, in coordination with Embassy Cairo, redesignate the Cairo news bureau Principal A Cashier as an embassy subcashier and allow Embassy Cairo to oversee its cashing operations.	N/A
<i>Inspection of the Edward R. Murrow Transmitting Station (ISP-IB-16-08, 3/2016)</i>	
Recommendation 1: OIG recommended the Broadcasting Board of Governors prepare a written cost/benefit evaluation of the Edward R. Murrow Transmitting Station to determine its efficiency and effectiveness for continuing, reducing, or eliminating operations.	N/A

Note: OIG did not designate any of the recommendations in this table as "significant," nor were there any potential monetary benefits associated with the recommendations of this table.

APPENDIX F: ABBREVIATIONS

Abbreviation	Full Name
A/LM/AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management
Atlas	Atlas Service Corps, Inc.
BBG	Broadcasting Board of Governors
CFC	Combined Federal Campaign
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CIO	Chief Information Officer
DCAA	Defense Contract Audit Agency
Department	Department of State
DRL	Bureau of Democracy, Human Rights, and Labor
DS	Bureau of Diplomatic Security
DynCorp	DynCorp International
FAR	Federal Acquisition Regulation
FOIA	Freedom of Information Act
GOR	grants officer representative
IJC	U.S. Section of the International Joint Commission, United States and Canada
INL	Bureau of International Narcotics and Law Enforcement Affairs
IRM/IA	Bureau of Information Resource Management, Office of Information Assurance
ISIS	Islamic State of Iraq and Syria
ISN	Bureau of International Security and Nonproliferation
ISN/CTR	Bureau of International Security and Nonproliferation, Office of Cooperative Threat Reduction
M/EDCS	Office of Emergencies in the Diplomatic and Consular Service
MED	Office of Medical Services
MEPI	Middle East Partnership Initiative
NEA	Bureau of Near Eastern Affairs
O&M	operations and maintenance
OBO	Bureau of Overseas Buildings Operations
OCO	overseas contingency operation
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
POA&M	Plans of Action and Milestones

Abbreviation	Full Name
RFA	Radio Free Asia
RFE/RL	Radio Free Europe/Radio Liberty
SCA	Bureau of South and Central Asian Affairs
SEMARNAT	Mexican Ministry of Environmental and Natural Resources
TIP	trafficking in persons
USACE	U.S. Army Corps of Engineers
USIBWC	International Boundary and Water Commission, United States and Mexico, U.S. Section
VPN	virtual private network

APPENDIX G: INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT OF 1978

Table G.1
Reporting Requirements Under the Inspector General Act of 1978

Requirement	Subject	Page #
Section 5(a)(1)	Summary of significant problems, abuses, and deficiencies	14-38, 46-49
Section 5(a)(2)	Significant recommendations for corrective action	14-38, 46-49
Section 5(a)(3)	Prior significant recommendations unimplemented	65-92, 94-98
Section 5(a)(4)	Matters referred to prosecutive authorities	34
Section 5(a)(5)	Information or assistance refused	11
Section 5(a)(6)	List of reports issued	40-41, 51, 55-58
Section 5(a)(7)	Summaries of significant reports	14-38, 46-49
Section 5(a)(8)	Reports – questioned costs	40, 50
Section 5(a)(9)	Reports – funds to be put to better use	41, 51
Section 5(a)(10)(A)	Prior reports unresolved	60-63, 93
Section 5(a)(10)(B)	Prior reports with no agency comment	65, 93
Section 5(a)(10)(C)	Prior recommendations unimplemented	65-92, 94-98
Section 5(a)(11)	Significant revised management decisions	60, 93
Section 5(a)(12)	Significant management decisions with which OIG disagreed	60, 93
Section 5(a)(13)	Federal Financial Management Improvement Act information	N/A
Section 5(a)(14)	Peer review results	59
Section 5(a)(15)(16)	Status of peer review recommendations	59
Section 5(a)(17)(A)	Investigative reports issued	34
Section 5(a)(17)(B)	U.S. Department of Justice referrals	34
Section 5(a)(17)(C)	State and local prosecuting authority referrals	34
Section 5(a)(17)(D)	Indictments and informations as a result of prior referrals	34
Section 5(a)(18)	Metrics used for developing Section 5(a)(17) data	34

(continued on next page)

Requirement	Subject	Page #
Section 5(a)(19)	Investigations involving senior government employees	36
Section 5(a)(20)	Instances of whistleblower retaliation	5-6
Section 5(a)(21)(A)	Attempts to interfere with OIG independence	11
Section 5(a)(21)(B)	Instances of restricted or delayed access	11
Section 5(a)(22)(A)	Closed reports not disclosed to public	11
Section 5(a)(22)(B)	Investigations of senior government employees not disclosed to public	36

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