



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

SEMIANNUAL REPORT TO THE CONGRESS

October 1, 2010 to March 31, 2011



Summary of OIG Accomplishments

Financial Results

Questioned costs

Issued during the reporting period	\$1,159,000
Management decision during the reporting period	\$11,813,000

Recommendations for funds to be put to better use

Issued during the reporting period	\$620,000
Management decision during the reporting period	\$520,000

Investigative monetary recoveries **\$8,716,300**

Cases opened	50
Cases closed	42
Criminal actions	59
Administrative actions	15
Hotline and complaint activity	810

Reports Issued: **70**

Cover photo: Embassy Doha, Qatar

Photo provided by Office of Overseas Buildings Operations

Requests for additional copies of this publication
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MESSAGE FROM THE DEPUTY INSPECTOR GENERAL



**Deputy Inspector General,
Harold W. Geisel**

I am pleased to present the Office of Inspector General (OIG) Semiannual Report to the Congress for the Department of State (Department) and the Broadcasting Board of Governors (BBG). This report covers the period ending March 31, 2011, as required by the Inspector General Act of 1978, as amended.

Since arriving in OIG in June 2008, I have repeatedly told OIG employees that we have the best jobs in the Federal Government because we are paid to tell the truth. Our body of work, most of which is available to taxpayers on our Web site, is the true objective measure of our independence and effectiveness. Over the last 3 years, there has been a steady increase in requests from Congress and from Department and BBG officials, asking OIG to review programs and situations around the world. They know we are an independent oversight organization that will produce a timely, thorough, and honest report, whether it is an audit, inspection, evaluation, or report of investigation.

OIG greatly assists the entities we oversee by impartially telling them what they need to know to do more effective work. A follow-up review of our inspection of Embassy Baghdad confirmed that the Department had implemented one of the key recommendations made to address the challenges of transitioning to a civilian mission in Iraq: designating a coordinator for the critical and time-sensitive Iraq transition effort. On the audit front, OIG arranged an analysis of deficiencies in controls identified during the 2009 financial statement audit and made recommendations that helped the Department to improve controls over accounting for property and budgetary resources, enabling the external auditor to issue an unqualified opinion on the Department's 2010 financial statements. We also anticipate positive results from our review of duplicative and excessive mandated reporting requirements, which was welcomed by overburdened posts and bureaus.

At the same time, the work completed this period clearly demonstrates that OIG is an independent and responsive oversight organization. Recent inspections have identified serious management problems that have led to changes in mission leadership. A series of investigations into Department employees engaged in illegal passport snooping has resulted, thus far, in 14 criminal convictions and more than 45 administrative

personnel actions, including 17 terminations of employment. Additional investigations realized more than \$8.7 million in recoveries, while audits, inspections, and evaluations identified millions more in potential cost benefits.

Our commitment as an independent oversight organization is to tell the Department and BBG what they *need* to hear, even when it isn't always what they *want* to hear.

A handwritten signature in black ink, appearing to read "H. Geisel", with a large, stylized flourish at the end.

Harold W. Geisel
Deputy Inspector General

EXECUTIVE SUMMARY

The auditors, inspectors, investigators, and other professionals in OIG promote effective management, accountability, and positive change in the Department, BBG, and the foreign affairs community. During this reporting period, OIG issued 70 reports with recommendations to improve the Department and BBG programs and operations, and identified nearly \$10 million in cost efficiencies—including questioned costs, fines, and recoveries. A full list of reports issued during this period can be found in Appendix 2 of each agency section of this report. This Semiannual Report to the Congress summarizes work carried out by OIG during the period October 1, 2010, through March 31, 2011. OIG addresses classified issues, as appropriate, in the Classified Annex to the Semiannual Report.

MIDDLE EAST REGIONAL OFFICE

An evaluation of the operations and maintenance support contract at Embassy Kabul revealed weaknesses in the Department's oversight of PAE, the contractor, because of the contracting officer's lack of on-site management, as well as gaps in coverage and a lack of continuity in contracting officer's representatives (COR). Recommendations were made to strengthen the Department's oversight, and to seek reimbursement from PAE of more than \$1.15 million for award fees, taxes paid by PAE to the Afghan Government, overpayment for fuel, and escort services that PAE did not provide. OIG also recommended that Embassy Kabul consider converting its electrical power system to the Kabul City Power (KCP) public grid, which could result in potential cost savings.

OIG also found weaknesses in oversight of PAE by the Bureau of International Narcotics and Law Enforcement Affairs (INL) at counternarcotics compounds in Kabul and Kunduz, in addition to weaknesses in PAE's fuel operations, food services, security, and facility maintenance. For the Kabul compound, OIG recommended the Department develop an acquisition plan, implement a quality assurance surveillance plan, and assign a sufficient number of CORs. In Kunduz, OIG recommended that INL resolve construction deficiencies, assess power needs, and ensure guards are sufficiently rested and familiar with standard operating procedures. Both INL and Embassy Kabul noted that action had been taken to resolve many of these issues.

In its evaluation of infrastructure construction projects for Palestinian Authority security forces, OIG found that the Palestinian Authority and INL have successfully overseen and implemented these projects, which appeared to be generally of good quality and on schedule. The Palestinian Authority has followed appropriate

processes to oversee contract awards and to monitor projects, and has been a major contributor to successful project approval and implementation. OIG recommended that INL develop detailed plans to complete and sustain the construction program and conduct a staffing analysis of the INL office in Jerusalem.

In a limited-scope review at Embassy Dushanbe, Tajikistan, OIG found that an unqualified contractor, PIR-5, failed to design and construct a recreation center according to required building codes and guidelines. Embassy Dushanbe, the Bureau of Overseas Buildings Operations (OBO), and the Regional Procurement Support Office (RPSO) did not ensure PIR-5 submitted the required designs or resolved design issues. Rebuilding the unusable and unsafe recreation center will cost an additional \$1.5 million, nearly five times the original value of contract. OIG made several recommendations to improve the technical expertise and establish technical qualifications for CORs, and to ensure full review and approval of contractor designs, as well as post management and quality assurance plans.

OIG evaluated six contracts at missions in Kuwait, Oman, Saudi Arabia, and the United Arab Emirates (U.A.E.), and found no direct evidence that contractors violated regulations to prevent trafficking in persons (TIP). However, several contractors' practices increased the risk of TIP. OIG recommended the embassies discuss passport retention regulations with contractors and monitor compliance with labor laws. In the future, contractors should provide workers with detailed housing descriptions, understandable contracts, and information on labor laws and the U.S. Government's anti-TIP policy. Finally, OIG recommended that CORs receive guidance and training on TIP monitoring.

As of April 2010, the Bureau of Population, Refugees and Migration (PRM) had donated \$80.5 million to the United Nations High Commissioner for Refugees (UNHCR) and the International Committee of the Red Cross (ICRC) to assist 2.7 million internally displaced persons (IDP) in northern Pakistan. In its evaluation, OIG found no evidence of assistance funds or material being diverted from either UNHCR or ICRC for illegitimate purposes. However, OIG could not determine the effectiveness of IDP assistance since neither UNHCR nor ICRC reports performance results against targets or indicators. OIG recommended that PRM encourage regular reporting by UNHCR and ICRC on progress toward specific assistance targets, performance measurement plans, and funding and material needs. In addition, organizations working under UNHCR should establish targets and indicators and report on performance.

OIG found no direct evidence that contractors on 10 contracts at embassies in Israel, Jordan, Lebanon, and Syria, and the consulate general in Jerusalem violated the provisions of the Trafficking Victims Protection Act or the mandatory *Federal Acquisition Regulation* (FAR) clause 52.222-50 (Combating Trafficking in Persons). Management practices of 9 of the 10 contractors showed no increased risk of TIP. One contractor who had engaged in practices that increased the risk of TIP was subsequently disqualified from issuing a new proposal. All five missions are following Federal contracting guidelines to prevent trafficking, and OIG found some specific examples of monitoring for TIP violations.

OFFICE OF AUDITS

OIG issued a report to the Department and to the Chairman of the House Committee on Oversight and Government Reform regarding the December 25, 2009, terrorist bombing attempt of Northwest Airlines Flight 253. OIG found that the Department took a number of corrective actions demonstrating significant progress in addressing deficiencies that contributed to the attempted bombing.

Although the Department has taken corrective actions that collectively represent significant progress in addressing the failures that contributed to the attempted bombing, additional measures are needed to improve management oversight procedures in the Visas Viper cable process. OIG made recommendations to enhance management oversight of the Visas Viper cable process.

In an audit of the Department's financial statements, OIG found that financial management continues to be a major challenge. OIG contracted with an independent external auditor to audit the financial statements of the Department. Although the Department took actions to address some internal control deficiencies noted during the audit of the Department's 2009 financial statements, the auditor reported significant deficiencies related to accounting for property and equipment, financial reporting, accounts payable accruals, budgetary accounting, and the information technology control structure.

OFFICE OF INSPECTIONS

OIG conducted 16 post management inspections with security reviews, 1 compliance follow-up review with a security review, 2 domestic bureau inspections, and 8 program or requested reviews. In addition to identifying potential cost savings, these reports focused on embassy and bureau leadership and operational improvements. The inspections also documented 7 innovative practices as models for other embassies to use to promote efficiency and effectiveness.

Occurring as Embassy Baghdad was preparing for the U.S. military's full withdrawal from Iraq, the *Compliance Follow-up Review of Embassy Baghdad, Iraq*, was timely for OIG to ask some questions about this critical transition in the U.S. presence in Iraq. OIG questioned the possibility of success for the U.S. temporary provincial presence and the costs, security, and benefit of supporting mission personnel outside Baghdad. In addition, OIG recommended establishing a high-level coordinator position, with a full-time staff and Department backing, to oversee the detailed planning needed.

Two post management inspections resulted in OIG issuing *Joint Issues in the Inspections of Embassy Tel Aviv and Consulate General Jerusalem*. Although relations between Embassy Tel Aviv and Consulate General Jerusalem have improved, OIG

noted that both missions could achieve greater efficiency and realize significant savings by combining some administrative, financial, and communications services. OIG also recommended greater use of joint reporting cables to minimize parochial perspectives in reporting on Israeli-Palestinian issues.

Other key post management inspections included the Embassy Bangkok and Embassy Athens. OIG noted that Embassy Bangkok was praised by Washington end-users on its reporting on internal political dynamics during the political and security crisis in Thailand in Spring 2010, and recommended more forward-looking analysis to help better prepare for dramatic changes occurring in Thailand. The Athens inspection report concluded that Consulate General Thessaloniki is not essential to achieving U.S. interest in Greece and recommended closing the consulate general.

The *Inspection of the Bureau of European and Eurasian Affairs* noted that the foreign assistance to this region was effectively linked to foreign policy objectives. OIG recommended that the bureau conduct a top-to-bottom review of its organizational structure to improve efficiency. OIG also recommended that the bureau establish specific benchmarks in the resolution of Holocaust era-related issues that, when reached, would lead to the phasing out of the Office of the Special Envoy for Holocaust Issues and absorption of its remaining elements into other Department offices.

In addition to *Response to Congressional Inquiry on Department Leadership's Role in Freedom of Information Act Processes*, OIG issued *Inspection of Department-Required and Congressionally Mandated Reports: Assessment of Resource Implications*, which determined that the Department did not have an authoritative, comprehensive list of required and mandated reports. Most Congressionally mandated reports were based on routine reporting, but five required significant additional resources from both Washington and the field. OIG recommended that the Department work with Congress to modify its "one size fits all" approach to reporting.

The *Review of the President's Emergency Plan for AIDS Relief at Select Embassies Overseas* was timely as the program integrates with the Global Health Initiative (GHI), transitioning from an emergency program to a more sustainable one. This challenge of transitioning to a sustainable program needs to be addressed over the medium term, perhaps before the current reauthorization expires in September 2013. OIG also highlighted continuing concerns about some of the issues from previous reports and focused on the need for interagency cooperation, importance of coordinators, proliferation of competing brands or logos for the program overseas, and the continued burden of required reporting.

The *Cyber Security Review of Embassy Ottawa, Canada*, and *Cyber Security Review of Embassy Kingston, Jamaica*, are part of OIG's increased focus on information management and security. These reports found that the embassies complied with the majority of security controls within the Federal cyber security regulations and guidelines. At each embassy, OIG identified some deficiencies and made recommendations to

address them. OIG also provided embassy personnel with copies of technical assessment reports for their embassy.

OFFICE OF INVESTIGATIONS

OIG investigations this period covered a breadth of content, including contract fraud, bribery and kickbacks, false statements, visa fraud, false claims, and employee misconduct. OIG also conducted follow-up investigative work on widespread activity related to the improper accessing of Passport Information Electronic Records System (PIERS) records. OIG's multiple investigations of illegal passport snooping have, thus far, resulted in 14 criminal convictions, and more than 45 administrative personnel actions, including 17 terminations of employment from the Department.

OIG Investigation Recovers More Than \$8 Million

OIG conducted an investigation of a Department contractor and its subcontractor who grossly overcharged for work performed on a major Department contract. The original contract was awarded for more than \$1.7 billion to recruit U.S. police officers, provide them with developmental training, and to equip them to participate in international peacekeeping operations, including in Iraq. The investigation determined that the contractor submitted inflated claims for the construction of container camps at various locations in Iraq, and sought reimbursement for danger pay that it falsely claimed to have paid its U.S. expatriate employees working in Iraq. On March 22, 2011, the contractor and subcontractor entered into separate civil settlements with the Department of Justice and agreed to repay the government a total of \$8,710,000 in damages (\$7,700,000 by the contractor and \$1,010,000 by the subcontractor). (C2007-005)

OIG conducted a joint investigation, with the Special Inspector General for Iraq Reconstruction and the Defense Criminal Investigative Service, of a Department employee assigned to Iraq who solicited bribes and kickbacks from vendors in exchange for the award of Department contracts. The investigation determined that the employee accepted a large number of payments from a company that was awarded a Department contract and that the contract was inflated in cost by the amount received by the subject. The subject was arrested and agreed to plead guilty in to one count of Wire Fraud Conspiracy, and to pay \$106,800 in restitution.

INTERNATIONAL BROADCASTING

In its audits report on BBG's financial statements, as of, and for the years ended, September 30, 2010, and 2009, an independent external auditor found that the statements present fairly, in all material respects, BBG's financial position as of the dates cited and its net cost of operations, changes in net position, and changes in budgetary resources for the years then ended. However, an auditor found deficiencies in internal controls over the financial and accounting system, accounts payable, property, and unliquidated obligations that the auditor considered to be significant. Also, internal control weaknesses or instances of noncompliance with selected provisions of applicable laws and regulations were identified relating to government purchase cards, information security, Fund Balance With Treasury, accounts receivable, and Foreign Service national payroll. The auditor recommended that BBG take appropriate actions to address these weaknesses.

In response to the Federal Information Security Management Act of 2001 (FISMA), an independent public accountant reviewed BBG's Information Security Program and found that BBG had, since the FY2009 review, taken actions to improve the program's management controls, including realigning its information technology (IT) department to improve accountability and communication among personnel, increasing performance of risk assessments and developing security plans for its major information systems, and developing a strategic plan to address needed improvements in its IT architecture. However, the independent public accountant recommended that BBG address control weaknesses in various areas to improve and bring the information security program into compliance with applicable requirements.

OIG conducted four inspections for BBG: the International Broadcasting Bureau Sri Lanka transmitting station, the Broadcasting Board of Governors operations in Indonesia, the Broadcasting Board of Governors Operations in Thailand, and Radio Free Asia (RFA). The Sri Lanka transmitting station demonstrated that it was well-managed, providing shortwave U.S. Government broadcasts to Afghanistan and Pakistan and across Asia, Central Asia, and East Africa. In Indonesia, the BBG establishments have done an excellent job, with minimal resources, of reporting on this country and reaching out to Indonesia's population. OIG recommended that the Voice of America find a solution to having employees use personal funds to temporarily pay agency costs when there is no cashier or petty cash. In Thailand, the privatization process was under development to turn the transmitting station operations over to a third-party contractor and to coordinate station operations as part of a broader strategic partnership with the British Broadcasting Corporation to achieve long-term economies. The Radio Free Asia inspection reported on an organization with high morale, strong leadership, and dedication to its mission. It was finding new ways to reach its target audience through the Internet, social media, and citizen journalists. OIG recommended that RFA find ways to improve its intraoffice communications and encouraged additional leadership training for first-and second-level supervisors.

DATA AND INVESTIGATIVE ACTIVITIES

OIG HOTLINE

The Office of Inspector General Hotline is a confidential channel for receiving allegations of fraud, waste, abuse, mismanagement, or misconduct involving Department of State and Broadcasting Board of Governors programs, operations, and assets.

Total Complaints Received	810
Referral To Other Offices for Action	472
Held for Action Within OIG	31
No Action Necessary	307

TYPES OF CASES



CONGRESSIONAL AND MEDIA ACTIVITIES

TESTIMONY AND BRIEFINGS

On November 18, 2010, Deputy Inspector General Harold Geisel testified before the Senate Committee on Homeland Security and Governmental Affairs Ad Hoc Subcommittee on *Contracting Oversight Regarding Oversight of Reconstruction Contracts in Afghanistan and the Role of the Special Inspector General*.

During this reporting period, OIG briefings to Congressional staff included:

- OIG's perspective on the House Appropriations Surveys and Investigations Subcommittee staff's study of the Department's Foreign Service personnel surge and associated issues. (October 1, 2010)
- Confirmation process information for staffers of the Senate Foreign Relations Committee. (December 2, 2010)
- OIG organizational structure for staffers of the House Foreign Affairs Committee. (March 22, 2011)

CONGRESSIONAL MANDATES AND REQUESTS

During this period, OIG issued several Congressionally mandated reports, including:

- Financial statement audits and related reviews mandated under the Chief Financial Officers Act of 1990 (P.L. 101-576, as amended).
- Reviews in response to oversight and transparency requirements of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).
- Evaluations pertaining to the Federal Information Security Management Act (FISMA) (P.L. 107-347).

A full listing of reports issued by OIG during this reporting period can be found in Appendix 2 at the end of each agency section of this report.

OIG issued reports in response to Congressional requests:

- *Department of State Activities Regarding Shipwreck Salvage Claim* (ISP-I-11-36). OIG issued this report in response to a request from Representative Kathy Castor (FL-11) to determine whether there was evidence to support public allegations that the Department offered to support the Government of Spain's claim to coins and artifacts found by Odyssey Marine Exploration, Inc., in exchange for Spain's return of a high-value painting to a private family in California.
- *Response to Congressional Inquiry on Department of State Leadership's Role in Freedom of Information Act (FOIA) Processes* (ISP-I-11-09). OIG conducted this special inquiry, in response to a request from Senator Charles E. Grassley of Iowa and Representative Darrell Issa of California, to determine whether Department of State political appointees obstructed the release of information or otherwise unduly influenced the FOIA process.
- *Review of Department of State Information Security Program* (AUD/IT-11-07). This report was issued in compliance with Title III of the Federal Information Security Management Act of 2002 (P.L. 107-347), which requires OIG to evaluate the Department's information security program.
- *Review of Broadcasting Board of Governors Information Security Program* (AUD/IT/IB-11-08). This report also was issued in compliance with the Federal Information Security Management Act of 2002, which requires OIG to evaluate the Broadcasting Board of Governors information security program.

LEGISLATION MONITORED

OIG reviewed and monitored the following legislation and bills during the reporting period:

- H.R. 1, *Full-Year Continuing Appropriations Act, FY 2011*, as it pertains to oversight funding. Defeated at Senate.
- H.R. 1, *Substitute Amendment, Full-Year Continuing Appropriations Act, FY 2011*, as it pertains to oversight funding. Rejected at Senate.

- P.L. 111-242, P.L. 111-290, P.L. 111-317, P.L. 111-322, P.L. 112-4, and P.L. 112-6, *Continuing Appropriations Public Laws, FY 2011*.
- S.3676, *Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2011*.
- P.L. 111-212 (H.R. 4899), *Supplemental Appropriations Act, 2010*, as it pertains to oversight funding in Pakistan, Afghanistan, and Iraq.
- P.L. 111-73 (S. 962. H.R. 3642), *Enhanced Partnership with Pakistan Act of 2009*, as it relates to authorization of foreign assistance to Pakistan and the associated oversight.
- H.R. 2410, *Foreign Relations Authorization Act, Fiscal Years 2010 and 2011*.

MEDIA ASSISTANCE AND OUTREACH

OIG made its reports available to the media, both directly and online, through regular postings on its Web site. Improvements continue to be made on the OIG public site to enhance relevance and usefulness, including easier access to reports through clickable icons and more in-depth customer support.

The OIG intranet site has also been redesigned, with several new features, including photos and descriptions of OIG work-in-progress, to increase outreach to the Department and heighten functionality. These features include:

- An “Inspection Resources” page that provides easy access to surveys and questionnaires for posts and bureaus.
- An “Innovative Practices” page that showcases new ways overseas posts and domestic bureaus are working to improve the effectiveness and efficiency of the Department. The page also includes an interactive feedback/discussion blog for each case study.
- An “OIG Activities” page that addresses a broad range of OIG activities and initiatives.

Media expressed an interest in a broad range of OIG activities, including:

- *Inspection of Department-Required and Congressionally Mandated Reports: Assessment of Resource Implications* (ISP-I-11-11) October 2010.

- *Inspection of Embassy Luxembourg, Luxembourg* (ISP-I-11-17A) Jan 2011
Review of the Process for Sharing Department Cables Via the Net-Centric Diplomacy Program (NCD) (SIA-I-08-04) September 2008 – classified.
- *The Bureau of Diplomatic Security Kabul Embassy Security Force Performance Evaluation* (MERO-A-10-11) September 2010.
- *Limited-Scope Review of the Bureau of Diplomatic Security's Oversight of Explosives Detection Canine Programs* (MERO-I-10-14) September 2010.
- *Performance Evaluation of Department of State Contracts to Assess the Risk of Trafficking in Persons Violations in Four States in the Cooperation Council for the Arab States of the Gulf* (MERO-I-11-06) January 2011.
- *Compliance Follow-up Review of Embassy Baghdad, Iraq* (ISP-C-11-08A) October 2010 details on OIG's role in the investigation of passport system "snoops".
- The Middle East Regional Office's (MERO) audit of INL's air wing program in Afghanistan.
- The scope of OIG's general oversight.
- OIG's role in the investigation of DynCorp International activities in Afghanistan.
- OIG's audit regarding the December 25, 2009, attempted terrorist bombing of Northwest Airlines Flight 253.

**DEPARTMENT
OF STATE**

MIDDLE EAST REGIONAL OFFICE

PAE Operations and Maintenance Support at Embassy Kabul, Afghanistan, Performance Evaluation (MERO-I-11-05)

The Department's oversight of PAE's performance was affected by the contracting officer's lack of on-site management, gaps in coverage, and a lack of continuity in CORs. From September 2006 to September 2009, the embassy expended an estimated \$10 million for PAE operations and maintenance support without modifying and, consequently, not fully funding the contract. OIG found several problems, including the administration of \$193,000 in award fees paid to PAE, potential double payment for PAE labor, and reimbursement to PAE for \$325,474 in taxes paid to the Afghan Government. There were also issues related to provision of fuel for the embassy.

Although PAE generally managed distribution of vehicle fuel effectively, and properly maintained elevators and fire protection systems, OIG found several issues related to maintenance and operations. In particular, there is a potential fire hazard in the west compound where sprinklers are located over electric switchgears. PAE did not provide required escort services for individuals without security clearances for at least 1 year, although the embassy paid \$248,820 for such services. PAE was unable to ensure timely completion of work orders using the work order system, which OBO believes can be resolved. OIG determined that Embassy Kabul could realize cost savings by converting from PAE's diesel generators to KCP. Although the required FAR clause is not in the PAE contract, OIG found no evidence that PAE has engaged in TIP.

OIG recommended that the Department seek reimbursement from PAE of more than \$1.15 million in total for award fees, taxes paid by PAE to the Afghan Government, overpayment for fuel, and escort services that PAE did not provide. Embassy Kabul should consider converting its electrical power system to the KCP grid, which could result in potential cost savings. Embassy Kabul should also evaluate the purchase of four diesel generators at a cost of \$1.36 million. Finally, the contract with PAE should be modified to include the required FAR clause on TIP.

PAE Operations and Maintenance Support for the Bureau of International Narcotics and Law Enforcement Affairs' Counternarcotics Compounds in Afghanistan, Performance Evaluation (MERO-I-11-02)

PAE's ability to provide adequate operations and maintenance support at the counternarcotics compounds in Kabul and Kunduz has been negatively affected by

weaknesses in oversight by INL, including the lack of a strategic acquisition plan, delays in signing and funding task order modifications, lack of a quality assurance surveillance plan (QASP), late payment of invoices, and inadequate oversight and management by CORs.

PAE has generally provided satisfactory operations and maintenance support at both of INL's counternarcotics compounds, but has also demonstrated performance weaknesses at the facilities. In Kabul, OIG found multiple deficiencies related to fuel provision and PAE's food service subcontractors. Security vulnerabilities had been identified but not addressed. At the Kunduz compound, OIG found longstanding difficulties with the structural integrity of its buildings and sewage leach (drainage) fields, lack of planning for replacement of diesel generators, failure of the food service subcontractor to follow standard operating procedures for food preparation, and failure of PAE to adequately oversee dining facility operations. Finally, the guards at Kunduz worked every day of the week and were unfamiliar with standard operating procedures.

OIG recommended development of an acquisition plan and a QASP, and assignment of a sufficient number of dedicated CORs. At Kabul, OIG recommended that INL ensure accurate measurement of fuel and quality control of food service, and evaluate physical security requirements. At Kunduz, OIG recommended that INL resolve construction deficiencies, assess electric power needs, and ensure PAE's compliance with food service standards. All guards should be familiar with standard operating procedures and should get sufficient rest and days off. In comments on the draft report, both INL and Embassy Kabul noted that actions had been taken on many of these issues.

In addition to its recommendations, OIG identified several issues for Department consideration regarding converting to the KCP grid, timing and planning for transition of the counternarcotics effort to the Afghan Government, and integrating Afghan nationals into operations and maintenance support.

Palestinian Authority Security Forces Infrastructure Construction Projects in the West Bank, Performance Evaluation (MERO-I-11-03)

Under a 2007 Framework Agreement, the U.S. Government committed to provide up to \$80 million to professionalize the Palestinian Authority security forces (PASF). INL has estimated that an additional \$50 million will be required to complete construction to support PASF infrastructure, and OIG noted the Department had signed an agreement in December 2010 to provide funding not to exceed \$150 million in total.

During site visits, OIG noted that infrastructure construction appeared to be of generally good quality and on schedule. The Palestinian Authority has cooperated effectively with INL and the U.S. Security Coordinator (USSC) to oversee the contract award process and monitor construction projects, has acquisition regulations that closely resemble those of the U.S. Government, and checks contractors for any links to terrorist organizations.

INL representatives at Consulate General Jerusalem have fulfilled their responsibilities, and have provided adequate oversight of construction contract awards and project implementation. All key personnel involved in construction contracts have been properly vetted and cleared by the Department. Although the INL staff at Consulate General Jerusalem has grown since 2007, its only U.S. Government direct-hire employee is the director. Other employees who are not direct-hires perform functions that are either inherently governmental, or approach being inherently governmental.

OIG recommended that INL coordinate with the USSC to develop detailed plans to complete and sustain the PASF construction program. OIG also recommended that INL conduct a staffing analysis of its office at Consulate General Jerusalem.

Limited-Scope Review of the Design and Construction of a Recreation Center at Embassy Dushanbe, Tajikistan (MERO-I-11-04)

In December 2006, Embassy Dushanbe and RPSO awarded a contract, valued at \$318,913 for construction of a post-managed recreation center, to a local contractor, PIR-5 LTD (PIR-5). OBO approved the initial design and issued a building permit in October 2007. In July 2008, RPSO issued a notice to proceed, and construction began in the fall of 2008. In May 2009, PIR-5 ceased site activities and walked off the job when RPSO withheld payments. The contract was formally terminated on July 15, 2009. The swimming pool facilities must be demolished, redesigned, and reconstructed at an estimated cost of \$1.5 million—five times the original cost.

OIG found a number of deficiencies in the design and construction of the recreation center, including RPSO's and the embassy's failure to assess the reasonableness of the proposed price. PIR-5 did not design and construct the Dushanbe recreation center according to required building codes and guidelines. Required designs were not submitted by PIR-5, nor were design issues resolved prior to starting construction. RPSO failed to limit U.S. Government risk because the contractor was not required to purchase payment bonds and insurance. CORs did not properly monitor the contractor's performance or progress, failed to establish quality assurance measures, and did not ensure the contractor submitted required documents. Invoices were approved and paid although the work was unacceptable. COR turnover and a shortage in management staff led to a lack of continuity in contract management.

OIG recommended that an employee with construction engineering experience chair the managed project technical evaluation team and that the contracting officer obtain an OBO audit before awarding a contract varying more than 20 percent from the Independent Government Cost Estimate. OIG also recommended that OBO fully review and approve designs, management plans, and quality assurance plans before beginning construction; review construction progress and identify risks; and establish COR guidance.

Performance Evaluation of Department of State Contracts To Assess the Risk of Trafficking in Persons Violations in Four States in the Cooperation Council for the Arab States of the Gulf (MERO-I-11-06)

OIG evaluated six contracts at four embassies and two consulates general in Kuwait, Oman, Saudi Arabia, and the U.A.E., and found no direct evidence that contractors violated the provisions of the Trafficking Victims Protection Act of 2000 (TVPA) or the FAR mandatory clause 52.222-50 (Combating Trafficking in Persons). However, OIG found several contractor practices that increased the risk of TIP, including coercion at recruitment and destination, exploitative conditions of work, and abuse of vulnerability.

Seventy-seven percent of contract employees interviewed paid recruitment fees upfront. Every contractor reviewed in Kuwait, Oman, Saudi Arabia, and the U.A.E. confiscated workers' passports, and 68 of 75 workers could only access their passports for travel. Workers at all four missions were frustrated with inconsistent payment, confusing pay stubs, and withheld wages. Some workers were not compensated as they should have been under local labor laws, and 83 percent of workers performed overtime or outside work, some of which was not legally sanctioned in the host country. More than 70 percent of workers lived in overcrowded, unsafe, or unsanitary conditions.

Four of the six missions were following the FAR to prevent trafficking, but the FAR guidelines do not specify how to monitor contractors for TIP, so OIG could not conclude that TIP monitoring is effective. There was mandatory citation in contracts of FAR clause 52.222-50, but CORs did not have standard procedures to monitor the clause's implementation. In addition, standard contract language, the *Foreign Affairs Manual* (FAM), and the *Foreign Affairs Handbook* (FAH) fail to address how to monitor contracts for TIP-related issues. OIG believes the risk of TIP can be mitigated by incorporating the best practices found at some missions, as well as through compliance with OIG's recommendations.

OIG recommended embassies obtain and distribute to contractors information on regulations regarding passport retention. The embassies should monitor contracts to ensure compliance with host country labor laws. One embassy should inform its gardening contractor that the employees' unsafe housing conditions are unacceptable. OIG also recommended that for future solicitations, contractors be required to include descriptions of housing, provide workers with standard contracts in English and their native language, and provide information about labor laws and the U.S. Government's "zero tolerance" TIP policy in workers' native languages. CORs should be given detailed guidance on monitoring potential TIP violations, and training curricula should be developed and implemented.

BEST PRACTICE: Collection of Information on Host Country Labor Laws

Issue: OIG's review of contractor policies and employee interviews revealed that labor law information was rarely communicated to workers and that contractors had inconsistent policies to keep workers informed. Although all six contractors stated workers received information on local labor laws, more than half of the foreign workers interviewed reported they did not have this information. Only 16 of 75 workers reported some contractor-provided training in host country labor laws. Eight workers stated they learned of changes in laws through word of mouth or their own research.

Response: At all four embassies and the two consulates general, the political sections collected pamphlets with information on host country labor laws in foreign workers' native languages. These pamphlets were either provided directly to workers or to contractors who were expected to distribute them.

Result: Because the embassies and consulates general provided this information, foreign workers were able to better understand local labor laws and identify potential violations.

BEST PRACTICE: Locally Employed Staff Interacting with Foreign Workers

Issue: Contracting officers' level of engagement with contractors and their contractors' employees (foreign workers) varied at the missions. Due to language barriers and different customs, OIG found that some foreign workers were hesitant to communicate with contractor management on personnel issues.

Response: At four missions, locally employed and bilingual staff were encouraged to routinely engage with workers and contractor management.

Result: OIG observed that these staff members were more approachable to foreign workers, allowing the general services officers to gain insight and informally monitor potential labor issues with the contractors.

The Bureau of Population, Refugees and Migration's Internally Displaced Persons Program in Pakistan, Performance Evaluation (MERO-I-11-01)

By April 2010, PRM had contributed a total of \$80.5 million to UNHCR and ICRC to assist more than 2.7 million IDPs in northern Pakistan. OIG found no evidence of assistance funds or material being diverted from either UNHCR or ICRC for

illegitimate purposes. However, OIG could not determine the overall effectiveness of IDP assistance because neither organization reports its performance results against performance targets or indicators. UNHCR does not have program-level plans for procurement of supplies and materials, and only emergency shelters have planned targets. The amount of goods ICRC is able to procure, and the number of IDPs it can assist, are both determined by resource availability and capacity. However, both UNHCR and ICRC ensure the quality and low cost of goods through purchasing policies and procedures. UNHCR warehouse operations and records are adequately maintained.

OIG recommended that PRM encourage UNHCR and ICRC to report progress toward specific IDP assistance targets to donors, and provide updates on performance measurement plans. PRM should also encourage UNHCR to update Embassy Islamabad on the funding and material needs of all organizations within the assistance groups it leads. Finally, OIG recommended that entities providing assistance be encouraged to establish assistance targets and indicators and report performance results.

Performance Evaluation of Department of State Contracts to Monitor Vulnerability to Trafficking in Persons Violations in the Levant (MERO-I-11-07)

OIG evaluated 10 contracts at Embassy Damascus, Embassy Beirut, Embassy Tel Aviv, Embassy Amman, and Consulate General Jerusalem, and found no direct evidence that contractors violated the provisions of the TVPA or the mandatory FAR clause. The management practices of 9 of the 10 contractors showed no increased risk of TIP. One contractor engaged in practices that increased the risk of TIP, including long work hours and payment issues, but the contractor was disqualified from issuing a proposal for a new contract.

All five missions are following Federal contracting guidelines to prevent trafficking. Nine of 10 contracts reviewed contained the mandatory citation or reference to FAR clause 52.222-50. Nine of 10 contracts also included language on contractor compliance with local labor laws, regulations, customs, and practices pertaining to labor, safety, and similar matters.

FAR clause 52.222-50 does not provide guidance on monitoring for TIP, and mission officials, including CORs, received little guidance from the Department. However, OIG found there were efforts to monitor for TIP, including translation of the required FAR clause into Arabic, screening for underage employees, determining whether contractors have a history or ongoing suspicions of TIP problems, and training of CORs in TIP prevention.

AUDITS

FINANCIAL MANAGEMENT

Independent Accountant's Report on the Application of Agreed-Upon Procedures: Retirement, Health Benefits, and Life Insurance Withholdings/Contributions and Supplemental Semiannual Headcount Report Submitted to the Office of Personnel Management (AUD/FM-11-01)

An independent external auditor performed agreed-upon procedures as required by an Office of Management and Budget Bulletin. These procedures were performed solely to assist the Office of Personnel Management (OPM) in assessing the reasonableness of the retirement, health benefits, and life insurance withholdings and contributions, as well as semiannual headcount information, submitted to OPM by the Department. The auditor identified a difference in the comparison of the amount of life insurance withholdings reported to OPM and the amount in the payroll register for one pay period, three instances in which health benefits elections and seven instances in which life insurance elections in the payroll system did not agree with the election forms in official personnel files, seven instances in which the Department could not provide health benefits or life insurance election forms, two instances in which life insurance election forms did not support an employee's waiver or cancellation of coverage, and one difference between the auditor-calculated amount of life insurance withholdings and the amount reported to OPM for one pay period.

Independent Auditor's Report on the U.S. Department of State 2010 and 2009 Special-Purpose Financial Statements (AUD/FM-11-02)

An independent external auditor audited the Department's reclassified balance sheets as of September 30, 2010 and 2009, and the related reclassified statements of net cost and changes in net position for the years then ended (special-purpose financial statements) contained in the special-purpose closing package of the Department. In the auditor's opinion, the special-purpose financial statements and accompanying notes present fairly, in all material respects, the financial position of the Department as of September 30, 2010 and 2009, and its net cost of operations and changes in

net position for the years then ended, in conformity with accounting principles generally accepted in the United States of America and the presentation pursuant to Department of the Treasury requirements.

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

Independent Auditor's Report on the U.S. Department of State 2010 and 2009 Financial Statements (AUD/FM-11-03)

An independent external auditor audited the Department's annual financial statements as of, and for the years ended, September 30, 2010 and 2009. In the auditor's opinion, the consolidated balance sheets as of September 30, 2010 and 2009, and the related consolidated statements of net cost and changes in net position for the years then ended, and the related combined statement of budgetary resources for the year ended September 30, 2010, present fairly, in all material respects, the financial position of the Department as of September 30, 2010 and 2009, and its net cost of operations and changes in net position for the years then ended, and its changes in budgetary resources for the year ended September 30, 2010, in conformity with accounting principles generally accepted in the United States of America. The auditor was unable to obtain sufficient evidential support for the amounts presented in the 2009 combined statement of budgetary resources and, therefore, was unable to express an opinion on the 2009 combined statement of budgetary resources.

The auditor found certain deficiencies in internal control that it considered to be significant deficiencies. Specifically, the auditor found significant deficiencies in the internal controls over financial reporting, property and equipment, the accounts payable accrual, budgetary accounting, the liability to international organizations, and information technology. The auditor also found instances of noncompliance with certain provisions of laws and regulations, including instances in which the Department's financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act.

Management Letter Related to the Audit of the U.S. Department of State 2010 Financial Statements (AUD/FM-11-04)

During the audit of the Department's 2010 financial statements, the independent external auditor identified matters involving internal controls and other operational matters that it brought to the Department's attention related to funds with the Department of the Treasury, payroll, documentation, accounts receivable, property

and equipment, accounts payable, and budgetary resources. The external auditor recommended that the Department take appropriate action to address these weaknesses.

Independent Review of the U.S. Department of State Accounting and Authentication of FY 2010 Drug Control Funds and Related Performance Report (AUD/FM-11-15)

OIG independently reviewed the assertions made in the Department's accounting of FY 2010 drug control funds and related performance report, which was submitted to the Director of the Office of National Drug Control Policy (ONDCP) in compliance with ONDCP guidance. Based on OIG's review, nothing came to OIG's attention that caused it to believe that the management assertions included in the report were not fairly stated, in all material respects, based upon the guidance.

INFORMATION TECHNOLOGY

Review of Department of State Information Security Program (AUD/IT-11-07)

In response to FISMA, OIG had an independent public accountant review the Department's Information Security Program to evaluate the Department's progress in addressing FISMA information management and information security program requirements. The review found that the Department had, since the FY 2009 review, taken actions to improve management controls, including updating toolkits to provide guidance to system owners and initiating a pilot program for the Plan of Action and Milestones (POA&M) Grading Memorandum.

Overall, the independent public accountant found that the Department has established and is maintaining an information security program. However, for the Department to improve and bring the program into compliance with applicable requirements, the independent public accountant made recommendations for the Department to address control weaknesses in the system inventory list, risk management framework, POA&Ms, security awareness training and personnel security, security configuration management, remote access program, account and identity management, incidents of personally identifiable information, continuous monitoring, contingency planning, and contractor oversight.

INTERNATIONAL PROGRAMS

Audit of Sources and Uses of Global HIV/AIDS Initiative Global Health and Child Survival Funds Related to the President's Emergency Plan for AIDS Relief (PEPFAR) for FYs 2007 and 2008 (AUD/SI-11-10)

An independent public accountant audited the sources and uses of Global HIV/AIDS Initiative (GHAI) and Global Health and Child Survival (GHCS) funds related to the U.S. President's Emergency Plan for AIDS Relief (PEPFAR). The primary objective of the audit was to track the flow of PEPFAR GHAI/GHCS-State funds from initial appropriation to obligation and outlay (expenditure) via PEPFAR implementing agencies to and by award recipients and to track the flow of financial data back from award recipients and implementing agencies to the Office of the U.S. Global Aids Coordinator (OGAC).

The audit determined that OGAC was not ensuring that implementing agencies were reconciling obligations and disbursements reported to it with the corresponding amounts contained on the forms submitted to the Department of the Treasury, OGAC's internal controls for agencies receiving PEPFAR funds were not always effective, funds were not always received timely or obligated in a timely manner, and internal controls related to PEPFAR awards were not always effective.

The independent public accountant made recommendations for OGAC to require implementing agencies to reconcile obligations and disbursements reported to it with amounts reported on the forms submitted to the Department of the Treasury, to ensure that funding flow does not impede program performance, and to determine the feasibility of streamlining one implementing agency's review and approval process for obligating funds.

SECURITY AND INTELLIGENCE

Audit of Department of State Actions Regarding the December 25, 2009, Attempted Terrorist Bombing of Northwest Airlines Flight 253 (AUD/SI-11-11)

OIG issued this report to the Assistant Secretary, Bureau of Consular Affairs, and to the Chairman of the House Committee on Oversight and Government Reform. It presents OIG's independent assessment of the manner in which information related

to the December 25, 2009, terrorist bombing attempt of Northwest Airlines Flight 253 was collected and disseminated by the Department among key Federal agencies and addresses other specific questions relating to this event.

OIG found that the Department has taken a number of corrective actions that collectively represent significant progress in addressing the failures that contributed to the attempted Christmas Day bombing. However, additional measures are needed to improve management oversight procedures in the Visas Viper cable process, including ensuring that information contained in a Visas Viper cable submission is accurate and complete. (A Visas Viper cable is a communication from a Foreign Service post to appropriate Federal agencies regarding an individual known to be, or suspected of being, involved in terrorism.)

OIG found the Department has implemented more robust internal procedures and has reviewed Visas Viper cables issued in 2008 and 2009 to detect and revoke visas held by individuals considered to be threats to national security. In addition, the Department has taken steps to strengthen visa services through system enhancements, including a new online nonimmigrant visa application system, and has increased collaboration with its security partners to exchange information relating to potential terrorists. However, OIG determined additional measures are needed to further ensure that the failures that allowed Umar Farouk Abdulmutallab to enter the United States and carry out his terror plot are not repeated. OIG offered five recommendations to the Bureau of Consular Affairs to enhance management oversight of the Visas Viper process and to ascertain whether the subjects of previous Visas Viper cables have had their U.S. visas revoked or their names entered into the Department's Consular Lookout and Support System (CLASS).

CONTRACTS AND GRANTS

Audit of Funding Provided by the American Recovery and Reinvestment Act for the Foreign Service Institute National Foreign Affairs Training Center (AUD/CG-11-12)

In its audit of funding provided by the American Recovery and Reinvestment Act (Recovery Act) to the Foreign Service Institute (FSI), the independent public accountant determined that FSI generally managed Recovery Act funds effectively to meet program goals and requirements. The accountant also found minor deficiencies, however, in the posting of award notices on Federal contracting Web sites and in maintaining documentation in contract files. The accountant made recommendations for FSI to improve its contract oversight.

Audit of Department of State Compliance With Federal Procurement Data System – Next Generation Reporting Requirements of the American Recovery and Reinvestment Act (AUD/CG-11-13)

In its audit of contract actions reported in the Federal Procurement Data System – Next Generation (FPDS-NG) by the Department as they pertain to the Recovery Act, an independent public accountant found that the Department did not report Recovery Act-specific information in FPDS-NG accurately. The accountant also identified inaccuracies in other acquisition data and found that contract document numbers and modifications to the document numbers were not entered and finalized in FPDS-NG within the required 3-day timeframe. The accountant made recommendations for the Bureau of Administration to strengthen policies, procedures, and controls for reporting contract information in FPDS-NG.

INSPECTIONS

DOMESTIC INSPECTIONS

Inspection of Bureau of Diplomatic Security, Countermeasures Directorate (ISP-I-11-06)

The Bureau of Diplomatic Security, Countermeasures Directorate (DS/C), effectively provided physical security, technical security, defensive equipment, and armored vehicles, while ensuring secure delivery of classified information and equipment. Morale was high among the domestic staff, and resources were adequate to meet needs.

Disposal of armored vehicles needed attention. OIG recommended that the Bureau of Diplomatic Security (DS), in coordination with the Bureau of Administration, establish a system for posts to dispose of armored vehicles in accordance with prescribed disposal requirements.

Requiring couriers to use domestic travel authorizations and obtain deputy assistant secretary approval for business class travel was impeding expeditious travel authorizations. OIG recommended that DS allocate funding for couriers' travel to the financial management systems at the missions where the couriers are posted and authorize these missions to initiate and complete travel authorizations and vouchers. OIG also recommended that DS authorize courier division and hub office directors to sign premium class travel authorizations for couriers' travel, when needed.

Inspection of the Bureau of European and Eurasian Affairs (ISP-I-11-22)

Bureau of European and Eurasian Affairs (EUR) responsibilities are of core importance to U.S. interests. The more than \$850 million in annual foreign assistance to this region was effectively linked to foreign policy objectives, and assistance programs were well coordinated. However, the bureau's organizational structure needed a top-to-bottom review to improve efficiency.

The bureau's Office of Press and Public Diplomacy followed two potentially conflicting public diplomacy strategies: the Under Secretary for Public Diplomacy and Public Affairs' Framework, and EUR's own strategic plan. These two plans needed to be

reconciled. Also, the Office of the Special Envoy for Holocaust Issues was intended to be temporary when it was established in 1998. OIG recommended that the office's function should be phased out and incorporated into other entities.

Efforts to consolidate services across the Department had mixed effects on EUR's productivity. On one hand, the Joint Executive Office effectively provided administrative support to customers in EUR. On the other hand, EUR experienced information technology (IT) problems, even 2 years after the consolidation of desktop services with the Bureau of Information Resource Management (IRM). IRM should clarify roles and responsibilities for telecommunications, wireless, and data services for all consolidated bureaus. EUR should clarify and document its own methodologies, including a systems development life-cycle methodology for all bureau-specific applications and systems, and written standard operating procedures in the financial management division.

OVERSEAS MISSIONS

BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS

Inspection of Embassy Bangkok, Thailand (ISP-I-11-03A)

Embassy Bangkok met its key goals and objectives. Washington end-users, in particular, praised the embassy's reporting on internal political dynamics during the months-long political and security crisis that gripped Thailand in spring 2010. OIG noted that employees worked creatively in an era of limited resources to maximize sources of support for health research partnerships, public diplomacy, and foreign assistance projects. These efforts helped solidify productive relations with the Thai Government and people.

The ambassador brought to his position great strength in reporting and analysis but lacked the broad leadership and program management experience needed to effectively run a U.S. mission of this size and complexity. OIG recommended that the Department require FSI DCM training for career Foreign Service officers assigned to a large embassy for the first time as ambassador.

The reporting sections focused well on high-priority U.S. policy concerns. A greater emphasis on forward-looking analysis would help Washington consumers better prepare for dramatic changes occurring in Thailand.

The Department and a large number of U.S. Government agencies located regional operations in Bangkok to take advantage of the capital's large, productive, and low-cost labor force, convenient air hub, large hotel capacity, and history of political stability. However, regional operations differed from those in bilateral missions. Planning was essential to avoid duplication of effort and inefficiencies in service delivery. The trend toward regionalization in Bangkok may have reached its limit, as its advantage as a politically stable location for regional operations is diminishing with Thailand's rapidly evolving political situation.

The Bangkok consular section provided generally good service to its large and diverse American citizen clientele and to a moderate-sized visa applicant pool, but the section could be more efficient, exert closer management controls, and operate with a leaner staff with more proactive leadership.

Inspection of Embassy Dili, Timor-Leste (ISP-I-11-21A)

OIG's findings were central to the fact that Embassy Dili should operate as a normal, small, hardship embassy. The first U.S. Ambassador to Timor-Leste arrived in 2003, and with the arrival of the third Ambassador, the embassy should institutionalize the policies, procedures, and management controls that mark an established embassy.

In 2005, the Department opened an interim office building, anticipating that a new chancery would be built in 2012. The start date for construction has since been moved to 2023. As such, current facilities can no longer be considered interim. OIG recommended upgrading the existing office space to meet standard facility and security embassy needs for at least the next 12 years.

As a cost savings to the U.S. Government, the embassy should explore alternative funding methods that would enable the U.S. Agency for International Development to participate in mission-wide furniture and appliance pools.

Inspection of Embassy Jakarta, Indonesia (ISP-I-11-24A)

Embassy Jakarta grew rapidly as the U.S. partnership with Indonesia deepened and broadened over the past several years. New program and personnel proposals were not vetted in a strategic way. As part of the FY 2013 Mission Strategic and Resource Plan (MSRP) process, the Ambassador needed to conduct his first strategic review and make changes as indicated by that review, to include establishing what kind of diplomatic establishment the American Presence Post in Medan should be. If it should be a regular consulate, the embassy needed to make that case to the Department. OIG also recommended that the embassy review every mission position and program and make appropriate changes in accordance with the President's letter of instruction to chiefs of bilateral missions, to more effectively meet foreign policy goals.

Embassy Jakarta successfully implemented several innovative initiatives. @america is an innovative, exciting, and expensive experiment in public diplomacy outreach. The mission took an integrated approach to security and other challenges to help @america succeed, but a continuing performance measurement effort would be required to assess success. The information management program was also a standout success at Embassy Jakarta. The program was comprehensive, possessing an array of cross-cutting initiatives that put the mission on the forefront of the information management program in the Department.

Continued delays with the new consulate compound project for Consulate General Surabaya not only affected staff morale but also created secondary management problems. OBO needed to keep mission leadership better informed about progress on the project.

BEST PRACTICE: Customer Service Center – One-Stop Shop Service

Issue: Embassy Jakarta's management office wanted to provide a one-stop-shopping customer service center to the mission. The customer service center program initiated by the management office did not succeed. The previous information management officer volunteered the information systems center to take over the program.

Response: The information systems center staff created four areas of responsibility: management services, information technology trainer, information technology wireless (Personal Data Assistants (PDAs) and cell phones), and general assistance.

Result: Under the direction of the information systems center, the customer service center was highly successful and is now the focal point for all assistance to the embassy staff. The center's impact on the Mission Strategic and Resource Plan goal of improving and consolidating mission facilities and services has been tangible, as reflected in greatly improved customer satisfaction and reduced complaints. This approach is quickly spreading, with other embassies showing interest. The customer service center was featured in an article in the September edition of *State Magazine*. This approach is also a significant change in the way the embassy provides these services, and the information management staff worked hard to make it happen. The center was presented as a best practice at the Bureau of East Asian and Pacific Affairs regional management conference.

BEST PRACTICE: BINUS Information Technology Internship

Issue: The embassy wanted to implement an information technology internship that could bring fresh and innovative ideas from local students who are a target for mission outreach.

Response: The embassy created a program with BINUS, Indonesia's top information technology university, consisting of a 6-month internship for two Indonesian university students, one male and one female. The embassy received 100 applications from 600 university students who learned of the internships at their annual career opportunities seminar.

Result: The internship program has been a success in bringing together the Indonesian student body and the mission's strategic goal of solidifying a positive impression among Indonesian youth. As part of the program, interns supported a \$112,000 social media Presidential visit campaign funded by the Under Secretary for Public Diplomacy and Public Affairs. Management was interviewed by one of the leading university magazines. The magazine article, which reached more than 50,000 students, received positive reviews. Previous mission leadership praised the program's approach to the Mission Strategic and Resource Plan objective of "Fostering Constructive Dialogue with people aged 15-30. (Embassy Jakarta) solidified young Indonesians' impressions of the United States at a very receptive age." The program was presented as a best practice at the Bureau of East Asian and Pacific Affairs management and financial management conferences.

BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

Inspection of Embassy Athens, Greece (ISP-I-11-15A)

The new Ambassador and his team made a significant positive impact on mission morale and policy direction. In light of past ethics concerns at the mission, he reaffirmed his commitment to following the highest ethical standards and addressed significant personnel, management, and morale issues.

The embassy's political and economic sections effectively kept Washington informed about Greece's recent financial crisis, but needed to include more analysis in updates and in stand-alone reporting. The consular section fulfilled a major policy goal with Greece's entry into the Visa Waiver Program and successfully managed a consequent reorganization and reduction in force.

OIG concluded that Consulate General Thessaloniki is not essential to achieving U.S. interests in Greece and should be closed. OIG determined that most of the consulate's work could be assumed by embassy staff, at less cost and without significant loss in effectiveness, with a small staff remaining in Thessaloniki to provide some services.

BEST PRACTICE: Professional Development for First and Second Tour (FAST) Officers and Specialists

Issue: The embassy's large complement of FAST officers and specialists required an effective professional development program.

Response: Initiated by the former ambassador and DCM, and with full support from the new front office, Embassy Athens created a robust professional development program, chaired by a FAST officer. The program includes 18 specific training goals (such as public speaking, interacting with other diplomats, and serving as control officers) and a detailed calendar of events, and features a broad array of programs, including those that expose management officers to political work and, equally important, expose reporting officers to management work.

Result: FAST officers and specialists receive excellent training and professional development.

BEST PRACTICE: Expanded Emergency Call Center

Issue: Embassy Athens received a significant number of telephone calls related to demonstrations and other civil disturbances, traffic accidents, and medical emergencies. Marine security guards do not always have the specialized local knowledge or language capability needed to address this array of issues.

Response: Under the supervision of the regional security office, the embassy expanded the security receptionist program into a call center staffed by bilingual responders who can provide prompt 24-hour service and assistance to embassy staff and their families. The center also prepares an overnight briefing for the regional security office.

Result: Embassy staff and their families facing emergencies or difficulties can receive one-stop assistance around the clock.

Inspection of Embassy Valletta, Malta (ISP-I-11-16A)

Embassy Valletta capably conducted its programs in support of U.S interests; however, the embassy's greatest management challenge was to complete the new

embassy compound, transfer operations there without disruption, and effectively address significant increases in staff and budget requirements. OIG made recommendations to improve planning for the new embassy compound and key management issues related to the move.

The Ambassador's outside activities were a distraction from core mission goals. The Ambassador needed to focus on embassy priorities and refrain from outside activities, including writing and speaking engagements that did not pertain directly to strengthening maritime security, promoting U.S. trade and investment, and other mission goals.

The rest and recuperation benefit for Embassy Valletta was not justified, and OIG recommended that it be discontinued.

Inspection of Embassy Luxembourg, Luxembourg (ISP-I-11-17A)

The inspection of Embassy Luxembourg revealed a small, resource-poor mission that had underperformed for the entirety of the Ambassador's tenure. The Ambassador's confrontational management style resulted in low morale and high stress levels among American and local employees; an inability to achieve policy advocacy or reporting objectives; and chronic gaps in senior and other staff positions due to curtailments, which resulted in considerable costs to the U.S. Government. At the time of the inspection, additional staff shortages were forecast as other employees contemplated curtailing. Poor management of the front office aggravated communication within and outside the office, and led to serious mission-wide inefficiencies. Taskings were arbitrary and erratic, the flow of information excessively restricted, and the work of embassy staff members was not properly channeled or coordinated.

Although not responsible for the 2008 reduction in force that depleted mission resources, the Ambassador remained focused on issues pertaining to the official residence and monopolization of already limited resources. This narrow focus exacerbated an already poor situation and drove some sections to their breaking point. Among the hardest hit were public affairs, management, and the regional security office, and the majority of the inspection's recommendations focused on those areas. OIG placed specific emphasis on the need to develop a strategic approach to public diplomacy, to improve financial and facilities management controls and customer support, and to fulfill security-related requirements, respectively. In addition, OIG recommended that Embassy Luxembourg work with EUR not only to develop an overall strategy for maximizing mission resources and focusing its productivity on policy advocacy, but also to conduct a team-building exercise to improve internal communication and promote greater confidence and respect between the Ambassador and mission officers.

Inspection of Embassy Copenhagen, Denmark (ISP-I-11-19A)

Embassy Copenhagen's Chief of Mission led an effective dialog with the Danes, was the driving force behind major initiatives on women's issues and counterterrorism, and fostered close collaboration among agencies. However, an unwillingness to delegate authority had disempowered section leaders, hampered communication, and contributed to below-par reporting, analysis, and outreach. OIG recommended a restart in the front office: reaffirming a clear chain of command, improving transparency and communication, and making the DCM responsible for the embassy's day-to-day operations.

The embassy was consumed with a series of resource intensive, one-off events, including two presidential visits and an ambitious international conference. OIG recommended that after these large events were over, the embassy should review the use of mission resources, reestablish goals, and reset priorities.

The prospect of Greenland's future independence from Denmark called for increased attention from Embassy Copenhagen. The embassy should form a working group to determine whether and how to increase staff time in Greenland, identify U.S. strategic interests there, and determine how best to pursue those interests.

BEST PRACTICE: Providing Information about the United States to School Children

Issue: In Denmark's crowded information environment with many competing sources, the public affairs section faced a challenge in drawing audience attention to its information materials about the United States. Reaching schoolchildren is a special challenge.

Response: In cooperation with the Danish Ministry of Education, the embassy's information resource center created a virtual presence post-type site within the ministry's main education portal for Danish students: www.EMU.dk. The site contains information in Danish and English about American history and culture drawn from America.gov and other sources, and is divided into different sections for elementary, middle, and high school students. It also contains links to the embassy's social media sites. For younger children, the site features a mascot, "Teddy," a teddy bear diplomat who is friends with the main site's emu mascot and shares adventures with him. One of the blogs on the site refers to them as "furry agents of cultural exchange."

Result: Children are able to find the American information pages because they are part of a Web portal they access frequently. Because the site is located within the ministry's main education portal and follows its rules on accuracy and objectivity, Danish teachers feel comfortable using the materials in their classrooms.

BEST PRACTICE: The ISSO Toolkit

Issue: The Department has mandated the information systems security officer (ISSO) duties to an already overburdened information management staff worldwide. These duties are extensive and are mission critical to an embassy's infrastructure. Personnel performing these duties spend many hours researching cyber security problems on their embassy's network.

Response: The information management officer of Embassy Copenhagen created and automated several of the key everyday processes of the ISSO duties—for example, sending responses to cyber incident response team reports, reviewing users' Internet history, and enforcing logon hour restrictions.

Result: The toolkit saves time spent on day-to-day tasks. For instance, normally processing a cyber incident response team report takes about 2 hours and involves notifying the person of the investigation. The tool automates the research, does not require notifying the person, and takes 5 minutes.

Inspection of Embassy The Hague and Consulate General Amsterdam, Netherlands (ISP-I-11-23A)

Embassy The Hague was led by a respected Ambassador and DCM who identified poor mission morale as their top priority, and reached major improvement. They also managed the bilateral relationship well, particularly during difficult debates over the Dutch Government's role in Afghanistan as part of the North Atlantic Treaty Organization (NATO) coalition.

The proposed new embassy building in The Hague was still in the design phase, with construction projected to begin as early as 2012. The design concept appeared to maintain the status quo of placing all consular services at Consulate General Amsterdam. Given the lack of space and challenging layout of the Amsterdam facility, OIG recommended that the design concept be promptly reconsidered, to integrate at least some consular functions into the new embassy building.

OIG noted significant interagency dissatisfaction with the mission's International Cooperative Administrative Support Services operations. The management section was striving to improve its customer service orientation, and OIG recommended more senior management oversight by the DCM to assist in this effort. Other key recommendations included merging the political/economic section and the global affairs section to eliminate overlap in portfolios and to provide better coordination and backup among officers in both sections, establishing a more focused public diplomacy strategy for the Ambassador, and creating a commercial working group to coordinate commercial promotion and to implement President Obama's National Export Initiative.

Inspection of Embassy Oslo, Norway (ISP-I-11-27A)

Embassy Oslo's Ambassador and an experienced DCM were working closely to advance the goals identified in the embassy's MSRP, including securing Norwegian cooperation on global and regional political-military issues, combating climate change, and promoting common economic and business objectives. However, the front office needed to foster more effective communication among embassy elements, including allowing all sections, some of them on the outside of the policy discussion, to work effectively beyond their own portfolios.

The embassy's workload, combined with the numerous high-level visitors and Congressional delegations that visited during the busy summer months, pushed the embassy to the limit of its capacity. Better strategic planning could help to address this issue.

Inspection of Embassy Reykjavik, Iceland (ISP-I-11-28A)

The Ambassador led a small mission with good morale and focused on policy progress. The DCM was credited for strong leadership during his 13-month tenure as chargé d'affaires.

Embassy Reykjavik's physical facilities were substandard. Although the embassy made a good faith effort to deal with recurring problems, the facilities' shortcomings negatively influenced productivity, internal communications, staff security, public access, consular service, embassy morale, and national image. OIG believed that basic maintenance and minor repairs could not be adequately made to achieve minimum standards and recommended that the embassy explore with the host government an arrangement to swap the chancery and chief of mission residence with suitable buildings and land.

Despite the closure of the U.S. military base at Keflavik in 2006, Iceland has continued to be a strong NATO ally. Because of the remaining bilateral military relationship issues, including base contingency rights, the OIG team recommended the provision of a permanent U.S. military representative at the embassy and the restoration of Defense attaché coverage for Iceland from a U.S. Embassy in a nearby NATO country.

Inspection of Embassy Stockholm, Sweden (ISP-I-11-30A)

Embassy Stockholm made good use of the MSRP through creation of an interactive process that gave staff ownership and kept progress toward strategic goals on track. Ambitious efforts to reach out to Swedish society had galvanized embassy staff, sometimes at the expense of pursuing other activities that advanced broad U.S. interests.

The embassy needed to make a clear assessment of the trade-offs involved in these activities.

The facilities management operation in Stockholm was exceedingly top-heavy, and the unit did little strategic planning. OIG recommended developing a preventive maintenance program and a prioritized project plan for maintenance and construction projects. The embassy also should sell its underutilized or excess properties, whose market value was estimated at \$3 million.

BUREAU OF NEAR EASTERN AFFAIRS

Inspection of Embassy Doha, Qatar (ISP-I-11-04A)

Embassy Doha effectively advanced U.S. interests in Qatar, especially in the areas of defense, security, investment, and public diplomacy. Leadership, staff, and teamwork all were strong, and the embassy's innovative strategic framework provided a useful example for other posts. Defense and security issues were the top U.S. objectives in Qatar. The embassy established a smooth, cooperative relationship with the U.S. Central Command regional headquarters and other military units in Qatar.

Qatar is a wealthy country, with multi-billion dollar export opportunities. With embassy support, U.S. exports have grown by 600 percent in 5 years, and have enjoyed particular successes in the energy, aviation, and education sections.

The embassy's public diplomacy was noteworthy, especially considering the conservative, relatively closed nature of Qatari society and the concentration of decision-making among a small group of officials. The embassy made good use of Middle East Partnership Initiative programs to develop partnerships with local nongovernmental organizations. Although the embassy had a productive relationship with the Qatari-owned Al Jazeera broadcasting network, OIG recommended that the Department clarify the embassy's role and create an analytic capability to assess Al Jazeera's reporting. OIG also recommended that the Department and embassy formulate a plan to replace the current, short-term chancery lease with a long-term lease, lease-purchase, or acquisition agreement.

BEST PRACTICE: Mobile Library Visits to Schools

Issue: Young Qataris have limited exposure to American culture and are reluctant to participate in embassy-sponsored events.

Response: The public affairs section developed a mobile library program that delivers two book collections to high schools throughout Doha. The schools appreciate this service and there is a waiting list for these visits, which are made at little cost to the U.S. Government. Mobile library visits are frequently coordinated to coincide with embassy donations of book collections containing classics of American literature. An embassy representative often participates in these visits and speaks on American themes to audiences that would otherwise have little or no contact with American culture.

Result: Hundreds of Qataris now have access to American literature and an opportunity to interact with Americans.

Compliance Follow-up Review of Embassy Baghdad, Iraq (ISP-C-11-08A)

Embassy Baghdad complied with most of the recommendations from the 2009 inspection. Embassy leadership had rotated twice since the 2009 inspection, as had most positions at all levels. Despite turnover, the management section had made great strides, although rightsizing continued to be an issue. The special immigrant visa program was underutilized and required review. Concerns persisted about the management of Baghdad's large security vehicle fleet.

The timing of this review coincided with a critical stage in the evolution of the U.S. presence in Iraq, as the mission was preparing for the U.S. military's full withdrawal from Iraq in December 2011, whereupon DS will assume full responsibility for the safety and security of U.S. civilians in Iraq. The embassy had taken impressive steps to ramp up transition planning, but Washington needed to provide clearer and more timely, high-level focus and policy guidance. The transition must be coordinated among all players, including the White House. OIG recommended establishing a high-level coordinator position with a full-time staff and Department backing to oversee the detailed planning needed.

The Department planned to create two consulates and two temporary posts in Iraq's provinces to help mitigate and mediate the Arab/Kurdish and Shi'a/Sunni conflicts. OIG questioned whether the U.S. temporary provincial presence could be expected to resolve Iraq's centuries-old ethnic and religious rifts. Also, the costs of establishing and operating this civilian provincial presence would be enormous. OIG questioned whether the U.S. Government was sufficiently weighing the costs, security, and benefit of supporting mission personnel outside Baghdad. Other questions included whether U.S. personnel in Iraq could have a safe and secure work environment without U.S. military involvement, and whether the military-to-civilian transition timetable could be maintained.

Inspection of Embassy Tel Aviv, Israel (ISP-I-11-31A)

Embassy Tel Aviv forged productive relationships with senior Israeli officials across a wide range of important issues, adding significant value to one of the United States' most sensitive bilateral relationships. The embassy worked closely and constructively with the Special Envoy for Middle East Peace to support Israeli-Palestinian peace negotiations but was frustrated by a lack of clarity about the role it was supposed to play. OIG recommended that the mission focus on supporting negotiations through improved political reporting on domestic factors influencing the Israeli Government's positions.

The volume of official visitors to Embassy Tel Aviv was so great that it interfered with essential business. The mission needed to carry out a comprehensive analysis of its procedures for supporting visitors in both the management and policy sections to identify the best way to distribute workloads and allocate resources for this important function.

A well-managed program of loan guarantees helped Israel stabilize a temporary economic crisis at low cost to U.S. taxpayers. Having accomplished its purpose, the program was no longer needed, and OIG recommended that the embassy begin planning for an orderly end to the program in 2011, as envisioned in the original legislation.

Inspection of Consulate General Jerusalem (ISP-I-11-34A)

Consulate General Jerusalem does not function as a constituent post of Embassy Tel Aviv but as an independent, quasi-diplomatic mission whose primary focus is on U.S. Government relations with the Palestinians. Despite the cost and difficulty of maintaining diplomatic contacts when its officers must be accompanied to most meetings by armed guards, the consulate has built relationships of trust with Palestinian leaders in the West Bank and effectively advised U.S. policymakers on developments there, significantly contributing to U.S. foreign policy efforts in the region.

A program to equip and train a Palestinian security force has readied 6 of a planned 10 battalions and helped build institutions that would be needed by a future Palestinian state. A new U.S. security coordinator was moving to correct past failures to coordinate this work with other U.S. Government activities. Steps to normalize procedures and reduce administrative costs for this successful program were also necessary. OIG underscored the need for training in security to be complemented by more training in the criminal justice sector and the rule of law. INL established a large new office in Jerusalem to coordinate this effort.

Staffing in Jerusalem had increased by 67 percent since the last OIG inspection, but expansion of facilities was constrained by U.S. legislation and political considerations.

The consulate made innovative efforts in some areas to relieve this burden, but needed to reach a shared understanding with all interested parties about one key facility.

Joint Issues in the Inspections of Embassy Tel Aviv and Consulate General Jerusalem (ISP-I-11-35)

Relations between Embassy Tel Aviv and Consulate General Jerusalem were much improved. In spite of lingering areas of confusion or rivalry, OIG found a better picture of coordination than expected and urged the two missions to institutionalize this atmosphere and create an ongoing culture of cooperation.

Notwithstanding their independent responsibilities and separate needs, Embassy Tel Aviv and Consulate General Jerusalem shared a common interest in a wide range of support and other areas. OIG noted that both missions could achieve greater efficiency and realize significant savings by combining services in some administrative, financial, communications, and other areas. OIG recommended greater use of joint reporting cables to minimize parochial perspectives in reporting on Israeli-Palestinian issues and underscored the need for Embassy Tel Aviv to request that the Israeli Government ease the restrictions on local employee staff residents in the West Bank. OIG also identified problems with the local compensation plan shared by Consulate General Jerusalem and Embassy Tel Aviv that negatively affected the financial well-being and health care of locally employed staff and required joint efforts by both missions to resolve.

BUREAU OF SOUTH AND CENTRAL ASIAN AFFAIRS

Inspection of Embassy Colombo, Sri Lanka (ISP-I-11-02A)

An experienced Ambassador led Embassy Colombo, while most section chiefs and agency heads were serving in their positions for the first time. This experience deficit presented a challenge that the Ambassador and DCM worked to address as a result of the inspection. This mix of experience levels was also notable in the management section, where customer service was an issue. Training was recommended as an important part of the solution.

The embassy had a pressing need to consolidate embassy operations in a new facility, and site selection was underway. The decision rested with the Department, which recognized that absence of a decision would delay commencement of the project beyond the projected 2013 start date.

In stark contrast to the last inspection, the consular section had excellent morale. Visa fraud, especially in immigrant visas, was high. OIG supported the embassy's request for an assistant regional security officer-investigations position to strengthen its fraud prevention capabilities.

Inspection of Embassy Kathmandu, Nepal (ISP-I-11-05A)

From July 2009 to April 2010, a series of chargés d'affaires capably led Embassy Kathmandu, but lack of consistency at the top resulted in a reduction in mission cohesion and focus. The mission's goal-focused working groups were less able to administer interagency communication and cooperation than before. The new Ambassador was committed to reviewing and reviving the program.

The mission made necessary and innovative strides in earthquake preparedness, including having an alternate command center that is a model of excellence, providing awareness information to newcomers and American citizens, and holding regular emergency drills. The mission's success on this tactical level is impressive, but it is also a necessity. Embassy leaders developed a big picture strategy that addressed the many disparate aspects of dealing with a post-quake situation.

Embassy Kathmandu is at the forefront of greening initiatives in the Bureau of South and Central Asian Affairs. By investing in energy-saving technology, solar power, electric cars, and rainwater harvesting, the embassy cut energy use and saved thousands of dollars.

The public affairs (PA) section established a dynamic network of American Corners at strong partner institutions with all mission elements engaged. The section was carrying out innovative public diplomacy activities, including an identified best practice "English by Radio" program and what is, for Nepal, a groundbreaking Muslim outreach effort.

PROGRAM AND REQUESTED REVIEWS

Review of the President's Emergency Plan for AIDS Relief (PEPFAR) at Select Embassies Overseas (ISP-I-11-07)

As part of the coordinated plan for oversight of the PEPFAR program, OIG conducted a review to determine how embassies were fulfilling their responsibilities to coordinate, direct, and support that program. OIG inspectors visited Embassies Santo Domingo, Phnom Penh, and Hanoi, as well as Consulate General Ho Chi

Minh City. In addition, OIG sent a questionnaire to 30 embassies that received the largest amount of PEPFAR funds. The review considered program oversight by embassy officials and staff, including their role in policy and program implementation; the effectiveness of mission support; the implications for program sustainability; and any current and anticipated challenges.

Progress had been made since OIG's 2009 report; however, OIG noted continuing concerns for some of the issues and recommendations contained in the earlier review, including the need for greater interagency cooperation, the importance of PEPFAR coordinators, the proliferation of competing brands or logos for the PEPFAR program overseas, and the continued burden of required reporting.

The integration of PEPFAR with the Obama Administration's GHI also had significant logistic, financial, and humanitarian implications for PEPFAR as it transitioned from an emergency program to a more sustainable one, by expanding cooperation with host-country governments through the development of partnership frameworks. Although the chiefs of mission at the four posts that the OIG inspectors visited, as well as the 26 other posts out of the 30 surveyed by questionnaire, all voiced enthusiasm about GHI's goals, they also expressed anxiety about how GHI will be implemented, how it will relate to PEPFAR and vice versa, and whether host countries will have the necessary resources and infrastructure to fund and maintain HIV/AIDS programs. Chief among their concerns was the fate of more than 2.5 million people who were depending on the United States for antiretroviral drugs. This enormous challenge of transitioning PEPFAR to a sustainable program will need to be addressed over the medium term, perhaps before the current reauthorization expires in September 2013.

Response to Congressional Inquiry on Department Leadership's Role in Freedom of Information Act Processes (ISP-I-11-09)

In response to a letter dated August 23, 2010, from Senator Charles E. Grassley of Iowa and Representative Darrell Issa of California, OIG conducted a special inquiry to establish whether Department political appointees obstruct the release of information or otherwise influence the FOIA process. The Bureau of Administration Office of Government Information Services Office of Information Programs and Services (A/GIS/IPS) has responsibility for processing the Department's FOIA requests. OIG reviewed FOIA procedures and standard operating procedures and carried out confidential interviews with Department employees in A/GIS/IPS and several other bureaus. OIG found no indication that Department political leadership approves, obstructs, or otherwise unduly influences the Department's processing of FOIA requests.

Review of the Use of Social Media by the Department of State (ISP-I-11-10)

The review of the Department's use of social media found that embassies actively used social media to reach a younger audience; however, maintaining a vibrant, dynamic social media program requires significant staff commitment. OIG recommended that the Department remind embassies of the requirements in the new *Foreign Affairs Manual* subchapter on social media, including Section 508 compliance and dealing with fan postings containing promotional or objectionable material. OIG also recommended that embassies link their social media sites to one another and to the Department's Web site.

Inspection of Department-Required and Congressionally Mandated Reports: Assessment of Resource Implications (ISP-I-11-11)

OIG established that there was no authoritative, comprehensive list of the Department's Congressionally mandated and Department-required reports. The Bureau of Legislative Affairs tracked 310 Congressionally mandated reports to be submitted in FY 2010. The Bureau of Administration separately tracked 108 recurring reports required by the Department. Neither bureau was exhaustive in listing reports that involved a commitment of personnel resources.

Most Congressionally mandated reports submitted by the Department were based on content from routine embassy reporting, and required little extra input from the field. However, the *Human Rights Report*, *Trafficking in Persons Report*, *International Narcotics Control Strategy Report*, and *International Religious Freedom Report* required significant additional resources from both Washington and the field.

Instructions for Congressionally mandated and Department-required reports are often arduously long and detailed. The reports themselves became cumbersome in detail and length. There was also considerable overlap, redundancy, and duplication among Congressionally mandated reports. The Department did not document the cost of producing Congressionally mandated and Department-required reports. More precise quantification of the resources involved in preparing, editing, and submitting those reports would enhance the Department's justification for and allocation of resources.

OIG determined that more concise reports would prove more effective, and recommended that the Department work with Congress to modify its current "one size fits all" approach to reporting, to include providing consideration for the size of a country or the magnitude of an issue. Reporting goals should reinstitute flexibility. OIG also found that reports could be made more efficient by reducing duplication in content through techniques such as using hyperlinks to existing or applicable reports.

Cyber Security Review of Embassy Ottawa, Canada (ISP-I-11-12)

OIG assessed the cyber security posture of Embassy Ottawa and found that the embassy complied with the majority of security controls within Federal cyber security regulations and guidelines. OIG's assessment covered the *Consensus Audit Guidelines* controls and found deficiencies in several areas, including account monitoring and control, wireless device control, and penetration tests. OIG also identified an additional information security area pertaining to unsecured devices that required Embassy Ottawa's attention. OIG made recommendations to address these deficiencies and provided embassy personnel with copies of technical assessment reports produced during the review.

Cyber Security Review of Embassy Kingston, Jamaica (ISP-I-11-13)

OIG assessed the cyber security posture of Embassy Kingston and found that the embassy complied with the majority of security controls within Federal cyber security regulations and guidelines. OIG's assessment covered the *Consensus Audit Guidelines* controls and found deficiencies in numerous areas, including controlled use of administrative privileges, account monitoring and control, and inventory of authorized and unauthorized devices and software. OIG also identified other information security areas that required Embassy Kingston's attention, including issues with secure configuration, physical security, and the handling of ISSO responsibilities. OIG made recommendations to address these deficiencies and provided embassy personnel with copies of technical assessment reports produced during the review.

Review of Crisis and Emergency Planning Application (ISP-I-11-14)

OIG conducted a study to assess the current worldwide status of the crisis and emergency planning application (CEPA) and found that embassy senior management had not, in many cases, provided sufficient leadership in its implementation or maintenance. Several posts had not completed their initial CEPA input or were delinquent in their required annual updates. OIG made recommendations to the geographical bureaus to address these deficiencies.

Inspection of the Regional Consular Officer and Consular Management Assistance Team Programs (ISP-I-11-18)

The Regional Consular Officer (RCO) and the Consular Management Assistance Team (CMAT) programs were highly successful in providing in-depth functional expertise and managerial advisory support to individual consular sections and by extension to mission management. However, OIG made recommendations for management improvements such as additional travel expenditure oversight, better

codified RCO reporting guidance, and implementation of follow-up procedures to ensure compliance with the recommendations in RCO and CMAT reports.

Review of Department of State Activities Regarding Shipwreck Salvage Claim (ISP-I-11-36)

OIG found no evidence to support an allegation reported in a local newspaper that the Department offered to support the Government of Spain's claim to artifacts discovered by an American shipwreck salvage company in exchange for Spain's return of a high-value painting to a U.S. family that had filed a Holocaust restitution claim. The team conducted a detailed review of internal Department documents and held interviews with numerous officials and employees involved with each case. All information confirmed that the two disputes have always been, and remain, unconnected. A quid pro quo arrangement with Spain was never considered as a way to resolve these two distinct disputes.

INVESTIGATIONS

CONTRACT FRAUD

OIG conducted an investigation of a Department contractor and its subcontractor who grossly overcharged for work performed on a major Department of State contract. The contract, valued at more than \$1.7 billion, was to recruit U.S. police officers, provide them with developmental training, and equip them to participate in international peacekeeping operations, including operations in Iraq. The investigation determined that the contractor submitted inflated claims for the construction of container camps at various locations in Iraq. Furthermore, the subcontractor was determined to have sought reimbursement for danger pay that it falsely claimed to have paid its U.S. expatriate employees working in Iraq. On March 22, 2011, the contractor and subcontractor entered into separate civil settlements with the Department of Justice and agreed to repay the government a total of \$8,710,000 in damages (\$7,700,000 by the contractor and \$1,010,000 by the subcontractor). (C2007-005)

BRIBERY AND KICKBACKS

OIG conducted a joint investigation, with the Special Inspector General for Iraq Reconstruction and the Defense Criminal Investigative Service, of a Department employee assigned to Iraq who solicited bribes and kickbacks from vendors in exchange for the award of Department contracts. The investigation determined that the employee accepted a large number of payments from a company that was awarded a Department contract and that the contract was inflated in cost by the amount received by the subject. On October 16, 2009, the subject was arrested. On February 28, 2011, the subject agreed to plead guilty in a Criminal Information to one count of wire fraud conspiracy and to pay \$106,800 in restitution. (C2009-063)

FALSE STATEMENTS

OIG investigated a Department employee who provided false statements during a prior subject interview conducted by OIG and DS special agents in January 2006. The investigation concerned the employee's acceptance of money and other gifts in exchange for the issuance of visas while he was a consular officer assigned to an

embassy. On November 23, 2010, the employee pleaded guilty to providing a materially false statement to law enforcement officers concerning his fraudulent issuance of visas. The case was prosecuted by the U.S. Department of Justice, Public Integrity Section, through the U.S. District Court for the Eastern District of Virginia. On February 11, 2011, the former employee was sentenced to 1 year supervised probation, \$1000 fine (to be paid immediately), and a \$100 special assessment. (C2010-077)

VISA FRAUD

OIG conducted an investigation, based upon information provided by U.S. Immigration and Customs Enforcement (ICE) of a business that was suspected of committing H-1B visa fraud. The ICE Benefit Fraud Unit received complaints that the owners of the business used a fraudulent IT company to sponsor themselves and others for H-1B visas, which are usually reserved for occupations in the technology sector. The investigation determined that the owners were actually running a restaurant chain and a grocery store. On January 13, 2011, one of the owners pleaded guilty to conspiracy to commit visa fraud and on February 10, 2011, was sentenced in the U.S. District Court for the Eastern District of Virginia to 1 month home detention, 2 years' supervised probation, fined \$5,000, and ordered to pay \$100 in court costs. Arrest warrants were issued for the other two owners, who fled U.S. jurisdiction. (C2009-070)

OIG conducted a joint investigation with ICE and DS after ICE determined that a husband and wife, both contract employees of the Department, purchased their naturalization certificates from a corrupt Department of Homeland Security employee and subsequently applied for and received U.S. passports. The investigation determined that one of the subjects removed Department of State computer equipment from his office and took it to his residence without authorization. Both contract employees were terminated from employment with the Department. On March 17, 2011, both subjects were indicted in the U.S. District Court for the Eastern District of Virginia on charges of naturalization fraud, bribery, passport fraud, and misuse of a government computer, and both have been arrested. (C2010-071)

FALSE CLAIMS

OIG conducted an investigation of two Department employees who submitted false travel claims for reimbursement of official travel. The two employees shared a hotel room and taxi fare while on official travel, but each submitted a separate claim for the full cost of the hotel room and the taxi fare. The total amount of the false claim made by the two employees was approximately \$1,500. On October 22, 2010, the

Bureau of Human Resources (HR) notified OIG that it was proposing to suspend both employees without pay for 26 days. (C2010-040 & C2010-041)

EMPLOYEE MISCONDUCT

OIG conducted an investigation of a Department employee who was falsifying her time and attendance records and engaging in unauthorized outside employment. The investigation determined that the employee had been doing work for her outside employer on her government computer. On October 4, 2010, HR notified the employee that she was being suspended for 45 days without pay. (C2008-090)

OIG conducted an investigation of a Department employee who, as the chairman of an awards committee, intervened in the process to get two performance awards approved for himself and his wife, who was also a Department employee. The approval was made without the knowledge of the other committee members. On October 29, 2010, HR proposed a 3-day suspension for the employee. (C2010-023)

FOLLOW-UP ACTIONS

EMBEZZLEMENT

OIG conducted an investigation of a Jordanian national employee of the U.S. Embassy in Baghdad, who set up an email account to control the transfer of funds that were to be paid for a contract at the embassy. He then used that email account to direct the deposit of funds to his wife's bank account. In total, \$243,416 was funneled into the bank account of the subject's wife. On August 16, 2010, OIG agents arrested the subject. On February 2, 2011, a jury in the U.S. District Court for the Eastern District of Virginia delivered a guilty verdict on two counts of theft of public money and one count of engaging in acts affecting a personal financial interest. Sentencing is scheduled for April 8, 2011. (*See OIG Semiannual Report, April 1, 2010, to September 30, 2010, p. 51.*) (C2010-037)

PASSPORT FRAUD

OIG received a request for investigative assistance from the Inspector General's Office for the State of South Carolina in the matter of an escaped convict who had obtained a fraudulent passport and was residing in the state of New York. OIG's investigation confirmed that the escapee had fraudulently obtained a passport by lying about his identity. On March 31, 2010, the subject surrendered himself to OIG agents and was arrested. On May 11, 2010, the fugitive was indicted for providing a False Statement in Application and Use of a Passport, and he pleaded guilty to that charge on June 22, 2010. On March 22, 2011, the subject was sentenced to 5 years' supervised probation and a \$100 assessment in the U.S. District Court for the Eastern District of New York. (See *OIG Semiannual Report, April 1, 2010, to September 30, 2010, p. 54.*) (C2010-034)

PASSPORT INFORMATION ELECTRONIC RECORDS SYSTEM (PIERS) INQUIRY

On March 20, 2008, Under Secretary of State for Management Patrick F. Kennedy requested that OIG conduct an investigation after news media reports indicated that the passport files of three presidential candidates had been improperly accessed by three different Department contract employees on three different occasions through PIERS. OIG subsequently received additional information that improper accessing of PIERS records was widespread, and involved many Department employees and contractors. The following are actions that have resulted from OIG investigations involving this issue during this semiannual reporting period, which include three separate criminal prosecutions:

- OIG conducted an investigation on a Department employee who was improperly accessing PIERS to view the records of prominent athletes and entertainers. The investigation determined that the contract employee electronically accessed through PIERS 150 different passport applications without authorization. On August 25, 2010, the subject was indicted on four felony counts: one count of Exceeding Authorized Computer Access; one count Obstruction of Agency Proceeding; and two counts of False Statements (made to OIG agents). On November 5, 2010, the subject pleaded guilty to one count of making False Statements before the U.S. District Court of New Hampshire. On February 9, 2011, the subject was sentenced to 18 months' probation and 100 hours of community service. The subject resigned from the Department effective December 3, 2010. (C2008-078)

- OIG conducted an investigation on a Department employee who was improperly accessing PIERS to view the records of prominent athletes and entertainers. The investigation determined that the contract employee electronically accessed through PIERS 80 different passport applications without authorization. On January 11, 2011, the employee pleaded guilty in U.S. District Court to one count of unauthorized computer access. Sentencing is scheduled for April 21, 2011. (C2009-045)
- OIG conducted an investigation on a Department employee who was improperly accessing PIERS to view of the records of prominent athletes and entertainers. The investigation determined that the contract employee electronically accessed through PIERS 54 different passport applications without authorization. On March 9, 2011, the employee pleaded guilty in a Criminal Information filed in U.S. District Court to one count of unauthorized computer access. Sentencing is scheduled for August 5, 2011. (C2009-073)

OIG's pursuit of PIERS-related investigations is ongoing. Because of the systemic weaknesses identified by OIG during the overall PIERS inquiry, the Department has enacted greater safeguards to protect the privacy of electronically stored passport-related information (*See OIG Semiannual Report, October 1, 2009, to March 31, 2010, pp. 70-71.*)

APPENDIX 1: DEPARTMENT OF STATE INVESTIGATIVE ACTIVITIES

Preliminary Inquiries	
Opened	41
Closed	32
Investigations	
Opened	50
Closed	41
Pending (3/31/11)	149
Criminal Actions	
Referrals for Prosecution	24
Indictments/Informations	11
Convictions	7
Sentencings (Months Imprisonment)	1
Sentencings (Months Probation)	96
Civil Actions	
Civil Referrals	8
Civil Judgments	2
Administrative Referrals	
Referrals for Personnel Action	3
Suitability Referrals to DS	4
Contractor Suspensions/Debarment Referrals	5
Administrative Actions	
Removals	7
Suspensions	5
Reprimands/Admonishments	2
Contractor Suspensions/Debarment Actions	0
Monetary Recoveries	
Criminal Fines/Recoveries	\$6,300
Civil Recoveries	\$8,710,000
Administrative Recoveries	\$0
Total Investigative Recoveries	\$8,716,300

APPENDIX 2: REPORTS ISSUED

Report Number	Report Title
AUD/CG-11-12	<i>Audit of Funding Provided by the American Recovery and Reinvestment Act for the Foreign Service Institute National Foreign Affairs Training Center</i>
AUD/CG-11-13	<i>Audit of Department of State Compliance With Federal Procurement Data System - Next Generation Reporting Requirements of the American Recovery and Reinvestment Act</i>
AUD/FM-11-01	<i>Independent Accountant's Report on the Application of Agreed-Upon Procedures: Retirement, Health Benefits, and Life Insurance Withholdings/Contributions and Supplemental Semiannual Headcount Report Submitted to the Office of Personnel Management</i>
AUD/FM-11-02	<i>Independent Auditor's Report on the U.S. Department of State 2010 and 2009 Special-Purpose Financial Statements</i>
AUD/FM-11-03	<i>Independent Auditor's Report on the U.S. Department of State 2010 and 2009 Financial Statements</i>
AUD/FM-11-04	<i>Management Letter Related to the Audit of the U.S. Department of State 2010 Financial Statements</i>
AUD/FM-11-15	<i>Independent Review of the U.S. Department of State Accounting and Authentication of FY 2010 Drug Control Funds and Related Performance Report</i>
AUD/IT-11-07	<i>Review of Department of State Information Security Program</i>
AUD/SI-11-10	<i>Audit of Sources and Uses of Global HIV/AIDS Initiative Global Health and Child Survival Funds Related to the President's Emergency Plan for AIDS Relief (PEPFAR) for FYs 2007 and 2008</i>
AUD/SI-11-11	<i>Audit of Department of State Actions Regarding the December 25, 2009, Attempted Terrorist Bombing of Northwest Airlines Flight 253</i>
ISP-C-11-08A	<i>Compliance Follow-Up Review of the Inspection of Embassy Baghdad, Iraq</i>
ISP-I-11-02A	<i>Inspection of Embassy Colombo, Sri Lanka</i>
ISP-I-11-03A	<i>Inspection of Embassy Bangkok and Consulate General Chiang Mai, Thailand</i>
ISP-I-11-04A	<i>Inspection of Embassy Doha, Qatar</i>
ISP-I-11-05A	<i>Inspection of Embassy Kathmandu, Nepal</i>
ISP-I-11-06	<i>Inspection of Bureau of Diplomatic Security/Countermeasures Directorate</i>
ISP-I-11-07	<i>Review of the President's Emergency Plan for AIDS Relief (PEPFAR) at Select Embassies Overseas</i>

Report Number	Report Title
ISP-I-11-09	<i>Response to Congressional Inquiry on Department Leadership's Role in Freedom of Information Act Processes</i>
ISP-I-11-10	<i>Review of the Use of Social Media by the Department of State</i>
ISP-I-11-11	<i>Inspection of Department-Required and Congressionally Mandated Reports: Assessment of Resource Implications</i>
ISP-I-11-12	<i>Cyber Security Review of Embassy Ottawa, Canada</i>
ISP-I-11-13	<i>Cyber Security Review of Embassy Kingston, Jamaica</i>
ISP-I-11-14	<i>Review of Crisis and Emergency Planning Application</i>
ISP-I-11-15A	<i>Inspection of Embassy Athens, Greece</i>
ISP-I-11-16A	<i>Inspection of Embassy Valletta, Malta</i>
ISP-I-11-17A	<i>Inspection of Embassy Luxembourg, Luxembourg</i>
ISP-I-11-18	<i>Inspection of the Regional Consular Officer and Consular Management Assistance Team Programs</i>
ISP-I-11-19A	<i>Inspection of Embassy Copenhagen, Denmark</i>
ISP-I-11-21A	<i>Inspection of Embassy Dili, Timor-Leste</i>
ISP-I-11-22	<i>Inspection of Bureau of European and Eurasian Affairs</i>
ISP-I-11-23A	<i>Inspection of Embassy The Hague and Consulate General Amsterdam, the Netherlands</i>
ISP-I-11-24A	<i>Inspection of Embassy Jakarta, Indonesia</i>
ISP-I-11-27A	<i>Inspection of Embassy Oslo, Norway</i>
ISP-I-11-28A	<i>Inspection of Embassy Reykjavik, Iceland</i>
ISP-I-11-30A	<i>Inspection of Embassy Stockholm, Sweden</i>
ISP-I-11-31A	<i>Inspection of Embassy Tel Aviv, Israel</i>
ISP-I-11-34A	<i>Inspection of Consulate General Jerusalem</i>
ISP-I-11-35	<i>Joint Issues in the Inspection of Embassy Tel Aviv and Consulate General Jerusalem</i>
ISP-I-11-36	<i>Congressional Request for Review of Department of State Activities Regarding Shipwreck Salvage Claim</i>
MERO-I-11-01	<i>The Bureau of Population, Refugees and Migration's Internally Displaced Persons Program in Pakistan</i>
MERO-I-11-02	<i>PAE Counternarcotics Operations and Maintenance Support in Afghanistan</i>
MERO-I-11-05	<i>PAE Operations and Maintenance Support at Embassy Kabul, Afghanistan Performance Evaluation</i>
MERO-I-11-06	<i>Performance Evaluation of Department of State Contracts to Assess the Risk of Trafficking in Persons Violations in Persian Gulf States</i>
MERO-I-11-07	<i>Review of Department of State contracts for Trafficking in Persons (TIP)-Levant</i>

CLASSIFIED REPORTS ISSUED

The following reports are summarized in the classified annex:

Report Number	Report Title
ISP-S-11-05A	<i>Classified Annex to the Inspection of Embassy Kathmandu, Nepal</i>
ISP-S-11-08A	<i>Classified Annex to the Compliance Follow-up Review of Embassy Baghdad, Iraq</i>
ISP-S-11-15A	<i>Classified Annex to the Inspection of Embassy Athens, Greece</i>
ISP-S-11-16A	<i>Classified Annex to the Inspection of Embassy Valletta, Malta</i>
ISP-S-11-17A	<i>Classified Annex to the Inspection of Embassy Luxembourg, Luxembourg</i>
ISP-S-11-19A	<i>Classified Annex to the Inspection of Embassy Copenhagen, Denmark</i>
ISP-S-11-20	<i>Review of the Department of State's Role in the Detainee Transfers, Assurances, and Monitoring</i>
ISP-S-11-21A	<i>Classified Annex to the Inspection of Embassy Dili, Timor-Leste</i>
ISP-S-11-23A	<i>Classified Annex to the Inspection of Embassy The Hague and Consulate General Amsterdam, the Netherlands</i>
ISP-S-11-24A	<i>Classified Annex to the Inspection of Embassy Jakarta, Indonesia</i>
ISP-S-11-27A	<i>Classified Annex to the Inspection of Embassy Oslo, Norway</i>
ISP-S-11-28A	<i>Classified Annex to the Inspection of Embassy Reykjavik, Iceland</i>
ISP-S-11-30A	<i>Classified Annex to the Inspection of Embassy Stockholm, Sweden</i>
ISP-S-11-31A	<i>Classified Annex to the Inspection of Embassy Tel Aviv, Israel</i>
ISP-S-11-34A	<i>Classified Annex to the Inspection of Consulate General Jerusalem</i>

APPENDIX 3: SAVINGS AND MORE EFFECTIVE USE OF RESOURCES

Table 1: Inspector General Issued Reports With Questioned Costs

Type of Report	Number of Reports	Questioned Costs (Dollars in Thousands)	Unsupported Costs (Dollars in Thousands)
A. For which no management decision has been made by the commencement of the reporting period	10	\$167,317	\$74,614
B. Which were issued during the reporting period:			
Audits			
<i>Audit of Funding Provided by the American Recovery and Reinvestment Act for the Foreign Service Institute National Foreign Affairs Training Center (AUD/CG-11-12)</i>	1	\$3	\$0
Evaluations			
<i>Performance Evaluation of PAE Operations and Maintenance Support at Embassy Kabul, Afghanistan (MERO-I-11-05)</i>	1	\$1,156	\$0
Total issued during this report period	2	\$1,159	\$0
Subtotals (A + B)	12	\$168,476	\$74,614
C. For which a management decision was made during the reporting period			
(i) dollar value of disallowed costs	4	\$11,737	\$10,210
(ii) dollar value of costs not disallowed	2	\$76	\$73
D. For which no management decision has been made by the end of the reporting period	8	\$156,663	\$64,331
Reports for which no management decision was made within 6 months of issuance	7	\$155,507	\$64,331

Table 2: Inspector General Issued Reports With Recommendations That Funds Be Put To Better Use

Type of Report	Number of Reports	Dollars (in Thousands)
A. For which no management decision has been made by the commencement of the reporting period	1	\$1,679
B. Which were issued during the reporting period:		
Inspections		
<i>Inspection of Embassy Bangkok, Thailand (ISP-I-11-03A)</i>	1	\$520
<i>Inspection of Embassy Athens, Greece (ISP-I-11-15A)</i>	1	\$100
Total issued during this reporting period	2	\$620
Subtotals (A + B)	3	\$2,299
C. For which a management decision was made during the reporting period		\$520
(i) dollar value of recommendations that were agreed to by management		
- based on proposed management action	1	\$520
- based on proposed legislative action		
(ii) dollar value of recommendations that were not agreed to by management	0	\$0
D. For which no management decision has been made by the end of the reporting period	1	\$1,779
Reports for which no management decision was made within 6 months of issuance	1	\$1,679

APPENDIX 4: RESOLUTION OF REPORTS AND RECOMMENDATIONS

SIGNIFICANT AUDIT RECOMMENDATIONS PENDING FINAL ACTION

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
AUD/CG-06-02	4	<p><i>Application of Agreed-Upon Procedures to George Mason University Awards</i></p> <p>OIG recommended the Bureau of Educational and Cultural Affairs grants officer:</p> <ul style="list-style-type: none"> • Ensure George Mason University follows through with proposed guidelines related to cost share; • Require the University to provide supporting documentation for claimed cost share amounts totaling \$354,248 for Grants ASMA-0324 and S-ECAAS-02-GR-251; and • Reduce the grants accordingly, and require the University to reimburse applicable unmet cost share amounts. 	2/06
AUD/IQO-07-20	2	<p><i>Review of DynCorp International, LLC, Contract Number S-LMAQM-04-C-0030, Task Order 0338, for the Iraqi Police Training Program Support (Joint audit with the Special Inspector General for Iraq Reconstruction)</i></p> <p>OIG recommended the Office of Acquisitions Management seek reimbursement from DynCorp for the improperly authorized payment of \$4.2 million that represents contractually unauthorized work directed by the Iraqi Ministry of Interior. This work included the relocation of the residential camp, the manufacture of additional VIP trailers, and the construction of an Olympic-sized swimming pool.</p>	1/07

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
AUD/IQO-07-48		<i>Accounting for Government-Owned Personal Property Held by Selected Contractors in Afghanistan</i>	9/07
	1	OIG recommended the Department develop and implement policies and procedures to achieve compliance with FAR requirements for reviewing a contractor's property control system.	
	2	<p>OIG recommended the Department take actions to address the \$2.9 million in unallowable costs identified in this report, including:</p> <ul style="list-style-type: none"> • Reconciling contract requirements to the property acquired and invoiced by the contractors for which they were reimbursed and determine whether property in excess of amounts specified in the contract or task order was required to accomplish contract objectives. • Documenting the reconciliation and determination, use them as the basis for approving the costs of any excess property deemed allowable, and issue a modification to the task order indicating the approval. • Resolving any unallowable costs associated with property that was determined to be unnecessary to the accomplishment of contract objectives. 	
	3	<p>OIG recommended the Department take the following steps to address the \$25.5 million in unsupported costs identified in this report:</p> <ul style="list-style-type: none"> • Reconcile the property acquired and invoiced by the contractors for which they were reimbursed to the contractor's property lists by obtaining and reviewing contractor documentation detailing the types and quantities of property acquired. • Determine whether the property was needed and consistent with contract requirements. • Resolve any unsupported allowable costs associated with property that could not be supported with adequate documentation or was determined to be unnecessary to the accomplishment of contract objectives. 	
	5	OIG recommended the Department evaluate its current structure for monitoring government property held by contractors, assess the benefits of creating a property administrator function, and use this evaluation to clearly define the authority and responsibility for property oversight for each member of its contract administration team.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
AUD/SI-07-27		<i>Audit of Emergency Preparedness at the Washington Metropolitan Facilities of the Department of State</i>	3/07
	2	OIG recommended the Bureau of Administration ensure the Office of Emergency Management's Planning and Preparedness Division has sufficient staffing to finalize 6 FAM 400, Office of Emergency Management Program, and the proposed 6 FAH-1 H-100, Domestic Emergency Handbook, and ensure the emergency preparedness policies and procedures contained in these manuals are implemented and enforced in a timely manner.	
AUD/CG-07-37		<i>Independent Accountants' Report on the Application of Agreed-Upon Procedures on Costs Claimed by Meridian International Center Under Department of State Cooperative Agreements</i>	9/07
	1	OIG recommended the Bureau of Educational and Cultural Affairs (ECA): <ul style="list-style-type: none"> • Determine whether the Center's use of the for-gone opportunity costs concerning the Center's conference facilities constitutes an appropriate cost-share amount under the cooperative agreement. • Following this determination, as appropriate, require the Center to provide supporting documentation for the claimed cost-share amounts or an alternative cost-sharing proposal. 	
AUD/CG-08-02		<i>Independent Accountants' Report on the Application of Agreed-Upon Procedures on Costs Claimed by Young Men's Christian Association of Greater New York Under Department of State Grants</i>	1/08
	4	OIG recommended that ECA require the Association to substantiate the unsupported payroll costs or reimburse the Department for these costs.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
AUD/CG-08-32		<i>Independent Accountants' Report on the Application of Agreed-Upon Procedures on Indirect Cost Rates Proposed by Nacel Open Door, Inc.</i>	8/08
	3	OIG recommends that ECA require Nacel Open Door, Inc., to (a) establish appropriate policies and procedures to ensure that costs under the grants are adequately documented and accounted for in accordance with the applicable Office of Management and Budget circulars and (b) provide information so that ECA can make an appropriate determination on the unsupported costs of \$94,524.	
AUD/IQO-09-25		<i>Audit of the Design and Construction of the New Embassy Compound in Baghdad, Iraq</i>	10/09
	1	OIG recommends that the Contracting Officer, Bureau of Administration, Office of Logistics Management, attempt to recover \$4.6 million from First Kuwaiti Trading and Contracting for the infrastructure contract to make the necessary corrections to the safe areas in the New Embassy Compound.	
	2	OIG recommends that the Contracting Officer, Bureau of Administration, Office of Logistics Management, attempt to recover \$14 million for the housing, infrastructure, support facilities, and the chancery contracts from First Kuwaiti Trading and Contracting to perform the necessary design and retrofit of seismic bracing in the New Embassy Compound.	
	4	OIG recommends that the Contracting Officer, Bureau of Administration, Office of Logistics Management, attempt to recover \$1.7 million for contracts from First Kuwaiti Trading and Contracting for the housing, infrastructure, support facilities, and the chancery contracts so that the necessary repairs to the exterior walls and walkway and road surfaces can be made.	
	6	OIG recommends that the Contracting Officer, Bureau of Administration, Office of Logistics Management, attempt to recover approximately \$500,000 from First Kuwaiti Trading and Contracting for the infrastructure contract to increase the pent-house size and air flow through the louvers of the Utility Building.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
	7	OIG recommends that the Contracting Officer, Bureau of Administration, Office of Logistics Management, attempt to recover approximately \$11 million from First Kuwaiti Trading and Contracting for the infrastructure contract to compensate the Department of State for additional operating costs that will be incurred because the configuration of the Utility Building/Generator Plant was changed from the 10 2-megawatt configuration to 18 1-megawatt generators.	
	8	OIG recommends that the Contracting Officer, Bureau of Administration, Office of Logistics Management, attempt to recover between \$4.2 million and \$4.4 million from First Kuwaiti Trading and Contracting for the infrastructure contract to correct all deficiencies to the electrical wiring, control, and distribution systems at the New Embassy Compound.	
	9	OIG recommends that the Contracting Officer, Bureau of Administration, Office of Logistics Management, attempt to recover an estimated \$500,000 from First Kuwaiti Trading and Contracting for the infrastructure contract so that the necessary functions can be added to the building automation system at the New Embassy Compound.	
	10	OIG recommends that the Contracting Officer, Bureau of Administration, Office of Logistics Management, attempt to recover \$4.6 million from First Kuwaiti Trading and Contracting to correct fire system deficiencies for the staff diplomatic apartments (\$3.5 million for the housing contract) and repair the water main distribution system joints (\$1.1 million for the infrastructure contract).	
	11	OIG recommends that the Contracting Officer, Bureau of Administration, Office of Logistics Management, attempt to recover approximately \$1.5 million from First Kuwaiti Trading and Contracting for the infrastructure and housing contracts to correct deficiencies in the plumbing traps at the New Embassy Compound.	
	12	OIG recommends that the Contracting Officer, Bureau of Administration, Office of Logistics Management, attempt to recover approximately \$33 million that was paid to First Kuwaiti Trading and Contracting to perform and document the required design work for the new embassy compound (NEC) Baghdad contracts.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
	14	OIG recommends that the Contracting Officer, Bureau of Administration, Office of Logistics Management, attempt to recover approximately \$3.8 million for the housing, infrastructure, site facilities, and chancery contracts that First Kuwaiti Trading and Contracting did not perform or that it performed incorrectly related to commissioning activities.	
AUD/SI-10-23		<i>Audit of Allegations Pertaining to Contract With DynCorp International for the Security Sector Transformation Project in South Sudan, Africa</i>	08/10
	3	OIG recommends that the Bureau of Administration, Office of Acquisitions Management, in coordination with the Bureau of African Affairs, offer DynCorp International additional reimbursement of \$2.6 million.	

SUMMARY OF AUDIT REPORTS WITHOUT MANAGEMENT DECISION FOR MORE THAN SIX MONTHS

Report Number: AUD/CG-06-02

Subject: Application of Agreed-Upon Procedures to George Mason University Awards

Date Issued: February 24, 2006

Reason for not being resolved: ECA was requested to respond to Recommendations 1, 3, and 4 by April 21, 2010. On September 10, 2010, the Acting Division Director for ECA Grants requested that OIG send him any information pertaining to the recommendations so that he could “respond appropriately . . . on the status of the [recommendations].” However, OIG had not received a response as of the end of this reporting period. Therefore, the three recommendations remain unresolved.

Projected date of resolution: September 2011.

SIGNIFICANT INSPECTIONS RECOMMENDATIONS PENDING FINAL ACTION

Report Number	Rec. No.	<i>Report Title</i> Recommendation Summary	First Reported
ISP-I-10-16	1	<i>Management Review of Youth Exchange Programs, Bureau of Educational and Cultural Affairs</i> OIG recommended ECA, in coordination with the Bureau of Administration and FSI, should revise as appropriate the current federal assistance curriculum to include compliance with internal and external regulatory procedures for the conduct of oversight of youth exchange programs.	10/09
ISP-I-09-43	13	<i>Management Review of the Office of Historian, Bureau of Public Affairs</i> OIG recommended the Bureau of Public Affairs (PA) establish and implement written guidance to the Deputy Assistant Secretary and the Director of the Office of the Historian that establishes lines of authority, frequent periodic reviews, attendance of each at staff meetings held by the other; and other approaches to encourage a clear chain of command with direct communication between the two offices.	05/09
ISP-I-09-34	22	OIG recommended that PA should design and implement an orientation program in the Office of the Historian for new employees and contractors covering such topics as Civil Service hiring procedures, rules, and regulations; and Department functions and activities.	
	24	OIG recommended that PA should design and implement an orientation program in the Office of the Historian for new employees and contractors covering such topics as Civil Service hiring procedures, rules, and regulations; and Department functions and activities.	
	22	<i>Inspection of the Bureau of Consular Affairs, Passport Services</i> OIG recommended the Bureau of Consular Affairs initially certify all acceptance agents by assigning them individual identification numbers and subsequently require all acceptance facilities to recertify annually the names of the individuals trained and authorized to accept passport applications.	07/09
	24	OIG recommended the Bureau of Consular Affairs create and maintain an integrated master database within the Travel Document Information System of all authorized acceptance facilities and agents.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
	27	OIG recommended the Bureau of Consular Affairs standardize the guidance for conducting adjudication audits, conduct a comprehensive error rate study, and create an action plan to reduce the overall error rate.	
	45	OIG recommended the Bureau of Consular Affairs develop a passport fraud tracking system and order its deployment before the end of FY 2009.	
ISP-I-09-16		<i>The Executive Office, Bureau of Diplomatic Security</i>	04/09
	13	OIG recommended DS, in coordination with the Bureau of Administration, review and amend all contract documentation to include a full and complete description of services and tasks to be performed for the Office of the Chief Technology Officer and should institute benchmarks for evaluating contractor performance.	
	24	OIG recommended DS, in coordination with the Bureau of Administration, should eliminate Diplomatic Security-developed program asset systems and convert their asset data to the Integrated Logistics Management System.	

SUMMARY OF INSPECTION REPORTS WITHOUT MANAGEMENT DECISION FOR MORE THAN 6 MONTHS

Report Number: ISP-I-09-16

Subject: Report of Inspection of the Executive Office, DS

Date Issued: April 5, 2009

Reason for Not Being Resolved: OIG recommended that DS abolish its space management division and transfer it to the Office of Real Property Management in the Bureau of Administration (A/OPR/RPM). DS did not concur with the recommendation and proposed an alternative solution; to coordinate and develop a memorandum of agreement (MOA) with the A Bureau relating to space management functions. OIG, DS, and A/OPR/RPM are in the process of seeking consensus and resolution of the recommendation.

Projected Date of Resolution: June 2011

Report Number: ISP-I-10-68

Subject: Implementation of a Process to Assess and Improve Leadership and Management of Department of State Posts and Bureaus

Date Issued: June 29, 2010

Reason for Not Being Resolved: OIG recommended that the Department devise and implement a feedback system to regularly assess post and bureau managers and take appropriate measures to address and correct post and bureau leadership and management deficiencies. OIG and the Department are in the process of achieving resolution of the recommendation.

Projected Date of Resolution: April 2011

REVISED MANAGEMENT DECISIONS

None

MANAGEMENT SUCCESS IN RESOLVING AND IMPLEMENTING RECOMMENDATIONS

Inspection of Embassy Bangkok, Thailand, and Consulate General Chiang Mai (ISP-I-11-03)

The biggest management issue at Consulate General Chiang Mai was the Tarndong Village housing compound, which consisted of eight four-bedroom and ten three-bedroom American style leased houses, located in the suburbs approximately 30 minutes from the consulate compound. All of the houses were large and required OBO's approval of space waivers when small families or singles were assigned to housing on the compound. As the staffing mix and residential security requirements were changing, OIG recommended that Embassy Bangkok and OBO conduct a cost-benefit analysis of maintaining the 18 leases on the Tarndong Village housing compound. In response to the recommendation, the 18 leases were terminated at an overall cost-savings in the amount of \$520,000. Future residential housing needs in Chiang Mai will be met with other leased properties at a more reasonable leasing cost.

Inspection of Department-Required and Congressionally Mandated Reports: Assessment of Resource Implications (ISP-I-11-11)

Workload implications identified in 26 out of 80 OIG reports on inspected embassies between 2007 and 2009, that the process of preparing and submitting

Congressionally mandated and Department-required reports imposes unduly heavy demands on limited personnel resources. Similar issues were raised by 19 additional embassies in response to an OIG cable survey that was conducted as a part of the assessment. OIG recommended that the Department consult with the Congress about submitting Congressionally mandated reports for specific countries in a revised format using less detail, hyperlinks to other online reports, or to previous still valid reports to eliminate duplication. OIG also recommended that the Bureau of Human Rights, Democracy and Labor and the Office to Monitor and Combat Trafficking in Persons create and implement a plan to have the data in their respective, Congressionally mandated reports cover the same time period to reduce the burden of report preparation on posts and bureaus.

The Secretary convened the first-ever Global Chiefs of Mission Conference in Washington January 31 – February 4, 2011. Senior Department officials joined 177 ambassadors, other chiefs of mission, and long-term charges d'affaires from overseas posts for a series of exchanges on U.S. foreign policy challenges, leadership skills, interagency coordination issues, and implementation of the Quadrennial Diplomacy and Development Review (QDDR). During the conference, the Secretary discussed her intention to consolidate and eliminate duplicative reporting requirements and to reduce the length of reports. Several measures were implemented by the Under Secretary for Political Affairs (P) and the Under Secretary for Democracy and Global Affairs (G) to reduce duplication and overlap of the Human Rights Report, the International Religious Freedom Report, and Trafficking in Persons Report that were incorporated in the revised instructional guidance sent to posts for the FY 2010 and FY 2011 report submissions. In addition, the Bureau of Legislative Affairs (H) has undertaken a detailed review of all reporting requirements and reports prepared by the Department to fulfill Congressional mandates. H continues to work with the Congress for agreement on a legislative fix to secure repeal of obsolete and/or duplicate reports.

Review of the Crisis and Emergency Planning Application (ISP-I-11-14)

The Crisis and Emergency Planning Application (CEPA), developed by DS in 2006 is a computer-based application used by U.S. missions to prepare and update their emergency action plans. While the Department made progress in converting to this automated system, in many cases, embassy senior management did not provide sufficient leadership in the implementation or maintenance of CEPA. Among the 230 posts required to use CEPA, OIG identified that 35 have not completed their initial CEPA submissions and 63 are delinquent in completing the required annual updates. OIG recommended that each of the six geographical bureaus oversee the completion of the emergency action plans by posts in their region. In response to the recommendation, four of the six geographical bureaus have reported significant compliance in overseeing the completion of the initial and annual updates to the emergency action plans for posts in their region using CEPA.

Inspection of Embassy Athens, Greece (ISP-I-11-15A)

Employees at Embassy Athens and Consulate General Thessaloniki have been receiving rest and recuperation (R&R) travel benefits since 2000. U.S. direct hires on three-year assignments receive two R&Rs, and entry level officers (ELOs) on two-year assignments receive one. The overall annual cost of funding R&R travel was over \$100,000. In lean times, this is an expense that can no longer be afforded to employees assigned in Greece. Department regulations (3 FAH-1 H-3721.4) state that all posts that receive R&R travel are required to submit documentation to the appropriate regional bureau executive every two years to justify continued eligibility. The most recent justification from Embassy Athens and Consulate General Thessaloniki was submitted 10 years ago. OIG recommended that the Bureau of European and Eurasian Affairs (EUR) discontinue the R&R travel benefit for Mission Greece. On March 14, 2011, the EUR-IO Executive Director disapproved Mission Greece's request for recertification of eligibility for R&R travel.

Inspection of Embassy Kabul, Afghanistan (ISP-I-10-32A)

The inspection reviewed a sample of employee travel vouchers and noted several anomalies in addition to the inappropriate use of business class for rest and recuperation travel by embassy staff. OIG recommended that Embassy Kabul: 1) revise, issue, and implement an updated travel policy that requires supervisory authorization, justification and documentation; 2) develop and implement procedures requiring all travel authorizations to show the authorized itinerary and costs; and 3) identify and approve cost-constructive routes for rest and recuperation travel, and document all cost-constructive travel with the associated costs. In response to the three OIG recommendations, Embassy Kabul implemented a revised travel policy on November 24, 2010, to address the requirements of the recommendations.

Inspection of Embassy Tokyo, Japan, and Constituent Posts (ISP-I-08-39A)

The alternate communication path for Embassy Tokyo was found to be totally reliant on landlines at the time of the 2008 inspection. The loss of landlines in the event of an emergency or natural disaster had resulted in a loss of the ability to communicate with Embassy Tokyo in earlier earthquakes when the undersea cabling was severed. OIG recommended that the Department establish an alternate communication path for Embassy Tokyo that would not rely on landlines. In response to the recommendation, the Bureau of Information Resource Management (IRM) reaffirmed that Embassy Tokyo and each constituent posts are provided with two pathways for communication, Iridium satellite phones, and access to a Remote Expeditionary Area Communications Hub (REACH) satellite communication kit. The 9.0 earthquake that struck Japan on March 11, 2011, highlights the requirement for all posts to

maintain a state of emergency preparedness readiness. Mission Tokyo's first link back to the Department was via satellite phones.

Review of the Department of State Interagency Coordination and Public Communication Regarding United States Citizen Victims in the Earthquake-Destroyed Hotel Montana in Haiti (ISP-I-10-72)

Although the Hotel Montana victims' families and Congressional staffers praised the Bureau of Consular Affairs' American Citizens Services (ACS) personnel for their compassion and direct contact in the days following the January 12, 2010, earthquake in Haiti, victims' families were still frustrated by the lack of information available on their missing loved ones. Hotel Montana families made the rounds of broadcast morning news shows and were quoted extensively in the press pleading with the U.S. Government to "send more searchers, send the (U.S.) military" to Haiti to find their children. Additionally, the families were receiving information, not always accurate, from many different sources including unofficially from the site. OIG recommended that PA work with the regional and functional bureaus' press and public affairs offices and the public affairs offices of other involved agencies throughout the Administration to document the lessons learned from the Haiti disaster in the public diplomacy crisis response strategy and incorporate the lessons learned into a revised Survival Guide for Public Affairs Officers. PA released a Crisis Communication Plan in December 2010 which outlines the roles and responsibilities for communicating to the public as well as providing a framework for internal bureau communication and ensuring that the Department's message is consistent in public communication products, events and activities while being responsive to changing events on the ground.

Review of Standards, Training and Funding for Consular Country Coordinators (ISP-I-10-73)

In recent inspections of large missions with constituent posts (Australia, Brazil, Italy, Mexico, Pakistan, Turkey, and the United Kingdom), consular inspections noted that the consular country coordinators often were uncertain of the appropriate role and function of the position. OIG recommended that FSI, in coordination with the Bureau of Consular Affairs, develop a training program for consular country coordinators. FSI is in the process of developing a workshop geared towards consular country coordinators that can be offered on a semi-annual basis with the first workshop projected for scheduling in FY 2012.

APPENDIX 5: AUDITS PERFORMED BY CONTRACTORS

Report Number	Report Title	Contractor	Type of Engagement
AUD/FM-11-01	<i>Independent Accountant's Report on the Application of Agreed-Upon Procedures: Retirement, Health Benefits, and Life Insurance Withholdings/Contributions and Supplemental Semiannual Headcount Report Submitted to the Office of Personnel Management</i>	Kearney & Company, P.C.	Agreed-Upon Procedures
AUD/FM-11-02	<i>Independent Auditor's Report on the U.S. Department of State 2010 and 2009 Special-Purpose Financial Statements</i>	Kearney & Company, P.C.	Financial Statement
AUD/FM-11-03	<i>Independent Auditor's Report on the U.S. Department of State 2010 and 2009 Financial Statements</i>	Kearney & Company, P.C.	Financial Statement
AUD/FM-11-04	<i>Management Letter Related to the Audit of the U.S. Department of State 2010 Financial Statements</i>	Kearney & Company, P.C.	Financial Statement
AUD/IT-11-07	<i>Review of Department of State Information Security Program</i>	Williams, Adley & Company, LLP	Federal Information Security Management Act Review
AUD/SI-11-10	<i>Audit of Sources and Uses of Global HIV/AIDS Initiative Global Health and Child Survival Funds Related to the President's Emergency Plan for AIDS Relief (PEPFAR) for FYs 2007 and 2008</i>	Clarke Leiper, PLLC	Performance Audit
AUD/CG-11-12	<i>Audit of Funding Provided by the American Recovery and Reinvestment Act for the Foreign Service Institute National Foreign Affairs Training Center</i>	Cotton & Company, LLP	Performance Audit
AUD/CG-11-13	<i>Audit of Department of State Compliance With Federal Procurement Data System – Next Generation Reporting Requirements of the American Recovery and Reinvestment Act</i>	Kearney & Company, P.C.	Performance Audit

APPENDIX 6: PEER REVIEWS CONDUCTED BY OTHER OFFICES OF INSPECTOR GENERAL

AUDITS

During this semiannual reporting period, the National Aeronautics and Space Administration (NASA) OIG reviewed the system of quality control for OIG's two audit organizations—Office of Audits and MERO. Based on its review, NASA determined that the system of quality control for audit organizations, “although suitably designed, was not consistently followed” by MERO. As a result of this review, OIG received a peer review rating of *pass with deficiencies*.

The Department's Deputy Inspector General, in responding to the NASA report, stated that most of NASA's recommendations “focused on MERO's processes and procedures and will result in OIG changing the GAGAS [generally accepted government auditing standards] reports to assessment reports.” The Deputy Inspector General noted, however, that as of October 14, 2010, the Department had “concurred with all 10 of the recommendations cited in the three MERO reports included in the peer review, and 9 of those recommendations have been fully implemented.”

The Deputy Inspector General also stated that he has taken or plans to take actions in 2011 to ensure that OIG receives a *pass with no deficiencies* opinion on its next peer review. Specifically, he directed, in 2009, that an internal quality control review be conducted of one of MERO's reports that identified “deficiencies in MERO's system of quality control,” and, in September 2010, he “immediately shifted responsibility for all GAGAS audits in the MERO region to the Office of Audits.” He further directed that effective October 1, 2011, “[A]ll MERO activities and functions merge within the Office of Audits.”

In closing, the Deputy Inspector General stated that he remained “committed to maintaining ‘boots on the ground’ in contingency areas as long as necessary”; that he would ensure that the merger of MERO into the Office of Audits is “seamless”; and that “timely, accurate, and relevant reports . . . responsive to the needs of the Congress and the Department” will still be provided regarding work in the MERO region.

INVESTIGATIONS

The Office of Investigations did not undergo a Peer Review during the reporting period. The last Investigative Peer Review was conducted by the Nuclear Regulatory Commission, Office of Inspector General, and was completed on April 30, 2009. During that investigative Peer Review, the Office of Investigations was found to be in compliance with the President's Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency *Quality Standards For Investigations* and the Attorney General's Guidelines. These safeguards and procedures provide reasonable assurance of conforming to professional standards in the conduct of investigations.

**BROADCASTING
BOARD OF
GOVERNORS**

AUDITS

Independent Auditor's Report on the Broadcasting Board of Governors 2010 and 2009 Financial Statements (AUD/IB-11-05)

An independent external auditor audited the Broadcasting Board of Governors (BBG) annual financial statements as of, and for the years ended, September 30, 2010 and 2009. In the auditor's opinion, the Consolidated Balance Sheets, Consolidated Statements of Net Cost, Consolidated Statement of Changes in Net Position, and Combined Statements of Budgetary Resources as of, and for the years ended, September 30, 2010 and 2009, present fairly, in all material respects, BBG's financial position as of September 30, 2010 and 2009, and its net cost of operations, changes in net position, and changes in budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The auditor found certain deficiencies in internal control that it considered significant. Specifically, the significant deficiencies were in internal controls over the financial and accounting system, accounts payable, property, and unliquidated obligations.

Management Letter Related to the Audit of the Broadcasting Board of Governors 2010 and 2009 Financial Statements (AUD/IB-11-06)

During the audit of BBG's 2010 and 2009 financial statements, the independent external auditor identified internal control weaknesses or instances of noncompliance with selected provisions of applicable laws and regulations relating to government purchase cards, information security, Fund Balance With Treasury, accounts receivable, and Foreign Service national payroll. The external auditor recommended that BBG take appropriate action to address these weaknesses.

Review of the Broadcasting Board of Governors Information Security Program (AUD/IT/IB-11-08)

In response to the Federal Information Security Management Act of 2002, OIG requested an independent public accountant to review BBG's Information Security Program to evaluate its progress in addressing FISMA information management and information security program requirements. The review found that BBG had, since the FY 2009 review, taken actions to improve management controls, including realigning its information technology department to improve accountability and

communication among personnel, increasing performance of risk assessments and developing security plans for its major information systems, and developing a strategic plan to address needed improvements in its information technology architecture.

Overall, the independent public accountant found that BBG had developed an information security program. However, for BBG to improve and bring the program into compliance with applicable requirements, the independent public accountant made recommendations for BBG to address control weaknesses in the system inventory list, risk management framework, security configuration management, security awareness training, plans of action and milestones, remote access program, account and identity management, security assessments, and contingency planning.

INSPECTIONS

Inspection of International Broadcasting Bureau Sri Lanka Transmitting Station (ISP-IB-11-01A)

The International Broadcasting Bureau Sri Lanka Transmitting Station is a key provider of shortwave U.S. Government broadcasts to Afghanistan and Pakistan, as well as across Asia, Central Asia, and East Africa. The transmitting station was unaffected by the recent Sri Lankan civil war. The inspectors found the station well managed and with a transmitter availability percentage averaging 99.86 percent. Approximately 50 percent of its program budget is for electricity, and the initiatives that the station manager pursued might reduce those costs as much as 30 percent. OIG recommended that the International Broadcasting Bureau work with Embassy Colombo to hold periodic town hall meetings at the station since its distance from the embassy prevented its employees from attending those meetings and other events.

Inspection of Broadcasting Board of Governors Operations in Indonesia (ISP-IB-11-25)

Indonesia is the world's fourth most populated country and third largest democracy, and its citizens are spread across thousands of islands. Nonetheless, with limited staff and minimal resources, BBG establishments in Indonesia have done an excellent job of reaching out to, and reporting on, this large and complex country. OIG recommended that Voice of America implement a process to end the use of employees' personal funds to temporarily pay agency costs at Voice of America offices with no petty cash or cashier.

Inspection of Radio Free Asia (ISP-IB-11-29)

OIG found that Radio Free Asia's (RFA) staff was dedicated to the company's mission and that staff morale and job satisfaction were high. Staff also gave high marks to the president and senior management, who provided strong direction for the organization; however, first- and second-level supervisors required additional leadership training. OIG recommended that intraoffice communication, specifically among the RFA's language services and between media staffers and technical operations employees, should be improved. The language services were also relying more on the Internet, social media, and citizen journalists to reach their target audiences, and the technical operations division was creative in marshaling its resources and in looking for alternative ways of doing business and of ensuring cyber security, despite a serious

lack of resources. This lack of resources necessitated long hours and additional duties that may affect staff morale, cause work fatigue, and eventually affect the quality of work.

Inspection of the Broadcasting Board of Governors Operations in Thailand (ISP-IB-11-33)

The privatization process was under development to turn International Broadcasting Bureau Thailand Transmitting Station operations over to a third-party contractor and to coordinate station operations as part of a broader strategic partnership with the British Broadcasting Corporation to achieve long-term economies. In addition, transmitter plant personnel had effected energy efficiency changes at the two Thailand transmitter sites and other International Broadcasting Bureau transmitting stations that were projected to save up to \$1.2 million annually.

BEST PRACTICE: Saving Money through Engineering Energy Efficiency

Issue: The operation of IBB transmitting stations is costly—the power costs for operating high power transmitters is one of the largest budgeted expenses. IBB wanted to achieve long-term savings at the IBB Thailand Transmitting Station.

Response: After experimenting with the amplitude modulation companding (AMC) mode on its AMC capable transmitters, the locally employed staff at the Thailand transmitting station began using this mode. They then modified other transmitters to be AMC capable, and subsequently provided support to other IBB network transmitting stations to effect similar modifications on their own transmitters.

Result: The savings in power costs across the entire IBB network have been immediate, and could approach \$1.2 million a year. Using AMC mode has been so successful that IBB has mandated the use of AMC mode at all of its transmitting facilities, wherever feasible. An additional result has been enhanced relations with the Royal Thai Government, which is now seeking the transmitting station's support in applying this same technology to achieve energy savings at its own transmitting facilities. The AMC mode power savings also are enhancing BBG's compliance with the Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007.

INVESTIGATIONS

EMPLOYEE MISCONDUCT

OIG conducted an investigation of an employee of one of BBG broadcast services who posted material from two stories/interviews he conducted while working for BBG on a private Web site for which he was subsequently paid a fee. When interviewed, the employee admitted to his actions. On November 30, 2010, BBG issued the employee a written reprimand for his actions. The letter will remain in his official personnel folder for a period of 3 years. (C2010-039)

APPENDIX 1: BROADCASTING BOARD OF GOVERNORS INVESTIGATIVE ACTIVITIES

Preliminary Inquiries	
Opened	0
Closed	0
Investigations	
Opened	0
Closed	1
Pending (3/31/11)	0
Criminal Actions	
Referrals for Prosecution	0
Indictments/Informations	0
Convictions	0
Sentencings (Months Imprisonment)	0
Sentencings (Months Probation)	0
Declinations	0
Civil Actions	
Civil Referrals	0
Civil Judgments	0
Civil Declinations	0
Administrative Referrals	
Referrals for Personnel Action	0
Suitability Referrals to DS	0
Administrative Actions	
Removals	0
Suspensions	0
Reprimands/Admonishments	1
Debarment Actions	0
Monetary Recoveries	
Criminal Fines/Recoveries	\$0
Civil Recoveries	\$0
Administrative Recoveries	\$0
Total Investigative Recoveries	\$0

APPENDIX 2: BROADCASTING BOARD OF GOVERNORS REPORTS ISSUED

Report Number	Report Title
AUD/IB-11-05	<i>Independent Auditor's Report on the Broadcasting Board of Governors 2010 and 2009 Financial Statements</i>
AUD/IB-11-06	<i>Management Letter Related to the Audit of the Broadcasting Board of Governors 2010 and 2009 Financial Statements</i>
AUD/IT/IB-11-08	<i>Review of the Broadcasting Board of Governors Information Security Program (FISMA FY 2010)</i>
ISP-IB-11-33	<i>Inspection of Broadcasting Board of Governors' Operations in Thailand</i>
ISP-IB-11-29	<i>Inspection Radio Free Asia</i>
ISP-IB-11-25	<i>Inspection of Broadcasting Board of Governors' Operations in Indonesia</i>
ISP-IB/S-11-01A	<i>Classified Annex to the Inspection of International Broadcasting Bureau Sri Lanka Transmitting Station</i>
ISP-IB-11-01A	<i>Inspection of International Broadcasting Bureau Sri Lanka Transmitting Station</i>

APPENDIX 3: SAVINGS AND MORE EFFECTIVE USE OF RESOURCES

TABLE 1: INSPECTOR GENERAL ISSUED REPORTS WITH QUESTIONED COSTS

Type of Report	Number of Reports	Questioned Costs (Dollars in Thousands)	Unsupported Costs (Dollars in Thousands)
A. For which no management decision has been made by the commencement of the reporting period	0	\$0	\$0
B. Which were issued during the reporting period	0	\$0	\$0
Subtotals (A + B)	0	\$0	\$0
C. For which a management decision was made during the reporting period based on formal administrative or judicial appeal			
(i) dollar value of disallowed costs	0	\$0	\$0
(ii) dollar value of costs not disallowed	0	\$0	\$0
D. For which no management decision has been made by the end of the reporting period	0	\$0	\$0
Reports for which no management decision was made within 6 months of issuance	0	\$0	\$0

TABLE 2: INSPECTOR GENERAL ISSUED REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

Type of Report	Number of Reports	Dollars (in Thousands)
A. For which no management decision has been made by the commencement of the reporting period	0	\$0
B. Which were issued during the reporting period	0	\$0
Subtotals (A + B)	0	\$0
C. For which a management decision was made during the reporting period		
(i) dollar value of recommendations that were agreed to by management	0	\$0
- based on proposed management action		
- based on proposed legislative action		
(ii) dollar value of recommendations that were not agreed to by management	0	\$0
D. For which no management decision has been made by the end of the reporting period	0	\$0
Reports for which no management decision was made within 6 months of issuance	0	\$0

APPENDIX 4: RESOLUTION OF REPORTS AND RECOMMENDATIONS

SIGNIFICANT AUDIT RECOMMENDATIONS PENDING FINAL ACTION

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
AUD/HCI-10-24		<i>Audit of Broadcasting Board of Governors Overseas Nonexpendable Personal Property</i>	8/10
	1	OIG recommended that BBG, Office of Engineering and Technical Services, in conjunction with the Chief Financial Officer, identify the system and procedural modifications and corrections required to meet the requirements for reporting on capitalized nonexpendable personal property for the annual financial statements and that it implement the appropriate modifications and corrections no later than September 30, 2010.	
	3	OIG recommended that BBG, Office of Engineering and Technical Services, in conjunction with the Chief Financial Officer, review all capitalized nonexpendable personal property identified; assign salvage values for each item as appropriate; and adjust the annual depreciation expense calculations, accumulated depreciation expenses, and net book values for these items in the Property Inventory Processing System and the Chief Financial Officer's capitalized property spreadsheet as appropriate.	
	5	OIG recommended that BBG, Office of Engineering and Technical Services, in conjunction with the Chief Financial Officer, develop and implement policies and procedures to ensure that personnel assign appropriate salvage values to all nonexpendable personal property before annual depreciation rates are calculated and applied.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
	9	OIG recommended that BBG, Office of Engineering and Technical Services, direct all accountable property officers to conduct a complete physical inventory of all nonexpendable personal property assigned to or located within their respective organizational units as soon as training has been completed but no later than March 31, 2011.	

MANAGEMENT SUCCESS IN RESOLVING AND IMPLEMENTING RECOMMENDATIONS

Inspection of the Broadcasting Board of Governors' Middle East Broadcasting Networks, Inc. (ISP-IB-10-28)

To address consistent reports of poor communication in the news operation noted during the inspection, the vice president for news holds weekly editorial and planning meetings, and the new managing editor schedules daily meetings with news staff to discuss relevant issues. Given the centrality of the vice president's position, OIG recommended that the Middle East Broadcasting Networks, Inc. delineate the authority of the vice president for news and implement a procedure to verify that the vice president exercises his authority decisively and transparently. BBG, in response to the recommendation selected a managing editor for Radio Sawa's day-to-day editorial decision making process and to establish physical separation of the vice president for news position from the Radio Sawa news operations.

APPENDIX 5: AUDITS PERFORMED BY CONTRACTORS

Report Number	Report Title	Contractor	Type of Engagement
AUD/IB-11-05	<i>Independent Auditor's Report on the Broadcasting Board of Governors 2010 and 2009 Financial Statements</i>	Clarke Leiper, PLLC	Financial Statement
AUD/IB-11-06	<i>Management Letter Related to the Audit of the Broadcasting Board of Governors 2010 and 2009 Financial Statements</i>	Clarke Leiper, PLLC	Financial Statement
AUD/IT/IB-11-08	<i>Review of the Broadcasting Board of Governors Information Security Program</i>	Williams, Adley & Company, LLP	Federal Information Security Management Act Review

ABBREVIATIONS

Abbreviation	Full Name
A/GIS/IPS	Bureau of Administration's Office of Government Information Services' Office of Information Programs and Services
ACS	American Citizens Services
AMC	amplitude modulation companding
BBG	Broadcasting Board of Governors
CEPA	Crisis and Emergency Planning Application
CLASS	Department's Consular Lookout and Support System
CMAT	Consular Management Assistance Team
COR	contracting officer's representative
Department	U.S. Department of State
DCM	deputy chief of mission
DS	Bureau of Diplomatic Security
DS/C	Bureau of Diplomatic Security, Countermeasures Directorate
ECA	Educational and Cultural Affairs
ELO	entry level officers
EUR	Bureau of European and Eurasian Affairs
FAR	<i>Federal Acquisition Regulation</i>
FAST	first and second tour
FISMA	Federal Information Security Management Act of 2002
FOIA	Freedom of Information Act
FPDS-NG	Federal Procurement Data System – Next Generation
FSI	Foreign Service Institute
GHAI	Global HIV/AIDS Initiative
GHCS	Global Health and Child Survival
GHI	Global Health Initiative
HR	Bureau of Human Resources
IBB	International Broadcasting Bureau
ICE	U.S. Immigration and Customs Enforcement
ICRC	International Committee of the Red Cross
IDP	internally displaced persons
ILO	International Labor Organization
INL	Bureau of International Narcotics and Law Enforcement Affairs

Abbreviation	Full Name
IRM	Bureau of Information Resource Management
ISSO	Information Systems Security Officer
KCP	Kabul City Power
MERO	Middle East Regional Office
MOA	memorandum of agreement
MSRP	Mission Strategic and Resource Plan
NASA	National Aeronautics and Space Administration
NEC	new embassy compound
OBO	Bureau of Overseas Buildings Operations
OGAC	Office of the U.S. Global Aids Coordinator
OIG	Office of Inspector General
ONDCP	Office of National Drug Control Policy
OPM	Office of Personnel Management
OPR	Office of Real Property Management
PA	Bureau of Public Affairs
PASF	Palestinian Authority security forces
PDA	Personal data assistant
PEPFAR	President's Emergency Plan for Aids Relief
PIERS	Passport Information Electronic Records System
POA&M	Plan of Action and Milestones
PRM	Bureau of Population, Refugees and Migration
QASP	quality assurance surveillance plan
QDDR	Quadrennial Diplomacy and Development Review
R&R	rest and recuperation
RCO	Regional Consular Officer
REACH	Remote Expeditionary Area Communications Hub
Recovery Act	American Recovery and Reinvestment Act
RFA	Radio Free Asia
RPSO	Regional Procurement Support Office
TIP	trafficking in persons
TVPA	Trafficking Victims Protection Act of 2000
UAE	United Arab Emirates
UNHCR	United Nations High Commissioner for Refugees
US	United States of America
USCC	U.S. Security Coordinator

Index of Reporting Requirements

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FRAUD, WASTE, ABUSE, OR MISMANAGEMENT
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