



# OIG HIGHLIGHTS

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## What OIG Inspected

The review took place in Washington, DC, between April 6 and June 29, 2015.

## What OIG Recommended

OIG made six recommendations to the Bureau of Consular Affairs to better align the Annual Certification of Management Controls with Federal standards for internal controls.

Three recommendations are directed to enhance the value of the Annual Certification of Management Controls as a tool for consular managers abroad to prioritize and verify compliance of management controls and for analysts in the bureau to monitor compliance.

Three recommendations are directed to develop risk assessment processes and to improve communication and reporting of deficiencies in management controls within the Bureau of Consular Affairs.

~~SENSITIVE BUT UNCLASSIFIED~~

October 2015

OFFICE OF INSPECTIONS

Domestic Operations and Special Reports

## Review of the Consular Annual Certification of Management Controls Process

### What OIG Found

- The Consular Annual Certification of Management Controls is a useful mechanism for taking a snapshot survey of consular internal controls. It does not require meaningful continuous monitoring of internal controls, nor does it enable consular managers to track their compliance throughout the year.
- The Bureau of Consular Affairs lacks a standard procedure for sharing data and analysis from the certification with users in other directorates or for reporting results to higher-level management.
- Although the Bureau of Consular Affairs describes the Annual Certification of Management Controls as thorough and documented and says it holds certifying officers accountable, no documentation is required in support of compliance.
- The Annual Certification of Management Controls collects extensive data that could be used to assess and mitigate risk to overseas management controls. However, the Bureau of Consular Affairs does not aggregate, analyze, or use the data for those purposes, except on an ad hoc basis.



OIG

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ISP-I-16-01

Office of Inspections

October 2015

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# Review of the Consular Annual Certification of Management Controls Process

## DOMESTIC OPERATIONS AND SPECIAL REPORTS

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## KEY FINDINGS

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- The Consular Annual Certification of Management Controls is a useful mechanism for taking a snapshot survey of consular internal controls. It does not require meaningful continuous monitoring of internal controls, nor does it enable consular managers to track their compliance throughout the year.
- The Bureau of Consular Affairs lacks a standard procedure for sharing data and analysis from the certification with users in other directorates or for reporting results to higher-level management.
- Although the Bureau of Consular Affairs describes the Annual Certification of Management Controls as thorough and documented and says it holds certifying officers accountable, no documentation is required in support of compliance.
- The Annual Certification of Management Controls collects extensive data that could be used to assess and mitigate risk to overseas management controls. However, the bureau does not aggregate, analyze, or use the data for those purposes, except on an ad hoc basis.

## CONTEXT

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### **Consular Management Controls and Authorities**

The Bureau of Consular Affairs (CA) provides consular services through operations in 300 offices in 176 countries and 21 states and the District of Columbia. CA's principal means of monitoring management controls in its overseas offices is the Annual Certification of Consular Management Controls (ACMC). This inspection review evaluates the effectiveness of that certification process and explores ways the process could be used to improve CA's oversight of its overseas operations.

In accordance with 2 *Foreign Affairs Manual* (FAM) 020, CA, like all bureaus, is required to maintain a robust management control structure and to regularly review and evaluate those controls. The Assistant Secretary for Consular Affairs provides overall direction for the management of internal control for the bureau and its operations overseas. CA's Office of the Comptroller (CA/C) coordinates management controls and ensures that management controls programs are carried out. Although CA/C administers the bureauwide management controls program, CA's Office of the Executive Director (CA/EX) has responsibility for ensuring that CA's overseas operations maintain strong management control practices. Overseas consular managers may also participate in their posts' Chief of Mission Statement of Assurance process.

CA's intranet page entitled "Management Controls and Oversight" describes a multilayered managerial strategy to provide reasonable assurance that consular managers abroad manage consular operations and resources, as 2 FAM 021.1 requires, "effectively, efficiently, economically, and with integrity." Internal controls protect intrinsically valuable items such as funds, passports, visas, and consular seals and ensure that consular employees follow proper procedures when adjudicating passport and visa applications. They also decrease risk, increase accountability, and have a direct impact on border security. This multilayered strategy includes the ACMC, the subject of this review, as well as the Consular Management Assistance Team Program and the Regional Consular Officer Program (RCO). CA/EX administers these programs and activities.

### **How CA Complies with Federal Management Controls Standards Overseas**

The Federal Managers' Financial Integrity Act, as incorporated in 2 FAM 021.1(c), requires all management control systems to incorporate the Government Accountability Office (GAO) internal control standards. The documents relevant to this ACMC review, and hereinafter referred to as "Federal standards," are:

(1) the GAO Standards for Internal Control in the Federal Government, also known as the Green Book, which provides the overall framework for establishing and maintaining internal controls, and

(2) Office of Management and Budget (OMB) Circular A-123, as amended, which promulgates a U.S. Governmentwide internal control policy and a system of agency responsibilities and requirements.

To comply with OMB A-123, consular management control programs must comply with five Federal Government standards mandated by OMB:

- Control environment (the organizational structure and culture created to sustain organizational support for internal control)
- Control activities (policies, procedures, and mechanisms in place to ensure that management controls objectives are met)
- Risk assessment
- Information and communication
- Monitoring

CA has a strong control environment and strong control activities. The CA leadership and management tenets, Consular Leadership Development Conferences, enterprise management practices, and annual ethics training requirements reinforce the organizational structure CA created to "sustain organizational support for effective internal control" as mandated by OMB A-123. The ACMC is one of CA's mechanisms to strengthen internal controls, addressing approximately 80 procedures and operational and access requirements in its checklist. Examples include daily reconciliation of fees, visas and passports, and controlled access to consular records and document issuance authority.

### **Consular Annual Certification Process**

CA requires every Foreign Service post to certify annually that its consular operations comply with the U.S. Department of State's (Department) instructions on consular management controls and "to ensure the continued integrity and professionalism of...consular operations". CA has defined and prescribed consular management controls for decades. CA/EX instituted the ACMC following the September 11, 2001, attacks as part of CA's comprehensive review of consular processes.

Each spring, CA/EX sends instructions to posts abroad to explain the purpose and importance of the ACMC and request that consular managers and their supervisors conduct and report on the review. Guidance on the ACMC, including the enumerated items for review, remains on the bureau's intranet page throughout the year.

The 2015 certification contained 81 questions pertaining to a wide range of topics:

- Standards of ethical conduct
- Controlled and accountable items
- Access to the consular database
- Physical access to consular facilities

- Financial accountability
- Visa and passport intake, interview, and screening
- Visa adjudication oversight
- Visa referral system
- American citizens services
- Consular agents
- Fraud prevention programs
- Public information

According to the CA Web page for the ACMC, consular managers, in coordination with senior post management, must “conduct a thorough, documented review of management controls and procedures in the consular section” and audit accountable items. They have 2 to 4 weeks to conduct the review, correct any identified deficiencies, and report and certify their findings. In 2015, CA for the first time required consular managers to respond to the questions on a SharePoint site, in addition to sending a certification statement by cable, and requested posts to list in their certification cables only the management controls with which they were not in compliance.

Once the ACMCs are submitted, CA/EX analysts are expected to review the data from the ACMCs to identify problem areas for attention and to verify compliance on an ad hoc basis. CA/EX analysts are expected to contact posts and discuss ways to correct deficiencies. In 2015, for the first time, CA/EX analysts began comparing the self-reported responses against reports contained in a central consular database and cable records to verify compliance with two requirements: mandatory visa adjudication reviews and visa validation studies.

Other directorates in CA have access to the certification responses via the SharePoint site and have the option to follow up on reported deficiencies. One of these directorates, the Office of Fraud Prevention Programs, reviews reports and follows up on problem areas. Within CA/EX, Consular Management Assistance Teams and RCOs use these reports to prepare for their visits and to verify compliance with management controls during their visits.

The Office of Inspector General (OIG) inspection team focused on how effectively CA uses the ACMC process to fulfill its responsibility to implement management controls at overseas consular operations. In the course of its review, the OIG team identified ways that CA could use existing automated systems to more effectively monitor and verify compliance. This report discusses ways CA could use the ACMC to more effectively fulfill its responsibilities to assess risk, monitor compliance, and report about management controls.

The Consular Management Assistance Team is composed of consular professionals who visit posts to review critical management controls and assess compliance and provide management assistance to enhance operational effectiveness with clearly articulated goals related to resources, people, processes, and customer service.

The RCO is an experienced consular officer designated by CA to provide support and guidance to consular sections managed by officers with limited consular experience or in uniquely difficult circumstances. RCOs wear many hats and are intended to be mentors or advisers, rather than supervisors or inspectors.

The office of 1CA, created in 2012, advocates for the importance of maintaining a culture of leadership throughout CA, promotes the CA management framework and leading management practices by sharing proven tools and techniques, encourages innovation by seeking new ideas and solutions to business challenges, and supports the development of metrics that will enable data-based decision making.

## FINDINGS

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### The ACMC Does Not Meet Federal Internal Controls Standards

The ACMC is a static, reactive, retrospective self-certification of past performance or omission of management controls activities. CA has not designed it to be a dynamic, proactive, and prospective tool that is “built into the entity as a part of the infrastructure to help managers run the entity and achieve their goals on an ongoing basis” or that is used for “planning, directing, controlling and reporting” internal control as defined by OMB A-123. Experienced consular managers, including senior bureau officials and overseas consular coordinators, told inspectors that the ACMC as currently structured is not an effective tool to establish clear objectives, assess risk, communicate relevant information “down, across, and up the organization,” or “continually monitor controls in the course of normal operations.” Half of 18 overseas countrywide consular coordinators, including RCOs and ministers counselor for consular affairs, observe that local consular managers should use the ACMC as a planning document and checklist throughout the year but acknowledge that many do not. The lack of an effective mechanism to evaluate internal control on an ongoing basis increases the risk that fraud or other shortcomings of management controls would not be detected in a timely manner and could cause harm.

**Recommendation 1:** The Bureau of Consular Affairs should restructure the Annual Certification of Consular Management Controls as a proactive tool for establishing clear objectives, assessing risk, communicating relevant information, and continually monitoring management controls using SharePoint or other appropriate knowledge management vehicle. (Action: CA)

## CA Does Not Use the ACMC as a Risk Management Tool

CA does not aggregate ACMC data or use other standard procedures to identify or assess risk, or to form a basis for determining how risk should be managed. Almost all CA/EX analysts state that they should review individual ACMC results and work with overseas managers to resolve problems, but most indicate no specific standards for analysis or compliance. The absence of defined risk analysis procedures limits the ability of CA/EX analysts to identify, assess, and manage risk as required by Federal standards.

**Recommendation 2:** The Bureau of Consular Affairs should implement standard procedures for using aggregated data and individual Annual Certification of Consular Management Controls responses to identify and assess risk and to determine how risk is to be managed.  
(Action: CA)

## CA Does Not Formally Report ACMC Results to Senior Management

As required by the Federal Managers' Financial Integrity Act of 1982, CA annually evaluates management controls in each of the bureau's domestic directorates and reports results to the Assistant Secretary. CA does not submit a similar report on overseas management controls based on the ACMC, however. CA reported the rate of response and the rate of compliance with 2 of the 81 questions to the Assistant Secretary, but the report did not contain specific information that would help senior managers achieve the organization's objectives because CA did not design the ACMC in accordance with the Federal standards established in the Green Book and OMB A-123. The lack of a requirement to report specific information limits senior management's ability to use information derived from the ACMC to achieve the bureau's objectives.

**Recommendation 3:** The Bureau of Consular Affairs should report annual findings based on the Annual Certification of Consular Management Controls to the Assistant Secretary.  
(Action: CA)

## CA Does Not Have a Policy for Sharing ACMC Information within the Bureau

CA/EX analysts state during interviews that they share relevant information from the ACMC with RCOs and staff members in other directorates on an ad hoc basis, but no standard requirement or procedure exists for doing so because CA did not design the ACMC on the basis of Federal internal controls standards established in the Green Book and OMB A-123. Some senior bureau managers were unsure whether CA analysts shared working-level information with their counterparts in other directorates and were unable to articulate whether or how other directorates used information derived from the ACMC. In 2015, CA/EX set up a SharePoint site for overseas managers to report ACMC deficiencies, but staff members in other directorates told inspectors they do not know how to access it. The lack of standard procedures limits CA's ability to share information "down, across, and up the organization," as required by Federal standards.

**Recommendation 4:** The Bureau of Consular Affairs should implement a policy for sharing relevant data and information derived from the Annual Certification of Consular Management Controls with managers and staff members in domestic directorates. (Action: CA)

## **The Bureau of Consular Affairs Does Not Continuously Monitor Management Controls in Overseas Operations**

Because CA did not design the ACMC on the basis of Federal internal controls standards established in the Green Book and OMB A-123, the ACMC does not serve as a mechanism to continuously monitor overseas management controls in the course of normal operations to assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Although the CA Web page for the ACMC states that “consular sections...must conduct a thorough, documented review of consular management controls and procedures,” no documentation is required. A 2015 survey verifying more than 200 responses to two ACMC questions about required review of visa adjudication notes and visa referral validation studies found enough inaccurate or incomplete answers to require 42 overseas posts to recertify compliance.

**Recommendation 5:** The Bureau of Consular Affairs should implement procedures to continuously monitor compliance with overseas management control activities. (Action: CA)

The Consular Integrity Division of CA’s Office of Fraud Prevention Programs uses available data to study overseas management controls. For example, the division conducts research and prepares reports for OIG on a range of management controls activities prior to each overseas inspection. It is currently engaged in a study of broader process issues related to the nonimmigrant visa referral process. Finally, it is evaluating the feasibility of annual studies that would assess compliance with requirements for a limited number of specific management controls activities. Although these studies are independent of the ACMC process, OIG supports them as an important adjunct to the monitoring and reporting functions mandated by Federal standards.

The CA ACMC Web page states that “regional consular officers...hold certifying officers and consular managers accountable for the accuracy of their submissions,” but they are not required to review or clear ACMC responses. Since consular sections that RCOs serve are by definition managed by officers with limited experience or in uniquely difficult circumstances, RCO review of ACMC drafts prior to submission would be appropriate.

## **ACMC Questions Do Not Conform to Federal Standards**

Questions asked on the ACMC do not represent a “clear, organized strategy with well-defined documentation processes that contain...verifiable results” (OMB A-123). Consular managers overseas told inspectors that ACMC questions are confusing, broad, incapable of measurement or documentation, and burdensome (especially in cases where performance can be monitored remotely). The last systematic review of ACMC questions in 2013, a joint exercise conducted by

CA/EX with the bureau's domestic directorates but not including overseas consular managers, did not result in a product that conforms to Federal standards.

**Recommendation 6:** The Bureau of Consular Affairs should require the Office of the Executive Director, in coordination with other domestic directorates and overseas consular managers, to conduct a thorough, systematic review of the Annual Certification of Consular Management Controls to formulate questions that conform to Federal management controls standards. (Action: CA/EX)

## RECOMMENDATIONS

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**Recommendation 1:** The Bureau of Consular Affairs should restructure the Annual Certification of Consular Management Controls as a proactive tool for establishing clear objectives, assessing risk, communicating relevant information, and continually monitoring management controls using SharePoint or other appropriate knowledge management vehicle. (Action: CA)

**Recommendation 2:** The Bureau of Consular Affairs should implement standard procedures for using aggregated data and individual Annual Certification of Consular Management Controls responses to identify and assess risk and to determine how risk is to be managed. (Action: CA)

**Recommendation 3:** The Bureau of Consular Affairs should report annual findings based on the Annual Certification of Consular Management Controls to the Assistant Secretary. (Action: CA)

**Recommendation 4:** The Bureau of Consular Affairs should implement a policy for sharing relevant data and information derived from the Annual Certification of Consular Management Controls with managers and staff members in domestic directorates. (Action: CA)

**Recommendation 5:** The Bureau of Consular Affairs should implement procedures to continuously monitor compliance with overseas management control activities. (Action: CA)

**Recommendation 6:** The Bureau of Consular Affairs should require the Office of the Executive Director, in coordination with other domestic directorates and overseas consular managers, to conduct a thorough, systematic review of the Annual Certification of Consular Management Controls to formulate questions that conform to Federal management controls standards. (Action: CA/EX)

## PRINCIPAL OFFICIALS

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<b>Title</b>	<b>Name</b>	<b>Arrival Date</b>
<b>Assistant Secretary</b>	<b>Michele Thoren Bond</b>	<b>4/14</b>
Principal Deputy Assistant Secretary	David T. Donahue	4/14
Executive Director	Marjorie Ames	8/14
Comptroller	Rachel Arndt	2/13
Director, Office of Fraud Prevention Programs	Josh Glazeroff	7/14

## APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

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This inspection was conducted 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 (BBG).

### **Purpose and Scope**

The purpose of this report is to evaluate how effectively the Bureau of Consular Affairs uses the Annual Certification of Management Controls to analyze risk, monitor compliance, and report about management controls at overseas posts.

The scope of the report follows:

- The team examined to what extent the Department is using the information overseas posts provide in their annual certifications to monitor overseas consular management controls at individual posts and across regions and to identify trends or common deficiencies.
- The team examined how various offices within CA coordinate and respond to correct self-reported deficiencies.
- The team examined whether CA has methods for independently verifying the accuracy of posts' self-reported deficiencies.
- The team examined whether and how CA is using automated systems to monitor compliance with consular management controls independent from the annual certification process.

### **Methodology**

In conducting inspections, the OIG team reviews pertinent records; as appropriate, circulates, reviews, and compiles the results of survey instruments; conducts onsite interviews; and reviews the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by the review.

For this inspection, the OIG team reviewed the survey questionnaires of 154 Consular Managers, 18 Regional Consular Officers and Ministers Counselor for Consular Affairs, and 9 Analysts from CA/EX. They conducted 30 interviews, reviewed the responses from more than 400 Annual Certifications of Management Controls from 2014 and 2015, and conducted 2 analyses. The inspectors reviewed the findings and recommendations with consular leadership as well as CA/EX, the office responsible for administering the ACMC, and with CA/C, the office responsible for the bureau's management of internal control.

## ABBREVIATIONS

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ACMC	Annual Certification of Consular Management Controls
BBG	Broadcasting Board of Governors
CA	Bureau of Consular Affairs
CA/C	Office of the Comptroller
CA/EX	Office of the Executive Director
Department	U.S. Department of State
FAM	Foreign Affairs Manual
GAO	Government Accountability Office
OIG	Office of Inspector General
OMB	Office of Management and Budget
RCO	Regional Consular Officer

## OIG INSPECTION TEAM MEMBERS

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Derwood K. Staeben, Team Leader  
Colwell Whitney, Deputy Team Leader  
Betsy Anderson



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