



Office of Inspector General
U.S. Department of State
and the
Broadcasting Board of Governors

MONTHLY REPORT OF ACTIVITIES

audits, inspections, testimony, and special activities

July 2004

This report describes testimony provided by the Inspector General or other OIG officials and lists OIG reports issued during the period indicated. This report includes unclassified summaries of classified reports; all text in this report is unclassified. Classified reports are not distributed publicly. On occasion, OIG distributes an unclassified version of a classified report; in such a case, this listing also indicates the issued date of the original report. In addition, all major reports, together with OIG investigative activities, are summarized in the Inspector General's semiannual reports to the Congress, which are publicly available every June and December.

Office of Audits

Review of the International Traffic in Arms Regulations Registration Fee Collection Process (AUD/PR-04-25)

At the request of the Assistant Secretary for the Bureau of Political-Military Affairs (PM), OIG reviewed the International Traffic in Arms Regulations (ITAR) registration fee collection process. OIG's review addressed the current manual and proposed electronic registration fee collection processes and the obstacles PM, Directorate of Defense Trade Controls (PM/DDTC) encounters in receiving and using the monies collected. The primary objective of the audit was to examine the timeliness of the ITAR registration fee collection process and how delays impact the availability of the monies and to identify systemic weaknesses. As part of this audit, OIG also reviewed the management and internal controls used by PM/DDTC's Compliance Office and identified issues that PM/DDTC should consider before implementing the automated registration process.

OIG found that processing registration fees for export licensing did not occur in a timely manner. Several offices play a role in the collection, recording, and allotment of registration fees. Delays in each of these steps resulted in unnecessary delays in making funds available to PM/DDTC. For instance, it took between six and 30 days for the Compliance Office to get checks to PM, Office of the Executive Director (PM/EX). Once PM/EX received the checks, it took up to 45 days to record the deposits into the Department's Central Financial Management System managed by the Bureau of Resource Management. Then, it took PM/EX an additional 29 to 119 days to have funds transferred into PM/DDTC's allotment account.

OIG concluded that the current fee collection, recording, and allotment process is too complex and inefficient, and is recommending several steps to streamline and improve its timeliness. Finally, OIG identified management and internal control weaknesses that need to be addressed. The implementation of OIG's recommendations should improve PM/DDTC's planning and use of the registration fees collected.

Evaluation and Analysis of Cost/Schedule Data Kabul Embassy Compound Project
(AUD/CG-04-34)

At the request of the Bureau of Overseas Building Operations (OBO) the Office of Inspector General evaluated and analyzed cost and schedule data submitted by Kellogg, Brown & Root, Inc. (KBR) under U.S. Department of State Contract No. SALMEC-02-C-0042. The contract is a cost-plus-fixed-fee contract for the design and construction of an embassy compound in Kabul, Afghanistan.

The contractor has projected schedule delays and cost overruns on the contract. The original schedule called for mobilization to begin in October 2002 and completion of the contract in December 2004. The contractor's current estimated completion date is May 2005.

OIG concludes that the cost-plus-fixed-fee contract provided the contractor limited motivation to complete the project on time and within budget. OIG also concludes that the contractor failed to comply with the contract's schedule specification, thus denying the Bureau of Overseas Building Operations the visibility needed by OBO to fully oversee the Kabul Embassy Project.

OIG recommends (1) that OBO require the contractor to conform to the schedule specification in the contract by providing detailed manpower requirements, material/equipment requirements and related cost elements, (2) that OBO review such estimates for adequacy, reasonableness, and appropriateness, (3) that OBO require the contractor to incorporate OBO revisions and recommendations in its schedule, and (4) that OBO require that the contractor establish such procedures as are necessary to ensure that the schedules submitted by the contractor are, in fact, implemented by project field staff.

Office of Inspections

Inspection of Embassy Mbabane, Swaziland (ISP-I-04-25A)

During its inspection of Embassy Mbabane, OIG found the embassy adequately staffed but suffering from weak management. The embassy was lacking standard policies and important management controls.

The return of the Peace Corps had significantly enhanced U.S. engagement, and the United States was the leading bilateral donor for HIV/AIDS programs. Consular responsibilities at Embassy Mbabane were light, and OIG recommended that all visa functions be transferred to Consulate General Johannesburg.

Operational conditions within the post communications center were hazardous. The situation was untenable both for safety and effective operations, and OIG recommended urgent resolution. The addition of an RSO to embassy staff has been significant, yielding strong improvements in overall security practices.

Inspection of Embassy Muscat, Oman (ISP-I-04-26A)

Oman is a vital partner in advancing U.S. interests in the Middle East. Its sustained military cooperation is critical to the implementation of U.S. operations in the region. The embassy was intent on going beyond this excellent military relationship to broaden economic, scientific, and cultural ties. A Trade and Investment Framework Agreement was about to be concluded. Oman is expected to be the first Arab country to participate in the Smithsonian's Folklife Festival.

Although the post had a history of low morale, due in part to staffing gaps in senior embassy management, a new embassy team had markedly improved morale and operations. However, several personnel and administrative issues still needed attention. OIG recommended that the Department assign a temporary duty human resource officer to the embassy to work on the most pressing issues.

U.S. border security was well served by the consular section, and most management controls were in place. Given post-September 11, 2001, security concerns in the region,

however, the Department needed to ensure that the recently approved mid-level consular position is filled by an experienced consular officer.

Inspection of Embassy Pretoria, South Africa, and Constituent Posts (ISP-I-04-28A)

South Africa is a management challenge marked by dramatic mission growth over the past decade; the increased workload to advance key U.S. priorities such as HIV/AIDS, democracy and regional stability; and a frequently uncooperative host government.

Over the past ten years, the size of the mission skyrocketed, with 28 agencies represented at the time of the inspection. Building programs were underway or planned in three locations, but key elements of the management/administrative platform remain seriously under invested. Proposals to expand Pretoria/Johannesburg as a regional support hub require greater analysis and coordination with the Bureau of Overseas Buildings Operations.

The mission had achieved notable success in priority areas such as HIV/AIDS, especially with the effective engagement of nongovernmental organizations and improving law enforcement coordination. General regional support and handling a constant stream of official visitors also received strong marks.

The mission's success in advancing its substantive agenda had not been fully mirrored in internal operations. This mission had communication and coordination problems and a lack of cohesiveness. Coordination of law enforcement issues had improved considerably. Washington consumers were generally satisfied with political and economic reporting. Public diplomacy efforts had been effective and were growing.

Consular officers had kept pace with rapidly changing requirements and were observing necessary management controls. OIG recommended that a nationwide system be implemented for visa inquiries to reduce workload and improve public relations. Weak management was a concern in several embassy sections, especially human resource activities. Also, consulates general were not being managed proficiently.

Inspection of Embassy Maseru, Kingdom of Lesotho (ISP-I-04-32)

Embassy Maseru, one of the smallest U.S. embassies, was working hard to advance U.S. interests in this country of two million people. During the inspection, a key issue facing the embassy was how small can a post be and still effectively cover such essential areas as security and information management.

Security coverage, provided by Embassy Gaborone at the time of the inspection, should come from South Africa and needed to be enhanced. Information management support, which was inadequate, must be improved to meet post's needs. Embassy Maseru had sought the assignment of a regional security officer and an information management specialist. OIG supported these requests, absent significant increases in regional support.

Consular responsibilities were light, and OIG recommended that all remaining visa functions be transferred to Consulate General Johannesburg. Insufficient communication among and between staff had hindered morale. Administrative operations needed to be tightened and receive greater oversight from the front office. Embassy Maseru had insufficient management controls in warehousing and expendable supplies, procurement, and the clearing of funds that have been obligated but not spent.

Minimizing Cashier-Provided Accommodation Exchange Overseas (ISP-I-04-34)

Several OIG inspections conducted overseas found that although local banking facilities and automated teller machines (ATMs) are widely available and adequate in some countries, embassies continue to use U.S. government funds to pay cashiers to provide routine accommodation exchange services for mission employees. In Paris, Geneva, and Brussels, where highly developed banking facilities and ATMs exist, for example, embassy cashiers continue to provide employees routine accommodation exchange services.

Outsourcing or eliminating routine embassy cashier-provided accommodation exchange services in some countries could save U.S. government funds and reduce internal control vulnerabilities. Embassy staff time saved would include that of the embassy cashier, the cashier's supervisor, and employees waiting in embassy hallways to cash checks. OIG recommended that the Department issue a cable encouraging posts to use local banking facilities and automated teller machines, and update Accommodation Exchange sections of the Foreign Affairs Manual and Handbook to reflect existence of automated teller machines.

Office of Security and Intelligence Oversight

During this reporting period, OIG security inspection reports were published for the following embassies: Mbabane, Swaziland; Athens, Greece, and Consulate General Thessaloniki; and Pretoria, South Africa, and Constituent Posts.

In addition, a Security Compliance Follow-up Review of Embassy Muscat, Oman, and a Review of the Implementation of the Department's Lock and Leave Policy and Procedures were published.