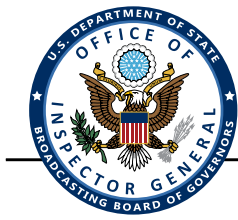


SEMIANNUAL REPORT TO THE CONGRESS

October 1, 2015, to March 31, 2016



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, 10/1/2015–3/31/2016

	Issued During the Reporting Period	Management Decision During the Reporting Period
Questioned Costs	\$17,995,000	\$3,034,000
Recommendations for Funds To Be Put to Better Use	\$18,114,000	\$40,569,000
Investigative Monetary Results ^a	\$2,568,000	N/A
Total	\$38,678,000	\$43,603,000

Investigative Activities

Cases Opened	44
Cases Closed ^b	36
Criminal Actions (arrests, indictments, convictions)	9
Administrative Actions	28
Contractor/Grantee Suspensions and Debarments	17
Hotline Complaints Received	955

Reports

Office of Audits	31
Office of Evaluations and Special Projects	2
Office of Inspections	15
Office of Investigations (Management Assistance Reports)	3
Total	51

Note: Figures represent consolidated totals from OIG work reported from October 1, 2015, to March 31, 2016, that relates to Department of State and Broadcasting Board of Governors programs and operations. Dollar amounts may be affected by rounding.

^aRepresents a total of all criminal fines, restitutions, special assessment amounts, civil actions, as well as administrative cost recoveries and funds put to better use.

^bIncludes seven whistleblower reprisal investigations previously investigated by the Office of Investigations.



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, 2015, to March 31, 2016.

During this reporting period, OIG identified almost \$39 million in potential monetary benefits and investigative results. In addition, OIG issued 51 unclassified and classified reports—including audits, inspections, evaluations, and management assistance reports. Our work focused on the top management and performance challenges facing the Department and BBG, including protection of staff and facilities, management of posts and programs in conflict areas, management of contracts and grants, information security and management, and financial management.

Security for diplomatic facilities remains an OIG priority. For example, OIG issued a follow-up audit report of the Department's processes to request and prioritize physical security-related activities at overseas posts. OIG reported that the Department had not taken action fully to address 7 of 10 recommendations from March 2014 and issued recommendations to address actions still to be taken.

OIG expanded its efforts to assist the Department in managing posts and programs in conflict areas. For example, two of our reports addressed specific contracts for post security in Iraq. We also evaluated the Department's implementation of the President's strategy to counter the Islamic State of Iraq and the Levant and addressed issues ranging from contract administration to public diplomacy. Much of our work in this area overlapped with my role as an associate inspector general assigned with overseeing current and future overseas contingency operations.

OIG continued its work regarding contract and grant management issues, including foreign assistance. For example, OIG inspected the Vendor Management Office, including its contract administration duties related to a \$3.5 billion umbrella contract for consolidated, Department-wide information technology infrastructure support.

OIG examined various issues related to information security and information management. Although the Department has made improvements on this matter, OIG still identified concerns with various components of the Department's information technology and information security programs, as well as with the Department's efforts to protect its computer networks. OIG also found persistent problems in the Department's records management, including flaws in the Department's oversight of responses to Freedom of Information Act requests.

Many of our reports during this period addressed financial issues. For example, we reported on the audit of the financial statements of the Department and BBG. OIG also performed

a mandated risk assessment of the Department's purchase card program and separately released a management assistance report concluding that almost \$34 million in appropriated funds was vulnerable because of posts' failure to prepare required annual reviews.

Finally, OIG successfully conducted several significant investigations during this reporting period involving a wide range of allegations, including contract and procurement fraud, employee misconduct, conflicts of interest, embezzlement, and theft. To take just one example, a Department contractor agreed to pay a settlement of \$1.5 million and an additional monetary penalty of \$150,000 to resolve various contract fraud allegations.

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

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

Steve A. Linick
Inspector General
March 31, 2016

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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, 2015, to March 31, 2016.

OIG is responsible for the oversight of approximately \$43 billion in Department and BBG programs and operations. During this reporting period, OIG issued a total of 51 reports with recommendations to improve the programs and operations of the Department and BBG and identified \$36 million in questioned costs and funds to be put to better use. OIG's investigative activity led to an additional \$2.6 million in monetary results and 17 suspensions and debarments.

OIG addresses sensitive or classified issues in the *Classified Annex to the Semiannual Report to the Congress*.

Department of State Management and Performance Challenges

The Department manages United States' relationships with foreign governments, international organizations, and the people of other countries. In support of its mission to shape and sustain a more peaceful and democratic world and to foster global conditions for stability and progress, the Department maintains 280 overseas missions and multiple domestic entities, funded through combined annual appropriations, consular fees, and other income.

An integral part of OIG's oversight is to identify and assess the Department's management and performance challenges and to align its

work with these challenges. In September 2015, the Inspector General identified the most serious management and performance challenges the Department faced in the previous year. They include:

- Protection of staff and facilities
- Management of posts and programs in conflict areas
- Management of contracts and grants
- Information security and management
- Financial management

OIG focused much of its oversight this reporting period on fulfilling statutory mandates, identifying vulnerabilities in these areas, and recommending positive, meaningful actions that the Department could take to mitigate these risks.

Many of the Department's management challenges are crosscutting, and OIG targets its work to provide the most effective oversight of the most critical programs. For example, during this reporting period, OIG audited the Department's management of the World-wide Protective Services contract at the U.S. Embassy in Baghdad, Iraq, and at the U.S. Consulate in Erbil, Iraq. These audits focused on a minimum of three of the Department's management challenges: protection of staff and facilities, management of posts and programs in conflict areas, and management of contracts. Effectively using OIG's resources to provide positive recommendations assists the Department's overall efforts to improve its programs and operations and address those challenges.

Protection of People and Facilities

Arguably, the most critical management challenge that the Department faces is the protection of its people. Recent terrorist attacks from Belgium to Côte d'Ivoire to Turkey to Pakistan demonstrate the global risk of violence to Department personnel stationed abroad. Several OIG reports in this reporting period focused on the management of programs intended to protect staff overseas and the Department's efforts to address security-related recommendations that OIG issued in previous fiscal years.

In a March 2014 audit, OIG reported that the Department's process to request funds for physical security needs could be improved and that the Department did not have information to ensure that the highest priority physical security needs of Department facilities overseas were funded. In this reporting period, OIG reported on the extent to which the Department implemented the 10 recommendations from the March 2014 audit. The Department had taken action to address 3 of the 10 recommendations, but had not fully addressed the remaining 7 recommendations. Although the Department had developed new tools, including a database to track physical security deficiencies, it had only completed physical security surveys for 10 percent of the Department's facilities and had not populated the database because it had not allocated sufficient resources to the task. OIG reissued three recommendations and issued six new recommendations to improve the process to request and prioritize physical security needs.

In addition, in this reporting period OIG issued a management assistance report related to

recommendations that OIG made in 12 audits in FYs 2012 and 2013 concerning physical and procedural security standards at selected high-threat-level posts and at selected posts in the Bureau of African Affairs.ⁱ Of the 137 recommendations in those reports, OIG had closed 122; however, 15 remained open, and 6 of those were unresolved with no communication from the post or bureau since the reports were issued. The result of this review was the successful closure of six recommendations. OIG will continue to monitor the Department's implementation of the remaining nine open recommendations.

OIG also issued a classified audit report on residential security at selected overseas posts and a classified report on Embassy Tripoli's Emergency Action Plan and made recommendations to further ensure the safety of embassy staff and family at critical locations.

Management of Posts and Programs in Conflict Areas

Missions in countries such as Iraq, Afghanistan, and Pakistan are at the forefront of U.S. efforts to counter terrorism, stabilize fragile states, and respond to regional conflicts. As OIG has documented in the past, management of posts and programs in conflict areas is challenging given the security situation and puts taxpayer funds at risk of waste, fraud, or abuse.

During the reporting period, OIG published a management assistance report in response to a complaint referred by the Government Accountability Office alleging mismanagement of a cooperative agreement that the Department awarded to Southern Methodist University (SMU) to support

ⁱ This report is summarized in the *Classified Annex to the Semiannual Report to the Congress*.

the enhancement of the Department of Psychology at a university in Peshawar, Pakistan. OIG found that the embassy had not properly monitored the award because security concerns prevented U.S. Embassy Islamabad's Public Affairs Section from making required site visits. In addition, one of the objectives had not been completed, and materials and equipment purchased in January 2014 remained unused. The Department de-obligated more than \$300,000 and focused attention on meeting the agreed-upon objectives.

OIG addressed both this management challenge and the challenges the Department faces in managing grants during the inspection of Bureau of Democracy, Human Rights, and Labor (DRL) programs in Iraq. All 12 grants (with a total award value of more than \$42 million) had the necessary monitoring plans, risk assessment or contingency plans, and performance indicators. However, neither DRL employees nor Embassy Baghdad employees had conducted site visits to Iraq grant recipients since 2013. Instead, DRL relied on local contractors to visit grant recipient sites. The challenge to provide effective grant oversight was exacerbated further when the Bureau of Administration issued a notice to partially suspend all DRL project activities in Iraq in June 2014 because of a worsening security situation.

Oversight of Contracts and Grants

Contract Management

OIG continues to identify issues with effective management of high-value, critical contracts. During this period, OIG inspected the Department's Vendor Management Office in the Bureau of Information Resource Manage-

ment (IRM) and found that the office operated without authority to require compliance with its procedures. OIG also found that the office performed some contract administration duties for the \$3.5-billion Vanguard acquisition without formal delegation from the contracting officer and that Vanguard government technical monitors failed to validate, on average, 25 of the 268 performance metrics each month, leading the Department to pay performance incentive fees to contractors without complete validation of performance metrics.

OIG also inspected the Bureau of Diplomatic Security's Directorate of International Programs, which is responsible for the oversight of approximately 90 local guard contracts, approximately 80 personal services agreements for local guard forces, and 8 task orders for the Worldwide Protective Services contract. OIG found that the Department paid invoices in a timely manner, and that all contracts contained the required Federal Acquisition Regulation clause on trafficking in persons. The Department's efforts to provide the bureau with contract administration assistance, however, were hampered by the lack of service-level agreements and uniform operating procedures, which led to misunderstandings about staff roles and responsibilities.

Grant Management

In addition to the issues identified in OIG's management assistance report concerning the potential misuse of grant funds awarded to SMU and the inspection of DRL Iraq programs' grants, OIG continued to identify grant management issues at other posts overseas. Specifically, during its inspection of the U.S. Embassy in Tashkent, Uzbekistan, OIG found that the embassy did not document its risk management actions on grants it awarded, did not create performance monitoring plans,

and did not document grant performance reporting. Similarly, at the U.S. Embassy in Ashgabat, Turkmenistan, OIG inspectors found that the embassy did not have performance monitoring plans or document performance for all grants. OIG issued recommendations to address those issues.

Information Security and Management

Information technology contingency planning is crucial both domestically and at overseas posts to mitigate against any unforeseen incidents. The 2014 Department network intrusion, for example, highlighted the importance of being prepared to restore operations promptly while protecting information and the systems that process it. In its February 2016 management assistance report on this issue, OIG reported that it continued to find IT contingency planning deficiencies at overseas posts, despite a December 2011 OIG memorandum to IRM that identified insufficient attention to the development and testing of IT contingency plans as part of bureau and post emergency preparedness activities. One recommendation from the 2011 memorandum remained open, and OIG issued another recommendation to ensure that the Department holds its IT staff accountable for performance in this critical area.

Also in this period, OIG reported on a mandated requirement, the annual Federal Information Security Management Act (FISMA) audit. As it has for many years, OIG reported significant IT and information security deficiencies and made several recommendations designed to assist the Department in these areas.ⁱⁱ

Another oversight project resulted in OIG reporting significant weaknesses in the

Department's cybersecurity incident response and reporting (IR&R) program.ⁱⁱⁱ The Department's efforts to respond to incidents (including denial-of-service, malicious code, and unauthorized access) showed that the Department had not complied with its own information security policies in more than 55 percent of the incidents that OIG reviewed. The Department concurred with the recommendations, and OIG will monitor implementation efforts.

Information management also has been the subject of OIG oversight during this reporting period. During its current review of issues associated with records preservation and the use of personal hardware and software by five Secretaries of State, OIG discovered classified material in unclassified archival material. OIG also determined that Department leadership had not played a meaningful role in overseeing or reviewing the quality of responses to Freedom of Information Act requests.

As is the case with ensuring the security of people and facilities, information security and management can overlap with other management challenges, including financial and contract management. In this reporting period, OIG reported on the Department's process for selecting and approving IT investments and found that the Department's process did not require bureaus to assess the potential duplication of planned IT acquisitions. OIG also found that the Department generally did not select IT investments in accordance with the process it had designed or with Office of Management and Budget requirements, which resulted in duplicative IT investments and a lack of visibility over IT investments. Further, the Department is not well-positioned to implement new mandates related to these investments.

ⁱⁱ This report is summarized in the *Classified Annex to the Semiannual Report to the Congress*.

ⁱⁱⁱ This report is summarized in the *Classified Annex to the Semiannual Report to the Congress*.

Financial Management

During this reporting period, OIG focused on the Department's financial management challenges while simultaneously fulfilling mandated requirements. For example, OIG issued four reports related to the mandate included in the Chief Financial Officers Act to audit the Department's FYs 2015 and 2014 financial statements. As in past reporting periods, OIG found significant deficiencies in the internal controls over financial reporting, property and equipment, budgetary accounting, unliquidated obligations, and information technology.

OIG also assessed the Department's purchase card program under the Government Charge Card Abuse Prevention Act of 2012. OIG concluded that the risk of illegal, improper, or erroneous use in the program is "high," based on the size of the program (more than 1,800 purchase cardholders charged more than \$100 million in FY 2014), internal controls, training, previous audits, OIG's Office of Investigations observations, and violation reports.

OIG's management assistance report on the Department's annual purchase card program reviews found that 53 percent of overseas purchase card coordinators in FY 2014 either failed to perform mandatory annual reviews of their purchase card programs or did not respond to a request for that information. The monetary value of goods and services obtained using purchase cards at those non-compliant and nonresponsive posts totaled almost \$34 million.

OIG also issued reports on discretionary financial management issues during the reporting period. For example, OIG reported that the Telephone, Wireless, and Data Cost

Center, which provides equipment, services, and maintenance for unclassified voice and data telecommunications to the Department, collected fees in excess of the amount needed to sustain operations. OIG reported that the Center's fee-setting methodology was not sufficient and it did not always charge customers fees for services provided. Without an effective fee-setting methodology, it is more difficult to control costs, account for activities, and encourage efficiencies.

Broadcasting Board of Governors Management and Performance Challenges

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 an FY 2016 appropriation of almost \$750 million.

As with the Department, an integral part of OIG's oversight is to identify and assess BBG's management and performance challenges and to align its work with these challenges. In September 2015, the Inspector General identified the most serious management and performance challenges BBG faced in the previous year. These include:

- Financial and property management
- Information security and management
- Management of contracts, acquisitions, and grants

Financial and Property Management

OIG's oversight this reporting period focused on statutory requirements, including the annual audit of BBG's financial statements. OIG's report identified material weakness in the validity and accuracy of unliquidated obligations and significant deficiencies in grantee monitoring and information technology.

To assess risk associated with BBG's purchase card program, OIG reviewed BBG's FY 2014 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the BBG purchase card program is "very low." OIG encouraged the BBG purchase card program manager to continue prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed among BBG purchase cardholders.

Information Security and Management

OIG also fulfilled another statutory requirement in reporting on the annual FISMA audit of BBG's information security program.^{iv} OIG reported that control weaknesses significantly impacted this program. While BBG has taken some action to improve its information security program since OIG's last assessment in FY 2014, BBG still was not in compliance with Federal laws, regulations, and information security standards.

OIG also issued a management assistance report concerning BBG's IT IR&R program. BBG's IR&R program was not operating effectively; specifically, BBG's incident response team did not fully comply with categorization guidelines, reporting requirements, and remediation timelines as required by the U.S. Computer Emergency Readiness Team. OIG made recommendations to assist BBG in resolving these deficiencies.

Management of Contracts, Acquisitions, and Grants

OIG found that BBG's Edward R. Murrow Transmitting Station was in compliance with Federal acquisition regulations, including competition, contract administration, and documentation. The station also complied with the requirements of BBG's purchase card program.

OIG issued a management assistance report recommending that BBG expressly include language on mandatory disclosure language in BBG grants and assistance agreements concerning the reporting of any violations of Federal criminal law involving fraud, bribery, or illegal gratuities potentially affecting the award. OIG also recommended that BBG implement a best practice, which is followed at the U.S. Agency for International Development, by modifying the mandatory disclosure language to specify that OIG be notified of all potential fraud related to a grant or cooperative agreement award.

^{iv} This report is summarized in the *Classified Annex to the Semiannual Report to the Congress*.

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1. OVERSIGHT STRATEGY

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

OIG's mandate is broad, comprehensive, and demanding—involving oversight of the full scope of Department¹ and BBG programs, operations, and organizations, including nearly 77,000 U.S. and local employees at 280 overseas missions and other facilities worldwide. This global mandate includes a unique, statutorily imposed responsibility to audit and inspect every one of the Department's domestic and overseas operating units once every 5 years.

Department and BBG programs and operations are funded through combined annual appropriations of approximately \$15 billion and over \$7 billion in other earned income, including \$4.5 billion in consular fees. OIG also is responsible for oversight of more than \$17 billion in Department-managed foreign assistance. In total, OIG is responsible for overseeing approximately \$43 billion.

In addition to its agency-specific responsibilities, OIG's mandate expanded further in August 2014 when Congress amended the Inspector General Act to provide for coordinated interagency oversight of overseas contingency operations (OCO), including the designation of a Lead Inspector General (LIG) for

each OCO. Currently, Inspector General Linick is the Associate IG for two OCOs: Operation Inherent Resolve, to degrade and defeat the Islamic State of Iraq and the Levant (ISIL), and Operation Freedom's Sentinel, to train, advise, and assist Afghan security forces and defeat the remnants of al-Qaeda in Afghanistan.²

To effectively meet these and other statutory mandates, OIG maintains offices in Afghanistan, Pakistan, Iraq, and Germany. Offices in these locations enable OIG to provide more timely, efficient, and effective oversight of high-cost, high-risk Department programs and operations. The Office of Audits' Middle East Region Operations Directorate and the Office of Investigations dedicate on-the-ground resources, expertise, and oversight to promoting the efficiency, effectiveness, and integrity of critical Department programs and U.S. interests in the frontline states and other crisis and post-conflict countries. Domestically, in addition to its Washington, D.C., headquarters, OIG has strategically colocated investigative staff with the Department's Global Financial Services Center and Human Resource Shared Services staff in Charleston, South Carolina.

¹ 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).

² See Section 3, "Overseas Contingency Operations," for more detail.

OIG Strategic Plan

In February 2016, OIG released its FY 2016–2018 Strategic Plan, which provides the blueprint for OIG’s activities and results for the next 3 years. OIG’s strategic plan affirms its commitment to providing quality oversight to the agencies it serves and informing the Office of Management and Budget (OMB), Congress, the public, and other stakeholders

of how OIG is safeguarding taxpayer resources. The plan also emphasizes OIG’s continuing obligation to improve its own operations and ensure that its workforce is, and continues to be, highly motivated and well trained to carry out its responsibilities. These strategic goals and objectives provide the framework that will guide OIG’s work and activities for FYs 2016–2018:



GOAL 1 Promote Positive Change

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

OBJECTIVE

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



GOAL 3 Address Core Challenges

Assist the Department and BBG to identify and address systemic challenges

OBJECTIVE

- 3.1 Improve integrity in financial, leadership, management, and support systems and identify systemic weaknesses
- 3.2 Assess Department and BBG risk management and target oversight to areas of greatest risk and impact
- 3.3 Identify and report on major vulnerabilities and emerging issues



GOAL 2 Foster Increased Accountability and Integrity

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

OBJECTIVE

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



GOAL 4 Harness Outstanding Talent, Leadership, and Effective Operations

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

OBJECTIVE

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

2. COMMUNICATIONS AND OUTREACH

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

Communication With Congress

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

On December 8, 2015, the Inspector General testified before the House Committee on Oversight and Government Reform on OIG's work related to the new embassy compound in London.

Outreach and Educational Activities

To increase understanding of OIG's roles and responsibilities in government accountability and the prevention of waste, fraud, abuse, and mismanagement, the Inspector General and OIG leadership provided resource and background material and made presentations at several meetings at the Department and elsewhere during this reporting period.

On November 12, 2015, senior OIG staff met with representatives from the Integrity Unit of the Malaysian Anti-Corruption Commission to discuss and compare best practices and processes.

On November 18, 2015, an OIG Office of Investigations Special Agent-in-Charge and his counterpart at the U.S. Agency for International Development (USAID) OIG conducted a joint fraud awareness briefing to approximately 150 personnel from the organization "Inside NGO," an association of international non-governmental organizations. The briefing focused on fraud awareness and reporting responsibilities for U.S. Government grant recipients operating in developing nations, high-threat areas, and elsewhere overseas.

On December 1, 2015, OIG's Assistant Inspector General for Investigations met with an Indonesian delegation participating in the Department's International Visitor Leadership Program. Also in December, an OIG Office of Investigations Special Agent-in-Charge met investigative branch officials with United Nations Operations, the United Nations Population Fund, and the United Nations Development Program to discuss areas of mutual concern.

The Inspector General, along with the Assistant Inspector General for Inspections and General Counsel, regularly makes presentations on OIG activities and operations at the Department's Ambassadorial Seminar. Additionally, the Inspector General and Assistant Inspector General for Inspections met with eight ambassadors-designate prior to their overseas assignment during the reporting period.

Hotline Complaints

During this reporting period, the OIG Hotline continued to serve as a vehicle through which Department and BBG employees and contractors, as well as members of the public, reported suspected fraud, waste, abuse, and mismanagement in Department and BBG programs and operations. OIG received hotline complaints via the OIG website, mail, telephone, and email. For a summary of OIG Hotline complaints received in the past 6 months, see Table 2.1.

As Figure 2.1 shows, the OIG Hotline has global reach. The largest concentration of hotline complaints (382, or 40 percent) received this reporting period concerned possible criminal, civil, and administrative violations in the United States, and the remainder of the complaints dealt with alleged violations in other countries.

Table 2.1
OIG Hotline Complaints,
10/1/2015–3/31/2016

Referred to Other Offices for Action	770
Held for Action Within OIG	38
No Action Required	147
Total Complaints Received	955

Figure 2.1
Hotlines Complaints, Processed by Country, 10/1/2015–3/31/2016



Source: Office of Investigations electronic case management system.

Whistleblower Protection
Ombudsman Activities

The whistleblower protection ombudsman, a senior attorney in OIG’s Office of Evaluations and Special Projects, oversees 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. OIG whistleblower protection ombudsman activities since this legislation was enacted are detailed in Table 2.2.

In addition to these responsibilities, the ombudsman investigates complaints under Presidential Policy Directive 19 (PPD-19), which ensures that government employees who are eligible for access to classified information can effectively report waste, fraud, and abuse while still protecting classified national security information. OIG has completed one investigation under PPD-19.

The ombudsman also counsels individual employees and contractors and educates Department and BBG employees on the rights and protections available to whistleblowers. This outreach has included a new hotline poster, an educational video available on OIG’s website, and a pamphlet with information on whistleblower protection for Department and BBG employees and contractor and grantee employees.

Table 2.2
OIG Whistleblower Protection
Ombudsman Activities

Complaints received and reviewed	29
Active investigations	7
Investigations completed	3
Investigations completed under PPD-19	1

3. OVERSEAS CONTINGENCY OPERATIONS

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

When an OCO occurs, Section 8L activates a “Lead Inspector General” mechanism, whereby the OIGs of the Department of State, DoD, and USAID work together, with one of them designated as the Lead IG.

During the reporting period, OIG fulfilled its responsibilities under Section 8L for two OCOs: Operation Inherent Resolve in Iraq and Syria and Operation Freedom’s Sentinel in Afghanistan.

For Operation Inherent Resolve, OIG aligns its OCO oversight responsibilities with the Administration’s comprehensive counterterrorism strategy. It consists of nine “lines of effort” to degrade and ultimately destroy ISIL.

OIG’s oversight activities in support of the LIG-OCO mandate for this reporting period are listed in Table 3.1.

In February 2016, an OCO team traveled to Geneva, Switzerland, and Amman, Jordan, to evaluate issues related to humanitarian relief efforts. In Geneva, the team met with the Syria Fraud Working Group, composed of representatives of other national aid organizations (from the United Kingdom and Australia) and OIGs from various United Nations agencies involved in humanitarian relief. This working group protects the U.S. humanitarian relief programs by detecting and deterring fraud, waste, and abuse.

The team also met with officials at the U.S. Mission to the United Nations and briefed Ambassador Hamamoto, Permanent Representative to the United Nations in Geneva. In Jordan, the team discussed program protection and anti-fraud measures with officials at the embassy. In addition, the team met with four grantees, conducted fraud awareness briefings for more than 83 personnel, and visited two warehouses to assess the supply chain for humanitarian relief.

Table 3.1
OIG Oversight Activities in Support of the LIG-OCO Mandate, 10/1/2015–3/31/2016

Completed Projects	Date Issued
<i>Evaluation of Embassy Baghdad's Implementation of Line of Effort 1 in the President's Strategy to Counter ISIL: Supporting Effective Governance in Iraq^a</i>	3/2016
<i>Evaluation of Embassy Baghdad's Implementation of Line of Effort 6 in the President's Strategy to Counter ISIL: Exposing ISIL's True Nature</i>	3/2016
<i>Evaluation of Bureau of Democracy, Human Rights, and Labor Iraq Programs in Support of Line of Effort 1 of the President's Counter ISIL Strategy</i>	3/2016
<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 8 – Security Services at U.S. Consulate Erbil</i>	3/2016
<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 – Baghdad Embassy Security Force</i>	2/2016
<i>Management Assistance Report: Improper Use of Overtime and Incentive Fees Under the Department of State Baghdad Life Support Services (BLiSS) Contract</i>	11/2015
Joint Completed Projects	
<i>Lead Inspector General for Operation Freedom's Sentinel: Quarterly Report to the United States Congress, October 1, 2015 – December 31, 2015</i>	2/2016
<i>Lead Inspector General for Operation Inherent Resolve: Quarterly Report to the United States Congress, October 1, 2015 – December 31, 2015</i>	2/2016
<i>Lead Inspector General for Operation Freedom's Sentinel: Quarterly and Biannual Report to the United States Congress, September 30, 2015</i>	12/2015
<i>Lead Inspector General for Operation Inherent Resolve: Quarterly and Biannual Report to the United States Congress, September 30, 2015</i>	11/2015
<i>FY 2016 Comprehensive Oversight Plan for Overseas Contingency Operations</i>	11/2015
Ongoing/Planned	
<i>Audit of Afghanistan Life Support Services (ALiSS) Contract</i>	–
<i>Audit of Embassy Kabul Planning for a Reduced Military Presence in Afghanistan and the Sustainability of Key Programs</i>	–

(continued on next page)

Ongoing/Planned <i>(continued)</i>	
Audit of the Department of State's Vetting of Non-U.S. Contractors in Afghanistan	–
Audit of Department of State Use of DUNS Number 12-345-6787 (Miscellaneous Foreign Awardees) in Afghanistan	–
Audit of Contract and Grant Oversight Staffing in Afghanistan	–
Audit of Embassy Kabul Construction and Commissioning	–
Audit of the Department of State's Compliance with Critical Environment Contracting Policies	–
Audit of Embassy Kabul's Planning for the Transition to a Civilian-led Mission in Afghanistan	–
Audit of the Antiterrorism Assistance Program in Countries Under the Department of State Bureaus of Near Eastern Affairs and South Central Asian Affairs	–
Inspection of Embassy Islamabad and Constituent Posts	–
Audit of Task Orders for Transition Services and Overtime Under the Baghdad Life Support Services (BLiSS) Contract	–
Audit of Task Orders for the Union III Compound Under the Operations and Maintenance Support Services Contract for the U.S. Embassy in Baghdad, Iraq	–
Audit of Fuel Acquisition and Services at the U.S. Embassy in Baghdad, Iraq	–
Inspection of Embassy Cairo and Constituent Post	–
Inspection of Embassy Ankara and Constituent Posts	–
Inspection of Bureau of Population, Refugees, and Migration	–
Inspection of the Middle East Broadcasting Networks, Inc.	–
Audit of Contract and Grant Oversight Staffing in Iraq	–
Audit of Department of State Vetting of Syrian Non-Lethal Aid Recipients	–
Audit of Construction of the New Embassy Compound - Islamabad	–
Audit of Counter Narcotics and Police Reform Program Compliance Follow-up in Pakistan and Afghanistan	–
Audit of Emergency Action Plans for US Mission in North Africa	–

^a This report is summarized in the *Classified Annex to the Semiannual Report to the Congress*.

4. 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 51 reports and identified more than \$36 million in potential monetary benefits to the Department. Additionally, OIG's criminal, civil, and administrative investigations resulted in nearly \$2.6 million in recoveries and other monetary results this reporting period.

During this reporting period, the Department and BBG made management decisions on \$43.6 million in potential monetary benefits identified by OIG during the current and prior reporting periods. At the close of the reporting period, the Department and BBG had not yet taken action on OIG recommendations

totaling \$301.7 million. This represents a decrease of about \$7.5 million, or about 2.5 percent, from the \$309.2 million in questioned costs and funds to be put to better use pending management decision at the beginning of the reporting period.

OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

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5. OFFICE OF AUDITS

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

Audit work focuses on areas of concern such as physical security at overseas posts; financial and information technology security and management; contracts, acquisition, and grants management; human capital and administrative issues; and high-risk programs and operations in the frontline states of Afghanistan, Iraq, and Pakistan.

From October 1, 2015, to March 31, 2016, the Office of Audits issued 26 reports on Department programs and operations, 17 of which were unclassified.

Audit Compliance and Follow-up

Compliance Follow-up Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts (AUD-ACF-16-20, 12/2015)

In March 2014, an independent external auditor, acting on behalf of OIG, reported that the Department's process to request funds for physical security needs could be improved and that the Department did not have information to ensure that the highest priority physical security needs were funded. The objective of this compliance follow-up audit was to determine the extent to which the Department had implemented the 10 OIG recommendations from the March 2014 report.

OIG reported that the Department had not taken action to fully address seven recom-

mendations in the March 2014 report but had taken action to address the other three recommendations. Specifically, the Department had developed new tools, including a Deficiencies Database, to identify and track physical security deficiencies. However, the Department had not fully implemented the tools. For example, the Department had completed only 10 percent of the required physical security surveys despite being 62 percent into its 3-year reporting cycle, and it had not populated the database that it established in April 2015 with any data.

OIG's recommendations to improve the process to request funds for physical security needs had not been fully implemented for several reasons. For example, being behind schedule in completing physical security surveys affected the Department's ability to complete the database. Additionally, the Department had not started populating the Deficiencies Database because it had not allocated sufficient resources to this task. Without a populated database, action on two other recommendations related to prioritizing all deficiencies and developing and issuing a Long-Range Physical Security Plan could not proceed.

Until the Department fully implements recommendations intended to improve the process to request and prioritize physical security needs, it will be unable to identify and address all physical security-related deficiencies and will be unable to make fully informed funding decisions based on a comprehensive list of physical security needs. OIG reissued three recommendations and

made six new recommendations that address actions the Department should take to improve the process to request and prioritize physical security needs.

Financial Management

Independent Review of the U.S. Department of State Accounting of FY 2015 Drug Control Funds and Related Performance Report (AUD-FM-16-29, 3/2016)

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 its review, nothing came to OIG's attention that caused it to believe that the management assertions included in the Department's FY 2015 report were not fairly stated in all material respects based upon the guidance.

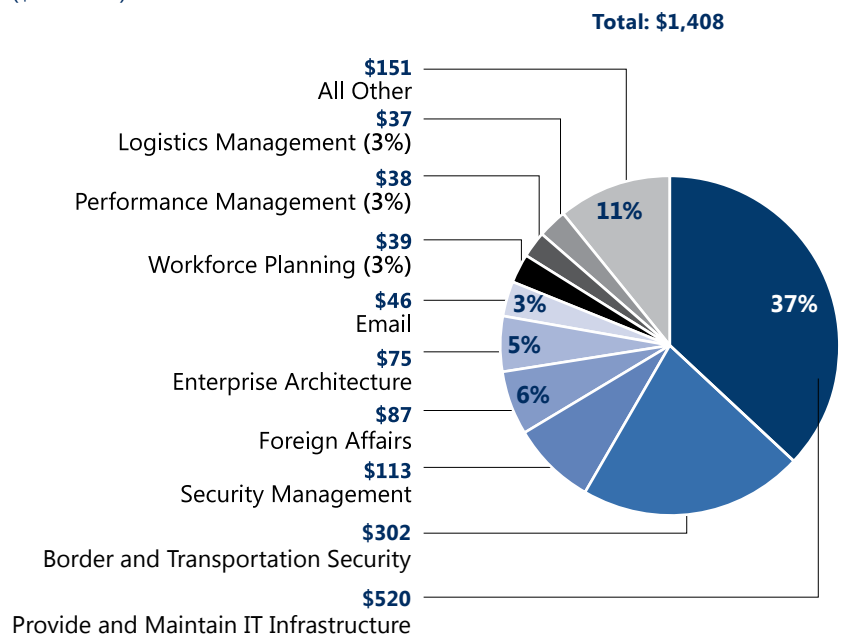
Audit of the Department of State Process To Select and Approve Information Technology Investments (AUD-FM-16-31, 3/2016)

In FY 2014, the Department reported that it had spent \$1.4 billion on 83 IT investments that support Department operations, ranging from property management to passport and visa systems. See Figure 5.1 for a breakdown of this spending.

Acting on OIG's behalf, an independent external auditor conducted this audit to determine whether the Department designed a process to select and approve IT investments in accordance with OMB requirements, followed the process that it had designed to select and approve IT investments, and provided accurate and complete Exhibit 53 and Exhibit 300 reports⁶ to OMB.

OIG reported that the Bureau of Information Resource Management (IRM) designed a process to select and approve IT investments in accordance with OMB requirements. However, the policy governing the process did not include a clear definition of an IT invest-

Figure 5.1
FY 2014 IT Spending
(\$ millions)



Note: Graphic found in full report at <https://oig.state.gov/system/files/aud-fm-16-31.pdf>.
Source: Department of State FY 2014 OMB Exhibit 53 Report, January 2015.

³ Federal agencies must report their IT investments and IT spending to OMB during the annual budget process in the Exhibit 53 and Exhibit 300 reports, which are used to create the "IT Portfolio," which is published as part of the President's budget.

ment that complies with OMB's definition, nor did it require bureaus to assess the potential duplication of planned IT acquisitions. The policy did not include these elements primarily because the Department did not have a process for IRM management to approve updates to the policy. As a result, the Department cannot ensure that it makes IT investments in accordance with OMB requirements.

Also, the Department generally did not select IT investments in accordance with the process it had designed or with OMB requirements. This occurred, in part, because the Department had not put into practice sufficient Chief Information Officer authority for IT acquisitions. In addition, IRM did not have a sufficient centralized oversight process in place. Further, the Department did not implement adequate controls to assess and avoid duplicative IT investments. The Department also did not use its IT portfolio management system consistently or to its full capabilities. Because of these issues, stakeholders lack visibility into the Department's IT portfolio, the Department made duplicative IT investments, and the Department was not well positioned to implement new mandates related to IT investments.

In addition, the Department did not always report to OMB accurate and complete information on its IT investments. This occurred primarily because the process to prepare the reports was manual and involved numerous users across the Department. Further, staff were not adequately trained on OMB requirements and the functionality of the Department's IT portfolio management system. Insufficient IRM oversight of the reporting process also contributed to incomplete and inaccurate reports. Because the reports were inaccurate and incomplete, Department stakeholders had a limited ability to analyze and assess IT spending.

Audit of the Financial Results of the Telephone, Wireless, and Data Cost Center (AUD-FM-16-32, 3/2016)

The Department established the Telephone, Wireless, and Data (TWD) Cost Center to provide centralized management control over equipment, services, and maintenance for unclassified voice and data telecommunications. The Bureau of Administration has financial responsibility for the Working Capital Fund cost centers; however, the cost centers operationally report to other bureaus or offices within the Department. For instance, the TWD Cost Center is organizationally part of IRM.

An independent external auditor, acting on OIG's behalf, conducted this audit to determine whether the fees collected for the TWD Cost Center were sufficient to cover all operating costs required to sustain operations for the activity.

OIG reported that the TWD Cost Center collected fees in excess of the amount needed to cover the costs to sustain its operations. One reason this occurred was that the TWD Cost Center fee-setting methodology was not effective. Specifically, the fees charged during FY 2010 to FY 2014 were established in FY 2005 and had not been updated. IRM was unable to provide documentation to support the fee amounts.

OIG also identified instances where the TWD Cost Center provided services to bureaus without charging a fee. Without an effective fee-setting methodology, it is more difficult for the TWD Cost Center to effectively control costs, account for activities, and encourage efficiency. Additionally, charging customers for services received by others risks noncompliance with Federal appropriations law.

Management Letter Related to the Audit of the U.S. Department of State 2015 Financial Statements
(AUD-FM-16-11, 2/2016)

During the audit of the Department's 2015 consolidated financial statements, an independent external auditor, acting on OIG's behalf, identified matters involving internal control that it brought to the Department's attention. These matters related to the reconciliation of accounts held by the Department of the Treasury, controls over personnel records and actions, and accounting for capital leases.

Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2015 Financial Statements
(AUD-FM-16-13, 2/2016)

During the audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section's (USIBWC) 2015 consolidated financial statements, an independent external auditor, acting on OIG's behalf, identified matters involving internal controls that it brought to USIBWC's attention. These matters related to insufficient controls over real property accounting, inaccurate recording of capital system upgrades, untimely disbursements of vendor payments pursuant to the Prompt Payment Act, and an insufficient construction-in-progress accrual process.

Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2015 and 2014 Financial Statements
(AUD-FM-16-12, 12/2015)

An independent external auditor, acting on OIG's behalf, audited the USIBWC's consoli-

dated financial statements as of, and for the years ended September 30, 2015 and 2014. The auditor found the consolidated financial statements presented fairly, in all material respects, the financial position of USIBWC as of September 30, 2015 and 2014, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America. The auditor found one significant deficiency in internal control over information technology.

Information Report: International Boundary and Water Commission, United States and Mexico, U.S. Section, 2015 Purchase Card Risk Assessment
(AUD-FM-16-21, 12/2015)

To assess risk associated with USIBWC's purchase card program, OIG reviewed USIBWC's FY 2014 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the USIBWC purchase card program was "low." This conclusion was based on USIBWC's purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations observations. Based on the results of this assessment, OIG did not recommend that an audit of USIBWC's purchase card program be included in OIG's FY 2017–FY 2018 work plan. However, OIG encouraged USIBWC officials to update the purchase card policy and ensure that internal controls intended to safeguard taxpayer funds are documented, fully implemented, and followed by USIBWC purchase cardholders.

Information Report: Department of State 2015 Purchase Card Risk Assessment
(AUD-FM-16-23, 12/2015)

To assess risk associated with the Department's purchase card program, OIG reviewed the

Department's FY 2014 purchase card data and concluded that the risk of illegal, improper, or erroneous use in the Department purchase card program is "high." This conclusion was based on the Department's purchase card program size, internal controls, training, previous audits, OIG Office of Investigations observations, and violation reports.

Based on the results of this assessment, OIG recommended that an audit of the Department's purchase card program be included in OIG's FY 2017–FY 2018 work plan. OIG also encouraged the Department purchase card program manager to provide prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed by Department purchase cardholders.

Independent Auditor's Report on the U.S. Department of State 2015 and 2014 Closing Package Financial Statements
(AUD-FM-16-09, 11/2015)

An independent external auditor, acting on OIG's behalf, audited the Department's consolidated financial statements as of, and for the years ended, September 30, 2015 and 2014. The auditor found that the consolidated financial statements presented fairly, in all material respects, the financial position of the Department as of September 30, 2015 and 2014, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America. The auditor found certain reportable deficiencies in internal controls. Specifically, the auditor found significant deficiencies in the internal control over financial reporting, property and equipment, budgetary accounting, unliquidated

obligations, and information technology. The auditor also found three instances of reportable noncompliance with laws, regulations, contracts, and grant agreements tested—specifically, the Antideficiency Act, the Prompt Payment Act, and the Federal Financial Management Improvement Act.

Independent Auditor's Report on the U.S. Department of State 2015 and 2014 Closing Package Financial Statements
(AUD-FM-16-10, 11/2015)

An independent external auditor audited the Department's closing package financial statements as of, and for the years ended, September 30, 2015 and 2014. The auditor found the closing package financial statements presented fairly, in all material respects, the financial position of the Department as of September 30, 2015 and 2014, 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 of America. The auditor identified no material weaknesses in internal control over the financial reporting process for the closing package financial statements, and its tests of compliance with Department of the Treasury requirements disclosed no instances of non-compliance that required reporting.

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-16-01, 10/2015)

Under OIG's direction, an independent external auditor performed agreed-upon procedures as required by OMB. The

auditor performed these procedures 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 via the Semiannual Headcount Report to OPM. In addition, the procedures were performed to assist OPM in identifying and correcting errors relating to processing and distributing Combined Federal Campaign (CFC) payroll deductions.

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

Middle East Region Operations

Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 8 – Security Services at U.S. Consulate Erbil
(AUD-MERO-16-30, 3/2016)

Acting on OIG's behalf, an independent external auditor conducted this audit to determine whether the Department's review and approval processes and procedures for invoices submitted under the Worldwide Protective Services (WPS) contract Task Order 8 for security services at U.S. Consulate Erbil were effective for identifying unsupported and unallowable costs. Specifically, the objective of the audit was to determine the extent

to which the Department's invoice review and approval procedures were effective for ensuring the accuracy and completeness of costs.

The auditor reviewed a sample of 52 invoices totaling \$93.3 million that the contractor (DynCorp) submitted for the task order, and questioned \$10.8 million of the costs approved by the contracting officer's representative (COR). Specifically, the auditor questioned \$807,507 in costs considered unallowable based on the contract terms, applicable laws, or regulations, and \$10 million in costs not adequately supported in accordance with the contract terms. The auditor determined that the COR approved these costs primarily because the Bureau of Diplomatic Security (DS) did not have a sufficient process to review and approve WPS invoices. Further, the Department's Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) did not formally modify the contract for instances where DS allowed DynCorp to deviate from the base contract, and A/LM/AQM signed and executed modifications to DynCorp's approved pricing schedules as much as a year after their effective dates.

OIG made three recommendations to the Bureau of Administration to address \$10.8 million in questioned costs and to improve the Department's invoice review guidance.

Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 – Baghdad Embassy Security Force
(AUD-MERO-16-28, 2/2016)

OIG conducted this audit to determine whether the Department is managing and overseeing the WPS contract's Task Order 3 for the Baghdad Embassy security force in accordance

with Federal and Department regulations and guidelines. Specifically, the objectives of the audit were to determine the extent to which the contractor (SOC, LLC) performed in accordance with the contract terms and conditions and the Department appropriately reviewed and approved invoices.

OIG found that, although SOC did not initially meet several contract requirements, the Department identified the deficiencies—including in staffing, English language proficiency, and implementation of a biometric time and attendance system—and issued multiple cure notices and deficiency letters requiring SOC to correct the deficiencies. OIG also identified \$20.8 million in costs that the Department could possibly recover from the contractor, including \$13.6 million in deferred assessments and \$7.2 million in questioned costs approved by the COR (specifically, \$652,061 in unallowable costs based on the contract terms, applicable laws, or regulation, and \$6.5 million in costs not adequately supported). OIG made three recommendations to address the \$20.8 million in potentially recoverable costs and one recommendation to improve the Department's invoice review process.

Management Assistance Report: Funds Supporting a Cooperative Agreement to Southern Methodist University at Risk of Waste
(AUD-MERO-16-19, 11/2015)

OIG conducted this limited review based on a complaint that the Government Accountability Office referred to OIG alleging mismanagement of a cooperative agreement that the Department awarded to Southern Methodist

University (SMU). The purpose of the agreement was for SMU to support the enhancement of the Department of Psychology at the Shaheed Benazir Bhutto Women University in Peshawar, Pakistan. The objectives of OIG's review were to determine whether the agreement's expenditures were reasonable and in accordance with the purpose of the award and whether the agreement was properly monitored.

OIG found that a primary objective of the cooperative agreement had not been fulfilled and the award had not been properly monitored. Specifically, SMU had not completed a distance learning course objective, and security concerns prevented U.S. Embassy Islamabad's Public Affairs Section from making required site visits. The lack of site visits impeded the Department's ability to ensure that SMU was spending U.S. Government funds for the intended purpose. In addition, materials and equipment purchased in January 2014 for the project remained unused. OIG recommended that the Bureau of South and Central Asian Affairs review the cooperative agreement to determine whether the objectives could be fulfilled with or without a no-cost extension or else terminate the agreement and recover the remaining funds. If the decision were to extend the agreement, the review should ensure that appropriate controls were in place to protect U.S. taxpayer funds.

In its response to OIG's report, the Office of the Special Representative for Afghanistan and Pakistan stated that an extension of three months was warranted to complete the objectives of the project and that more than \$300,000 would be de-obligated from the award.

Management Assistance Report: Improper Use of Overtime and Incentive Fees Under the Department of State Baghdad Life Support Services (BLISS) Contract
(AUD-MERO-16-08, 11/2015)

In the course of an audit of the Department's implementation of the Baghdad Life Support Services (BLISS) contract, OIG reviewed 4 task orders awarded to Pacific Architects and Engineering Government Services, Inc. (PAE), providing overtime pay and/or incentive fees to PAE employees. At the time of the audit, OIG found that the award of these task orders was not accompanied by a cost-benefit analysis, validated need, or written justification.

In January 2012, the Department assumed full responsibility for providing life support services to U.S. Government personnel in Iraq. In July 2013, the Department awarded to Pacific Architects and Engineering Government Services, Inc. (PAE) the BLISS contract—a 5-year indefinite delivery, indefinite quantity contract (base plus 4 option years) with a not-to-exceed cost of \$1 billion—to provide life support and logistics functions for Department personnel at various sites in Iraq. As of October 2015, the Department had issued 15 task orders under this contract with a total estimated value of \$536 million, 4 of which were to provide overtime pay or incentive pay to the contractor.

Of the four task orders OIG reviewed valued at approximately \$5.6 million, OIG found only one task order, which was awarded on September 15, 2015, was active while three task orders had expired. OIG therefore recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, deobligate the

unspent funds and identified approximately \$2.6 million that could be put to better use.

Security and Intelligence

Audit of the National Endowment for Democracy Use of Department of State FY 2006–FY 2014 Annual Grant Funds
(AUD-SI-16-05, 11/2015)

OIG conducted this audit to determine whether the National Endowment for Democracy (NED) used annual grant funds that the Department provided from FY 2006 to FY 2014 in compliance with applicable laws and regulations. Congress established NED in 1983 through the NED Act. NED receives funding each year from Congress through amounts authorized in the Department's annual budget appropriations to accomplish its purpose of strengthening democratic institutions throughout the world by distributing funds through grants to private organizations. From FY 2006 to FY 2014, NED received more than \$960 million in grant funds from the Department.

OIG found that NED used funds in compliance with applicable laws and regulations for the projects tested that were funded from the Department's FY 2006 to FY 2014 annual grants. Further, NED files reflected evidence of adherence to the NED Act. This occurred because NED designed and implemented policies and procedures to help ensure grantee compliance, including detailed guidance provided to its grantees. In addition, NED's Compliance Department conducted annual reviews of NED's core institutes (the four implementing organizations that receive a significant share of NED's grant funds) to

ensure that the institutes were following procedures and to recommend improvements when it identified issues.

OIG did not make any recommendations in this report. However, OIG made two recommendations to the Department regarding its grant oversight of NED in *Management Assistance Report: Oversight of Grants to the National Endowment for Democracy* (AUD-SI-15-34, 6/2015).

Ongoing Audit Work

At the close of this reporting period, the Office of Audits was continuing to focus on Department programs implemented in Iraq and Afghanistan. Most notably, it was conducting an audit of the commissioning of several new buildings on the Kabul Embassy compound. Auditors were evaluating the process the embassy took to accept the buildings as “safe” for occupancy from the contractor. In addition, auditors were evaluating fuel operations in Iraq, an area of vulnerability well documented by OIG at other high-threat posts. The Office of Audits was also conducting work on the Department’s travel card program, the aeromedical biological containment evacuation contracts, select cost-of-living allowances, the armored vehicles program, terrorist screening efforts for visa applicants, and the information security program.

6. OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

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

This office also reviews allegations of administrative misconduct by senior officials and issues management alerts and management assistance reports to highlight urgent needs for corrective actions, as well as capping reports on thematic areas of concern. It also conducts special evaluations and reviews, including responses to congressional inquiries. This office's work complements the work of OIG's Offices of Audits, Inspections, and Investigations by developing a capacity to focus on broader systemic issues.

From October 1, 2015, to March 31, 2016, the Office of Evaluations and Special Projects issued two reports related to Department programs and operations, both of which were unclassified.

Evaluation of the Department of State's FOIA Processes for Requests Involving the Office of the Secretary
(ESP-16-01, 01/2016)

In April 2015, OIG initiated a review of the Department's policies and procedures concerning the use by the five most recent Secretaries of State and their immediate staffs of non-Departmental hardware and software to conduct official business. The review included an evaluation of whether the Department properly produced government records in response to Freedom of Information Act (FOIA) requests.

OIG found that Department leadership had not played a meaningful role in overseeing or reviewing the quality of FOIA responses. Furthermore, the searches for records created or maintained by the Office of the Secretary did not consistently meet statutory and regulatory requirements for completeness and rarely met requirements for timeliness. These problems were compounded by the fact that FOIA responses involving the Office of the Secretary were sometimes inaccurate.

OIG made four recommendations, including that the Bureau of Administration identify and acquire personnel needed to improve the timeliness of FOIA responses, that the Department develop a FOIA quality assurance plan, and that the Office of the Secretary ensure that its FOIA searches are complete and accurate.

Classified Material Discovered in Unclassified Archival Material
(ESP-16-02, 03/2016)

As part of its review of the use of non-Departmental hardware and software to conduct official business, OIG searched unclassified archives and discovered records suggesting instances, occurring from February 2003 through June 2008, in which potentially sensitive material may have been transmitted via personal email accounts or other unclassified means to

Secretary Colin Powell or to Secretary Condoleezza Rice's immediate staff. The Department confirmed that 12 emails contained classified information. Based on this determination, OIG recommended that the Department remove classified material from all unclassified paper and electronic archives associated with Secretaries Powell and Rice and their staff.

Ongoing Evaluations and Special Projects Work

At the close of this reporting period, the Office of Evaluations and Special Projects was concluding work on its independent review of the Department's policies and procedures concerning the use by the five most recent Secretaries of State and their immediate staffs of non-Departmental hardware and software to conduct official business. The final report will examine records management and cybersecurity issues within the Office of the Secretary.

The office was also working with the Department of Justice OIG to conduct a joint review of the Department and Drug Enforcement Administration responses following three drug interdiction missions in Honduras that involved the use of deadly force. Finally, the office was conducting a review of the use of administrative leave by Department employees and Department policies regarding the granting of such leave.

7. OFFICE OF INSPECTIONS

The Office of Inspections conducts independent assessments of the operations of the Department, its 280 posts abroad, and related activities.

OIG inspects each post and domestic bureau under the Foreign Service Act of 1980, which sets forth three broad areas for inspections: policy implementation, resource management, and management controls. OIG also conducts thematic reviews of Department programs and operations and compliance follow-up reviews on some posts, offices, and bureaus previously inspected to ensure implementation of key recommendations.

From October 1, 2015, to March 31, 2016, the Office of Inspections issued 14 reports related to Department programs and operations, 11 of which were unclassified.

Domestic Bureaus

Management Assistance Report: Continued Deficiencies Identified in Information Technology Contingency Planning (ISP-16-05, 2/2016)

OIG identified IT contingency planning deficiencies in 69 percent (20 out of 29) of overseas inspections conducted during FYs 2014 and 2015. The issues identified included information management staff at posts not developing, updating, or testing IT contingency plans and plans that lacked appropriate key stakeholders and contact information as part of emergency preparedness, contrary to established requirements. OIG recommended

that the Department take action to ensure that information management personnel are accountable for IT contingency planning by making this responsibility explicit in their work requirements.

Inspection of the Bureau of Energy Resources (ISP-I-16-06, 2/2016)

In its inspection of the Bureau of Energy Resources, which was created in late 2011, OIG found that the bureau had established itself as the center for energy diplomacy and the action office for energy security issues in the Department and contributed to important U.S. policy deliberations and initiatives. The Special Envoy's substantive knowledge, tactical skills, and advocacy strengthened the bureau's leadership role in energy diplomacy, but extended absences of senior officials for official travel, leave, and telework had been detrimental to the bureau's operational effectiveness. Weak institutional procedures—including information sharing, communication, and the bureau's organizational structure—hampered internal operations and coordination with bureau partners. The strategic planning process was not inclusive and lacked rigorous prioritization of objectives. In addition, the bureau lacked an effective security program to ensure the protection of sensitive information. OIG made recommendations to improve internal management procedures and the bureau's organization.

Inspection of the Bureau of Diplomatic Security, Directorate of International Programs
(ISP-I-16-07, 2/2016)

Officials in five of the Department's six regional bureaus reported to OIG that communication and coordination with the Bureau of Diplomatic Security had much improved in the aftermath of the September 2012 attack on the U.S. Special Mission in Benghazi, Libya. The DS Directorate of International Programs was in the process of coordinating updates of memoranda of understanding between the Departments of State and Defense concerning Force Protection Detachments under chief of mission authority and the Marine Security Guard detachments. The Office of Acquisition Management assigned contracting officers and specialists within the directorate's Office of Overseas Protective Operations 8 years ago to help oversee more than \$1.6 billion in local guard and personal protective services contracts. However, there was no service-level agreement defining the roles and responsibilities of both staffs, which had caused confusion and some misunderstanding. OIG made recommendations to establish or update memoranda of agreement with the Department of Defense pertaining to the Marine Security Guard program, issue guidance to chiefs of mission on the availability of U.S. military assets during emergencies, and improve contract administration.

Management Assistance Report: Annual Purchase Card Program Reviews
(ISP-I-16-04, 1/2016)

OIG's review found that 53 percent of overseas purchase card coordinators in FY 2014 either failed to perform mandatory annual reviews of their purchase card programs or

did not respond to a request for that information. Annual reviews are an important internal control to prevent waste, fraud, and abuse. The monetary value of goods and services obtained using purchase cards at those non-compliant and nonresponsive posts totaled almost \$34 million. The Bureau of Administration did not routinely monitor and evaluate compliance with the required annual review. OIG made recommendations to require that bureaus and posts submit the results of annual purchase card reviews so compliance can be monitored and to update the *Foreign Affairs Manual* (FAM) to identify which office has responsibility for overseeing and administering the program.

Review of the Consular Annual Certification of Management Controls Process
(ISP-I-16-01, 10/2015)

In its review, OIG found that the Consular Annual Certification of Management Controls process was a useful mechanism for taking a snapshot survey of consular internal controls. However, it did not require meaningful continuous monitoring of internal controls, nor did it enable consular managers to track their compliance throughout the year. The Bureau of Consular Affairs lacked a standard procedure for sharing data and analysis from the certification with users in other directorates or for reporting results to higher level management. Although the bureau described the annual certification process as thorough and documented and said it held certifying officers accountable, no documentation was required in support of compliance. The process collected extensive data that could be used to assess and mitigate risk to overseas management controls, but the bureau did not aggregate, analyze, or use the data for those purposes, except on an ad hoc basis.

OIG made recommendations to better align the Annual Certification of Management Controls with Federal standards for internal controls. The recommendations were intended to enhance the value of this process as a tool for consular managers abroad to prioritize and verify compliance of management controls and for analysts in the bureau to monitor compliance. OIG also made recommendations to develop risk assessment processes and to improve communication and reporting of deficiencies in management controls within the bureau.

Inspection of the Bureau of International Organization Affairs
(ISP-I-16-02, 10/2015)

In its inspection of the Bureau of International Organization Affairs, OIG found that the Assistant Secretary had taken the lead to expand the bureau's impact in multilateral diplomacy efforts. However, the bureau's efforts to evaluate the \$340 million in foreign assistance voluntary contributions paid to international organizations were insufficient. In addition, the bureau ceased payments on its \$26 million tax-reimbursement obligations to international organizations while it waited for the issuance of a solicitation for professional tax services to assist with verifying the validity and accuracy of bills submitted for payment. Despite efforts to address staffing and organization, the bureau's organizational structure did not reflect workload increases in some offices or its functional bureau strategy priorities. The bureau's Management Control Program should include all its domestic programs and activities when assessing controls. Aspects of several programs, including the purchase card program, did not comply with Department guidelines. OIG recommended eliminating one office and reprogramming its

function and appropriate staff into another office, which would result in \$1,463,800 in funds that could be put to better use. Other recommendations addressed bureau program implementation, organization structure, financial management, management controls, and IT shortcomings.

Inspection of the Bureau of Information Resource Management, Operations, Vendor Management Office
(ISP-I-16-03, 10/2015)

In its inspection of the Vendor Management Office, OIG found that the office operated without authority to require compliance with its procedures. In 2013, the Department's Chief Information Officer established the Vendor Management Office in the Bureau of Information Resource Management, Operations, to support the Department's Vanguard Acquisition Strategy by monitoring work performed under the 10-year, \$3.5 billion umbrella contract for consolidated, Department-wide IT infrastructure support. The Department had no guidelines on the operation of such an office in the FAM, which defines authorities and responsibilities for each of the Department's major components. OIG found that, between April 2014 and March 2015, Vanguard government technical monitors failed to validate, on average, 25 of 268 performance metrics per month, leading the Department to pay performance incentive fees to contractors without complete validation of performance metrics. In addition, the office performed some contract administration office duties for the \$3.5-billion Vanguard acquisition without formal delegation from the contracting officer as required by the FAR.

OIG made recommendations designed to improve the Vendor Management Office's

operations, including completing the FAM section on the office's roles and responsibilities. OIG also made recommendations regarding contract administration, including delegating the office as a contract administration office and requiring CORs and government technical monitors to validate all performance metrics.

Overseas Missions

Bureau of Near Eastern Affairs

Evaluation of Bureau of Democracy, Human Rights, and Labor Iraq Programs in Support of Line of Effort 1 of the President's Counter-ISIL Strategy
(ISP-16-09, 3/2016)

OIG evaluated all 12 active grants in Iraq from the Bureau of Democracy, Human Rights, and Labor (DRL), with a total award value of \$42.4 million. OIG found that all grant files reviewed contained monitoring plans, risk assessment or contingency plans, and performance indicators. However, DRL did not report performance indicator data for grant recipients but instead reported narrative performance summaries. Without the reporting of performance indicator data, the Department and Embassy Baghdad could not determine whether DRL grants were meeting program objectives. The Bureau of Administration also improperly designated six contractors to serve as grants officer representatives (GORs), thus allowing contractors to perform inherently governmental functions. OIG recommended that DRL report performance indicator data for its Iraq grants to the U.S. Office of Foreign Assistance and that the Bureau of Administration designate certified GORs for DRL grants in Iraq.

Evaluation of Embassy Baghdad's Implementation of Line of Effort 6 in the President's Strategy to Counter ISIL: Exposing ISIL's True Nature
(ISP-I-16-10, 3/2016)

In its evaluation, OIG found that Embassy Baghdad's public diplomacy activities operated without formal strategic planning and goals. None of the embassy's Integrated Country Strategy goals or objectives contained language relating to public diplomacy generally or to counter-ISIL messaging specifically. The Department did not formally task Embassy Baghdad with specific actions under Line of Effort 6 in the President's counter-ISIL strategy. The embassy focused counter-ISIL messaging on building confidence among Iraqis that the Iraqi Security Forces, with U.S. and Coalition support, can degrade and defeat ISIL. Embassy Baghdad was focusing more resources on social media; between January and October 2015, its Facebook audience grew from about 250,000 followers to more than 400,000.

The embassy confronted active disinformation campaigns and residual suspicions about U.S. policy that undermined its messaging. Recent Department polling showed that about 40 percent of Iraqis believed that the United States was working to destabilize Iraq and control its natural resources, and nearly a third believed that the United States supported terrorism in general or ISIL specifically. About half of Iraqi Sunnis and Shia said that they completely oppose the Global Coalition to Counter ISIL.

OIG made recommendations to Embassy Baghdad to include public diplomacy in its Integrated Country Strategy action plan and to complete a Public Diplomacy Implementation Plan for FY 2016.

Bureau of South and Central Asian Affairs

Inspection of Embassy Ashgabat, Turkmenistan (ISP-I-16-13A, 3/2016)

In its inspection of Embassy Ashgabat, OIG found that Washington end-users cited the embassy's resourcefulness and ability to convey useful reporting from Turkmenistan's repressive environment. Embassy leadership explicitly set high standards for ethics and standards of conduct. Despite the Ambassador's emphasis on strong internal controls, OIG found several areas where the embassy needed to strengthen internal controls of its operations. The embassy stressed the importance of emergency preparedness in this seismically active area, but U.S. Government personnel occupied housing that had not been evaluated for seismic adequacy. The inspection also found one innovative practice: The embassy included embassy children in the emergency and

evacuation radio program to ensure everyone in the household understood radio equipment and network procedures.

OIG made recommendations to Embassy Ashgabat to improve management operations and internal controls and to the Department's Bureau of Overseas Buildings Operations (OBO) to address seismic vulnerability. OBO is constructing a new embassy compound, which includes housing, and it will be completed in 2018.

Inspection of Embassy Tashkent, Uzbekistan (ISP-I-16-12A, 3/2016)

In its inspection of Embassy Tashkent, OIG found that the Ambassador steered the U.S.–Uzbekistan engagement in constructive ways, including the signing of an agreement on counternarcotics. Washington end-users uniformly expressed satisfaction with embassy reporting that provided the information needed to understand the U.S.–Uzbekistan relationship. The Consular Section did not



Embassy Ashgabat, Turkmenistan (ISP-I-16-13A, 3/2016)

comply with non-immigrant visa adjudication review standards, visa referral management and referral procedures, and consular management control requirements. OBO had not addressed seismic risk by identifying suitable housing with the lowest possible risk to life safety, although the embassy had taken steps to prepare its staff for the aftermath of a major earthquake. Its reliance on English, rather than Russian- and Uzbek-language material, limited the embassy's social media outreach. The inspection found one innovative practice: The embassy produced a no-cost and reliable short message service for employees.

OIG made recommendations to Embassy Tashkent to strengthen consular management controls, expand the embassy's reporting and social media outreach, and improve inter-agency cooperation. OIG also made a recommendation to OBO to improve the seismic safety of the embassy's housing.

Ongoing Inspection Work

At the close of this reporting period, the Office of Inspections was completing inspections of Embassy Cairo, Egypt, and Embassy Kinshasa, Democratic Republic of the Congo; as well as completing the compliance follow-up review of the Department of State Disciplinary Process. The office was also finalizing thematic reviews of foreign assistance sustainability and of armored vehicle training.

Additionally, the office had started inspections of seven U.S. missions—Ankara, Belmopan, Tegucigalpa, Montevideo, Port of Spain, Quito, and Curacao—as well as of DS's Directorate of Threat Investigations and Analysis. The office was also conducting compliance follow-up reviews of DS's High Threat Programs Directorate and of the Bureau of International Law Enforcement Affairs.



Embassy Tashkent, Uzbekistan (ISP-I-16-12A, 3/2016)

8. OFFICE OF INVESTIGATIONS

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

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

From October 1, 2015, to March 31, 2016, the Office of Investigations issued two unclassified reports related to Department programs and operations.

Management Assistance Report: Mandatory Disclosure Language in Department of State Grants and Assistance Agreements (INV-15-02, 12/2015)

During the course of investigative work related to Operation Inherent Resolve efforts, OIG identified opportunities to strengthen the requirements for reporting fraud, waste, and abuse related to grants, cooperative agreements, and other Federal assistance awards. OIG made three recommendations to the Department related to incorporating mandatory disclosure language in its *Standard Terms and Conditions* for all existing and future grants, cooperative agreements, and other Federal assistance awards. Specifically, OIG

recommended including the complete citation of the mandatory disclosure language set forth in 2 CFR 200.113, which pertains to the timely disclosure, in writing, to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. OIG also recommended including with this language, the requirement of disclosure to OIG with a copy to the cognizant grants officer. Additionally, in March 2016, the Department issued a Federal Assistance Management Advisory with a revised policy that stated that all active grants, cooperative agreements, and other Federal assistance awards valued at \$1 million or more and with at least 4 months remaining in the period of performance must be amended to include the revised *Standard Terms and Conditions*.

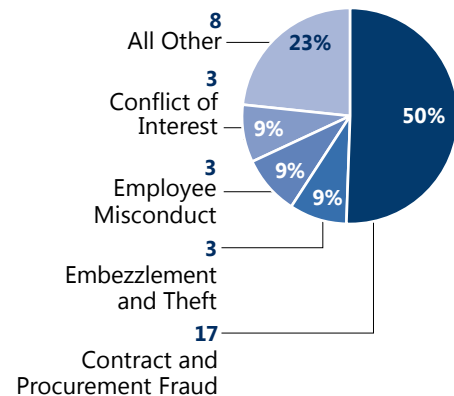
Management Assistance Report: U.S. Embassy Mexico City Cashier Operations (INV-15-01, 11/2015)

OIG conducted an investigation into allegations that the Financial Management Center located in Embassy Mexico City was responsible for cashiering discrepancies totaling approximately \$6 million. A preliminary inquiry into the matter revealed that the cashiering discrepancies were caused by incorrect depositing procedures and incorrect attribution of deposits to accounting codes. Out of the \$6 million in funds, all but approximately \$50,000 were accounted for. Although the OIG special agents did

not substantiate any of the fraud allegations, they did identify internal control weaknesses. OIG recommended that Embassy Mexico City address five key vulnerabilities within cashier operations, including conducting reconciliations and unannounced verification of funds on a monthly basis and immediately ceasing the comingling of cashier accounts and the sharing of passwords and safe combinations. In December 2015, the embassy agreed to and implemented the recommendations.

For a summary of actions related to OIG investigative activity this reporting period, see Table 8.1. For a breakdown of cases closed this reporting period, see Figure 8.1.

Figure 8.1
OIG Investigations Closed,
10/1/2015–3/31/2016



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

Table 8.1
OIG Investigative Activity Related to Department of State Programs and Operations, 10/1/2015–3/31/2016

Preliminary Inquiries	
Opened	43
Closed	36
Investigations	
Opened	42
Closed	34
Pending (as of 3/31/2016)	158
Criminal Actions	
Arrests	0
Indictments/Informations	0
Convictions	9
Civil Actions	
Civil Judgments	2
Administrative Actions	
Removals (Resignation & Termination)	19
Suspensions/Revocations (Employee & Security Clearance)	3
Reprimands/Admonishments/Other	3
Contractors/Grantees Suspended	8
Contractors/Grantees Debarred	9
Cost Recovery	1
Funds Put to Better Use	2
Fraud Awareness Briefings	33

Table 8.2
Preliminary Inquiries and Cases Closed, 10/1/2015–3/31/2016

Type	Domestic	Overseas
Preliminary Inquiries Closed	17	19
Case Closed	20	14
Total	37	33

Figure 8.2
Cases and Preliminary Inquiries Closed, by Country, 10/1/2015–3/31/2016



Source: Office of Investigations electronic case management system.

As shown in Table 8.2 and Figure 8.2, OIG's investigative efforts span the globe. Of the 70 cases and preliminary inquiries closed this reporting period, 53 percent concerned activity in the United States and approximately 47 percent concerned activity in other countries.

The following are highlights of investigative work conducted during this reporting period.

Contract Fraud

Attempted Bribe Leads to Debarment of Contractor in Afghanistan

In February 2016, the Department debarred a manager at a company that obtained insurance for Afghan contractors working with the Department. OIG special agents determined that the individual attempted to bribe a procurement official working at Embassy Kabul to steer vendors to the company.

Local Guard Force Contractor Agrees to Settlement Terms With the Department

In December 2015, a major local guard force contractor agreed to a civil settlement and paid \$360,000 to the Department. The civil settlement was the result of OIG special agents determining that the company had forged training documents and the contract employees had not obtained the proper basic training, as required per the contract.

Department Employee Debarred Following False Statements

In October 2015, the Department debarred a former employee for 3 years after the employee admitted to providing false information during a 2011 interview pertaining to a procurement fraud investigation. OIG special agents determined that, in a 2015 email, the employee flaunted his involvement in the procurement fraud scheme, which ultimately led to criminal charges against the lead

subject and the debarment of 13 entities. In 2011, Embassy Kabul terminated his employment for assisting other procurement officials in cheating on their required procurement examinations and for failing to report bribe offers from contractors.

Employee Misconduct

Joint Investigation Finds Department Employees and Co-Conspirators Guilty of Theft

In February 2016, a foreign court sentenced three Department locally employed staff, along with three local foreign national citizens, to at least 5 years of probation and ordered them to pay restitution of \$460,000 to the Department as well as to pay various fines. The sentencing was the result of a joint investigation by OIG and the Bureau of Diplomatic Security's Regional Security Office. The investigation determined that the individuals participated in large-scale theft of approximately \$2.3 million in diesel fuel from Embassy Tbilisi, Georgia. In addition, post management terminated six employees and withheld at least two of their pensions, resulting in approximately \$46,500 in funds put to better use.

Department Employee Altered Official Travel Orders To Cancel a Lease Agreement

In December 2015, a Department employee resigned after OIG special agents determined the employee attempted to break his residential lease agreement by providing falsified documents and information to the property leasing company. The employee altered his travel orders and presented them to the property management company requesting to cancel the rental lease agreement with the justification that the Department was transferring the employee to an overseas assignment.

Department Employee Ordered To Return Locality Pay for Official Transfer

In October 2015, the Department initiated the recovery of approximately \$6,000 from an employee who continued to receive Washington, D.C., locality pay after establishing new residency outside of the Washington, D.C., metropolitan area. The overpayment continued for approximately 6 months (or 12 pay periods) after the employee transferred to a new duty post. OIG special agents determined the employee knowingly received extra pay and chose not to update her permanent change of station.

Grant Fraud

OIG Investigation Finds Grant Employees Falsified Reports

In February 2016, the Department denied Special Immigrant Visas for two former employees of an organization that received Department grant funds to dispose of munitions in Afghanistan. The grantee organization had previously terminated these employees and four others for fraudulently claiming they had destroyed munitions, and an additional employee resigned. The actions were the result of OIG special agents determining the employees had schemed to reuse already-seized ordinance to inflate the number of munition disposal operations they performed.

False Claims Scheme Leads to Debarment of Department Grantee

In October 2015, the Department debarred two grantee organizations, as well as the president of both organizations, for 3 years. OIG special agents previously uncovered a fraud scheme where the organizations submitted fraudulent vouchers, invoices, payroll forms, and other documents to the Department claiming expenses for employee salaries,

utilities, the purchase of gas heaters, and fuel over a 1-year period. The Department terminated the grant, which was to provide English and computer courses to Afghan children in the Herat province of Afghanistan, prior to completion.

Updates to Prior Cases

Department Contractor To Pay \$1.65 Million Settlement

In March 2016, Coastal International Security, Inc., a Department contracting company, agreed to a civil settlement of \$1.5 million and was ordered to pay a monetary penalty totaling \$150,000 to the United States. The settlement was the result of a joint OIG and Federal Bureau of Investigation investigation involving a Department COR, a program manager for Coastal International Security, and others who sold nutritional supplements to the company's employees and fraudulently billed the Department for those costs. Previously, in

July 2015, after pleading guilty to conspiracy to commit wire fraud, the program manager was sentenced to 12 months in prison and 2 years of probation. In addition, the Department COR, the COR's supervisor, the program manager, and Coastal International Security's former president were each debarred for a period of 3 years.

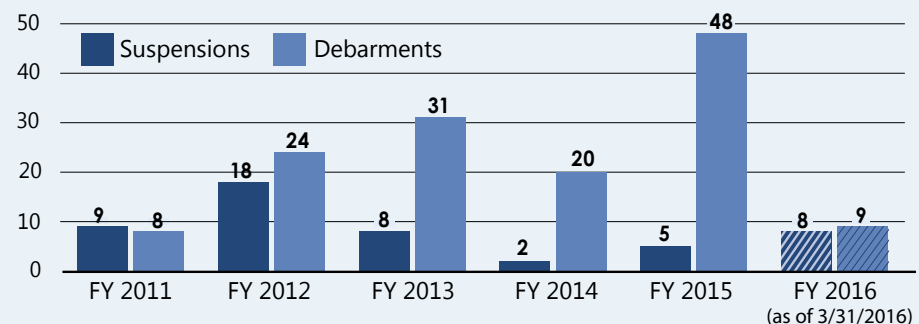
Guilty Plea in Fraudulent Employment Visa Scheme

In November 2015, following a joint OIG and Department of Labor OIG investigation, a South Korean emigration company employee was sentenced to 3 years of probation. The investigation determined the employee falsified documents with the National Visa Center in Portsmouth, New Hampshire. These documents granted employment visas to South Koreans seeking work in the United States, despite there being no employment opportunities available. Previously, in July 2015, the employee pled guilty to two counts of causing others to make false statements on visa applications.

Suspensions and Debarments

OIG has enhanced its efforts to identify and refer appropriate cases to the Department for suspension and debarment. During this reporting period, because of OIG referrals, 9 contractors and grantees were debarred, and 8 were suspended from conducting business with the Federal Government.

Suspension and Debarment Action Taken by the Department as a Result of OIG Referrals, FY 2011–2016



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

In the reports it issued this reporting period, OIG identified \$36 million in potential monetary benefits to the Department. Also during this reporting period, the Department made management decisions on \$42.8 million in recommendations involving questioned costs or funds that could be put to better use. As of the close of this reporting period, the Department had not yet made management decisions on \$300.6 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 9.1.

For the status of recommendations involving funds that could be put to better use, see Table 9.2. For a summary of consolidated Department and BBG totals of potential monetary benefits identified by OIG during this reporting period, see Section 4 of this report.

OIG Financial Lexicon

Questioned Costs*

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

Allowed:

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

Disallowed:

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

Funds Put to Better Use

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

Agreed:

The dollar value of recommendations that management agreed to implement.

Disagreed:

The dollar value of recommendations that management disagreed with implementing.

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

Table 9.1**Status of OIG Recommendations to the Department of State Including Questioned Costs, 10/1/2015–3/31/2016**

Recommendation Status		# Reports	Questioned Costs \$ Thousands	Unsupported Costs ^b \$ Thousands
A.	No management decision made by start of the reporting period	14	\$41,523 ^a	\$12,341
B.	Issued during the reporting period			
	<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 8 - Security Services at U.S. Consulate Erbil</i>		\$10,800	\$10,000
	<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 - Baghdad Embassy Security Force</i>		\$7,195	\$6,543
	Total Issued During the Reporting Period	2	\$17,995	\$16,543
	Total (A+B)	16	\$59,518	\$28,884
C.	Management decision made during the reporting period			
	(i) Disallowed costs		\$1,913	\$52
	(ii) Costs not disallowed		\$518	\$196
	Subtotal		\$2,431	\$248
D.	Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]	12	\$57,087	\$28,635

Note: Dollar amount may be affected by rounding.^a The final amount reported in OIG's September 2015 *Semiannual Report to the Congress* (\$41,235) was adjusted based on updated information and analysis of open recommendations.^b "Unsupported Costs" is a subset of total "Questioned Costs."

Table 9.2

Status of OIG Recommendations to the Department of State Recommending Funds Be Put to Better Use,
10/1/2015–3/31/2016

Recommendation Status	# Reports	\$ Thousands
A. No management decision made by the start of the reporting period	24	\$265,824 ^a
B. Issued during the reporting period		
<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 - Baghdad Embassy Security Force</i>		\$13,600
<i>Management Assistance Report: Improper Use of Overtime and Incentive Fees Under the Department of State Baghdad Life Support Services (BLISS) Contract</i>		\$2,642
<i>Management Assistance Report: Funds Supporting a Cooperative Agreement to Southern Methodist University at Risk of Waste</i>		\$300
<i>Inspection of Bureau of International Organization Affairs</i>		\$1,464
<i>Classified Annex to the Inspection of Embassy Tashkent, Uzbekistan</i>		\$69 ^b
<i>Classified Annex to the Inspection of Embassy Ashgabat, Turkmenistan</i>		\$40 ^c
Total Issued During the Reporting Period	6	\$18,114
Total (A+B)	30	\$283,938
C. Management Decision made during the reporting period		
(i) Dollar Value of Recommendations Agreed to by Management		\$39,272
(ii) Dollar Value of Recommendations Not Agreed to by Management		\$1,109
Subtotal		\$40,381
D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]	17	\$243,558

Note: Dollar amount may be affected by rounding.

^a The final amount reported in OIG's September 2015 *Semiannual Report to the Congress* (\$264,493) was adjusted based on updated information and analysis of open recommendations.

^b The recommendation(s) tied to these monetary benefits are discussed in the *Classified Annex to the Semiannual Report to the Congress*.

^c The recommendation(s) tied to these monetary benefits are discussed in the *Classified Annex to the Semiannual Report to the Congress*.

Office of Management and Budget Single Audits

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

OIG reviews selected audit reports for findings and questioned costs related to Department awards to ensure that the reports comply with OMB single audit requirements. OIG's oversight of non-Federal audit activity informs Federal managers about the soundness of the management of Federal programs and identi-

fies any significant areas of internal control weaknesses, noncompliance, and questioned costs for resolution or follow-up.

In this reporting period, OIG's Office of Audits reviewed 10 single audit reports covering \$1.1 billion in Federal funds. Of this amount, Department funds totaled \$585 million. Four of the 10 reports documented the awardee's noncompliance with Federal requirements, including 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 at least \$11,873 to Department program officials for resolution or follow-up as identified in one of the reports.

OIG also conducted follow-up on prior year's questioned costs of \$404,042 referred to Department program officials for resolution in prior periods. Table 9.3 summarizes OIG's reviews of non-Federal audits conducted during this reporting period and the Depart-

Table 9.3
Inspector General-Referred Single Audit Reports With Questioned Costs

Recommendation Status		# Reports	Questioned Costs \$ Thousands
A.	For which no management decision had been made by the commencement of the reporting period	8	\$404
B.	Issued During Reporting Period	1	\$12
	Subtotal Questioned Costs (A+B)	9	\$416
C.	For which a management decision was made during the reporting period		
	(i) Disallowed costs		\$0
	(ii) Costs not disallowed		\$0
	Total Management Decisions	0	\$0
D.	For which no management decision has been made by the end of the reporting period	9	\$416

Note: Dollar amount may be affected by rounding.

ment's decisions to allow or disallow the questioned costs.

Defense Contract Audit Agency Audits

A/LM/AQM provided OIG information concerning Department contract awards. The bureau's Business Operations Division initiates and coordinates audits with the Defense

Contract Audit Agency (DCAA) to support contracting officers. Questioned costs that are identified represent the total of all questioned dollars in DCAA audit reports issued during this reporting period. The management decision captures the resolution of audit reports made by the contracting officer during this reporting period to allow or disallow questioned costs. OIG did not verify, or otherwise audit, the values shown in Table 9.4 for the information A/LM/AQM provided.

Table 9.4
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	11	\$48,932 ^a
B. Issued During Reporting Period		
<i>Independent Audit Report on ACADEMI's (formerly Blackwater USA) Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2008 (2008A10100782, April 16, 2015)^b</i>		\$9,791
<i>Independent Audit Report on Pacific Architects and Engineers, Inc.'s Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2009 (2009P10100061, Dec. 3, 2015)</i>		\$102,964
<i>Independent Audit Report on DynCorp International LLC's Other Direct Costs Invoiced on Contract No. S-LMAQM-04-C-0030, Task Order 5375 for FY 2011 (2011S17900004, Feb. 16, 2016)</i>		\$0
Total Issued During the Reporting Period	3	\$112,755
Subtotal Questioned Costs (A + B)	14	\$161,687
C. For which a management decision was made during the reporting period		
(i) Disallowed costs		\$23,736
(ii) Costs not disallowed		\$0
Total Management Decisions	3	\$23,736
D. For which no management decision has been made by the end of the reporting period	11	\$137,951

^a Pertaining to DCAA Report #2014T17200001 issued in a prior period, in this reporting period, DCAA issued *Supplement to Independent Audit Report on Triple Canopy, Inc.'s Request for Equitable Adjustment – VISA Moratorium Proposal under Contract SAQMMA-10-D-0104, Task Order 5, dated August 15, 2014 (2014T17200001-S1)* that increased the questioned costs in the original report from \$12,154,000 to \$12,502,000. As such, Line A increased from \$48,584,000 to \$48,932,000.

^b April 16, 2015, is the correct report date based on the completion of audit fieldwork; however, the report was not issued to the Department until this reporting period.

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

Tables 10.1-10.4 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 10.1
Report Recommendations Without Management Decision by the Department of State for More Than 6 Months, as of 3/31/2016

Report	Description
Office of Audits	
<i>Audit of the Bureau of International Security and Nonproliferation Administration and Oversight of Foreign Assistance Funds Related to the Global Threat Reduction Program</i> (AUD-SI-15-41, 9/2015)	OIG recommended that the Bureau of International Security and Nonproliferation (ISN) determine whether the 12 percent service fee for the U.S. Civilian Research and Development Foundation grant is allowable. In its latest response dated October 26, 2015, ISN stated that the 12 percent service fee is allowable; however, ISN's response and the documentation provided were not sufficient to support its assertion. As a result, Recommendation 4 is unresolved.
<i>Audit of Department of State Management and Oversight of Non-Lethal Assistance Provided for the Syrian Crisis</i> (AUD-MERO-15-39, 9/2015)	OIG recommended that the Bureau of Near Eastern Affairs (NEA) determine whether the \$886,021 in questioned costs related to cooperative agreement S-NEAPI-13-CA-1001, awarded to Democracy Council of California, are allowable and recover any costs determined to be unallowable. In its October 13, 2015, and January 22, 2016, responses, NEA stated that it had conducted a review of the grantee to determine if the questioned costs were allowable; however, it did not conduct a sufficient review, nor did it provide a management determination as to the allowability of the questioned costs. As a result, Recommendation 2 is unresolved.
<i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Aviation Support Services Contract in Iraq</i> (AUD-MERO-15-35, 7/2015)	OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) determine the validity of \$140,627 in questioned costs (Recommendation 1); determine the validity of \$789,416 in questioned costs (Recommendation 2); require contractors to retain and provide documentation that clearly, accurately, and completely supports all costs submitted on its invoices (Recommendation 4); and provide its rationale and documentation used to support its decision to authorize and obligate \$25,886,861 for reimbursements to the contractor for the payment of its employees taxes (Recommendation 9). In its latest response dated September 10, 2015, for Recommendations 1 and 2, A/LM/AQM stated that it was in discussions with DCAA to conduct incurred cost audits; however, the bureau has not yet provided OIG management agreement on the questioned costs. For Recommendation 4, A/LM/AQM stated that it agrees with this recommendation; however, it did not provide OIG with an action plan and milestones for implementing the recommendation. Finally, for Recommendation 9, A/LM/AQM stated that the \$25 million in questioned costs were allowable and provided documentation to support that assertion; however, the documentation provided was similar to documentation provided to OIG prior to the issuance of the report and which OIG had found to be insufficient. As a result, Recommendations 1, 2, 4, and 9 are unresolved.

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Report	Description
<i>Audit of Department of State Oversight Responsibilities, Selection, and Training of Grants Officer Representatives</i> (AUD-CG-15-33, 6/2015)	OIG recommended that the Department implement a process to track grants officer representative (GOR) compliance with developing monitoring plans (Recommendation 1); implement a process to track GOR compliance with requirements to conduct reviews of performance and financial reports (Recommendation 6); determine if a total of \$26,415 in questioned costs were allowable (Recommendation 10); and determine if a total of \$36,950 in questioned costs were allowable (Recommendation 11). In responses to the draft report, the Department provided information on new procedures; however, these procedures do not include information to ensure monitoring plans are used to consistently assess the execution of the grant or cooperative agreement. Further, the Department did not indicate how it will track GOR compliance with conducting the required reviews of both performance and financial reporting or make a final determination with regard to the questioned costs. Therefore, Recommendations 1, 6, 10, and 11 are unresolved.
<i>Management Assistance Report: Embassy Tripoli Armored Vehicles Available for Redistribution and Use</i> (AUD-MERO-15-28, 5/2015)	OIG recommended that Embassy Tripoli transfer to Embassy Tunis the property rights to 26 armored vehicles (Recommendation 1) and that Embassy Tunis implement a plan to redistribute the armored vehicles after the property rights have been transferred (Recommendation 2). In its latest response to Recommendation 1 dated May 20, 2015, Embassy Tripoli indicated that it would evaluate the disposition of the 26 vehicles, but it has neither agreed to transfer the vehicles to Embassy Tunis, nor has it identified how many vehicles will be retained or the basis for retaining these vehicles. Embassy Tunis in its response to Recommendation 2 in the draft report did not state whether it concurred with the recommendation, but instead stated that it believed consideration of the recommendation should be deferred. As a result, Recommendations 1 and 2 are unresolved.
<i>Audit of Department of State FY 2014 Compliance With Improper Payments Requirements</i> (AUD-FM-15-26, 5/2015)	OIG recommended that the Bureau of the Comptroller and Global Financial Services (CGFS) expand its process to identify programs with significant funding changes that may increase the risk of significant improper payments and to develop a method to obtain information on improper payments identified and recovered by other bureaus. In its June 8, 2015, response, CGFS indicated it agreed with Recommendations 1 and 2, but it also indicated that it may not implement the recommendations. Furthermore, CGFS has not provided a corrective action plan to address the recommendations. As a result, Recommendations 1 and 2 are unresolved.
<i>Audit of U.S. Mission Iraq Medical Services</i> (AUD-MERO-15-25, 5/2015)	OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) determine whether \$6,087,633 in unsupported charges and \$685,249 in general and administrative charges are allowable. In its latest response dated December 9, 2015, A/LM/AQM indicated that the audit associated with determining the allowability of the questioned costs is still ongoing and there is not yet management agreement on the questioned costs. Therefore, Recommendation 3 is unresolved.

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Report	Description
<p><i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Law Enforcement Reform Program in Pakistan</i> (AUD-MERO-15-04, 10/2014)</p>	<p>OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs develop inventories of equipment needed for effective law enforcement operations and determine the allowability of \$208,358 in liquidated advances for unapproved purposes. The bureau continues to disagree with the need for equipment inventories based upon an assertion that standardized lists may invite additional requests for foreign assistance above need and capacity. Further, the bureau has not made a determination with respect to \$208,358 in questioned advances. Therefore, Recommendations 2 and 8 remain unresolved.</p>
<p><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)</p>	<p>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 the recommendation and stated that it continued to work with the posts identified in the report to obtain documentation to close out the questioned task orders in its latest response dated July 8, 2015. However, management has not provided a decision with respect to the validity of the entire \$5,213,502 in obligations identified by OIG. Therefore, Recommendation 1 remains unresolved.</p>
<p><i>Audit of Personal Property Accountability at U. S. Mission Iraq</i> (AUD-MERO-14-18, 6/2014)</p>	<p>OIG recommended that 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.</p>

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Report	Description
<p><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)</p>	<p>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 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 had requested reconsideration of the status of the weakness for FY 2015. The bureau stated in its May 19, 2015, response that the current MCSC voting process would not occur until November 2015, and that elevating the security weakness from a significant deficiency to a material weakness is not possible until the end of the voting process. Furthermore, the bureau stated that it has already fulfilled the original recommendation by reporting the security weakness as a significant deficiency. In its May 19, 2015, response, the bureau continued to assert that its actions thus far address the security deficiencies; however, the 2015 FISMA report continued to find control weaknesses that represent a significant deficiency. OIG does not agree that the bureau's actions thus far have met the intent of the recommendation. Therefore, Recommendation 1 remains unresolved.</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 OIG has requested that the Department propose an alternative methodology that fulfills the intent of the recommendation. The bureau's last response, dated February 25, 2016, did not provide a corrective action plan or propose an alternative methodology. Therefore, Recommendation 1 remains unresolved.</p>

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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. The embassy's last response, dated October 1, 2014, provides additional information and clarification regarding the roles and responsibilities of non-Department of State law enforcement agencies during events requiring implementation of the Emergency Action Plan; however, it does not provide any documented evidence that addressed the OIG's previously stated concerns. Therefore, Recommendation 6 remains unresolved.
<i>Evaluation of Invoices and Payments for the Embassy Baghdad Operations and Maintenance Contract</i> (AUD-MERO-12-43, 8/2012)	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, including 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 Defense Contract Audit Agency (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. In its July 17, 2015 response, the bureau stated it was continuing to work with DCAA in its audit of this contract; however, it did not provide a management determination with respect to the \$1.7 million in questioned costs. Therefore, Recommendation 3 remains unresolved.
<i>DoD and DOS Need Better Procedures to Monitor and Expend DoD Funds for the Afghan National Police Training Program</i> (AUD/CG-11-30, 7/2011)	OIG recommended that the Contracting Officer, Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management recover from DynCorp \$938,454 in unauthorized purchases if no documentation can be provided to show that these purchases had been approved by a government official. In its latest response, dated October 26, 2015, the bureau did not provide a management decision with regard to the \$938,454 in unauthorized purchases identified by OIG. Therefore, Recommendation B.4.d remains unresolved.
Office of Evaluations and Special Projects	
<i>Potential Issues Identified by the Office of the Inspector General of the Intelligence Community Concerning the Department of State's Process for the Review of Former Secretary Clinton's Emails under the Freedom of Information Act</i> (ESP-15-04, 7/2015)	OIG recommended that Intelligence Community Freedom of Information Act (FOIA) officers review the emails to ensure ClassNet use is appropriate before transmitting to the State Bureaus for review. OIG also recommended that the Department FOIA Office seek classification expertise from the interagency to act as a final arbiter if there is a question regarding potentially classified materials.

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Report	Description
<i>Review of Selected Internal Investigations Conducted by the Bureau of Diplomatic Security</i> (ESP-15-01, 10/2014)	OIG recommended that the Department take steps (as previously recommended in OIG's report on the 2012 inspection (ISP-I-13-18)) to enhance the integrity of the Bureau of Diplomatic Security's internal investigations process by implementing safeguards to prevent the appearance of, or actual, undue influence and favoritism by Department officials. OIG also recommended that the Department clarify and revise the <i>Foreign Affairs Manual</i> and promulgate and implement additional protocols and procedures, in order to ensure that allegations of misconduct concerning Chiefs of Mission and other senior Department officials are handled fairly, consistently, and independently.
Office of Inspections	
<i>Compliance Follow-up Review of the Special Review of the Accountability Review Board Process</i> (ISP-C-15-33, 8/2015)	In the 2015 compliance follow-up review of the Special Review of the Accountability Review Board (ARB) Process, OIG found that the Department rejected the recommendation from the 2013 ARB review that the Office of the Under Secretary for Management develop minimum security standards that must be met prior to occupying facilities located in Department of State-designated high-risk, high-threat (HRHT) environments and include new minimum security standards of occupancy in the <i>Foreign Affairs Handbook</i> , as appropriate. The Office of Management Policy, Rightsizing, and Innovation (M/PRI) argues that the existing Overseas Bureau Policy Board standards already exist in 12 FAH 5 that apply to all posts and that separate security standards for HRHT posts would not provide more secure operating environments. M/PRI reported that there is already a high threshold for exceptions to security standards at HRHT posts and the waiver/exceptions process. Recommendation CFR 1 remains in unresolved status pending possible referral for impasse.
<i>Inspection of Embassy Mexico City, Mexico</i> (ISP-I-15-28A, 6/2015)	In the 2015 inspection of Embassy Mexico City, Mexico, OIG found that the embassy is paying embassy and consulate Official Residence Expense (ORE) staff salaries directly via electronic funds transfers. This payment arrangement creates the appearance of an employer/employee relationship between the U.S. Government and the ORE staff members, which can create liabilities for the Department. OIG recommended that Embassy Mexico City require mission principal officers to pay and seek reimbursement for official residence staff salary expenses, as provided in 3 FAM 3257, 4 FAM 446, DSSR 400, and 5 U.S.C. § 5913(c). Embassy Mexico City disagreed. Recommendation 65 remains unresolved pending receipt of a plan of action from Embassy Mexico City to implement the recommendation.

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Report	Description
<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, vouchering 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; that a freeze be placed on the hiring of voucher examiners at the 20 embassies; that a transition plan for transferring voucher processing at the 20 embassies be developed; and that all embassies submit a workforce staffing plan for the financial management sections detailing the man-hours spent processing vouchers at each post. This is expected to save \$4.3 million annually. The Office of Management Policy, Rightsizing, and Innovation reported that it does not agree with the recommendations as written. As a result, Recommendations 2, 3, and 4 remain unresolved.
<i>Inspection of Regional Information Management Centers</i> (ISP-I-13-14, 2/2013)	In the 2013 Inspection of the Regional Information Management Centers (RIMCs), OIG found that there was inadequate justification for the Department to continue maintaining many of the RIMC personnel overseas. Although originally structured to provide time-sensitive services to posts for the repair of broken equipment and reestablishment of communications when interrupted by natural disaster or civil disorder, the majority of RIMC support today is for routine, predictable work such as site surveys, system installations and upgrades, security reviews and preventive maintenance. Given technological advances, many problems can be resolved remotely and the need to travel to posts to repair systems or equipment would be rare. OIG considers the dispatch of information technology specialists located in the continental United States to perform non-urgent tasks to be a viable alternative to overseas assignments that could result in cost savings/funds put to better use of approximately \$18.3 million. OIG recommended that the Department implement a plan by January 2015 that reduces the current overseas presence at the three RIMCs by 80 percent and to define and prioritize the services to be performed from overseas support platforms and those to be performed by personnel assigned in the continental United States. The Bureau of Information Resource Management continues to disagree with Recommendations 1 and 2. The two recommendations were returned to unresolved status, effective June 9, 2015.

Table 10.2

Department of State Management Success in Implementing Recommendations, 10/1/2015–3/31/2016

Report	Description
Office of Audits	
<i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Law Enforcement Reform Program in Pakistan</i> (AUD-MERO-15-04, 10/2014)	<p>In response to OIG's recommendation that the Bureau of International Narcotics and Law Enforcement Affairs (INL) determine how much of the \$86.2 million Pakistan Law Enforcement Reform Program obligations can be reprogrammed, INL has identified and reprogrammed the \$86.2 million towards other emergent and urgent projects including:</p> <ul style="list-style-type: none"> • \$10 million, to expand the Joint Police Training Center and establish a new training curriculum for Federally Administered Tribal Areas Levies and Khyber Pakhtunkhwa police. • \$7.8 million, to provide explosive ordinance disposal and other equipment to the Balochistan Police. • \$7.8 million, to build 31 police posts for Khyber Pakhtunkhwa police operating in and around the city of Peshawar, Khyber Pakhtunkhwa. • \$6 million, for the construction of border outposts for the Frontier Corps operating in the Federally Administered Tribal Areas. • \$3.5 million, to provide advanced training to the Pakistani police. • \$2.7 million, to provide protective, security, and training equipment for the Khyber Pakhtunkhwa police.
<i>Audit of the U. S. Mission Iraq Medical Services</i> (AUD-MERO-15-25, 5/2015)	In response to OIG's recommendation, U.S. Mission Iraq's Medical Services contractor implemented an automated inventory control system—including bar coding and the application of additional internal controls to minimize human errors associated with recording and maintaining pharmaceutical and other medical supply inventories.
<i>Audit of Selected Nonproliferation and Disarmament Fund Management Controls</i> (AUD-FM-15-40, 9/2015)	In response to OIG recommendations, the Nonproliferation and Disarmament Fund (NDF) implemented additional internal controls to improve its oversight responsibilities. NDF modified its Project Closeout Checklist to include an area where project managers can document any issues encountered when completing the checklist; required the inclusion of contract management personnel when determining whether to prepare an acquisition plan; and revised its policy and procedures for contract modifications to clarify documentation and approval requirements.
Office of Inspections	
<i>Inspection of Embassy Tokyo, Japan</i> (ISP-I-15-35A, 8/2015)	OIG recommended the Bureau of East Asian and Pacific Affairs abolish one entry-level officer position in the Political Section at Embassy Tokyo. The bureau abolished the entry-level position, resulting in funds put to better use in the amount of \$601,142.
<i>Inspection of Embassy Tallinn, Estonia</i> (ISP-I-15-23A, 6/2015)	OIG recommended that Embassy Tallinn eliminate the Estonia-language requirement for the economic-commercial officer position in the next triennial review of the Department of State's language-designated positions. Embassy Tallinn reported that the Bureau of European and Eurasian Affairs has concurred with the request and will include the elimination of the language requirement in the 2017 Triennial Review of language-designated positions, resulting in funds put to better use in the amount of \$430,255.
<i>Inspection of Embassy Antananarivo, Madagascar</i> (ISP-I-15-20A, 5/2015)	OIG recommended the sale of an excess vehicle in the embassy motorpool. Embassy Antananarivo sold the vehicle, resulting in funds put to better use of \$4,394.

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Report	Description
<i>Inspection of Embassy Dushanbe, Tajikistan</i> (ISP-I-15-17A, 4/2015)	OIG recommended that Embassy Dushanbe determine the cost effectiveness of self-implementing the Bureau of International Narcotics and Law Enforcement Affairs grant program, which supplements Tajik Drug Control Agency officers' salaries, because of the program's increased administration fees by the United Nations Office on Drugs and Crime. In response, Embassy Dushanbe determined that self-implementation would be more cost effective, resulting in an annual \$116,000 of funds put to better use.
<i>Compliance Follow-up Review of the Bureau of Conflict and Stabilization Operations</i> (ISP-C-15-13, 2/2015)	OIG revised and reissued the 2014 inspection recommendation requiring the Bureau of Human Resources (DGHR) to reduce the number of Deputy Assistant Secretaries in the Bureau of Conflict and Stabilization Operations (CSO) from four to three. In response to the recommendation, DGHR reported the abolishment of one Deputy Assistant Secretary position in December 2015, resulting in funds put to better use in the amount of \$148,700. OIG also reissued the recommendation requiring the Bureau of Administration's Office of the Procurement Executive to complete a grants management review of grants processed by the bureau. In response to the recommendation, the Office of the Procurement Executive completed a Management Improvement Review designed to assess the business operations and condition of the Federal assistance programs in CSO in the fall of 2014 and released its final report in April 2015.
<i>Inspection of Embassy Bamako, Mali</i> (ISP-I-15-11A, 1/2015)	OIG recommended that Embassy Bamako obtain reimbursement for value-added tax (VAT) on fuel. In response to the recommendation, Embassy Bamako reported that it has received full reimbursement from the Malian Government in the amount of \$182,950 for VAT fuel fees for years 2011–2014.
<i>Inspection of Embassy Tbilisi, Georgia</i> (ISP-I-15-10A, 1/2015)	OIG recommended that the Bureau of the Comptroller and Global Financial Services (CGFS) identify and collect overpayment of post allowances from Tbilisi employees who were overpaid \$9,933. Of the four employees overpaid, CGFS reported three employees have repaid \$2,156.30. The remaining \$7,776.20 has been referred to the Department of Treasury for collection.
<i>Inspection of Embassy Baku, Azerbaijan</i> (ISP-I-15-09A, 1/2015)	OIG recommended that Embassy Baku identify and collect funds from identified embassy employees. Embassy Baku reported that it has received payments totaling \$23,553 for outstanding bills and overpayment of post allowances.
<i>Inspection of Embassy Kyiv, Ukraine</i> (ISP-I-13-45A, 9/2013)	OIG recommended that the Bureau of Overseas Buildings Operations (OBO) implement a plan to identify and resolve building common area health, safety, and maintenance deficiencies in short-term leased and U.S. government-owned apartments. In response to the OIG recommendation, OBO reported the leasing of several well-maintained replacement residential properties and the termination of six leased residential properties, resulting in funds put to better use in the amount of \$354,000.
<i>Inspection of Embassy Minsk, Belarus</i> (ISP-I-13-42A, 9/2013)	OIG recommended that Embassy Minsk reduce the size of its motor pool fleet according to Department of State guidelines. In response to the OIG recommendation, Embassy Minsk reported the sale of four vehicles, resulting in funds put to better use in the amount of \$54,800.
<i>to Inspection of Embassy Rabat and Consulate General Casablanca, Morocco</i> (ISP-I-13-30A, 6/2013)	OIG recommended that Embassy Rabat abolish two locally employed staff positions in its Public Affairs Section. Embassy Rabat reported that one locally employed staff was terminated effective August 7, 2015, resulting in funds put to better use in the amount of \$22,876.

Table 10.3

Significant Resolved Office of Audits Recommendations Pending Final Department of State Action for More Than 12 Months

Report #	Rec. #	Recommendation Summary	First Reported
AUD-MERO-15-22		<i>Audit of Department of State Humanitarian Assistance in Response to the Syrian Crisis</i>	3/2015
	6	OIG recommended that the Bureau of Administration, Office of the Procurement Executive, modify the grants policy directives to clarify the management and oversight requirements for awards to public international organizations, including clarifying what constitutes an unauthorized commitment, and proscribe corrective actions when an unauthorized commitment occurs.	
AUD-IT-15-17		<i>Audit of the Department of State Information Security Program</i>	11/2014
	1	OIG recommended that the Chief Information Officer, in coordination with the Information Security Steering Committee, implement a risk management framework strategy for the Department that is consistent with Federal Information Security Management Act (FISMA) requirements, Office of Management and Budget (OMB) policy, and applicable National Institute of Standards and Technology (NIST) guidelines.	
	7	OIG recommended that the Chief Information Officer, in coordination with the Information Security Steering Committee, implement the Department's enterprise-wide continuous monitoring strategy that includes a continuous monitoring policy, assesses the security state of information systems, and is consistent with FISMA requirements, OMB policy, and applicable NIST guidelines.	
	8	OIG recommended that the Chief Information Officer, in coordination with the Bureau of Information Resource Management, Enterprise Network Management Office, and the Bureau of Diplomatic Security, develop, finalize, and implement the Cyber Security Architecture for end-to-end configuration management in accordance with the NIST Special Publication 800-53, Revision 4.	
	9	OIG recommended that the Chief Information Officer, in coordination with all bureaus and/or offices, continue to improve processes to patch servers within their system boundary in accordance with the <i>Foreign Affairs Manual</i> (5 FAM 1067).	
	14	OIG recommended that the Bureau of Information Resource Management, Office of Information Assurance (IRM/IA), in coordination with system owners (bureaus and posts), follow the <i>Foreign Affairs Manual</i> (12 FAM 620) to have the supervisor complete the appropriate system access forms (for example, new user access and elevated rights) prior to granting access.	
	15	OIG recommended that the Bureau of Information Resource Management, in coordination with Human Resources and system owners, ensure the timely removal of accounts for departing or transferring employees, as required by the <i>Foreign Affairs Manual</i> (12 FAM 620).	
	16	OIG recommended that the Chief Information Officer, in coordination with bureaus, review its Active Directory Organizational Units structure and correct any Organizational Units, including identifying a primary user account for each shared mailbox, that do not follow the guidance stated within the Active Directory and Global Address List Standardization.	

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Report #	Rec. #	Recommendation Summary	First Reported
	18	OIG recommended that the Chief Information Officer, in coordination with the Information Security Steering Committee, exercise the authorities prescribed in the <i>Foreign Affairs Manual</i> (1 FAM 040 and 5 FAM 119) and direct bureaus and/or offices to prioritize resources to effectively implement and validate remediation actions prior to closing Plans of Action and Milestones.	
	19	OIG recommended that system owners, in coordination with IRM/IA, ensure that bureaus, offices, and posts adhere to completion dates for corrective actions and/or ensure that the remediation dates are updated, as needed. In addition, OIG recommended system owners implement processes and procedures to cross-reference Plans of Action and Milestones information, including costs, to the capital planning budget process with a Unique Investment Identifier.	
	21	OIG recommended that IRM/IA define a time period for bureaus and/or offices to include identified deficiencies resulting from audits into the Plans of Action and Milestones database and communicate findings to IRM/IA in accordance with OMB Memorandum M-11-33.	
	22	OIG recommended that IRM/IA, in coordination with system owners, identify deficiencies resulting from the vulnerability scans performed by the Bureau of Diplomatic Security, Security Infrastructure Directorate, Office of Computer Security, and include those vulnerabilities that are not immediately remediated in the Plans of Action and Milestones database in accordance with OMB Memorandum M-11-33.	
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
	1	OIG recommended that the Bureau of the Comptroller and Global Financial Services in coordination with the Joint Executive Office of the Bureaus of Near Eastern Affairs and South and Central Asian Affairs and the Bureau of Administration review and seek repayment of questioned travel costs for the five travel authorizations in which premium class air travel justifications were inappropriately applied and approved. OIG determined the total of these repayments could be as much as \$13,270.	
	3	OIG recommended that the Bureau of the Comptroller and Global Financial Services review the 181 premium travel authorizations not reviewed for this audit to determine whether the use of premium class air travel was appropriate, seek repayment for any travel determined to be inappropriate, and report the results of the review to OIG.	
AUD-MERO-15-14		<i>Audit of the Contract Closeout Process for Contracts Supporting the U.S. Mission in Afghanistan</i>	11/2014
	3	OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, review task orders SAQMPD06FA079 and SAQMMA10F1570 and determine how much of the \$52 million in unliquidated obligations can be deobligated.	
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
	4	OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs (INL) amend the INL Financial Management Handbook to require a detailed justification for extending subobligation terminal dates.	

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OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

Report #	Rec. #	Recommendation Summary	First Reported
	5	OIG recommended that INL negotiate future amendments to the Letter of Agreement that stipulate that the U.S. Government may reprogram funds if the funds are not subobligated before the subobligation terminal date.	
	7	OIG recommended that INL establish and implement additional procedures to review open subobligations and deobligate any subobligations that cannot be demonstrated to be still valid.	
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
	2	OIG recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), review the \$1,726,155 in costs OIG identified as possibly unallowable and recover any funds deemed unallowable.	
	3	OIG recommended that A/LM/AQM conduct a comprehensive review of all contractor invoices and supporting documentation to determine whether the contractor submitted adequate supporting documentation for all costs, including the \$6,916,330 identified in this report. If the documentation was not submitted, the contracting officer should request supporting documentation from the contractor and determine whether the costs were allowable under the contract terms. If the reimbursable costs cannot be supported or are not allowable under the terms of the contract, these funds should be recovered.	
AUD-CG-14-37		<i>Management Assistance Report—Termination of Construction Grants to Omran Holding Group</i>	9/2014
	1	OIG recommended that the Bureau of South and Central Asian Affairs immediately terminate grant agreements S-AF200-13-CA-012 and S-AF200-13-CA-014 with Omran Holding Group and deobligate the \$5,092,874 in remaining funds.	
	2	OIG recommended that the Bureau of South and Central Asian Affairs direct Omran Holding Group to reimburse the Department for the \$1,203,426 in unspent funds related to grant agreements S-AF200-13-CA-012 and S-AF200-13-CA-014 and verify that the Department has received reimbursement for all unspent funds.	
	3	OIG recommended that the Bureau of South and Central Asian Affairs require the grants officer to determine the allowability of \$502,890 in potentially unallowable costs identified by OIG, direct Omran Holding Group to refund the Department any costs determined to be unallowable, and verify that funds have been refunded.	
AUD-CG-14-31		<i>Audit of the Administration and Oversight of Contracts and Grants Within the Bureau of African Affairs</i>	8/2014
	11	OIG recommended that the Bureau of African Affairs (AF) establish and implement policies and procedures to ensure the completeness, accessibility, retention, and review of contracting officer's representative files in accordance with the Federal Acquisition Regulation and the <i>Foreign Affairs Handbook</i> .	
	15	OIG recommended that the Bureau of Administration, Office of the Procurement Executive, conduct a management review of grants administered by AF in accordance with Grants Policy Directive 34, "Grants Management Reviews," and that it provide training as necessary to AF's administrative and oversight personnel.	

(continued on next page)

Report #	Rec. #	Recommendation Summary	First Reported
	17	OIG recommended that AF develop and implement procedures to ensure that all future Notices of Award include appropriate performance indicators and require that grantees provide performance reports that measure program achievements in comparison to performance indicators and program objectives.	
	19	OIG recommended that AF develop and implement a process to ensure that, if grant recipients do not submit timely quarterly, annual, and final performance and financial reports, grants officer representatives will implement remedies as required by the <i>Foreign Affairs Handbook</i> , the <i>Federal Assistance Policy Handbook</i> , and AF's grant agreements.	
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 (A/OPE) develop and implement a process to randomly sample and verify the completeness of contract files, including contract files maintained by contracting officer's representatives and other supporting personnel.	
	2	OIG recommended that A/OPE provide the results of its reviews as set forth in Recommendation 1 to the appropriate bureaus and offices to ensure that contracting officers, contracting officer's 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 contact 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 A/OPE specialists conducting oversight visits have resources sufficient to maintain adequate contract files in accordance with relevant regulations and policies.	
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 (AF), in conjunction with the Bureau of Diplomatic Security (DS) and the Bureau of Overseas Buildings Operations (OBO), 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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OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

Report #	Rec. #	Recommendation Summary	First Reported
	2	OIG recommended AF, in conjunction with DS and OBO, identify all personnel under chief of mission authority that are permanently located at off-compound facilities under the purview of AF posts and assess whether these facilities comply with physical security standards.	
	3	OIG recommended that OBO, in coordination with DS and AF, 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 the Bureau of International Narcotics and Law Enforcement Affairs Corrections System Support Program in Afghanistan</i>	9/2013
	3	<p>OIG recommended that the Bureau of Budget and Planning, in coordination with the Director of Foreign Assistance, revise and reissue 18 FAM 300 to</p> <ul style="list-style-type: none"> • require mandatory use of supplemental program management guidance for all Department programs and projects; • require that all programs and projects prepare comprehensive management plans that include an overall strategy, goals, objectives, schedules, timelines, risks, and desired end state; • establish a threshold for programs and projects across all Department bureaus and offices for performance evaluation purposes; • require mandatory annual performance evaluations for all programs and projects that are high-risk or meet the designated threshold; • include guidance for evaluating sustainability of programs; and • require bureaus provide the evaluations to the Office of Performance and Planning for review. 	
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 (ECA) 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 (PMS) 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 PMS to avoid unnecessary administrative fees.	
	4	OIG recommended that the Bureau of Population, Refugees and Migration (PRM) review the remaining six expired grants from the March 1, 2012, OIG sample and (a) reconcile the approximately \$8.4 million in the 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.	

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Report #	Rec. #	Recommendation Summary	First Reported
	5	OIG recommended that PRM (a) review the remaining 202 expired grants, totaling approximately \$8.2 million, in the PMS 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 PMS to avoid unnecessary administrative fees.	
	10	OIG recommended that ECA and PRM, in coordination with the Bureau of Administration, Office of the Procurement Executive (A/OPE), establish specific procedures that require grants officers and grants officer representatives to periodically report to their respective bureau on the progress of completing timely closeout of expired grants.	
	11	OIG recommended that ECA, PRM, and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with A/OPE, develop performance metrics for bureau grants officers and grants officer representatives that will provide for timely grant closeout of expired grants while reducing the current backlog.	
	12	OIG recommended that ECA develop procedures to periodically review respective official grant files to determine bureau compliance with Grants Policy Directive (GPD) 23, Revision 2, "Federal Assistance File Folder – Form DS-4012," March 2008, and GPD 41, Revision 2, "Close-Out of Federal Assistance Awards," January 2, 2013, to ensure that timely, complete, and accurate grant closeout procedures can be applied as required.	
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 (DS) and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) 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 DS, in coordination with A/LM/AQM, 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

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OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

Report #	Rec. #	Recommendation Summary	First Reported
	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
	6	OIG recommended that 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.	
AUD-SI-12-49		<i>Outline for Action: Physical Security Concerns at Embassy Quito</i>	9/2012
	4	OIG recommended 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.	
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 (J/TIP) include in the <i>Foreign Affairs Manual</i> , the U.S. Government policy regarding TIP, including the definition of TIP activity, information on the prohibition against involvement in acts of TIP for Department personnel and contractors, the associated penalties for violations, and the mechanism to report such violations.	
	2	OIG recommended J/TIP, 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.	

Table 10.4

Significant Resolved Office of Evaluations and Special Projects Recommendations Pending Final Department of State Action for More Than 12 Months

Report #	Rec. #	Recommendation Summary	First Reported
ESP-15-03		<i>Review of the Use of Confidentiality Agreements by Department of State Contractors</i>	3/2015
	1	OIG recommended that the Bureau of Administration, Office of the Procurement Executive, instruct all contracting officers for the Department of State to send a copy of the list of best practices published in this report to all companies holding a contract with the Department.	
	2	OIG recommended that the Bureau of Administration, Office of the Procurement Executive, instruct all contracting officers for the Department of State to send a copy of the OIG hotline poster to all companies holding a contract with the Department with instructions to display it in common areas within business segments performing work for the Department.	
	3	OIG recommended that the Bureau of Administration, Office of the Procurement Executive, instruct all contracting officers for the Department of State to send a link to the OIG video on whistleblowing to all companies holding a contract with the Department with instructions to share the video with employees.	
MA-14-03		<i>Management Alert – Grants Management Deficiencies</i>	9/2014
	2	OIG recommended that the Bureau of Administration, Office of the Procurement Executive, develop and implement a process to randomly sample grant files, appropriately stratified by risk, to ensure that grants are closed out promptly, with required documentation, at the end of their periods of performance and to determine whether funds remaining on expired grants can be deobligated.	
	3	OIG recommended that the Bureau of Administration, Office of the Procurement Executive, provide the written results of all random grant-file reviews to the appropriate bureaus and offices to ensure that GOs, GORs, and other grant-management officials are held accountable for their oversight performance.	

Table 10.5
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-15-15		<i>Review of State Messaging and Archive Retrieval Toolset and Record Email</i>	3/2015
	1	OIG recommended that the Bureau of Administration establish a process to review record email usage by bureaus and missions annually with data provided by the Bureau of Information Resource Management and to provide feedback to those organizational units.	
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 Buildings Operations (OBO) provide compound emergency sanctuaries for employees who work in the buildings that do not have an approved safe haven or safe area.	
	2	OIG recommended that OBO 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 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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11. OFFICE OF AUDITS

The Office of Audits supports the Broadcasting Board of Governors by auditing its programs and operations and making recommendations to improve management, strengthen integrity and accountability, and ensure the most efficient, effective, and economical use of resources. Audit work focuses on such areas of concern as financial management and information security and management practices.

From October 1, 2015, to March 31, 2016, OIG issued five audit reports related to BBG programs and operations, four of which were unclassified.

Financial Management

Management Letter Related to the Audit of the Broadcasting Board of Governors 2015 Financial Statements
(AUD-FM-IB-16-15, 1/2016)

During the audit of BBG's 2015 consolidated financial statements, an independent external auditor, working on behalf of OIG, identified matters involving internal controls that it brought to BBG's attention. These matters related to maintenance of time and attendance documentation, untimely processing of personnel actions for separated employees, and inadequate removal of separated users from the accounting system.

Information Report: Broadcasting Board of Governors 2015 Purchase Card Risk Assessment
(AUD-FM-IB-16-22, 12/2015)

To assess risk associated with BBG's purchase card program, OIG reviewed BBG's FY 2014 purchase card data and concluded that the

risk of illegal, improper, or erroneous use in the BBG purchase card program is "very low." OIG based this conclusion on BBG's purchase card program size, internal controls, training, previous audits, and OIG Office of Investigations observations. Based on the results of this assessment, OIG did not recommend an audit of BBG's purchase card program be included in OIG's FY 2017–FY 2018 work plan. However, OIG encouraged the BBG purchase card program manager to continue prudent oversight of the purchase card program and ensure that internal controls intended to safeguard taxpayer funds are fully implemented and followed among BBG purchase cardholders.

Independent Auditor's Report on the Broadcasting Board of Governors 2015 and 2014 Financial Statements
(AUD-FM-IB-16-14, 11/2015)

An independent external auditor, working on behalf of OIG, audited the BBG annual consolidated financial statements as of, and for the years ended, September 30, 2015 and 2014. The auditor found that these statements presented fairly, in all material respects, the financial position of BBG as of September 30, 2015 and 2014, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally

accepted in the United States of America. The auditor found one material weakness and two significant deficiencies in internal control over financial reporting. Specifically, the auditor found a material weakness in validity and accuracy of unliquidated obligations and significant deficiencies in grantee monitoring and information technology. The auditor also found three instances of noncompliance with certain provisions of laws, regulations, contracts, and grant agreements—including Federal grant regulations, the Prompt Payment Act, and the Federal Managers' Financial Integrity Act.

Information Technology

*Management Assistance Report:
Broadcasting Board of Governors Incident
Response and Reporting
(AUD-IT-IB-16-25, 1/2016)*

The overall purpose of an IT incident response and reporting (IR&R) program is to allow an organization to detect cybersecurity incidents rapidly, minimize loss and destruction, identify weaknesses, and restore IT operations quickly. Acting on OIG's behalf, an independent external auditor evaluated the effectiveness of BBG's IR&R program for the period October 1, 2014, through May 26, 2015, in accordance with BBG information security policies and procedures, Federal law, and applicable standards and guidelines. Overall, the auditor determined that BBG's IR&R program was not operating effectively. Specifically, for all seven cybersecurity incidents reported during the scope period, BBG's Computer Security Incident Response Team did not fully comply with categorization guidelines, reporting requirements, and remediation timelines as required by the U.S. Computer Emergency Readiness Team (US-CERT).

The auditor determined that BBG did not properly categorize one cybersecurity event as a cybersecurity incident. In addition, BBG did not assign category levels to any of the seven cybersecurity incidents tested. Furthermore, BBG did not report two cybersecurity incidents to US-CERT as required and did not report another cybersecurity incident to US-CERT in a timely manner. These deficiencies may have occurred in the IR&R program because BBG did not finalize its IR&R policy and procedures until May 7, 2015. However, the auditor found that, even if the policy and procedures had been implemented during the evaluation period, the documents were ineffective in achieving the desired and federally required results of an effective IR&R program. For example, BBG's policy and procedures lacked a defined process to correlate IT events and cybersecurity incidents. Without an effective IR&R program, BBG may be unable to properly identify and respond to unauthorized breaches, identify weaknesses, and restore IT operations in a timely manner, which may impede BBG's ability to achieve its core mission.

BBG concurred with OIG's recommendation to amend and implement BBG's IR&R policy and procedures. OIG considers the recommendation resolved, pending further action.

Ongoing Audit Work

At the close of this reporting period, the Office of Audits was working on projects related to BBG's financial statements, information security program, and improper payments.

12. OFFICE OF INSPECTIONS

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

From October 1, 2015, to March 31, 2016, the Office of Inspections issued one report related to BBG programs and operations.

Inspection of the Edward R. Murrow Transmitting Station
(ISP-IB-16-08, 3/2016)

In its inspection of the Edward R. Murrow Transmitting Station in Greenville, North Carolina, OIG found that the station reported to two separate BBG offices, but this dual reporting structure had not affected operations negatively. The station's administrative operations were effective, except in management of human resources. Specifically, the station manager's position description was outdated, and the performance evaluations record keeping did not comply with Federal regulations. Management was cognizant of internal controls and provided effective oversight of operations. The station complied

with applicable BBG and Federal regulations for contracting, property management, and safety. It also complied with BBG's review processes for unliquidated obligations and the purchase card program. The station's security and emergency preparedness met Federal and BBG policies and standards.

OIG made two recommendations: one to prepare a written cost/benefit evaluation of the station to determine the future of its operations, and one to upload missing performance evaluations to station employees' electronic official personnel folders.

Ongoing Inspection Work

At the close of this reporting period, the Office of Inspections was continuing work on its inspection report on BBG operations in Egypt.

13. OFFICE OF INVESTIGATIONS

The Office of Investigations conducts worldwide investigations of criminal, civil, and administrative misconduct related to BBG programs and operations. During this reporting period, the office opened one preliminary inquiry, closed two preliminary inquiries, opened two investigations, and closed two investigations. There were no monetary recoveries from investigations of BBG programs and operations during this reporting period.

From October 1, 2015, to March 31, 2016, the Office of Investigations issued one unclassified report related to BBG programs and operations.

Management Assistance Report: Mandatory Disclosure Language in Broadcasting Board of Governors Grants and Assistance Agreements
(INV-15-03, 12/2015)

During the course of investigative work related to Lead IG for OCO efforts, OIG identified opportunities to strengthen the requirements for reporting fraud, waste, and abuse related to grants, cooperative agreements, and other Federal assistance awards. OIG made three recommendations to BBG related to incorporating mandatory disclosure language in its Standard Terms and Conditions for

all existing and future grants, cooperative agreements, and other Federal assistance awards. Specifically, OIG recommended including the complete citation of the mandatory disclosure language set forth in 2 CFR 200.113, which pertains to the timely disclosure, in writing, to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. OIG recommended including with this language, the requirement of disclosure to OIG with a copy to the cognizant grants officer. The BBG agreed to OIG's recommendations and amended their current grant agreements to include the recommended language. Additionally, BBG will include the mandatory disclosure language in all future grants, cooperative agreements, and other Federal assistance awards.

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

During this reporting period, OIG issued no new reports that identified potential monetary benefits to BBG, while BBG made management decisions on nearly \$800,000 in previous OIG recommendations involving questioned costs or funds that could be put to better use. At the close of this reporting period, BBG had not yet made management decisions on \$1.1 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 and OIG reports on BBG programs and operations, see Table 14.1. For the status of recommendations involving

funds that could be put to better use, see Table 14.2. For a summary of consolidated Department and BBG totals of potential monetary benefits identified by OIG during this reporting period, see Section 4 of this report.

OIG Financial Lexicon

Questioned Costs*

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

Allowed:

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

Disallowed:

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

Funds Put to Better Use

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

Agreed:

The dollar value of recommendations that management agreed to implement.

Disagreed:

The dollar value of recommendations that management disagreed with implementing.

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

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

Table 14.1
Status of OIG Recommendations to the Broadcasting Board of Governors Including Questioned Costs, ,
10/1/2015–3/31/2016

Recommendation Status	# Reports	Questioned Costs \$ Thousands	Unsupported Costs ^a \$ Thousands
A. No management decision made by start of the reporting period	1	\$603	\$0
B. Issued during the reporting period	0	\$0	\$0
Total (A+B)	1	\$603	\$0
C. Management decision made during the reporting period			
(i) Disallowed costs		0	\$0
(ii) Costs not disallowed		\$603	\$0
Subtotal		\$603	\$0
D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]	0	\$0	\$0

^a“Unsupported Costs” is a subset of total “Questioned Costs.”

Table 14.2
Status of OIG Recommendations to the Broadcasting Board of Governors for Funds To Be Put to Better Use,
10/1/2015–3/31/2016

Recommendation Status	# Reports	Questioned Costs \$ Thousands
A. No management decision made by start of the reporting period	2	\$1,289
B. Issued during the reporting period	0	\$0
Total (A+B)	2	\$1,289
C. Management decision made during the reporting period		
(i) Dollar Value of Recommendations Agreed to by Management		\$188
(ii) Dollar Value of Recommendations Not Agreed to by Management		\$0
Subtotal		\$188
D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]	1	\$1,101

Office of Management and Budget Single Audits

OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200) establishes audit requirements for state and local governments, colleges and universities, and nonprofit organizations receiving Federal awards.

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

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

Tables 15.1 and 15.2 provide detailed information about the status of OIG recommendations. As of the end of the reporting period, there were no report recommendations without management decision for more than

6 months. Furthermore, during the reporting period, BBG did not revise any of its previous significant management decisions or make any significant management decisions with which OIG disagreed.

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 15.1

Broadcasting Board of Governors Management Success in Implementing Recommendations, 10/1/2015—3/31/2016

Report	Description
Office of Inspections	
<i>Inspection of the Office of Cuba Broadcasting</i> (ISP-IB-14-15, 7/2014)	OIG recommended that the Office of Cuba Broadcasting deobligate \$188,015 in unliquidated obligations, reprogram unliquidated obligations that have no-year budget authority, and implement a review system for future unliquidated obligations. In response to the recommendation, the BBG reported that action had been taken to update the unliquidated obligations standard operating procedures for reviewing and deobligating future unliquidated obligations and submitted documentation certifying the deobligation of the \$188,015 of unliquidated obligations for FY 2009-2012.

Table 15.2

Significant Resolved Office of Audits Recommendations Pending Final Broadcasting Board of Governors Action for More Than 12 Months, as of 3/31/2016

Report #	Rec. #	Recommendation Summary	First Reported
AUD-IT-IB-15-13		<i>Audit of the Broadcasting Board of Governors Information Security Program</i>	10/2014
	5	OIG recommended that the Director of Global Operations approve and implement a continuous monitoring policy that assesses the security state of information systems and is consistent with National Institute of Standards and Technology Special Publication 800-53, Revision 4.	
	8	OIG recommended that the Director of Global Operations update server and workstation baseline procedures to include all of the U.S. Government Configuration Baseline configuration settings as required by the National Institute of Standards and Technology Special Publication 800-53, Revision 4.	
	9	OIG recommended that the Director of Global Operations remediate all critical vulnerabilities as they are identified through periodic scanning.	
	10	OIG recommended that the Director of Global Operations enforce the Broadcasting Board of Governors Change Management Policy for all changes within the BBG environment.	
	11	OIG recommended that the Information Security Management Division update and implement the incident response policy and procedures to include preparation, detection and analysis, containment, eradication, recovery, and post-incident activity components as required by National Institute of Standards and Technology Special Publication 800-61, Revision 2.	
	12	OIG recommended that the Information Security Management Division adhere to the Computer Security Incident Management Policy, when finalized, including the appropriate category level for every documented incident.	
	13	OIG recommended that the Director of Global Operations, in coordination with the system owners and the Office of the Chief Information Officer, ensure that Broadcasting Board of Governors' Plans of Action and Milestones (POA&M) include all required elements in accordance with the Information Security POA&M Policy, including severity of the weakness, responsible organization, estimated funding resources, completion date, key milestones and changes, source of the weakness, and the latest status.	
	14	OIG recommended that the Enterprise Networks and Storage Division implement procedures to assess the adequacy of the security configurations of remote computers that request access to the Broadcasting Board of Governors' network and grant access only to properly configured and patched devices, as required by BBG's virtual private network (VPN) policy and VPN Access Acceptance Form.	
	16	OIG recommended that the Director of Global Operations and system owners ensure that user accounts are properly maintained in accordance with Broadcasting Board of Governors' Identification and Authentication Policy.	
	17	OIG recommended that the Director of Global Operations, in coordination with the Office of Security, complete the issuance of Personal Identity Verification cards as required by Homeland Security Presidential Directive 12 and Office of Management and Budget guidelines.	

(continued on next page)

Report #	Rec. #	Recommendation Summary	First Reported
AUD-CG-IB-14-26		<i>Audit of the Broadcasting Board of Governors Administration and Oversight of Acquisition Functions</i>	6/2014
	2	OIG recommended that the Board of Governors develop and implement enforcement mechanisms to ensure accountability for compliance with the action plan developed in response to Recommendation 1. This must include regular monitoring and evaluation of the acquisition function and compliance with the action plan.	
	3	OIG recommended that the Director of Global Operations adhere to the conditions stated in Title 22 U.S. Code Section 6206 for hiring personal services contractors; specifically, a determination of resources needed should be made; the Director should approve the employment of each personal services contractor; and contract length, including options should not exceed 2 years.	
	5	OIG recommended that the International Broadcasting Bureau, Office of Contracts, in coordination with the Office of the Chief Financial Officer, develop and implement policies and procedures to ensure that funds are available at the beginning of the period of performance for each contract, which should include the tracking of contract period of performance and the maintenance of appropriate documentation within the contract file. If funds are not available for the entire term of a contract because of a continuing resolution, a subject to availability clause should be included in the terms and conditions of the contract, per the Federal Acquisition Regulation.	
	6	OIG recommended that the International Broadcasting Bureau develop and implement fund control regulations, obtain approval from the Office of Management and Budget for the fund control regulations, and post the fund control regulations on its website, as required by Office of Management and Budget Circular A-11.	
	7	OIG recommended that the International Broadcasting Bureau, Office of Contracts, develop policies and procedures and implementation guidance for conducting acquisition planning, in accordance with the Federal Acquisition Regulation. Specifically, criteria and thresholds should be established to dictate when a written acquisition plan is needed and guidance should establish what types of documentation should be maintained in the contract file.	
	8	OIG recommended that the International Broadcasting Bureau, Office of Contracts, develop policies and procedures and implementation guidance for conducting market research, in accordance with the Federal Acquisition Regulation. Specifically, criteria should be established to dictate the type and extent of market research to be performed for each procurement action, and what types of documentation should be maintained in the contract file.	
	10	OIG recommended that the International Broadcasting Bureau, Office of Contracts, develop internal policies and procedures and implementation guidance to ensure compliance with the Competition in Contracting Act and Federal Acquisition Regulation regarding the publication of contract actions	
	11	OIG recommended that the International Broadcasting Bureau, Office of Contracts, develop updated internal policies and procedures and implementation guidance to ensure that all offers are evaluated for each proposed contract action, and adequately documented in the contract file.	

(continued on next page)

Report #	Rec. #	Recommendation Summary	First Reported
	12	OIG recommended that the International Broadcasting Bureau, Office of Contracts, develop internal policies and procedures and implementation guidance to ensure that justifications for other than full and open competition are adequately documented and only utilized in accordance with Federal Acquisition Regulation guidance.	
	15	OIG recommended that the International Broadcasting Bureau, Office of Contracts, develop comprehensive policies and procedures and implementation guidance that directs contracting officers how to determine and document whether contract prices are fair and reasonable.	
	18	OIG recommended that the International Broadcasting Bureau, Office of Contracts, develop and implement policies and procedures to provide guidance to contracting officers on the type and extent of contractor responsibility determinations to be made for each award and the types of documentation that should be maintained in the contract file.	
	19	OIG recommended that the International Broadcasting Bureau, Office of Contracts, update its policies and procedures for contractor requirements for the Data Universal Numbering System and registration within the Central Contracting Registry to ensure that these procedures are in accordance with the Federal Acquisition Regulation.	
	22	OIG recommended that the International Broadcasting BBG, Office of Contracts, develop policies and procedures and implementation guidance to ensure that contracting officers and contracting officer's representatives are fully aware of the type and extent of quality assurance procedures that should be performed in accordance with the Federal Acquisition Regulation and the type of documentation that should be maintained in the contract file as supporting evidence of quality assurance.	
	25	OIG recommended that the International Broadcasting Bureau, Office of Contracts, in coordination with Voice of America, English to Africa Language Service, develop policies and procedures and implementation guidance to ensure that documentation is required for all contractor expenses to provide evidence that the funds were expended in an appropriate manner.	
	33	OIG recommended that the International Broadcasting Bureau, Office of Contracts, update policies and procedures and develop implementation guidance that mandates the documentation to be included in each type of contract file.	
	34	OIG recommended that the International Broadcasting Bureau, Office of Contracts, develop and implement policies and procedures to periodically perform quality control reviews of official contract files to determine compliance with internal guidance and the Federal Acquisition Regulation.	
	38	OIG recommended that the Director of Global Operations develop and implement an updated reporting structure for contracting officers that are embedded in program offices to ensure that all contracting officers are provided with proper oversight by the Office of Contracts.	
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."	

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, 10/1/2015–03/31/2016

Report #	Report Title	Date Issued
Office of Audits		
AUD-FM-16-29	<i>Independent Review of the U.S. Department of State Accounting of FY 2015 Drug Control Funds and Related Performance Report</i>	3/2016
AUD-FM-16-31	<i>Audit of the Department of State Process To Select and Approve Information Technology Investments</i>	3/2016
AUD-FM-16-32	<i>Audit of the Financial Results of the Telephone, Wireless, and Data Cost Center</i>	3/2016
AUD-MERO-16-30	<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 8 – Security Services at U.S. Consulate Erbil</i>	3/2016
AUD-FM-16-11	<i>Management Letter Related to the Audit of the U.S. Department of State 2015 Financial Statements</i>	2/2016
AUD-FM-16-13	<i>Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2015 Financial Statements</i>	2/2016
AUD-MERO-16-28	<i>Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 – Baghdad Embassy Security Force</i>	2/2016
AUD-ACF-16-20	<i>Compliance Follow-up Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts</i>	12/2015
AUD-FM-16-12	<i>Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2015 and 2014 Financial Statements</i>	12/2015
AUD-FM-16-21	<i>Information Report: International Boundary and Water Commission, United States and Mexico, U.S. Section, 2015 Purchase Card Risk Assessment</i>	12/2015
AUD-FM-16-23	<i>Information Report: Department of State 2015 Purchase Card Risk Assessment</i>	12/2015
AUD-FM-16-09	<i>Independent Auditor's Report on the U.S. Department of State 2015 and 2014 Financial Statements</i>	11/2015
AUD-FM-16-10	<i>Independent Auditor's Report on the U.S. Department of State 2015 and 2014 Closing Package Financial Statements</i>	11/2015
AUD-MERO-16-08	<i>Management Assistance Report: Improper Use of Overtime and Incentive Fees Under the Department of State Baghdad Life Support Services (BLiSS) Contract</i>	11/2015
AUD-MERO-16-19	<i>Management Assistance Report: Funds Supporting a Cooperative Agreement to Southern Methodist University at Risk of Waste</i>	11/2015
AUD-SI-16-05	<i>Audit of the National Endowment for Democracy Use of Department of State FY 2006 – FY 2014 Annual Grant Funds</i>	11/2015

(continued on next page)

Report #	Report Title	Date Issued
AUD-FM-16-01	<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>	10/2015
Office of Evaluations and Special Projects		
ESP-16-02	<i>Classified Material Discovered in Unclassified Archival Material</i>	3/2016
ESP-16-01	<i>Evaluation of the Department of State's FOIA Processes for Requests Involving the Office of the Secretary</i>	1/2016
Office of Inspections		
ISP-I-16-13A	<i>Inspection of Embassy Ashgabat, Turkmenistan</i>	3/2016
ISP-I-16-12A	<i>Inspection of Embassy Tashkent, Uzbekistan</i>	3/2016
ISP-16-09	<i>Evaluation of Bureau of Democracy, Human Rights, and Labor Iraq Programs in Support of Line of Effort 1 of the President's Counter-ISIL Strategy</i>	3/2016
ISP-I-16-10	<i>Evaluation of Embassy Baghdad's Implementation of Line of Effort 6 in the President's Strategy to Counter ISIL: Exposing ISIL's True Nature</i>	3/2016
ISP-I-16-06	<i>Inspection of the Bureau of Energy Resources</i>	2/2016
ISP-I-16-07	<i>Inspection of the Bureau of Diplomatic Security, Directorate of International Programs</i>	2/2016
ISP-16-05	<i>Management Assistance Report: Continued Deficiencies Identified in Information Technology Contingency Planning</i>	2/2016
ISP-I-16-04	<i>Management Assistance Report: Annual Purchase Card Program Reviews</i>	1/2016
ISP-I-16-03	<i>Inspection of the Bureau of Information Resource Management, Operations, Vendor Management Office</i>	10/2015
ISP-I-16-02	<i>Inspection of the Bureau of International Organization Affairs</i>	10/2015
ISP-I-16-01	<i>Review of the Consular Annual Certification of Management Controls Process</i>	10/2015
Office of Investigations		
INV-15-02	<i>Management Assistance Report: Mandatory Disclosure Language in Department of State Grants and Assistance Agreements</i>	12/2015
INV-15-01	<i>Management Assistance Report: U.S. Embassy Mexico City Cashier Operations</i>	11/2015

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, 10/1/2015–03/31/2016*

Report #	Report Title	Date Issued
Office of Audits		
AUD-MERO-16-24	<i>Audit of Emergency Action Plan for Tripoli, Libya</i>	3/2016
AUD-IT-16-26	<i>Management Assistance Report: Department of State Incident Response and Reporting Program</i>	2/2016
AUD-IT-16-07	<i>Audit of International Boundary and Water Commission, United States and Mexico, U.S. Section, Information Security Program</i>	11/2015
AUD-IT-16-16	<i>Audit of Department of State Information Security Program</i>	11/2015
AUD-CGI-16-18	<i>Audit of Residential Security at Selected Overseas Posts</i>	11/2015
AUD-ACF-16-06	<i>Management Assistance Report: Progress Made But Action Still Needed to Address Physical Security Deficiencies Reported in FYs 2012 and 2013</i>	11/2015
AUD FM-16-02	<i>Examination of the Diplomatic Security Special Forces Antiterrorism Assistance Project Accounts from June 2014 to June 2015</i>	10/2015
AUD-FM-16-03	<i>Examination of the Diplomatic Security Special Forces Antiterrorism Assistance Project Records from June 2014 to June 2015</i>	10/2015
AUD-MERO-16-04	<i>Management Assistance Report: Fuel Storage at Embassy Kabul and Camp Sullivan, Afghanistan</i>	10/2015
Office of Inspections		
ISP-S-16-11	<i>Evaluation of Embassy Baghdad's Implementation of Line of Effort 1 in the President's Strategy to Counter ISIL: Supporting Effective Governance in Iraq</i>	3/2016
ISP-S-16-12A	<i>Classified Annex to the Inspection of Embassy Tashkent, Uzbekistan</i>	3/2016
ISP-S-16-13A	<i>Classified Annex to the Inspection of Embassy Ashgabat, Turkmenistan</i>	3/2016

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, 10/1/2015–03/31/2016

Report #	Report Title	Date Issued
Office of Audits		
AUD-FM-IB-16-15	<i>Management Letter Related to the Audit of the Broadcasting Board of Governors 2015 Financial Statements</i>	1/2016
AUD-IT-IB-16-25	<i>Management Assistance Report: Broadcasting Board of Governors Incident Response and Reporting</i>	1/2016
AUD-FM-IB-16-22	<i>Information Report: Broadcasting Board of Governors 2015 Purchase Card Risk Assessment</i>	12/2015
AUD-FM-IB-16-14	<i>Independent Auditor's Report on the Broadcasting Board of Governors 2015 and 2014 Financial Statements</i>	11/2015
Office of Inspections		
ISP-IB-16-08	<i>Inspection of the Edward R. Murrow Transmitting Station</i>	3/2016
Office of Investigations		
INV-15-03	<i>Management Assistance Report: Mandatory Disclosure Language in Broadcasting Board of Governors Grants and Assistance Agreements</i>	12/2015

Table B.2

OIG Reports Related to Broadcasting Board of Governors Programs and Operations Summarized in the *Classified Annex to the Semiannual Report to the Congress*, 10/1/2015–03/31/2016

Report #	Report Title	Date Issued
Office of Audits		
AUD-IT-IB-16-17	<i>Audit of the Broadcasting Board of Governors Information Security Program</i>	11/2015

APPENDIX C: PEER REVIEWS

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

Office of Audits

During this reporting period, the Department of Commerce OIG reviewed the system of quality control for OIG's Office of Audits. Based on its review, the Department of Commerce OIG determined that the Office of Audits' system of quality control in effect for the year ended September 30, 2015, was suitably designed to provide reasonable assurance that the Office of Audits is performing and reporting in conformity with applicable professional standards in all material respects. The Office of Audits received a peer review rating of pass, the best possible rating. The report's accompanying letter of comment contained two recommendations that, while not affecting the overall opinion, were designed to further strengthen the system of quality control in the Office of Audits. The report is available on OIG's website at <https://oig.state.gov>.

APPENDIX D: ABBREVIATIONS

Abbreviation	Full Name
A/LM/AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management
A/OPE	Bureau of Administration, Office of the Procurement Executive
AF	Bureau of African Affairs
ARB	Accountability Review Board
BBG	Broadcasting Board of Governors
BLISS	Baghdad Life Support Services
CFC	Combined Federal Campaign
CGFS	Bureau of the Comptroller and Global Financial Services
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COR	contracting officer's representative
CSO	Bureau of Conflict and Stabilization Operations
DCAA	Defense Contract Audit Agency
Department	Department of State
DGHR	Bureau of Human Resource
DoD	Department of Defense
DRL	Bureau of Democracy, Human Rights, and Labor
DS	Bureau of Diplomatic Security
ECA	Bureau of Educational and Cultural Affairs
FAH	<i>Foreign Affairs Handbook</i>
FAM	<i>Foreign Affairs Manual</i>
FAR	Federal Acquisition Regulation
FFP	firm-fixed price
FISMA	Federal Information Security Management Act of 2002
FMFIA	Federal Managers' Financial Integrity Act
FOIA	Freedom of Information Act
GOR	Grants Officer Representative
GPD	Grants Policy Directive
HRHT	high-risk, high-threat
IG	Inspector General
INL	Bureau of International Narcotics and Law Enforcement Affairs
IR&R	incident response and reporting

Abbreviation	Full Name
IRM	Bureau of Information Resource Management
IRM/IA	Bureau of Information Resource Management, Office of Information Assurance
ISIL	Islamic State of Iraq and the Levant
ISN	Bureau of International Security and Nonproliferation
J/TIP	Office to Monitor and Combat Trafficking in Persons
LIG	Lead Inspector General
MCSC	Management Control Steering Committee
M/PRI	Office of Management Policy, Rightsizing, and Innovation
NDF	Nonproliferation and Disarmament Fund
NEA	Bureau of Near Eastern Affairs
NED	National Endowment for Democracy
NIST	National Institute of Standards and Technology
OBO	Bureau of Overseas Buildings Operations
OCO	overseas contingency operation
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
ORE	Official Residence Expense
PAE	Pacific Architects and Engineering Government Services, Inc.
PMS	Payment Management System
POA&M	Plans of Action and Milestones
PRM	Bureau of Population, Refugees and Migration
PSS	Procurement Shared Services
RIMC	Regional Information Management Center
SMU	Southern Methodist University
TIP	trafficking in persons
TWD	Telephone, Wireless, and Data
USAID	U.S. Agency for International Development
US-CERT	U.S. Computer Emergency Readiness Team
USIBWC	International Boundary and Water Commission, United States and Mexico, U.S. Section
VAT	value-added tax
VPN	virtual private network
WPS	Worldwide Protective Services

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

Requirement	Subject	Page #
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Section 5(a)(2)	Significant recommendations for corrective action	12–34, 60–63
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Section 5(a)(5)	Information or assistance refused	None
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Office of Inspector General



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United States Department of State
Broadcasting Board of Governors