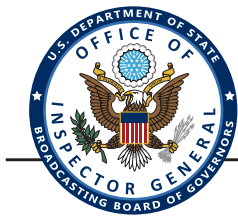


# SEMIANNUAL REPORT TO THE CONGRESS

October 1, 2014, to March 31, 2015



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



# OIG Office of Inspector General

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

## OUR VISION

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

## OUR MISSION

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

## OUR VALUES

### Integrity

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

### Teamwork

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

### Accountability

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

### Communication

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

### Respect

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

## OIG Summary of Performance, 10/1/2014–3/31/2015

### Financial Results

#### Questioned Costs

Issued during the reporting period	\$17,547,000
Management decision during the reporting period	\$121,231,000

#### Recommendations for Funds To Be Put to Better Use

Issued during the reporting period	\$146,600,000
Management decision during the reporting period	\$21,166,000

<b>Investigative Monetary Recoveries</b>	<b>\$54,100</b>
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#### Investigative Activities

Cases Opened	46
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**Note:** Figures represent consolidated totals from OIG work conducted from October 1, 2014, to March 31, 2015, that relate to Department of State and Broadcasting Board of Governors programs and operations. Dollar amounts may be affected by rounding.



## MESSAGE FROM THE INSPECTOR GENERAL



Steve A. Linick

I am pleased to present this *Semiannual Report to the Congress*, covering the oversight activities of the Office of Inspector General (OIG) for the Department of State (Department) and the Broadcasting Board of Governors (BBG) from October 1, 2014, to March 31, 2015.

During this reporting period, we issued 47 unclassified and classified reports, including management assistance reports, and information reports, and identified approximately \$164 million in potential monetary benefits. OIG continued to enhance its oversight of both Department and BBG programs and operations, focusing on significant management and performance challenges, including the protection of people and facilities, the security of information, and the management of contracts and grants.

OIG inspected 11 overseas missions and domestic offices during this period. OIG found problems in the areas of physical security, resource management, and program oversight.

During this period, OIG also issued 22 audit reports. For example, OIG audited counternarcotics initiatives in Afghanistan and found that the Department had not fully developed or implemented performance measurement plans to track progress.

OIG offices also worked closely together to accelerate referrals to the Department for the suspension and debarment of contractors or grantees suspected of wrongdoing. During this period, 4 were suspended and 25 were debarred as a result of the outstanding efforts by OIG's Office of Investigations and Office of General Counsel.

OIG's Office of Evaluations and Special Projects (ESP) published three reports. For example, ESP reviewed allegations that undue external influence affected the Department's internal investigations of alleged misconduct by senior Department officials and other employees. In three of eight investigations reviewed, OIG found an appearance of undue influence and favoritism by Department management. Another of the cases, involving three shooting incidents in Honduras in 2012, remains under a joint review with the Department of Justice OIG.

In sum, OIG's accomplishments during this reporting period continued to be a credit to the talented and committed staff that I have the privilege to lead.

Steve A. Linick  
Inspector General  
March 31, 2015



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On February 24, 2015, Inspector General Linick testified before the Senate Committee on Homeland Security and Governmental Affairs on improving the efficiency, effectiveness, and independence of Inspectors General.





# EXECUTIVE SUMMARY



This *Semiannual Report to the Congress* summarizes the work of the Office of Inspector General (OIG) for the Department of State (Department) and the Broadcasting Board of Governors (BBG) for the reporting period from October 1, 2014, to March 31, 2015. OIG addresses sensitive or classified issues in the *Classified Annex to the Semiannual Report to the Congress*.

During this reporting period, OIG issued a total of 47 reports—33 unclassified and 14 sensitive or classified—with recommendations to improve the programs and operations of the Department, BBG, and the International Boundary and Water Commission, United States and Mexico, U.S. Section, and identified more than \$164.2 million in investigative recoveries, questioned costs, and funds to be put to better use. OIG aligned its work with what it considers to be the most serious management and performance challenges facing the Department and BBG, including the protection of people and facilities; management of posts in conflict areas; and contracts, acquisition, and grants management.

## Oversight of Department of State Programs and Operations

The Department manages U.S. diplomatic relationships with foreign governments, international organizations, and foreign cultures. In support of its mission to shape and sustain a more peaceful and democratic world and to foster global conditions for stability and progress, the Department maintains 280 overseas missions and domestic entities, funded through combined annual appropriations, consular fees, and other income. OIG is responsible for the oversight of approximately \$40 billion in Department programs and operations.

## Office of Audits

During this reporting period, the Office of Audits issued 22 products—18 unclassified reports and 4 sensitive or classified reports. Of the 18 unclassified reports issued, 16 reports related to Department programs and operations.

The Office of Audits performed a number of audits related to the management of posts in conflict areas, which OIG identifies as a major management challenge for the Department. For example, OIG audited counternarcotics initiatives in Afghanistan and reported that the degree to which the counternarcotics program had achieved desired results was unclear because the Department had not fully developed or implemented performance measurement plans to track progress. OIG also audited the effectiveness of the Pakistan Law Enforcement Reform Program and found that the Department could not demonstrate that police training was effective in enhancing the professionalism of the Pakistani police. In addition, during this audit, OIG found that the Department could not demonstrate that Pakistani police capability to maintain peace and security had increased or that the equipment provided by the program improved the survivability, mobility, and communications capacity of the Pakistani police.

The Office of Audits also performed a number of audits related to contracts,

acquisition, and grants management, which is another major management challenge for the Department. For example, OIG reported that the Department did not always manage and oversee humanitarian assistance instruments in response to the Syrian crisis in accordance with Department policies. OIG also audited the Department's efforts to close out contracts in Afghanistan and reported that the Department did not consistently meet Federal and Department contract management and closeout requirements for the 87 Afghanistan-related task orders reviewed, valued at approximately \$8.4 billion. OIG audited the oversight of a task order for static security services for Embassy Kabul awarded under the Worldwide Protective Services contract and found that the Department did not ensure that the contractor properly maintained records related to training, security screenings, and time and attendance. The absence of key supporting documentation increases the risk that the Department could employ unqualified personnel or pay unallowable or unsupported costs.

## Office of Inspections

During this reporting period, the Office of Inspections issued 22 products—12 unclassified reports and 10 sensitive or classified products. Of the 12 unclassified reports issued, 11 reports related to Department programs and operations. These reports found major Department systems, critical to U.S. national security and economic activity, to be inadequate and posts and bureaus that faced problems in the areas of physical security, resource management, and program oversight.

In its review of the Visa Services Directorate in the Bureau of Consular Affairs, OIG found that visa system outages, a backlog of

thousands of requests to make changes to the visa systems, and the bureau's inability to monitor system performance put at risk fundamental operations. OIG recommended that the bureau establish scheduled outages and informed the bureau's leadership that the directorate cannot effectively manage its current workload without modifying current systems.

The review of the State Messaging and Archive Retrieval Toolset (SMART) and Record Email found that, out of the more than 1 billion emails sent in 2011, employees created just over 61,000 official emails; and they created even fewer—41,000—in 2013. OIG recommended that the Department establish policies governing usage and that system designers engage with focus groups to enhance the system's efficiency.

The inspection of the Strategic Planning Office (SPO) in the Bureau of Information Resource Management found that, although the office has responsibilities throughout the Department for strategic information technology (IT) development, it did not effectively engage stakeholders and lacked the authority to compel compliance. The office's capital-planning and investment-control process, which is critical for ensuring that more than \$1 billion in IT spending is properly managed and meets the Department's business needs, potentially did not include all Department IT investments. The integrated IT portfolio-management and asset-tracking application, iMATRIX, was ineffective due to a lack of clear scope for its use and SPO's limited authority to enforce data quality controls and accountability.

In inspections of overseas posts, OIG found that the Department was not recovering costs

of approximately \$2 million for Department of Defense (DoD) support personnel and identified physical security vulnerabilities, such as building system failures and defects and lack of secure office space as major challenges for the Department.

## Office of Investigations

During this reporting period, investigative work conducted by the Office of Investigations resulted in approximately \$54,000 in restitution in one case. Most of the 149 ongoing cases involved procurement fraud—a key focus for this office. OIG’s investigations team also closed 35 cases related to Department programs and operations.

From October 1, 2014, to March 31, 2015, OIG referred 18 individuals and companies to the Office of the Procurement Executive in the Bureau of Administration for possible suspension and debarment from Government contracts. OIG’s investigations resulted in 4 suspensions and 25 debarments of contractors and grantees during this reporting period. For a complete list of contractor and individual debarments, see Section 6 of this report.

OIG conducted several investigations involving allegations of employee misconduct. In one case, OIG special agents determined that a Department employee working in Colombia had used her public office for private gain by steering leases for properties rented by the embassy to a company owned by the employee’s friend. The total value of improperly awarded leases totaled approximately \$2.8 million, and, as a result, her employment was terminated. Additional OIG investigative work uncovered a Department employee who had failed to report cash in his possession in

excess of \$10,000 on return from a personal trip overseas and who had also failed to report to security officials information regarding his interaction with local nationals during the trip. The Department issued a 5-day suspension and a warning memorandum regarding the security issues. Another OIG investigation revealed that a Department employee had abused her authority as a manager and a contracting officer’s representative by knowingly approving an invoice for payment that contained false information; as a result, the employee was temporarily suspended.

OIG conducted a joint investigation with the Special Inspector General for Afghanistan Reconstruction of allegations of bribery and gratuities relating to a U.S. Institute of Peace (USIP) contract in Iraq. The investigation revealed that a USIP employee and a contractor participated in a bid-rigging scheme to ensure that the contractor’s company won contracts in exchange for a fee to the USIP employee. On November 3, 2014, the contractor pled guilty to conspiracy to commit wire fraud and to pay gratuities. On January 23, 2015, the contractor was sentenced to time served and restitution in the amount of \$54,000.

## Office of Evaluations and Special Projects

During this reporting period, the Office of Evaluations and Special Projects issued three unclassified reports on Department programs and operations.

To review the use of confidentiality agreements by the Department’s contractors, OIG queried 30 contractors with the largest dollar amount of Department contracts. OIG found

that all 30 of the contractors used some variation of a confidentiality agreement or confidentiality policy. Some contractors had policies or agreements—such as nondisparagement clauses and provisions requiring notice to the company after receiving an inquiry from a government official—that might have some chilling effect on employees who are considering whether to report fraud, waste, or abuse to the Government. OIG made three recommendations to help ensure that contractor employees are able to report fraud, waste, and abuse and are aware of the legal protections available to whistleblowers.

Following up on prior work completed in a 2012 OIG inspection, OIG conducted a review to assess the Department's handling of eight investigations involving allegations of undue influence and favoritism related to a number of internal investigations by the Department's Bureau of Diplomatic Security internal investigations unit. OIG found an appearance of undue influence and favoritism in three of the cases. OIG's findings revealed issues with current Department policies and procedures that may have significant implications regarding actual or perceived undue influence.

As a result of receiving allegations of staffing shortfalls in the Kabul Embassy Security Force (KESF), OIG conducted a review and found that KESF staffing levels were actually higher than contractually required and that Embassy Kabul had amended the contract to add more guards for a security contingency. OIG examined weekly KESF staffing data and found no significant shortages in any staff category and that the overall number of security personnel exceeded the number of core authorized staffing levels for each of the weekly reporting periods.

## **Oversight of Broadcasting Board of Governors Programs and Operations**

An independent Federal agency, BBG manages all U.S. civilian international media broadcasts with a mission to inform, engage, and connect people around the world in support of freedom and democracy. In addition to its oversight responsibilities for Department programs and operations, OIG is responsible for the oversight of BBG's programs and operations, with FY 2014 appropriations totaling approximately \$734 million.

During the reporting period, OIG issued four reports on BBG programs and operations—three unclassified and one classified. Of the three unclassified reports, OIG issued two audit reports and one inspection report.

### **Office of Audits**

The Office of Audits issued two reports related to the audit of BBG's financial statements. Although BBG received an unmodified opinion on its financial statements (the best possible opinion), the audit identified serious issues related to grants monitoring, property, and budgetary accounting.

### **Office of Inspections**

During this reporting period, the Office of Inspections issued one unclassified report, related to BBG operations. In its limited-scope review of BBG operations in Baku, Azerbaijan, the Office of Inspections found that the Radio Free Europe/Radio Liberty Azerbaijan news bureau and Voice of America Azerbaijan operations had implemented a number of

the goals in the BBG Strategic Plan 2012–2016, *Impact through Innovation and Integration*, through the use of joint programming activities and social media to target audiences in Azerbaijan. OIG identified limited financial resources and host-country interference and intimidation as challenging issues for these BBG operations in Azerbaijan, where, according to the Department's annual human rights report, political, civil, and human rights had deteriorated.

## Oversight Initiatives

OIG is engaging in a number of new initiatives to strengthen oversight and communication.

### Management Alerts and Management Assistance Reports

Starting in November 2013, OIG began to issue management alerts and management assistance reports. They alert senior Department leadership to significant issues that require immediate corrective action. For example, OIG issued two management assistance reports recommending that the Department take immediate action against grantees who misused grant funds. The Department's response to these products has been favorable, and it has concurred with most of OIG's recommendations.

Moreover, Congress also recognized their value. The explanatory statement to the FY 2015 Omnibus Appropriations bill included language directing the Secretary of State to submit to Congress a report detailing the status of each of the recommendations included in OIG's FY 2014 management alerts. The Department responded to this directive

indicating concurrence and resolution of most of OIG's recommendations.

### Office of Evaluations and Special Projects

The Office of Evaluations and Special Projects (ESP) was established in 2014 to enhance OIG's oversight of the Department and BBG. In particular, ESP undertakes special evaluations and projects and complements the work of OIG's other offices by further developing the capacity to focus on broader, systemic issues. For example, in October 2014, ESP published a review of selected internal investigations conducted by the Bureau of Diplomatic Security, which addressed allegations of undue influence by Department management. Currently, ESP is undertaking a joint review with the Department of Justice OIG of a number of shooting incidents in Honduras in 2012, which involved Drug Enforcement Administration and Department of State personnel.

### Emphasis on Whistleblower Protections

OIG is also using ESP to improve OIG's capabilities to meet statutory requirements of the Whistleblower Protection Enhancement Act of 2012 and other whistleblower statutes and policies. Department employees, employees of contractors and grantees, and others have been encouraged to report fraud, waste, abuse, and misconduct. Such reporting must take place without fear of retaliation. OIG designated an ombudsman (a senior ESP attorney) for these purposes. OIG also produced an educational video and published a guide regarding whistleblower protections, both of which are available on the OIG website.

## Data and Technology

OIG is developing an automated evidence tracking system to enhance evidence processing accuracy and efficiency and employee computer-forensics and data-processing. Further, OIG is building the capacity of its new data analytics group and developing a fusion cell consisting of special agents, forensic auditors, criminal analysts, and computer specialists. This group of specialists will enable all OIG offices to proactively analyze financial and other data to identify potential vulnerabilities in Department programs and processes and to perform fraud risk assessments.

## Investigation and Prosecution of Cases

OIG has a program to place one or more Special Assistant U.S. Attorneys (SAUSAs) in appropriate positions in the Department of Justice in order to prosecute more quickly and effectively cases involving fraud against the Department of State. For example, an OIG attorney-investigator now works as a full-time SAUSA in the U.S. Attorney's Office for the Eastern District of Virginia.

## Suspension and Debarment

OIG has enhanced its efforts to identify and refer appropriate cases to the Department for suspension and debarment. The Office of Investigations and Office of Audits prepare detailed suspension and debarment recommendation packages, in consultation with the Office of General Counsel. These recommendation packages include referral memorandums summarizing all relevant facts and setting forth the specific grounds for suspension or debarment and are submitted to the Department's Suspension and Debarment Officials for action. From FY 2011 to FY 2014, OIG referred more than 100 cases to the Department for action.

## New Locations

To further enhance OIG's oversight efficiency and to have "boots on the ground" at key financial locations, OIG placed staff in Charleston, South Carolina, where the Department's Global Financial Services Center is located, and soon OIG staff will reside in Frankfurt, Germany, the site of one of the Department's regional procurement centers. Both locations are responsible for billions of U.S. taxpayer dollars.



# OVERVIEW

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## 1. OVERSIGHT STRATEGY AND ORGANIZATIONAL STRUCTURE

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

OIG's mandate is broad and comprehensive, involving oversight of the full scope of Department<sup>1</sup> and BBG programs, operations, and

organizations, including more than 72,000 U.S. and local employees at 280 overseas missions and other facilities worldwide. These are fund-

### A Comprehensive Global Mission



**280**  
overseas missions  
and domestic entities



**72,000** employees

**\$17 billion** in foreign assistance

**\$15 billion** in combined annual appropriations

**\$7 billion** in earned income

**Total**  
approximately  
**\$40 B**

<sup>1</sup> Oversight of the Department includes oversight of programs and operations of the International Boundary and Water Commission, United States and Mexico, U.S. Section (USIBWC).

ed through combined annual appropriations of approximately \$15 billion and nearly \$7 billion in consular fees and other earned income. OIG also is responsible for oversight of more than \$17 billion in Department-managed foreign assistance. In total, OIG is responsible for overseeing approximately \$40 billion.

## Management Improvements

During this reporting period, as part of its ongoing improvement of oversight capabilities, OIG located staff in Charleston, South Carolina, where the Department's Global Financial Services Center resides. Embedding oversight staff with the Department's regional operations will enable OIG to concentrate resources related to high-cost, high-risk programs and operations where the relevant activities are being conducted.

OIG plans to assign staff to a new location in Frankfurt, Germany, the site of one of the Department's regional procurement centers. The auditors and special agents in Frankfurt will augment OIG's oversight in front-line states and better position OIG to provide oversight of its growing role in overseas contingency operations (OCOs) throughout Africa, South and Central Asia, and the Middle East. The Frankfurt office also will provide oversight of Embassy Baghdad's Contract Management Office, which is expected to

manage more than \$3.5 billion in contracts over the next several years.

OIG's management improvement efforts are focused on strengthening its audit, inspection, evaluation, and investigative functions to a level commensurate with the substantial resources it oversees and expanding its ability to ensure oversight of the Department's and BBG's global infrastructure, particularly high-cost programs in the front-line states of Afghanistan, Iraq, and Pakistan, and in other high-risk environments. To perform its international work more efficiently, OIG operates offices in the front-line states of Afghanistan and Pakistan.

During the past year, OIG implemented a robust annual planning process to effectively focus OIG's oversight resources—audits, inspections, evaluations, and investigations—for greatest impact on Department, BBG, and foreign assistance funding. The new, more integrated approach aligns OIG work priorities with high-risk Department and BBG resources, programs, and operations, with particular focus on protection of people and facilities; information security and management; and contracts, acquisition, and grants management.

OIG represents less than one-third of one percent of the Department's operating budget. This percentage drops to less than one-quarter of one percent when Department-managed foreign assistance is included.

## Overseas Contingency Operations

OIG's mission is global, involving extensive overseas travel and staffing in some of the most distant and challenging posts in the world. During this reporting period, OIG responsibilities expanded to encompass two new OCOs, as mandated under Section 8L of the Inspector General Act of 1978 governing the process for the designation of a Lead Inspector General for each OCO.

Through a 2014 amendment to the Inspector General Act, Congress tasked the Inspector General community with the important responsibility of providing oversight for our nation's OCOs. At the close of the reporting period, two Lead Inspectors General had been designated in just 4 months—one for Operation Inherent Resolve, to degrade and defeat the forces of the Islamic State in Iraq and the Levant; and the other for Operation United Assistance, to support international efforts to fight the Ebola outbreak in Africa. The Lead Inspector General for Operation Freedom's Sentinel was named shortly after the end of this reporting period.

The amendment specified that the OIGs for the Departments of Defense (DoD) and State and the U.S. Agency for International Development share this responsibility jointly. Each of these three OIGs has dedicated staff to these important projects.

Inspector General Linick was designated as Associate Inspector General, in support of the Lead Inspector General at DoD for oversight of Operation Inherent Resolve. He was tasked to develop joint investigative capabilities among the IG personnel and external partner agencies dedicated to the effort. For each of the two OCOs operating at the close of this reporting period, OIG was working jointly on: (1) strategic planning, to provide comprehensive oversight of all programs and operations in support of the OCOs; (2) program management, to track, monitor, and update information in support of the OCOs; and (3) communications, to collect information and prepare periodic reports for Congress on projects related to the OCOs.

These contingency operations are funded by millions of U.S. taxpayer dollars and require immediate, dedicated, and coordinated oversight for many years.

## 2. COMMUNICATIONS AND OUTREACH

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

### Communication With Congress

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

The Inspector General testified before Congress at the following hearings held during this reporting period:

- Reviewing Efforts To Secure U.S. Diplomatic Facilities and Personnel: Select Committee on Benghazi, U.S. House of Representatives, December 10, 2014.
- Improving the Efficiency, Effectiveness, and Independence of Inspectors General: Committee on Homeland Security and Governmental Affairs, U.S. Senate, February 24, 2015.



On December 10, 2014, Inspector General Linick testified before the House Select Committee on Benghazi on reviewing efforts to secure U.S. diplomatic facilities and personnel.

## Outreach Activities

OIG prioritizes outreach and engagement to communicate its mission and work to the public, and to actively participate in government oversight community activities.

## Foreign Delegations

OIG regularly meets with officials from around the world to discuss a range of issues related to government oversight.

On October 27, 2014, in coordination with the Office of Central African Affairs, OIG hosted a group of auditors to discuss training opportunities and programs to help fight corruption in Cameroon. OIG leadership from the Offices of Audits and Inspections attended the meeting and shared information on best practices and lessons learned.

On December 8, 2014, the Inspector General, General Counsel, and the Assistant Inspector General for Inspections met with the Inspector General for the German Foreign Office to exchange ideas on oversight practices.

On February 10, 2015, the Assistant Inspectors General for Inspections and Investigations briefed a group visiting from Indonesia through the Department's International Visitor Leadership Program on methods to prevent corruption, encourage transparency, and ensure accountability, responsibility, and ethical leadership in government and the private sector.

On February 13, 2015, the Deputy Inspector General and other OIG leadership hosted representatives of the Departmental Committee on Kenya National Audits. The meeting covered issues ranging from OIG structure, independence, reporting, and collaboration with



On February 10, 2015, OIG leadership met with a group visiting from Indonesia to discuss best practices and lessons learned in management.

other offices and agencies, with a particular emphasis on access to restricted or sensitive information and the authorities granted under the Inspector General Act of 1978.

## Hotline Complaints

During this reporting period, the OIG Hotline continued to serve as a vehicle through which Department and BBG employees and contractors, as well as members of the public, reported suspected fraud, waste, abuse, mismanagement, or misconduct in Department and BBG programs and operations. OIG Hotline complaints were received via the OIG website, mail, telephone, and email. For a summary of OIG Hotline complaints received in the past 12 months, see Table 2.1.

**Table 2.1**  
**OIG Hotline Complaints,**  
**4/1/2014–3/31/2015**

Referred to Other Offices for Action	1,094
Held for Action Within INV	85
No Action Required	129
<b>Total Complaints Received</b>	<b>1,308</b>



## Whistleblower Protection Ombudsman Activities

The whistleblower protection ombudsman, a senior attorney in OIG's Office of Evaluations and Special Projects, continues to counsel individual Department and BBG employees on the rights and protections available to whistleblowers. In addition, the ombudsman, in conjunction with OIG's Office of Investigations, conducts investigations of allegations of retaliation filed by employees of contractors, subcontractors, and grantees, as required by the National Defense Authorization Act for Fiscal Year 2013.

In December 2014, OIG completed a whistleblower protection investigation of a complaint by a personal services contractor who alleged that his contract was not renewed after he disclosed design flaws in the construction of compound emergency sanctuaries. OIG was not able to substantiate the allegation that the nonrenewal was retaliatory in nature.

At the close of the reporting period, OIG had four pending whistleblower protection investigations filed by contractor employees who alleged: (1) termination in retaliation for raising concerns about sexual abuse, (2) termination in retaliation for disclosing contract billing improprieties, (3) demotion in retaliation for disclosing contract billing improprieties, and (4) termination in retaliation for disclosing concerns about a consulate's failure to abide by local laws.

## Website

During this reporting period, OIG launched a redesigned website to strengthen transparency of and enhance public access to information related to OIG's body of oversight work. The



OIG's public website, [www.oig.state.gov](http://www.oig.state.gov), was recently redesigned to include expanded capabilities and new features.

The new website, [www.oig.state.gov](http://www.oig.state.gov), features a robust search engine that yields improved navigation of OIG's library of unclassified products, a live Twitter feed that announces immediately publication of reports and stories of related interest, a collection of summaries that "highlight" significant OIG findings and recommendations, and a library of interactive OIG Hotline and Freedom of Information Act online submission forms.

In January 2015, OIG released a video, "Know Your Rights When Reporting Wrong," to educate Department and BBG employees, as well as employees of contractors, subcontractors, and grantees, on how to report fraud, waste, or abuse and on the legal protections against retaliation for whistleblowers. This video is available on OIG's website and will be sent to Department contractors, as OIG recommended in its report on the use of confidentiality agreements by Department contractors.<sup>2</sup>



In response to additional educational responsibilities stated in the Whistleblower Protection Enhancement Act of 2012, OIG produced posters for display in all bureaus, offices, and missions around the world and in contractor workplaces.

<sup>2</sup> Review of the Use of Confidentiality Agreements by Department of State Contractors (ESP-15-03, March 2015).

### 3. CONSOLIDATED FINANCIAL IMPACT OF OIG WORK

OIG returns significant value to U.S. taxpayers through its audits, evaluations, inspections, and investigations. For the reporting period, OIG issued 47 reports and identified \$164.1 million<sup>3</sup> in potential monetary benefits<sup>4</sup> to the Department and BBG. Additionally, OIG's criminal, civil, and administrative investigations resulted in the identification of more than \$54,000 in recoveries and other monetary results this reporting period.

During this reporting period, the Department and BBG made management decisions on \$142.4 million in potential monetary benefits identified by OIG. At the close of the reporting period, the Department and BBG had not yet taken action on OIG recommendations totaling \$412 million.

At the start of this reporting period, the Department and BBG had not yet made management decisions on \$262.3 million in funds that OIG had identified could be put to better use. By the end of the reporting period, this number had increased to \$387.7 million.

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<sup>3</sup> Amount represents consolidated totals from OIG work that relate to both Department and BBG programs and operations.

<sup>4</sup> These monetary benefits include questioned costs from audits of Department and BBG contracts, grants, and programs and OIG audit, evaluation, and inspection recommendations that funds be put to better use.

# OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

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## 4. OFFICE OF AUDITS

The Office of Audits (AUD) supports the Department in improving management; strengthening integrity and accountability; and ensuring the most efficient, effective, and economical use of resources. Audit work focuses on such areas of concern as physical security at overseas posts; financial and information technology security and management; contracts, acquisition, and grants management; human capital and administrative issues; and high-risk programs and operations in the front-line states of Afghanistan, Iraq, and Pakistan.

From October 1, 2014, to March 31, 2015, AUD issued 16 unclassified reports that reviewed Department programs and operations. For a comprehensive list of OIG reports

related to Department programs and operations issued during this reporting period, see Appendix A.

***Management Assistance Report:  
Grant Improprieties by Nour International Relief Aid  
(AUD-CG-15-19, 01/2015)***

In July 2013, OIG initiated an audit of Bureau of African Affairs (AF) contracts and grants to examine concerns raised in prior OIG reports about the adequacy of contract and grant administration and oversight performed by AF personnel. OIG's sample of grants during this audit included a grant awarded to Nour International Relief Aid (Nour) to supply the people of Somalia with pharmaceuticals and medical supplies in support of the African Union Mission in Somalia.

OIG found that Nour adhered neither to Federal procurement laws and regulations nor to the Department's standard grant terms and conditions in the performance of the grant. Also, Nour received payments for unsupported costs and unapproved goods. As a result, OIG questioned \$1,613,950 that the Department paid that was either unsupported or potentially unallowable.

OIG made three recommendations to the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), relating to the allowability of costs associated with this grant. OIG also referred Nour to the Department for suspension or debarment.

## Financial Management

*Independent Accountant's Report on the Application of Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management* (AUD-FM-15-01, 10/2014)

Under OIG's direction, an independent external auditor performed agreed-upon procedures as required by an Office of Management and Budget bulletin. These auditing procedures were performed to assist the Office of Personnel Management (OPM) in assessing the reasonableness of retirement, health benefits, and life insurance withholdings and contributions, as well as enrollment information that the Department submitted in its *Semiannual Headcount Report to OPM*. In addition, the auditor performed procedures to help OPM identify and correct errors relating to processing and distributing Combined Federal Campaign (CFC) payroll deductions. In general, the auditor identified no reportable differences as a result of applying most of the procedures. However, the auditor reported some differences as a result of applying procedures relating to retirement withholdings and CFC location codes and the official duty stations of employees with CFC deductions.

*Independent Auditor's Report on the U.S. Department of State 2014 and 2013 Closing Package Financial Statements* (AUD-FM-15-06, 11/2014)

An independent external auditor audited the Department's closing package financial statements as of, and for the years ended, September 30, 2014, and September 30, 2013. The auditor found that the closing

package financial statements present fairly, in all material respects, the financial position of the Department as of these dates, and its net costs and changes in net position for the years then ended, in accordance with accounting principles generally accepted in the United States.

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

*Independent Auditor's Report on the U.S. Department of State 2014 and 2013 Financial Statements* (AUD-FM-15-07, 11/2014)

An independent external auditor audited the Department's annual financial statements as of, and for the years ended, September 30, 2014, and September 30, 2013. The auditor found that the consolidated financial statements present fairly, in all material respects, the financial position of the Department as of these dates, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States.

The auditor reported significant deficiencies in the internal control over financial reporting, property and equipment, budgetary accounting, unliquidated obligations, and information technology. The auditor also found instances of noncompliance with certain provisions of laws, regulations, contracts, and grant agreements—including instances in which the Department's financial management systems

did not substantially comply with the requirements of the Federal Financial Management Improvement Act.

*Management Letter Related to the Audit of the Department of State 2014 Financial Statements*  
(AUD-FM-15-08, 2/2015)

During the audit of the Department's 2014 financial statements, an independent external auditor identified matters involving internal controls that it brought to the Department's attention related to Foreign Service National after-employment benefits, documentation, funds with the Department of the Treasury, payroll, revenue, property, and asbestos liability. The external auditor recommended that the Department take appropriate action to address these weaknesses.

*Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2014 and 2013 Financial Statements*  
(AUD-FM-15-11, 12/2014)

An independent external auditor audited the consolidated financial statements of the International Boundary and Water Commission, United States and Mexico, U.S. Section (USIBWC), as of, and for the years ended, September 30, 2014, and September 30, 2013. In its audit of the USIBWC financial statements, the auditor found that the consolidated financial statements present fairly, in all material respects, the financial position of USIBWC as of these dates, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States.

The auditor reported significant deficiencies in the internal control over property and equipment and information technology.

*Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2014 Financial Statements*  
(AUD-FM-15-12, 2/2015)

During the audit of USIBWC's 2014 financial statements, the independent external auditor identified an internal control weakness related to obligation validity and three instances of noncompliance with the Prompt Payment Act. The external auditor recommended that USIBWC take appropriate action to address these weaknesses.

*Follow-up Audit of Nonproliferation and Disarmament Fund Controls Over Contracting and Project Management and Integrity of Financial Data*  
(AUD-FM-15-18, 12/2014)

The Bureau of International Security and Nonproliferation, Office of Nonproliferation and Disarmament Fund (ISN/NDF), requested that an independent external auditor, acting on behalf of OIG, perform an audit to follow up on ISN/NDF's progress in addressing control deficiencies identified during a 2012 audit of ISN/NDF's controls over contracting and project management and the integrity of data recorded in ISN/NDF's internal project management system.

The independent external auditor found that ISN/NDF made significant progress in addressing the control deficiencies identified in 2012. Specifically, ISN/NDF had strengthened controls over contract initiation and modification, developed a process to moni-

tor its unliquidated obligations, and implemented contract closeout controls. Although ISN/NDF had strengthened its controls over invoice approvals, these controls were not consistently executed; as a result, payments could be made for goods or services not received. In addition, ISN/NDF's policy for documenting the use of its authority to waive Federal requirements did not align with actual practice, nor did it require that ISN/NDF sufficiently document the use of that authority.

The auditor also found that ISN/NDF improved project management controls. However, project managers did not consistently follow policies relating to: (1) managing project scope and project risk and (2) entering project schedules into ISN/NDF's project management system because of the lack of training in the system's functionality and the complexity of the process. As a result, activities could be performed that do not support project objectives, appropriate actions may not be taken to address project risks, and changes in project schedules could affect project cost and result in delays. In addition, ISN/NDF developed document management guidelines, but project managers did not consistently maintain the necessary documentation in the project management system because ISN/NDF stored documents in multiple locations. Further, ISN/NDF established a timeframe for closing projects, but not all projects were closed on time because of the lack of timeframes for all project closeout tasks, which could result in delays in the return of unspent funds that could be used for other purposes.

The auditor found that ISN/NDF had significantly improved the integrity of data in the project management system. However, the auditor identified some obligations and

expenses that were not recorded accurately because ISN/NDF did not sufficiently reconcile the information in its system with the information in the Department's official financial system. The auditor identified improvements in the reporting capabilities of ISN/NDF's project management system, and ISN/NDF also improved the system's application-level controls. However, the auditor identified an undocumented user profile and determined that the system administrator profiles allowed system administrators to change key financial data, which could result in unauthorized changes to financial data.

OIG recommended that ISN/NDF take actions to further improve its controls over contracting and project management and the integrity of financial data in its project management system.

*Independent Review of the U.S. Department of State Accounting of FY 2014 Drug Control Funds and Related Performance Report (AUD-FM-15-21, 2/2015)*

The Office of National Drug Control Policy requires National Drug Control Program agencies, including the Department, to report a detailed accounting and authentication of all funds expended on National Drug Control Program activities and to set and report on performance measures, targets, and results associated with those activities. OIG is required to express a conclusion about the reliability of each management assertion.

Based on OIG's review, nothing came to OIG's attention that caused it to believe that the management assertions included in the Department's report were not fairly stated, in all material respects, based on the guidance.

## Middle East Region Operations

*Audit of Bureau of International Narcotics and Law Enforcement Affairs Counternarcotics Assistance to Afghanistan* (AUD-MERO-15-02, 11/2014)

OIG conducted this audit to determine whether the Bureau of International Narcotics and Law Enforcement Affairs (INL) had achieved intended and sustainable outcomes for its seven current counternarcotics (CN) initiatives in Afghanistan and whether INL had adequately monitored the administration of two initiatives that provide direct assistance—Governor Led Eradication and the Good Performers Initiative.

OIG found that the degree to which INL's CN program for Afghanistan had achieved desired results was unclear because INL had not fully developed or implemented performance measurement plans (PMPs)<sup>5</sup> to track progress for its CN initiatives and to allow for appropriate budgeting. As a result, INL cannot determine whether its Afghan CN initiatives were successful or should be revised, reduced, or canceled. Additionally, the long-term viability of CN initiatives was unclear because INL had not worked with the Government of the Islamic Republic of Afghanistan to develop required sustainment plans detailing how CN initiatives would continue without U.S. assistance.

OIG made recommendations for INL to better measure and manage program performance and communicate program results.

*Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 10, Kabul Embassy Security Force* (AUD-MERO-15-03, 10/2014)

OIG conducted this audit to assess: (1) whether the Department's oversight of the Kabul Embassy Security Force contract ensured that the contractor was performing in accordance with contract and task order terms and conditions, (2) whether the contractor's work was adequately monitored, (3) whether invoice review and approval procedures were in place to ensure accuracy and completeness of costs, and (4) whether Department monitoring and contractor performance ensured compliance with regulations related to Trafficking in Persons (TIP).

OIG found that A/LM/AQM did not ensure that all contract-required documentation was maintained at the place of performance as required by the contract. OIG also identified \$8,642,485 in questioned costs paid on 57 Task Order 10 invoices—\$1,726,155 in costs that may be unallowable by the contract and \$6,916,330 in costs that are not supported in accordance with contract requirements.

OIG also noted some issues with the Department's and the contractor's compliance with TIP requirements from Procurement Information Bulletin No. 2012-10, *Contractor Recruitment of Third-Country Nationals*. OIG also found that the contractor held third-country national (TCN) passports for periods longer than necessary, had inadequate TIP awareness training for TCNs, and lacked posters in TCN-native language requiring reporting of all TIP violations. These issues increase the

<sup>5</sup> A PMP is a tool that enables the systematic and objective collection, analysis, and reporting of performance data throughout the lifecycle of a project. When used correctly, PMPs provide managers with a coherent roadmap to assess the effectiveness of activities and track the progress of a project toward specific results. PMPs are also referred to as "performance monitoring plans" and "performance management plans."

risk of inappropriate practices that could lead to potential TIP violations.

OIG made recommendations that are intended to recover questioned costs and improve the management of Task Order 10.

*Audit of the Bureau of International Narcotics and Law Enforcement Affairs Law Enforcement Reform Program in Pakistan (AUD-MERO-15-04, 10/2014)*

OIG conducted this audit to evaluate the effectiveness of INL's Pakistan Law Enforcement Reform Program in enhancing the professionalism, survivability, mobility, and communications capacity of the Pakistani police through the provision of training, equipment, and infrastructure support.

OIG found that INL could not demonstrate that the Pakistani police training was effective in enhancing the professionalism of the Pakistani police; that the capability of the Pakistani police to maintain peace and security had increased; or that the equipment provided by the program improved the survivability, mobility, and communications capacity of the Pakistani police. This situation occurred because INL did not document evaluations of the program or collect data on whether the training, equipment, and infrastructure improved the performance of the Pakistani police. In addition, OIG also found that the program trained approximately 5,135 police officers—rather than the 33,290 police officers it planned to train—and it completed only 29 of the 69 infrastructure projects planned. This situation occurred because INL and the Government of Pakistan did not perform agreed-upon evaluations, did not set realistic performance measures, and did not adjust those

performance measures based on experience as the program progressed.

Also, INL had \$86.2 million in prior-year program funds that could have been reprogrammed and put to better use. In addition, INL had not adequately reconciled existing obligations to determine whether the obligations were still valid and had extended reimbursable advances to the Government of Pakistan without requiring previous advances to be accounted for and reconciled.

OIG made recommendations for INL to improve the program and its financial management.

*Audit of the Contract Closeout Process for Contracts Supporting the U.S. Mission in Afghanistan (AUD-MERO-15-14, 11/2014)*

An independent external auditor conducted this audit on OIG's behalf to determine whether the Department had effectively and efficiently closed out contracts supporting the U.S. Mission in Afghanistan, including: (1) whether the Department had complied with Federal and Department contract closeout requirements and (2) whether the Department had reviewed and identified funds remaining on physically completed contracts that could be deobligated.

The independent external auditor found that the Department did not consistently meet Federal and Department contract management and closeout requirements for the 87 Afghanistan-related task orders reviewed, valued at approximately \$8.4 billion. Specifically, the Department could not identify contracts and task orders nearing physical completion because contract files for 29 of

the 87 task orders (33 percent) were lost or prematurely destroyed or did not include the support needed to determine physical completion. The auditor identified 22 of the 87 task orders as physically completed, but none of those task orders met all of the documentation and timeline requirements of the closeout process.

The failure to properly close the task orders occurred, in part, because A/LM/AQM lacked a process for transitioning contract files from one contracting officer to another during a contract's lifecycle. In addition, the Department did not have systems in place for tracking the contract and task order periods of performance that would allow contracting officers to identify and monitor contracts and task orders nearing physical completion or to monitor the location of contract files. Further, the Department had not established comprehensive procedural guidance for contract closeout or ensured that the existing guidance was accurate. As a result, the Department could not locate or prematurely destroyed files for contracts valued at \$68 million. The Department also allowed \$6.3 million in unliquidated obligations to expire, and it failed to deobligate up to \$52 million in available no-year funding.

OIG identified similar issues in its December 2013 report *Audit of the Contract Closeout Process for Contracts Supporting the U.S. Mission to Iraq*. (AUD-MERO-14-06, 12/2013)

OIG made recommendations for the Department to improve management of the contract closeout process and determine whether funds could be deobligated.

*Audit of the Bureaus of Near Eastern Affairs and South and Central Asian Affairs Compliance With Federal and Department Premium Class Air Travel Policies*  
(AUD-MERO-15-16, 11/2014)

An independent external auditor conducted this audit on OIG's behalf to determine whether the Bureaus of Near Eastern Affairs (NEA) and South and Central Asian Affairs (SCA) complied with Federal and Department premium-class air-travel policies during FYs 2012 and 2013.

The independent external auditor found that NEA and SCA employees made only limited use of premium-class air-travel during FYs 2012 and 2013. However, the audit firm found that NEA and SCA did not fully comply with Federal and Department premium-class air-travel regulations and guidelines for 41 (47 percent) of the 87 travel authorizations reviewed. Specifically, for 5 (6 percent) of the 87 authorizations, travelers possibly applied an inappropriate justification for premium-class air-travel based on the duration of the travelers' flights. Also, an additional 36 (41 percent) of the 87 travel authorizations reviewed had at least one documentation problem, including missing and incomplete forms and itineraries that did not agree with the travel authorization. As a result, the Department had questionable costs of up to \$13,270 for improper authorizations and up to \$234,075 for 36 travel authorizations with missing, incomplete, or inaccurate documentation.

The independent external auditor also found that 25 (29 percent) of the 87 premium-class air-travel authorizations reviewed were not included in the Department's Premium Class



Travel Report submitted to the General Services Administration in FYs 2012 and 2013. As a result of these omissions, the Department's report of premium-class air-travel for FYs 2012 and 2013 was incomplete and inaccurate.

OIG made recommendations for the Department to improve NEA and SCA travel management processes.

*Audit of Department of State Humanitarian Assistance in Response to the Syrian Crisis*  
(AUD-MERO-15-22, 3/2015)

This report relates to Operation Inherent Resolve, the overseas contingency opera-

tion addressing the threats posed by the Islamic State of Iraq and the Levant, and was completed in accordance with OIG's oversight responsibilities under Section 8L of the Inspector General Act of 1978, as amended.

OIG initiated this audit to determine whether the Bureau of Population, Refugees and Migration's (PRM) administration and oversight of its humanitarian assistance provided in response to the Syrian crisis have been in accordance with Federal and Department regulations and guidance. OIG reviewed a judgment sample of four cooperative agreements, one grant, and two voluntary contributions. The seven instruments in the audit

### **Management Assistance Report:**

#### **Concerns With the Oversight of Medical Support Service Iraq Contract No. SAQMMA11D0073** (AUD-MERO-15-20, 12/2014)

OIG issued this report to address concerns with the oversight of the Medical Support Service Iraq contract that could expose the Department to unauthorized commitments and subsequent contractor claims for work performed outside the scope of the contract.

In June 2014, because of deteriorating security conditions in Iraq, NEA and Embassy Baghdad reduced chief of mission personnel in Baghdad by 1,379—from 3,988 direct hires and contractors to 2,609. These personnel were then relocated to Basrah and Erbil, Iraq; Amman, Jordan; Kuwait City, Kuwait; and to their countries of origin. To determine which chief of mission personnel would be relocated, Embassy Baghdad and NEA used a minimal staffing list, which is maintained to support emergency actions at post and is based on how many personnel the embassy could support in an emergency. Staff who were not included on the minimal staffing levels list were relocated, including all Medical Support Service Iraq contract oversight staff.

OIG learned of Embassy Baghdad management staff actions directing the contractor to perform work outside the scope of the Medical Support Service Iraq contract and of limited onsite oversight of the contract by a technically qualified and designated contracting officer's representative. These actions exposed the Department to incurring unauthorized commitments and possible contractor claims.

OIG made recommendations for the Department to designate contract oversight staff and return the staff to Embassy Baghdad for them to resume contract oversight duties and to communicate to Embassy Baghdad the consequences and penalties for embassy staff engaging in unauthorized contractor commitments.



sample represented 64 percent of the total amount of humanitarian assistance funds obligated in response to the Syrian crisis by PRM at that time.

From January 2012 through December 2013, PRM obligated \$635 million through cooperative agreements, a grant, and voluntary contributions for humanitarian assistance projects in Egypt, Iraq, Jordan, Lebanon, and Turkey. Then, from January through September 2014, funds obligated for humanitarian assistance more than doubled in just 9 months—increasing to \$1.36 billion. Because of the total amount of humanitarian assistance funds, and the rate at which the Department is obligating those funds, effective oversight of these funds is even more critical.

OIG found that PRM's performance in managing and overseeing the assistance instruments was mixed. Although PRM had personnel in country to conduct site visits and program evaluations, PRM staff did not always monitor or follow administrative procedures for PRM's assistance instruments in accordance with Department guidance. For example, PRM did not monitor the grant to ensure that the grantee spent funds for its intended purpose or met the award terms and conditions. Further, PRM did not comply with award file checklists and did not perform a proper grant closeout. Noncompliance with Depart-

ment guidance increased the risk of fraud, waste, and abuse. The limited oversight of these awards reduced the Department's ability to ensure that taxpayer funds were used as intended and that the activities funded met the goals and objectives of the award and the expected outcomes.

OIG made recommendations to improve the administration and monitoring of PRM's assistance instruments and recommendations to develop comprehensive guidance for grants to public international organizations.

### Ongoing Audit Work

At the close of this reporting period, the AUD was working on audits related to the Department's medical services contracts in Iraq, security services at Embassy Baghdad (Worldwide Protective Services contract Task Order 3), emergency action plans for U.S. Missions in North Africa, financial statements, capital planning, residential security at overseas posts, information security programs, and local guard contracting. AUD was also working with the Department of Defense to develop a strategic oversight plan for Operation Inherent Resolve and Operation United Assistance.



## 5. OFFICE OF INSPECTIONS

The Office of Inspections (ISP) provides the Secretary of State and Congress with independent evaluations of the operations of Department offices, posts abroad, and related activities.

OIG inspectors assess mission leadership and focus on three broad areas of concern: policy implementation, resource management, and management controls. ISP also conducts thematic reviews of Department programs and operations, and compliance follow-up reviews on some posts, offices, and bureaus inspected to revisit key issues to ensure implementation of recommendations.

From October 1, 2014, to March 31, 2015, the Office of Inspections issued 11 unclassified reports related to Department programs and operations. For a comprehensive list of OIG reports related to Department programs and operations issued during this reporting period, see Appendix A.

### Domestic Bureaus

*Inspection of the Bureau of Consular Affairs, Visa Services Directorate*  
(ISP-I-15-01, 10/2014)

OIG's review of the Visa Services Directorate in the Bureau of Consular Affairs, which supports the processing of all U.S. visa applications, found that visa system outages, a backlog of approximately 4,000 requests to make changes to consular systems, and the bureau's inability to monitor system performance put at risk fundamental operations. Lagging structural change contributed to inefficiency and resources not matched to operational needs. OIG recommended that the bureau establish scheduled outages and brought to

the attention of the bureau's leadership the fact that the office cannot effectively manage its current workload without modifying current systems.

*Inspection of the Bureau of Information Resource Management, Strategic Planning Office*  
(ISP-I-15-03, 10/2014)

The Strategic Planning Office (SPO) in the Bureau of Information Resource Management (IRM) has responsibilities throughout the Department, including development of the Department's information technology (IT) Strategic Plan and capital planning and investment control for \$1.4 billion in Department IT spending, without the necessary authority to compel compliance. Although nominally charged with providing strategic vision to the Department in matters of information management and technology, SPO was more typically consumed by budgetary matters and short-fuse tasks. SPO's IT strategic planning process was not inclusive, and the plan's implementation was not ensured. Inconsistent and unverified reporting of nonmajor IT projects and no clear definition of a reportable IT project contributed to a capital-planning and investment-control process that potentially did not include all Department IT investments. The integrated IT portfolio-management and asset-tracking application, iMATRIX, was not effective due to a lack of clear scope for its use and SPO's limited authority to enforce data quality controls and accountability. OIG

recommended that IRM conduct a review of the office's structure and develop action plans for the Department's IT Strategic Plan and Functional Bureau Strategy. OIG also made other recommendations in line with SPO's responsibilities.

## Overseas Missions

### ***Bureau of African Affairs***

*Inspection of Embassy Abidjan, Côte d'Ivoire (ISP-I-15-05A, 12/2014)*

Embassy Abidjan put staff on ordered departure from December 2010 to June 2011 and returned to being a fully accompanied post in March 2012. The ambassador inherited a number of internal management issues, including:

- low regard for front-office leadership
- serious problems in the management section
- deficiencies in the chancery construction
- challenges in finding and maintaining residential property (exacerbated by a rapid increase in U.S. direct-hire positions), regaining supervision over locally employed staff, and supervising and mentoring a large group of first- and second-tour officers.

In addition, Embassy Abidjan had suffered a series of building-system failures, caused by building defects dating to the original construction of the chancery, limited maintenance staff expertise, and the absence of preventive maintenance when the embassy was in evacuation status. In his first 6 months, the ambassador took steps to resolve these issues, and OIG made recommendations to keep these efforts on track.



Embassy Abidjan, Côte d'Ivoire (ISP-I-15-05A, 12/2014)

*Inspection of Embassy Niamey, Niger*  
(ISP-I-15-08A, 1/2015)

The high-threat environment limited Embassy Niamey's ability to provide adequate oversight of foreign assistance programs or support additional activities. In addition, cumulative effects of new Washington policy initiatives, expanded Department of Defense (DoD) activities, and hiring and wage freezes for locally employed staff resulted in stress and long hours for mission personnel and a lower capacity to address security and development issues. The embassy was understaffed to accomplish core mission functions, and lack of secure office space could further constrain staffing over the next decade. The Department of State was not recovering support costs of \$1.8 million annually for DoD temporary duty personnel, which constituted nearly 20 percent of all U.S. direct-hire employees. OIG made recommendations to address these issues.

*Inspection of Embassy Bamako, Mali*  
(ISP-I-15-11A, 1/2015)

The Department of State had not been recovering capital security cost-sharing support costs of an estimated \$700,000 annually for DoD temporary duty personnel at Embassy Bamako. Further, the embassy, built in 2006, experienced a series of building-system failures caused by a combination of building defects dating to the original construction of the chancery, limited maintenance staff expertise, and a lack of preventive maintenance while the embassy was in ordered departure status in 2012 and 2013. The Bureau of Overseas Buildings Operations was planning a major remediation of the embassy compound beginning in late 2014.

**Bureau of European and Eurasian Affairs**

*Inspection of Embassy Yerevan, Armenia*  
(ISP-I-15-07A, 1/2015)

Embassy Yerevan sought out innovative high-tech, low-cost projects and nontraditional mission partners to spur social and economic change in Armenia. The ambassador's unofficial embassywide community service organization garnered positive public recognition, but its unchartered status exposed the embassy to liability risk and concerns about use of U.S. Government property. The consular section provided good service to the public but failed to implement appropriate controls of visa referrals and was expending substantial personnel resources in unproductive endeavors. The technically proficient information management section was working to improve customer service.

*Inspection of Embassy Baku, Azerbaijan*  
(ISP-I-15-09A, 1/2015)

Embassy Baku's 100-year-old physical structure was in deplorable condition, despite the efforts of the management section. The Government of Azerbaijan repeatedly blocked embassy efforts to acquire a site for a new embassy compound, but the embassy continued to pursue options. Given the high-fraud, cash-based local economy, the combined financial management and human resources officer position was providing inadequate oversight of the embassy's financial operations. OIG recommended authorizing separate positions.



*Inspection of Embassy Tbilisi, Georgia*  
(ISP-I-15-10A, 1/2015)

During a period of political transition and regional instability in Georgia, the ambassador and deputy chief of mission directed Embassy Tbilisi's engagement to promote U.S. national objectives, particularly in the fields of democratic development and rule of law. The inspection team concurred with the embassy's assessment for additional staffing to sustain the United States' active and productive policy agenda in Georgia.

## Programmatic Reviews

*Review of the Department of State  
Disciplinary Process*  
(ISP-I-15-04, 11/2014)

The OIG review did not reveal major issues with the Department's processing of disciplinary actions. However, the Department missed opportunities to communicate to all employees throughout their careers its

expectations with regard to conduct; the proper way of reporting and addressing misconduct; and the real-life consequences of misconduct, including effects on promotions and careers. The inspection team did not find a single instance of a supervisor being held responsible through the disciplinary process for failing to identify misconduct or take corrective action. Other areas of concern included the absence of knowledge-management tools to produce comprehensive statistics on Departmentwide disciplinary processes, to manage document and workflow, and to track trends in discipline. The Bureau of Human Resources needed to conduct evaluations of the disciplinary programs of the bureaus over which it has delegated disciplinary authority.

*Review of State Messaging and Archive  
Retrieval Toolset and Record Email*  
(ISP-I-15-15, 3/2015)

A 2009 upgrade in the Department's system facilitated the preservation of emails as official



Embassy Tbilisi, Georgia (ISP-I-15-10A, 1/2015)

records. However, Department employees had not received adequate training or guidance on their responsibilities for using those systems to preserve “record emails.” Record email usage varied widely across bureaus and missions. The Bureau of Administration needed to exercise central oversight of the use of the record email function. OIG found that some employees did not create record emails because they did not want to make the email available in searches or feared that this availability would inhibit debate about pending decisions. System designers in the Bureau of Information Resource Management needed better understanding and knowledge of the needs of their customers to make the system more useful. A new procedure for monitoring the needs of customers would facilitate making those adjustments.

## Compliance Follow-up Review

*Compliance Follow-up Review of the Bureau of Conflict and Stabilization Operations (ISP-C-15-13, 2/2015)*

As of March 2015, the Department had complied with 36 of the 43 recommendations in the March 2014 inspection report on the Bureau of Conflict and Stabilization Opera-

tions.<sup>6</sup> The bureau corrected shortcomings in information technology, security, grants management, and Equal Employment Opportunity sections. However, essential recommendations involving the bureau’s mission and organization remained open.

The most significant new priority would increase the bureau’s planning and analytic capacity and limit overseas programs to avoid overlap with other bureaus and agencies. The Bureau of Human Resources was conducting a workforce and workload analysis that would be important to the success of rebalancing the bureau to focus on these new priorities. The analysis included a review of overlap with other bureaus and agencies.

OIG recommended that the Department reduce the number of deputy assistant secretary positions in the bureau to three as the bureau’s size did not warrant the fourth position. The bureau has authority to use personal services contracts to fill overseas positions only, but the team found three instances where it was using these contractors for work in Washington. The bureau had resolved the three cases and was adopting appropriate standard operating procedures on the use of contractors.

## Ongoing Inspection Work

At the close of this reporting period, the ISP was finalizing reports on subject areas related to Department programs and operations, including post inspections of Mexico City, Astana, Dushanbe, Riga, Tallinn, Antananarivo, and Port Louis, and an inspection of the Office of Civil Rights. In addition, ISP planned to issue reports on inspections of posts in Amman, Tokyo, Muscat, and Tunis; an inspection of the Bureau of Political-Military Affairs; reviews of Department compliance with program evaluation requirements and the Chief of Mission Statement of Assurance process; and a compliance follow-up review of the Accountability Review Board process. OIG inspection teams were conducting work involving the following bureaus: International Organization Affairs; Diplomatic Security; International Programs Directorate; Information Resource Management; Vendor Management Office; Energy Resources; and Comptroller and Global Financial Services.

<sup>6</sup> *Inspection of the Bureau of Conflict and Stabilization Operations (ISP-I-14-06, 3/2014).*

## 6. OFFICE OF INVESTIGATIONS

The Office of Investigations (INV) conducts worldwide investigations of criminal, civil, and administrative misconduct related to programs and operations of the Department, with a focus on procurement fraud and public corruption.

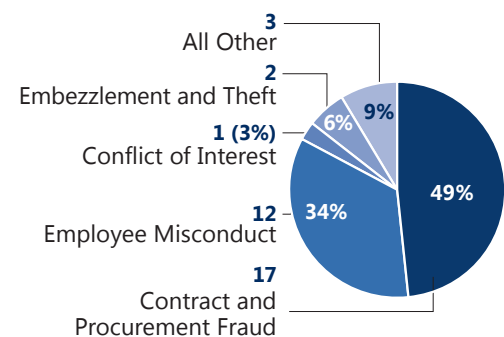
INV refers investigative results to the Department of Justice for prosecution and to the Bureau of Human Resources, the Bureau of Diplomatic Security, the Office of the Procurement Executive in the Bureau of Administration, and other entities for administrative or other appropriate action. OIG's growing involvement in investigations of complex

procurement fraud and public corruption has resulted in a significant rise in recoveries, suspensions, and debarments. For a summary of actions related to OIG investigative actions this reporting period, see Table 6.1. For a breakdown of cases closed this reporting period, see Figure 6.1.

**Table 6.1**  
**Resolutions Based on Investigative OIG Activity Related to Department of State Programs and Operations, 10/1/2014–3/31/2015**

<b>Preliminary Inquiries</b>	
Opened	24
Closed	21
<b>Investigations</b>	
Opened	46
Closed	35
Pending (3/31/2015)	149
<b>Criminal Actions</b>	
Indictments/Informations	1
Convictions	2
<b>Civil Actions</b>	
Civil Judgments	0
<b>Administrative Actions</b>	
Removals	1
Suspensions	1
Reprimands/Admonishments	3
Contractors/Grantees Suspended	4
Contractors/Grantees Debarred	25

**Figure 6.1**  
**OIG Investigative Cases Closed, 10/1/2014–3/31/2015**



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

### Contract Fraud

OIG conducted a joint investigation with the Special Inspector General for Afghanistan Reconstruction of allegations of bribery and gratuities in regard to a U.S. Institute of Peace (USIP) contract in Iraq. The investigation determined that a USIP employee and a contractor participated in a bid-rigging



scheme to ensure that the contractor's company won contracts in exchange for a fee to the USIP employee. On November 3, 2014, the contractor pled guilty to conspiracy to commit wire fraud and to pay gratuities. On January 23, 2015, the contractor was sentenced to time served and restitution in the amount of \$54,000.

OIG conducted a joint investigation with the Federal Bureau of Investigation of allegations that a company contracted by the Department to supply computer equipment did not make payments to numerous subcontractors who actually provided the equipment. The owner of the company pled guilty to conspiracy to commit wire fraud. On April 29, 2014, he was sentenced in U.S. District Court to 57 months in prison and ordered to make restitution of \$218,893 to various subcontractors. On January 15, 2015, the Department debarred the owner of the company and the company for a period of 3 years.

OIG conducted a joint investigation with the Special Inspector General for Afghanistan Reconstruction of a Department-funded contract in Afghanistan. The investigation determined that a U.S. Government contractor employee and co-conspirators created a company to provide products to the Department. They subsequently submitted false and fraudulent invoices to the Department seeking payment for goods that were not provided. On May 23, 2014, the contractor pled guilty to conspiracy to defraud the Department. On July 17, 2014, the Department debarred the contractor and the owner of the company for a period of 3 years. On February 18, 2015, one of the co-conspirators pled guilty in U.S. District Court in Worcester, Massachusetts, to one felony count of conspiracy to defraud the government.

OIG conducted an investigation involving a Department contracting officer (CO) and a contracting officer's representative (COR) in regard to the billing hours submitted under a contract for translating and interpreting services. The investigation determined that the CO did not properly manage contract oversight, which resulted in the Department being billed \$11,026 in supplemental hours that were not preauthorized, and that the COR did not complete the required training that would have certified him as a COR. On February 26, 2015, OIG was notified that the CO was given a verbal and written admonishment for delegating the oversight to an individual lacking proper training and certification and the COR was counseled on acting in any "COR-type of situation" unless he has received formal training and designation by the CO.

## Employee Misconduct

OIG conducted an investigation of allegations of use of public office for private gain by a Department employee working in Colombia. The investigation determined that the employee steered leases for rental properties by the embassy to a company that was owned by the employee's friend. The dollar value for the loss of annual rental costs, affecting 53 apartments, totaled approximately \$2.8 million. On February 27, 2015, the Department revoked the employee's security clearance, and, on March 25, 2015, the Department terminated her employment.

OIG conducted an investigation of allegations that a Department employee failed to report cash in his possession in excess of \$10,000 upon his return from a personal trip

to Peru. The investigation determined that the employee had falsified a required U.S. Customs Declaration form upon his reentry into the United States. Additionally, the employee admitted to having a personal relationship with a local national from Peru during his travels, but failed to complete a Foreign Contact report and submit it to the appropriate security officials. He also failed to list the local national as an associate on the questionnaire for national security positions. On November 6, 2014, the Department issued a 5-day suspension of the employee and on December 16, 2014, the Department issued a warning memorandum regarding the security issues.

OIG conducted an investigation involving allegations that a Department employee abused her authority as a manager and a COR. The investigation determined that the COR knowingly approved an invoice for payment that contained false information. On December 29, 2014, the employee was suspended for 3 days without pay.

## Grant Fraud

OIG conducted an investigation involving fraud and misappropriation of Department grant funds. The investigation determined that the grant recipient program manager and two case workers forged documents to manufacture fictitious requests for assistance differing from the intended use of the grant funds. The brother of the grant manager assisted in cashing or depositing the funds. On April 16, 2014, all four defendants appeared in U.S. District Court and pled guilty to conspiracy to commit theft from a federally funded program and are awaiting sentencing. On January 29, 2015, the Department suspended the defendants, and on March 24,

2015, the Department debarred them for a period of 3 years.

OIG conducted a joint investigation with the Inspector General for Afghanistan Reconstruction of allegations that a Department subgrantee had misappropriated funds. The investigation determined that the subgrantee executed a scheme to defraud the recipient of the grant by overstating its operating costs and depositing the funds in a separate account. On January 8, 2015, the Department debarred eight employees of the subgrantee and the company that were involved in the scheme for a period of 1 year.

OIG conducted an investigation of allegations that a Department grantee made false statements on its grant application that resulted in the company receiving a grant in the amount of \$575,000. The investigation determined that the grantee had no intention of performing the work under the grant, as the plan was to have a subgrantee company perform the work. The subgrantee company was formed to perform the grant; however, it was neither incorporated nor designated as a nonprofit and therefore was ineligible to receive a grant from the Department. On January 15, 2015, the Department debarred the grantee and his company for a period of 3 years.

OIG conducted a joint investigation with the Federal Bureau of Investigation of allegations of fraud and misappropriation of Department grant funds for a specific project in Iraq. The investigation determined that a former Department employee and a grant recipient submitted fraudulent invoices and used the grant funds for nonapproved projects. On January 15, 2015, the Department debarred the former employee, the grant recipient, and his company for a period of 3 years.

## Theft and Embezzlement

OIG conducted an investigation of a Department contract employee who stole government property and sold the items for personal gain. The contract employee pled guilty to

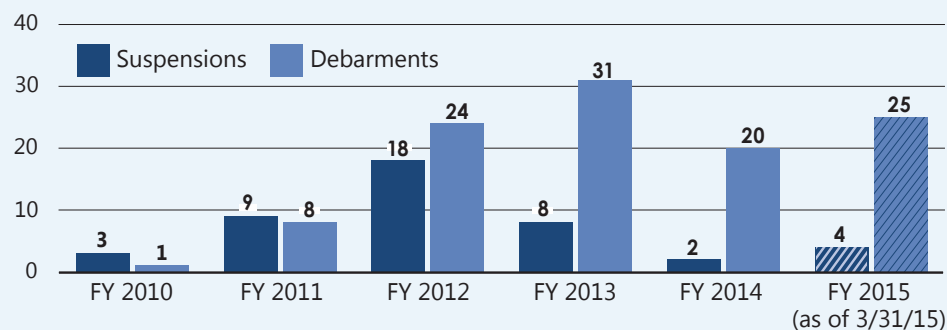
theft charges in U.S. District Court. On July 25, 2014, the employee was sentenced to 12 months of probation and 100 hours of community service. On October 21, 2014, the Department debarred the contract employee for 3 years.

### Suspensions and Debarments

OIG has enhanced its efforts to identify and refer appropriate cases to the Department for suspension and debarment. OIG prepares detailed suspension and debarment recommendation packages, including referral memoranda summarizing all relevant facts and setting forth the specific grounds for suspension or debarment. OIG submits these packages to the Department's Suspension and Debarment Officials for action. From FY 2011 to FY 2014, OIG referred 109 cases to the Department for action. During this reporting period, as a result of OIG referrals, 25 contractors were debarred from conducting business with the Federal Government. They include:

Afzali, Abdul Qawi	Kazandjian, Karen	Tajded Organization
Amin, Najibullah	Legal Aid Organization of Afghanistan	The Share Institute
Baghdassarian, Anna	Mahmood, Sayed Ahmad Najib	Walizada, Abdul
D & H Specialties	Muzafary, Sayed Ahmad Rateb	Walizada, Zahir
Damodar, Ashika N.	Nooristani, Mohammad Afzal	Xiao, Asher
Daniel, DeMarcus A.	Pekar, Tracy Jo	Yameen, Yameenullah
Golden Arrow Industry Co, Ltd.	Stolba, Soheir	Yeghikian, Zorik
Hasani, Samira		Yessaian, Dickran Tito
Holloway, Eric Labrunce		Yousif, Bandar Murad

### Suspension and Debarment Action Taken by the Department as a Result of OIG Referrals, FYs 2010–2015



## 7. OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

The Office of Evaluations and Special Projects (ESP) strengthens OIG's oversight of the Department, as well as improves OIG's capabilities to provide whistleblower protections. This office also reviews allegations of administrative misconduct by senior officials and issues management alerts to highlight the urgent need for corrective actions, and capping reports on thematic areas of concern. ESP and Special Projects also is responsible for special evaluations and reviews, including responses to congressional inquiries. The work of ESP complements the work of OIG's Offices of Audits, Investigations, and Inspections by developing a capacity to focus on broader systemic issues.

From October 1, 2014, to March 31, 2015, the Office of Evaluations and Special Projects issued three unclassified reports related to Department programs and operations. For a comprehensive list of OIG reports related to Department programs and operations issued during this reporting period, see Appendix A.

### *Review of Selected Internal Investigations Conducted by the Bureau of Diplomatic Security* (ESP-15-01, 10/2014)

OIG conducted a review of internal investigations conducted by the Bureau of Diplomatic Security (DS) following allegations of undue influence and favoritism related to the handling of eight internal investigations by the DS internal investigations unit. These allegations arose during the 2012 OIG inspection of DS.

OIG found that, in three of the eight internal investigations, there was an appearance of undue influence and favoritism by Department management, which is problematic

because it risks undermining confidence in the integrity of the Department and its leaders. These cases involved: (1) allegations of prostitution by a U.S. ambassador, (2) allegations of sexual harassment by a regional security officer, and (3) the unauthorized release of internal Department communications concerning a nominee for U.S. ambassador.

In four of the eight cases, OIG found no evidence of perceived or actual undue influence or favoritism. The eighth internal investigation reviewed by OIG concerned the use of deadly force during three incidents that took place during counternarcotics operations in Honduras in 2012. OIG has commenced a joint review of these incidents with the U.S. Department of Justice, Office of the Inspector General. OIG will issue a separate report on the matter.

OIG made two recommendations to enhance the integrity of the internal investigation process.

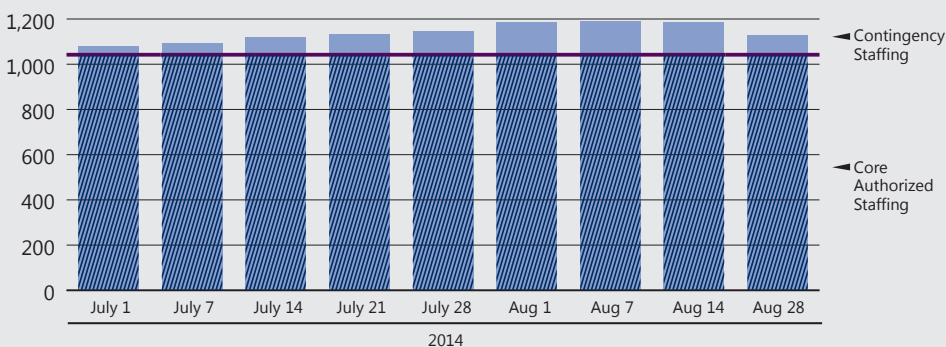
**Information Report:****Kabul Embassy Security Force Inquiry (ESP-15-02, 2/2015)**

OIG began this review after receiving allegations of staffing shortfalls in the Kabul Embassy Security Force (KESF) that negatively affected security at the embassy. OIG examined weekly KESF staffing data for all pay periods from July 1, 2014, to August 28, 2014, and found the following:

- There were no significant staff category shortages.
- The overall number of security personnel exceeded the 1,042 core authorized staffing levels for each of the weekly reporting periods.

OIG's review found that KESF staffing levels were higher than contractually required and that Embassy Kabul had amended the contract to add more guards in a security contingency.

As shown in the graphic below, the number of security personnel exceeded the authorized contract amount by as many as 38 to 186 staff per week (4 to 18 percent above core authorized staffing levels). OIG's examination also demonstrated that critical labor categories, such as medical officers, protective security specialists/marksmen, and canine handlers were staffed to their authorized levels.

**Task Order 10, Kabul Embassy Security Force, Authorized and Contingency Staffing**

Source: OIG analysis of Bureau of Diplomatic Security Task Order 10 staffing data.

*Review of the Use of Confidentiality Agreements by Department of State Contractors*  
(ESP-15-03, 3/2015)

OIG conducted this review after several media reports were published regarding the use of confidentiality agreements by Federal contractors. OIG initiated an inquiry into the use of such agreements by the 30 contractors with the largest dollar amount of Department contracts.

OIG found that all 30 contractors used some variation of a confidentiality agreement or confidentiality policy. Some contractors had policies or agreements that might have some chilling effect on employees who are considering whether to report fraud, waste, or abuse to the Government, such as nondisparagement clauses and provisions requiring notice

to the company after receiving an inquiry from a government official. However, none of the companies reported that they had ever enforced any of these provisions against an employee or former employee who disclosed wrongdoing to the Government. All 30 contractors also reported that they had a policy that encouraged the reporting of fraud or legal and ethical violations and provided one or more ways for employees to do so. From its review of the contractor responses and relevant legal and social science literature, OIG identified several best practices that are useful in encouraging employees to report fraud, waste, or abuse.

OIG made three recommendations to help ensure that contractor employees knew how to report waste, fraud, and abuse and were aware of the legal protections available to whistleblowers.

## Ongoing Evaluations and Special Projects Work

At the close of this reporting period, ESP was beginning an independent review of the Department's email communication policies and practices.

The office was working with the Department of Justice OIG to conduct a joint review of the post-incident responses by the Department and the Drug Enforcement Administration with regard to three drug interdiction missions in Honduras that involved the use of deadly force.

ESP was also taking steps to improve OIG's capabilities to meet statutory requirements of the Whistleblower Protection Enhancement Act of 2012 and other whistleblower initiatives. The whistleblower ombudsman, a senior attorney in this office, was leading efforts on four pending investigations filed by contractor employees who alleged: (1) termination in retaliation for raising concerns about sexual abuse; (2) termination in retaliation for disclosing contract billing improprieties; (3) demotion in retaliation for disclosing contract billing improprieties; and (4) termination in retaliation for disclosing concerns about a consulate's failure to abide by local laws.

## 8. FINANCIAL IMPACT OF OIG WORK RELATED TO THE DEPARTMENT OF STATE

During this reporting period, the Department made management decisions on \$142.4 million in recommendations involving questioned costs or potential funds put to better use. As of the close of this reporting period, the Department had not yet made management decision on \$412 million in questioned costs or funds that could be put to better use, as identified by OIG.

For the status of recommendations involving questioned costs in OIG reports on Department programs and operations, see Table 8.1. For the status of recommendations involving funds that could be put to better use, see

Table 8.2. For a summary of consolidated Department and BBG totals of potential monetary benefits identified by OIG during this reporting period, see Section 3 of this report.

### OIG Financial Lexicon

#### Questioned Costs<sup>a</sup>

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

**Allowed:**

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

**Disallowed:**

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

#### Funds Put to Better Use

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

**Agreed:**

The dollar value of recommendations that management agreed to implement.

**Disagreed:**

The dollar value of recommendations that management disagreed with implementing.

<sup>a</sup> "Unsupported Costs" is a subset of total "Questioned Costs."



**Table 8.1**  
**Status of OIG Recommendations to the Department of State Including Questioned Costs,**  
**10/1/2014–3/31/2015**

Recommendation Status	# Reports	Questioned Costs \$ Thousands	Unsupported Costs <sup>b</sup> \$ Thousands
A. No management decision made by start of the reporting period	8	\$128,320 <sup>a</sup>	\$39,985
B. Issued during the reporting period			
Audits	5	\$17,547	\$14,015
<b>Total (A+B)</b>	<b>13</b>	<b>\$145,867</b>	<b>\$54,000</b>
C. Management decision made during the reporting period			
(i) Disallowed costs		\$21,024	\$0
(ii) Costs not disallowed		\$100,190	\$38,000
<b>Subtotal</b>	<b>3</b>	<b>\$121,214</b>	<b>\$38,000</b>
<b>D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]</b>	<b>10</b>	<b>\$24,653</b>	<b>\$16,000</b>

<sup>a</sup> The final amount reported in OIG's September 2014 *Semiannual Report to the Congress* was adjusted based on updated information and analysis of open recommendations.

<sup>b</sup> "Unsupported Costs" is a subset of total "Questioned Costs."

**Table 8.2**  
**Status of OIG Recommendations to the Department of State Recommending Funds Be Put to Better Use,**  
**10/1/2014–3/31/2015**

Recommendation Status	# Reports	\$ Thousands
A. No management decision made by the start of the reporting period	21	\$262,064 <sup>a</sup>
B. Issued during the reporting period		
Audits	2	\$146,451
Inspections	1	\$149
<b>Subtotal</b>	<b>3</b>	<b>\$146,600</b>
<b>Total (A+B)</b>	<b>24</b>	<b>\$408,664</b>
C. Management Decision made during the reporting period		
(i) Dollar Value of Recommendations Agreed to by Management		\$13,238
(ii) Dollar Value of Recommendations Not Agreed to by Management		\$7,929
<b>Subtotal</b>	<b>6</b>	<b>\$21,167</b>
<b>D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]</b>	<b>18</b>	<b>\$387,498</b>

<sup>a</sup> The final amount reported in OIG's September 2014 *Semiannual Report to the Congress* was adjusted based on updated information and analysis of open recommendations.

### Office of Management and Budget Circular A-133 Audits

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations,<sup>7</sup> establishes audit requirements for state and local governments, colleges and universities, and nonprofit organizations receiving Federal awards. Under this circular, covered entities that expend \$500,000 or more a year in Federal funds must obtain an annual organizationwide "single audit" that includes the entity's financial statements and compliance with Federal award requirements.

OIG reviews selected audit reports for findings and questioned costs related to Department awards and to ensure compliance with OMB Circular A-133. In this reporting period, OIG's Office of Audits reviewed 13 OMB

Circular A-133 audit reports covering \$35.8 billion in Federal funds.<sup>8</sup> Of this amount, Department funds totaled \$630 million. Eight of the 13 reports documented the awardee's noncompliance with Federal requirements, to include weaknesses related to segregation of duties, documentation of procurement decisions, subrecipient monitoring, unauthorized transactions, coding of grant expenses, and audit report submissions. OIG referred questioned costs of \$133,155 to Department program officials for resolution or follow-up as identified in five of the reports. OIG also conducted follow-up on prior year's questioned costs of \$600,804 referred to Department program officials for resolution in prior periods. Table 8.3 summarizes OIG's reviews of non-Federal audits conducted during this reporting period and the Department's decisions to allow or disallow the questioned costs.

**Table 8.3**  
**Inspector General-Referred A-133 Audit Reports With Questioned Costs**

		# Reports	Questioned Costs \$ Thousands
A.	For which no management decision had been made by the commencement of the reporting period	6	\$601
B.	Issued During Reporting Period	5	\$133
	<b>Subtotal Questioned Costs (A+B)</b>	<b>11</b>	<b>\$734</b>
C.	For which a management decision was made during the reporting period		
	(i) Disallowed costs	0	\$0
	(ii) Costs not disallowed	2	\$302
	<b>Total Management Decisions</b>	<b>2</b>	<b>\$302</b>
D.	For which no management decision has been made by the end of the reporting period	9	\$432

**Note:** Dollar amount may be affected by rounding.

<sup>7</sup> As of December 26, 2014, this circular has been superseded by 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. However, the reviews conducted by OIG during the reporting period utilized the guidance prescribed in OMB Circular A-133.

<sup>8</sup> Three of these reviews were referred by other Offices of Inspector General; one of which was for an audit report for the fiscal year ending December 31, 2012.

## Defense Contract Audit Agency Audits

The Department's Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), provided information that pertains to audits of contracts awarded by the Department. A/LM/AQM's Business Operations Division, Quality Assurance Branch, is responsible for initiating and coordinating audits with

the Defense Contract Audit Agency (DCAA) in support of the contracting officers. The questioned costs represent the total of all questioned dollars in DCAA audit reports issued during this reporting period. The management decision captures the resolution of audit reports made by the contracting officer during this reporting period to allow or disallow questioned costs. OIG did not verify, or otherwise audit, the values shown in Table 8.4 for the information A/LM/AQM provided.

**Table 8.4**  
**Defense Contract Audit Agency Audit Reports With Questioned Costs**

	# Reports	Questioned Costs \$ Thousands
A. For which no management decision had been made by the commencement of the reporting period	10	\$32,286
B. Issued During Reporting Period		
<i>Independent Audit Report on Select Costs for Coastal International Security, Inc. Under Contract Number SALMEC05D0033 Billed on Invoices 101-117 for Fiscal Years 2005-2006 (DCAA Report No. 2013J17900001, December 23, 2014)</i>		\$2,500
<i>Report on DynCorp's SAQMPO5C1103 FY 2009 Proposed ODC and Subcontract Costs (DCAA Report No. 2011D17900024, February 20, 2015)</i>		\$393
<i>Audit Report of DynCorp International, LLC Cost Reimbursable CLINs 34-41 Through CFY2011 (DCAA Report No. 2009D17900048, March 23, 2015)</i>		\$2,582
<i>Audit Report of DynCorp International, LLC Travel and Other Direct Costs Proposed Under CIVPOL Contract SLMAQM040030, Task Orders 3063 and 4671 Contractor Fiscal Year 2009 (DCAA Report No. 2011D17900019, March 24, 2015)</i>		\$1,405
<i>Independent Audit Report on DynCorp International LLC's (DI's) Other Direct Costs (ODCs) Incurred/Invoiced on Contract Line Item Number (CLIN) 40 Under Civilian Police (CIVPOL) Contract Number S-LMAQM-04-C-0030 Task Orders (TOs) S-AQMMA-08-F-5375 and S-AQMPO5-F-4305 (DCAA Report No. 2011S17900005, March 25, 2015)</i>		\$34,303
<b>Total Issued During the Reporting Period</b>	<b>5</b>	<b>\$41,183</b>
<b>Subtotal Questioned Costs (A + B)</b>	<b>15</b>	<b>\$73,469</b>
C. For which a management decision was made during the reporting period		
(i) Disallowed costs		\$284
(ii) Costs not disallowed		\$14,936
<b>Total Management Decisions</b>	<b>6</b>	<b>\$15,221</b>
D. For which no management decision has been made by the end of the reporting period	9	\$58,248

**Note:** Dollar amounts may be affected by rounding.

## 9. COMPLIANCE

OIG tracks and documents the status of OIG report recommendations and agency follow-up actions. OMB Circular A-50 requires prompt resolution and corrective action on OIG recommendations. The circular further states that resolutions shall be made within 6 months after the final report is issued, with corrective action proceeding as rapidly as possible.

Tables 9.1-9.4 provide detailed information about the status of OIG recommendations. The Department did not revise any of its previous significant management decisions

during this reporting period, and it made no significant management decisions with which OIG disagreed.

### OIG Compliance Lexicon

#### Open

**Unresolved:** No agreement between OIG and management on the recommendation or proposed corrective action (remains open).

**Resolved:** Agreement on the recommendation and proposed corrective action (remains open) but implementation has not been completed.

#### Closed

Agreed-upon corrective action is complete.

**Table 9.1**  
**Report Recommendations Without Management Decision by the Department of State for More Than 6 Months, as of 3/31/2015**

Report	Description
<b>Office of Audits</b>	
<i>Management Alert: OIG Findings of Significant and Recurring Weaknesses in the Department of State Information System Security Program</i> (MA-A-0001, 1/2014)	OIG recommended that the Department, through the Management Control Steering Committee (MCSC), elevate the existing Federal Information Security Management Act (FISMA) significant deficiency designation of the Information System Security Program to a Federal Managers Financial Integrity Act (FMFIA) material weakness. On June 2, 2014, the Department reported that the MCSC voted to report the matter as a FMFIA significant deficiency instead of a material weakness as OIG advised. Many of the security control weaknesses identified in OIG's prior FISMA reports continue to exist as shown in the results of the OIG's 2014 FISMA audit and penetration testing. These weaknesses significantly impact the information security program and could adversely affect the confidentiality, integrity, and availability of information and information systems. Because the MCSC process is an annual process and underway for the current year, OIG has requested re-consideration of the status of the weakness for FY 2015. Therefore, recommendation No. 1 remains unresolved.
<i>Compliance Followup Audit of Department of State Actions To Address Weaknesses in the Ownership, Award, Administration, and Transfer of Overseas Construction Funded by the President's Emergency Plan for AIDS Relief</i> (AUD-ACF-14-32, 8/2014)	OIG recommended that the Regional Procurement Support Office in Frankfurt, Germany, determine whether the balance of \$5,213,502 in obligations remaining on nine contracts and task orders are still necessary and, if not, deobligate them. The Bureau agreed with recommendation and stated that it had begun to research the questioned items in its latest response dated September 22, 2014. However, because management did not provide a decision with respect to the validity of the \$5,213,502 in obligations identified by OIG, Recommendation 1 remains unresolved.
<i>Audit of Personal Property Accountability at U. S. Mission Iraq</i> (AUD-MERO-14-18, 6/2014)	OIG recommended that U.S. Embassy Baghdad establish a tracking system to record and monitor the physical location and condition of loaned personal property in accordance with the Memorandum of Agreement between the U.S. Army and the Department of State U.S. Mission in Iraq. While the Embassy described some of the actions it has taken in its response to the draft report, it did not agree with the recommendation nor did it provide evidence of these actions or the status of the tracking system. OIG also recommended that U.S. Embassy Baghdad investigate and report to the Bureau of Diplomatic Security the location and status of the three sensitive special protective equipment items reported as "lost, damaged, or destroyed," as well as any corrective actions taken to update the records in the Secure-Integrated Logistics Management System. Embassy Baghdad stated that it disagreed with this recommendation in its response to the draft report. Embassy Baghdad has not provided a response to the final report. Therefore, Recommendations 2 and 4 remain unresolved.

(continued on next page)

Report	Description
<p><i>Audit of Grant Closeout Processes for Selected Department of State Bureaus</i> (AUD-CG-13-31, 6/2013)</p>	<p>OIG recommended that the Bureau of Population, Refugees and Migration (PRM) review the remaining six expired grants from the March 1, 2012, OIG sample, 202 expired grants, totaling approximately \$8.2 million, in the Payment Management System (PMS), and remaining 433 zero balance grants; reconcile the approximately \$8.4 million in the Payment Management System (PMS) to the approximately \$6.1 million recorded in the Global Financial Management System to appropriately deobligate and potentially use available funds for other designated purposes and (b) subsequently close those grants in PMS to avoid unnecessary administrative fees. OIG also recommended that the Bureau of Educational and Cultural Affairs; the Bureau of Population, Refugees and Migration; and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management 1) establish specific procedures for grants officers and grants officer representatives to periodically report to their respective bureau on the progress of completing timely closeout of expired grants; 2) develop performance metrics for bureau grants officers and grants officer representatives for timely grant closeout of expired grants; and 3) each develop procedures to periodically review respective official grant files to ensure timely, complete, and accurate grant closeouts. At the time the report was issued, OIG had resolved these recommendations based on responses from all three Bureaus. However, since the report was issued in final, OIG has not received any information from PRM. As a result of this extensive delay, OIG changed the status of Recommendations 4-6 and 10-12 to unresolved effective March 31, 2015.</p>
<p><i>Audit of Department of State Application of the Procurement Fee To Accomplish Key Goals of Procurement Services</i> (AUD-FM-13-29, 5/2013)</p>	<p>OIG recommended that the Bureau of Administration, in coordination with the Bureau of Budget and Planning, create a separate point limitation within the Working Capital Fund for the Procurement Shared Services (PSS) service center. Both the Bureau of Administration and the Bureau of Budget and Planning disagreed with this recommendation, stating the Bureau of Administration had "its own unique allotment code" that would allow the Bureau of Administration to "track all revenue, obligations, liquidations, and carry forward" amounts. OIG's intent was to ensure that funds collected by the PSS service center were used for acquisition-related needs, which is a high-priority within the Department and has requested that the Department propose an alternative methodology that fulfills the intent of the recommendation. The Bureau's last response, dated July 17, 2014, did not propose any alternative methodologies and reaffirmed its disagreement with the recommendation. Therefore, recommendation No. 1 remains unresolved.</p>

(continued on next page)

Report	Description
<i>Evaluation of Emergency Action Plans for U.S. Mission Afghanistan</i> (AUD-MERO-13-20, 3/2013)	OIG recommended that Embassy Kabul establish formal agreements on the roles and responsibilities of non-Department of State law enforcement agencies during events requiring implementation of the Emergency Action Plan. On May 22, 2014, Embassy Kabul responded that an informal information memorandum and Post Agreement had been completed and considered to be sufficient action. OIG does not agree that these documents constitute acceptable alternative actions that are sufficient to address OIG's concerns. OIG holds the position that other law enforcement entities that wish to participate in responding to events requiring implementation of the Emergency Action Plan should state so in advance of an actual emergency and should have previously established formal agreements with the Embassy that address their specific roles and responsibilities when responding to an emergency. Such formal agreements have been developed and implemented at other posts. On October 1, 2014, Embassy Kabul reaffirmed its position. Therefore, recommendation No. 6 remains unresolved.
<i>Evaluation of Invoices and Payments for the Embassy Baghdad Operations and Maintenance Contract</i> (AUD-MERO-12-43, 9/2012)	OIG recommended that the Bureau of Administration direct the contracting officer to conduct a comprehensive review of all contractor invoices before the Embassy Baghdad operations and maintenance contract is closed to determine whether the contractor submitted adequate supporting documentation for all reimbursable costs, to include the \$1.7 million identified in this report. The recommendation was previously considered resolved based on the Bureau's agreement in December 2012 to make a determination regarding the allowability of reimbursable costs, including the \$1.7 million identified in the report, following DCAA incurred cost audits. However, the Bureau's latest response indicates that these audits will not be completed until sometime in FY 2016, more than three years after the final report and the recommendation were issued. OIG does not find the response satisfactory to continue to consider the recommendation resolved with respect to the allowability of the \$1.7 million in questioned costs identified in the report. Therefore, as of March 31, 2015, the status of Recommendation 3 was changed to unresolved.

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Report	Description
<i>Afghan National Police Training Program Would Benefit From Better Compliance With the Economy Act and Reimbursable Agreements</i> (AUD/CG-11-44, 8/2011)	OIG recommended that the Department of State identify and return funds to the Department of Defense that were improperly obligated; develop and implement policies and procedures to ensure that any appropriation limitations on funds transferred to other U.S. Government agencies were taken into account before obligating funds for personal services contracts; and develop policies and procedures to ensure that before obligating funds under an Economy Act order, the Department validated that the ordering agency had the necessary authority to obligate funds for those purposes. The Bureau of International Narcotics and Law Enforcement Affairs was requested to respond to the recommendations by January 9, 2012. However, OIG had not received a response as of the end of this reporting period. Therefore, two recommendations (Nos. 1.d and e) remain unresolved.
<i>Department of Defense Funds Provided to Department of State for the Afghan National Police</i> (AUD/CG-11-30, 7/2011)	OIG recommended that the Department perform a joint investigation with the Defense Security Cooperation Agency of potential Antideficiency Act violations of funds obligated outside the scope of the reimbursable agreements. The Bureau of the Comptroller and Global Financial Services was requested to respond to the recommendations by February 6, 2012. However, OIG had not received a response as of the end of this reporting period. In addition, OIG has not received a response from the Bureau of Administration on previously resolved Recommendations A.6, and B.4.a-f since September 2012 and June 2011, respectively. As a result, OIG changed the status of Recommendations A.6, and B.4.a-f to unresolved effective March 31, 2015. Therefore, 13 recommendations (Nos. A.6, A.8.a-f, and B.4.a-f) are unresolved.
<b>Office of Inspections</b>	
<i>Inspection of Embassy Bujumbura</i> (ISP-I-14-20A, 7/2014)	OIG recommended that Embassy Bujumbura relocate the emergency power-off controls for the information systems center and information programs center computer rooms to outside the main doors, and install plastic covers to protect from accidental triggering. Post reported that it installed the plastic covers; however, OBO disagreed with relocating the emergency power-off controls and reported that it does not comply with Article 645.10 of the National Electrical standards. OBO reports that it is working with Diplomatic Security to revise 12 FAM 629.4.3 (b) to be in conformity with international codes and OBO/OPS/FIR requirements regarding the location of EPO switches.
<i>Review of Remote Voucher Processing</i> (ISP-I-14-21, 7/2014)	In the Review of Remote Voucher Processing, OIG found that the Department could save millions in annual funding dollars if it processed vouchers remotely from low-cost locations, rather than from embassies in higher-cost locations. In FY 2013, voucher processing costs at large and medium sized embassies totaled \$32 million. Only 13 percent of embassy-funded vouchers were processed remotely in 2013. Remote voucher processing can also improve internal controls through consistency. OIG recommended that the Under Secretary for Management mandate that 20 embassies with the highest potential costs savings increase the percentage of vouchers they process by 50 percent by the end of 2016. This is expected to save \$4.3 million annually. M/PRI reported that it does not agree with the recommendations as written.

Table 9.2

**Department of State Management Success in Resolving and Implementing Recommendations,  
10/1/2014–3/31/2015**

Report	Description
<b>Office of Inspections</b>	
<i>Inspection of Embassy Moscow, Russia and Constituent Posts</i> (ISP-I-13-48, 9/2013)	<p>In the September 2013 Inspection Report of Embassy Moscow and Constituent Posts, OIG reported that due to the Russian Government's May 2013 termination of the bilateral agreement (under which judicial and legal reform and law enforcement training programs operate) the four programs funded by the Bureau of International Narcotics and Law Enforcement Affairs (INL) in Russia could be managed at a lower cost from Washington; and there was insufficient justification to maintain a separate INL section which included a U.S. direct-hire officer and three LE staff positions. OIG recommended and Embassy Moscow agreed to abolish the direct hire officer position at the end of the incumbent's tour, which is scheduled for Summer 2016. Two of the locally employed staff positions have been abolished resulting in \$90,694 in funds put to better use.</p> <p>OIG also found that property holdings at Embassy Moscow and the consulates general were excessive and included broken, unserviceable and obsolete items. OIG recommended that Embassy Moscow identify and dispose of unneeded property as required by Department of State regulations. In response to the recommendation, Embassy Moscow reported a warehouse sale of property, vehicles and shipping containers resulting in \$131,150 funds put to better use.</p>
<i>Inspection of the Florida Regional Center Fort Lauderdale</i> (ISP-I-13-33, 6/2013)	In the June 2013 Inspection Report of the Florida Regional Center Fort Lauderdale, OIG recommended the elimination of the contract for the warehouse logistician position. The Bureau of Western Hemisphere Affairs eliminated the contractor resulting in \$99,840 of funds put to better use.
<i>Inspection of the Regional Support Center Frankfurt, Germany</i> (ISP-I-13-32, 6/2013)	In the June 2013 Inspection Report of the Regional Support Center Frankfurt, OIG recommended the elimination of two locally employed financial management analyst positions. The Bureau of European and Eurasian Affairs abolished two locally employed staff financial management positions resulting in \$349,200 of funds put to better use.
<i>Inspection of Embassy Nairobi, Kenya</i> (ISP-I-12-38A, 8/2012)	In the August 2012 Inspection Report of Embassy Nairobi, OIG recommended that the Department eliminate the 3/3 Kiswahili language designation from the political-military officer position and the 2/2 French language designation from the regional information resource officer position. During the 2014 Triennial Review of Language Designated Positions, the Department approved the elimination of Kiswahili and French language designations for the two positions resulting in \$236,290 of funds put to better use for language training.

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Report	Description
<i>Inspection of Embassy Vienna, Austria</i> (ISP-I-12-16A, 3/2012)	In the March 2012 Inspection Report of Embassy Vienna, OIG recommended that Post eliminate position N21010 in the political/economic section when the incumbent retired. Embassy Vienna reported that the workload and regional relevance of this section had increased, and proposed the alternative solution of maintaining and downgrading the position from FSN-11 to FSN-9 for recurring annual savings of \$65,706. The OIG accepted this solution as alternative implementation.
<i>Inspection of the American Institute in Taiwan</i> (ISP-I-12-12A, 2/2012)	In the February 2012 Inspection Report of the American Institute in Taiwan, OIG recommended that the American Institute in Taiwan begin planning for the transition to the Department's cost allocation system. In order to more closely align the cost distribution for AIT's management platform to the Department's International Cooperative Support Services cost sharing structure, the Bureau of East Asian and Pacific Affairs agreed to shift the cost of five management positions to AIT's Indirect Cost Sharing System in FY 2016 for \$1.4 million in cost savings as the salaries, allowances, rent, utilities, and communications costs will be shared among the customer agencies.
<i>Inspection of Embassy Warsaw, Poland</i> (ISP-I-11-64, 9/2011)	In the September 2011 Inspection Report of Embassy Warsaw, Poland, OIG recommended that the embassy reduce and consolidate staff in several sections. In response to OIG's recommendations, Embassy Warsaw took action to eliminate or consolidate several positions, resulting in \$1,164.950 in funds put to better use.

**Table 9.3**  
**Significant Resolved Office of Audits Recommendations Pending Final Department of State Action For More Than 12 Months**

Report #	Rec. #	Recommendation Summary	First Reported
MA-A-0002		<i>Management Alert on Contract File Management Deficiencies</i>	3/2014
	1	OIG recommended that the Bureau of Administration, Office of the Procurement Executive, develop and implement a process to randomly sample and verify the completeness of contract files, including contract files maintained by contracting officers' representatives and other supporting personnel.	
	2	OIG recommended that the Bureau of Administration, Office of the Procurement Executive, provide the results of its reviews as set forth in recommendation one to the appropriate bureaus and offices to ensure that contracting officers, contracting officers' representatives, as well as their supervisors and other supporting personnel who do not adequately maintain contract files are held accountable and are required to update contract files in accordance with Federal and Department policies.	
	3	OIG recommended that the Under Secretary for Management ensure that contracting officers and their supporting personnel, and Bureau of Administration, Office of the Procurement Executive, specialists conducting oversight visits have resources sufficient to maintain adequate contract files in accordance with relevant regulations and policies.	
AUD-FM-14-17		<i>Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts</i>	3/2014
	4	OIG recommended that the Bureau of Diplomatic Security (DS), in coordination with the Bureau of Overseas Buildings Operations (OBO), develop and implement a process to collect and maintain a comprehensive list of all posts' physical security-related deficiencies. The list of physical security deficiencies should include all needs, not just those that have been approved or instances of non-compliance with standards. The process should also require that the list be updated when new physical security deficiencies are identified. If DS and OBO elect to use the DS SharePoint Tool as the basis for maintaining a list of physical security needs, DS should ensure that OBO's requirements are integrated into the development of the tool and that OBO has sufficient access to the information.	

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Report #	Rec. #	Recommendation Summary	First Reported
	8	OIG recommended that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and implement formal standardized processes to prioritize physical security-related deficiencies at posts by category, such as major physical security upgrades, forced-entry/ballistic-resistant projects, and minor physical security upgrades. The prioritizations should be performed based on a comprehensive list of all physical security needs and should be periodically updated based on changes in risk factors or posts' needs. The processes used to perform the prioritizations should be documented and repeatable. In addition, in developing the processes, consideration should be given to how the Overseas Security Policy Board standards will be utilized, what risk factors will be considered, and what impact upcoming major rehabilitation projects or new construction would have on the prioritized rankings.	
AUD-MERO-14-06		<i>Audit of the Contract Closeout Process for Contracts Supporting the U.S. Mission in Iraq</i>	12/2013
	9	OIG recommended that the Bureau of Administration, Office of the Procurement Executive, in conjunction with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop and implement an e-Filing policy and document management system to provide effective contract file inventory control and documentation standards while allowing for ready accessibility through a central locator system. The policy should include minimum guidance over the completeness of data contained in the files and a schedule of milestones identifying mandatory implementation dates.	
AUD-MERO-14-08		<i>Audit of Emergency Action Plans for U.S. Mission Pakistan</i>	12/2013
	10	OIG recommended that the Bureau of Diplomatic Security establish a process to validate the adequacy of Emergency Action Plans at high-threat posts, such as U.S. Embassy Islamabad and U.S. Consulates General Karachi, Lahore, and Peshawar, by reviewing and assessing the resources listed in the plans for addressing each type of Emergency Action Plan emergency.	
AUD-HCI-13-40		<i>Audit of Department of State Compliance With Physical Security Standards at Selected Posts Within the Bureau of African Affairs</i>	9/2013
	1	OIG recommended that the Bureau of African Affairs, in conjunction with the Bureau of Diplomatic Security and the Bureau of Overseas Buildings Operations, assess the security posture of all African posts awaiting relocation to New Embassy Compounds and develop a plan to correct or mitigate identified physical security deficiencies.	

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Report #	Rec. #	Recommendation Summary	First Reported
	2	OIG recommended that the Bureau of African Affairs, in conjunction with the Bureau of Diplomatic Security and the Bureau of Overseas Buildings Operations, identify all personnel under chief of mission authority that are permanently located at off-compound facilities under the purview of Bureau of African Affairs posts and assess whether these facilities comply with physical security standards.	
	3	OIG recommended that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security and the Bureau of African Affairs, plan and execute any necessary upgrades to off-compound facilities where personnel under chief of mission authority are permanently located in accordance with current physical security standards.	
AUD-MERO-13-37		<i>Audit of Department of Bureau of international Narcotics and Law Enforcement Affairs Corrections Systems Support Program in Afghanistan</i>	9/2013
	3	OIG recommended that the Bureau of Budget and Planning, in coordination with the Director of Foreign Assistance, revise and reissue 18 FAM 300 to <ul style="list-style-type: none"> <li>• require mandatory use of supplemental program management guidance for all Department programs and projects;</li> <li>• require that all programs and projects prepare comprehensive management plans that include an overall strategy, goals, objectives, schedules, timelines, risks, and desired end state;</li> <li>• establish a threshold for programs and projects across all Department bureaus and offices for performance evaluation purposes;</li> <li>• require mandatory annual performance evaluations for all programs and projects that are high-risk or meet the designated threshold;</li> <li>• include guidance for evaluating sustainability of programs; and</li> <li>• require bureaus provide the evaluations to the Office of Performance and Planning for review.</li> </ul>	
AUD-MERO-13-33		<i>Audit of the U.S. Mission Iraq Staffing Process</i>	8/2013
	2	OIG recommended that U.S. Embassy Baghdad, in coordination with the Bureau of Near Eastern Affairs and the Office of Management Policy, Rightsizing and Innovation, conduct a systematic analysis of staffing requirements based on the policy priorities, programs, operations, conditions, and other relevant factors specific to U.S. Mission Iraq.	
AUD-CG-13-31		<i>Audit of Grant Closeout Processes for Selected Department of State Bureaus</i>	6/2013
	1	OIG recommended that the Bureau of Educational and Cultural Affairs review the remaining eight expired grants from the March 1, 2012 OIG sample and (a) reconcile the approximately \$9.6 million in the Payment Management System to the approximately \$3.3 million recorded in the Global Financial Management System to appropriately deobligate and potentially use available funds for other designated purposes, and (b) subsequently close those grants in the Payment Management System to avoid unnecessary administrative fees.	

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## OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

Report #	Rec. #	Recommendation Summary	First Reported
	8	OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, (a) review the remaining 248 expired grants, totaling approximately \$13.8 million, in the Payment Management System as of March 1, 2012, to determine whether the funds associated with those grants can be deobligated in the Global Financial Management System and used for other purposes and (b) subsequently close those grants in the Payment Management System to avoid unnecessary administrative fees.	
AUD-MERO-13-25		<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract—Task Order 5 for Baghdad Movement Security</i>	3/2013
	1	OIG recommended that the Bureau of Diplomatic Security and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, institute procedures to ensure that a needs-based analysis is conducted and documented prior to establishing all Worldwide Protective Services task order staffing requirements and prior to exercising task order options.	
	3	OIG recommended that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, establish a process to ensure that Worldwide Protective Services contract staffing requirements are adjusted when needs change during the contract performance period.	
AUD-MERO-13-20		<i>Evaluation of Emergency Action Plans for U.S. Mission Afghanistan</i>	3/2013
	8	OIG recommended that the Bureau of Diplomatic Security establish a process to validate the adequacy of Emergency Action Plans at high-threat posts, such as Embassy Kabul, by reviewing and assessing the resources listed in the plans for addressing each type of Emergency Action Plan emergency.	
AUD-MERO-13-18		<i>Compliance Followup Review of Department of State Internal Controls Over the J. William Fulbright Scholarship Fund in Pakistan</i>	12/2012
	1	OIG recommended that the Bureau of Educational and Cultural Affairs, in coordination with Embassy Islamabad, develop a process to ensure that the United States Educational Foundation in Pakistan complies with the internal control requirements of Finance and Accounting Manual Section 4.2 to include ensuring segregation of duties, restricting administrator-level access, and establishing comprehensive audit trails.	
AUD-HCI-13-02		<i>Audit of U.S. Department of State Use of Short-Term Leases Overseas</i>	12/2012
	5	OIG recommended that the Bureau of Diplomatic Security, in coordination with the Bureau of Overseas Buildings Operations, revise volumes 12 of the Foreign Affairs Manual and the Foreign Affairs Handbook to account for the revisions in volume 15 of the Foreign Affairs Manual regarding leases.	
	6	OIG recommended the Bureau of Overseas Buildings Operations establish guidelines and procedures that require posts to track and report on make-ready funds expended for individual properties to help ensure funds are expended for authorized purposes and do not exceed the Department of State limitation.	

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Report #	Rec. #	Recommendation Summary	First Reported
AUD-SI-12-49		<i>Outline for Action: Physical Security Concerns at Embassy Quito</i>	9/2012
	4	OIG recommended that Embassy Quito consider options to mitigate the setback deficiency.	
AUD/MERO-12-29		<i>Evaluation of the Antiterrorism Assistance Program for Countries Under the Bureaus of Near Eastern Affairs and South and Central Asian Affairs</i>	4/2012
	1	OIG recommended that the Bureau of Diplomatic Security, in coordination with the Bureau of Counterterrorism, establish a monitoring and evaluation system that includes clearly defined and measurable outcome-oriented strategic goals and program objectives; measurable performance indicators that clearly link to strategic goals and program objectives; baseline data and annual performance targets for each indicator; and descriptions of how, when, and by whom performance data will be collected, analyzed, and reported.	
	2	OIG recommended that the Bureau of Diplomatic Security, in coordination with the Bureau of Counterterrorism, develop a definition for what constitutes a developmental Antiterrorism Assistance program, consistently apply that definition to country programs, and ensure that partner country sustainability timelines are established for developmental Antiterrorism Assistance programs.	
AUD/HCI-12-30		<i>Audit of Department of State Drug-Free Workplace Program Plan</i>	2/2012
	2	OIG recommended that the Bureau of Human Resources, in coordination with the Office of Medical Services and the Office of the Legal Adviser, develop a random sampling methodology, obtain approval from the Interagency Coordinating Group Executive Committee to employ the methodology, and implement random drug testing as prescribed by the Department Drug-Free Workplace Program Plan.	
AUD/IP-12-02		<i>Audit of Bureau of East Asian and Pacific Affairs Compliance With Trafficking in Persons Requirements</i>	10/2011
	1	OIG recommended that the Office to Monitor and Combat Trafficking in Persons include, in the Foreign Affairs Manual, the U.S. Government policy regarding trafficking in persons (TIP) to include the definition of TIP activity and information on the prohibition against involvement in acts of TIP for Department of State personnel and contractors, the associated penalties for violations, and the mechanism to report such violations.	
	2	OIG recommended that the Office to Monitor and Combat Trafficking in Persons, in consultation with the Office of the Legal Adviser and the Director General of Human Resources, develop and include a trafficking in persons policy in the Department of State Standards of Conduct.	
	4	OIG recommended that the Office to Monitor and Combat Trafficking in Persons, in consultation with the Foreign Service Institute and the Director General of Human Resources, expand trafficking in persons (TIP) training to all Department of State employees, to include increasing awareness of the U.S. Government's zero tolerance policy towards TIP and reducing the incidence of TIP activity involving contractor personnel and employees who represent the United States abroad.	

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# OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

Report #	Rec. #	Recommendation Summary	First Reported
AUD/CG-11-44		<i>Afghan National Police Training Program Would Benefit From Better Compliance With the Economy Act and Reimbursable Agreements</i>	8/2011
	1	<p>OIG recommended that the Assistant Secretary of State, Bureau of International Narcotics and Law Enforcement Affairs, in coordination with the Assistant Secretary of State, Bureau of Resource Management and Chief Financial Officer:</p> <ul style="list-style-type: none"> <li>b. Review all available supporting documentation related to the Corrections System Support Program (CSSP) security salaries and recover any over-payments related to the \$0.37 million paid to DynCorp for CSSP security salaries and identify and recover any additional payments made for CSSP security salaries on task orders 4305 and 5375.</li> <li>c. Determine whether the Bureau of International Narcotics and Law Enforcement Affairs improperly obligated Department of Defense (DoD)-provided Afghanistan Security Forces Fund appropriations for any other INL programs that were receiving support on the DoD-funded task orders. If so, identify and return to DoD the applicable Afghanistan Security Forces Fund appropriations by September 30, 2011.</li> </ul>	
	3	OIG recommended that the Assistant Secretary of State, Bureau of Resource Management and Chief Financial Officer, and the Director, Defense Security Cooperation Agency, perform a joint investigation of the potential Antideficiency Act violations for the \$1.05 million of funds obligated for Personal Services Contracts and the estimated \$75.60 million of funds obligated without considering Economy Act and reimbursable agreement limitations.	
AUD/CG-11-30		<i>DoD and DOS Need Better Procedures To Monitor and Expend DoD Funds for the Afghan National Police Training Program</i>	7/2011
	A.1.b	OIG recommended that the Executive Director, Bureau of International Narcotics and Law Enforcement Affairs, in coordination with the Chief Financial Officer, Bureau of Resource Management, return Department of Defense funds of \$1.15 million obligated for the Department of Justice Federal Prosecutors Program that were outside the scope of the reimbursable agreement.	
	A.5	<p>OIG recommended that the Executive Director, Bureau of International Narcotics and Law Enforcement Affairs:</p> <ul style="list-style-type: none"> <li>b. Develop, implement, and document adequate controls to ensure that the Bureau of International Narcotics and Law Enforcement Affairs uses Department of Defense funds for specific purposes in accordance with laws and document the appropriate use. Specifically, officials should: <ul style="list-style-type: none"> <li>1. Designate the appropriate offices responsible for ensuring that the obligation directly relates to the requirements in the reimbursable agreements.</li> <li>2. Retain documentation supporting that the obligation is in compliance with the reimbursable agreement requirements.</li> </ul> </li> </ul>	

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Report #	Rec. #	Recommendation Summary	First Reported
	A.9	OIG recommended that the Executive Director, Bureau of International Narcotics and Law Enforcement Affairs; Under Secretary of Defense for Policy; and Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense (DoD), reach an agreement as to whether the \$9.5 million obligation for a United Nations Law and Order Trust Fund–Afghanistan contribution was appropriately obligated. If officials do not reach an agreement, the Bureau of International Narcotics and Law Enforcement Affairs should return the \$9.5 million of DoD funds obligated for a United Nations Law and Order Trust Fund–Afghanistan contribution.	
	C.2.b	OIG recommended that the Assistant Secretary of State, Bureau of International Narcotics and Law Enforcement Affairs, in coordination with the contracting officer, Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, for the Civilian Police contract, review the approximately \$9.4 million in questioned costs identified by the Defense Contract Audit Agency and take action to recover those costs.	
MERO-I-11-02		<i>Performance Evaluation of PAE Operations and Maintenance Support for the Bureau of International Narcotics and Law Enforcement Affairs' Counternarcotics Compounds in Afghanistan</i>	2/2011
	6	OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs, in coordination with Embassy Kabul and in consultation with the Drug Enforcement Administration, evaluate the physical security requirements at the Kabul counternarcotics compound.	
MERO-I-11-05		<i>Performance Evaluation of PAE Operations and Maintenance Support at Embassy Kabul, Afghanistan</i>	1/2011
	2	OIG recommended that the Bureau of Administration seek reimbursement of \$193,600 from PAE for award fees paid for all four quarters of the base year of the contract (September 2005–September 2006), since performance criteria had not yet been established or authorized for that year.	
	3	OIG recommended that the Bureau of Administration seek reimbursement of \$41,730 from PAE for award fees granted based on points earned for training in option years 1–3 (September 2006–September 2009), since all training-related work was completed at the end of the base year (September 2005–September 2006).	
AUD/IQO-07-20		<i>Review of DynCorp International, LLC, Contract Number S-LMAQM-04-C-0030, Task Order 0338, for the Iraqi Police Training Program Support (Joint Audit with the Special Inspector General for Iraq Reconstruction)</i>	1/2007
	2	OIG recommended the Office of Acquisitions Management seek reimbursement from DynCorp for the improperly authorized payment of \$4.2 million that represents contractually unauthorized work directed by the Iraqi Ministry of Interior. This work included the relocation of the residential camp, the manufacture of additional VIP trailers, and the construction of an Olympic-size swimming pool.	

Table 9.4

## Significant Resolved Office of Inspections Recommendations Pending Final Department of State Action For More Than 12 Months

Report #	Rec. #	Recommendation Summary	First Reported
ISP-I-13-24		<i>Review of the Process for Establishing Language Designated Positions</i>	9/2013
	2	OIG recommended that the Bureau of Human Resources prepare a report for the Under Secretary for Political Affairs and the Deputy Secretary for Management and Resources that lists recommended language designated positions by mission; assesses the extent to which the distribution is consistent with U.S. interests; highlights the cost implications of the recommendations; and requests input on the distribution of language, designated positions across mission and bureaus.	
	3	OIG recommended that the Bureau of Budget and Planning determine training costs by language and level and make those costs available to missions, bureaus, Under Secretaries, and deputy secretaries that recommend and approve language requirements.	
	4	OIG recommended that the Bureau of Budget and Planning determine the best means for holding bureaus accountable for training costs associated with their language designated positions.	
ISP-I-13-23		<i>Review of Department of State Implementation of Jeddah ARB</i>	9/2013
	1	OIG recommended that the Bureau of Overseas Building Operations provide compound emergency sanctuaries for employees who work in the buildings that do not have an approved safe have for safe area.	
	2	OIG recommended that the Bureau of Overseas Buildings Operations request an increase in funding for the Compound Security Upgrade Program to reflect this additional requirement for compound emergency sanctuaries.	
ISP-I-11-55A		<i>Inspection of Embassy Seoul, Korea</i>	8/2011
	12	OIG recommended that the Bureau of Overseas Buildings Operations should identify and evaluate the costs associated with the United States Forces Korea's departure from the Yongsan Garrison and accelerate the construction of Embassy Seoul's new embassy compound project on the Capital Security Construction Program schedule.	

# OVERSIGHT OF BROADCASTING BOARD OF GOVERNORS PROGRAMS AND OPERATIONS

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## 10. OFFICE OF AUDITS

The Office of Audits (AUD) audits Broadcasting Board of Governors (BBG) programs and operations to help ensure that they are as effective, efficient, and economical as possible. Audit work focuses on such areas of concern as financial management and information security and management practices.

From October 1, 2014, to March 31, 2015, AUD issued two unclassified reports that reviewed BBG programs and operations. For a comprehensive list of OIG reports related to BBG programs and operations issued during this reporting period, see Appendix B.

### Financial Management

*Management Letter Related to the Audit of the Broadcasting Board of Governors 2014 Financial Statements*  
(AUD-FM-IB-15-09, 2/2015)

During the audit of BBG's 2014 financial statements, an independent external auditor identified matters involving internal controls that it brought to BBG's attention related to properly accounting for leases, effectively maintaining time and attendance documentation, properly presenting the Statement of Net Cost, complying with the requirement for financial disclosure reports, and ensuring that documentation was provided in a timely manner.

*Independent Auditor's Report on the Broadcasting Board of Governors 2014 and 2013 Financial Statements*  
(AUD-FM-IB-15-10, 11/2014)

An independent external auditor audited the BBG annual consolidated financial statements

as of, and for the years ended, September 30, 2014, and September 30, 2013. The auditor found that the consolidated financial statements present fairly, in all material respects, the financial position of BBG as of these dates, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States.

The auditor found material weaknesses in grantee monitoring and accounting for grant advances; property, plant, and equipment; and budgetary accounting and funds control; and a significant deficiency in information technology. The auditor also found instances of noncompliance with certain provisions of laws, regulations, contracts, and grant agreements including Federal grant regulations, the Prompt Payment Act, Federal Acquisition Regulation, and the Federal Managers' Financial Integrity Act.

### Ongoing Audit Work

At the close of this reporting period, AUD was working on or planning to initiate audits related to BBG's financial statements, information security program, compliance with improper payments requirements, and a BBG grantee (Radio Free Asia).

## 11. OFFICE OF INSPECTIONS

The Office of Inspections (ISP) inspects Broadcasting Board of Governors (BBG) programs and operations to help ensure the safety of personnel, the economic use of resources, and the protection of sensitive information. Areas of specific concern for targeted inspections include the allocation of financial resources and relations with host countries at overseas broadcasting locations.

From October 1, 2014, to March 31, 2015, ISP issued one unclassified report that reviewed BBG programs and operations. For a comprehensive list of OIG reports related to BBG programs and operations issued during this reporting period, see Appendix B.

identified limited financial resources and host-country interference as challenging issues for these BBG operations. Radio Free Europe/Radio Liberty Azerbaijan was able to implement a number of the goals of the BBG Strategic Plan 2012–2016 through a series of programming activities, including social media.

### Overseas Missions

#### ***Bureau of European and Eurasian Affairs***

*Limited-scope Review of Broadcasting Board of Governors Operations in Baku, Azerbaijan (ISP-IB-15-02, 10/2014)*

OIG found no significant issues at the Radio Free Europe/Radio Liberty Azerbaijan news bureau or with the Voice of America Azerbaijan operations; however, OIG

#### **Ongoing Inspection Work**

At the close of this reporting period, ISP was planning inspections of BBG's transmitting station in Greenville, North Carolina, and BBG operations in Kabul, Afghanistan, as well as reviews of BBG operations in Astana, Dushanbe, and Tunis.



## 12. OFFICE OF INVESTIGATIONS

The Office of Investigations (INV) investigates suspected instances of criminal, civil, or administrative misconduct that may constitute either criminal wrongdoing or violation of Broadcasting Board of Governors (BBG) regulations, with a focus on procurement fraud and public corruption.

During this reporting period, INV closed 1 preliminary inquiry, closed 4 investigations, and continued work on 11 investigations related to BBG programs and operations.

The office did not report potential monetary benefits resulting from investigations of BBG programs and operations during this reporting period.

## 13. FINANCIAL IMPACT OF OIG WORK RELATED TO THE BROADCASTING BOARD OF GOVERNORS

During this reporting period, the Broadcasting Board of Governors (BBG) made management decisions on recommendations issued by OIG, involving \$16,000 in questioned costs.

As of the close of the reporting period, BBG had not made a management decision on approximately \$188,000 in funds that could be put to better use.

For the status of recommendations involving questioned costs and OIG reports on BBG programs and operations, see Table 131. For the status of recommendations involving funds that could be put to better use, see

### OIG Financial Lexicon

#### Questioned Costs<sup>a</sup>

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

#### Allowed:

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

#### Disallowed:

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

#### Funds Put to Better Use

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

#### Agreed:

The dollar value of recommendations that management agreed to implement.

#### Disagreed:

The dollar value of recommendations that management disagreed with implementing.

<sup>a</sup> "Unsupported Costs" is a subset of total "Questioned Costs."

## OVERSIGHT OF BROADCASTING BOARD OF GOVERNORS PROGRAMS AND OPERATIONS

Table 13.2. For a summary of consolidated Department and BBG totals of potential monetary benefits identified by OIG during this reporting period, see Section 3 of this report.

**Table 13.1**  
**Status of OIG Recommendations to the Broadcasting Board of Governors Involving Questioned Costs, 10/1/2014–3/31/2015**

Recommendation Status	# Reports	Questioned Costs \$ Thousands	Unsupported Costs <sup>a</sup> \$ Thousands
A. No management decision made by start of the reporting period	1	\$16	\$16
B. Issued during the reporting period			
Audits	0	0	0
<b>Total (A+B)</b>	<b>1</b>	<b>\$16</b>	<b>\$16</b>
C. Management decision made during the reporting period			
(i) Disallowed costs		0	\$0
(ii) Costs not disallowed		\$16	\$16
<b>Subtotal</b>	<b>1</b>	<b>\$16</b>	<b>\$16</b>
<b>D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>a</sup>“Unsupported Costs” is a subset of total “Questioned Costs.”

**Table 13.2**  
**Status of OIG Recommendations to the Broadcasting Board of Governors for Funds To Be Put to Better Use, 10/1/2014–3/31/2015**

Recommendation Status	# Reports	Questioned Costs \$ Thousands
A. No management decision made by start of the reporting period	1	\$188
B. Issued during the reporting period	0	\$0
<b>Total (A+B)</b>	<b>1</b>	<b>\$188</b>
C. Management decision made during the reporting period		
(i) Dollar Value of Recommendations Agreed to by Management		0
(ii) Dollar Value of Recommendations Not Agreed to by Management		0
<b>Subtotal</b>	<b>0</b>	<b>0</b>
<b>D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]</b>	<b>1</b>	<b>\$188</b>

## Office of Management and Budget Circular A-133 Audits

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations,<sup>9</sup> establishes audit requirements for state and local governments, colleges and universities, and nonprofit organizations receiving Federal awards. Under this circular, covered entities that expend \$500,000 or more a year in Federal funds must obtain an annual organizationwide "single audit" that includes the entity's financial statements and compliance with Federal award requirements. These audits are conducted by non-Federal auditors, such as public accounting firms and state auditors.

OIG reviews selected audit reports for findings and questioned costs related to BBG awards and to ensure that the reports comply with

the requirements of OMB Circular A-133. OIG's oversight of non-Federal audit activity informs Federal managers about the soundness of management of Federal programs and identifies any significant areas of internal control weaknesses, noncompliance, and questioned costs for resolution or follow-up.

During this reporting period, OIG's Office of Audits reviewed two OMB Circular A-133 audit reports covering \$200 million in Federal funds, all of which were BBG funds. One of the two reports documented the awardee's noncompliance with Federal requirements, to include its late submission of the audit report, data collection form, and reporting package. OIG also conducted follow-up on prior year's questioned costs of \$84,786 referred to BBG program officials for resolution in prior periods. Table 13.3 summarizes OIG's reviews of non-Federal audits conducted during this reporting period and BBG's decisions to allow or disallow the questioned costs.

**Table 13.3**  
**Inspector General-Referred A-133 Audit Reports With Questioned Costs**

	# Reports	Questioned Costs \$ Thousands
A. For which no management decision had been made by the commencement of the reporting period	1	\$85
B. Issued During Reporting Period	0	\$0
<b>Subtotal Questioned Costs (A+B)</b>	<b>1</b>	<b>\$85</b>
C. For which a management decision was made during the reporting period		
(i) Disallowed costs	0	\$0
(ii) Costs not disallowed	1	\$85
<b>Total Management Decisions</b>	<b>1</b>	<b>\$85</b>
D. For which no management decision has been made by the end of the reporting period	0	\$0

<sup>9</sup> As of December 26, 2014, this Circular has been superseded by 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. However, the reviews conducted by OIG during the reporting period utilized the guidance prescribed in OMB Circular A-133.

## 14. COMPLIANCE

OIG tracks and documents the status of OIG report recommendations and agency follow-up actions. Office of Management and Budget Circular A-50 requires prompt resolution and corrective action on OIG recommendations. The circular further states that resolutions shall be made within 6 months after the final report is issued, with corrective action proceeding as soon as possible.

### OIG Compliance Lexicon

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

Tables 14.1–14.2 provide detailed information about the status of OIG recommendations. OIG did not close any recommendations during this reporting period, and BBG did not revise any of its previous significant management decisions or make any significant management decisions with which OIG disagreed.

**Table 14.1**  
**Report Recommendations Without Broadcasting Board of Governors Management Decision for More Than 6 Months, as of 3/31/2015**

Report	Description
<i>Audit of Radio Free Europe/Radio Liberty After-employment Benefits</i> (AUD-FM-IB-14-34, 9/2014)	OIG recommended that the Broadcasting Board of Governors develop a process to review and approve significant contracts over \$350,000 for Radio Free Europe/Radio Liberty. BBG partially concurred with the recommendation in its response to the report. In its most recent response, dated October 24, 2014, BBG stated that the agency will be looking at this and other grants monitoring issues as it engages in a full-scale review of its grant monitoring system. However, BBG did not specifically concur with the recommendation or provide a corrective action plan. Therefore, Recommendation 3 remains unresolved.

**Table 14.2**  
**Significant Resolved Office of Audits Recommendations Pending Final Broadcasting Board of Governors**  
**Action for More Than 12 Months, as of 3/31/2015**

Report #	Rec. #	Recommendation Summary	First Reported
AUD-CG-IB-13-43		<i>Outline for Action: Management Attention Needed To Improve Broadcasting Board of Governors Acquisition Functions</i>	9/2013
	1	OIG recommended that the Director of the International Broadcasting Bureau immediately cease the use of personal services contracts that violate the Antideficiency Act, take administrative disciplinary action as deemed appropriate, and report immediately to the President, Congress, and Comptroller General all relevant facts and a statement of actions taken, as required by Title 31 U.S. Code Section 1351, "Reports on violations."	
	2	OIG recommended that the Director of the International Broadcasting Bureau immediately cease the use of pre-approval for contracts, which violates the Antideficiency Act, take administrative disciplinary action as deemed appropriate, and report immediately to the President, Congress, and Comptroller General all relevant facts and a statement of actions taken, as required by Title 31 U.S. Code Section 1351, "Reports on violations."	
	3	OIG recommended that the Director of the International Broadcasting Bureau obtain the assistance of outside experts in Federal acquisition and contracting to conduct an acquisition assessment within the Office of Contracts. The assessment should include, at a minimum: a determination of the extent and full impact of noncompliance with Federal Acquisition Regulation; an action plan for the development and implementation of policies and procedures that ensure acquisition functions are performed in accordance with the Federal Acquisition Regulation; a training curriculum for all contracting officials to enhance education of acquisition regulations and policies; and performance evaluation standards for all pertinent contracting officials which hold officials accountable for the implementation of acquisition policies and procedures.	

## OVERSIGHT OF BROADCASTING BOARD OF GOVERNORS PROGRAMS AND OPERATIONS



# APPENDICES

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

Table A.1

OIG Reports Related to Department of State Programs and Operations, 10/1/2014–03/31/2015

Report #	Report Title	Date Issued
<b>Office of Audits</b>		
AUD-MERO-15-22	<i>Audit of Department of State Humanitarian Assistance in Response to the Syrian Crisis</i>	3/2015
AUD-FM-15-21	<i>Independent Review of the U.S. Department of State Accounting of FY 2014 Drug Control Funds and Related Performance Report</i>	2/2015
AUD-FM-15-12	<i>Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2014 Financial Statements</i>	2/2015
AUD-FM-15-08	<i>Management Letter Related to the Audit of the Department of State 2014 Financial Statements</i>	2/2015
AUD-CG-15-19	<i>Management Assistance Report: Grant Improproprieties by Nour International Relief Aid</i>	1/2015
AUD-FM-15-18	<i>Follow-up Audit of Nonproliferation and Disarmament Fund Controls Over Contracting and Project Management and Integrity of Financial Data</i>	12/2014
AUD-FM-15-11	<i>Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2014 and 2013 Financial Statements</i>	12/2014
AUD-MERO-15-20	<i>Management Assistance Report: Concerns With the Oversight of Medical Support Service Iraq Contract No. SAQMMA11D0073</i>	12/2014
AUD-FM-15-07	<i>Independent Auditor's Report on the U.S. Department of State 2014 and 2013 Financial Statements</i>	11/2014
AUD-FM-15-06	<i>Independent Auditor's Report on the U.S. Department of State 2014 and 2013 Closing Package Financial Statements</i>	11/2014
AUD-MERO-15-16	<i>Audit of the Bureaus of Near Eastern Affairs and South and Central Asian Affairs Compliance With Federal and Department Premium Class Air Travel Policies</i>	11/2014
AUD-MERO-15-14	<i>Audit of the Contract Closeout Process for Contracts Supporting the U.S. Mission in Afghanistan</i>	11/2014
AUD-MERO-15-02	<i>Audit of Bureau of International Narcotics and Law Enforcement Affairs Counternarcotics Assistance to Afghanistan</i>	11/2014
AUD-FM-15-01	<i>Independent Accountant's Report on the Application of Agreed-Upon Procedures: Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management</i>	10/2014
AUD-MERO-15-04	<i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Law Enforcement Reform Program in Pakistan</i>	10/2014

(continued on next page)

Report #	Report Title	Date Issued
AUD-MERO-15-03	<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 10 Kabul Embassy Security Force</i>	10/2014
<b>Office of Inspections</b>		
ISP-I-15-15	<i>Review of State Messaging and Archive Retrieval Toolset and Record Email</i>	3/2015
ISP-C-15-13	<i>Compliance Follow-up Review of the Bureau of Conflict and Stabilization Operations</i>	2/2015
ISP-I-15-11A	<i>Inspection of Embassy Bamako, Mali</i>	1/2015
ISP-I-15-10A	<i>Inspection of Embassy Tbilisi, Georgia</i>	1/2015
ISP-I-15-09A	<i>Inspection of Embassy Baku, Azerbaijan</i>	1/2015
ISP-I-15-08A	<i>Inspection of Embassy Niamey, Niger</i>	1/2015
ISP-I-15-07A	<i>Inspection of Embassy Yerevan, Armenia</i>	1/2015
ISP-I-15-05A	<i>Inspection of Embassy Abidjan, Côte d'Ivoire</i>	12/2014
ISP-I-15-04	<i>Review of the Department of State Disciplinary Process</i>	11/2014
ISP-I-15-03	<i>Inspection of the Bureau of Information Resource Management, Strategic Planning Office</i>	10/2014
ISP-I-15-01	<i>Inspection of the Bureau of Consular Affairs, Visa Services Directorate</i>	10/2014
<b>Office of Evaluations and Special Projects</b>		
ESP-15-03	<i>Review of the Use of Confidentiality Agreements by Department of State Contractors</i>	3/2015
ESP-15-02	<i>Information Report: Kabul Embassy Security Force Inquiry</i>	2/2015
ESP-15-01	<i>Review of Selected Internal Investigations Conducted by the Bureau of Diplomatic Security</i>	10/2014

**Table A.2**

OIG Reports Related to Department of State Programs and Operations Summarized in the *Classified Annex to the Semiannual Report to the Congress*, 10/1/2014–03/31/2015

Report #	Report Title	Date Issued
<b>Office of Audits</b>		
AUD-IT-15-15	<i>Remote and Deployed Operations Integrated Cyber Operations Red Team After Action Report-U.S. Department of State</i>	2/2015
AUD-IT-15-17	<i>Audit of the Department of State Information Security Program</i>	11/2014
AUD-IT-15-05	<i>Audit of Department of State Implementation and Oversight of Active Directory</i>	10/2014
<b>Office of Inspections</b>		
ISP-S-15-16	<i>Inspection of Embassy Asmara, Eritrea</i>	3/2015
ISP-I-15-14	<i>Management Assistance Report: Department Financial Systems are Insufficient to Track and Report on Foreign Assistance Funds</i>	2/2015
ISP-S-15-06	<i>Management Assistance Report: Military Liaison Elements</i>	2/2015
ISP-S-15-12	<i>Management Assistance Report: Securing Fire Accelerants and Other Weapons of Opportunity</i>	1/2015
ISP-S-15-11A	<i>Inspection of Embassy Bamako, Mali</i>	1/2015
ISP-S-15-10A	<i>Inspection of Embassy Tbilisi, Georgia</i>	1/2015
ISP-S-15-09A	<i>Inspection of Embassy Baku, Azerbaijan</i>	1/2015
ISP-S-15-08A	<i>Inspection of Embassy Niamey, Niger</i>	1/2015
ISP-S-15-07A	<i>Inspection of Embassy Yerevan, Armenia</i>	1/2015
ISP-S-15-05A	<i>Inspection of Embassy Abidjan, Côte d'Ivoire</i>	12/2014

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

**Table B.1**

OIG Reports Related to Broadcasting Board of Governors Programs and Operations, 10/1/2014–03/31/2015

Report #	Report Title	Date Issued
<b>Office of Audits</b>		
AUD-FM-IB-15-09	<i>Management Letter Related to the Audit of the Broadcasting Board of Governors 2014 Financial Statements</i>	2/2015
AUD-FM-IB-15-10	<i>Independent Auditor's Report on the Broadcasting Board of Governors 2014 and 2013 Financial Statements</i>	11/2014
<b>Office of Inspections</b>		
ISP-IB-15-02	<i>Limited-scope Review of Broadcasting Board of Governors Operations in Baku, Azerbaijan</i>	10/2014

**Table B.1**

OIG Reports Related to Broadcasting Board of Governors Programs and Operations Summarized in the *Classified Annex to the Semiannual Report to the Congress*, 10/1/2014–03/31/2015

Report #	Report Title	Date Issued
<b>Office of Audits</b>		
AUD-IT-IB-15-13	<i>Audit of the Broadcasting Board of Governors Information Security Program</i>	10/2014

## APPENDIX C: PEER REVIEWS

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

### Office of Investigations

During this reporting period, the Office of Investigations (INV) had an external peer

review of its investigative operations. The review conducted in February 2015 by the Tennessee Valley Authority OIG found INV to be in compliance with the CIGIE standards for internal safeguards and management procedures. The Tennessee Valley Authority OIG did not make any formal recommendations in its draft report. The final report will be issued in the upcoming reporting period.

### Office of Audits

The Office of Audits (AUD) did not undergo a peer review during this reporting period. The last peer review was conducted by the Department of the Interior (DOI) OIG for the reporting period from October 1, 2012, to March 31, 2013. AUD received a peer review rating of pass (the highest rating possible). The letter of comment accompanying DOI's report contained one recommendation, and OIG finalized implementation of the recommendation as of September 30, 2014.

## APPENDIX D: ABBREVIATIONS

Abbreviation	Full Name
AF	Bureau of African Affairs
A/LM/AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management
A/OPE	Bureau of Administration, Office of the Procurement Executive
AUD	Office of Audits
BBG	Broadcasting Board of Governors
CFC	Combined Federal Campaign
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CN	counternarcotics
CO	contracting officer
COR	contracting officer's representative
CSSP	Corrections System Support Program
DCAA	Defense Contract Audit Agency
Department	Department of State
DoD	Department of Defense
DOI	Department of the Interior
DS	Bureau of Diplomatic Security
ESP	Office of Evaluations and Special Projects
FAM	Foreign Affairs Manual
FISMA	Federal Information Security Management Act of 2002
FMFIA	Federal Managers Financial Integrity Act
IG	Inspector General
INL	Bureau of International Narcotics and Law Enforcement Affairs
INV	Office of Investigations
ISIL	Islamic State of the Levant
ISP	Office of Inspections
IT	information technology
IRM	Bureau of Information Resource Management
ISN/NDP	Bureau of International Security and Nonproliferation, Office of Nonproliferation and Disarmament Fund
KESF	Kabul Embassy Security Force
MCSC	Management Control Steering Committee
NEA	Bureau of Near Eastern Affairs

(continued on next page)



Abbreviation	Full Name
OBO	Bureau of Overseas Buildings Operations
OCO	overseas contingency operation
OIG	Office of Inspector General
OIR	Operation Inherent Resolve
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PMP	performance measurement plan
PRM	Bureau of Population, Refugees and Migration
PSS	Procurement Shared Services
SAUSA	Special Assistant U.S. Attorney
SCA	Bureau of South and Central Asian Affairs
SMART	State Messaging and Archive Retrieval Toolset
SPO	Strategic Planning Office
TCN	third-country national
TIP	trafficking in persons
USIBWC	International Boundary and Water Commission, United States and Mexico, U.S. Section
USIP	U.S. Institute of Peace

## APPENDIX E. INDEX OF REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT OF 1978

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United States Department of State  
Broadcasting Board of Governors