

# SEMIANNUAL REPORT TO THE CONGRESS

April 1, 2015, to September 30, 2015



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



# OIG Office of Inspector General

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

## OUR VISION

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

## OUR MISSION

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

## OUR VALUES

### Integrity

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

### Teamwork

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

### Accountability

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

### Communication

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

### Respect

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

## OIG Summary of Performance, 4/1/2015–9/30/2015

<b>Financial Results</b>	
<b>Questioned Costs</b>	
Issued during the reporting period	\$37,132,000
Management decision during the reporting period	\$19,968,000
<b>Recommendations for Funds To Be Put to Better Use</b>	
Issued during the reporting period	\$10,048,000
Management decision during the reporting period	\$131,952,000
<b>Investigative Monetary Recoveries</b>	\$534,491
<b>Investigative Activities</b>	
Cases Opened	60
Cases Closed	35
Criminal Actions (arrests, indictments, convictions)	40
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**Note:** Figures represent consolidated totals from OIG work reported from April 1, 2015, to September 30, 2015, that relates to Department of State and Broadcasting Board of Governors programs and operations. Dollar amounts may be affected by rounding.



## MESSAGE FROM THE INSPECTOR GENERAL



Steve A. Linick

I am pleased to present this *Semiannual Report to the Congress*, covering the oversight activities of the Office of Inspector General (OIG) for the Department of State (Department) and the Broadcasting Board of Governors (BBG) from April 1, 2015, to September 30, 2015.

During this reporting period, OIG identified more than \$47 million in potential monetary benefits. In addition, OIG issued 66 unclassified and classified reports—including audits, inspections, evaluations, management assistance reports, and information reports—which is more than double the number of reports OIG published in the first half of FY 2014.

Our work focused on the top management and performance challenges facing the Department and BBG, including protection of people and facilities, management of posts and programs in conflict areas, management of contracts and grants (including foreign assistance), and information security.

Although the Department has taken steps to improve security since the September 2012 attack on the U.S. Special Mission in Benghazi, Libya, OIG continues to find security deficiencies at U.S. diplomatic facilities abroad. Of the 11 U.S. diplomatic posts that OIG inspected during this reporting period, all were found to have physical security deficiencies. While some of these deficiencies were due to mission growth or the lack of sufficient protected workspace, many resulted from longstanding vulnerabilities the Department had not addressed. In addition, OIG issued three reports related to the Accountability Review Board report on the Benghazi attack.

OIG also issued a number of reports this period addressing major challenges the Department faces in responding to a broad range of security and humanitarian crises in conflict zones. For example, OIG found weaknesses in the design and oversight of Department assistance programs in Syria and Pakistan that leave foreign assistance funds vulnerable to waste, fraud, and abuse.

The Department also initiated action to address the recommendations in our 2014 management alert on contract and grant management deficiencies. However, OIG continues to (1) find contracts and grants that lack proper documentation to support expenditure of taxpayer dollars, and (2) identify Department oversight staff who are not properly trained and certified. OIG identified grant and contract management deficiencies at 8 of 11 overseas missions and 1 domestic bureau, and issued recommendations for the Department to make improvements to better safeguard taxpayer funds.

OIG also identified concerns with the Department's efforts to protect its computer networks and, in turn, its information. Inspectors found information-technology and cybersecurity deficiencies at every overseas mission and domestic bureau inspected during this reporting period. OIG issued more than 40 recommendations to address the deficiencies. OIG also identified significant program challenges with the Department's security program for wireless networks.

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 black ink, appearing to read "Steve Linick". The signature is fluid and cursive, with the first name "Steve" and last name "Linick" clearly distinguishable.

Steve A. Linick  
Inspector General  
September 30, 2015



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On July 9, 2015, senior OIG inspector Ambassador Donald S. Hays (standing, second from right) spoke on findings from OIG's 2014 Inspection of Embassy Kabul, Afghanistan before the House Oversight and Government Reform Committee.



# 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 April 1, 2015, to September 30, 2015.

OIG is responsible for the oversight of more than \$40 billion in Department programs and operations and almost \$750 million in BBG programs and operations. During this reporting period, OIG issued a total of 66 reports with recommendations to improve the programs and operations of the Department and BBG, and identified \$47.7 million in investigative recoveries, questioned costs, and funds to be put to better use.

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 America's 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 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 people 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 identifying vulnerabilities in these areas and recommending positive, meaningful actions that the Department could take to mitigate these risks.

## Protection of People and Facilities

Protecting official personnel of U.S. missions overseas is a top priority for the Department and for OIG. OIG has inspected security programs at overseas posts for years; however, since the September 2012 attack on U.S. diplomatic facilities and personnel in Benghazi, Libya, OIG has significantly stepped up its oversight efforts related to security, including targeted audits and evaluations.

Notwithstanding the steps the Department has taken to improve security since the attack in Benghazi, OIG continues to find security deficiencies at a significant number of U.S. diplomatic facilities abroad. OIG found physical, residential, or technical security deficiencies

at all 11 overseas missions inspected during this reporting period. (U.S. overseas missions include both embassies and their constituent posts.) While some of these deficiencies were due to mission growth and the lack of sufficient protected workspace, many resulted from longstanding vulnerabilities that the Department has not addressed because of limited funds or mismanagement.

During this reporting period, OIG issued three reports related to the Accountability Review Board (ARB) the Department convened in the aftermath of the Benghazi attack. OIG's classified *Review of the Implementation of the Benghazi Accountability Review Board Recommendations* examined the current status of the 29 recommendations from the Department's December 2012 classified ARB report. OIG concluded the Department completed the implementation of 13 recommendations; implementation was ongoing for 10 and open-ended for 6.<sup>1</sup> Further, OIG concluded that the Department had satisfied the ARB objectives for 20 recommendations, partially satisfied 8, and not satisfied 1. The August 2015 compliance follow-up review to OIG's own 2013 programmatic review of the ARB process included one reissued recommendation, which called for the Department to develop minimum security standards that must be met prior to occupying facilities in Department-designated high-threat, high-risk locations.

The third report grew out of a recommendation in the 2013 OIG review of the ARB process. After Benghazi, the Department developed an annual risk-assessment process—the vital presence validation process (VP2)—under which senior Department officials assess whether posts

in high-threat, high-risk locations should be opened, closed, or reopened, and whether staffing levels are appropriate. OIG reviewed VP2 and concluded that it met the intent of the OIG recommendation. However, VP2 did not explicitly address OIG's recommendation that the ARB process also assess the attainability of the posts' missions or the likelihood of the posts' achieving goals.<sup>2</sup>

## Management of Posts and Programs in Conflict Areas

The Department faces major challenges in responding to a broadening range of security and humanitarian crises in conflict zones. Missions in countries such as Iraq, Afghanistan, and Pakistan are at the forefront of U.S. engagement to counter terrorism, stabilize fragile states, and respond to regional conflicts. The Department's FY 2016 congressional budget justification requested \$7 billion in Overseas Contingency Operations funds. These funds would support critical programs and operations in Afghanistan, Pakistan, and Iraq, and cover other exceptional costs, including \$3.4 billion to defeat the Islamic State in Iraq and the Levant.

OIG found that management support services were under stress at a number of posts where security concerns and growing workloads often drive staffing decisions. At Embassy Amman, Jordan, OIG recommended the Department address these issues because political circumstances had transformed a formerly midsize embassy into a large, front-line operation. Growth in the management support staff had not kept pace with the substantial increase in mission staffing, resulting in workload-related stress and extensive overtime.

<sup>1</sup> OIG defines a recommendation as ongoing if the Department had taken steps to implement it, but more was required to complete implementation. A recommendation is defined as open-ended if the Department had taken action on it, but continuous action will be required for the foreseeable future.

<sup>2</sup> This is an unclassified summary of a classified report.

The turbulent conditions in and around conflict areas make management of resources more difficult. After the 2012 Benghazi attack, Embassy Tripoli staff used 26 armored vehicles to evacuate to the U.S. Embassy in Tunis, Tunisia. Embassy Tunis had no need for the vehicles (valued at approximately \$5 million), and they remained stored and unused in a grass and dirt lot on the embassy compound. OIG recommended that the Department develop and implement a plan to redistribute and use the vehicles.

OIG found weaknesses in the design and oversight of Department assistance programs. As part of its oversight responsibilities in support of the Lead Inspector General for Overseas Contingency Operations (LIG-OCO), OIG published a September 2015 audit of \$44 million in non-lethal aid for the Syrian crisis. OIG found weaknesses in monitoring and oversight of this program, leaving foreign assistance vulnerable to waste, fraud, and abuse.

## Oversight of Contracts and Grants

Contracts and grants have become increasingly critical to the Department's mission as it takes on additional responsibilities. The Department's obligations in FY 2014 (including for foreign assistance) included approximately \$14.7 billion for contracted services and \$1.5 billion in grants. However, the Department faces continuing challenges managing its contracts, grants, and cooperative agreements because it has not effectively addressed systemic weaknesses.

### **Contract Management**

Although the Department has taken actions to address the recommendations in OIG's

2014 management alert on contract and grant file deficiencies, OIG continued to find problems in this area during this reporting period. They include the lack of annual procurement plans; files that lacked required documentation; and failure to properly designate, train, and certify grants officer representatives (GORs). During this period, audits, inspections, and investigations placed heavy emphasis on these and other areas.

Examples of weaknesses in contract administration and oversight were included in a July 2015 audit of the New Embassy Compound in London, in which OIG determined that the contracting officer had not obtained sufficient data when negotiating the final price for the construction portion of the contract. As a result, the contractor was not required to explain the approximately \$42 million difference between the initial proposal (submitted in 2012) and the final proposal (submitted in 2013). OIG concluded that improper price negotiations left Department funds vulnerable to waste or misuse.<sup>3</sup>

In July 2015, OIG audited the Aviation Support Services Contract in Iraq and questioned costs of almost \$1 million that the Department did not identify because of insufficient processes, methodologies, and staffing for reviewing invoices. OIG also questioned another \$25.9 million associated with income tax reimbursements that the Department approved. OIG recommended the Department review the questioned costs and made additional recommendations for improving contract management and oversight.

In addition, OIG audited the Medical Support Services Contract in Iraq and found that the Department had only one contracting officer's representative (COR) to monitor all 15 task

<sup>3</sup> This is an unclassified summary of a classified report.

orders under the contract valued at \$1 billion. The lack of government oversight personnel is a frequently identified issue in OIG's work. In June 2014, embassy staff were relocated due to security threats, and there were no oversight personnel at the embassy. In a May 2015 audit report—which was preceded by a December 2014 management alert—OIG expressed concern that, in the absence of a COR, various embassy personnel were directing the contractor to perform work outside the scope of the contract. These actions exposed the Department to unauthorized commitments and contractor claims.

With its continuing focus on procurement fraud, OIG's Office of Investigations also produced positive results this period. Its work resulted in more than \$530,000 in restitution, cost recovery, and fines; 23 debarments and 1 suspension of contractors and grantees; and referrals of 15 individuals and companies to the Department's Procurement Executive for potential suspension and debarment from Government contracts.

In a joint investigation with the Special Inspector General for Afghanistan Reconstruction, OIG examined allegations that two separate companies submitted similar bids for numerous Department contracts in Afghanistan. During 2013 and 2014, the Department awarded contracts to the companies valued at approximately \$2 billion. The investigators determined that the Afghan companies colluded during the solicitation process for various construction projects by sharing bid information and submitting complementary bids for contracting personnel. In June 2015, the Department debarred one company president, both company administrators, and both companies for 3 years.

### **Grant Management**

The Department's ongoing challenge with the administration and oversight of grants was the subject of several OIG audits during this reporting period, including an audit of GORs that identified instances in which they did not execute their oversight responsibilities or comply with grant-monitoring requirements.

OIG also found grant-management deficiencies at 8 of 11 overseas missions and 1 domestic bureau inspected this reporting period. In one inspection of a domestic bureau, all 31 grant files inspected (totaling \$38 million) lacked monitoring plans. Twenty-three were sole-sourced, and five of those did not contain the required justifications. The remaining 18 had poor justifications and cited an incorrect statutory authority for the sole-sourced procurement. OIG issued 28 recommendations to improve monitoring, justification for sole-source procurement, reporting, documentation, training, and overall grant management.

In an April 2015 audit of the Export Control and Related Border Security (EXBS) Program, OIG found that headquarters personnel did not adequately administer and oversee foreign assistance funding dedicated to the EXBS program in certain countries. As a result, headquarters personnel could not ensure that the award's purposes were being achieved and could not demonstrate that the purposes for which the award was given were met. OIG recommended the Department's Office of Export Control Cooperation establish and implement a process to monitor contractor and grantee files, improve award administration and oversight, establish and maintain program files, and conduct end-use monitoring. OIG identified similar issues in the audit of the Global Threat Reduction program.

During this reporting period, OIG's Office of Investigations determined that a Department grants officer and GOR improperly awarded Department grants to the GOR's husband, who was the founder and director of a company that received nine Department grants, totaling almost \$270,000. In June 2015, the GOR, her husband, and his company were debarred for 3 years. The grants officer resigned from the Department before any administrative action could be taken.

OIG also investigated allegations that a grant recipient (a TV station) in Afghanistan violated the terms and conditions of a grant to produce and broadcast 24 television episodes. OIG determined that the TV station did not reimburse the Department almost \$625,000 in grant funds it owed, despite numerous official requests for reimbursement. In June 2015, the Department debarred the TV station and its owner for 3 years.

## Information Security and Management

The Department spent approximately \$1.4 billion on information technology (IT) in FY 2015. The same year, a number of cybersecurity incidents illustrated deficiencies in the Department's efforts to protect its computer networks. Malicious actors exploited vulnerabilities, potentially compromising sensitive information and significant downtime to normal business operations.

OIG found information security and management deficiencies at 11 U.S. overseas missions and 1 domestic bureau inspected during this reporting period. Also, OIG found information systems security officers (ISSO) did not perform their duties adequately. ISSO responsibilities include reviewing event logs,

randomly checking user libraries, and reminding users of security awareness. Failure to carry out these tasks leaves a system vulnerable to a wide range of threats, such as spear-phishing attacks. OIG issued 42 recommendations concerning IT management and cybersecurity, including access controls, configuration management, and encryption.

IT contingency planning is a management challenge for the Department. In six inspections of overseas missions conducted during this reporting period, OIG identified numerous contingency planning deficiencies. Instability in many regions of the world and recent attacks and threats against the Department's personnel and diplomatic facilities demonstrate the need for contingency planning and readiness to respond to crises in order to maintain communications and continuity of business operations.

## Financial Management

Financial management also presents significant management challenge for the Department. Total FY 2014 obligations for the Department consisted of contractual services of \$14.7 billion, grants, and fixed charges of \$16.7 billion, and acquisition of assets of \$2.8 billion, which collectively represented 79 percent of the agency's spending.

Providing adequate oversight and coordination of foreign assistance resources also continues to be a challenge for the Department. The Department's financial management systems were not designed to track and report on foreign assistance funds, which is a systemic problem hindering effective coordination and oversight. As in previous reporting periods, OIG will continue its oversight work in this critical area.

## 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 2015 appropriation of almost \$750 million. OIG's oversight work on BBG has attracted significant attention from Congress as it considers legislation to reform the agency.

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:

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

During the reporting period, OIG's Office of Evaluations and Special Projects issued a management alert that synthesized the systemic issues and vulnerabilities that OIG audits and inspections had identified across BBG and with its grantee organizations over the past 3 years. These included

ineffective leadership, insufficient oversight of contracts and grants, weaknesses in financial management, and inadequate information security. The management alert recommended BBG take more proactive and comprehensive steps to comply with the many open recommendations that OIG has issued to address the previously identified issues and vulnerabilities.

In addition to the management alert, OIG audited one of BBG's three grantees, Radio Free Asia (RFA), which provides broadcasting services to designated Asian countries. OIG found that BBG did not have a well-defined structure to monitor RFA activities, and RFA did not fully comply with Federal procurement requirements for grantees. OIG identified almost \$600,000 in funds that RFA did not return to BBG despite being required to do so under the terms of the grantee agreement. OIG recommended improvements to improve BBG's oversight of RFA, which also would improve RFA's management of Government-provided resources.

OIG's Office of Inspections found internal control and leadership issues in Afghanistan. OIG identified \$2.3 million in unliquidated obligations for FY 2010–2014, of which \$1.1 million could have been put to better use. OIG also noted that senior management of Voice of America's Afghanistan Service did not communicate effectively with employees, which negatively affected employee morale. Additionally, OIG identified issues relating to contract administration, travel card procedures, and compliance with Federal regulations. During limited-scope inspections of BBG operations in Astana, Dushanbe, and Tunis, OIG found no systemic or recurring issues that would warrant recommendations.

## Oversight Initiatives

OIG's new initiatives, started in the past 2 years, continue to strengthen oversight and provide the Department and BBG with critical information necessary to improve their programs and operations.

## Management Alerts and Management Assistance Reports

In November 2013, OIG began to issue management alerts and management assistance reports to alert Department and BBG leadership to significant issues that required immediate corrective action. Since then, OIG has issued 20 of these alerts and reports, 8 in this reporting period alone.<sup>4</sup> The issues OIG identified relate to residential security, information security, contract management, leadership, and trafficking in persons.

## Investigation and Prosecution of Cases

OIG's Office of Investigations has taken a number of steps to prosecute fraud cases more quickly and effectively. For example, one of OIG's attorney-investigators has been designated a Special Assistant U.S. Attorney and now works full-time as a prosecutor in the U.S. Attorney's Office for the Eastern District of Virginia. This initiative has contributed to an increase in OIG's effectiveness in combating criminal activity against Department and BBG programs and operations.

<sup>4</sup> Some reports are classified.

## Suspension and Debarment

OIG continues to emphasize the importance of the suspension and debarment of contractors and grantees who engage in misconduct involving Department contracts or grants. In the prior 3 fiscal years, OIG referred more than 100 cases to the Department for action. In FY 2015 alone, OIG made 53 referrals.

## Office of Evaluations and Special Projects

OIG's Office of Evaluations and Special Projects is improving OIG's capabilities to meet statutory requirements of the Whistleblower Protection Enhancement Act of 2012 and other whistleblower statutes and policies. Department employees, and employees of contractors and grantees have been encouraged to report fraud, waste, abuse, and misconduct. Such reporting must take place without fear of retaliation. OIG designated an ombudsman (a senior OIG attorney) for these purposes.

This office also conducts investigations of allegations of retaliation filed by employees of contractors, subcontractors, and grantees, as required by the National Defense Authorization Act for Fiscal Year 2013. Since this legislation was enacted, OIG has reviewed 28 complaints by contractor and grantee employees, has completed 1 full investigation, and currently has 8 pending investigations.

# OVERVIEW

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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 and comprehensive, involving oversight of the full scope of Department programs, operations, and organizations, including more than 72,000 U.S. and local employees at 280 overseas missions and other facilities worldwide. These are funded through combined annual appropriations of approximately \$15 billion and nearly \$7 billion in consular fees and other earned income. OIG is also responsible for oversight of more than \$17 billion in Department-managed foreign assistance. In total, OIG is responsible for overseeing more than \$40 billion.

### Management Improvements

Based in Washington, D.C., OIG operates longstanding overseas offices in the front-line states of Afghanistan, Pakistan, and Iraq to strengthen its oversight of high-cost, high-risk Department activities in South and Central Asia and the Near East. The Office of Audits' Middle East Region Operations Directorate, along with the Office of Investigations, dedicates on-the-ground resources, expertise, and oversight to critical Department programs and

U.S. interests in the front-line states and other crisis and post-conflict countries. OIG also closely collaborates with the Department of Defense (DoD) and the U.S. Agency for International Development (USAID) OIGs and with the Special Inspector General for Afghanistan Reconstruction (SIGAR) to ensure that OIG's Middle East resources are used efficiently and effectively.

During this reporting period, to enhance its oversight efficiency and to have "boots on the ground" at key overseas locations, OIG opened an office in Frankfurt, Germany, the site of one of the Department's regional procurement centers. The new OIG Frankfurt office will provide audit and investigative oversight of Embassy Baghdad's recently relocated Contract Management Office, which is expected to manage more than \$4 billion in contracts over the next several years, and of the Regional Procurement Support Office and other regional operations. OIG also collocated investigative staff with the Department's Global Financial Services Center in Charleston, South Carolina. Together, the Frankfurt and Charleston locations are responsible for billions of taxpayer dollars

## OIG Planning Process

During this reporting period, OIG established an integrated approach to coordinate and prioritize its work across its functional offices, while creating opportunities for longer range planning. In April 2015, OIG launched a new work-planning process that encouraged input from all employees. OIG used selection criteria—including congressional and agency concerns, major management challenges, and program cost and risk factors—to compare projects from an agencywide perspective to determine immediate and long-term priorities.

The result was OIG's first 2-year work plan, which OIG published in September 2015. The plan focused on the Department's top management challenges, including programs and operations in front-line states such as Afghanistan, Iraq, and Pakistan.

## OIG Strategic Framework

OIG's strategic plan affirms its commitment to providing quality oversight to the agencies it serves and informing the public and other stakeholders of how OIG is safeguarding

taxpayer resources. The plan also emphasizes OIG's obligation to continually improve its own operations and to ensure that its workforce is highly motivated and well-trained. Included in the 2-year work plan are OIG's strategic goals, which provide the framework that will guide OIG's planning and priorities for the next several years:

**Strategic Goal 1: Value**—OIG delivers independent, accurate, timely, and balanced information to improve the economy, efficiency, and effectiveness of Department and BBG programs and operations and to identify the best use of taxpayer dollars.

**Strategic Goal 2: Positive Change**—OIG establishes and maintains effective communication channels with stakeholders and customers, enabling them to make informed decisions to address priorities and challenges of the Department and BBG.

**Strategic Goal 3: Advance Excellence and Innovation**—OIG recruits, invests in, and retains a highly motivated, skilled, and agile workforce empowered through a robust infrastructure, enhanced technology, and flexible, work-life balance-friendly policies.

## 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 several 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 April 21, 2015, the Inspector General testified before the Senate Committee on Foreign Relations, Subcommittee on State Department and USAID Management, International Operations, and Bilateral International Development on ways to improve the efficiency and effectiveness of the Department.

On July 9, 2015, retired U.S. Ambassador and current OIG inspector Donald S. Hays testified before the House Oversight and Government Reform Committee on construction costs and delays at Embassy Kabul identified in a 2014 OIG inspection of the embassy.

### Outreach and Educational Activities

To increase understanding of OIG's roles and responsibilities, the Inspector General and OIG leadership made presentations at several meetings in the Department and elsewhere during this reporting period.



On April 21, 2015, Inspector General Linick testified before a sub-committee of the Senate Committee on Foreign Relations.

On April 2, 2015, Inspector General Linick and representatives from several OIG offices met with the Inspector General for the Romanian Ministry of Foreign Affairs, Silviu Barbu, and his delegation. The discussion focused on OIG's operations.

On April 29, 2015, at the request of the Department's Office of Procurement Executive (OPE), OIG's Deputy Inspector General and Assistant Inspector General for Audits made a presentation on "Audit Findings Related to Contract Management" at the Department's Spring 2015 Contracting Officer's Representative Workshop, a one-day training session to discuss recent developments and recommendations for best practices. The OIG presentation included a discussion on commonly identified issues in OIG audits and the consequences of failing to correct those issues, for both the Department and taxpayers.

On June 19, 2015, OIG's Director of Public Affairs joined colleagues from the OIGs for Defense, Treasury, Health and Human Services, and the Environmental Protection Agency for a presentation and panel discussion with a group of interns from Boston University. The group included communications students, as well as students with international relations, political science, health science, management, and economics backgrounds.

On July 17, 2015, inspection and investigation staff gave a presentation to the Bureau of Diplomatic Security's (DS) Basic Regional Security Officer class at the DS Training Center in Dunn Loring, Virginia. OIG representatives discussed the overseas inspection program, with emphasis on the security portion of these inspections.

On July 28, 2015, OIG invited all Department Under Secretaries and Assistant Secretaries to meet with the Inspector General and OIG senior leadership on the activities and operations of OIG. The meeting provided an opportunity to discuss recent changes in OIG's structure and processes, as well as OIG's role in promoting accountability and effective management in the Department.

On September 16, 2015, the Inspector General and the Assistant Inspector General for Inspections met with senior officials in the Bureau of Educational and Cultural Affairs (ECA) to discuss OIG's role and authorities and answer questions on OIG's activities and operations.

The Inspector General, along with OIG's Assistant Inspector General for Inspections and General Counsel, regularly make presentations at the Department's Ambassadorial Seminar on OIG activities and operations.



On June 19, 2015, OIG's Director of Public Affairs joined colleagues from four other agencies for a presentation and panel discussion with a group of interns from Boston University.

**Table 2.1**  
**OIG Hotline Complaints,**  
**4/1/2015–9/30/2015**

Referred to Other Offices for Action	679
Held for Action Within OIG	58
No Action Required	102
<b>Total Complaints Received</b>	<b>839</b>

### Hotline Complaints

During this reporting period, the OIG Hotline continued to serve as a vehicle through which Department and BBG employees and contractors, as well as members of the public, reported suspected fraud, waste, abuse, mismanagement, or misconduct in Department and BBG programs and operations. OIG 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, above.

### Whistleblower Protection Ombudsman Activities

The whistleblower protection ombudsman, a senior attorney in OIG’s Office of Evaluations and Special Projects, counsels individual employees and contractors and educates

Department and BBG employees on the rights and protections available to whistleblowers. In July 2015, OIG published a whistleblower information pamphlet for both Department and BBG employees and contractor and grantee employees. OIG staff distributes this pamphlet when they meet with individuals during the course of their audits, inspections, evaluations, and investigations.

### Website

OIG continued to operate a robust and user-friendly website that features OIG’s library of products (including reports, testimony, and statements), a live Twitter feed that announces the publication of new reports (each with a summary of findings and recommendations), OIG-related information of interest, and a library of interactive OIG Hotline and Freedom of Information Act online submission forms.

During this reporting period, OIG established a new page on its website dedicated to its role in the Lead Inspector General for Overseas Contingency Operations (LIG-OCO) joint office mandate. The page enhances public access to information on OIG’s body of oversight work by explaining OIG’s role in overseeing overseas contingency operations, and includes the latest LIG-OCO *Quarterly Reports to Congress*.

### 3. OVERSEAS CONTINGENCY OPERATIONS

In 2014, Congress mandated that the IGs for the Department of Defense, the Department of State, and the U.S. Agency for International Development jointly share oversight responsibilities for overseas contingency operations lasting 60 days or more.

Congress created the Lead Inspector General for Overseas Contingency Operations as an amendment (Section 8L) to the Inspector General Act of 1978. An OCO is an operation overseas involving military action by members of the armed forces on active duty during a war or a national emergency declared by the President or Congress.

When the Secretary of Defense designates a military operation as an OCO that exceeds 60 days, Section 8L requires the Chairperson of the Council of the Inspectors General (CIGIE) on Integrity and Efficiency to designate a lead inspector general within 30 days from among the three specified IGs. The lead IG designates an associate inspector general for that OCO.

Congress imposed the following specific responsibilities for OCO oversight and reporting on the three inspectors general:

- Developing and carrying out comprehensive joint strategic plans to ensure independent and effective oversight of all programs and operations of the Federal Government in support of OCOs.
- Submitting to Congress, and making public periodic reports on OCO oversight activities, highlighting completed and planned oversight projects and criminal referrals to the Department of Justice.
- Reviewing the accuracy of information provided by Federal agencies relating to obligations and expenditures, costs of

programs and projects, accountability of funds, and the award and execution of major contracts, grants, and agreements in support of OCOs.

To date, three OCOs have triggered Section 8L: Operation Inherent Resolve (OIR), to degrade and defeat the forces of the Islamic State of Iraq and the Levant (ISIL); Operation United Assistance (OUA), to provide support for civilian-led humanitarian assistance and the Ebola virus response and preparedness activities in West Africa; and Operation Freedom's Sentinel (OFS), to train, advise, and assist Afghan security forces and conduct counterterrorism missions against the remnants of Al-Qaeda in Afghanistan. Inspector General Linick was designated Associate IG for OIR and OFS.

During the reporting period, the three OIGs (the Department of Defense, Department of State and U.S. Agency for International Development OIGs, hereinafter referred to as the LIG-OCO agencies) jointly published five reports. In addition, the LIG-OCO agencies have collectively published 15 audit, evaluation, and assessment reports in support of or related to OIR or the Administration's overall counter-ISIL strategy; 2 on U.S. Government activities related to international Ebola response and preparedness, including OUA; and 4 reports on OFS. In accordance with the previously published LIG-OCO joint strategic oversight plans for OIR and OFS, the

LIG-OCO agencies have assigned personnel to Kuwait, Afghanistan, and Germany, and they have sent teams to conduct fieldwork in Iraq, Kuwait, and Jordan.

A primary benefit of the LIG-OCO model is the ability of the participating OIGs to coordinate and leverage resources within the IG community to ensure comprehensive “whole of government” oversight. Illustrating this approach with OIR, the LIG-OCO agencies actively engaged the IG offices for the Departments of Homeland Security, Justice, and Treasury to collect information on the activities of each department under the strategy to defeat ISIL. For OFS, the LIG-OCO agencies continued their longstanding coordination with SIGAR to ensure comprehensive oversight of all U.S. Government activities as SIGAR continues, under its separate mandate, to oversee Afghanistan reconstruction efforts. Finally, for OUA, the LIG-OCO agencies collaborated with the Department of Health and Human

Services OIG to provide comprehensive oversight of the U.S. Government funds, activities, and programs that were brought to bear on the complex international crisis response and recovery effort surrounding the Ebola outbreak.

A second important benefit of the model is the ability of the LIG-OCO agencies to mobilize quickly to provide oversight of an OCO and conclude activities soon after the OCO is terminated. Following the termination of OUA in June 2015, and in the absence of FY 2015 OCO appropriations for OUA, the statute’s “sunset” provisions were invoked and LIG-OCO’s oversight responsibilities for OUA were concluded at the end of FY 2015. The final LIG-OCO report on U.S. Government activities related to International Ebola Response and Preparedness, including OUA, was scheduled to be published this fall. See Table 3.1 for completed, ongoing and planned oversight work in support of this mandate.

**Table 3.1**  
**OIG Oversight Activities in Support of the LIG-OCO Mandate**

<b>Completed Projects</b>	<b>Date Issued</b>
<i>Audit of Department of State Vetting of Syrian Non-Lethal Aid Recipients</i>	9/2015
<i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Aviation Support Services Contract in Iraq</i>	7/2015
<i>Classified Annex to the Inspection of Embassy Muscat, Oman</i>	7/2015
<i>Inspection of Embassy Tunis, Tunisia</i>	7/2015
<i>Inspection of Embassy Amman, Jordan</i>	6/2015
<i>Inspection of the Bureau of Political-Military Affairs</i>	6/2015
<i>Audit of the U.S. Mission Iraq Medical Services</i>	5/2015
<b>Ongoing/Planned</b>	
Audit of Afghanistan Life Support Services Contract	–
Audit of Embassy Kabul Planning for the Transition to a Civilian-led Mission in Afghanistan	–
Audit of Task Orders for the Baghdad Life Support Services Contract	–
Audit of Department of State 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 Iraq	–
Audit of Contract and Grant Oversight Staffing in Afghanistan	–
Audit of Department of State Compliance with Critical Environment Contracting Policies	–
Audit of Antiterrorism Assistance Program Planning and Monitoring for Countries under the Bureaus of Near Eastern Affairs and South and Central Asian Affairs	–
Inspection of BBG's Middle East Broadcasting Networks	–
Inspection of Embassy Cairo and Consulate General Alexandria, Egypt	–
Inspection of Mission Iraq's Implementation of the Supporting Governance in Iraq Line of Effort	–
Inspection of Mission Iraq's Implementation of the Exposing ISIL's True Nature Line of Effort	–
Inspection of Embassy Ankara, Turkey, and Constituent Posts	–
Inspection of the Bureau of Population, Refugees, and Migration	–
Inspection of Embassy Islamabad, Pakistan, and Constituent Posts	–
Investigations - continued efforts with the LIG-OCO Fraud and Corruption Investigative Working Group under the memorandum of understanding	–
Investigations - continued OIG Hotline efforts under the LIG-OCO memorandum of agreement	–

## 4. CONSOLIDATED FINANCIAL IMPACT OF OIG WORK

OIG returns significant value to taxpayers through its audits, evaluations, inspections, and investigations. For the reporting period, OIG issued 66 reports and identified more than \$47 million in potential monetary benefits to the Department and BBG. Additionally, OIG's criminal, civil, and administrative investigations resulted in the identification of almost \$535,000 in recoveries and other monetary results. During this reporting period, the Department and BBG made management decisions on \$152 million in potential monetary benefits OIG identified 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 almost \$307.6 million. This represents a decrease of \$104.7 million, or 25 percent,

from the \$412.3 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 critical issues 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 front-line states including Afghanistan, Iraq, and Pakistan.

From April 1, 2015, to September 30, 2015, OIG issued 20 audit reports on Department programs and operations, 13 of which were unclassified.

### Audit Compliance and Follow-up

*Compliance Follow-up Audit of the Department of State Use of Consular Fees Collected in Support of the Border Security Program*  
(AUD-ACF-15-36, 7/2015)

In August 2012, OIG reported in *Audit of Department of State Use of Consular Fees Collected in Support of the Border Security Program* that the Border Security Program (BSP) did not have a centralized program management structure and a detailed, comprehensive program plan that identified BSP priorities. The Department's BSP is part of a coordinated national effort to deny dangerous individuals entry into the United States and facilitate the entry of legitimate travelers.

It is funded by consular-related fees (\$2.9 billion for FY 2014).

In this compliance follow-up audit, OIG found that the Bureau of Consular Affairs (CA) had not fully implemented corrective actions to address four of six open recommendations from the original audit. Specifically, CA had not taken sufficient action to:

- develop roles and responsibilities for all parties involved in the BSP;
- prepare a written plan to prioritize all requests for BSP funding;
- develop and disseminate guidance to CA offices and the partner bureaus on the appropriate use of BSP funds; and
- prepare a documented, comprehensive monitoring program that includes periodic reviews of expenditures.

According to CA officials, CA had not implemented these recommendations because CA's role as the BSP program management office was not codified in the *Foreign Affairs Manual* until March 2015. In addition, CA did not have an appointed BSP manager to oversee the program until August 2014, 2 years after OIG issued the original audit report. OIG concluded that, until recommendations intended to improve the management and execution of the BSP were fully implemented, CA would not be able to ensure the most effective allocation of BSP funds to meet BSP objectives, such as denying terrorists and criminals entry into the United States.

**Management Assistance Report:  
Action Still Needed To Update the Department's Standards of Conduct as They Relate to  
Trafficking in Persons and To Comply With a Related Recommendation**  
(AUD-ACF-15-43, 9/2015)

In October 2011, OIG issued a report entitled *Audit of Bureau of East Asian and Pacific Affairs Compliance with Trafficking in Persons Requirements*. In that report, OIG made three recommendations to the Office to Monitor and Combat Trafficking in Persons (J/TIP) that were intended to increase awareness among Department employees about trafficking in persons (TIP) policies and requirements. Specifically, OIG recommended that J/TIP include the U.S. Government's Trafficking in Persons policy in the Department's *Foreign Affairs Manual*, expand its code of conduct for employees to cover conduct with respect to TIP activities, and provide training on TIP.

Although J/TIP concurred with all the 2011 recommendations, the office had not fully implemented them nearly 4 years after OIG issued the original report. OIG concluded that as a result, the Department was not well-positioned to hold employees accountable for TIP violations or to ensure TIP policies and requirements were understood and followed. Accordingly, in September 2015, OIG issued a management assistance report recommending that the Department execute a plan of action to complete corrective actions on the open 2011 recommendations.

In its September 3, 2015, response to the report, the Under Secretary for Civilian Security, Democracy, and Human Rights concurred with the recommendations.

OIG determined that CA had completed sufficient corrective actions to close two recommendations from the original report. OIG modified and reissued four recommendations to strengthen the management of this program.

## Contracts, Grants, and Infrastructure

*Audit of Department of State Oversight Responsibilities, Selection, and Training of Grants Officer Representatives*  
(AUD-CG-15-33, 6/2015)

The purpose of this audit was to determine whether the Department's grants officer representatives (GORs) were properly selected and trained to perform their assigned grant administration and oversight responsibilities successfully.

OIG found instances among the 20 grants reviewed in which GORs did not execute their oversight responsibilities or comply with grant monitoring requirements. For example, GORs had not created monitoring plans as required by Department policy or verified the program performance or financial data the grantees reported. One GOR said that she did not perform detailed financial reviews because she believed that grants officers—not GORs—were responsible for financial monitoring and that there was not always time to perform these duties. Other GORs noted that they paid little attention to the grantee financial reports, typically reviewing them only for excessively high spending. OIG noted that, by

not comprehensively monitoring grants, the Department could not have confidence that Federal funds were being spent and grant objectives were being achieved. This audit identified more than \$7 million in unallowable costs, unsupported costs, and funds that could be deobligated and put to better use.

OIG also found that grants officers selected GORs in accordance with Department policies for 17 of 20 grants reviewed. However, the Bureau of Democracy, Human Rights, and Labor (DRL) had inappropriately appointed third-party contractors as GORs for three of the four DRL grants reviewed. According to Department policy, third-party contractors may not be certified and therefore should not have been appointed as CORs. OIG noted that, without proper selection of GORs, the Department risks inadequate grant oversight, which potentially results in unmet grant objectives and wasted or misused Federal assistance funds.

Finally, OIG found that most of the GORs for the grants reviewed had completed the two training courses required for GOR certification. However, the third-party contractors that were appointed as GORs had not completed the required courses because Department-sponsored training was typically provided only to Government employees. In addition, although most GORs had obtained the required training, the required training courses were not sufficient to train GORs in how to develop a monitoring plan or how to review and use grantee financial and progress reports, among other important GOR responsibilities. By the conclusion of audit fieldwork, Department officials had recognized the training deficiencies identified in this report, had developed two new GOR training courses, and were updating the existing GOR courses.

OIG made recommendations to improve the selection of GORs, strengthen grant oversight, and improve the management of the Department's large portfolio of grants. Also, in September 2014, OIG issued a related report, specific to two Afghanistan grants in the audit sample that required immediate attention.

*Audit of Overseas Health Units  
Administration of Controlled and Non-  
Controlled Drugs  
(AUD-CGI-15-32, 6/2015)*

An important component of the Department's Office of Medical Services healthcare program is the overseas health unit (HU), which provides medical care for embassy staff and other eligible personnel. OIG conducted this audit to determine whether overseas HUs were able to track controlled and non-controlled drugs through the medical supply process and whether overseas HUs' inventories of controlled and non-controlled drugs met the current needs of the diplomatic community. OIG performed audit work at Addis Ababa, Ethiopia; Gaborone, Botswana; Hanoi, Vietnam; Jakarta, Indonesia; Moscow, Russia; and Kingston, Jamaica.

OIG found that all five audited HUs that stocked controlled drugs had sufficient procedures in place to account for controlled drugs (Kingston, Jamaica, did not maintain any controlled drugs). However, none of the HUs at the six posts audited could fully account for non-controlled drugs—including vaccines, prescription drugs, and over-the-counter medications—throughout the entire medical supply process. This occurred, in part for the following reasons:

- There were no standard operating procedures for managing the medical supply process for non-controlled drugs.
- HUs did not have an electronic inventory system to track the receipt, dispensing, disposal, and transfer of non-controlled drugs.
- Foreign Service medical providers did not receive pharmacy administration training as part of their formal medical training or Office of Medical Services-specific training.

OIG made recommendations to:

- develop and issue standardized procedures for overseas HUs;
- establish procedures for implementing an automated inventory system for pharmaceuticals; and
- develop and implement training for Foreign Service medical-provider personnel related to pharmacy administration.

## Financial Management

### *Audit of Department of State FY 2014 Compliance With Improper Payments Requirements* (AUD-FM-15-26, 5/2015)

In compliance with the Improper Payments Information Act of 2002 (IPIA), as amended, an independent auditing firm, acting on OIG's behalf, conducted an audit of the Department's FY 2014 compliance with improper payments requirements.

The auditor found that the Department was in substantial compliance with IPIA requirements. Specifically, the Department conducted a risk assessment for employee payment programs, newly established programs, and programs that experienced a significant change in fund-

ing. However, the method used for identifying programs with a significant change in funding may not have identified all programs with increased risks of significant improper payments because of increased funding.

The Department also published and posted online its Agency Financial Report for FY 2014, which included the required disclosures. However, one disclosure related to improper payments identified and recovered outside the recapture audit process, was not complete. The Department had improved its recapture audit process by initiating recapture audit activities for annuity and grant payments. However, these activities were not fully implemented. Also, the Department did not include salary and benefit payments to employees amounting to approximately \$5 billion and other payments amounting to \$18 million. The Department plans to expand its recapture activities to include these payments in FY 2015.

OIG recommended the Department expand its process to identify programs with significant funding changes, develop and implement a method to obtain information on improper payments identified and recovered by Department offices and bureaus other than the Bureau of the Comptroller and Global Financial Services, and fully implement recapture audit procedures for all payment types.

### *Audit of Selected Nonproliferation and Disarmament Fund Management Controls* (AUD-FM-15-40, 9/2015)

In response to a request from the Bureau of International Security and Nonproliferation, an independent auditing firm acting under OIG direction, audited selected Nonproliferation and Disarmament Fund (NDF) controls.

The objective was to determine the extent to which NDF management designed and effectively implemented internal controls relating to the management activities and the budget and finance activities listed in the Department of State Management Controls Checklist. NDF management also requested that the auditor perform focused audit procedures over the budget and finance controls and contracting processes related to NDF's work in Egypt.

NDF supplements U.S. diplomatic efforts to promote bilateral and multilateral nonproliferation and disarmament activities through the development, execution, and implementation of carefully selected projects. The auditor found that most of NDF's controls related to management activities were effectively designed and implemented. However, improvements were needed. Specifically, NDF did not periodically review its organizational structure to ensure appropriate supervision and authority exists; did not have a formal process for preparing and approving language in memoranda of understanding relating to NDF projects; did not identify and document the specific provisions for which it used its "notwithstanding authority;" and did not have processes to evaluate the cost-effectiveness of using contractors to perform project management and administrative functions.

The auditor also found that, although NDF effectively designed and implemented most controls related to budget and finance activities, some needed improvement. Specifically, NDF did not always enter final obligation amounts in its Project and Information Management System; project managers did not include the required information in their certifications of the receipt of goods and services; NDF did not always record expenses in the NDF system; and NDF did not have a formal

process for developing and documenting its annual budget request.

Further, the auditor found that NDF did not effectively implement contract initiation controls and contract modifications for the Egypt project. Specifically, NDF did not maintain the contract initiation documentation for one contract and did not prepare an acquisition plan for one contract. In addition, NDF did not prepare and maintain the documentation or obtain the approvals required for contract modifications.

OIG made recommendations to NDF to strengthen the design and operation of management, budget and finance, and contracting controls.

## Middle East Region Operations

*Audit of the U.S. Mission Iraq Medical Services*  
(AUD-MERO-15-25, 5/2015)

OIG conducted this audit to determine whether the Department was effectively managing and monitoring the contractor's performance on the U.S. Mission Iraq medical services contract.

In preparing for the December 2011 transition from military- to civilian-led operations, the U.S. Mission to Iraq awarded a contract to CHS Middle East LLC (CHS) for medical services valued at up to \$1 billion over 5 years. Between August 2011 and September 2012, the Department issued 15 task orders under the base CHS contract to provide medical services at 14 facilities. As of November 2014,

the 15 task orders had a total authorized value of \$197 million, of which \$186 million had been obligated and \$181 million expended. Of those 15 task orders, 9 were subsequently terminated due to the mission's planned staff reductions and facility consolidation.

OIG found that the contractor generally performed in accordance with the terms and conditions of the contract and task orders. However, early in the contract, one person was overseeing all 15 task orders, including monitoring contractor performance and reviewing and approving invoices. In June 2014, all oversight personnel were relocated from Baghdad because of security threats, which negatively affected contract oversight. From June 18 to December 4, 2014, there were no individuals in Baghdad authorized to oversee the contract. In December 2014, OIG issued to the Bureau of Administration a report concerning the lack of authorized contract oversight personnel in Baghdad. Following the report, the bureau assigned a contracting officer's representative (COR) for the contract to the embassy.

OIG also found discrepancies between the actual and recorded amounts of inventory that CHS staff could not explain. The discrepancies risked CHS sites running out of needed medications or unnecessarily ordering medications already on hand. In addition, OIG questioned \$6,772,881 in invoice charges paid to the contractor. These questioned costs occurred, in part, because CHS did not always provide sufficient documentation to support the invoice charges and the Department did not assign sufficient personnel to complete thorough invoice reviews. OIG noted that, as additional personnel were assigned to review the invoice charges, the amount of questioned costs decreased.

OIG recommended the Department require the contractor to develop and implement a process for pharmaceutical and property inventories that accurately records and maintains transactions. OIG also recommended the Department review all invoices and recover questioned costs and any costs deemed unallowable.

***Management Assistance Report: Report: Embassy Tripoli Armored Vehicles Available for Redistribution and Use***  
(AUD-MERO-15-28, 5/2015)

In November 2014, OIG conducted fieldwork at U.S. Embassy Tunis, Tunisia, in conjunction with an audit of Emergency Action Plans for U.S. missions in North Africa. During the audit, OIG identified 26 armored vehicles that U.S. Embassy Tripoli, Libya, staff used to evacuate to Tunisia in 2014. Embassy Tunis had no need for the vehicles (valued at approximately \$5 million) and they remained stored and unused in a grass and dirt lot on the embassy compound.

OIG noted that the Department was at risk of losing the value and use of the vehicles and recommended that the Department develop and implement a plan to redistribute the vehicles to other overseas posts that needed them.

*Audit of the Bureau of International Narcotics and Law Enforcement Affairs Aviation Support Services Contract in Iraq (AUD-MERO-15-35, 7/2015)*

OIG initiated this audit to determine the effectiveness of the Department's Bureau of International Narcotics and Law Enforcement Affairs, Office of Aviation (INL/A) management and oversight of the aviation services provided to U.S. Mission Iraq. The audit objectives were to determine whether invoice review and approval procedures were in place to ensure accuracy and completeness of costs, the contractor's work was adequately monitored, and the contractor was performing in accordance with contract terms and conditions.

OIG reviewed 14 invoices totaling approximately \$49.7 million of the \$541.5 million in invoices submitted as of October 31, 2013. OIG questioned \$932,644 in costs associated with nine of these invoices. The Department had not detected these questioned costs because it did not require DynCorp International, the contractor, to provide documentation supporting its invoices unless INL/A requested it and INL/A's invoice review processes, methodologies, and staffing were insufficient.

The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) and INL/A adequately monitored DynCorp's performance across a variety of mission functions and administrative operations. However, option years were definitized (that is, final agreement was reached on their cost, duration, or scope), on average, 172 days late because DynCorp did not provide timely and accurate proposals and INL/A did not always identify all requirements. In addition, A/LM/AQM did not

provide sufficient documentation supporting its decision to authorize reimbursements of \$25,886,861 paid to DynCorp for employer and employee income and Social Security tax payments to the Government of Iraq.

OIG also found that DynCorp generally met its service delivery performance goals associated with aviation services, including scheduled flights, medical evacuations, and flights for VIPs. However, DynCorp struggled to meet aircraft availability goals for three types of helicopters because the company had an insufficient number of trained and certified mechanics and difficulty obtaining spare parts and other supplies in a timely manner. Although DynCorp was generally able to complete most of its missions, OIG noted that deficiencies associated with obtaining and providing spare parts potentially reduced the likelihood that a sufficient number of aircraft were available when needed.

OIG recommended A/LM/AQM assess the \$932,644 in questioned costs and \$25,886,861 associated with employer and employee personal income tax reimbursements. OIG also made recommendations to A/LM/AQM and INL for improving contract management and oversight.

*Audit of Department of State Management and Oversight of Non-Lethal Assistance Provided for the Syrian Crisis (AUD-MERO-15-39, 9/2015)*

Between October 2010 and December 2013, three Department bureaus obligated \$108 million in non-lethal assistance to address the Syrian crisis through 34 cooperative agreements and grants. The non-lethal assistance consisted of cash grants, training, and equipment intended to help the Syrian Coalition,

local opposition councils, and civil society groups. OIG conducted this audit to determine the extent to which the Department's management and oversight of these funds complied with Department guidance and Federal laws.

From the 34 awards, OIG selected 3 cooperative agreements and 1 grant for closer review and found that the responsible bureaus did not provide sufficient monitoring for any of the four award recipients in the audit sample. For example, the Bureau of Near Eastern Affairs' Middle East Partnership Initiative did not ensure that the recipient of a cooperative agreement to fund cash payments to Syrian opposition groups had sufficient financial management processes to track expenditures and to effectively monitor its subrecipients. As a result, OIG questioned costs of \$808,697 that were not adequately supported and unexpended funds of \$77,324 associated with the award. In addition, OIG found that the Bureau of Conflict and Stabilization Operations did not ensure that the recipient of a cooperative agreement to increase the capacity of opposition networks had adequate procedures to track equipment purchases and distribution. As a result, OIG questioned \$825,211 associated with this award.

Department guidance outlines several activities that should be completed prior to award issuance that help limit the risks associated with each award and ensure that the Department obtains the services expected. OIG identified deficiencies with the risk assessments for each award it reviewed. For example, DRL neglected to consider a potential conflict of interest between the award recipient and its subcontractors. OIG also found instances where the grants officer and the GOR did not develop monitoring

plans that met Department requirements. For example, the monitoring plan for the Bureau of Conflict and Stabilization Operations cooperative agreement to provide equipment to the Syrian opposition did not identify the type of monitoring efforts and was approved after award issuance. In addition, the grants officer for a DRL grant to expand the free flow of information in Syria inappropriately assigned a third-party contractor as the GOR, which violated Department policy.

OIG made recommendations to the responsible bureaus to improve the management and oversight of the awards and to review and determine the allowability of the questioned costs.

## Security and Intelligence

### *Audit of Bureau of International Security and Nonproliferation Administration and Oversight of Foreign Assistance Funds Related to the Export Control and Related Border Security Program (AUD-SI-15-23, 4/2015)*

The objective of this audit was to determine whether the Bureau of International Security and Nonproliferation, Office of Export Control Cooperation's (ISN/ECC) administration and oversight of foreign assistance funding dedicated to the Export Control and Related Border Security (EXBS) Program ensured that funding was expended in accordance with Department policies, achieved desired results, and contributed to the President's National Security Strategy.

ISN/ECC provides assistance to foreign governments to support strategic trade control systems that meet international standards. ISN/ECC is responsible for developing, imple-

menting, and managing the EXBS Program to help partner countries establish, strengthen, and enforce strategic trade control systems and policies consistent with international nonproliferation practices.

OIG found that ISN/ECC headquarters personnel did not adequately administer and oversee foreign assistance funding dedicated to the EXBS Program in Jordan, Mexico, and Morocco during FY 2012–2013. In addition to incomplete COR and GOR files, ISN/ECC did not maintain complete and accurate information related to awards issued and funds obligated. Furthermore, ISN/ECC personnel purchased equipment that could not be used by the partner country, failed to communicate with stakeholders in a timely manner, and did not require contractors and grantees to submit key deliverables and performance reports. Personnel also did not retain documentation and information to provide to successive officials. As a result, ISN/ECC could not ensure that award performance indicators were being achieved,

nor could they demonstrate that they had safeguarded the integrity of funds or reduced financial risk to the EXBS Program.

OIG found that EXBS personnel located in two of the three countries did conduct required oversight of in-country EXBS Program activities and equipment donations and validated that award performance indicators were achieved and accurately reported. Also, OIG noted that ongoing collaborations between ISN/ECC and U.S. agency partners helped to lower the risk of potential overlap between the EXBS Program and other interagency partners and promoted the whole-of-government approach outlined in the President's 2010 National Security Strategy.

OIG recommended that ISN/ECC work with A/LM/AQM to establish and implement a process to monitor COR and GOR files. OIG made additional recommendations to establish and implement policies to improve award administration and oversight and to improve main-

***Management Assistance Report: AUD-CGI-15-32 Oversight of Grants to the National Endowment for Democracy (AUD-SI-15-34, 6/2015)***

From FY 2006 to FY 2014, the Department awarded more than \$963 million to the National Endowment for Democracy (NED) from amounts authorized by Congress in its budget appropriations. During a recent audit of NED financial transactions, OIG discovered that the Department had not conducted required audits of NED's financial transactions. Further, the terms and conditions of the annual grant did not include the audit requirement. OIG also found that the Department did not comply with other requirements, including reconciling submitted financial reports with the grant award and sufficiently maintaining grant files.

Although OIG's testing of NED's financial transactions did not reveal significant deviations from Federal laws and regulations, the Department had awarded more than \$963 million to NED without conducting required audits of financial transactions. OIG recommended the Department conduct the required audits and amend its grant agreement with NED to include the terms of the audit requirement in order to decrease the risk of misapplication of funds dedicated to promoting democracy.

tenance of EXBS Program contract and grant data and end-use monitoring procedures.

*Audit of the Bureau of International Security and Nonproliferation Administration and Oversight of Foreign Assistance Funds Related to the Global Threat Reduction Program*  
(AUD-SI-15-41, 9/2015)

The Bureau of International Security and Nonproliferation, Office of Cooperative Threat Reduction (ISN/CTR), manages global threat reduction programs that aim to reduce the threats posed by terrorist organizations or non-U.S. partner countries that seek to acquire weapons of mass destruction materials, equipment, and expertise. ISN/CTR is responsible for programs to enhance nuclear, chemical, and biological security. During FY 2012 and 2013, ISN/CTR had a total of 62 active grant and cooperative agreement awards, totaling almost \$130 million.

The objective of the audit was to determine whether ISN/CTR's administration and oversight of foreign assistance funding for the Global Threat Reduction (GTR) program was spent in accordance with Department policies, achieved the desired results, and contributed to the President's National Security Strategy. From 27 GTR award files valued at \$52.9 million, OIG reviewed ten grants and cooperative agreements, valued at approximately \$31 million, awarded or modified during FY 2012–2013.

OIG found that ISN/CTR administration and oversight of the GTR program needed strengthening. Specifically, ISN/CTR personnel did not develop monitoring plans for each award, review and take action on findings in A-133 audit reports, conduct required risk

assessments, and maintain award files in accordance with Department policy.

These weaknesses occurred, in part, because ISN/CTR did not have internal controls to ensure it completed required actions. OIG identified \$1.7 million in unsupported costs for fees associated with a single grant, but found that support for the other transactions was generally adequate. OIG also found the obligations related to ISN/CTR grants were generally valid and properly closed. Further, OIG concluded that ISN/CTR headquarters personnel adequately collaborated with U.S. agency partners to strengthen and promote the GTR program. OIG was unable to determine the extent to which goals of the GTR program were being achieved because the performance indicators used by ISN/CTR did not measure outcomes or desired results, but instead measured outputs, such as the number of activities performed by a grantee; however, ISN/CTR recently implemented new performance indicators.

OIG made recommendations to ISN/CTR concerning the administration and oversight of the GTR program, including determining whether a grantee's service fee estimated at \$1.7 million, for which there was inadequate supporting documentation, was allowable.

### Ongoing Audit Work

The Office of Audits is working on audits related to the Department's fuel storage at Embassy Kabul, emergency action plans for U.S. missions in North Africa, financial statements, capital planning for information technology investments, residential security at overseas posts, information security programs, the travel card program, and local guard contracting. The Office of Audits is also auditing task orders related to significant contracts in Iraq, such as the Baghdad Life Support Services contract and the Worldwide Protective Services contract.

## 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. The 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. The office's work complements the work of OIG's Offices of Audits, Investigations, and Inspections by focusing on broader systemic issues.

From April 1, 2015, to September 30, 2015, the office issued two reports related to Department programs and operations.

*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 (ESP-15-04, 7/2015)*

In April 2015, OIG initiated a review of the Department's policies and procedures concerning the use by the current and past four Secretaries of State and their immediate staffs of non-departmental hardware and software to conduct official business. The review included an assessment of whether the Department properly produces government records in response to Freedom of Information Act (FOIA) requests. As part of this review, OIG examined, in conjunction with the Office of Inspector General of the Intelligence Com-

munity (ICIG), the efforts by the Department to publish the emails of former Secretary Hillary Rodham Clinton in response to FOIA requests. ICIG staff conducted a preliminary assessment of this process, including the 296 emails publicly released by the Department in May 2015, and identified four areas that require immediate attention by Department leadership. In a joint memorandum to the Under Secretary of State for Management, OIG and ICIG made four recommendations related to the evaluation of other agencies' equities in release of the emails, the storage and distribution of the emails, the application of FOIA exemptions, and the involvement of the Justice Department's review of the emails.

*Information Report: Review of Former Department of State Employee's Allegation of Improper Denial of Promotion (ESP-15-06, 7/2015)*

OIG reviewed a former Department employee's allegations regarding impro-

prieties in the promotion process, including manipulation of promotion boards in 2010 and 2011 and alteration of assessment documents. OIG interviewed former promotion

board members and consulted with a forensics expert, and concluded that the evidence did not support the former employee's allegations.

### Ongoing Evaluations and Special Projects Work

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

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

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

## 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 previously inspected offices and bureaus to ensure implementation of key recommendations.

From April 1, 2015, to September 30, 2015, the Office of Inspections issued 16 unclassified reports related to Department programs and operations.

### Compliance Follow-up Review

*Compliance Follow-up Review of the Special Review of the Accountability Review Board Process*  
(ISP-C-15-33, 8/2015)

In April 2013, OIG initiated a review of the Accountability Review Board (ARB) process, which included a review of the Benghazi Accountability Review Board recommendations. OIG issued the resulting report (Special Review of the Accountability Review Board Process) and classified annex in September 2013. The report contained 20 formal and 8 informal recommendations. From January to March 2015, OIG conducted a compliance follow-up review of the *Special Review of the Accountability Review Board Process*.

With one exception, OIG found that the Department complied with all the formal and informal recommendations issued in the 2013 report. OIG reissued the recommendation that the Under Secretary for Management develop minimum security standards that must be met prior to occupying facilities located in designated high-risk, high-threat locations and include these minimum standards for occupancy in the Foreign Affairs Handbook.

### Domestic Bureaus

*Inspection of the Bureau of Political-Military Affairs*  
(ISP-I-15-27, 6/2015)

In its inspection of the Bureau of Political-Military Affairs, OIG found that leaders were positioning a complex organization to strengthen its role in policymaking and strategic planning—both within the Department and with its primary partner, the U.S. Department of Defense. With foreign assistance levels relatively static, the Under Secretary for Arms Control and International Security and bureau leaders were focused on setting

global, rather than country-specific, priorities for security assistance allocations. The bureau's Office of Security Assistance was developing its own monitoring and evaluation framework to assess the success of security assistance in meeting Integrated Country Strategy objectives. The bureau's primary contribution to countering ISIL is expediting security assistance, Foreign Military Sales, and Direct Commercial Sales to entities engaged in the fight.

OIG also found that, for some time, bureau leadership did not examine or manage staffing levels from a bureau-wide perspective but rather pursued remedies for staffing shortages office by office. Bureau leadership acknowledged that some employees perceived unfairness, favoritism, and lack of transparency in hiring. The inspection revealed relations between the bureau and the executive office were strained and recommended an organization and workload analysis of the executive office. OIG also found that the bureau lacked a records management policy, which resulted in staff retaining documents in shared network folders, SharePoint, personal computer drives, and hard copies. Additionally, program managers monitored grantee performance but did not document all their reviews and travel in the grant files. Some sole-source justifications were inaccurate. Bureau leadership was not sufficiently engaged in emergency planning.

OIG made recommendations to enhance the Foreign Policy Advisor Program; strengthen management of telecommunication devices, purchase cards, and travel expenses; validate staffing needs; address records management deficiencies; broaden Equal Employment Opportunity and diversity awareness; and, bolster security practices and procedures.

#### *Inspection of the Office of Civil Rights* (ISP-I-15-26, 6/2015)

In its inspection of the Office of Civil Rights, OIG found the office improved the quality and increased the quantity of its work, enabling it to fulfill its mandate of promoting fairness, equity, and inclusion. However, the inspection noted internal operations of the office would benefit from a rebalancing of the workload, a reassessment of position grades, and completion of delinquent performance evaluations. Furthermore, a significant increase in reported harassment inquiries in the Department over the previous few fiscal years supported the need for mandatory harassment training for Department employees. OIG also found shortcomings in the Equal Employment Opportunity Counselor program, but noted the office was taking steps to address them.

OIG made recommendations to improve the office's operations and programs, including a recommendation for mandatory anti-harassment training for employees Department-wide.

## Overseas Missions

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

#### *Inspection of Embassy Antananarivo, Madagascar* (ISP-I-15-20A, 5/2015)

In its inspection of Embassy Antananarivo, OIG found that the recently arrived Chargé d'Affaires made a good start in leading the embassy during a period of profound change in the political situation in Madagascar and

the subsequent restart of the bilateral relationship between Madagascar and the United States. However, a lack of oversight and poor recordkeeping over a period of years resulted in management control vulnerabilities. In preparation for the inspection, the Chargé d’Affaires initiated a self-assessment for all embassy sections, which identified 122 action items. At the time of the inspection, the embassy had corrected 73 of them and was working to close the others. OIG found that a disregard of policies and procedures concerning grants and cooperative agreements put at risk the embassy’s approximately \$700,000, 2-year project to establish an American Center in Antananarivo. Furthermore, the embassy’s management of public affairs grants did not comply with Department policies.

OIG found that not all embassy offices fully participated in the drafting of the Integrated Country Strategy and noted that the changing political situation in Madagascar

underscored the need for all offices to participate in future reviews. The embassy identified ambitious U.S. goals and objectives for the Integrated Country Strategy for Union of the Comoros but did not identify the necessary resources to achieve them.

OIG made recommendations to Embassy Antananarivo and Department bureaus to address management control issues and improve embassy operations.

### *Inspection of Embassy Port Louis, Mauritius (ISP-I-15-19A, 5/2015)*

In its inspection of Embassy Port Louis, which is also accredited to Seychelles, OIG found that the embassy’s strategic planning documents reflected a realistic and limited set of goals and objectives, matched policy priorities discussed by Washington-based officials, and were consistently used by all embassy sections when determining how to program limited fiscal and human resources.



Embassy Antananarivo, Madagascar (ISP-I-15-20A, 5/2015)

Regular visits to Embassy Port Louis from the regional human resources officer, the regional financial management specialist, the regional consular officer, and other experts provided additional management control oversight for the small mission. OIG noted that processing Mauritius residents' immigrant visas at the U.S. Consulate General in Johannesburg would be more efficient than doing so at Embassy Nairobi, as was the case at the time of the inspection. OIG also found Embassy Port Louis did not follow the required procedures for the management of grants. Furthermore, the embassy was packed into a small suite of offices in a commercial office building in downtown Port Louis. Although the facility met security standards, the layout poorly accommodated visitors to the consular section and Information Resource Center.

OIG made recommendations to improve the use of record emails, grants management, and management section operations.

### ***Bureau of East Asian and Pacific Affairs***

#### *Inspection of Embassy Tokyo, Japan (ISP-I-15-35A, 8/2015)*

In its inspection of the U.S. mission in Japan, which is one of the Department's most important missions and includes five constituent posts, OIG found that the Department had not addressed security problems, including vulnerabilities that OIG had identified in previous inspection reports. The role and authorities of the ambassador's chief of staff were not clearly defined, leading to confusion among staff as to her level of authority and her role in internal embassy communications. The embassy's focus on daily reporting of political

and economic developments came at the expense of building a broad network of contacts and providing in-depth analysis for policy formulation. The embassy was not coordinating reporting and diplomatic engagement across the mission.

Constituent posts in Sapporo, Nagoya, and Osaka-Kobe needed to be brought up to the high standards set by posts in Fukuoka and Naha. The level of U.S. direct-hire staffing in the embassy's political, economic, and consular sections was greater than workloads warranted. The public affairs section faced major management challenges, but had begun to focus on educational exchanges and staffing adjustments to cope with the high visitor load and public outreach needs. OIG noted that American Presence Post Nagoya should cease offering routine consular services and consular operations in Fukuoka and Sapporo were inefficient. Although the embassy's management section made significant progress on cost containment, OIG found that senior managers should pay greater attention to management controls over travel and official residence allowances.

OIG identified \$2,715,958 in monetary benefits during the inspection, and made recommendations to address the mission's operations, programs, strategic planning, staffing, and management controls.

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

#### *Inspection of Embassy Tallinn, Estonia (ISP-I-15-23A, 6/2015)*

In its inspection of Embassy Tallinn, OIG found that the Ambassador and the Deputy

Chief of Mission provided appropriate oversight to the country team and embassy sections. However, stronger leadership from the Ambassador and greater adherence to Department rules and regulations were necessary. The political and economic section was staffed adequately to carry out its policy advocacy and reporting responsibilities but needed to adjust local staff portfolios and the language requirements of its U.S. officers to maximize resources. The public affairs section was central to mission efforts to carry out Integrated Country Strategy objectives, using traditional public diplomacy tools, media engagement, social media, and regional outreach to amplify policy messages. The embassy's consular warden system had not been reviewed, activated, or tested since at least 2011. Worldwide tensions increased the need for an effective warden system with the flexibility to meet multiple contingencies, including the potential interruption of electronic messaging capability.

The aging chancery did not meet—and could not be retrofitted to meet—even the most basic security standards, and numerous infrastructure deficiencies the Department needed to address if the embassy was to remain at its present location. The telecommunications and power-cabling infrastructure throughout the chancery was disorganized and largely undocumented, which limited the ability of information management staff to carry out their duties. The embassy needed a comprehensive training plan for locally employed staff that reflected priority training needs. Internal management controls needed strengthening, with particular attention to separation of duties, documentation of processes and standard operating procedures, clarification of backup duties, and reassessment of organization structure.

OIG made recommendations to improve embassy operations, including management controls, security standards, and program implementation. OIG also recommended elimination of Estonian language requirements for the economic commercial officer in the next triennial review of Department's language designated positions, which would result in future monetary benefits of \$430,255.

*Inspection of Embassy Riga, Latvia*  
(ISP-I-15-21A, 5/2015)

In its inspection of Embassy Riga, OIG found that, as Latvia evolved into a “frontline” state in the wake of the Ukraine crisis, mission sections and agencies were changing their focus toward strengthening security relationships and increasing outreach to ethnic Russians, who constitute about 25 percent of the population. The Chargé d’Affaires and acting Deputy Chief of Mission were leading the mission in making this adaptation. Externally, they were maintaining a strong U.S. presence in Latvian Government circles and with the Latvian public. Internally, they were helping the mission recover from an atmosphere of tension and lack of communication that pervaded the embassy prior to their arrival. The political and economic section was fulfilling its policy advocacy responsibilities, but OIG found the quality of its reporting needed improvement through greater contact work. The public affairs section was an essential partner in mission strategic planning and carrying out Integrated Country Strategy goals and objectives. It increased its engagement with Department of Defense elements, a change prompted by a new focus on bilateral and multilateral military cooperation, including the presence of U.S. military personnel in Latvian

territory. Consular workload was not sufficient to justify filling an existing consular associate position, which confused and disappointed eligible family members seeking employment.

OIG noted that the embassy should lease a temporary residence in Riga town center for the new Chief of Mission to bridge the time until the completion of a new Chief of Mission Residence (CMR) in 2016, a move that would save the U.S. Government \$200,000 per year in operating costs. The health unit was performing well below expectations, and the new staff was in need of urgent, sustained onsite training from the Department's Office of Medical Services. The larger and more functionally capable chancery, occupied in 2011, expanded the number of users and devices the information management section supported, but the section's staffing had not grown at the same pace.

OIG made recommendations to expand outreach and contact work in the political and economic section and to improve management controls.

### ***Bureau of Near Eastern Affairs***

#### *Inspection of Embassy Tunis, Tunisia* (ISP-I-15-31A, 7/2015)

In its inspection of Embassy Tunis, OIG found that the Ambassador had advanced U.S. national interests in Tunisia, but his communication, coordination, feedback, and interpersonal skills negatively affected the senior staff's ability to manage operations and programs. Embassy Tunis had not held a town hall meeting with nonofficial American citizens in more than 2 years. The Ambassador was not providing oversight to growing assistance programs. He needed to meet

individually and regularly with the USAID senior officer and the INL chief, both of whom manage large assistance programs. The INL program was not staffed to manage growth of its programs. The Tunisian American Enterprise Fund had received \$60 million from the Economic Support Fund but had not complied with monitoring requirements and had made outlays of \$3 million. Before providing additional financing, the Department should establish a process to comply with the monitoring and reporting requirements for grants recipients for the fund. The embassy did not have performance indicators or measurable outcomes to evaluate its INL programs in Tunisia.

OIG made recommendations to update and enforce policies to improve embassy operations. These included strengthening management controls, determining mission staffing needs, and establishing training programs for GORs. OIG also recommended the front office adhere to Department leadership principles and conduct effective oversight of assistance programs.

#### *Inspection of Embassy Muscat, Oman* (ISP-I-15-30A, 6/2015)

In its inspection of Embassy Muscat, OIG found that inadequate contract administration increased the risk of trafficking-in-persons violations. Despite restrictions on embassy contact with Omani citizens, military and security relations between embassy personnel and Omani defense and security counterparts were productive. Many mid-level officers in section chief positions were first-time section supervisors. The combination of first-time supervisors managing first- and second-tour officers made it a challenge to complete



Embassy Muscat, Oman (ISP-I-15-30A, 6/2015)

some everyday operational requirements. Staffing gaps and delays in filling locally employed staff positions negatively affected delivery of International Cooperative Administrative Support Services (ICASS). The information management section needed to strengthen its customer service approach through collaboration and communication. The embassy lowered costs for the Export Control and Related Border Security assistance program, but the embassy had not yet formalized these program adjustments with the Omani Government.

OIG made recommendations to address staff training, recruitment, and hiring; to improve residential maintenance; and to correct deficiencies in contract, procurement, personnel, property, and information management. In addition, OIG recommended converting a Department-funded information

management specialist position to ICASS, resulting in monetary benefits of \$601,142.

*Inspection of Embassy Amman, Jordan*  
(ISP-I-15-29A, 6/2015)

In its inspection of Embassy Amman, OIG found that growth in Embassy Amman's support staff had not kept pace with the embassy's transformation from a midsized embassy to a large, front-line operation. Permanent American staff had grown more than 60 percent in the 5 years before the inspection, and on most days the number of additional temporary-duty (visiting) staff equaled that of permanent hires. Management staff had grown less than 10 percent during the same period and was straining to fulfill requirements. Embassy Amman had grown because it was an increasingly rare platform in the Middle East



Embassy Astana, Kazakhstan (ISP-I-15-18A, 4/2015)

from which the United States could advance key national security objectives. Jordan was a stable country in a tumultuous region, and the United States and Jordan cooperated closely to degrade and defeat ISIL, oppose terrorism, and achieve a comprehensive peace between Israel and the Palestinians.

OIG also found the Ambassador and the Deputy Chief of Mission provided strong and focused strategic direction to an embassy that functioned well, despite an intense work pace that stemmed from coalition efforts against ISIL and frequent senior U.S. visitors.

OIG made recommendations to Embassy Amman and Department offices related to management, information technology, consular affairs, and management of foreign assistance and grants.

### ***Bureau of South and Central Asian Affairs***

#### ***Inspection of Embassy Astana, Kazakhstan (ISP-I-15-18A, 4/2015)***

In its inspection of Embassy Astana, OIG found that, despite the prolonged absence of a confirmed Chief of Mission, Embassy Astana's experienced leadership team, comprising a Chargé d'Affaires and a Deputy Chief of Mission, provided effective direction and oversight of mission offices. The embassy used advocacy and analysis effectively to advance U.S. interests with Kazakhstan in the areas of security, nonproliferation, development, and commerce. Public diplomacy was well-integrated into mission planning in Astana and Consulate General Almaty. The front office engaged in and supported mission members' participation in



Embassy Dushanbe, Tajikistan (ISP-I-15-17A, 4/2015)

public diplomacy activities. Consulate General Almaty had plans to switch from the USAID alternate service provider to the Department to improve administrative service delivery, which OIG supported. Locally employed staff members' low salaries undermined staff morale and risked increasing retention and recruitment challenges.

OIG made recommendations to transition the embassy's alternate service provider from USAID to the Department and to address resource and management weaknesses.

*Inspection of Embassy Dushanbe, Tajikistan (ISP-I-15-17A, 4/2015)*

In its inspection of Embassy Dushanbe, OIG found that the Ambassador had shaped U.S. bilateral relations with Tajikistan during a sensitive time of transition as the United States shifted from military to diplomatic engagement in neighboring Afghanistan.

Embassy Dushanbe carried out essential functions in the face of multiple staffing gaps, curtailments, and medical evacuations. The management section was deficient in some basic processes. Tight front office control of information reported to Washington undermined confidence that the embassy provided a full and reliable picture of local developments essential for assessment of Arms Export Control Act concerns. Public diplomacy was integrated in planning and practice. American Corners and Access English-language programs extended the embassy's reach to young audiences, despite travel difficulties in the country. OIG also found that the embassy's application of the Worldwide Visa Referral policy did not comply with all requirements and that the current medical reimbursement plan for the locally employed staff was not working and needed to be replaced.

The OIG team made recommendations

to improve communication and grants management and to address resource and management weaknesses.

### ***Bureau of Western Hemisphere Affairs***

#### *Inspection of Embassy Mexico City, Mexico (ISP-I-15-28A, 6/2015)*

In its inspection of the U.S. mission in Mexico, which is one of the most important U.S. missions and includes nine consulates and nine consular agencies, OIG found that the Ambassador and Deputy Chief of Mission provided integrative leadership of Mission Mexico, one of the largest and most geographically dispersed U.S. diplomatic missions. Washington officials credited the Ambassador and his team with strengthening and deepening the bilateral relationship over the past 3 years. The Ambassador brought improved communication, strategic planning, and coordination to the mission. Extensive digital video conferencing linked the far-flung constituent posts to the embassy and one another; nonetheless, senior embassy officials needed to visit the constituent posts at least annually. Mission Mexico's physical plants ranged from old, inadequate, and dangerous to a 3-month-old consulate compound. An ambitious \$1.67 billion construction program was underway; however, facility problems noted in the 2009 OIG inspection report remained.

OIG also found several deficiencies in grant management, including inaccurate reporting, incomplete closeout, and insufficient oversight. Management paid insufficient attention to communication needs in emergency management. The mission needed increased staff to meet demand

for American citizens' services. The age and composition of several Mission Mexico facilities highlighted the need for greater physical security precautions to eliminate vulnerabilities. The embassy overly centralized public diplomacy programs and resources. Consulate public diplomacy sections needed to be given greater authority over budget and program decisions. Growth was straining the administrative support platform.

From 2009 to 2014, the embassy added 146 U.S. direct-hire and 223 locally employed staff positions, but Mission Mexico estimated that it would need an additional 4 U.S. direct-hire and 51 locally employed staff positions to manage current workloads.

OIG made recommendations to the Bureau of Overseas Buildings Operations (OBO) to address security vulnerabilities and design issues at consulate locations. OIG also made recommendations to improve the mission's operations and programs, including human resources planning and assignments processes, grant management, and management section concerns.

## **Programmatic Reviews**

### *Review of the Statements of Assurance Process (ISP-I-15-37, 9/2015)*

In its review of the Department's statement of assurance process, OIG found that the Bureau of the Comptroller and Global Financial Services needed to provide more guidance to bureaus and missions on conducting management control reviews, including programmatic activities, and how missions should report deficiencies to bureaus. OIG

recommended the Bureau of the Comptroller and Global Financial Services emphasize, in guidance issued early in the fiscal year, that management controls were ongoing and should be reviewed throughout the year. Regional and functional bureaus needed to coordinate in identifying trends and patterns in deficiencies that, when aggregated, could lead to the identification of a significant deficiency. OIG also recommended the Foreign Service Institute expand its training on management controls, incorporating such training in all leadership courses and developing a course targeting senior managers in bureaus and missions.

*Review of Department of State Compliance With Program Evaluation Requirements (ISP-I-15-36, 9/2015)*

In its review of the Department's compliance with program evaluation requirements, OIG found that, from 2012 to 2014, the Bureau of Budget and Planning (BP) and the Office of U.S. Foreign Assistance Resources established a basic infrastructure for conducting evaluations, including publishing guidance

and providing both evaluation training and evaluation technical assistance. Of the 39 Department bureaus and offices covered by the policy, 16 did not comply with the requirement to complete 2 to 4 program evaluations between February 2012 and the end of FY 2014. OIG noted that the Department would benefit from more frequent and comprehensive training for all elements of the planning and performance framework, which included strategic planning, performance management, monitoring, and evaluation. The Department only provided guidance on conducting evaluations. The Department did not devote sufficient human or budgetary resources to evaluation. The Department's bureaus did not consistently incorporate evaluation findings into the budget and strategic planning processes.

OIG recommended that BP require a discussion of performance in bureau resource requests for diplomatic engagement funding. OIG also recommended the Office of U.S. Foreign Assistance Resources include other performance management tools in its guidance on evaluations.

### Ongoing Inspection Work

At the close of this reporting period, the Office of Inspections was completing inspections of the Department's Bureau of International Organization Affairs; Bureau of Energy Resources; Bureau of Diplomatic Security, International Programs Directorate; and Bureau of Information Resource Management, Vendor Management Office. The office was also finalizing thematic reviews of Purchase Card Oversight and Consular Management Controls, and an analysis of OIG security-related recommendation issued during FY 2013–2015.

In fall 2015, OIG started inspections of U.S. missions in Cairo, Kinshasa, Tashkent, and Ashgabat. OIG is also conducting a review of overseas contingency operations in Baghdad and a compliance follow-up review of the Department's Disciplinary Process.

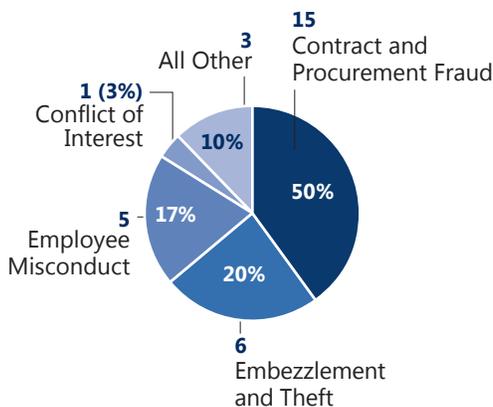
## 8. OFFICE OF INVESTIGATIONS

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

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 investigations of complex procurement fraud and public corruption has resulted in a significant rise in suspensions and debarments.

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

**Figure 8.1**  
OIG Investigations Closed,  
4/1/2015–9/30/2015



**Table 8.1**  
OIG Investigative Activity Related to  
Department of State Programs and  
Operations, 4/1/2015–9/30/2015

<b>Preliminary Inquiries</b>	
Opened	34
Closed	21
<b>Investigations</b>	
Opened	60
Closed	30
Pending (3/31/2015)	170
<b>Criminal Actions</b>	
Arrests <sup>a</sup>	16
Indictments/Informations <sup>a</sup>	19
Convictions	5
<b>Civil Actions</b>	
Civil Judgments	0
<b>Administrative Actions</b>	
Removals	2
Suspensions	1
Reprimands/Admonishments	6 <sup>b</sup>
Contractors/Grantees Suspended	1
Contractors/Grantees Debarred	23 <sup>c</sup>

<sup>a</sup> Actions reported include two arrests and five indictments that occurred prior to April 1, 2015, but were recorded during this reporting period.

<sup>b</sup> Includes revocations of security clearances and administrative cost recoveries.

<sup>c</sup> The same person was suspended and then debarred.

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

## Contract Fraud

OIG and SIGAR investigated two companies that submitted similar bids for numerous Department contracts in Afghanistan. The investigators determined that the Afghan companies colluded during the solicitation process for various construction projects by sharing bid information and submitting complementary bids for contracting personnel. During 2013 and 2014, the Department awarded contracts to these companies valued at approximately \$2 billion. In June 2015, the Department debarred one company president, both company administrators, and both companies for 3 years.

Based on information received from a contractor's self-disclosure, OIG and SIGAR jointly investigated a Department contractor who allegedly overbilled the Department on a contract for deployment support. The investigators determined that the contractor overbilled \$167,477 for uniforms and personnel equipment. In June 2015, the Department received a credit for the overpayment.

OIG investigated irregularities involving a fuel contract in Afghanistan. OIG determined that a subcontractor overbilled the prime contractor and, subsequently, the Department. In August 2015, the Department debarred the subcontractor and its vice president for 3 years.

OIG and the Federal Bureau of Investigation (FBI) jointly investigated a Department COR, a program manager for a Department contracting company, and others who sold

nutritional supplements to the company's employees and fraudulently billed the Department for those costs. In June 2015, after pleading guilty to a charge of conflict of interest, the COR's supervisor was sentenced to 12 months of probation and ordered to pay \$10,880 in restitution. In July 2015, the program manager pleaded guilty to conspiracy to commit wire fraud. In September 2015, after he pleaded guilty to making a false statement, the company president was sentenced to 1 year of probation and ordered to pay a fine and assessment of \$1,100. In addition, after the COR pleaded guilty to conspiracy to commit wire fraud and conflict of interest, he was sentenced to 6 months in prison along with a forfeiture of \$25,061 and ordered to pay a \$200 assessment.

OIG investigated a Department contract employee who inflated the amount of purchase orders from vendors in exchange for a kickback. OIG determined that the employee conspired to receive approximately \$37,000 from two vendors. In April 2015, the Department debarred the employee for 3 years.

## Employee Misconduct

OIG investigated a Department employee who used his position to influence matters in which he had a personal interest. OIG determined that the employee violated the Standards of Ethical Conduct for Employees of the Executive Branch by engaging in communications and facilitating events that were in violation of his signed recusal agreement. In July 2015, the employee received a letter of reprimand.

OIG investigated a Department employee who awarded a purchase order without allow-

ing for full and open competition as required. OIG determined that the employee violated the Federal Acquisition Regulation. In June 2015, the employee received a letter of reprimand and additional mandated training.

## Grant Fraud

OIG investigated a company (grantee) that allegedly misappropriated Department funds for a project in Iraq. OIG determined that the company president and its executive director used \$83,498 of the \$181,000 grant amount for personal use. In June 2015, the Department debarred the executive director, the president, and the company for 3 years.

OIG investigated allegations that a grants officer and a GOR improperly awarded Department grants to a company in which the GOR's husband was the founder and director. OIG determined that the GOR failed to disclose her husband's role in the company, and despite the grants officer's knowledge of the GOR's relationship to this individual, the company received nine Department grants, totaling \$267,591. The grants officer resigned from the Department prior to any action taken; however, in June 2015, the GOR, her husband, and his company were debarred for 3 years.

OIG investigated a grant recipient in Afghanistan who violated a grant requirement to produce and broadcast 24 television episodes. OIG determined that the TV station did not reimburse the Department \$622,500 in grant funds owed, despite numerous official requests for reimbursement. In June 2015, the Department debarred the TV station and its owner for 3 years.

## Updates on Prior Cases

In the course of an investigation involving fraud and misappropriation of Department grant funds, OIG determined that three employees of the grantee and the brother of one employee forged documents to receive grant funds. The four defendants pleaded guilty, were debarred for 3 years, and in July 2015, were sentenced to pay a combined restitution of \$86,246.

OIG and SIGAR jointly investigated a U.S. Government contractor employee and others who created a company to provide products to the Department and submit fraudulent invoices. The contractor employee pleaded guilty to conspiracy to defraud the Department and, along with the company owner and company, was debarred for 3 years. In May 2015, the contractor employee was sentenced to 1 year and 1 day in prison and ordered to pay \$189,000 in restitution. In August 2015, the Department debarred another co-conspirator for 3 years.

In another joint effort with SIGAR, OIG investigated allegations of bribery relating to a United States Institute of Peace (USIP) contract in Iraq, valued at \$1,165,000. The investigators determined that a USIP employee and an employee of a contracting company participated in a bid-rigging scheme to ensure that the contracting company won contracts in exchange for a fee. The contractor pleaded guilty to conspiracy to commit wire fraud and pay illegal gratuities, and was sentenced to time served (2 months). In April 2015, after pleading guilty to conspiracy, the employee was sentenced to 36 months' probation. Also both were ordered to pay restitution of \$108,000. In May 2015, the Department debarred both the contractor and the company for 3 years.

OIG, the FBI, and USAID OIG jointly investigated a Department employee working in Pakistan who stole \$1,598 by creating and submitting a fraudulent hotel receipt. The

Department terminated his employment and required repayment of the stolen funds. In April 2015, the Department debarred the employee for 3 years.

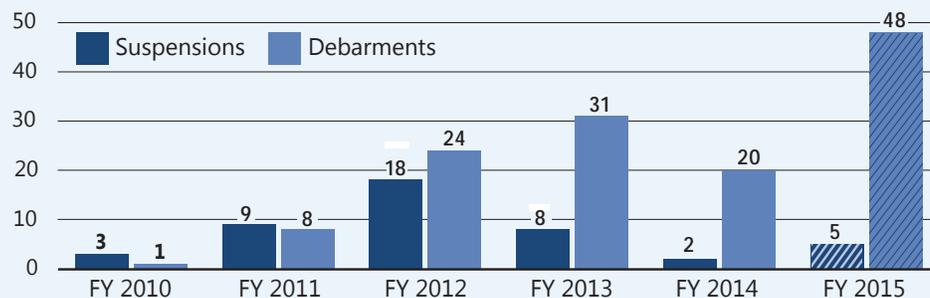
### Suspensions and Debarments

OIG has enhanced its efforts to identify and refer appropriate cases to the Department for suspension and debarment. OIG prepares detailed suspension and debarment recommendation packages, including referral memoranda summarizing all relevant facts and setting forth the specific grounds for suspension or debarment. OIG submits these packages to the Department's Suspension and Debarment Officials for action. During this reporting period, because of OIG referrals, 23 contractors were debarred from conducting business with the Federal Government. They include:

- |                                      |                           |                                   |
|--------------------------------------|---------------------------|-----------------------------------|
| Afghan Columbia Construction Company | Foundation BAIN           | Latortue, Florentino              |
| Afghan TV                            | Hamdard, Eraj             | McIntyre, David John              |
| Afghanzai, Ahmad Shah                | Hamidi, Mahrokh           | Musawir Najib LTD                 |
| Awad, Alain Jaber                    | *Hulsey Jr., Marvin Duane | Qadri, Najib                      |
| Awad, Andrea                         | Iraq Future Foundation    | Quantum Risk LTD                  |
| Chishti, Muhammad                    | Jean-Noel, Dmitry         | Raising Wall Construction Company |
| Ehtisham ul-Hasnain                  | Lam, Vichea               | Wrenn Jr., Curtis Lee             |
| Dashti, Jamsheed                     | Latortue, Dorothee        | Chandler, Tony L.                 |

\* Hulsey was both suspended and debarred.

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



## 9. FINANCIAL RESULTS OF OIG WORK RELATED TO THE DEPARTMENT OF STATE

During the reporting period, the Department made management decisions on \$151.9 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 a management decision on \$307.6 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."

OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

**Table 9.1**  
**Status of OIG Recommendations to the Department of State Including Questioned Costs, 4/1/2015–9/30/2015**

Recommendation Status	# Reports	Questioned Costs \$ Thousands	Unsupported Costs <sup>b</sup> \$ Thousands
A. No management decision made by start of the reporting period	10	\$24,674 <sup>a</sup>	\$16,007 <sup>a</sup>
B. Issued during the reporting period			
Audits	5	\$36,529	\$10,336
<b>Total (A+B)</b>	<b>15</b>	<b>\$61,203</b>	<b>\$26,343</b>
C. Management decision made during the reporting period			
(i) Disallowed costs		\$4,955	\$9
(ii) Costs not disallowed		\$15,013	\$13,993
<b>Subtotal</b>		<b>\$19,968</b>	<b>\$14,002</b>
<b>D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]</b>	<b>12</b>	<b>\$41,235</b>	<b>\$12,341</b>

<sup>a</sup> The final amount reported in OIG’s March 2015 *Semiannual Report to the Congress* was adjusted based on updated information and analysis of open recommendations.

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

**Table 9.2**  
**Status of OIG Recommendations to the Department of State Recommending Funds Be Put to Better Use, 4/1/2015–9/30/2015**

Recommendation Status	# Reports	\$ Thousands
A. No management decision made by the start of the reporting period	18	\$387,498
B. Issued during the reporting period		
Audits	1	\$5,000
Inspections	4	\$3,947
<b>Subtotal</b>	<b>5</b>	<b>\$8,947</b>
<b>Total (A+B)</b>	<b>23</b>	<b>\$396,445</b>
C. Management Decision made during the reporting period		
(i) Dollar Value of Recommendations Agreed to by Management		\$128,358
(ii) Dollar Value of Recommendations Not Agreed to by Management		\$3,594
<b>Subtotal</b>		<b>\$131,952</b>
<b>D. Total remaining for decision as of the end of the reporting period [(A+B) – Subtotal C]</b>	<b>16</b>	<b>\$264,493</b>

## Office of Management and Budget Single Audits

The Office of Management and Budget's (OMB) *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. 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 identifies any significant areas of internal control weaknesses, noncompliance, and questioned costs for resolution or follow-up.

During this reporting period, the Office of Audits conducted follow-up on the 13 single audit reports reviewed during the last reporting period, including reports that identified questioned costs of approximately \$432,000. Table 9.3 summarizes the Department's decisions during this period to allow or disallow the questioned costs.

**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	9	\$432
B.	Issued During Reporting Period	0	\$0
<b>Subtotal Questioned Costs (A+B)</b>		<b>9</b>	<b>\$432</b>
C.	For which a management decision was made during the reporting period		
	(i) Disallowed costs		\$28
	(ii) Costs not disallowed		\$0
<b>Total Management Decisions</b>		<b>1</b>	<b>\$28</b>
D.	For which no management decision has been made by the end of the reporting period	8	\$404

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

## Defense Contract Audit Agency Audits

The Department's Bureau of Administration 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	9	\$58,248
B. Issued During Reporting Period		
<i>Independent Audit Report on Triple Canopy, Inc.'s Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2007 (2007T10100001, April 3, 2015)</i>		\$4,492
<i>Independent Audit Report on Triple Canopy, Inc.'s Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2008 (2008T10010001, April 3, 2015)</i>		\$4,597
<i>Independent Audit Report on Proposed Amounts and Rates in Triple Canopy, Inc.'s Request for Equitable Adjustment Proposal dated December 11, 2014 (2015T17200001, April 16, 2015)</i>		\$4,080
<i>Independent Audit Report on Triple Canopy, Inc.'s Termination Settlement Proposal dated August 15, 2014 (2014T17100001, June 11, 2015)</i>		\$4,688
<i>Independent Audit Report on Torres Advance Enterprise Solutions, LLC's Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2007 (2007C10100053, July 8, 2015)</i>		\$96
<i>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, July 14, 2015)</i>		\$12,154
<i>Independent Audit Report on Torres Advance Enterprise Solutions, LLC's Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2008 (2008T10100010, September 16, 2015)</i>		\$368
<i>Independent Audit Report on Torres Advance Enterprise Solutions, LLC's Proposed Amounts on Unsettled Flexibly Priced Contracts for FY 2009 (2009T10100048, September 16, 2015)</i>		\$952
<i>Independent Audit Report on DynCorp International LLC's (DI) Direct Labor on Contract SAQMPD05C1108 of Task Order 05-003/S-AQMP05F4175 for Years 2006 through 2011 (2011D17900012, September 22, 2015)</i>		\$12
<b>Total Issued During the Reporting Period</b>	<b>9</b>	<b>\$31,439</b>
<b>Subtotal Questioned Costs (A + B)</b>	<b>18</b>	<b>\$89,687</b>
C. For which a management decision was made during the reporting period		
(i) Disallowed costs		\$34,202
(ii) Costs not disallowed		\$6,900
<b>Total Management Decisions</b>	<b>7</b>	<b>\$41,102</b>
D. For which no management decision has been made by the end of the reporting period	11	\$48,584

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

## 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 also 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 9/30/2015**

Report	Description
<p><b>Office of Audits</b></p> <p><i>Management Assistance Report – Grant Improprieties by Nour International Relief Aid</i>            (AUD-CG-15-19, 1/2015)</p>	<p>OIG recommended A/LM/AQM determine the allowability of contactor fees that were not part of the grants budget, determine the allowability of \$1,504,151 in costs incurred for items procured beyond the Notice of Award, and determine the allowability of \$29,799 in unsupported costs. In its response dated August 17, 2015, the bureau stated that it is has not been able to obtain needed information from the grantee to make a determination on the allowability of the questioned costs identified in the report. Therefore, Recommendations 1, 2, and 3 remain unresolved.</p>
<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 INL develop inventories of equipment needed for effective law enforcement operations, determine how much of the \$86.2 million in prior year Pakistan Law Enforcement Reform Program obligations can be reprogrammed, and determine the allowability of \$208,358 in liquidated advances for unapproved purposes. The bureau disagreed with the need for equipment inventories because it asserted standardized lists may invite additional requests for foreign assistance above need and capacity. Also, while the bureau identified \$62.8 million in funds that could be deobligated, the bureau has not made a determination concerning the other \$23.4 million in obligations and the \$208,358 in questioned advances. Therefore, Recommendations 2, 6, 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 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 were still necessary and, if not, deobligate them. The office agreed with the recommendation and in its latest response dated July 8, 2015, stated that it continues to work with the posts identified in the report to obtain documentation to close out the questioned task orders. However, management has not provided a decision concerning the validity of the entire \$5,213,502 in obligations identified by OIG. Therefore, Recommendation 1 remains unresolved.</p>

(continued on next page)

Report	Description
<p><i>Audit of Personal Property Accountability at U. S. Mission Iraq</i> (AUD-MERO-14-18, 6/2014)</p>	<p>OIG recommended U.S. Embassy Baghdad establish a tracking system to record and monitor the physical location and condition of loaned personal property in accordance with the memorandum of agreement between the U.S. Army and the Department of State U.S. Mission in Iraq. Although the embassy described some of the actions it had 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 the embassy investigate and report to DS 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 disagreed with this recommendation in its response to the draft report and has not provided a response to the final report. Therefore, Recommendations 2 and 4 remain unresolved.</p>
<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 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 an 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 adversely affect the confidentiality, integrity, and availability of information and information systems. Because the MCSC process is an annual process, OIG had requested re-consideration of the status of the weakness for FY 2015. The Department stated in its May 19, 2015, response that the current MCSC voting process will 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. OIG does not agree that the bureau’s actions thus far have met the intent of the recommendation. Therefore, Recommendation 1 remains unresolved.</p>

(continued on next page)

Report	Description
<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 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 it 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. OIG has requested that the Department propose an alternative methodology that fulfills the intent of the recommendation. The bureau’s last response, dated April 7, 2015, did not propose any alternative methodologies. Therefore, Recommendation 1 remains unresolved.</p>
<p><i>Evaluation of Emergency Action Plans for U.S. Mission Afghanistan</i> (AUD-MERO-13-20, 3/2013)</p>	<p>OIG recommended 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, provided 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 did not provide any documented evidence that addressed OIG’s previously stated concerns. Therefore, Recommendation 6 remains unresolved.</p>
<p><i>Evaluation of Invoices and Payments for the Embassy Baghdad Operations and Maintenance Contract</i> (AUD-MERO-12-43, 8/2012)</p>	<p>OIG recommended 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. OIG previously considered the recommendation resolved based on the bureau’s agreement in December 2012 to make a determination regarding the allowability of all reimbursable costs following DCAA incurred cost audits. However, the bureau’s latest response indicated that these audits will not be completed until sometime in FY 2016, more than 3 years after the final report and the recommendation were issued. OIG did not find the response satisfactory and no longer considers the recommendation resolved regarding the allowability of the \$1.7 million in questioned costs identified in the report. Therefore, Recommendation 3 is unresolved.</p>

(continued on next page)

Report	Description
<i>Department of Defense Funds Provided to Department of State for the Afghan National Police (AUD/CG-11-30, 7/2011)</i>	OIG recommended the Contracting Officer for A/LM/AQM recover from DynCorp \$938,454 in unauthorized purchases if DynCorp was unable to provide documentation to show that a Government official had approved these purchases. In its latest response, dated May 14, 2015, the bureau did not provide a management decision concerning the \$938,454 in unauthorized purchases identified by OIG. Therefore, Recommendation B.4.d remains unresolved.
<b>Office of Inspections</b>	
<i>Inspection of Embassy Bujumbura (ISP-I-14-20A, 7/2014)</i>	OIG recommended Embassy Bujumbura relocate the emergency power-off controls for the information systems center and information programs center computer rooms to outside the main doors and install plastic covers to protect from accidental triggering. Embassy Bujumbura reported that it installed the plastic covers; however, OBO disagreed with relocating the emergency power-off controls because it does not comply with Article 645.10 of the National Electrical standards. The action was transferred to OBO for further implementation, and OBO reports that it is working with DS to revise 12 FAM 629.4.3 (b) to be in conformity with international codes and OBO/OPS/FIR requirements regarding the location of emergency power-off controls. Therefore, Recommendation 33 remains unresolved.
<i>Review of Remote Voucher Processing (ISP-I-14-21, 7/2014)</i>	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 was expected to save \$4.3 million annually. The Office of Management Policy, Rightsizing and Innovation disagreed with the recommendations as written. Therefore, Recommendations 1, 2, 3, and 4 remain unresolved.

*(continued on next page)*

Report	Description
<i>Inspection of Regional Information Management Centers</i> (ISP-I-13-14, 2/2013)	<p>In the 2013 Inspection of the Regional Information Management Centers (RIMC), 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 should be rare. OIG considered 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 and funds put to better use of approximately \$18.3 million. OIG recommended the Department implement a plan by January 2015 that reduces the current overseas presence at the three RIMCs by 80 percent and defines and prioritizes 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, which OIG, therefore, considers unresolved as of June 9, 2015.</p>

*(continued on next page)*

Report	Description
<p><i>Inspection of the Bureau of International Narcotics and Law Enforcement Affairs</i> (ISP-I-14-24, 9/2014)</p>	<p>In the 2014 INL inspection, OIG found that the Office of Resource Management suffered from duplication and overlap of functions and insufficient oversight by the front office to ensure that future foreign assistance awards would be sustainable and meet defined U.S. policy goals and objectives. OIG recommended the Department reorganize the Office of Resource Management into three offices: an Office of the Comptroller; an Office of Strategic Planning and Budgeting; and an Executive Office to facilitate closer interaction between the comptroller, strategic planning functions, and the front office. INL disagreed with the recommendation because it believes creating three offices to oversee the bureau's financial, procurement, and human resources functions would be less effective than the existing organizational structure. INL is in the process of proposing an alternative reorganization plan that will reduce functional financial management responsibilities for budget planning and budget execution from three divisions to two, which is expected to eliminate duplication, reduce bottlenecking, promote more information sharing and more evenly distribute supervisory responsibilities. Recommendation 1 remains unresolved until INL submits to OIG a copy of the proposed alternative reorganization plan and a copy of the action memo indicating the Under Secretary for Management's approval.</p> <p>OIG also recommended the Office of Anticrime Programs, the Office of Criminal Justice and Assistance Partnerships, and the Office of Policy, Planning, and Coordination reorganize into two offices to eliminate duplication and consolidation of the policy direction function. INL disagreed with the recommendation as written. Recommendation 3 remains unresolved pending a more comprehensive response from INL defining the portfolios of the employees working in the three offices and an updated description of the functional responsibilities to be carried out by each office.</p>
<p><i>Inspection of Embassy Baku, Azerbaijan</i> (ISP-I-15-09, issued 1/2015)</p>	<p>OIG recommended the Bureau of European and Eurasian Affairs (EUR) authorize separate human resources officer (HRO) and financial management officer (FMO) positions at Embassy Baku, as it is difficult for a part-time financial management officer to safeguard against fraud in the mostly cash-based economy. EUR did not support the splitting of the HRO and FMO jobs in Baku and did not have an available full-time-equivalent to use for this purpose. The bureau felt the combined HRO/FMO job was an excellent training opportunity that allowed the officer to have a greater breadth of experience. Recommendation 11 remains unresolved pending receipt of a plan of action from EUR for implementation of the recommendation.</p>

**Table 10.2**  
**Department of State Management Success in Implementing Recommendations, 4/1/2015–9/30/2015**

Report	Description
<b>Office of Audits</b>	
<i>Management Assistance Report: Termination of Construction Grants to Omran Holding Group</i> (AUD-CG-14-37, 9/2014)	OIG recommended OPE develop Department guidance regarding the use of Federal assistance funds for overseas construction, including the use of appropriate procurement vehicles, such as contracts, for construction. In response to this recommendation, OPE published a Department policy on the use of grants for construction activities—Federal Assistance Management Advisory (FAMA) 2015-02, Construction thru the use of Federal Assistance Award Instruments, dated June 3, 2015.
<b>Office of Inspections</b>	
<i>Inspection of Embassy Muscat, Oman</i> (ISP-I-15-30A, 6/2015)	OIG recommended Embassy Muscat convert one of the three information management specialist positions to an International Cooperative Administrative Support Services (ICASS)-funded position. Embassy Muscat approved the conversion of one position in May 2015, to become effective as of FY 2016, resulting in funds put to better use in the amount of \$601,142.
<i>Inspection of Embassy Riga, Latvia</i> (ISP-I-15-21A21, 5/2015)	OIG recommended Embassy Riga request OBO's approval to lease an interim residence for the Ambassador and terminate the lease on the current CMR. OBO approved such action, the interim CMR lease began in February 2015, and the former CMR was decommissioned in April 2015, resulting in costs savings of more than \$200,000 annually.
<i>Inspection of the Bureau of Consular Affairs Visa Services Directorate,</i> (ISP-I-15-01, 10/2014)	OIG recommended the Bureau of Consular Affairs reorganize the Visa Services Directorate to align responsibilities with mission requirements. The Under Secretary for Management approved the reorganization plan for the Visas Services Directorate on May 27, 2015.
<i>Inspection of Embassy Kabul, Afghanistan</i> (ISP-I-14-22A, 8/2014)	OIG recommended Embassy Kabul determine the proper disposition and funding of eight leased properties retained after relocation of residents to alternate quarters. Embassy Kabul reported that a review process had been established with OBO to consider the appropriate funding source for each of the eight properties at the time of renewal, resulting in potential funds put to better use of \$2,256,000.
<i>Inspection of Embassy Abu Dhabi and Consulate General Dubai, United Arab Emirates</i> (ISP-I-14-11A, 5/2014)	OIG recommended that Embassy Abu Dhabi sell 12 condominiums at the earliest opportunity and that the Department terminate the rest and recuperation travel benefit for employees assigned to the United Arab Emirates. The Department terminated the rest and recuperation travel benefits effective October 1, 2014, for 148 U.S. direct-hire staff assigned to the United Arab Emirates, which resulted in funds put to better use for FY 2015 of \$213,000. Also, the embassy sold the 12 condominiums for \$7,533,523 as of August 2, 2015.
<i>Inspection of the Bureau of East Asian and Pacific Affairs</i> (ISP-I-13-39, 9/2013)	OIG recommended the Bureau of East Asian and Pacific Affairs reduce its deputy assistant secretary-level positions from seven to five and adjust oversight portfolios accordingly. The bureau eliminated one position, resulting in cost savings of \$228,282.

**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-CG-14-37		<i>Management Assistance Report—Termination of Construction Grants to Omran Holding Group</i>	9/2014
	1	OIG recommended the Bureau of South and Central Asian Affairs (SCA) immediately terminate two grant agreements with Omran Holding Group and deobligate the \$5,092,874 in remaining funds.	
	2	OIG recommended SCA direct Omran Holding Group to reimburse the Department for the \$1,203,426 in unspent funds related to two grant agreements and verify that the Department received reimbursement for all unspent funds.	
	3	OIG recommended SCA 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 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 Foreign Affairs Handbook.	
	15	OIG recommended OPE conduct a management review of grants administered by AF in accordance with Grants Policy Directive 34, “Grants Management Reviews,” and provide necessary training to AF’s administrative and oversight personnel.	
	17	OIG recommended 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 AF develop and implement a process to ensure that, if grant recipients do not submit timely quarterly, annual, and final performance and financial reports, GORs implement remedies as required by the Foreign Affairs Handbook, the Federal Assistance Policy Handbook, and AF’s grant agreements.	
MA-A-0002		<i>Management Alert on Contract File Management Deficiencies</i>	3/2014
	1	OIG recommended OPE develop and implement a process to randomly sample and verify the completeness of contract files, including contract files maintained by CORs and other supporting personnel.	

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Report #	Rec. #	Recommendation Summary	First Reported
	2	OIG recommended OPE provide the results of its reviews from recommendation 1 to the appropriate bureaus and offices to ensure that contracting officers, CORs, 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 the Under Secretary for Management ensure that contracting officers, their supporting personnel, and OPE specialists conducting oversight visits have resources sufficient to maintain adequate contract files in accordance with relevant regulations and policies.	
AUD-FM-14-17		<i>Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts</i>	3/2014
	4	OIG recommended DS, in coordination with OBO, develop and implement a process to collect and maintain a comprehensive list of all posts' physical security-related deficiencies. The list of physical security deficiencies should include all needs—not just those that have been approved or instances of non-compliance with standards—and the process should require that the list be updated when new physical security deficiencies are identified. If DS and OBO elect to use the DS SharePoint Tool as the basis for maintaining a list of physical security needs, DS should integrate OBO's requirements into the development of the tool and ensure OBO has sufficient access to the information.	
	8	OIG recommended OBO, in coordination with DS, develop and implement formal standardized processes to prioritize physical security-related deficiencies at posts by category, such as major physical security upgrades, forced-entry/ ballistic-resistant projects, and minor physical security upgrades. The prioritizations should be performed based on a comprehensive list of all physical security needs and should be periodically updated based on changes in risk factors or posts' needs. The processes used to perform the prioritizations should be documented and repeatable. In addition, in developing the processes, consideration should be given to how the Overseas Security Policy Board standards will be utilized, what risk factors will be considered, and what impact upcoming major rehabilitation projects or new construction would have on the prioritized rankings.	

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OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

Report #	Rec. #	Recommendation Summary	First Reported
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 OPE, in conjunction with A/LM/AQM, 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. OIG recommended the policy 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 DS 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 AF, in conjunction with DS and 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.	
	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 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-13-33		<i>Audit of the U.S. Mission Iraq Staffing Process</i>	8/2013
	2	OIG recommended U.S. Embassy Baghdad, in coordination with the Bureau of Near Eastern Affairs and the Office of Management Policy, Right-sizing 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 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.	

(continued on next page)

Report #	Rec. #	Recommendation Summary	First Reported
	4	OIG recommended 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.	
	5	OIG recommended 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.	
	10	OIG recommended PRM (a) review the remaining 202 expired grants, totaling approximately \$8.2 million, in the Payment Management System (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.	
	11	OIG recommended ECA and PRM, in coordination with OPE, develop performance metrics for bureau grants officers and GORs that will provide for timely grant closeout of expired grants while reducing the current backlog.	
	12	OIG recommended ECA develop procedures to periodically review respective official grant files to determine bureau compliance with two Grants Policy Directive provisions.	
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 DS and 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 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 DS establish a process to validate the adequacy of Emergency Action Plans at high-threat posts, such as Embassy Kabul, by reviewing and assessing the resources listed in the plans for addressing each type of Emergency Action Plan emergency.	
AUD-MERO-13-18		<i>Compliance Followup Review of Department of State Internal Controls Over the J. William Fulbright Scholarship Fund in Pakistan</i>	12/2012
	1	OIG recommended ECA, 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.	

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OVERSIGHT OF DEPARTMENT OF STATE PROGRAMS AND OPERATIONS

Report #	Rec. #	Recommendation Summary	First Reported
AUD-HCI-13-02		<i>Audit of U.S. Department of State Use of Short-Term Leases Overseas</i>	12/2012
	6	OIG recommended OBO 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 DS, 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 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 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.	
AUD/CG-11-30		<i>DoD and DOS Need Better Procedures To Monitor and Expend DoD Funds for the Afghan National Police Training Program</i>	7/2011
	A.6	OIG recommended the Director for A/LM/AQM require all contracting officers and supporting staff take an appropriations law training class.	
	C.2.b	OIG recommended the Assistant Secretary of State for INL, in coordination with the contracting officer, Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, for the Civilian Police (CIVPOL) contract, review the approximately \$9.4 million in questioned costs identified by the DCAA and take action to recover those costs.	

**Table 10.4**  
**Significant Resolved Office of Inspections Recommendations Pending Final Department of State Action For More Than 12 Months**

Report #	Rec. #	Recommendation Summary	First Reported
ISP-I-13-24		<i>Review of the Process for Establishing Language Designated Positions</i>	9/2013
	2	OIG recommended 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 missions and bureaus.	
	3	OIG recommended 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 the Bureau of Budget and Planning determine the best means for holding bureaus accountable for training costs associated with their language-designated positions.	
ISP-I-13-23		<i>Review of Department of State Implementation of Jeddah ARB</i>	9/2013
	1	OIG recommended that the Bureau of Overseas Building Operations provide compound emergency sanctuaries for employees who work in the buildings that do not have an approved safe have for safe area.	
	2	OIG recommended that the Bureau of Overseas Buildings Operations request an increase in funding for the Compound Security Upgrade Program to reflect this additional requirement for compound emergency sanctuaries.	
ISP-I-11-55A		<i>Inspection of Embassy Seoul, Korea</i>	8/2011
	12	OIG recommended OBO 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 April 1, 2015, to September 30, 2015, OIG issued two audit reports related to BBG programs and operations.

- RFA returned unused unobligated funds to BBG at the end of the fiscal year; and
- RFA used grant funds provided by BBG in accordance with Federal regulations and the grant agreement.

### Financial Management

#### *Audit of Radio Free Asia Expenditures* (AUD-FM-IB-15-24, 6/2015)

BBG provides about one-third of its budget to three grantees, one of which is Radio Free Asia (RFA). RFA's mission is to provide accurate and timely information, news, and commentary about events in designated Asian countries. BBG provides funding for RFA operations and for RFA to expand unrestricted access to information on the Internet. RFA created the Open Technology Fund (OTF) program to focus on Internet initiatives.

OIG audited RFA to assist BBG in its efforts to monitor RFA funds. Specifically, OIG determined the extent to which:

- BBG monitored RFA's activities;
- RFA used OTF resources to accomplish program priorities;
- RFA complied with Federal procurement requirements and internal procurement processes for awarding OTF contracts;

OIG found that BBG did not have a well-defined structure to monitor RFA activities. OIG was unable to determine the extent to which RFA used OTF resources to accomplish program priorities. Further, OIG found that RFA did not fully comply with Federal procurement requirements for grantees or its own internal procurement process. OIG also found that RFA did not return all unused unobligated funds to BBG as required by the grant agreement. Specifically, OIG identified \$583,583 in unused funds that RFA should have returned to BBG. OIG found that RFA generally used the grant funds provided by BBG in accordance with Federal regulations and the grant agreement. However, OIG questioned costs totaling \$19,854 that RFA spent on promotional items and contributions that were prohibited by Federal regulations.

OIG made recommendations to BBG intended to improve BBG oversight of RFA and improve RFA's management of Government-provided resources.

*Audit of Broadcasting Board of Governors  
FY 2014 Compliance With Improper  
Payments Requirements  
(AUD-FM-IB-15-30, 5/2015)*

OIG conducted this audit to determine whether BBG complied with the Improper Payments Information Act of 2002, as amended.

OIG found that BBG was in substantial compliance with IPIA requirements. OIG determined that BBG performed risk assessments for each of its programs and determined that none was susceptible to significant improper payments. BBG disclosed the required improper payments information in its FY2014 Performance and Accountability Report (PAR) and posted the report on its website. BBG included information on its payment recapture audit program in the PAR. BBG also completed and presented recaptured overpayment and "Do Not Pay" initiative tables in accordance with OMB requirements. OIG also found that BBG performed a cost-benefit analysis on its programs and determined that it was not cost-effective to perform recapture audits. In addition, BBG complied with Federal requirements by notifying OMB and OIG of its conclusion.

Although BBG was in substantial compliance with IPIA, BBG's analysis of improper payments during the quantitative risk assessment indicated that the majority of payments identified as improper occurred because of insufficient or incomplete supporting documentation. Specifically, BBG did not have complete documentation to support some payments, and the documentation that was available did not have the required signatures or dates. Incomplete or missing documentation regarding payments hinders BBG's ability to identify all overpayments, an issue OIG noted in its report on BBG's FY 2013 IPIA compliance.

OIG recommended BBG develop and implement a methodology to strengthen its controls to ensure that BBG obtains and maintains sufficient and complete supporting documentation for payments.

### Ongoing Audit Work

The Office of Audits is working on projects related to BBG's financial statements, information security program, and purchase card program.

## 12. OFFICE OF EVALUATIONS AND SPECIAL PROJECTS

The Office of Evaluations and Special Projects evaluates BBG programs and operations, specifically targeting broad, systemic areas of challenge and alleged cases of administrative misconduct within BBG.

From April 1, 2015, to September 30, 2015, this office issued one report related to BBG programs and operations.

*Management Alert: Broadcasting Board of Governors Significant Management Weaknesses*  
(MA-15-01, 5/2015)

OIG issued a management alert that identified significant vulnerabilities at BBG and in BBG's management and oversight of its grantee organizations. These vulnerabilities exposed BBG to an increased risk of fraud, waste, and abuse and the unintended

disclosure of sensitive information. Although BBG has taken steps to mitigate some of these issues, OIG remains concerned about recurring, systemic weaknesses. Specific areas of concern include ineffective leadership, insufficient oversight of contracts and grants, weaknesses in financial management, and inadequate information security.

OIG issued two recommendations to BBG, namely: (1) establish milestones to implement all previously issued OIG recommendations; and (2) develop a plan to monitor and sustain all actions it has previously taken to address OIG's concerns.

## 13. OFFICE OF INSPECTIONS

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

From April 1, 2015, to September 30, 2015, this office issued four reports related to BBG programs and operations.

### *Inspection of U.S. International Broadcasting to Afghanistan* (ISP-IB-15-32, 7/2015)

In its inspection of U.S. international broadcasting to Afghanistan, OIG found that Afghanistan broadcasting operations had a total of \$2.3 million in unliquidated obligations for FY 2010–2014, \$1.1 million of which OIG identified as funds that could be put to better use. Property management processes and procedures required greater attention in the operations supporting U.S. international broadcasting in Afghanistan. OIG also found the Voice of America Afghanistan Service had several administrative weaknesses in the areas of Government travel cards and contracting. Specifically, contract administration procedures and COR designation and function required closer oversight and compliance with Federal regulations.

The Voice of America Afghanistan Service and Radio Free Europe/Radio Liberty–Radio Free Afghanistan shared office space in Kabul, which resulted in greater collaboration between the two. However, BBG has not implemented specific strategies for harmonizing the broadcasting operations. Furthermore, OIG found the senior

management staff of Voice of America Afghanistan Service did not communicate effectively with employees, which negatively affected employee morale. Radio Free Europe/Radio Liberty–Radio Free Afghanistan complied with administrative procedures, but efficiencies could be gained by moving to electronic fund transfers for financial transactions and salary payments.

OIG made recommendations to address problems with unliquidated obligations, property management, the U.S. Government travel card program, and contracting. OIG also made a recommendation to Voice of America Afghanistan Service to address leadership issues. In a limited-scope review of Radio Free Europe/Radio Liberty operations, OIG made recommendations to strengthen financial and property management and security.

### *Limited-Scope Review, Broadcasting Board of Governors Operations in Tunis, Tunisia* (ISP-IB-15-25, 6/2015)

OIG found no issues that would warrant a recommendation in its limited-scope inspection of the proposed Middle East Broadcasting Networks news bureau in Tunis. The process of opening the bureau was moving forward, but obtaining its operating license was taking longer than expected. The Middle East Broadcasting Networks news bureau in Tunis will support many of BBG's strategic goals.

*Limited-Scope Review, Broadcasting Board of Governors Operations in Dushanbe, Tajikistan*  
(ISP-IB-15-24, 6/2015)

OIG found no significant issues that would warrant a recommendation in its limited-scope review of the Radio Free Europe/Radio Liberty Tajik news bureau. The primary issues that emerged in this review were journalists' concerns over challenging working conditions and low salary.

*Limited-Scope Review, Broadcasting Board of Governors Operations in Astana, Kazakhstan*  
(ISP-IB-15-22, 5/2015)

OIG found no significant issues that would warrant a recommendation in its limited-scope inspection of the Radio Free Europe/Radio Liberty Kazakh news bureau. The primary issues that emerged in this review were journalists' concerns over challenging working conditions and personal safety.

### **Ongoing Inspection Work**

In fall 2015, OIG started inspections of BBG operations in Egypt and the Greenville Transmitting Station in North Carolina.

## 14. OFFICE OF INVESTIGATIONS

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

During this reporting period, the office opened one preliminary inquiry and closed five investigations, and one administrative action was taken as a result of an investigation. There were no monetary recoveries or results from investigations of BBG programs and operations during this reporting period.

OIG investigated a BBG employee who instructed a contract employee to make unauthorized payments. OIG determined that the BBG employee split the payment for news stories into two parts. The first payment was for legitimate purposes; however, the second payment improperly funded an unauthorized overseas office. In May 2015, BBG informed OIG that the employee was issued a letter of admonishment, his COR designation was rescinded, and he would be required to attend additional training.

## 15. FINANCIAL RESULTS OF OIG WORK RELATED TO THE BROADCASTING BOARD OF GOVERNORS

During the reporting period, BBG made no management decisions on 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 \$1.9 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 15.1. For the status of recommendations involving

funds that could be put to better use, see Table 15.2. 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 15.1**  
**Status of OIG Recommendations to the Broadcasting Board of Governors Including Questioned Costs,**  
**4/1/2015–9/30/2015**

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

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

**Table 15.2**  
**Status of OIG Recommendations to the Broadcasting Board of Governors for Funds To Be Put to Better Use,**  
**4/1/2015–9/30/2015**

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

## 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 BBG awards and to ensure that the reports comply with OMB's single audit requirements. OIG's oversight of non-Federal audit activity informs Federal managers about the soundness of management of Federal programs and identifies any significant areas of internal control weaknesses, noncompliance, and questioned costs for resolution or follow-up.

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

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

Tables 16.1 and 16.2 provide detailed information about the status of OIG recommendations. 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 16.1**  
**Report Recommendations Without Management Decision by the Broadcasting Board of Governors for More Than 6 Months, as of 9/30/2015**

Report #	Description
<i>Audit of Radio Free Europe/Radio Liberty After-employment Benefits</i> (AUD-FM-IB-14-34, 9/2014)	OIG recommended BBG develop a process to review and approve significant contracts over \$350,000 for Radio Free Europe/Radio Liberty (RFE/RL). BBG partially concurred with the recommendation in its response to the report. In its most recent response dated June 26, 2015, BBG stated it would form a working group to update its policies, including a requirement to review significant grantee contracts. BBG also stated it would look into perceived ambiguities related to limits OMB may have to BBG oversight of grant funds provided to RFE/RL. However, BBG has not addressed in detail how it will implement the recommendation to develop a process to improve oversight of significant contracts and it has not specifically stated that it will implement the recommendation. The mere mention of a working group that will update BBG policies does not constitute a feasible corrective action plan. Furthermore, in an analysis of BBG's response to the draft report, OIG noted that it could not find any OMB prohibition that limits BBG oversight of grant funds provided to RFE/RL. Therefore, Recommendation 3 remains unresolved.

**Table 16.2**  
**Significant Resolved Office of Audits Recommendations Pending Final Broadcasting Board of Governors Action for More Than 12 Months, as of 9/30/2015**

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 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 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 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 the International Broadcasting Bureau develop and implement fund control regulations, obtain approval from OMB for the fund control regulations, and post the fund control regulations on its website, as required by OMB Circular A-11.	
	7	OIG recommended the International Broadcasting Bureau, Office of Contracts, develop policies, 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 the International Broadcasting Bureau, Office of Contracts, develop policies, 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.	

(continued on next page)

Report #	Rec. #	Recommendation Summary	First Reported
	10	OIG recommended 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 the International Broadcasting Bureau, Office of Contracts, develop updated internal policies, procedures, and implementation guidance to ensure that all offers are evaluated for each proposed contract action, and adequately documented in the contract file.	
	12	OIG recommended the International Broadcasting Bureau, Office of Contracts, develop internal policies, 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 the International Broadcasting Bureau, Office of Contracts, develop comprehensive policies, procedures, and implementation guidance that directs contracting officers how to determine and document whether contract prices are fair and reasonable.	
	18	OIG recommended 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 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 the International Broadcasting Bureau, Office of Contracts, develop policies and procedures and implementation guidance to ensure that contracting officers and CORs 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 the International Broadcasting Bureau, Office of Contracts, in coordination with Voice of America, English to Africa Language Service, develop policies, 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 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.	

(continued on next page)

Report #	Rec. #	Recommendation Summary	First Reported
	34	OIG recommended 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 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		Outline for Action: Management Attention Needed To Improve Broadcasting Board of Governors Acquisition Functions	9/2013
	1	OIG recommended the Director of the International Broadcasting Bureau immediately cease the use of personal services contracts that violate the Anti-Deficiency 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, 4/1/2015–9/30/2015

Report #	Report Title	Date Issued
<b>Office of Audits</b>		
AUD-ACF-15-43	<i>Management Assistance Report: Action Still Needed to Update the Department's Standards of Conduct as They Relate to Trafficking in Persons and To Comply With a Related Recommendation</i>	9/2015
AUD-SI-15-41	<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>	9/2015
AUD-FM-15-40	<i>Audit of Selected Nonproliferation and Disarmament Fund Management Controls</i>	9/2015
AUD-MERO-15-39	<i>Audit of Department of State Management and Oversight of Non-Lethal Assistance Provided for the Syrian Crisis</i>	9/2015
AUD-ACF-15-36	<i>Compliance Follow-up Audit of the Department of State Use of Consular Fees Collected in Support of the Border Security Program</i>	7/2015
AUD-MERO-15-35	<i>Audit of the Bureau of International Narcotics and Law Enforcement Affairs Aviation Support Services Contract in Iraq</i>	7/2015
AUD-CG-15-33	<i>Audit of Department of State Oversight Responsibilities, Selection, and Training of Grants Officer Representatives</i>	6/2015
AUD-CGI-15-32	<i>Audit of Overseas Health Units Administration of Controlled and Non-Controlled Drugs</i>	6/2015
AUD-SI-15-34	<i>Management Assistance Report: Oversight of Grants to the National Endowment for Democracy</i>	6/2015
AUD-FM-15-26	<i>Audit of Department of State FY 2014 Compliance With Improper Payments Requirements</i>	5/2015
AUD-MERO-15-28	<i>Management Assistance Report: Embassy Tripoli Armored Vehicles Available for Redistribution and Use</i>	5/2015
AUD-MERO-15-25	<i>Audit of the U.S. Mission Iraq Medical Services</i>	5/2015
AUD-SI-15-23	<i>Audit of Bureau of International Security and Nonproliferation Administration and Oversight of Foreign Assistance Funds Related to the Export Control and Related Border Security Program</i>	4/2015
<b>Office of Inspections</b>		
ISP-I-15-37	<i>Review of the Statements of Assurance Process</i>	9/2015
ISP-I-15-36	<i>Review of Department Compliance With Program Evaluation Requirements</i>	9/2015
ISP-I-15-35A	<i>Inspection of Embassy Tokyo, Japan</i>	8/2015

(continued on next page)

Report #	Report Title	Date Issued
ISP-C-15-33	<i>Compliance Follow-up Review of the Special Review of the Accountability Review Board Process</i>	8/2015
ISP-I-15-31A	<i>Inspection of Embassy Tunis, Tunisia</i>	7/2015
ISP-I-15-30A	<i>Inspection of Embassy Muscat, Oman</i>	6/2015
ISP-I-15-29A	<i>Inspection of Embassy Amman, Jordan</i>	6/2015
ISP-I-15-28A	<i>Inspection of Embassy Mexico City, Mexico</i>	6/2015
ISP-I-15-27	<i>Inspection of the Bureau of Political-Military Affairs</i>	6/2015
ISP-I-15-26	<i>Inspection of the Office of Civil Rights</i>	6/2015
ISP-I-15-23A	<i>Inspection of Embassy Tallinn, Estonia</i>	6/2015
ISP-I-15-21A	<i>Inspection of Embassy Riga, Latvia</i>	5/2015
ISP-I-15-20A	<i>Inspection of Embassy Antananarivo, Madagascar</i>	5/2015
ISP-I-15-19A	<i>Inspection of Embassy Port Louis, Mauritius</i>	5/2015
ISP-I-15-18A	<i>Inspection of Embassy Astana, Kazakhstan</i>	4/2015
ISP-I-15-17A	<i>Inspection of Embassy Dushanbe, Tajikistan</i>	4/2015
<b>Office of Evaluations and Special Projects</b>		
ESP-15-06	<i>Information Report: Review of Former Department of State Employee's Allegation of Improper Denial of Promotion</i>	7/2015
ESP-15-04	<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>	7/2015

**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, 4/1/2015–9/30/2015*<sup>a</sup>

Report #	Report Title	Date Issued
<b>Office of Audits</b>		
AUD-IT-15-42	<i>Audit of the Information Security Program for Sensitive Compartmented Information Systems at the Department of State</i>	9/2015
AUD-SI-15-37	<i>Audit of the Department of State Implementation of the Vital Presence Validation Process</i>	8/2015
MA-15-02	<i>Management Alert: Evacuation of Embassy Tripoli</i>	7/2015
AUD-CGI-15-38	<i>Management Assistance Report: Residential Security Concerns at U.S. Embassy Ankara, Turkey</i>	7/2015
AUD-CGI-15-31	<i>Audit of the Construction Contract Award and Security Evaluation of the New Embassy Compound London</i>	7/2015
AUD-CGI-15-29	<i>Management Assistance Report: Residential Security Concerns at U.S. Embassy Manila, Philippines</i>	5/2015
AUD-IT-15-27	<i>Management Assistance Report: Department of State Security Program for Wireless Networks</i>	5/2015
<b>Office of Inspections</b>		
ISP-S-15-35A	<i>Classified Annex to the Inspection of Embassy Tokyo, Japan</i>	8/2015
ISP-S-15-34	<i>Review of the Implementation of the Benghazi Accountability Review Board Recommendations</i>	8/2015
ISP-S-15-31A	<i>Classified Annex to the Inspection of Embassy Tunis, Tunisia</i>	7/2015
ISP-S-15-30A	<i>Classified Annex to the Inspection of Embassy Muscat, Oman</i>	7/2015
ISP-S-15-28A	<i>Classified Annex to the Inspection of Embassy Mexico City, Mexico</i>	6/2015
ISP-S-15-29A	<i>Classified Annex to the Inspection of Embassy Amman, Jordan</i>	6/2015
ISP-S-15-23A	<i>Classified Annex to the Inspection of Embassy Tallinn, Estonia</i>	6/2015
ISP-S-15-21A	<i>Classified Annex to the Inspection of Embassy Riga, Latvia</i>	5/2015
ISP-S-15-20A	<i>Classified Annex to the Inspection of Embassy Antananarivo, Madagascar</i>	5/2015
ISP-S-15-19A	<i>Classified Annex to the Inspection of Embassy Port Louis, Mauritius</i>	5/2015
ISP-S-15-18A	<i>Classified Annex to the Inspection of Embassy Astana, Kazakhstan</i>	4/2015
ISP-S-15-17A	<i>Classified Annex to the Inspection of Embassy Dushanbe, Tajikistan</i>	4/2015

<sup>a</sup> Nine additional reports (titles classified) can be found in the *Classified Annex to the Semiannual Report to the Congress*.

## 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, 4/1/2015–9/30/2015

Report #	Report Title	Date Issued
<b>Office of Audits</b>		
AUD-FM-IB-15-24	<i>Audit of Radio Free Asia Expenditures</i>	6/2015
AUD-FM-IB-15-30	<i>Audit of Broadcasting Board of Governors FY 2014 Compliance With Improper Payments Requirements</i>	5/2015
<b>Office of Evaluations and Special Projects</b>		
MA-15-01	<i>Management Alert: Broadcasting Board of Governors Significant Management Weaknesses</i>	5/2015
<b>Office of Inspections</b>		
ISP-IB-15-32	<i>Inspection of U.S. International Broadcasting to Afghanistan</i>	7/2015
ISP-IB-15-25	<i>Limited-Scope Review, Broadcasting Board of Governors Operations in Tunis, Tunisia</i>	6/2015
ISP-IB-15-24	<i>Limited-Scope Review, Broadcasting Board of Governors Operations in Dushanbe, Tajikistan</i>	6/2015
ISP-IB-15-22	<i>Limited-Scope Review, Broadcasting Board of Governors Operations in Astana, Kazakhstan</i>	5/2015

## APPENDIX C: PEER REVIEWS

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 established by the oversight community, represented by the Council of the Inspectors General on Integrity and Efficiency. 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

The Office of Audits did not undergo a peer review during this reporting period. The Department of the Interior OIG conducted the last peer review for the reporting period from October 1, 2012, to March 31, 2013. The Office of Audits received a peer review rating of pass. The letter of comment accompanying

the report contained one recommendation, and OIG finalized implementation of the recommendation as of September 30, 2014. The Office of Audits' next peer review will occur during FY 2016.

From April 1, 2015, to September 30, 2015, OIG conducted a peer review of the system of quality control of the National Aeronautics and Space Administration (NASA) OIG, which received a peer review rating of pass. The letter of comment accompanying the system overview report contained two recommendations. OIG accepted NASA OIG's proposed actions as meeting the intent of both recommendations.

### Office of Investigations

During the prior reporting period, the Tennessee Valley Authority (TVA) OIG conducted an external peer review of the Office of Investigations. During this reporting period, OIG received the final TVA OIG peer review report that found the office in full compliance with the quality standards established by CIGIE and the applicable Attorney General Guidelines.

## APPENDIX D: ABBREVIATIONS

Abbreviation	Full Name
A/LM/AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management
AF	Bureau of African Affairs
ARB	Accountability Review Board
BBG	Broadcasting Board of Governors
BSP	Border Security Program
CA	Bureau of Consular Affairs
CHS	CHS Middle East LLC
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CMR	Chief of Mission Residence
COR	contracting officer's representative
DCAA	Defense Contract Audit Agency
DoD	Department of Defense
DRL	Bureau of Democracy, Human Rights, and Labor
DS	Bureau of Diplomatic Security
ECA	Bureau of Educational and Cultural Affairs
EUR	Bureau of European and Eurasian Affairs
EXBS	Export Control and Related Border Security
FAM	Foreign Affairs Manual
FBI	Federal Bureau of Investigation
FISMA	Federal Information Security Management Act of 2002
FMFIA	Federal Managers Financial Integrity Act
FMO	financial management officer
FOIA	Freedom of Information Act
GOR	grants officer representative
GTR	Global Threat Reduction
HRO	Human Resources Officer
HU	health unit
ICASS	International Cooperative Administrative Support Services
ICIG	Office of Inspector General of the Intelligence Community
INL	Bureau of International Narcotics and Law Enforcement Affairs
INL/A	Bureau of International Narcotics and Law Enforcement Affairs, Office of Aviation

*(continued on next page)*

## APPENDICES

Abbreviation	Full Name
IPIA	Improper Payments Information Act
ISIL	Islamic State of Iraq and the Levant
ISN	Bureau of International Security and Nonproliferation
ISN/ECC	Bureau of International Security and Nonproliferation, Office of Export Control Cooperation
ISN/CTR	Bureau of International Security and Nonproliferation, Office of Cooperative Threat Reduction
ISSO	information systems security officer
J/TIP	Office to Monitor and Combat Trafficking in Persons
LIG-OCO	Lead Inspector General for Overseas Contingency Operations
MCSC	Management Control Steering Committee
NASA	National Aeronautics and Space Administration
NDF	Nonproliferation and Disarmament Fund
NED	National Endowment for Democracy
OBO	Bureau of Overseas Buildings Operations
OFS	Operation Freedom's Sentinel
OIR	Operation Inherent Resolve
OMB	Office of Management and Budget
OPE	Office of the Procurement Executive
OTF	Open Technology Fund
OUA	Operation United Assistance
PAR	Performance and Accountability Report
PMS	Payment Management System
PRM	Bureau of Population, Refugees and Migration
PSS	Procurement Shared Services
RFA	Radio Free Asia
RFE/RL	Radio Free Europe/Radio Liberty
RIMC	Regional Information Management Centers
SCA	Bureau of South and Central Asian Affairs
SIGAR	Special Inspector General for Afghanistan Reconstruction
TIP	trafficking in persons
TVA	Tennessee Valley Authority
USAID	U.S. Agency for International Development
USIP	United States Institute of Peace
VP2	vital presence validation process

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

Requirement	Subject	Page #
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United States Department of State  
Broadcasting Board of Governors