



Office of Inspector General
United States Department of State

Inspector General Statement on the Department of State's Major Management and Performance Challenges

FISCAL YEAR 2021

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INTRODUCTION

This report is provided in accordance with the Reports Consolidation Act of 2000.¹ Each year, the Office of Inspector General (OIG) for the Department of State (Department) identifies the most significant management and performance challenges facing the Department and provides a brief assessment of the Department's progress in addressing those challenges. We assess progress primarily through our compliance process, which relates to individual and often targeted recommendations. Our oversight work often provides a unique window into common and emergent issues.

Throughout FY 2021, the Coronavirus (COVID-19) pandemic continued to affect OIG's operations, requiring that we adapt our programs and processes to ensure our critical functions continue. Nonetheless, we issued 100 reports in FY 2021. Based on these reports and our previous work, OIG identified the following major management and performance challenges facing the Department in FY 2021:

- Protection of people and facilities
- Management and oversight of contracts, grants, and foreign assistance
- Information security and management
- Financial and property management
- Operating in contingency and critical environments
- Workforce management
- Promoting accountability through internal coordination and clear lines of authority

This document includes examples of reports and findings that illustrate these challenge areas. In addition to publicly available work, OIG issues a number of Sensitive But Unclassified² and Classified reports throughout the year. Many of the findings in those reports reinforce our assessment of these management challenges, particularly as they relate to protection of people and facilities and information security and management.

Continued attention to these management challenges will improve the Department's capacity to fulfill its mission while exhibiting good stewardship of public resources. OIG encourages the Department to consider ways that

¹ The Reports Consolidation Act of 2000, § 3, Pub. L. 106-531 (amending 31 U.S.C. § 3516).

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

specific recommendations might be applied broadly to make systemic improvements that will result in meaningful change.

PROTECTION OF PEOPLE AND FACILITIES

The Department's global presence and the continued threat of physical violence overseas makes the protection of people and facilities the Department's perennial top management challenge. A vivid reminder of this threat was the dangerous circumstances under which the Department withdrew the U.S. diplomatic presence from Afghanistan this year. While the Department strives to prioritize the safety and security of its personnel and facilities, all U.S. diplomatic facilities face some level of risk. Additionally, natural disasters, environmental hazards, and ordinary crime continually pose risks to the health and safety of Department personnel and their families serving abroad. Much of OIG's work identifies risks to the protection of Department personnel and facilities and provides recommendations to address those risks.

As it did for much of FY 2020, throughout FY 2021 the Department has endured the added burden of operating during the outbreak of COVID-19. Maximum telework has been encouraged for both domestic and overseas staff members throughout much of the pandemic and the Department has regularly provided staff with information that addresses common concerns and details best practices for returning to the office.

Constructing and Maintaining Safe and Secure Diplomatic Facilities

The construction and maintenance of safe and secure diplomatic facilities is an ongoing component of this challenge, which may result in particularly severe consequences in regions affected by conflict and humanitarian crises.

In one report, OIG found that the Bureau of Consular Affairs did not collect comprehensive data to track deficiencies at consular facilities. Such deficiencies involved line of sight over consular workspace, handicapped accessible facilities, privacy booths for conducting sensitive interviews, signage to provide the public with directions and information about consular services, and canopies or other types of shelters. The absence of a database limited the ability of the Department to identify and correct such deficiencies systematically.³

³ OIG, *Management Assistance Report: Deficiencies in Consular Physical Space at Overseas Missions* (ISP-I-21-08, February 2021).

Passports Not Surrendered Upon Separation

Misusing a passport has the potential to place people in danger. OIG was alerted that a former Department employee allegedly did not surrender a diplomatic passport upon separation from the Department and wanted to use it in a new role with another U.S. Government organization.⁴ OIG selected a sample of 134 official and diplomatic passports issued to employees who subsequently separated from the Department between November 2017 and September 2020. OIG found that the Department did not electronically cancel 57 of 134 (43 percent) passports after the employees separated. Moreover, of the 57 that were not electronically cancelled, 47 (82 percent) of the passports had not expired as of February 1, 2021, meaning they could still be valid. When an employee's entitlement to an official or diplomatic passport ends, but the passport is not surrendered or cancelled, the individual could misuse the passport, such as misrepresenting themselves as a representative of the U.S. Government.⁵

Ensuring the Health and Safety of Personnel Abroad

As in previous years, we highlight the Department's challenge of ensuring the health and safety of its personnel abroad. To this end, the Bureau of Diplomatic Security (DS) created the Post Security Program Reviews (PSPR) program in 2008 to evaluate overseas posts' level of compliance with selected requirements on topics such as life safety and emergency preparedness. In an audit of PSPRs, OIG found that DS did not conduct PSPRs at high-threat, high-risk posts within the required timeframes in 22 of 27 instances (81 percent).⁶ By not conducting timely PSPRs, DS has limited assurance that posts are competently managing aspects of their programs and operations that implicate life safety. Additionally, OIG found that, of 146 PSPR recommendations made to high threat posts, DS officials could not provide OIG with post responses to 39 (20 percent) of the recommendations. Furthermore, DS officials did not always track when compliance responses were due or have a formal process in place to follow up on overdue responses.

Also related to this challenge, we note the following three areas for improvement: residential safety, operation of official vehicles overseas, and emergency preparedness.

⁴ OIG, *Management Assistance Report: Accountability of Official and Diplomatic Passports of Separating Employees Needs Improvement* (AUD-SI-21-28, May 2021).

⁵ U) Misuse of Passport, 18 United States Code § 1544 (2011).

⁶ OIG, *Management Assistance Report: The Bureau of Diplomatic Security Did Not Always Conduct Post Security Program Reviews Within Required Timeframes* (AUD-SI-21-03, December 2020).

Residential Safety

Our inspection report findings show that the failure of overseas posts to fully complete residential safety inspections could expose Department employees and their families to unsafe residences and hazards that could lead to injuries and fatalities. For instance, an inspection of the Bureau of Overseas Buildings Operations' (OBO) Office of Safety, Health, and Environmental Management (SHEM) found that 264 of 284 overseas posts (93 percent) had not fully completed or entered safety certifications for all residences into the database, as required. The database showed that only six overseas posts fully met residential safety standards.⁷

Operation of Official Vehicles Overseas

Another inspection showed that although DS' Office of Antiterrorism Assistance, Special Program for Embassy Augmentation and Response (ATA/SPEAR)—a program designed to enhance the security of high-threat, high-risk posts by providing training and equipment to host nations—has 253 drivers worldwide, none had taken the required safe driver training approved by SHEM. In addition, OIG found instances at three overseas posts where ATA/SPEAR vehicle mishaps were not reported to the Post Occupational Safety and Health Officer, as required. Multiple embassies did not know that the safe driver training and vehicle mishap reporting requirements applied to ATA/SPEAR units.⁸

Emergency Preparedness

Department guidelines require U.S. embassies to maintain post-specific emergency action plans to respond to situations such as bombs, fires, civil disorder, or natural disasters. Although we frequently find substantial compliance with emergency planning standards, we continue to highlight deficiencies that we identify because of their significant implications for life and safety.

One inspection noted insufficient internal control procedures on fire protection at overseas posts. The same report notes that low participation in fire prevention training at overseas posts hindered the effectiveness of the OBO Directorate of Operations, Office of Fire Protection's (OBO/OPS/FIRE) fire protection program. According to the Department, often fewer than 20 percent of personnel assigned to overseas posts attend fire prevention training provided by fire marshals. Of particular concern to OBO/OPS/FIRE officials was the low participation rate of American employees despite statistics showing that 61

⁷ OIG, *Inspection of the Bureau of Overseas Building Operations' Office of Safety, Health, and Environmental Management* (ISP-I-21-21, April 2021).

⁸ OIG, *Inspection of the Bureau of Diplomatic Security's Special Program for Embassy Augmentation and Response* (ISP-I-21-12, January 2021).

percent of fires had occurred in these employees' residences over the last 5 years.⁹

MANAGEMENT AND OVERSIGHT OF CONTRACTS, GRANTS, AND FOREIGN ASSISTANCE

Domestically and abroad, Department entities did not consistently and adequately ensure that foreign assistance programs achieve intended objectives and policy goals, monitor and document contractor performance, conduct thorough invoice reviews, and oversee construction contracts.

Designing/Ensuring Foreign Assistance Programs That Achieve Intended Objectives and Policy Goals

The Department has made progress but still faces obstacles in designing and administering foreign assistance programs that will achieve desired results.¹⁰ For example, a recent inspection showed that the Bureau of Oceans and International Environmental and Scientific Affairs (OES) lacked communication among its offices that managed foreign assistance programs, as well as clearly defined roles and responsibilities related to the management of foreign assistance, which led to inconsistent management practices. At the time of the inspection, seven OES offices managed foreign assistance programs, with some having multiple functional teams separately managing programs related to their specialized areas of expertise. The management techniques which the offices used to monitor and evaluate their foreign assistance programs also remained inconsistent. For example, not all offices tracked the timely receipt and review of the reporting by implementing partners. In addition, the bureau lacked consistent reporting templates. These inconsistencies contributed to the shortcomings in OES's management of Federal assistance awards and interagency agreements described in this report.¹¹

In another inspection, OIG found the Libya External Office did not regularly assess the effectiveness of its foreign assistance programs and had inconsistent approaches to monitoring and risk management of the programs.¹²

⁹ OIG, *Inspection of the Bureau of Overseas Building Operations' Office of Fire Protection* (ISP-I-21-22, May 2021).

¹⁰ OIG, *Inspection of the Bureau of Oceans and International Environmental and Scientific Affairs* (ISP-I-21-23, August 2021); OIG, *Audit of the Department of State's Risk Assessments and Monitoring of Voluntary Contributions to Public International Organizations* (AUD-MERO-21-18, March 2021); OIG, *Review of Department of State Foreign Assistance Tracking Capabilities* (ISP-I-21-09, December 2021); OIG, *Inspection of the Libya External Office* (ISP-I-21-04, November 2020).

¹¹ ISP-I-21-23, August 2021.

¹² ISP-I-21-04, November 2020.

Monitoring and Documenting Contractor and Grantee Performance

The Department continues to face challenges in properly overseeing contractor performance.¹³ Oversight personnel must monitor and document performance, confirm that work has been conducted in accordance with the terms of a contract, hold contractors accountable for nonperformance, and ensure that costs are effectively contained. Our FY 2021 work uncovered several deficiencies in the performance of these duties.

For example, grants officers in the Department's Office of Acquisitions Management did not regularly perform post-award management tasks for the Federal assistance awards they issued. Grants officer involvement in the post-award management of awards is necessary to ensure awards achieve programmatic objectives and that recipients use funds in accordance with Federal regulations. OIG noted, however, the officers did not maintain the required post-award documentation in the award files. OIG found that in its review of 27 award files totaling more than \$100 million, 12 had partial documentation and 5 had no documentation at all.

Moreover, the grants officers told OIG they generally did not review implementer reporting or written evaluations of implementer performance produced by grants officer representative (GORs). Instead, they relied on GORs to bring issues to their attention.¹⁴

A management assistance report on foreign assistance in Somalia focused on deficiencies identified with the Bureau of Administration, Office of the Procurement Executive; Bureau of African Affairs; and Bureau of Counterterrorism financial monitoring procedures for four selected awards. Award recipients did not always submit financial reports by required deadlines and the Department did not always review the reports once they were submitted. OIG also determined that there were expenses that should not have been paid to one contractor.¹⁵

In an inspection of the Department's Office of Fire Protection, OIG also noted contract oversight deficiencies. Specifically, the office's six contracting officer's representatives oversaw 18 contracts valued at a total of \$49.9 million. OIG

¹³ OIG, *Inspection of the Bureau of Administration, Office of the Procurement Executive, Office of Acquisitions Management, International Programs Division's Grants Branch* (ISP-I-21-26, July 2021); OIG, *Inspection of the Office of Global Women's Issues* (ISP-I-21-10, January 2021); ISP-I-21-04, November 2020; ISP-I-21-12, January 2021.

¹⁴ ISP-I-21-26, July 2021.

¹⁵ OIG, *Management Assistance Report: Financial Monitoring of Foreign Assistance Grants and Cooperative Agreements in Somalia Needs Improvement* (AUD-MERO-21-35, July 2021).

found several missing documents in its review of 4 of 18 contracting officer's representative files valued at \$30.3 million.¹⁶

An audit at Embassy Kabul, found that while the embassy's Public Affairs Section (PAS) obtained performance and financial reports for most awards OIG reviewed, six awards were missing at least one performance report, and three awards were missing one or more financial reports. Lastly, PAS conducted evaluations of some of its awards but did not comply with requirements to assess whether all of its awards met the Department's definition of "large" programs for the purpose of conducting evaluations. The evaluations are an important tool for management to determine appropriate corrective actions for any deficiencies identified in a timely manner. Because PAS did not determine whether evaluations should have been conducted, PAS officials may have missed opportunities to identify and correct deficiencies during award implementation.¹⁷

INFORMATION SECURITY AND MANAGEMENT

The Department depends on information systems to function, and the security of these systems is vital to protecting national and economic security, public safety, and the flow of commerce. The Department acknowledges that its information systems and networks are subject to serious threats that can exploit and compromise sensitive information, and it has taken some steps to address these concerns. However, despite the Department's expenditure of substantial resources on information system security, OIG continues to identify significant issues that put its information at risk.

Strengthening Cybersecurity Performance

Although the Department took steps to improve its information security program, as in prior years, OIG's annual assessment of the Department's information security program identified numerous control weaknesses that affected program effectiveness and increased the Department's vulnerability to cyberattacks and threats. Specifically, an FY 2020 audit found that the Department did not have a fully-developed and implemented information security program based on evidence of security weaknesses identified in seven of eight metric domains (risk management, configuration management, identity and access management, data protection and privacy, security training, information security continuous monitoring, and contingency planning). For example, according to the Department's records, 128 (26 percent) of 487

¹⁶ ISP-I-21-22, May 2021.

¹⁷ OIG, *Audit of U.S. Embassy Kabul, Afghanistan, Public Affairs Section Administration of Grants and Cooperative Agreements* (AUD-MERO-21-42, October 2021)

“reportable systems” did not have a current authorization to operate, contrary to Department standards.¹⁸

One reason for the deficiencies identified was the Department did not consistently prioritize implementation of its policies and procedures. Another contributing factor was the challenges encountered with the COVID-19 pandemic. The loss of confidentiality, integrity, or availability of the systems and their data could be expected to have a serious adverse effect on organizational operations, organizational assets, or individuals.¹⁹

Another report identified continued deficiencies in the performance of information systems security officer (ISSO) duties, which places the Department’s computer systems and data at risk. For example, ISSOs did not perform random reviews of user accounts or assist with the remediation of identified vulnerabilities as required by Department standards; did not review and analyze information systems audit logs for inappropriate or unusual activity; and did not ensure systems for which they are responsible are configured, operated, and maintained in accordance with standards. OIG reviewed 51 overseas inspection reports issued from October 1, 2016, to September 30, 2019, and identified deficiencies in ISSO performance in 25 (49 percent) of reviewed reports. This reflects an increase from the 2017 Management Assistance Report where OIG found 33 percent of reviewed reports contained deficiencies in ISSO performance.²⁰

Selecting and Approving IT Investments

OIG continued to identify issues related to how the Department selects and approves IT investments. During a compliance follow-up audit, OIG found that the Department took some actions to address open recommendations related to IT investments, but further improvements are needed. Specifically, the Department had not developed and implemented policies and procedures related to reviewing IT portfolio reorganizations. In addition, although the Department developed and implemented a process to compare requests for new IT investments to the existing IT portfolio to help identify duplicative systems, it had not performed a benchmark assessment of the entire IT portfolio. Furthermore, although the Department designed and implemented a process to review and approve bureau-funded IT contracts, OIG found that not all IT procurements were appropriately routed to the Chief Information Officer for review and approval. Until actions are taken, the Department will not be

¹⁸ OIG, *Audit of the Department of State FY 2020 Information Security Program*, (AUD-IT-21-25, April 2021).

¹⁹ Ibid.

²⁰ OIG, *Management Assistance Report: Continued Deficiencies in Performance of Information Systems Security Officer Responsibilities at Overseas Posts* (ISP-I-21-07, December 2020).

able to fully identify duplicative systems and related cost-saving opportunities, optimize its IT investments, or promote shared services.²¹

Overseeing Records Management in Accordance with Standards

Records management deficiencies persisted in FY 2021. For example, one embassy failed to archive principal officers' and program files going back to 2016. Embassy staff also failed to properly archive diplomatic notes as required and, despite moving embassy shared files to a Department centralized, cloud-based SharePoint platform in September 2020, embassy sections continued to create and save documents on the local file server in addition to the cloud. The lack of a compliant records management program can result in the loss of important data for historical insight into policy analysis, decision-making, and archival research.²²

FINANCIAL AND PROPERTY MANAGEMENT

Financial management has historically been a challenge for the Department, and, as described below, OIG continued to identify concerns related to this issue in FY 2021. OIG also notes several continued difficulties on the related issue of property management.

Financial Management

An audit showed that although the Department used the majority of its appropriated funds that canceled in FY 2019 within the period of availability, it did not have an established process to quantify and analyze funds that were scheduled to be canceled. Inadequate oversight of obligations, which is a longstanding issue reported by OIG, negatively impacted the Department's fund management efforts. The Department lost the use of some funds because of the deficiencies identified. In addition, OIG identified 29 potentially invalid obligations, totaling \$34.7 million, that have funds that might be able to be put to better use if the funds were deobligated.²³ Additionally, the audit of the Department's FY 2020 financial statements continued to find a significant deficiency related to the Department's oversight of unliquidated obligations.²⁴

²¹ OIG, *Compliance Follow-Up Audit of the Department of State Process To Select and Approve IT Investments* (AUD-IT-21-34, August 2021).

²² OIG, *Inspection of Embassy Praia, Cabo Verde* (ISP-21-31, August 2021).

²³ OIG, *Audit of Department of State Use of Appropriated Funds Prior to Expiration and Cancellation* (AUD-FM-21-27, April 2021).

²⁴ OIG, *Independent Auditor's Report on the U.S. Department of State FY 2020 and FY 2019 Financial Statements* (AUD-FM-21-08, November 2020).

Improper monitoring can also result in unspent funds. For example, in one inspection OIG found that the Office of Global Women’s Issues returned more than \$300,000 in canceled foreign assistance funds to the Department of the Treasury (Treasury) in FY 2019. The office returned these funds despite having statutory reclassification authority to extend the period of availability for most foreign assistance appropriations. At the time of the inspection, the office had unliquidated balances exceeding \$3.5 million that were at risk of being returned to the Treasury if not expended by the end of FY 2020.²⁵

The Bureau of Oceans and International Environmental and Scientific Affairs returned nearly \$5.4 million in canceled foreign assistance funds to the Treasury between FY 2018 and FY 2020. This happened because the bureau lacked procedures to systematically identify and reclassify foreign assistance funds and despite the bureau having statutory reclassification authority to extend the period of availability for most foreign assistance appropriations.²⁶

One significant component of the Department’s financial management challenge that OIG has highlighted in the past²⁷ is related to deficiencies in analyzing and employing financial information. During an audit of the Department’s efforts to establish foreign per diem rates for all Federal employees travelling overseas, OIG found that the Bureau of Administration did not implement processes to establish foreign per diem rates in accordance with Department requirements and Bureau of Administration’s Office of Allowances standard operating procedures. OIG also identified errors in the Bureau of Administration’s calculations of foreign per diem rates. Furthermore, exchange rates were not always applied due to issues with a web-based application. In addition, the Bureau of Administration’s methodology to establish foreign per diem rates needs improvement to adequately cover the cost of U.S. Government employees and eligible dependents traveling overseas. The deficiencies identified occurred, at least in part, because the Bureau of Administration did not implement sufficient internal controls. In addition, the Bureau of Administration used an inefficient methodology to calculate the rates. Improving controls and the methodology would reduce the need for manual data collection and calculations, leading to workload efficiencies, while also potentially resulting in rates that would better reflect current market conditions.²⁸

²⁵ OIG, *Inspection of the Office of Global Women’s Issues* (ISP-I-20-10, January 2021)

²⁶ ISP-I-21-23, August 2021.

²⁷ See e.g., OIG, *Audit of Select Cost-of-Living Allowances for American Employees Stationed in Foreign Areas* (AUD-FM-17-51, August 2017).

²⁸ OIG, *Audit of Foreign Per Diem Rates Established by the Department of State* (AUD-FM-21-31, June 2021).

Property Management

OIG continued to report property management as a significant deficiency during its audit of the Department's FY 2020 financial statements. Specifically, the audit identified significant issues with overseas real property, overseas and domestic construction projects, leases, personal property, contractor-held property, and software.²⁹

In Libya, the Department continued to pay \$3.5 million annually to lease an interim embassy compound in Tripoli despite not being able to use or control the compound. The Department renewed the leases for the compound, which consisted of 11 leased properties, in 2016 and 2017 for a period of 5 years without a prior process to determine whether the leases aligned with foreign policy or operational needs. At \$3.5 million in annual lease costs and 2 years remaining on the leases, the Department could spend up to \$7 million before the leases expire.³⁰

The Department operates a worldwide fleet of motor vehicles, but in a comprehensive audit of the unarmored portion of its fleet, OIG found that the Bureau of Administration was not administering it in accordance with requirements. Specifically, OIG found that the Bureau of Administration had not developed and implemented an internal control environment to successfully manage the acquisition, use, maintenance, and disposal of the Department's overseas vehicle fleet. OIG also found that posts were not always properly tracking vehicles in the inventory system, maintaining vehicles, or disposing of vehicles. These deficiencies occurred, in part, because the Bureau of Administration had not developed and communicated a structured, detailed vehicle program plan or standard operating procedures, had not established and implemented processes to obtain reliable data regarding its vehicle fleet, or established a methodology to enforce overseas post compliance with fleet management guidelines.³¹

In a separate review, OIG examined 61 overseas inspection reports issued from October 1, 2016, to June 30, 2020, and identified 17 findings related to expendable property management issues. In these reports, OIG found that overseas posts did not account for all expendable property using the Department's mandated system of record, the Integrated Logistics Management System. In this review, OIG identified Department-level issues that contributed to or caused the issues in expendable property management, including outdated guidance and insufficient internal controls procedures.

²⁹ AUD-FM-21-08, November 2020.

³⁰ ISP-I-21-04, November 2020.

³¹ OIG, *Audit of the Department of State's Unarmored Overseas Motor Vehicle Fleet* (AUD-SI-21-13, January 2021).

These issues could increase the risk of theft, mismanagement, and understatement of assets.³²

Also, in Cabo Verde, the U.S. Embassy did not enter all the required motor vehicle operational costs into the Fleet Management Information System. OIG found missing data on daily trips, fuel costs, and preventive maintenance. The embassy also lacked adequate internal controls over its facility management expendable supplies (building materials and spare parts).³³In Libya, the Libya External Office could not account for \$9.2 million in vehicles, IT equipment, and other property left at the embassy compound in 2014 and had not conducted the required annual inventory of the property in Tripoli since the 2014 evacuation due to lack of access to the compound.³⁴

OPERATING IN CONTINGENCY AND CRITICAL ENVIRONMENTS

Programs and posts operating in contingency and critical environments must adapt to constant change, pervasive security concerns, dramatic swings in personnel and funding, and widespread reliance on contractors and grantees. The withdrawal of Department personnel and ongoing humanitarian crisis in Afghanistan amplified such issues in FY 2021.

A report on establishing and operating remote diplomatic missions shows that the Department had not instituted formal protocols and guidance to inform decisions regarding when and how remote missions should be established, or a methodology to identify and provide resources to support mission essential functions and guide daily operations. When operations were suspended at several embassies reviewed in an FY 2021 audit, all of the U.S. direct-hire staff employed at the embassies left the country, leaving behind evacuated embassy buildings, facilities, and equipment. At the same time, some locally employed (LE) staff remained behind and continued to work in the host country supporting the newly established remote mission. This situation created operational and management challenges for the remote mission. Because there is no Foreign Affairs Manual (FAM) provision providing criteria for when and how a remote mission should be established and instituted, OIG found that the Department's regional bureaus typically collaborated with each other, relying on informal advice, and utilizing ad hoc approaches when establishing remote missions.³⁵

³² OIG, *Management Assistance Report: Expendable Property Management Overseas* (ISP-21-11, December 2020).

³³ ISP-21-31, August 2021.

³⁴ ISP-I-21-04, November 2020.

³⁵ OIG, *Audit of Department of State Protocols for Establishing and Operating Remote Diplomatic Missions* (AUD-MERO-21-33, July 2021).

Another issue OIG identified related to the operations of remote missions was access to training.³⁶ Although the Department’s Office of Overseas Employment has some guidance on how remote missions should manage and support LE staff who continue to work in the host country following a suspension of operations, LE staff working for remote missions continue to face challenges accessing mandatory training, largely due to the fact that they do not have access to OpenNet, the Department’s Sensitive But Unclassified computer network.

Challenges regarding contract oversight also persist in programs and posts operating in contingency and critical environments. For example, a report on the Bureau of Near Eastern Affairs (NEA) showed that NEA could improve the nomination and selection of personnel to oversee contracts in Iraq. Although the bureau had determined the appropriate certification level needed to oversee contracts in Iraq, it had not established the level of technical expertise needed for contracting officer’s representatives and government technical monitors assigned. In addition, OIG discovered during this audit that NEA continued to nominate contracting officers and monitors who were not appropriately certified and did not demonstrate technical expertise in the contract subject matter.³⁷

In another report, OIG found that short-term contracts awarded on a sole-source basis as “bridge contracts” were frequently used in Afghanistan and Iraq over multiple years to noncompetitively extend contract services beyond the expiration of an original contract. The Department’s practice of using a short-term contract awarded on a sole-source basis to the incumbent contractor over several years limits the Department’s ability to realize potential cost savings by maximizing full and open competition. For example, in one instance the contract was recompeted and resulted in saving the Department \$6.8 million. The lack of full and open competition is also contrary to the Competition in Contracting Act of 1984, which requires contracting officers to promote and provide for full and open competition.³⁸

Similarly, OIG found that the Department noncompetitively continued Operations and Maintenance Support Services (OMSS) and Baghdad Life Support Services (BLiSS) contracts excessively and unjustifiably used a Federal Acquisition Regulation (FAR) exception for other than full and open competition. Specifically, the Department executed 65 noncompetitive contract actions that spanned approximately 3 years valued at approximately

³⁶ Ibid.

³⁷ OIG, *Compliance Follow-Up Audit of the Bureau of Near Eastern Affairs Selection and Management of Contract Oversight Personnel in Iraq* (AUD-MERO-21-24, April 2021).

³⁸ OIG, *Management Assistance Report: Improved Guidance and Acquisition Planning is Needed to Reduce the Use of Bridge Contracts in Afghanistan and Iraq* (AUD-MERO-21-37, July 2021).

\$663 million to continue OMSS and BLiSS services, citing “unusual and compelling urgency” under the FAR as justification. Instead, OIG found that poor planning, poor coordination, and a lack of internal controls necessitated the contract actions. OIG questioned the full value of the OMSS and BLiSS noncompetitive contract actions, approximately \$663 million, because Federal law does not permit poor planning as justification for the use of noncompetitive contracts.³⁹

WORKFORCE MANAGEMENT

Staff members are considered the Department’s greatest asset. Accordingly, the Department expends substantial resources on recruiting, training, and retaining a diverse, talented workforce capable of carrying out the Department’s foreign policy goals and priorities. However, OIG’s work finds that staffing gaps, frequent turnover, poor leadership, and inexperienced and undertrained staff frequently contribute to the Department’s other management challenges.

Maintaining Adequate Staffing Levels to Meet Operational Needs

As highlighted during an audit within the Bureau of Global Talent Management (GTM), the bureau took steps to address many of the challenges it encountered after the Department lifted its hiring freeze in May 2018. Specifically, it began to cross-train personnel to process multiple types of hiring actions, increased the number of staff, and worked to reduce the recruitment case backlog. However, more needs to be done to consistently fulfill human resources services requirements and to help recruit, classify, and fill mission-critical positions within the Department. For example, recruitment efforts were not always completed within the 80-day timeline established by the Office of Personnel Management; new position description classification actions were not always completed in a timely manner; agreed-upon reports and client bureau meeting minutes could not be located; and GTM did not sufficiently plan for the caseload surge once the Department hiring freeze was lifted.⁴⁰

In addition, an inspection in the Bureau of Administration revealed that 11 of 43 (25 percent) authorized positions were vacant in a division that oversees DS contracts, leading to a high workload for individual contracting officers and specialists. In the local guard force section, for example, two of the contracting officers managed a combined 91 contracts with a total value of roughly \$6.8

³⁹ OIG, *Audit of Acquisition Planning and Cost Controls While Transitioning Support Service Contracts in Iraq* (AUD-MERO-21-43, September 2021).

⁴⁰ OIG, *Audit of the Bureau of Global Talent Management, Office of Talent Services, Fulfillment of Service-Level Agreement Requirements* (AUD-CGI-21-36, July 2021).

billion. The volume and complexity of the division’s workload made this situation especially challenging. In interviews with OIG, employees in the division consistently said that insufficient staffing levels impeded their ability to carry out core duties. For example, staff struggled to complete tasks such as contractor performance assessments and contract file management.⁴¹

Providing Appropriate Training/Ensuring Staff Are Appropriately Qualified

In addition to low staff numbers, undertrained staffing also leads to difficulties in managing and overseeing contracts. For example, a report on undefinitized contract actions (UCA)⁴² noted that contracting officers did not receive preapproval from the head of the contracting activity before awarding 8 of 12 (67 percent) of the letter contracts, nor did they create a definitization schedule for 5 of 12 (42 percent) of the letter contracts, as required. Additionally, 3 of 12 (25 percent) of the letter contracts exceeded the 180-day limit for definitization by an average of 143 days. Deficiencies could be attributed to limited Department training while personnel did not always understand and follow UCA requirements.⁴³

Another report noted that neither the Department’s Foreign Service Institute nor the Bureau of Consular Affairs had developed and delivered any training on management of consular physical space. For example, the Foreign Service Institute’s mandatory course for first-time consular managers did not include information on consular physical space standards.⁴⁴ In addition, while the Office of Safety, Health, and Environmental Management provided training programs for Post Occupational Safety and Health Officers and for employees operating motor vehicles in high-risk areas, it did not establish a training program for new employees and supervisors, or employees working in other areas at overseas posts.⁴⁵

Holding Leadership Accountable to Department Principles

Leadership must set an example and adhere to the leadership principles outlined in the FAM.⁴⁶ Although OIG often finds that the leaders at Department

⁴¹ OIG, *Inspection of the Bureau of Administration, Office of the Procurement Executive, Office of Acquisitions Management, Diplomatic Security Contracts Division* (ISP-I-21-15, July 2021).

⁴² A UCA is a contract action for which the contract terms, specifications, or price are not agreed upon before performance begins under the action.

⁴³ OIG, *Audit of the Department of State Compliance With Requirements Relating to Undefinitized Contract Actions* (AUD-MERO-21-38, July 2021).

⁴⁴ ISP-I-21-08, February 2021.

⁴⁵ ISP-I-21-21.

⁴⁶ 3 FAM 1214, “Leadership and Management Principles for Department Employees.”

bureaus and posts generally set the appropriate tone at the top, in several reports this year, OIG found challenges in this area.⁴⁷

In a recent Management Assistance Report based on a review of 52 overseas inspection reports and interviews with staff, OIG found that in 67 percent of inspected missions (35 of 52), chiefs of mission (COM) set a positive, inclusive, and professional tone for their missions consistent with the Department's leadership and management principles. However, OIG also found that in 33 percent of inspected missions (17 of 52), the COM was deficient in one or more of the leadership and management principles. Specifically, OIG found that COMs in 14 of the 17 missions failed to provide a clear focus, be decisive, offer and solicit constructive feedback, be proactive in soliciting varying points of view, establish constructive working relationships with all mission elements, manage conflict, or model ethical behavior. This report also noted that a lack of clarity in some COM and deputy COM relationships impeded embassy operations.⁴⁸

Additionally, while inspecting another office, OIG found the Office Director did not fully model the Department's leadership and management principles especially with regard to communication, self-awareness, and managing conflict. In OIG interviews, staff described the director's leadership style as difficult and said the director had a propensity for favoritism toward some employees.⁴⁹

In a special review of allegations of misuse of Department resources, OIG found numerous instances in which Department employees were asked to undertake tasks of a personal nature by the former Secretary of State and his spouse. For example, employees were asked to pick up personal items, plan events unrelated to the Department's mission, and conduct such personal business as pet care and mailing personal Christmas cards.⁵⁰ OIG found that such requests were inconsistent with Department ethics rules and the Standards of Ethical Conduct for Employees of the Executive Branch.⁵¹

⁴⁷ OIG, *Inspection of the Office of Science and Technology Adviser to the Secretary* (ISP-I-21-30, August 2021); OIG, *Inspection of the Bureau of Legislative Affairs* (ISP-I-21-20, June 2021); OIG, *Management Assistance Report: Department Can Take Further Steps to Improve Executive Direction of Overseas Missions* (ISP-21-14, June 2021); ISP-I-21-17, September 2021; ISP-I-21-22, May 2021.

⁴⁸ ISP-21-14, June 2021.

⁴⁹ ISP-I-21-22, May 2021.

⁵⁰ OIG, *Review of Allegations of Misuse of Department of State Resources* (ESP-21-02, April 2021).

⁵¹ 5 C.F.R. Part 2635.

PROMOTING ACCOUNTABILITY THROUGH INTERNAL COORDINATION AND CLEAR LINES OF AUTHORITY

Poor coordination and vague or dispersed authority continue to be at the root of some of the Department's deficiencies. Multiple Department functions are impacted, contributing to longstanding and systemic difficulties, such as ensuring physical and information safety. It is important that leadership take a proactive role in ensuring a structure is in place to efficiently run operations. However, uncertainty about office roles and insufficient office management was cited as an issue in OIG's FY 2021 reports.⁵²

For example, an inspection of the Office of Global Criminal Justice (GCJ) revealed that there was no strategic plan in place to establish goals, objectives, and sub-objectives or to align resources with policy priorities. Instead, several staff members described the office's goal setting as an ad hoc process. The lack of a formal structure to align resources with priorities was caused in part because the Department did not require the office to prepare a Functional Bureau Strategy and in part because office leadership was unfamiliar with Department requirements for strategic plans. In interviews with OIG, employees in at least five other bureaus reported occasional friction with GCJ, partly as a result of the office's responsibilities not being fully defined. Without a strategic plan the office lacked a framework for identifying its priorities, measuring the effectiveness of its operations, and prioritizing its policy and program work.⁵³

⁵² OIG, *Inspection of Consulate General Hamilton, Bermuda* (ISP-I-21-03, November 2020); ISP-I-21-23, August 2021; ISP-I-21-20, June 2021; ISP-I-20-10, January 2021.

⁵³ OIG, *Inspection of the Office of Global Criminal Justice* (ISP-I-21-27, June 2021).

APPENDIX A: RESPONSE FROM THE U.S. DEPARTMENT OF STATE

Despite the unique challenges of adapting the Department of State to operate during the COVID-19 pandemic, the Department achieved significant progress in its management of the organization during FY 2021. The Department's workforce continued to demonstrate its resiliency, agility, and teamwork as we welcomed a new Administration, established the Secretary's priorities, and made advances to the management platform, all while functioning in a largely remote work environment.

From a management perspective, Department leadership is committed to ensuring that we retain, to the greatest extent possible, the workplace flexibilities we have successfully adopted since the start of the pandemic. Doing so is critical to the Department's efforts to be an employer of choice in the 21st Century. In July 2021, the Department launched its new Mobility Assessment Tool to help supervisors quantify those work functions that can be accomplished remotely versus on-site. The initial results from the assessment have shown us that the Department may benefit from a hybrid model of both remote and on-site work. Not only has the Department's flexibility allowed us to continue operating during the pandemic, but a flexible workforce also will help us recruit and retain top talent moving forward. Also, in FY 2021 the Department launched Agility@State, an internal site for employees to explore temporary duty, detail, and flexible work opportunities.

In that vein, as the President has emphasized in National Security Memorandum 3 on Revitalizing the Foreign Policy and National Security Workforce (NSM-3), we are developing programs to recruit and develop new skill sets, expanding training and other professional development opportunities, and instituting a more family-friendly workplace culture to ensure we continue to attract and retain the most talented Americans dedicated to serving national interests. The Deputy Secretary for Management and Resources (D-MR) resumed the meetings of the Enterprise Governance Board (EGB) to address top Department-wide issues. The EGB will focus and facilitate the necessary work the Secretary has prioritized with respect to investing in our people and improving our processes and technology to enable the Department's success in achieving our foreign policy mission.

The Department is making significant strides to ensure our workforce is diverse and reflects the country's full depth and breadth of talent. The Secretary appointed Ambassador Gina Abercrombie-Winstanley as the Chief Diversity and Inclusion Officer. The Ambassador's team is developing the Department's first Diversity, Equity, Inclusion, and Accessibility strategic plan to build a

workplace where all employees have equal access to job opportunities and support and everyone's contributions are seen and respected. The Department also established an Agency Equity Team to address expanding diversity, equity, inclusion, and accessibility initiatives in our foreign affairs work and to emphasize respect and equity in our day-to-day operations. We are developing a long-term action plan, as we aim to eliminate inequity, racism, and discrimination around the world.

This year, the Department released its Climate Adaptation and Resilience Plan to address risks in our overseas operations, both internally and in cooperation with host governments. With over 270 diplomatic missions across 190 countries, our personnel, facilities, and operations are exposed to a wide range of climate risks brought on by extreme weather events and rising temperatures. We have the unique opportunity to model U.S. climate leadership and innovation through our management operations. Integrating climate hazards into our operational planning today ensures that the Department leadership of tomorrow will continue to conduct foreign policy on behalf of the American people.

The Department launched its first Enterprise Data Strategy (EDS) to empower its global workforce with the tools and skills to use data as a critical instrument of diplomacy and improve our management operations. The strategy provides the framework for how the Department will leverage data to shape American foreign policy while upholding the highest levels of scientific and data integrity. Evidence-based decisions are critical to protecting the values, security, prosperity, and foreign interests of the American people.

Finally, this year, in coordination with the Department of Defense, we conducted a significant noncombatant evacuation of more than 100,000 American citizens, third-country nationals, and at-risk Afghans from Afghanistan. Department of State personnel performed admirably to engage in dangerous work under highly challenging circumstances.

In FY 2021, the Department of State's Office of Inspector General (OIG) identified management and performance challenges in the areas of: the protection of people and facilities, management and oversight of contracts, grants and foreign assistance, information security and management, financial and property management, operating in contingency and critical environments, workforce management, and promoting accountability through internal coordination and clear lines of authority. The Department promptly takes corrective actions in response to OIG findings and recommendations. Highlights are summarized below.

PROTECTION OF PEOPLE AND FACILITIES

The protection of people and facilities remains of utmost importance for the Department as we execute United States foreign policy. Below is additional information about specific issues raised by OIG and improvements the Department has made in its systems for protecting people and facilities.

Constructing and Maintaining Safe and Secure Diplomatic Facilities

The Department continues to build more secure facilities, moving 997 people to safer facilities in FY 2021. COVID-19 had a significant impact on global construction sites, which led to the suspension of projects worldwide on a country-by-country basis, as well as impacting timely completions due to procurement delays, critical materials shipment stoppages, and travel restrictions.

Looking toward the future, the Department plans to optimize business operations to enhance resilience of the design and construction programs to meet current modernization demands and future industry challenges. The Department appreciates OIG's continued support in ensuring that diplomatic facilities remain safe and secure. The Bureau of Overseas Buildings Operations (OBO) and the Bureau of Consular Affairs (CA) are working to address deficiencies at consular facilities via:

- CA-OBO Working Group, which continuously identifies and rectifies consular issues in the OBO Design Standards;
- Consular Affairs Small Projects, which addresses issues within existing facilities; and
- A targeted Acoustic, Lighting, and Ergonomic Study, which will address issues in OBO's standard documents focused on those areas that have been identified as most hindering consular operations.
- The FY2020 Consular Package, Part II, which collects information on deficiencies, e.g., lack of interview windows meeting ADA standards, no potable water, lack of a privacy booth and line of sight issues.

The 2022 OBO Design Standards include specific circumstances under which canopies and shelter will be included in consular infrastructure improvement projects. The relevant Foreign Affairs Handbook chapter will be updated as well.

Passports Not Surrendered Upon Separation

OIG highlighted times in the past where official and diplomatic passports have been misused in the last few years. To address OIG's concerns, CA has updated:

- The Department's Foreign Affairs Manual (FAM) chapters 3 FAM 2512 and 8 FAM 901.1-5(a), which relate to employee separation and passport issuance, respectively. The Department expects final publication in FY 2022;
- The Special Issuance Passport Program (SIPP) template, which assists Department employees in issuing passports; and
- The Cancellation and Destruction Standard Operating Procedure to include guidance on the appropriate cancellation of separating employees' special issuance passports.

Ensuring the Health and Safety of Personnel Abroad

In a Management Assistance Report (MAR) review conducted in FY 2021, OIG highlighted the Department's challenges in conducting Post Security Program Reviews (PSPR) at five high threat, high risk posts. Since publication of this report, the Bureau of Diplomatic Security (DS) has conducted an extensive review of its PSPR Program and taken corrective action. One MAR recommendation has been closed. DS anticipates that the second MAR recommendation will be fully closed in early 2022.

Residential Safety

Though the Department continues to face extraordinary challenges due to the COVID-19 pandemic, OBO remains committed to serving the diplomatic community with a laser focus on security, resiliency, and stewardship. In the Management Challenges Report, OIG highlighted instances where overseas posts had not completed residential safety inspections. OBO is working to transform its building program through continuous improvements made across a project's lifecycle, including improved cost and schedule performance on overseas projects .

OBO appreciates its symbiotic relationship with OIG, with each entity collaborating with the other to achieve its individual mission with the common goal of improving government operations. This was evidenced by OIG's FY 2021 Inspection of the Office of Safety, Health, and Environmental Management (SHEM). Bolstered by the visibility of OIG's report, OBO and the Department's regional bureaus are working to improve safety compliance by ensuring posts complete inspection of residential properties and record the findings in the Post Occupational Safety and Health Officer (POSHO) Certification system. Working closely with the regional bureaus and posts, OBO increased the

percentage of POSHO-certified residences from 30 percent to 75 percent during the current calendar year.

Operation of Official Vehicles Overseas

One of OIG's inspections is related to DS' Special Program for Embassy Augmentation and Response (ATA-SPEAR), a program designed to enhance the security of high-threat, high risk posts by providing training and loaning equipment to host nations and their personnel. DS is working with the Bureau of Administration (A) not only to inventory all ATA-SPEAR loaned vehicles, but also to update the guidance to Posts regarding the management of vehicles. Additionally, DS, in coordination with OBO, has issued guidance to all Posts regarding the motor vehicle safety requirements for ATA-SPEAR operators and vehicles.

Emergency Preparedness

Emergency planning at the Department, both at home and abroad, is a key factor in the success of the Department's ability to prepare for and handle emergencies of all types. OIG's FY 2021 Inspection of the OBO Office of Fire Protection (OBO/OPS/FIRE) emphasized the importance of continuing efforts to promote awareness and increase employee participation in fire protection training at overseas posts. OBO/OPS/FIRE has initiated an aggressive Fire Prevention Week program for the Department, sending more than 260 banners and 3,900 posters to missions worldwide, including domestic facilities. Additionally, OBO/OPS/FIRE coordinated with the Foreign Service Institute (FSI) to complete the development of a distance learning training course.

MANAGEMENT AND OVERSIGHT OF CONTRACTS, GRANTS, AND FOREIGN ASSISTANCE

Designing/Ensuring Foreign Assistance Programs That Achieve Intended Objectives and Policy Goals

The Department understands the value and importance of proper management of foreign assistance programs. This includes monitoring and documenting contractor performance, conducting thorough invoice reviews, and overseeing construction contracts. One OIG inspection showed that the Bureau of Oceans and International Environmental and Scientific Affairs (OES) lacked communication among its offices that manage foreign assistance programs. OES is resolving OIG's recommendations to improve its Management and Oversight of Contracts, Grants, and Foreign Assistance by conducting an

internal assessment of the foreign assistance awarding process chain across the bureau to identify where office expectations and management techniques are not uniform. OES will standardize the expectation of duties by ensuring a standard operating procedure is reflected in OES Program and Policy Notices and is readily available and referenced by the program teams.

OIG's Management Challenges statement also references that the Libya External Office had not regularly assessed the effectiveness of its foreign assistance programs and had inconsistent approaches to monitoring and risk management of the programs. To resolve this issue, the Libya External Office is working to update its policy recommendations to include guidance for monitoring foreign assistance programs that benefit Libya.

Monitoring and Documenting Contractor and Grantee Performance

The Department has been working to address OIG's recommendation to bring its contract administration into compliance with Department standards, as noted in the Inspection of OBO/OPS/FIRE. OBO/OPS/FIRE has coordinated with the Bureau of Administration, Office of Acquisitions Management (A/AQM) to review all contracts and requirements related to the OBO/OPS/FIRE program. As of September 2021, all Contractor Performance Assessment Reporting System (CPARS) records are up to date and all Contracting Officers Representatives (COR) have completed or are scheduled for follow-on CPARS training. These CORs have also established electronic contract files with their respective Contracting Officer.

The Grants Management Specialist in the Bureau of African Affairs (AF) is responsible for drafting and managing grants and agreements, providing oversight for grant budgets, and ensuring award recipients comply with federal rules and regulations for grants management including timely financial reporting. To address OIG concerns with deficiencies in financial management procedures, the AF Monitoring and Evaluation Officer in the Office of Economic and Regional Affairs has developed and implemented an evaluation plan for measuring the impact and performance of awards administered that AF administers.

INFORMATION SECURITY AND MANAGEMENT

Strengthening Cybersecurity Performance

The Department continues to work to counter adversaries in the cyber realm; this is one of the Department's highest priorities. OIG's annual assessment of the Department's information security program identified control weaknesses

that affected program effectiveness and increased the Department's vulnerability to malicious cyber activity and threats. The Bureau of Information Resource Management (IRM) has established the Office of the Enterprise Chief Information Security Officer (E-CISO), which has responsibility for cybersecurity oversight, planning, policy, operations, practices, resourcing, and performance across the Department of State. The E-CISO is also directing and reporting agency-wide compliance with federal and legislative cybersecurity mandates.

OIG noted continued deficiencies in the performance of Information Systems Security Officer duties. IRM is collaborating with the Bureau of Global Talent Management (GTM) to conduct an organizational assessment of the Information Systems Security Officer program and determining the feasibility of creating full-time overseas positions.

Selecting and Approving IT Investments

OIG identified issues related to how the Department selects and approves IT investments. IRM is working to strengthen the Department's selection and management of information technology (IT) investments. During OIG's compliance follow-up audit, OIG found that IRM adopted relevant Office of Management and Budget (OMB) guidance and updated internal policies and procedures, as needed, to reflect OMB guidance for IT investment tracking. OIG also found that IRM took actions to address open recommendations but further improvements are needed. IRM continues to inform the OIG of improvements to address the OIG's concerns. Since 2016, IRM has significantly bolstered its processes by:

- Revamping the process bureaus use to request IT resources and aligning capital planning and investment controls activities to governance and budget activities;
- Identifying new investments in IT by requiring Chief Information Officer (CIO) approval of IT acquisition actions exceeding \$10,000;
- Implementing reviews to prevent duplication;
- Developing new training and enhancing existing training to offer better support for investment managers and their integrated program/project teams;
- Requiring training before users can gain access to the Department's IT portfolio management system;
- Developing resources such as checklists, data validations, and data completeness checks to ensure bureaus understand and are fully addressing capital planning requirements;

- Providing guidance to bureaus that source documents must be uploaded in iMatrix and conducting routine reviews that leverage source documents to assess compliance and risk;
- Implementing processes to ensure bureau executives certify their IT plans for the Department’s budget request submission to OMB;
- Implementing reviews to ensure bureaus adopt Department standards and follow best practices to achieve high performance and proactively mitigate risks; and
- Maintaining a process for major investments to update budget, performance, and risk information monthly, and transitioning from annual to quarterly updates for all other types of investments.

Overseeing Records Management in Accordance with Standards

Records Management remains critical to the Department for the sake of historical insight into policy analysis, decision-making, and archival research. During their inspections, OIG observed certain records management deficiencies in particular areas and highlighted them for Department attention. The Department continues to work towards 100 percent compliance of the archival of diplomatic notes as well as principal officers’ and program files, as required.

FINANCIAL AND PROPERTY MANAGEMENT

Financial Management

The Department operates in a complex global environment and manages one of the U.S. government’s most complex financial operations. OIG’s Audit of Department of State Use of Appropriated Funds Prior to Expiration and Cancellation showed that the Department did not have an established process to quantify and analyze funds that were scheduled to be cancelled. In response to consistent dialogue with OIG on this audit throughout the year, the Department took immediate measures to address the findings and recommendations that were published in its final report. The Bureau of Budget and Planning (BP) developed, issued, and implemented fund management monitoring procedures requiring bureaus and offices to confirm the amount of cancelling funds, and developed guidance requiring that bureaus and offices analyze and quantify funds that have expired and are at risk of being returned to the Department of the Treasury.

Property Management

OBO manages a property portfolio of over 25,000 facilities worldwide and is working to improve data capacity and develop cloud-ready IT systems and

business intelligence tools to manage the portfolio more effectively. By using data and analytics to create a common operating picture, OBO can make data-driven decisions through process innovation, enhanced data governance, standardization, and centralization. Improved platforms and automation will also collect critical data for utility consumption, sustainability, and safety.

The Department is appreciative of OIG's careful review of real property management, as exemplified in its Inspection of the Libya External Office. Post, in coordination with OBO, the Bureau of Near Eastern Affairs (NEA) and the Assistant Legal Adviser, Buildings and Acquisitions (L/BA) successfully negotiated the termination of each of the 11 leased properties at the interim embassy compound in Tripoli, saving the Department over \$3.3 million in annual lease costs.

OPERATING IN CONTINGENCY AND CRITICAL ENVIRONMENTS

In some cases, the Department must operate in critical environments, or areas that experience various challenges in the form of conflict, instability, disease, or natural disasters. These pose their own set of problems and contribute to existing challenges. The Department has faced significant challenges operating in contingency and critical environments in FY 2021, including through our withdrawal from Afghanistan.

In particular, the Department appreciated OIG's audit on establishing and operating in remote missions. To address the recommendations in the report, the Department immediately established a Remote Missions Working group to review the practice of establishing remote missions, including the consideration of developing and implementing guidance regarding day-to-day operations at such missions. Based on collective input from the working group, which includes Department senior leadership, functional, and regional bureaus, the Department is drafting guidelines to address gaps that will both improve management functions and satisfy the open OIG recommendations.

Operating in these types of critical environments often creates a stressful shift in responsibilities for the Department's Locally Employed (LE) Staff. As OIG discussed in their Management Challenge Report, LE Staff will often remain in the host country following a suspension of operations. This poses special challenges, particularly due to limited access to Department computer networks. GTM, in consultation with FSI, updated their policy guidance in early 2021 to make U.S. Direct Hire supervisors of LE Staff aware of these hurdles and provide workarounds accordingly.

Contracts in contingency and critical environments are difficult. An OIG audit on contracts in Iraq questioned the Department for its use of noncompetitive bids. NEA recognizes that full and open competition for contracts is preferable to noncompetitive bids. However, the ongoing security environment in Iraq necessitates that Baghdad remains on ordered departure. Therefore, in accordance with the Federal Acquisition Regulations, the Department extended the current contracts to ensure continuity of operations. The Department will resume with the contracting process when both pandemic and security conditions to Iraq, as identified by NEA and Embassy Baghdad, have improved sufficiently to allow normal operations and to permit an orderly transition between service providers.

WORKFORCE MANAGEMENT

Maintaining Adequate Staffing Levels to Meet Operational Needs

The Department values its employees and understands they are its greatest asset. GTM has gone to great lengths to combat the many challenges the Department has faced since the hiring freeze that lasted from January 2017 through May 2018. GTM has:

- Conducted extensive recruitment to fill positions vacated during the freeze and those that were not successfully filled prior to the freeze;
- Effectively eliminated the Civil Service hiring backlog contributing to a net gain of 500 Civil Service hires and 13 months of uninterrupted growth in Civil Service hires;
- Simplified its time to hire, reducing both its Civil Service and Foreign Service time-to-hire by approximately 20 days and 45 days, respectively. GTM exceeded the FY 2020 Foreign Service hiring targets by 14 percent and had the largest intake of Foreign Service Specialists since FY 2014. In FY 2021, intake for the Foreign Service exceeded initial targets by 4 percent and Foreign Service Specialists by 10 percent. Also of note, the Department significantly increased our fellowships, which provide a path to entry into the Foreign Service: the number of Pickering and Rangel Fellows increased by 50% (from 60 total to 90 total), while the number of Foreign Affairs IT Fellows tripled (from five to 15); and
- Piloted expedited and increased veteran hiring for select IT, GTM, and Freedom of Information Act (FOIA) positions as well as expanded the talent bank of candidates with disabilities available for non-competitive hiring.

In addition, GTM is planning a Civil Service fellowship and internship program with a focus on diversity in recruitment, further demonstrating the Department's commitment to the President's Executive Order No. 14035.

The Department has also focused significant effort in retaining talent. For example, the launch of TalentCare has coordinated resources and expertise from across the Department and integrated programs to support employee resilience. The Department has also implemented paid parental leave for USDH and U.S. Personal Services Contractors (UPSCs). Other initiatives to make working at State more attractive include increasing Total Family Income threshold to qualify for the Child Care Subsidy Program, increasing student loan repayment program eligibility and maximums, and establishing the New Child Emergency Visitation Travel (EVT) for USDH and USPSCs, a travel benefit to cover the cost of round-trip transportation for a non-birth parent. The Department has also developed special pay incentives for Cyber IT employees to compete for the best talent available. The Department has also instituted a centralized exit survey to inform retention strategies.

GTM is also working to improve workforce management from a policy perspective, scrutinizing and eliminating Department-wide redundancies and unnecessary procedures. For example, the Department has been marketing the benefits of using shared hiring certificates, which allows the Department to avoid creating individual vacancy announcements and instead work to fill many positions using fewer certificates. GTM also is educating hiring managers to focus recruitment on the most advantageous area of consideration, rather than multiple, simultaneous recruitment sources.

Providing Appropriate Training/Ensuring Staff Are Appropriately Qualified

The Department continues to expand communication of relevant training programs to address workforce skill gaps that OIG has identified in its reports. For example, in response to OIG's Inspection of the OBO Office of Safety, Health, and Environmental Management (SHEM), OBO developed a list of training requirements based on the employee's job, identified acceptable internal and external training courses, and plans to post a matrix on its SharePoint site to use as a resource. These courses will ensure that not only POSHOs are trained in safety orientations but also new employees and supervisors, as well as employees working in other areas at overseas posts. Additionally, CA and FSI created a module on consular facilities, available as a recorded presentation for virtual sessions with a live question and answer session. This was introduced in April 2021 and will be available as a prerecorded or live session for future use.

Holding Leadership Accountable to Department Principles

The Department relies on all employees to represent the American people in carrying out our foreign policy mission. OIG noted that, in few cases, they believed Department personnel did not fully embody the Department's leadership and management principles. The Department quickly worked to respond to OIG, noting it agreed to take action on recommendations to ensure ethics and travel guidelines are made more clearly. Department leadership consistently continues to model the leadership and management principles and commits to communicating the importance of strong leadership and management actions in our daily work.

PROMOTING ACCOUNTABILITY THROUGH INTERNAL COORDINATION AND CLEAR LINES OF AUTHORITY

The Department acknowledges that clear lines of authority are necessary to accomplish our foreign policy goals. A large organization diverse in missions requires a great deal of coordination between internal and external partners. As noted by OIG, OIG provided the Office of Global Criminal Justice (J/GCJ) with several recommendations to better strengthen their coordination efforts. To that end, J/GCJ developed a strategic plan which has been approved by the Office of U.S. Foreign Assistance (F) for use as an Interim Functional Bureau Strategy until the Department's bureau strategy development process is completed in November 2021. Additionally, J/GCJ has published a functional statement delineating its roles and responsibilities in the Foreign Affairs Manual (1 FAM 045.8).



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