OIG

Office of Inspector General

U.S. Department of State • Broadcasting Board of Governors

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Inspection of the Bureau of Information Resource Management's Office of Governance, Resource, and Performance Management

DOMESTIC OPERATIONS AND SPECIAL REPORTS

April 2018
OFFICE OF INSPECTIONS
Domestic Operations and Special Reports

Inspection of the Bureau of Information Resource Management's Office of Governance, Resource, and Performance Management

OIG HIGHLIGHTS

ISP-I-18-15

What OIG Inspected

OIG inspected the Office of Governance, Resource, and Performance Management in the Bureau of Information Resource Management.

What OIG Recommended

OIG made 14 recommendations to improve operations in the Office of Governance, Resource, and Performance Management. The report addressed 11 recommendations to the Bureau of Information Resource Management, 2 recommendations to the Bureau of Administration, and 1 recommendation to the Bureau of Human Resources.

In its comments on the draft report, the Department concurred with all 14 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

What OIG Found

- The Office of Governance, Resource, and Performance Management's unclear strategic vision, goals, and priorities impeded the office's ability to meet its objectives.
- The office's formal organizational structure, roles, and responsibilities did not align with its actual functions.
- A single employee oversaw 14 contracts worth more than $130 million per year in FY16 and FY17, which resulted in deficient oversight of contractor performance, vendor payments, and contract files.
- The Office of Governance, Resource, and Performance Management did not maintain a centralized inventory of the Department of State's information technology software purchases—amounting to $230 million and $205 million in FY16 and FY17, respectively.
- Department policies did not consistently identify the Office of Governance, Resource, and Performance Management as responsible for managing the Department's Information Technology Configuration Control Board.
- The office lacked authority to enforce requirements that bureaus and posts worldwide register dedicated internet networks.
- The six process management working groups lacked standard operating procedures for collaboration, documentation, and performance measures, which hindered their effectiveness.

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CONTEXT

The Department of State (Department) created the Office of Governance, Resource, and Performance Management (GRP) in 2010 as part of a Bureau of Information Resource Management (IRM) reorganization.[1] The office was created to strengthen the Department's information technology (IT) policies, process improvements, and performance management and to direct the strategic sourcing of IT equipment. GRP's specific responsibilities, as outlined in 1 Foreign Affairs Manual (FAM) 275.4, include:

- Ensuring that the contents of the FAM and Foreign Affairs Handbook (FAH) related to information management are up-to-date and accurate.
- Serving as the bureau's records coordinator.
- Managing service agreements between IRM and its customers.
- Providing guidelines and procedures to bureau customers to ensure delivery of products and services meet or exceed customer expectations.
- Managing the overall IT configuration control board process.
- Managing the Department's enterprise license agreements for software.
- Reviewing and interpreting new Federal IT statutes and regulations.
- Serving as the Department's liaison to the Government Accountability Office (GAO) on IRM-related matters.
- Ensuring that IRM services are customer-oriented with established performance metrics.
- Improving the bureau's services to its customers by analyzing processes and devising improvements through process management working groups.

As of December 2017, GRP had 64 authorized positions: 17 Civil Service, 5 Foreign Service, 1 reemployed annuitant, and 3 interns. Ten vacant positions—nine Civil Service and one Foreign Service—had not been filled due to the Department-wide hiring freeze. OIG also identified 28 contractors working in GRP.

A division chief led each of GRP's four divisions—Governance and Policy, Performance Management, Process Management, and Sourcing Management—as shown in Figure 1. At the time of the inspection, the Office Director and two of the four division chiefs had been in their positions for less than three months.

OIG evaluated the office's policy implementation, resource management, and management controls consistent with Section 209 of the Foreign Service Act. [2]

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[1] Cable 2010 State 80061, "IRM Realignment – Business Management and Planning," July 30, 2010.

[2] See Appendix A.

Figure 1: GRP Organization Chart[3]

Source: Office of Governance, Resource, and Performance Management

ORGANIZATIONAL CHALLENGES

Tone at the Top

GRP faced challenges related to its organizational structure, allocation of resources, and operational procedures—deficiencies noted in this report—but the Director, who arrived in July 2017, had not taken steps to address these issues. Considering his previous assignments in the Bureau of Information Resource Management and familiarity with bureau management, the Director had sufficient time to initiate preliminary discussions with staff on office priorities and

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[3] The Front Office support staff provides administrative support to all GRP employees, including task management, time and attendance, and event scheduling.

goals. However, at the onset of the inspection in October 2017, the Director had yet to outline or communicate a clear strategic vision, goals, priorities, or expectations to the staff, as required by the Department's leadership and management principles described in 3 FAM 1214. He also had not conveyed office priorities to staff—an issue employees consistently raised during the inspection. In addition, he met with division chiefs weekly but did not introduce himself to the entire GRP staff until a November 2017 town hall meeting, which was itself held only after OIG suggested doing so. OIG advised the Director to clearly and regularly communicate his priorities, goals, and expectations within GRP and to increase his interactions with the entire GRP staff, which he agreed to do.

GRP Responsibilities and Organizational Structure Did Not Align with Actual Functions

GRP's organizational structure did not align with the staffing levels or actual functions each division performed, and leadership had not taken steps to determine how to restructure or best align staffing to meet office responsibilities. Furthermore, GRP's responsibilities as set forth in 1 FAM 275.4 did not accurately reflect GRP's actual obligations. For example, the June 2017 version of 1 FAM 275.4-4 assigned four functions to the Sourcing Management Division: the IT Configuration Control Board, enterprise licensing, IT workforce recruitment, and IT accessibility compliance. However, IRM partially reorganized GRP in summer 2016, shifting IT workforce recruitment to IRM's Principal Deputy Chief Information Officer's office and the IT accessibility function to the Bureau of Human Resources—changes not reflected in the FAM. Similarly, the Performance Management Division no longer managed service level agreements or workforce planning, contrary to the description of its responsibilities in 1 FAM 275.4. Additionally, the division's service catalog responsibilities remained in the FAM but had been transferred to the Process Management Division.

OIG found that the Performance Management Division, with six authorized positions, did not have sufficient staff and responsibilities to justify establishment as a separate division. Guidance in 1 FAM 014.7(d)(1) requires an office or division to have at least 12 permanent positions. Only two of the Performance Management Division's positions—the division chief and an IT specialist—were filled at the time of the inspection. Two of the remaining four positions were vacant due to the Department-wide hiring freeze, and two had been transferred to other Department offices.

GAO's *Standards for Internal Control in the Federal Government* states that management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.[4] OIG, however, found that inaccuracies in GRP's codified responsibilities and organizational structure exacerbated many of the weaknesses detailed in this report. Without an

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[4] Government Accountability Office, *Standards for Internal Control in the Federal Government* § 3.01 (GAO-14-704G, September 2014).

organizational assessment of its structure and resources, GRP cannot effectively accomplish its mission.

>   **Recommendation 1:** The Bureau of Human Resources, in coordination with the Bureau of Information Resource Management, should conduct an organizational assessment of the Office of Governance, Resource, and Performance Management, including a review of its organizational structure, roles, and responsibilities, and reallocate or reprogram resources as necessary. (Action: DGHR, in coordination with IRM)

Lines of Supervision Were Unclear

Partially implemented reorganization plans, failure of GRP to update relevant portions of the FAM (namely, 1 FAM), and ad hoc assignments resulted in unclear supervisory arrangements throughout the office. Some employees were assigned to one GRP division but worked in a different one or even in another IRM office. For example, one GRP employee was on a long-term detail to IRM's Strategic Workforce Planning Office, but the employee's GRP supervisor continued to certify the individual's time and attendance report despite having no way to determine its accuracy. In another instance, a contractor assigned to the Process Management Division was supervised by an employee in the Sourcing Management Division. In addition, OIG found that GRP placed its Front Office support staff under the Process Management Division. As a result, the GRP Director gave direction to, but did not actually supervise, the Front Office staff.

As noted previously, GAO's *Standards for Internal Control in the Federal Government* states that management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.[5] Failure to establish clear lines of supervisory responsibility could lead to inaccurate time and attendance reporting, inaccurate or incomplete evaluations of employee performance, and incomplete or duplicative assignments.

>   **Recommendation 2:** The Bureau of Information Resource Management, in coordination with the Bureau of Human Resources, should update all employee-supervisor assignments to reflect current roles and responsibilities within the Office of Governance, Resource, and Performance Management. (Action: IRM, in coordination with DGHR)

Office's Input into Bureau Statement of Assurance Did Not Comply with Department Requirements

GRP did not include reportable deficiencies in its input to IRM's 2017 Management Control Statement of Assurance because the office did not understand the relevant requirements.[6] For

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[5] GAO-14-704G, §§3.02-3.08.

[6] Reporting such deficiencies is an important component of the Department's overall Statement of Assurance process and thus of its system of internal controls. The Federal Managers' Financial Integrity Act requires the head of each executive agency annually submit to the President and the Congress (1) a statement on whether there is reasonable

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example, GRP did not report 33 open GAO recommendations—some of which were outstanding for 5 years—or the outdated and inaccurate FAM and FAH guidelines. GRP also did not report the lack of a comprehensive Department software inventory tool, an issue discussed in more detail subsequently. According to requirements outlined by the Bureau of the Comptroller and Global Financial Services,[7] however, GRP should have followed a process that would have identified and addressed these concerns. In particular, GRP first should have reviewed its internal control structure which, if done properly, would have identified these deficiencies. Next, GRP should have developed corrective action plans or implemented mitigation measures to address the deficiencies. Finally, the office should have compiled the deficiencies, along with documentation supporting the corrective actions or mitigation measures taken, and submitted the information to IRM. GRP's failure to report internal control deficiencies increases the risk of operational inefficiencies and leaves IRM unable to ensure that the office is fully achieving its mission.

> **Recommendation 3:** The Bureau of Information Resource Management should require the Office of Governance, Resource, and Performance Management to review its internal control structure and develop corrective action plans or implement mitigation measures for any deficiencies. (Action: IRM)

CONTRACT MANAGEMENT

OIG found that contracts totaling more than $120 million in FY17 were at risk due to poor oversight by GRP and the Bureau of Administration. At the start of the inspection, only one Contracting Officer's Representative (COR) was responsible for overseeing 14 complex contracts. Thirteen contracts involved computer software procurements (including enterprise licenses) initiated and managed by GRP staff. The remaining contract—Vanguard 2.2.2 task four—provided contractor support to the four GRP divisions and to several IRM divisions outside of GRP. OIG's spot check of COR files found deficiencies in contractor oversight, file documentation, and approval of vendor payments. Although a second COR was appointed in

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assurance that the agency's controls are achieving their intended objectives, and (2) a report on material weaknesses in the agency's controls. The Department's Management Control Steering Committee evaluates all issues identified by Department components as potential significant deficiencies or material weaknesses and makes a recommendation to the Secretary regarding how to address those issues. A significant deficiency is a deficiency, or combination of deficiencies, in management control that is less severe than a material weakness, yet important enough for merit attention by those in charge of governance. In management's judgment, this deficiency or deficiencies should be communicated because they represent significant weaknesses in the design, implementation, or operation of management control that could adversely affect the Department's ability to meet its program and management control objectives.

[7] Bureau of the Comptroller and Global Financial Services June 2017 memorandum, "Management Controls Checklist Fiscal Year 2017"; August 16, 2017 Memorandum for Assistant Secretaries and Bureau Directors, "Guidance for the Fiscal Year (FY) 2017 Reporting Requirements for the Federal Managers' Financial Integrity Act (FMFIA)."

September 2017 to reduce the burden on the first COR, OIG found that some COR responsibilities had not yet been transferred to the second COR.

Contractor Oversight Did Not Meet Department Standards

GRP's oversight of 8 of the 28 contractors working under the Vanguard 2.2.2 contract in three of the GRP divisions did not meet Department standards.[8] OIG found that, because GPR's COR worked in another division, this COR did not properly oversee eight contractors working in the Performance Management, Governance and Policy, and Process Management Divisions.[9] Instead, direct-hire GRP personnel informally oversaw the contractors' work but did not report to the COR on the contractors' performance or hours worked,[10] they also did not have copies of the contract with which to evaluate the work performed. This is inconsistent with several FAH provisions—14 FAH-2 H-114, 14 FAH-2 H-522.9, and 14 FAH-2 H-523.2, all of which provide that the COR is responsible for overseeing contractors' performance.

Further, OIG found that the Contracting Officer, located in the Bureau of Administration, did not exercise oversight in accordance with 14 FAH-2 H-141. He did not have a list of designated Government Technical Monitors (GTM) on the Vanguard 2.2.2 contract, and he was not aware of the deficiencies in contractor oversight and COR file documentation.[11] This, however, does not comport with 1 FAM 212.2, which provides that the Bureau of Administration's Office of the Procurement Executive is responsible for overseeing contracting activities Department-wide. Lack of contractor oversight increases the potential risk that contractors may act outside the scope of the contract or be paid for services not performed.

> **Recommendation 4:** The Bureau of Administration, in coordination with the Bureau of Information Resource Management, should review contracting activities in the Office of Governance, Resource, and Performance Management, and bring them into compliance with Department standards. (Action: A, in coordination with IRM)

Second Contracting Officer's Representative Appointed, but Issues Remain

Recognizing the extensive workload required of a single individual, a Contracting Officer in September 2017 transferred COR responsibilities for 3 of the 13 computer software contracts to a newly designated GRP COR. However, the original COR retained possession of the contract files, contrary to requirements in the Department's Procurement Information Bulletin 2014-10. The Contracting Officer told OIG she also intended to transfer two more computer software

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[8] OIG did not review oversight of the additional 20 contractors working in GRP or the roughly 80 contractors working outside of GRP under the Vanguard 2.2.2 contract.

[9] Although a Government Technical Monitor (GTM) assisted the COR in overseeing contractors in the Performance Management Division, that GTM did not work in the same division as the contractors.

[10] According to a COR-provided document, the former Contracting Officer told the COR that there was no need to monitor contractor hours worked.

[11] These responsibilities are laid out in 14 FAH-2 H-141(5), (16), and (17).

contracts to the new COR but had yet to send the required designation letter indicating the change.

Although a GTM was designated to assist the COR with oversight of the five contractors working in the Performance Management Division, that GTM was unable to evaluate their performance or monitor and report to the COR on the number of hours the contractors worked because he worked in a different division than the contractors. During the inspection, a replacement GTM was designated; however, the replacement GTM worked outside of the Washington, D.C., area, which similarly prevented the physical evaluation of the contractors' performance. In this particular case, the combination of factors, which included staff working in different divisions or even in different regions, contributed to the lack of contract oversight. Inadequate staffing of the COR function can result in lack of appropriate contract oversight and the risk of waste, fraud or mismanagement of government funds.

> **Recommendation 5:** The Bureau of Administration, in coordination with the Bureau of Information Resources Management, should assign additional Contracting Officer's Representatives and Government Technical Monitors to oversee the contracts managed in Office of Governance, Resource, and Performance Management and transfer relevant contract files to those individuals. (Action: A, in coordination with IRM)

Invoice Payments Approved Without Verifying Receipt of Goods

The GRP COR approved invoice payments to vendors without verifying receipt of goods. The vendors sent invoices for software purchases made by overseas posts under a blanket purchase agreement directly to GRP as well as to the posts. The GRP COR, however, signed for receipt of goods and authorized the Global Financial Services Charleston to pay the vendor without verifying with posts that the goods had been received.

This approach is inconsistent with Federal Acquisition Regulation Part 32.905(c), which requires that all invoice payments be supported by a receiving report or other Government documentation proving receipt of goods. As set forth in 4 FAM 424(a), the certifying officer may make payment only after receiving approval of the voucher from an officer with knowledge of the receipt of goods covered by the voucher. Failing to verify receipt of goods prior to approving vendor payments puts the Department at risk of paying for items not received, making duplicative purchases and payments, and potential fraud or collusion between parties.

> **Recommendation 6:** The Bureau of Information Resource Management should require that Contracting Officer's Representatives in the Office of Governance, Resource, and Performance Management receive proof of receipt of goods from overseas posts prior to approving invoices for payments. (Action: IRM)

Contract Files Were Not Maintained In Accordance with Department Standards

OIG's review of the COR files for all 14 contracts identified missing documentation, including COR designation letters, statements of work, copies of award documents and modifications, and pre-award and post-award documentation. The COR told OIG that this occurred because there was not enough time to perform contract responsibilities. Notwithstanding these issues, both regulation and Department policy (namely, 49 C.F.R. § 1.604 and 14 FAH-2 H-517) require the COR to maintain a file for each contract under his or her administration. Each file must be clearly indexed and must contain copies of specific materials, including a copy of the designation letter, the complete procurement request packages, technical cost proposals, copies of modifications and progress reports, and invoices. Failure to comply with these requirements increases the risk of fraud, abuse, and loss of U.S. Government resources.

> **Recommendation 7:** The Bureau of Information Resource Management should require the Office of Governance, Resource, and Performance Management to maintain Contracting Officer's Representative files in compliance with Department standards. (Action: IRM)

INFORMATION TECHNOLOGY

GRP is responsible for several key functions supporting the Department's IT programs, as detailed in 1 FAM 275.4. OIG identified deficiencies in two areas: IT software inventory and registration of dedicated internet networks at overseas posts. These deficiencies are described below.

Department Information Technology Software Inventory Was Not Centralized

Notwithstanding the value of these assets, GRP did not maintain a centralized inventory for tracking the Department's IT software in accordance with 1 FAM 275.4-4(3)(b)(ii). Department employees annually acquire IT software from IRM valued in the millions of dollars to support their operations. In FY 2016 and FY 2017, the Department purchased more than $230 million and $205 million, respectively, in IT software. The Department has a number of internal sources that collect IT software data, including the Integrated Logistics Management System, iPost, iMatrix, and System Center Configuration Manager, as well as various spreadsheets maintained by the Enterprise License team in GRP. These sources are not integrated and do not provide a centralized, comprehensive list of IT software.

This issue was identified some time ago. In particular, in May 2014, GAO reported the Department's lack of a centralized IT software inventory as a deficiency and recommended establishing a comprehensive inventory of licenses.[12] The Department, in its response, concurred with the recommendation, but as of December 2017, IRM had yet to agree on an automated tool for tracking and maintaining such an inventory.

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[12] GAO, *Better Management Needed to Achieve Significant Savings Government-Wide* (GAO-14-413, May 22, 2014).

The Office of Management and Budget Circular A-130[13] requires agencies to maintain an inventory of information resources. In addition, the Federal Information Technology Acquisition Reform Act of 2015[14] requires the Chief Information Officer to conduct an annual review of the agency's IT portfolio. Without a comprehensive listing of IT software assets, the Department lacks adequate oversight of its software inventory and risks purchasing duplicate or unneeded software.

> **Recommendation 8:** The Bureau of Information Resource Management should implement a tool to centrally track information technology software acquisitions Department-wide. (Action: IRM)

Office Lacked Authority to Enforce Requirements to Register Dedicated Internet Networks

GRP did not have the authority to enforce compliance with requirements that Department bureaus and posts worldwide register dedicated internet networks (DIN).[15] According to 5 FAM 872.1, DINs are approved at the local level by bureau executive directors domestically and by management officers overseas; regardless of the location, the person who approved the DIN must ensure that the networks are then registered with the Department's IT Configuration Control Board (ITCCB) and maintained in accordance with Department standards.[16] The ITCCB, which manages and approves changes to the Department's IT infrastructure, also maintains DIN registration records to ensure that all network connections used in Department facilities are documented and comply with Department standards.

The Department in 2009 changed the process for approving DINs, moving from a requirement that the ITCCB approve all requests to the current decentralized process in which approval is given at the local level. Although GRP administers the DIN registration site and serves as custodian of the central repository for registration records, the office lacked authority to enforce the process or approve individual DIN registrations. The decentralized registration process moreover lacked oversight controls and contributed to the proliferation of unregistered DINs, which hindered the Department's ability to fully account for IT assets and connections and placed Department-funded computer resources and information at risk for damage or loss. (OIG

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[13] Office of Management and Budget, CircularA-130, "Managing Information as Strategic Resource"§ (5)(a)(1)(a).

[14] National Defense Authorization Act for Fiscal Year 2015 (Title VIII, Subtitle D, H.R. 3979).

[15] DINs deliver internet access from internet service providers via Department-owned and operated unclassified networks that are not connected to any other Department systems. They are established for information processing purposes that cannot be accomplished on the Department's Sensitive But Unclassified network (OpenNet).

[16] According to 5 FAM 814, the ITCCB, managed by GRP, is concerned with the availability, reliability, integrity, security, interoperability, and performance of the Department's enterprise infrastructure, and ensuring that any changes to the infrastructure do not degrade performance.

inspection reports and Bureau of Diplomatic Security Cyber Security Assessment reports from 2016 and 2017 identified 11 instances of unregistered DINs.)[17]

> **Recommendation 9:** The Bureau of Information Resource Management should implement procedures to centrally authorize and register Dedicated Internet Networks. (Action: IRM)

POLICY AND PROCESS IMPROVEMENTS

Pursuant to 1 FAM 275.4, GRP is responsible for updating Volume 5 of the FAM and its associated guidance. The same provision also requires GRP to serve as the Department's liaison to GAO regarding IRM-related matters and as IRM's bureau records coordinator. In addition to the Department's ITCCB, GRP also is responsible for the oversight and control of the process management working groups. OIG identified deficiencies in all areas.

Department IT Management Policies and Procedures Were Out of Date

GRP did not update Department IT management policies and procedures in FAM Volume 5 and associated FAHs to ensure they are accurate, complete and timely, as required by 2 FAM 1113.6 and 1 FAM 275.4-1. OIG, in fact, found many FAM and FAH sections that had not been updated in more than 10 years. GRP management cited competing priorities as the reason the office did not keep these sections current. Outdated polices, however, create a variety of risks for the Department, including risks that critical information management and security functions will not be performed, functions may be duplicated, and improper and outdated procedures may be implemented.

> **Recommendation 10:** The Bureau of Information Resource Management should implement procedures to ensure regularly scheduled reviews and updates to the Department's information technology management policies and procedures in Volume 5 of the Foreign Affairs Manual and its associated Foreign Affairs Handbooks. (Action: IRM)

Process for Responding to Government Accountability Office Recommendations Was Incomplete

As IRM's liaison to GAO, GRP is responsible for responding to certain GAO recommendations. In particular, pursuant to 1 FAM 275.4-1, GRP consolidates bureau-wide input into one official response and then shepherds the response through the clearance process. GRP's process for tracking bureau responses to GAO recommendations, however, was incomplete. OIG found that

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[17] OIG, *Inspection of Embassy Zagreb, Croatia* (ISP-I-17-02, October 2016); *Inspection of Embassy Tel Aviv, Israel* (ISP-I-17-20, May 2017); *Inspection of Embassy Monrovia, Liberia* (ISP-I-17-12, May 2017); *Inspection of Consulate General Jerusalem* (ISP-I-17-18, June 2017); Bureau of Diplomatic Security Cybersecurity Assessments: U.S. Embassy Freetown (Freetown ESC Pretoria 2016-07); U.S. Embassy Port Moresby (Port Moresby ESC Bangkok 2017-10); U.S. Embassy Rangoon (Rangoon ESC Bangkok 2017-25); U.S. Embassy Valletta (Valletta ESC Athens 2016-002); U.S. Embassy Belgrade (Belgrade ESC Athens 2016-004).

the process did not specify which IRM offices were responsible for approving a particular response, nor did it detail how much time should be allotted for each clearance level. The incomplete process contributed to GRP's inability to provide timely bureau responses to open GAO recommendations. At the time of the inspection, GRP was delinquent in responding to 20 of IRM's 33 open recommendations—the largest number for any Department bureau. A more defined process, with information on which offices should clear and how long they have to respond, will enable GRP to better track GAO recommendations and respond in a timely manner.

> **Recommendation 11:** The Bureau of Information Resource Management should revise and promulgate the bureau process for timely handling of responses to U.S. Government Accountability Office recommendations. (Action: IRM)

Department Guidance on Responsibility for IT Configuration Control Board Was Inconsistent

Department guidelines did not consistently identify GRP as the office responsible for managing the Department's ITCCB. IRM moved the ITCCB to GRP in 2010, but neither the guidance in 5 FAH-5 H-512 nor the ITCCB charter had been updated to reflect this change. Other guidance, though, including 1 FAM 275.4 and Department cable 2010 State 80061, correctly stated that GRP is responsible for the ITCCB program. Inconsistent guidance regarding GRP's ITCCB management role increases the risk of unapproved software or hardware modifications, potentially leading to compromises in network security.

> **Recommendation 12:** The Bureau of Information Resource Management should update all Department guidance to reflect the Office of Governance, Resource, and Performance Management's responsibility for the Information Technology Configuration Control Board. (Action: IRM)

Office Did Not Perform its Bureau Records Coordinator Function

GRP did not perform its bureau records coordinator responsibilities as described in 1 FAM 275.4. As outlined in 5 FAM 414.4, a records coordinator is responsible for managing the bureau's central files; establishing guidance and procedures to assure management of bureau files; applying records disposition schedules; coordinating the retirement of records; and analyzing the bureau's records management needs. OIG found that GRP did not perform any of these functions. In fact, 7 of 13 IRM offices contacted by OIG reported no communication with GRP regarding their respective records management needs. GRP management cited competing priorities as the reason the office did not fulfill its bureau records coordinator responsibilities. Poor records management, however, creates a risk that IRM files and records are not being properly protected, preserved, and archived.

Recommendation 13: The Bureau of Information Resource Management should require the Office of Governance, Resource, and Performance Management to perform its bureau records coordinator responsibilities in accordance with Department standards. (Action: IRM)

Process Management Working Groups Lacked Standard Operating Procedures

GRP did not establish standard operating procedures for the process management working groups it oversees. IRM established these groups to improve Department IT support activities such as customer service and incident management. As of December 2017, IRM had six process management working groups that included both IRM personnel and stakeholders from other bureaus. As described in 1 FAM 275.4-3(8) and 1 FAM 275.4-2(6), GRP is responsible for providing oversight and control of these process management working groups, as well as ensuring the adoption of the IT Infrastructure Library framework.[18] GRP had organized the working groups according to this framework, but deficiencies described below affected their progress.

OIG found that the process management working groups did not effectively collaborate among group members and with other external stakeholders and that GRP did not use its existing online software to ensure this collaboration. As a result, working groups had no central repository for documentation or any collaborative tool for information sharing; instead, members kept records, schedules, and other documentation on their individual computer drives. Further, working group intranet sites lacked current and fundamental information such as meeting agendas and minutes, attendance records, pending tasks, and decisions made by working group participants. Much of the content on the sites was more than one year old. Finally, OIG found no documentation showing what each working group had accomplished, or had intended to accomplish, to advance to the next level within the framework.

GAO's *Standards for Internal Control in the Federal Government* requires that information be communicated across reporting lines to all levels of the entity internally and externally to help achieve objectives and address related tasks.[19] GAO standards also emphasize the importance of maintaining effective documentation and performance measures to monitor activities. The process management working groups' lack of standard operating procedures for managing performance, procedures, and productivity puts senior managers at risk of making poor or ineffective decisions.

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[18]The IT Infrastructure Library is an IT industry standard of best practices for delivering services. Its systematic approach to IT service management is intended to help organizations manage risk, strengthen customer relations, establish cost-effective practices, and build a stable IT environment.

[19] GAO 14-704G, §§14-15.

Recommendation 14: The Bureau of Information Resource Management should implement standard operating procedures for process management working groups that include guidance on collaboration, documentation, and performance measures. (Action: IRM)

RECOMMENDATIONS

OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to the Bureaus of Administration, Human Resources, and Information Resource Management. The Department's complete responses can be found in Appendix B.

Recommendation 1: The Bureau of Human Resources, in coordination with the Bureau of Information Resource Management, should conduct an organizational assessment of the Office of Governance, Resource, and Performance Management, including a review of its organizational structure, roles, and responsibilities, and reallocate or reprogram resources as necessary. (Action: DGHR, in coordination with IRM)

Management Response: In its April 17, 2018, response, the Bureau of Human Resources concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the organizational assessment of the Office of Governance, Resource, and Performance Management.

Recommendation 2: The Bureau of Information Resource Management, in coordination with the Bureau of Human Resources, should update all employee-supervisor assignments to reflect current roles and responsibilities within the Office of Governance, Resource, and Performance Management. (Action: IRM, in coordination with DGHR)

Management Response: In its April 17, 2018, response, the Bureau of Human Resources concurred with this recommendation. The bureau noted it had met with the Office of Governance, Resource, and Performance Management to discuss the organizational assessment and reporting lines. The Bureau of Human Resources will initiate its assessment mid-April 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the updated employee-supervisor assignments within the Office of Governance, Resource, and Performance Management.

Recommendation 3: The Bureau of Information Resource Management should require the Office of Governance, Resource, and Performance Management to review its internal control structure and develop corrective action plans or implement mitigation measures for any deficiencies. (Action: IRM)

Management Response: In its April 17, 2018, response, the Bureau of Information Resource Management concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the review of the Office of Governance, Resource, and Performance Management's internal control structure.

Recommendation 4: The Bureau of Administration, in coordination with the Bureau of Information Resource Management, should review contracting activities in the Office of Governance, Resource, and Performance Management, and bring them into compliance with Department standards. (Action: A, in coordination with IRM)

Management Response: In its April 18, 2018, response, the Bureau of Administration concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the contracting activities conducted by the Office of Governance, Resource, and Performance Management are compliant with Department standards.

Recommendation 5: The Bureau of Administration, in coordination with the Bureau of Information Resources Management, should assign additional Contracting Officer's Representatives and Government Technical Monitors to oversee the contracts managed in Office of Governance, Resource, and Performance Management and transfer relevant contract files to those individuals. (Action: A, in coordination with IRM)

Management Response: In its April 18, 2018, response, the Bureau of Administration concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of additional assigned Contracting Officer's Representatives and Government Technical Monitors assigned to oversee the Office of Governance, Resource, and Performance Management contracts.

Recommendation 6: The Bureau of Information Resource Management should require that Contracting Officer's Representatives in the Office of Governance, Resource, and Performance Management receive proof of receipt of goods from overseas posts prior to approving invoices for payments. (Action: IRM)

Management Response: In its April 17, 2018, response, the Bureau of Information Resource Management concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the updated invoice approval process.

Recommendation 7: The Bureau of Information Resource Management should require the Office of Governance, Resource, and Performance Management to maintain Contracting Officer's Representative files in compliance with Department standards. (Action: IRM)

Management Response: In its April 17, 2018, response, the Bureau of Information Resource Management concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the Contracting Officer's Representative files maintained in accordance with Department standards.

Recommendation 8: The Bureau of Information Resource Management should implement a tool to centrally track information technology software acquisitions Department-wide. (Action: IRM)

Management Response: In its April 17, 2018, response, the Bureau of Information Resource Management concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the tool implemented to centrally track information technology software acquisitions.

Recommendation 9: The Bureau of Information Resource Management should implement procedures to centrally authorize and register Dedicated Internet Networks. (Action: IRM)

Management Response: In its April 17, 2018, response, the Bureau of Information Resource Management concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the procedures to centrally authorize and register Dedicated Internet Networks.

Recommendation 10: The Bureau of Information Resource Management should implement procedures to ensure regularly scheduled reviews and updates to the Department's information technology management policies and procedures in Volume 5 of the Foreign Affairs Manual and its associated Foreign Affairs Handbooks. (Action: IRM)

Management Response: In its April 17, 2018, response, the Bureau of Information Resource Management concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of procedures to review and update Department information technology management policies and procedures.

Recommendation 11: The Bureau of Information Resource Management should revise and promulgate the bureau process for timely handling of responses to U.S. Government Accountability Office recommendations. (Action: IRM)

Management Response: In its April 17, 2018, response, the Bureau of Information Resource Management concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the revised process to handle responses to U.S. Government Accountability Office recommendations.

Recommendation 12: The Bureau of Information Resource Management should update all Department guidance to reflect the Office of Governance, Resource, and Performance Management's responsibility for the Information Technology Configuration Control Board. (Action: IRM)

Management Response: In its April 17, 2018, response, the Bureau of Information Resource Management concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the updated Department guidance for the Information Technology Configuration Control Board.

Recommendation 13: The Bureau of Information Resource Management should require the Office of Governance, Resource, and Performance Management to perform its bureau records coordinator responsibilities in accordance with Department standards. (Action: IRM)

Management Response: In its April 17, 2018, response, the Bureau of Information Resource Management concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the Office of Governance, Resource, and Performance Management performing bureau records coordinator responsibilities.

Recommendation 14: The Bureau of Information Resource Management should implement standard operating procedures for process management working groups that include guidance on collaboration, documentation, and performance measures. (Action: IRM)

Management Response: In its April 17, 2018, response, the Bureau of Information Resource Management concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the standard operating procedures for process management working groups.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Office Director		
Director	Chris Pinzano	07/17
Division Chiefs		
Governance and Policy Division	Vansin Dokken	08/17
Performance Management Division	Richard Bowen	07/17
Process Management Division	Carey Moore	02/10
Sourcing Management Division	Craig Stewart	05/15

Source: Office of Governance, Resource, and Performance Management

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted between September 5, 2017, and January 16, 2018, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department and the Broadcasting Board of Governors.

Objectives and Scope

The Office of Inspections provides the Secretary of State, the Chairman of Broadcasting Board of Governors, and Congress with systematic and independent evaluations of the operations of the Department and BBG. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

The specific objectives for this inspection that led to findings were to determine whether:

- Current Office of Governance, Resource, and Performance Management (GRP) leadership was exhibiting leadership and management principles per 3 FAM 1214.
- GRP's involvement with IRM's internal control responsibilities were in accordance with 2 FAM 020 and the Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*.
- GRP roles and responsibilities outlined in 1 FAM 275.4 correctly reflected the work performed.
- Roles and responsibilities for the Department's IT Configuration Control Board process outlined in 1 FAM 275.4 and 5 FAM-5 H-512 were clearly defined and understood by relevant parties, and eliminated potential duplication in processes and applications.
- The IT Configuration Control Board process conformed to Department standards to meet federal and cybersecurity objectives per 5 FAM 861 and 1 FAM 275.4-4.

- GRP's management of the enterprise licenses ensured that property controls comply with the Federal Information Technology Acquisition Reform Act and Office of Management and Budget Circular A-130.
- GRP was complying with contract management requirements outlined in 5 FAM 900, Procurement Information Bulletin 2014-10, Federal Acquisition Regulations (1.604, 7.105, 32.905, 42.1502), and other federal and Department of State acquisition regulations regarding files management, invoice review, and performance.
- GRP was managing the bureau's records management procedures and processes in compliance with 5 FAM 410 and 5 FAH-4.
- GRP had a defined process in place for updating FAM and FAH policies, including regular updates, coordination with relevant program offices, and a clear review process, in accordance with 2 FAH-1 H-100.
- GRP was coordinating responses to GAO inquiries in line with Department requirements in 5 FAH-4 H-718.
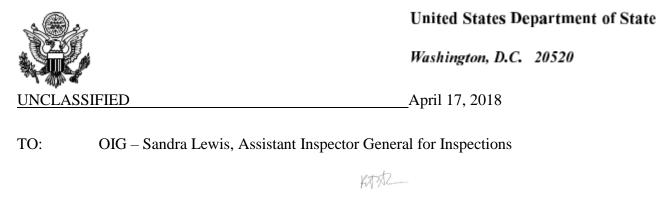
Methodology

In conducting inspections, OIG uses a risk-based approach to prepare for each inspection; reviews, circulates, and compiles the results of survey instruments, as appropriate; conducts interviews with Department and on-site personnel; observes daily operations; and reviews the substance of the report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG uses professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop findings, conclusions, and actionable recommendations.

For this inspection, OIG conducted 111 documented interviews and reviewed responses to personal questionnaires from 41 GRP employees and contractors. The team also reviewed other relevant OIG reports.[20] This inspection did not duplicate such other work completed by OIG's Office of Audits.

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[20] *See, e.g.*, OIG, *Audit of the Department of State Process To Select and Approve Information Technology Investments*, AUD-FM-16-31, March 2016; *Department of State Information Technology Configuration Control Board*, AUD-IT-17-64, September 2017.

APPENDIX B: MANAGEMENT RESPONSES

United States Department of State

Washington, D.C. 20520

UNCLASSIFIED   April 17, 2018

TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: IRM/PDCIO – Robert L. Adams

4/17/2018

X

Robert L. Adams
PDCIO
Signed by: Cards

SUBJECT: Draft OIG Report: Inspection of the Bureau of Information Resource
            Management's Office of Governance, Resource, and Performance

      The Bureau of Information Resource Management has reviewed the Draft OIG
Report: Inspection of the Bureau of Information Resource Management's Office of
Governance, Resource, and Performance, and provides comments as attached.

      If you have any questions or concerns, please contact Craig Hootselle at
HootselleCS@state.gov/(202) 634-3747.

Attachment: As stated.

OIG Recommendation 3: The Bureau of Information Resource Management should require the Office of Governance, Resource, and Performance Management to review its internal control structure and develop corrective action plans or implement mitigation measures for any deficiencies. (Action: IRM)

Management Response (April 2018): The Office of Governance Resources and Performance (GRP) concurs with this recommendation. GRP leadership will inventory all contract management and internal controls. In addition, GRP will do an assessment as to the comprehensiveness of the controls and will do an assessment of the strengths and weaknesses of each. GRP leadership will identify a mitigation plan for each control where weaknesses are identified and will put in place new controls where gaps are found. GRP will complete its ACQ Internal Controls Report (AICR) 90 days from the acceptance of this report.

OIG Recommendation 6: The Bureau of Information Resource Management should require that contracting officer's representatives in the Office of Governance, Resource, and Performance Management receive proof of receipt of goods from overseas posts prior to approving invoices for payments. (Action: IRM)

Management Response (April 2018): The Office of Governance Resources and Performance Management (GRP) concurs with this recommendation. Based on the AICR (See Management Response in Recommendation 3) and mitigation plan, GRP will update the invoice approval process, with input from AQM, to ensure it meets department standards.

OIG Recommendation 7: The Bureau of Information Resource Management should require the Office of Governance, Resource, and Performance Management to maintain Contracting Officer's Representative files in compliance with Department standards. (Action: IRM)

Management Response (April 2018): The Office of Governance Resources and Performance Management (GRP) concurs with this recommendation, and based on the AICR (see response to Recommendation 3), will establish proper COR control to ensure all contract files maintained in accordance with Department standards.

Recommendation 8: The Bureau of Information Resource Management should implement a tool to centrally track information technology software acquisitions Department-wide. (Action: IRM)

Management Response (April 2018): The Office of Governance Resources and Performance Management (GRP) concurs with this recommendation and will request funding in the FY 2020 budget cycle in FY 2018 for an optimized Software Asset Management (SAM) tool. In the interim, GRP will develop a methodology to leverage existing legacy tools and manual processes to track IT software acquisitions.

Recommendation 9: The Bureau of Information Resource Management should implement procedures to centrally authorize and register Dedicated Internet Networks. (Action: IRM)

Management Response (April 2018): The Office of Governance Resources and Performance Management (GRP) concurs with this recommendation and will modernize the IT Configuration & Control Board (ITCCB) system and process to appropriately register Dedicated Internet Network (DIN) connections in accordance with established FAM policy.

Recommendation 10: The Bureau of Information Resource Management should implement procedures to ensure regularly scheduled reviews and updates to the Department's information technology management policies and procedures in Volume 5 of the Foreign Affairs Manual and its associated Foreign Affairs Handbooks. (Action: IRM)

Management Response (April 2018): The Office of Governance Resources and Performance Management (GRP) concurs with this recommendation. GRP will develop an IT Policy Review Plan (ITRP) that outlines optimized procedures and process that ensure the Department's IT policies are current and reflect operational realities. The plan will be submitted to senior management 90 days from the acceptance of this report.

Recommendation 11: The Bureau of Information Resource Management should revise and promulgate the bureau process for timely handling of responses to U.S. Government Accountability Office recommendations. (Action: IRM)

Management Response (April 2018): The Office of Governance Resources and Performance Management (GRP) concurs with this recommendation and will develop a plan that will define roles and responsibilities, optimize the clearance process, streamline the SME review process, and improve the quality of Department responses to GAO. The plan will be submitted to senior management 60 days from the acceptance of this report.

Recommendation 12: The Bureau of Information Resource Management should update all Department guidance to reflect the Office of Governance, Resource, and Performance Management's responsibility for the Information Technology Configuration Control Board. (Action: IRM)

Management Response (April 2018): The Office of Governance Resources and Performance Management (GRP) concurs with this recommendation, and once the modernized IT Configuration & Control Board (ITCCB) systems is in place, GRP will update all Department guidance to ensure GRP's responsibilities are clearly delineated.

Recommendation 13: The Bureau of Information Resource Management should require the Office of Governance, Resource, and Performance Management to perform its bureau records coordinator responsibilities in accordance with Department standards. (Action: IRM)

Management Response (April 2018): The Office of Governance Resources and Performance Management (GRP) concurs with this recommendation, and once the hiring freeze is lifted, will

fill the position required to execute this work. IRM will also explore alternative ways with the Bureau of Administration's A/IRM EX to fulfill this responsibility.

Recommendation 14: The Bureau of Information Resource Management should implement standard operating procedures for process management working groups that include guidance on collaboration, documentation, and performance measures. (Action: IRM)

Management Response (April 2018): The Office of Governance Resources and Performance Management (GRP) concurs with this recommendation, and in line with the Department's IT Modernization efforts, will review all governing bodies and work groups within GRP, and will make recommendations to senior leadership on ways to optimize and streamline governance under the Department's eGov governance process. The assessment will be submitted to senior management 90 days from the acceptance of this report.

<u>UNCLASSIFIED</u>   March 26, 2018

MEMORANDUM

TO: OIG/ISP – Sandra Lewis

FROM: A/LM – Jennifer A. McIntyre

SUBJECT: Draft Report – *Inspection of the Bureau of Information Resource Management's Office of Governance, Resource, and Performance Management* (ISP-I-18-15)

Thank you for the opportunity to provide our comments on the subject draft OIG Inspection Report.

OIG Recommendation 4: The Bureau of Administration, in coordination with the Bureau of Information Resource Management, should review contracting activities in the Office of Governance, Resource, and Performance Management, and bring them into compliance with Department standards.

Management Response to Draft Report (03/26/2018): The Office of Acquisitions Management (AQM) concurs with the recommendation will coordinate with IRM/BMP/GRP to identify opportunities to increase compliance with Department standards.

Recommendation 5: The Bureau of Administration, in coordination with the Bureau of Information Resources Management, should assign additional contracting officer's representatives and government technical monitors to oversee the contracts managed in Office of Governance, Resource, and Performance Management and transfer relevant contract files to those individuals. (Action: A, in coordination with IRM)

Management Response to Draft Report (03/26/2018): AQM concurs with the recommendation and will coordinate with IRM/BMP/GRP to appoint additional, qualified FAC-COR's as necessary.

United States Department of State

Washington, D.C. 20520

April 17, 2018

TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: DGHR -- William E. Todd, Acting

SUBJECT: Response to Draft OIG Report – Inspection of Bureau of Information Resource
           Management's Office of Governance, Resource, and Performance Management

The Bureau of Human Resources (HR) has reviewed the draft OIG Inspection report. We
provide the following comments in response to the recommendations provided by OIG:

OIG Recommendation 1:
Recommendation 1: The Bureau of Human Resources, in coordination with the Bureau of
Information Resource Management, should conduct an organizational assessment of the Office
of Governance, Resource, and Performance Management, including a review of its
organizational structure, roles, and responsibilities, and reallocation or reprogram resources as
necessary. (Action: DGHR, in coordination with IRM)

OIG Recommendation 2:
Recommendation 2: The Bureau of Information Resource Management, in coordination with
the Bureau of Human Resources, should update all employee-supervisor assignments to reflect
current roles and responsibilities within the Office of Governance, Resource, and Performance
Management. (Action: IRM, in coordination with DGHR)

Management Response: DGHR concurs with the recommendations. HR's Office of Resource
Management and Organizational Analysis (HR/RMA) and IRM/BMP's D/CIO have met to
discuss the organizational assessment and reporting lines of IRM/BMP/GRP. HR/RMA will
initiate its assessment, and the estimated time for them to begin their work is mid-April, 2018.

The points of contact for this memorandum is Aida Sacks in HR/RMA and Lisa Jacobson in
HR/PC.

ABBREVIATIONS

COR   Contracting Officer's Representative

DIN   Dedicated Internet Networks

FAH   Foreign Affairs Handbook

FAM   Foreign Affairs Manual

GAO   Government Accountability Office

GRP   Office of Governance, Resource, and Performance Management

GTM   Government Technical Monitor

IRM   Bureau of Information Resource Management

ITCCB   IT Configuration Control Board

OIG INSPECTION TEAM MEMBERS

Jay Dehmlow, Team Leader
Vandana Patel, Deputy Team Leader
Kristene McMinn
Kevin Milas
Timothy Williams

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