



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

SEMIANNUAL REPORT TO THE CONGRESS

April 1, 2011 to September 30, 2011



Summary of OIG Accomplishments

Financial Results

Questioned costs

Issued during the reporting period	\$254,334
Management decision during the reporting period	0

Recommendations for funds to be put to better use

Issued during the reporting period	\$242,129,021
Management decision during the reporting period	24,951,863

Investigative monetary recoveries **\$10,676,551**

Investigative Results

Cases opened	49
Cases closed	39
Judicial actions	45
Administrative actions	38
Hotline and complaint activity	1,031

Reports Issued: **83**

Cover photo: Embassy Bogota, Colombia

Photo provided by Office of Overseas Buildings Operations

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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 September 30, 2011, as required by the Inspector General Act of 1978, as amended.

At a time when the Federal Government is obliged, not just to make every dollar count but to find ways to substantially cut costs, there is much OIG can do to help our agencies identify ways to work smarter, reduce costs and realize savings, and make the most effective use of increasingly limited resources. During this reporting period, through our audits of contractors, grantees, and high-cost, high-risk programs in Afghanistan, Iraq, Pakistan, and elsewhere, OIG has identified more than \$206 million in questioned costs and funds to be put to better use. We have also increased our focus on defining funds put to better use resulting from our inspections, identifying more than \$35 million in potential cost efficiencies from recommendations to streamline operations, reduce staffing, and eliminate unneeded or underutilized properties.

Identifying potential cost savings and better use of resources is important, but doing it wisely is essential. In recommending potential savings and cost benefits, we try to abide by the old physician's adage to "first, do no harm." We do not make recommendations that may save money over the short run, but cost more than they save farther out in time, nor will we make recommendations that would save money at the expense of seriously degrading our agencies' capabilities to do their work. On the other hand, when we do identify opportunities for savings or better use of resources, we are prepared to stand up for our recommendations regardless of how "unpopular" they are, and will devote as much time as necessary to ensure that our agencies understand how we arrived at the savings claimed by our recommendations.

At the same time, we are concerned with ways that OIG itself can work more efficiently and effectively. On August 1, we completed the merger of the Middle East Regional Office (MERO) and the Office of Audits (AUD). Undertaken as a proactive response to the results of an October 2010 peer review, the merger consolidates all OIG audit activities into two directorates in the Office of Audits, each headed by a deputy assistant inspector general under the assistant inspector

general for Audits. The Audit Directorate will conduct and coordinate management and financial audits and program evaluations of the Department including overseas posts outside the MERO area of operations and the BBG. The MERO Directorate will continue to maintain “boots on the ground” in Afghanistan, Egypt, Iraq, and Pakistan, and to provided oversight and assistance for high-cost, high-risk Department programs and activities in the front-line states and other crises and post-conflict areas.

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 83 reports with recommendations to improve the Department and BBG programs and operations, and identified nearly \$11 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 April 1, 2011, through September 30, 2011. OIG addresses classified issues, as appropriate, in the Classified Annex to the Semiannual Report.

AUDITS

OIG conducted an audit of expenditures from the Emergencies in the Diplomatic and Consular Service Appropriation (K fund), and found that in general the fund's expenditures were made in compliance with authorizing legislation. However, OIG questioned some expenditures and made recommendations to improve the program, including how to improve supporting documentation and report to Congress.

In response to requirements in the FY 2011 National Defense Authorization Act, the Department of Defense (DOD) and Department of State OIGs jointly conducted three audits of the Afghan National Police (ANP) training program.

In the first report, the joint audit team determined that Department officials did not appropriately obligate or return to DOD approximately \$172.4 million of DOD funds provided for the training program, and that the Department's contracting officer's representative approved contractor invoices for payments of approximately \$2.07 million that either were not authorized or were for services not provided. The team also identified approximately \$124.62 million in potential monetary benefits that, when recovered, could be used for valid training program requirements or other DOD requirements.

In the second report, the audit team determined that DOD and Department officials did not develop a comprehensive plan or memorandum of agreement to guide, monitor, and assign transition responsibilities for the Afghan Ministry of Interior and training program contracts. In addition, at the end of the 120-day transition period,

Merger of Audit Functions Within OIG

In August 2011, OIG consolidated its audit functions under a single component, the Office of Audits, which now includes the formerly separate Middle East Regional Office. This merger was the result of proactive efforts taken in response to an October 2010 peer review of OIG's audit operations conducted by the National Aeronautics and Space Administration Office of Inspector General.

The transition plan for the merger enabled the two organizations to integrate seamlessly, placing all audit activities under the oversight of the Assistant Inspector General for Audits, while retaining the essential focus of each component. The new organizational structure has strengthened OIG's audit capabilities and enhanced its effectiveness in accomplishing its goals and objectives. All OIG audit functions now operate as a single entity comprised of the Audit Directorate, responsible for conducting and coordinating audits and program evaluations of the management and financial operations of the Department and BBG, and the Middle East Region Operations Directorate, tasked with providing oversight and assistance for high-cost, high-risk Department programs and activities located in crisis and post-conflict areas—especially Iraq, Afghanistan, and Pakistan. The MERO Directorate maintains an independent presence in Afghanistan, Egypt, Iraq, and Pakistan, continuing its tradition of “boots on the ground” in the Middle East.

the contractor did not have all required positions in place and DOD did not have the personnel in place to effectively oversee the new DOD contract.

In the third report, the audit team determined that the Bureau of International Narcotics and Law Enforcement Affairs officials improperly obligated an estimated \$76.65 million of Afghanistan Security Forces Fund appropriations that DOD provided to support the training program. As a result, DOD and the Department may have violated the Antideficiency Act, and the training program did not receive an estimated \$75.60 million of DOD financial support.

For the three reports, the team made recommendations for the Department to identify and return improperly used appropriations. The team recommended that DOD and the Department develop procedures to monitor the obligation and expenditure of DOD funds for the training program, initiate a joint investigation of a potential violation of the Antideficiency Act, and develop guidance for planning and conducting complex transitions.

As a result of a U.S. strategy initiated in 2009 to expand civilian-led efforts to build Afghan governing capacity at all levels, improve the rule of law, and initiate sustainable economic growth, the number of U.S. civilian employees deployed to

Afghanistan increased significantly. The OIG and the Special Inspector General for Afghanistan Reconstruction conducted a joint audit to assess the costs of establishing and sustaining the civilian uplift and the mechanisms in place to ensure funds for the uplift were used appropriately. As the primary agency responsible for funding this effort, the Department incurred the majority of the \$1.7 billion obligated for the uplift. Congress authorized the Department to transfer funds to other agencies to support the uplift. The audit team found that the Department had not sufficiently ensured that the funds transferred to other agencies were used for their intended purposes. The audit team recommended that the Department implement formal agreements with all agencies that receive Department transfers of funds and that the \$3.5 million in unused funds be recovered from the Department of Transportation. The Department agreed to implement formal agreements with agencies that received transfers of funds and indicated that the agreements would include reporting requirements and the return of the unused funds.

In OIG's report *Audit of Construction and Transfer of Ownership of the President's Emergency Plan for AIDS Relief (PEPFAR) Overseas Construction Projects*, OIG audited the Office of the U.S. Global AIDS Coordinator's (S/GAC) role and actions related to the award, administration, and transfer of the PEPFAR overseas construction projects supporting Centers for Disease Control and Prevention (CDC) programs with Department-appropriated funds. OIG found that S/GAC coordinated, provided oversight for, and transferred PEPFAR overseas construction projects on an ad hoc basis. S/GAC also had not established an effective management structure to resolve the legal dispute with the Department of Health and Human Services (HHS) regarding HHS's authority to award contracts for PEPFAR construction projects overseas. The lack of attention to resolving the interagency dispute resulted in halted construction overseas for all HHS-planned PEPFAR projects during FY 2010. In addition, OIG identified outstanding unliquidated obligations of more than \$14 million in accounts that potentially could be reclaimed and reallocated to fund new projects in Ethiopia, Tanzania, and Uganda. S/GAC officials explained that they had addressed these concerns by reclaiming from HHS and the U.S. Agency for International Development (USAID) more than \$51 million in PEPFAR construction funding.

OIG made recommendations for S/GAC to develop a framework for making decisions and resolving interagency disputes, and to establish guidance for all agencies involved with PEPFAR overseas construction projects on procedures for construction and property management. After the draft report was issued, S/GAC officials said that they were developing a new model for PEPFAR construction with detailed guidance that will be incorporated into the FY 2012 Country Operational Plans.

In its evaluation *Department of State Planning for the Transition to a Civilian-led Mission in Iraq*, OIG found the Department and Embassy Baghdad had instituted

planning and management mechanisms, but that in some areas decisions had not been made, plans could not be finalized, and progress was slipping. Challenges to the transition included difficulty in developing firm or detailed budget estimates, revisions to the size and scope of the Iraqi police training mission, and delays in constructing provincial posts. The Department also faced challenges in air transportation, personal protection, medical facilities, and providing embassy housing for incoming personnel. OIG recommended that Embassy Baghdad finalize program and operational planning to develop detailed cost estimates to complete the transition and establish future funding requirements. OIG also recommended evaluating colocation of the planned temporary consulate in Erbil with a nearby contingency operations site, which could result in an estimated \$12.2 million in cost savings.

INSPECTIONS

OIG conducted inspections of 11 domestic bureaus, 14 overseas missions, and 1 international organization, and also issued 2 special reports. The Office of Inspections issued 53 recommendations that could result in savings or funds put to better use of more than \$35.5 million, and closed 13 recommendations with savings or funds put to better use of more than \$6.4 million. The inspections also documented 5 innovative practices as models for other embassies to use to promote efficiency and effectiveness.

In the *Inspection of the Bureau of Near Eastern Affairs* (NEA), OIG welcomed the appointment of an Iraq Transition Coordinator, but noted the office's staffing, communication, and coordination needed improvement. The unclear budget picture and confusing guidance continue to hamper transition planning in Iraq. Additional concerns included the role of the new deputy assistant secretary for public diplomacy, and orientation for new staff.

The Office of the Special Envoy for Middle East Peace (S/SEMPEP) had saved money and time through closer policy coordination and good resource management. It operated with a small staff while borrowing virtual staff from NEA and other bureaus and U.S. overseas missions as needed. While OIG was impressed by productive interaction between S/SEMPEP and NEA, they recommended both offices agree on a protocol for tasking NEA staff and providing clearance for products.

The Office of the U.S. Special Representative for Afghanistan and Pakistan's (S/SRAP), lack of hierarchy enabled it to accomplish a great deal in a short time. OIG recommended restructuring staffing to more accurately reflect actual duties and lines of authority. OIG concluded that the office should lead monitoring and evaluation of Afghanistan-Pakistan initiatives to assess overall sectoral, national, and regional

outcomes of assistance programs in the region. OIG also recommended more comprehensive language training for Foreign Service officers in Urdu, Pashto, and Dari, and more emphasis on placement of language proficient individuals as full-time U.S. spokespersons and speakers bureau staff to support outreach and engagement.

OIG recommended the Bureau of South and Central Asian Affairs (SCA), consult with Department entities to establish two separate offices: one for India and Bhutan Affairs, and one for Nepal, Sri Lanka, Bangladesh, and Maldives Affairs. OIG also recommended that SCA increase communication with S/SRAP and increase its participation in S/SRAP meetings.

The Office of the Director of U.S. Foreign Assistance (F) achieved notable progress in establishing and implementing mechanisms for coordinating Department and USAID foreign assistance programs. To better prepare for projected heavy workloads associated with the FY 2013 budget process, OIG recommended that F and USAID prepare written guidance to clarify their respective roles, and that upon completion of a pending internal realignment, that F review its workforce requirements.

OIG performed a compliance follow-up review of Embassy Kabul operations, and verified savings of at least \$4.4 million as a result of actions taken in response to two previous recommendations. OIG confirmed compliance with the majority of the recommendations made in 2009. During the 2009 inspection, OIG noted massive personnel surges, multiple construction and infrastructure projects, short staff tours with high turnovers, a relatively new locally employed (LE) staff, and high-security threat. In OIG's 2011 follow-up review, these issues remained, but current staff members had been able to bring policies and procedures in line with Department standards.

In an inspection of Embassy New Delhi and constituent posts, OIG found the mission worked to expand and deepen the bilateral relationship, but needed to address management of capacity constraints in the Government of India, and improve access to Indian officials. In support of this, the Department will need to initiate long-range workload planning and a long-term strategic plan for facilities in India. OIG found that the mission successfully used public diplomacy platforms and social media to influence key demographic groups, and that Consular Team India is a model for integrating large multi-post consular operations.

OIG inspected Embassy Berlin and found the mission's strengths included its economic and political reporting, consular operations, and interagency cooperation. OIG recommended downsizing Consulate General Dusseldorf and Consulate General Hamburg, reducing the large consular section in Frankfurt, and closing Consulate General Leipzig. Implementing these recommendations will result in an annual savings of approximately \$4.7 million, not counting the sale of property or reductions in U.S. direct-hire staffing. Leadership problems at several sections of

the embassy and at three of the consulates general need to be addressed in order to improve morale and performance.

In its inspection of Embassy Pretoria and constituent posts, OIG found insufficient workforce planning, and recommended that Consulate General Durban be significantly downsized or closed. OIG also observed inconsistent space utilization across the mission. Coordination with the South African Government on PEPFAR activities was insufficient.

OIG found the U.S. Mission to the United Nations in New York (USUN) faced challenges with budget and officer recruitment. OIG recommended that USUN focus more attention on staff training; take a strategic approach to workforce planning; address email storage issues; standardize paper and electronic filing protocols; organize a task force on management issues; and take a more planned approach to public diplomacy and outreach.

INVESTIGATIONS

During this reporting period, OIG conducted numerous investigations spanning contract fraud, grant fraud, visa fraud, and false statements. Two investigations performed by OIG resulted in over \$8.5 Million in recoveries for the Department.

In response to a Department employee complaint, OIG investigated a security contractor in Afghanistan on allegations of involvement in a variety of misconduct. The company avoided implementing required policies, misrepresented the work history of its employees, and failed to comply with requirements. A civil settlement filed in the U.S. District Court for the District of Columbia resulted in the company agreeing to pay \$7,536,510.

Following an allegation that a major Department grantee violated the False Claims Act, OIG investigators confirmed false claims for payment under various grants over an eight-year period. These labor costs were improperly reported and charged based on budget estimates, and were maneuvered among grants to avoid return of unused funds to the United States. A civil settlement filed in the U.S. District Court for Southern District of New York resulted in the grantee agreeing to pay \$1,000,000 in restitution.

INTERNATIONAL BROADCASTING

In an inspection of the Botswana Transmitting Station, OIG determined it was well run, with improvements in station operations, cost efficiency, station facility renovations, and energy-saving initiatives. OIG found the station needed to implement physical security improvements, and a cybersecurity policy.

In the *Inspection of Broadcasting Board of Governors Operations in Seoul, South Korea*, OIG found the news bureau to be highly valued by news editors in Washington and in target audiences throughout the Korean peninsula, who were provided news and information on the United States, North Korea, and Japan.

The International Broadcasting Bureau Germany Transmitting Station performed well, though OIG's inspection team made recommendations to address deficiencies in internal controls and LE systems staff training, as well as a lack of standard operating procedures to maintain the station's administrative network. The inspectors recommended that Embassy Berlin deliver a *démarche* to the German Government to address issues with nonreimbursement of the value-added taxes paid on goods and services, from which the transmitting station was exempt by bilateral agreement.

During an inspection of the Voice of America's Indonesian Service, OIG concluded it to be a well managed operation with credible presence in Indonesian media markets. OIG inspectors made no recommendations for significant changes.

**DEPARTMENT
OF STATE**

OFFICE OF AUDITS

CONTRACTS AND GRANTS

Audit of Norwegian People's Aid Under Department of State and U.S. Agency for International Development Multiple Agreements for Years Ended December 31, 2006, and December 31, 2007 (AUD/CG-11-39 and AUD/CG-11-40, respectively)

The USAID Office of Inspector General requested that an independent public accountant audit grants awarded by the Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement (PM/WRA), to the non-governmental organization Norwegian People's Aid. Located in Oslo, Norway, the organization uses the grants to fund programs in South Sudan, Angola, and Cambodia.

For the 2006 report, the independent public accountant questioned costs of \$94,021 in three grants and, in the 2007 report, questioned costs of \$3,313 in two grants. Grant purposes included land mine removal, development of programs that allow free movement and settlement of populations, and improvement of physical infrastructure and access to promote an increased movement and exchange of goods among communities.

For both years, internal control weaknesses and issues of noncompliance with terms of the grant agreements and applicable laws and regulations were identified and were similar to those reported for USAID grants awarded to the organization. The PM/WRA grants officer was requested to issue a final determination on the allowability of the costs and, if disallowed, ensure that the Department is reimbursed for the questioned costs.

FINANCIAL MANAGEMENT

Audit of Expenditures From the Department of State Emergencies in the Diplomatic and Consular Service Appropriation (AUD/FM-11-29)

OIG found that, in general, expenditures made from the Emergencies in the Diplomatic and Consular Service appropriation (K Fund) were in accordance with its authorizing legislation but questioned expenditures totaling \$723,378. These

exceptions included expenditures incurred during Presidential delegation visits to posts, for postage, a retirement function, a kitchen upgrade, and overseas representational activities. In addition to the questioned expenditures, the K Fund office was unable to provide supporting documentation for evacuation, Presidential delegation, and travel-related expenditures totaling \$734,840. The exceptions occurred for reasons that included the need for additional guidance for postage and domestic representation events hosted by the Secretary, the broad nature of the legislation that allows for differing interpretations for allowability, and the lack of adequate documentation from posts for expenditures incurred during evacuations.

The K Fund office did not include all of the expenditures incurred by the bureaus and offices in the quarterly reports to Congress. Specifically, if the bureaus and offices did not submit their expenditures to the K Fund office in a timely manner, those expenditures were not reported to Congress in the current report or any future reports. In addition, the K Fund office had inadvertently reported certain evacuation expenditures twice.

OIG made recommendations for the K Fund office to change its policy for providing funds to posts for expenditures related to Presidential delegations and develop guidance for postage-related and domestic representation activities of the Secretary. OIG also recommended that the Department obtain a legal opinion on the allowability of expenditures related to the kitchen upgrade and overseas representation activities, that the Department require posts to provide an itemized list of post-incurred evacuation expenses to the K Fund office, and that the K Fund office develop a process to ensure that the Congressional reports accurately represent all expenditures.

Independent Auditor's Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2010 and 2009 Financial Statements (AUD/FM-11-27)

OIG's independent external auditor issued an unqualified opinion on the International Boundary and Water Commission, United States and Mexico, U.S. Section (USIBWC), annual financial statements as of and for the years ended September 30, 2010 and 2009. The independent external auditor did not identify any material weaknesses related to internal control or material instances of noncompliance.

Although the independent external auditor is the principal auditor of USIBWC's financial statements, OIG reviews the external auditor's work to ensure it is sufficient and acceptable. Sometimes OIG might disagree with the conclusions or judgments of the external auditor, and if the disagreement cannot be resolved, OIG must determine the most appropriate way to report the disagreement.

OIG does not agree with the conclusions reached by the independent external auditor on USIBWC's accounting treatment of estimated costs to comply with court orders to bring a wastewater treatment plant into compliance with environmental

requirements. USIBWC had chosen to report this estimate as an environmental liability on its 2010 and 2009 consolidated balance sheets (\$4,409,148 and \$61,477,839, respectively). Because of its choice to record this estimate as a liability, USIBWC had also posted a negative expense totaling \$57,068,691 on its FY 2010 statement of net cost to reflect the amount it spent in FY 2010 on the project. Certain notes, which are an integral part of the statements, also reflect USIBWC's decision to record the amounts as an environmental liability. OIG concluded that USIBWC had materially departed from generally accepted accounting principles. Because of the dollar magnitude of the transactions, OIG believes that USIBWC's FY 2010 and 2009 financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and cost of operations. Under these circumstances, auditing standards prescribe an adverse opinion.

Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, 2010 and 2009 Financial Statements (AUD/FM-11-28)

During the audit of the USIBWC 2010 and 2009 financial statements, an independent external auditor identified internal control weaknesses or instances of noncompliance with selected provisions of applicable laws and regulations relating to property, plant, and equipment; accounts receivable; accounts payable; undelivered orders; payroll compliance; expenses; earned revenue; unexpended appropriations; journal vouchers; and environmental liabilities. The auditor recommended that USIBWC take appropriate action to address these weaknesses.

HUMAN CAPITAL AND INFRASTRUCTURE

Audit Survey of Reimbursement to the Department of State for Overseas Hospitalizations (AUD/HCI-11-43)

In an audit survey of the Department's process to collect employee reimbursement for overseas hospitalizations, OIG determined that expenditures for overseas hospitalizations for FYs 2004–2008 averaged approximately \$5.4 million, while reimbursements to the U.S. Government averaged \$4.8 million, or 89 percent of the annual costs. Consequently, the net “cost” to the government for the hospitalizations was approximately \$600,000 per year—some of which may yet be recouped. Office of Medical Services (MED) medical claim files lacked sufficient documentation to determine whether the Department or the employees hospitalized were responsible for outstanding unreimbursed balances. As a result, for FYs 2004–2008, the Department wrote

off \$188,500 of medical accounts receivable, with another \$402,366 remaining open and unresolved. Beginning in FY 2009, the Department implemented actions to ensure that medical accounts receivable were collected in a timelier manner.

OIG also found that guidance pertaining to reimbursement for overseas hospitalizations was open to interpretation and was inconsistent or ambiguous because updates on specific guidance were not reflected in other guidance related to the same issues, MED used a standard to determine the reasonableness of insurance reimbursements that was not formalized and was considerably less than the actual reimbursement rates, and employees were not required to reimburse the Department for copayments because MED did not consider these amounts worth pursuing and pursuing the copayments was not authorized by guidance.

OIG made recommendations for MED to clarify existing guidance to eliminate contradictions and ambiguity; analyze historical data and/or current insurance policies to establish an expected rate target for reimbursements for overseas hospitalization expenditures; and determine whether the Department has the authority to collect copayments for overseas hospitalizations from employees and, if it does have the authority, develop and implement policies and procedures to collect the copayments.

INFORMATION TECHNOLOGY

Management Letter Related to Review of Department of State Information Security Program for FY 2010 (AUD/IT-11-26)

OIG contracted with an independent public accountant to conduct the annual evaluation of the FY 2010 Information Security Program as required by the Federal Information Security Management Act (FISMA). The independent public accountant found that the Department's program did not have an enterprise-wide Business Impact Analysis (BIA) for Primary Mission Essential Functions (a method for identifying the effects of not performing a function in case of an emergency). The lack of a BIA could hamper the timely and efficient response in support of the performance of National Essential Functions (functions that the President and national leadership will focus on before, during, and after an emergency occurs). OIG recommended that the Bureau of Information Resource Management and the Bureau of Administration's Office of Emergency Management develop and document a comprehensive enterprise-wide BIA in conformance with applicable directives.

Audit Survey of Department of State Approach To Developing an Automated Time and Attendance System (AUD/IT-11-41)

OIG initiated an audit of the Department's approach to developing an automated Time and Attendance (T&A) system. Development of the T&A system is a phase of the Global Foreign Affairs Compensation System (GFACS) project. The objective was to determine to what extent the Department had considered relevant business processes in developing the T&A system requirements, coordinated with system users to ensure needs are addressed, and addressed applicable information security requirements.

During the audit survey, OIG determined that it was not prudent to proceed with the audit because implementation of the T&A system was not at a state of development where performance of audit steps and procedures would deliver meaningful results. However, based on its initial review of documentation and meetings with Bureau of Resource Management (RM) officials, OIG determined that the GFACS Exhibit 300 business case submission (justification for the project and benefits to the Department) lacked adequate information on the T&A phase of the project, that evidence regarding performance of adequate requirements analysis was lacking, and that the T&A project was not adequately accounted for in the overall GFACS project management plan.

OIG recommended that RM update the Exhibit 300 business case, perform a detailed requirements analysis of the proposed T&A system, and update the GFACS project management plan to reflect the T&A phase of the project.

INTERNATIONAL PROGRAMS

Audit of Construction and Transfer of Ownership of the President's Emergency Plan for AIDS Relief (PEPFAR) Overseas Construction Projects (AUD/IP-11-14)

OIG audited the Office of the U.S. Global AIDS Coordinator's role and actions related to the award, administration, and transfer of PEPFAR overseas construction projects supporting the CDC programs with Department-appropriated funds. As part of this effort, OIG reviewed the legal dispute between the Department and HHS related to authority for awarding and transferring PEPFAR overseas construction projects on behalf of CDC.

OIG found that S/GAC inadequately coordinated, provided oversight for, and transferred PEPFAR overseas construction projects and had not established an effective management structure to resolve the legal dispute between the Department and HHS

regarding HHS's authority to award contracts for PEPFAR construction projects overseas. These conditions occurred because S/GAC has paid insufficient attention to engaging in high-level coordination and resolution of issues related to administering PEPFAR construction. OIG also found that the roles and responsibilities of the various implementing agencies were not well defined for requisitioning funds, awarding contracts, and accounting for constructed property.

The lack of attention to resolving the interagency dispute and to providing adequate oversight and guidance resulted in all HHS-planned PEPFAR construction projects overseas being halted during FY 2010, impacting individuals who needed access to a facility to be tested and/or treated for human immunodeficiency virus and/or acquired immune deficiency syndrome (HIV/AIDS). In addition, OIG identified outstanding unliquidated obligations of more than \$14 million in accounts that potentially could be reclaimed and reallocated to fund new projects in Ethiopia, Tanzania, and Uganda. S/GAC was unable to provide a comprehensive inventory of PEPFAR properties and did not know whether the properties had been completed or who owned or was responsible for the maintenance of the properties.

OIG made recommendations for S/GAC to develop an interagency memorandum of agreement for the participating agencies that would provide a framework or structure for making decisions and resolving disputes and to discuss and seek resolution for the current legal dispute on construction authority with senior-level management within HHS. OIG also recommended that S/GAC appoint a senior-level official with experience in construction to report directly to the U.S. Global AIDS Coordinator and to establish guidance for all agencies involved with PEPFAR overseas construction projects that clearly describes procedures for construction and property management. Regarding the \$14 million in unliquidated obligations, S/GAC officials stated that they had addressed these concerns by reclaiming from HHS and the USAID more than \$51 million in PEPFAR construction dollars.

MIDDLE EAST OPERATIONS

Audit of Overtime Pay for Locally Employed Staff Assigned to Embassy Baghdad (AUD/CG-11-47)

OIG was to determine whether Embassy Baghdad supervisors provided adequate internal controls over the authorization and approval of overtime pay for LE staff assigned to Iraq. Locally employed staff generally are non-U.S. citizens working at a U.S. mission and are under chief-of-mission authority.

For 2008 and 2009, OIG determined that 444 LE staff assigned to the embassy claimed 248,135 overtime hours on their timesheets, totaling about \$3.9 million, for payment. Also, American supervisors at the embassy did not consistently authorize overtime for locally employed staff in advance of work performed.

Time and attendance internal controls were weak because LE staff on temporary duty at the embassy provided timesheets and supporting documentation directly to their home posts without having the appropriate supervisory approval or oversight. Also, post timekeepers were not adequately trained in timekeeping duties concerning overtime and the unique demands of payroll benefits, for which locally employed staff were eligible while serving in Iraq. Timekeepers made adjustments to timesheets but were not able to validate reported overtime hours with Embassy Baghdad supervisors. OIG made recommendations for the embassy to improve its internal controls and comply with Departmental regulations, policies, and procedures.

Department of State Planning for the Transition to a Civilian-led Mission in Iraq, Performance Evaluation (MERO/I-11-08)

The Department and Embassy Baghdad had planning and management mechanisms to effectively transition to a civilian-led presence in Iraq. However, several key decisions had not been made, some plans could not be finalized, and progress was slipping in a number of areas. Establishing a viable diplomatic mission in Iraq will require considerable resources, but it has been difficult to develop firm or detailed budget estimates.

OIG found that the Department faces many challenges in transitioning to a civilian-led effort in Iraq. Specifically, the transfer of Iraqi police training to the Department was generally on schedule, but the size and scope of the mission were being revised and land use agreements for training centers had not been confirmed. Also, establishment of an Office of Security Cooperation, which would manage the defense relationship with the Government of Iraq, was behind schedule, and full mission capability was unlikely by October 2011. In addition, construction of four planned provincial posts had been delayed by the inability to decide on scope, size, and land use and by uncertain future funding. At the planned site of a temporary consulate in Erbil, the current facilities had security and safety problems.

OIG further found that the Department, to meet air transportation requirements, needed to procure additional aircraft, obtain agreements on flight plans and land use, construct or renovate air facilities, and maintain aircraft. Also, the Department needed to mitigate losses in protective personal security capability and planned to do so by working more closely with the Government of Iraq and by obtaining access to DOD security-related information and equipment. Further, fully staffed medical facilities would be costly to establish and maintain and might not be in place by the end of 2011. Finally, embassy

housing was nearing full capacity, and it might be difficult to absorb the expected influx of personnel. Also, while demand would be increasing, necessary generator maintenance would decrease available electric power at the embassy.

OIG recommended that Embassy Baghdad finalize program and operational planning to develop detailed cost estimates for completing the transition in Iraq and for establishing future funding requirements. OIG also recommended that the embassy evaluate collocating the planned temporary consulate in Erbil with the contingency operations site near the Erbil airport, which could result in an estimated \$12.2 million in cost savings.

Training and Logistical Support for Palestinian Authority Security Forces, Performance Evaluation (MERO/I-11-09)

In this evaluation, conducted in response to congressional interest in the training and equipping of Palestinian Authority Security Forces, OIG found that the Bureau of International Narcotics and Law Enforcement Affairs (INL) generally provided adequate oversight and management of its contractor DynCorp International. However, INL had not obtained the required contract implementation plan or performance measures from DynCorp and therefore was not able to fully measure progress or document comprehensive program management.

OIG found that the INL office director at Consulate General Jerusalem was the only U.S. Government direct-hire employee. The INL deputy director was a personal services contractor who sometimes performed the duties of the INL director, to include signing donation letters of agreement transferring U.S. Government-purchased equipment to the Palestinian Authority. Although Federal regulations do not expressly prohibit a personal services contractor from performing inherently governmental work, OIG was concerned that some of these functions should be performed by a U.S. Government direct-hire employee. Further, OIG found that there was no contract administration training program for contractors and locally employed staff, even though these individuals were conducting most of the on-site management and oversight of DynCorp. Finally, although required by donation letters of agreement, the Palestinian Authority had not documented incorporation of U.S. Government-purchased equipment into a property accountability system, and according to INL, such a system had not been established.

OIG recommended that INL require DynCorp to submit performance measures; review the duties, responsibilities, and authorities of the INL deputy director position and provide guidance regarding the extent of the duties or convert the position to a U.S. Government direct-hire position; ensure that all staff members in INL's office in Jerusalem are properly trained in contract administration; and assist the Palestinian Authority in developing a property accountability system.

In comments on the report, INL noted it had begun contract administration training and was assisting the Palestinian Authority in building capabilities to warehouse, track, maintain, and distribute U.S. Government-purchased equipment.

The Bureau of Population, Refugees and Migration's Reintegration Assistance Program for Refugees Returning to Afghanistan, Performance Evaluation (MERO/I-11-10)

The Department, through its implementing partners the United Nations High Commissioner for Refugees (UNHCR) and non-governmental organizations, was generally effective in providing reintegration services to returning Afghan refugees. The refugees received initial assistance, such as medical examinations and cash stipends, and materials and money to build shelters when they reached their final destinations. UNHCR also funded a limited number of income generation and water projects for returnees and receiving communities. The Bureau of Population, Refugees and Migration (PRM) filled gaps in assistance through grants to meet needs that included skills training, basic education, health services, and agriculture programs.

OIG found that there were challenges to developing long-term solutions for the returning refugees. Specifically, the Afghan Government does not always have the capacity to provide basic services, and the Afghan ministries do not always consider refugee needs in their planning and budgeting process. In addition, the Afghan Government's land allocation scheme, aimed at addressing the particular needs of vulnerable landless returnees, was mismanaged and has been largely ineffectual in providing returnees with land capable of sustaining a basic livelihood. UNHCR had withdrawn its support of the program and was instead directly assisting returnees, as was PRM through its grants program.

OIG also found that although there were mechanisms to monitor the delivery of assistance to returning refugees, the unstable security environment restricted access to approximately half of the country. Thus PRM and UNHCR often relied on third parties, such as the provincial reconstruction teams, to assess and report on returnee assistance. However, OIG found that the provincial reconstruction teams were inconsistently conducting assessments and reporting information back to PRM and UNHCR.

OIG recommended that PRM conduct a welfare parity survey of Afghan returnees and their receiving communities. OIG also recommended that Embassy Kabul task the consulates and provincial reconstruction teams to observe and assess the refugee situation, advise on assistance issues, interact with Afghan Government representatives, and report regularly on these efforts.

Limited-Scope Review of Planning for the Civilian Uplift at Embassy Kabul (MERO/I-11-11)

The Department, in coordination with Embassy Kabul, led the interagency effort and adequately assessed the staffing positions needed to address the administration's goals and handle the civilian uplift in Afghanistan. The rapid influx of personnel, coupled with the embassy's decision not to deny staffing requests because of a lack of office facilities and housing, initially resulted in insufficient working and living space at both the embassy and the regional posts in Mazar-e-Sharif and Herat, which negatively affected staff productivity and morale.

However, additional temporary housing delivered in 2010 and 2011 alleviated the situation, and ongoing construction of permanent housing and office space should provide an additional 613 beds and 1,219 desks by 2015.

At the time of OIG's review, staff at the Mazar-e-Sharif and Herat regional posts reported an insufficient number of vehicles for conducting work in nonrestricted self-drive zones, as well as a need for additional interpreters. However, because the embassy took action to address these issues during the review, the report did not contain recommendations.

DynCorp Operations and Maintenance Support at Camp Falcon in Kabul, Afghanistan (MERO/I-11-12)

In general, the contractor DynCorp International adequately operated and maintained Camp Falcon systems, such as water filtration and distribution, electric power generation, and heating and cooling, and it also appropriately controlled and inventoried U.S. Government-furnished property. However, OIG found weaknesses in food service invoicing, fuel operations, and the static guard force. Specifically, DynCorp submitted and INL approved invoices that included overcharges for meals provided by DynCorp's subcontractor. OIG recalculated the meal costs using the rate provided in Dyncorp's proposal and determined that Dyncorp had overcharged INL by \$157,000 from November 2009 through January 2010. Also, DynCorp relied on the fuel vendor's measurement of the diesel fuel pumped into the Camp Falcon fuel tanks; therefore, DynCorp could not verify that the camp received the correct amount of fuel. Further, DynCorp did not maintain fuel consumption records, which increased the risk of fraud. The DynCorp static guard force provided security for the camp's tenants; however, DynCorp had not complied with task order requirements to verify the guard's English language proficiency or to limit the guards to a 12-hour shift and a 6-day work week. Both of these issues could reduce the guards' effectiveness and put camp security at risk.

OIG found that the two INL in-country contracting officer's representatives were responsible for approximately 14 programs, including camp administration. They could not focus entirely on operations and maintenance at the camp, nor did they fully understand the task order requirements. In addition, the contract files were incomplete.

OIG recommended that the Bureau of Administration seek reimbursement for the meal overcharges, review past food service invoices for further overcharges, and ensure future vouchers reflect properly calculated meal costs. OIG also recommended that INL ensure that Dyncorp maintains adequate fuel records and ensure that fuel is purchased from vendors with properly calibrated meters. Lastly, OIG recommended that INL assess the English language proficiency of the guards and ensure that the guards work only 6 days per week, in compliance with the task order.

DoD and DOS Need Better Procedures to Monitor and Expend DoD Funds for the Afghan National Police Training Program (DOS AUD/CG-11-30 and DoD D-2011-080), Afghan National Police Training Program: Lessons Learned During the Transition of Contract Administration (DOS AUD/CG-11-42 and DoD D-2011-095), and Afghan National Police Training Program Would Benefit From Better Compliance With the Economy Act and Reimbursable Agreements (DOS AUD/CG-11-44 and DoD D-2011-102)

The Department of Defense (DOD) and the Department of State OIGs jointly conducted three audits of the Afghan National Police (ANP) training program in response to requirements contained in the FY 2011 National Defense Authorization Act.

In the first report, the team determined that:

- State Department did not appropriately obligate or return to DOD approximately \$172.40 million of approximately \$1.26 billion of DOD funds provided for the ANP training program because the Department did not have adequate procedures for obligating, monitoring, and deobligating DOD funds for the training program. Also, DOD officials did not validate whether INL officials obligated funds in accordance with reimbursable agreements.
- State Department's contracting officer's representative approved contractor invoices for payments of approximately \$2.07 million that either were not authorized or were for services not provided. This occurred because Department officials did not always perform detailed reviews of invoices before payment and relied on post-payment reviews of invoices to identify overpayments and obtain refunds from the contractor.

- Total potential monetary benefits of approximately \$124.62 million were identified that, when recovered, could be used for valid training program or other DOD requirements. If not corrected, incorrect obligations of approximately \$74.91 million could result in potential Antideficiency Act violations.
- In following up on the 23 recommendations made in the February 9, 2010, DOD and Department of State joint report entitled *DoD Obligations and Expenditures of Funds Provided to the Department of State for the Training and Mentoring of the Afghan National Police*, the audit team determined that action still needed to be taken on 11 recommendations: seven were closed and replaced with new recommendations, three were re-issued, and one remained open.

The audit team recommended that DOD and Department officials develop procedures for monitoring the obligation and expenditure of DOD funds for the training program and initiate an investigation into potential violations of the Antideficiency Act. In addition, the Department should increase the scope of the prepayment invoice reviews to identify and reject costs that were not authorized or services that were not provided before they were paid for.

In the second report, the audit team determined that:

- DOD and Department officials did not develop a comprehensive plan or develop a memorandum of agreement to guide, monitor, and assign transition responsibilities for the Ministry of Interior and ANP training program contracts. Instead, they relied on independently developed contractor transition plans, some of which were not feasible and did not address inherently governmental tasks. This occurred because DOD and the Department lacked guidance for planning a transition of contract administration responsibilities from one agency to another, which contributed to contractor schedule delays. In addition, DOD officials reported that the incoming contractor did not have 428 of the 728 required trainer and mentor positions in place within the 120-day transition period, placing the overall mission at risk by not providing the mentoring essential for developing the Afghan Government and the Police Force.
- At the end of the 120-day contract transition period, DOD did not have the personnel in place to effectively oversee the new DOD contract. This occurred because DOD did not establish a program support office until 19 days before the contract was awarded and did not formalize an agreement for managing oversight personnel, communication, and information sharing between commands. Until oversight personnel are in place, DOD will be unable to adequately monitor whether the contractor is performing its contractual obligations and achieving the goals of the program.

The audit team made recommendations for DOD and Department officials to develop guidance for planning and conducting complex transitions and also recommended that DOD continue filling the management and oversight vacancies for the new DOD contract and agree on oversight roles and responsibilities between commands.

In the third report, the audit team determined that INL officials improperly obligated an estimated \$76.65 million of Afghanistan Security Forces Fund appropriations that DOD provided to support the ANP training program: an estimated \$75.60 million for two INL rule-of-law programs and one INL counternarcotics program and \$1.05 million for personal services contracts, all of which were contrary to either the Economy Act or reimbursable agreement limitations. This occurred because DOD did not appropriately monitor INL obligations and INL did not have adequate procedures to ensure it obligated funds in accordance with the Economy Act and reimbursable agreements.

Because of these actions, DOD and the Department may have violated the Antideficiency Act, and the training program did not receive an estimated \$75.60 million of DOD financial support. DOD could realize a benefit if the funds were returned and put to better use supporting the training program.

The team recommended that INL officials identify and return the total amount of Afghanistan Security Forces Fund appropriations that were used improperly on other programs. The team also recommended that officials from the Defense Security Cooperation Agency and the Department's Bureau of Resource Management and Chief Financial Officer jointly conduct an investigation for potential violations of the Antideficiency Act for the \$76.65 million improperly obligated.

The U.S. Civilian Uplift in Afghanistan Has Cost Nearly \$2 Billion, and State Should Continue to Strengthen its Management and Oversight of the Funds Transferred to Other Agencies (SIGAR Audit-11-17 & AUD/SI-11-45)

In 2009, President Obama announced a new, comprehensive U.S. strategy for Afghanistan in which a key element is the expansion of civilian-led efforts to build Afghan governing capacity at all levels, improve the rule of law, and initiate sustainable economic growth. A significant increase, or "uplift," in U.S. civilian employees deployed to Afghanistan supports this effort. In addition to significant infrastructure and security costs, it costs the U.S. Government between \$410,000 and \$570,000 to deploy one employee to Afghanistan for 1 year. Despite this cost, no agency has comprehensively assessed the cost of establishing and sustaining the civilian uplift or the mechanisms in place to ensure uplift funds are used appropriately.

Since early 2009, U.S. agencies have more than tripled the number of civilians deployed to Afghanistan under chief of mission authority, from 320 in early 2009 to

1,040 personnel by June 2011, at a cost of nearly \$2 billion. As the primary agency responsible for funding the civilian uplift and providing safe and functional working and living conditions for all agencies, the Department of State incurred the majority (\$1.7 billion) of the costs obligated to support the uplift.

Congress authorized the Department to transfer funds to other agencies to support operations in and assistance for Afghanistan, and the Special Inspector General for Afghanistan Reconstruction and the Department of State OIG found that the Department had not taken sufficient steps to ensure that Department funds transferred to other agencies are used for their intended purposes. The Department had neither established formal mechanisms with other agencies regarding their use of civilian uplift funds nor monitored how agencies spent funds. Instead, the Department relied on informal communications such as emails and meetings. As a result, the risk that funds would not be spent for their intended purposes was increased. In one instance, the audit team determined that the Department of Transportation did not know whether \$3.5 million in Department of State transfers were authorized for training or other purposes and that, as a result, Transportation canceled plans to use the funding.

Recommendations were made for the Department's Bureau of South and Central Asian Affairs to ensure that uplift funds are used for their intended purpose and that the \$3.5 million in unused funds is recovered from Transportation. The Department agreed to implement formal agreements with agencies receiving transfers and indicated the agreements would include reporting requirements and return of unused funds. Department of State and Transportation officials indicated that the \$3.5 million in unused funds would be returned to the U.S. Treasury.

RECOVERY ACT ACTIVITIES

OIG continued to provide oversight for programs funded by the American Recovery and Reinvestment Act of 2009 (Recovery Act). The act was signed into law on February 17, 2009, by President Barack Obama, and it was intended to preserve and create jobs; increase economic efficiency by investing in technological advances in science and health care; invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and stabilize State and local budgets. The Recovery Act's combined spending and tax provisions are expected to cost \$787 billion over 10 years, including more than \$580 billion in additional Federal spending. The Department received approximately \$600 million to carry out a variety of programs, including efforts to improve information technology security and to build and operate new consular facilities in the United States.

OIG received \$2 million to provide oversight of Department projects funded under the Recovery Act. During this semiannual reporting period, OIG conducted two audits that assessed the extent to which Department projects met the accountability objectives of the Recovery Act and contracted with independent public accounting firms to conduct audits of 10 additional Recovery Act-funded contracts. The OIG-conducted audits are as follows:

- *Audit of Replacement of Aging Desktop Workstations at the Department of State With Funds Provided by the American Recovery and Reinvestment Act (AUD/CG-11-31)* OIG determined that the Bureau of Information Resource Management (IRM) administered Recovery Act funds effectively to meet the Department's Global Information Technology Modernization program goals and requirements. The replacement desktop workstations were appropriately procured, shipped, and installed as planned, and all funds for the project were expended and used for authorized purposes. Also, a money-saving, competitive "reverse auction" process used by Bureau of Administration acquisition officials to procure the equipment resulted in savings of approximately \$950,000, and the expected outcomes from the Department's program plan were achieved. OIG officials recommended that the replacement cycle for computer monitors be extended to a 6-year schedule, stating that the extension would not adversely impact operational efficiency and could result in annual savings of \$587,000.
- *Audit of the Project To Replace Diplomatic Facility Telephone Systems at the Department of State With Funds Provided by the American Recovery and Reinvestment Act (AUD/CG-11-32)* OIG determined that IRM had administered Recovery Act funds effectively to meet the Department's program goals and requirements and used the funds for authorized purposes. The telephone system installation equipment was appropriately procured, shipped, and installed as planned or was on schedule to be installed. However, OIG identified funds of more than \$650,000 that could be put to better use by shipping most telephone installation system equipment to overseas posts by commercial means rather than shipping all of it by Diplomatic Courier Service, which would be at a higher cost. According to IRM, officials from the Bureau of Diplomatic Security (DS) have proposed developing, for the telephone installation contractor, guidelines for the most economical methods of shipping telephone equipment that would still be in compliance with Department regulations. OIG recommended that IRM, in coordination with DS, establish and implement procedures to ship unclassified or nonsensitive telephone equipment by commercial means.

Other Recovery Act Reports Conducted by Independent Public Accountants

OIG also contracted with independent public accounting firms to complete 10 additional audits of contracts awarded by the Department and the International Boundary and Water Commission (IBWC) to implement programs funded under the Recovery Act.

Four of the audits reviewed contracts related to the Department's Data Center Program, Safeguarding Citizens – Computer Security System Program, Mobile Computing Program, and Tools to Guard Against and Track Cyber Attacks Program (Report Nos. AUD/CG-11-34, AUD/CG-11-36, AUD/CG-11-37, and AUD/CG-11-38, respectively). The independent public accountants found that although the Department had established guidelines intended to ensure compliance with Recovery Act requirements, the Bureau of Administration needed to enhance its contract oversight efforts to ensure more complete and accurate reporting of contract award information in all instances.

In the six audits of the IBWC contracts with contractors that used funds provided by the Recovery Act, the independent public accountants identified issues such as contractors not always obtaining certifications from their subcontractors, not submitting correct and complete reports to the required Web site, and not ensuring that subcontractors were aware of reporting requirements of the Recovery Act. The independent public accountants made recommendations for IBWC to ensure compliance with Recovery Act laws, regulations, and requirements.

(Note: The 10 reports are listed on OIG's Recovery Act homepage at <http://oig.state.gov/arra/index.htm>.)

SECURITY AND INTELLIGENCE

Audit of Department of State Controls Over Bureau of Diplomatic Security Domestic Firearms and Optics (AUD/SI-11-25)

OIG assessed DS adherence to Department policies that ensure that firearms and optics (such as aiming devices and night vision goggles) are properly accounted for, maintained, and controlled. Specifically, the audit reviewed DS's procedures for inventory, storage and protection, inspections, and shipment of firearms and optics for DS domestic offices.

DS generally adhered to Department policies that ensure domestic firearms and optics have been properly protected, maintained, and shipped. However, DS could improve the inventory system it uses so that the potential for equipment to be lost or stolen is reduced, and it could update the *Foreign Affairs Manual* to include accounting for optics and sensitive equipment and reflect the current roles of personnel at specialized offices in the Washington, DC, metropolitan area. OIG made recommendations for DS and the Bureau of Administration to improve accountability of domestic firearms and optics. The Department concurred with the report's four recommendations.

Nonfederal Audits of Nonprofit Institutions

Office of Management and Budget (OMB) Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations," establishes audit requirements for state and local governments receiving Federal awards. Covered entities that spend \$500,000 or more a year in Federal awards are required to obtain an annual organization-wide audit, or a "single audit." The audits are conducted by non-Federal auditors such as public accounting firms. OIG reviews the resultant audit reports, findings, and questioned costs related to Department and BBG expenditures.

During this reporting period, OIG completed five analytical desk reviews of single audits for five entities that had Department and BBG expenditures totaling \$989,310,540. OIG recommended the Department and BBG work to ensure that sound internal control processes are implemented and that instances of noncompliance are corrected.

The five reports are:

- *American Institute in Taiwan for FYs 2008 and 2009* (Report No. 11-A133003)
- *Institute of International Education and Affiliate for FYs 2008 and 2009* (Report No. 11-A133005)
- *Middle East Broadcasting Networks, Inc.* (Report No. 11-A133001)
- *National Endowment for Democracy for FYs 2008 and 2009* (Report No. 11-A133004)
- *Radio Free Europe/Radio Liberty, Inc., and Subsidiary* (Report No. 11-A133002)

OFFICE OF INSPECTIONS

DOMESTIC INSPECTIONS

Inspection of the Bureau of Near Eastern Affairs (ISP-I-11-49A)

The Bureau of Near Eastern Affairs faces an often overwhelming workload. The inspection took place during a period of significant regional change: NEA had to manage the crises in Tunisia, Egypt, Libya, Bahrain, and elsewhere, while maintaining its focus on Iran, Middle East peace, and the upcoming transition from a military- to civilian-led U.S. presence in Iraq.

The Iraq transition will pose many challenges, as the Department coordinates intensively with DOD and other agencies. The appointment of an Iraq Transition Coordinator was welcome, but issues remain with regard to the office's staffing; communication and coordination needed to be improved; and the unclear budget picture and occasionally confusing strategic guidance were harming the transition planning process.

OIG called for clarifying the role of the new deputy assistant secretary for public diplomacy and boosting the orientation and mentoring of new staff. The executive office that supports both NEA and the Bureau of South and Central Asian Affairs (NEA-SCA/EX) was doing a good job, but it lacked a process for reintegrating Foreign Service officers returning from Multinational Force and Observers duty. OIG also had concerns about NEA-SCA/EX's financial management, human resources, and IT services; however, the persistent computer problems often were due to the building's antiquated infrastructure.

Inspection of the Office of the Special Envoy for Middle East Peace (ISP-I-11-50)

The Office of the Special Envoy for Middle East Peace pursues its mission through mutually reinforcing tracks aimed at negotiating a two-state outcome to the Israeli-Palestinian conflict; coordinating U.S. Government efforts to support the Palestinian Authority and the Palestinian people as they develop institutions for statehood; resuming and concluding Syrian-Israeli and Lebanese-Israeli negotiations; and supporting U.S. strategies from the Quartet, key allies, Arab states, and donors.

Uniquely, the Special Envoy chose to associate S/SEMPEP closely with NEA, rather than create a large, separate entity, S/SEMPEP was operating with a small actual staff and larger virtual staff borrowed as needed from NEA, other bureaus, and U.S. overseas missions. This arrangement saved money and time, led to closer policy coordination. It is an arrangement that other special envoys should consider emulating.

Since this staffing arrangement could complicate workflow management and confuse desk officers, OIG recommended that S/SEMPEP and NEA agree upon and implement a protocol for tasking NEA staff and clearing products in which both offices have a stake. While OIG was impressed by the frequent and productive interchanges that took place informally between the two offices, they recommended holding regular, formal meetings between senior levels of NEA and S/SEMPEP, as well as with the Office of Israel and Palestinian Affairs, in order to discuss cross-cutting issues and activities.

Inspection of the Office of the U.S. Special Representative for Afghanistan and Pakistan (ISP-I-11-48)

The Office of the U.S. Special Representative for Afghanistan and Pakistan (S/SRAP) was an organization with a wide interagency reach and easy access to the Department's most senior officials. Its lack of hierarchy enabled S/SRAP to exploit a breadth of expertise and accomplish a great deal in a short time. Although operating much like a regional bureau, it had largely jettisoned many important management functions of a bureau. Its blended workforce had made S/SRAP dynamic and adaptable, but the OIG recommended restructuring staffing to more accurately reflect actual duties and lines of authority.

S/SRAP had absorbed the Afghanistan and Pakistan country desks from the Bureau of South and Central Asian Affairs (SCA), and it needed to better communicate with and include SCA—particularly since, eventually, the two country desks and various S/SRAP responsibilities will return to SCA. OIG concluded that the office should seize the initiative to lead monitoring and evaluation of Afghanistan-Pakistan initiatives in order to assess overall sectoral, national, and regional outcomes of assistance programs in the region.

In this pivotal region of the world, there is a pressing need for career diplomats who can communicate in the local languages. OIG recommended training more Foreign Service officers in Urdu, Pashto, and Dari; placing individuals who are proficient in the local language as full-time U.S. spokespersons in Embassy Kabul and Embassy Islamabad; and developing a speakers bureau of language-proficient experts who can be detailed to support outreach and engagement in Afghanistan and Pakistan.

Inspection of the Bureau of South and Central Asian Affairs (ISP-I-11-47)

SCA was facing rapid growth in U.S.-South Asian relations with India, as well as expansion of relations with other nations in South Asia. OIG recommended that SCA conduct initial consultations with Department entities about establishing two separate offices: one for India and Bhutan Affairs, and one for Nepal, Sri Lanka, Bangladesh, and Maldives Affairs.

Since 2009, SCA's Afghanistan and Pakistan desks have reported to the S/SRAP, whose deputy was also named a deputy assistant secretary in SCA. Communications between SCA and S/SRAP were not as effective as they could be. With a likely transition of the desks and other S/SRAP responsibilities back to SCA in the next several years, the OIG team recommended that SCA increase its awareness of S/SRAP programs and activities through participation in S/SRAP meetings.

The executive office supporting SCA was doing a remarkably good job, particularly given the heavy workload. However, the financial management office's ability to properly manage the funds it controls was questionable. OIG made recommendations to improve the financial operations and to address deficiencies in the delivery of human resources services, to include those provided by the domestic HR service provider.

Inspection of the Office of the Director of U.S. Foreign Assistance (ISP-I-11-57)

In the 5 years since its creation, the Office of the Director of U.S. Foreign Assistance (F) had achieved notable progress in establishing and implementing mechanisms for coordinating foreign assistance programs administered by the Department and USAID. In close cooperation with USAID, F also was making substantial improvements in the planning, budgeting, and evaluation phases of the foreign assistance budget process, including implementing a comprehensive streamlining initiative to relieve the burden on overseas posts and improve the quality and consistency of data.

The creation of the USAID Office of Budget and Resource Management was changing the planning and budgeting process for USAID foreign assistance. F leadership and its counterparts in USAID recognized the need to coordinate their work to reduce the potential for duplication and conflict, as preparations of the FY 2013 budget were already showing some signs of strain. OIG recommended that, at the end of the FY 2013 budget process, F and USAID prepare written guidance to clarify their respective roles. The pending internal realignment of F would strengthen its overall effectiveness and ability to support implementation of the Quadrennial Diplomacy and Development Review; upon its completion, F should review its workforce requirements.

F's Foreign Assistance Coordination and Tracking System database effectively supported the operational plans, performance plan and report, and Congressional budget justification, but it suffered from significant understaffing and inadequate inventory controls. OIG made recommendations to address these deficiencies.

Inspection of the Bureau of Diplomatic Security, Office of Investigations and Counterintelligence, Counterintelligence Division (ISP-I-11-68)

The Bureau of Diplomatic Security's Counterintelligence Division (CI) was performing well, despite a rapid succession of chiefs and acting chiefs—as many as 12 in the last decade. OIG recommended making the CI division chief position a 3-year tour of duty, to provide stable, experienced leadership and end the cycle of replacing division chiefs.

CI has *Foreign Affairs Manual* (FAM)-mandated responsibility to review proposed assignments to all critical human intelligence threat posts. The review process had become increasingly unwieldy over time and needed to be updated to better reflect the current realities and new assignment challenges facing the Department.

OIG was supportive of the proposed creation of a consolidated counterintelligence and counterterrorism vetting unit, but was concerned that the organizational chart did not clearly include CI in the vetting process. OIG recommended giving CI an explicit role in the review of vetting issues demanding senior-level Bureau of Diplomatic Security action.

Inspection of the Bureau of Information Resource Management, Office of eDiplomacy (ISP-I-11-62)

The Office of eDiplomacy (eDiplomacy) in the Bureau of Information Resource Management was small, agile, and innovative, and it had introduced a number of new technologies and business practices to the Department. However, OIG noted deficiencies in administrative functions, the absence of a planned approach to marketing innovations, and negative effects of rapid and unstrategic office reorganization.

The office lacked a clear, agreed-upon mission statement defining key goals and objectives and enabling the office to delineate core functions, manage projects, allocate resources, and make logical management decisions. Similarly, an officewide performance measurement process was absent, making it difficult for management to evaluate, control, budget, and measure the success of its projects, and to determine the appropriate staffing levels needed to accomplish eDiplomacy's stated objectives. OIG made a series of recommendations to address these issues.

Despite a steady pursuit of outside validation, eDiplomacy lacked a strategic approach to marketing its innovations within the Department. OIG recommended developing a robust outreach strategy to make eDiplomacy's accomplishments better known to users in Washington and abroad.

The realignment of the customer liaison division within eDiplomacy had diminished its effectiveness, its clout within IRM, and its visibility to the rest of the Department. Relocating the division so that it reports directly to the Bureau of Business Management and Planning Directorate would improve its effectiveness.

Inspection of the Bureau of Consular Affairs, Overseas Citizens Services, Office of American Citizens Services and Crisis Management (ISP-I-11-60)

The Bureau of Consular Affairs, Overseas Citizens Services, Office of American Citizens Services and Crisis Management (OCS/ACS) was providing effective and timely assistance to U.S. citizens. However, OCS/ACS needed to improve its internal policies and procedures.

OCS/ACS managers fostered a customer-service-oriented environment and encouraged employees to develop ideas to improve office performance. However, the front office and division chiefs needed to be more directive regarding core work processes and to ensure the fair distribution of responsibilities among employees, thereby maximizing staff productivity and minimizing the need for additional positions. In addition, OCS/ACS needed to hold its division chiefs accountable for an established set of tasks and officewide standards.

Uneven communication and the inconsistent application of office policies and procedures among OCS/ACS divisions had led to perceptions of unfairness, despite management's efforts to dispel them. OIG counseled OCS/ACS leadership to ensure that travel, excursion tours, public speaking opportunities, duty officer responsibilities, and task force assignments were distributed fairly and that management decisions affecting personnel were as transparent as possible.

The OCS trust, which provides funds to U.S. citizens in distress overseas, was outdated, time consuming, and vulnerable to loss. OIG recommended that CA conduct a thorough review of trust procedures, establish clear guidelines for running the program, examine the fee schedule for, and cost effectiveness of administering trusts, and instruct overseas posts to evaluate whether current conditions warrant the routine or recurrent use of the trust.

Inspection of the Bureau of Consular Affairs, Office of Consular Systems and Technology (ISP-I-11-51)

The Office of Consular Systems and Technology (CST) supports consular operations around the world. OIG noted the need for improvement in leadership structure, internal and external communication, and systems and contract oversight.

The CST leadership structure was too centered on the office director and needed a durable institutional framework. Moreover, communication between CST and other parts of the Bureau of Consular Affairs was uneven, which resulted in confusion regarding processes, policies, and program development, and led to the failure of some projects to meet intended business and systems requirements. Chief among OIG's recommendations were that CST promptly fill the long-vacant deputy director position; revitalize and recast the Program Management Office and the Liaison Division so they can play their essential coordination and communication roles; hold operational-level meetings to establish information technology policy and prioritize CST's development efforts; and establish a management support unit.

Contract oversight is a major function of CST. However, CST's contracting officer's representatives varied in the effectiveness of their oversight. In addition, CST was neither following procedures for modifying existing contracts and task orders nor conducting periodic, independent audits of its contracts. OIG recommended that CST develop and implement procedures to address these issues.

Review of the President's Emergency Plan for AIDS Relief in Small Investment Countries (ISP-I-11-59)

OIG found that individual embassies and most of the embassies in regional programs that receive small investments of less than \$5 million from PEPFAR have been effective in implementing the program and successful in working with host governments in prevention, treatment, and care. However, U.S. embassies in the Central Asia region needed more guidance and direction from the Office of the Global AIDS Coordinator. Problems with coordination, communication, and organization indicated the need for a full review of the program in the Central Asia region.

Embassies' responses to an OIG questionnaire indicated that most of the low investment programs were working well in countries where the host government shared a common strategy with the United States for combating the HIV/AIDS epidemic. There was no assurance that host countries can or will maintain and sustain these activities if funding is reduced or discontinued. Further, transition timelines were unrealistic, especially in Africa.

Compliance Follow-up Review of the Bureau of Overseas Buildings Operations (ISP-C-11-26)

OIG's compliance follow-up review (CFR) found that the Bureau of Overseas Buildings Operations (OBO) had complied with most of the recommendations from the 2008 inspection. Internal reorganization and changes in senior leadership had improved interactions between OBO and Department entities and other agencies. However, concerns remained in several areas.

Although OBO has become more adept at sharing information, working with other entities in the U.S. Government, and soliciting more input from midlevel staff, CA voiced dissatisfaction with the consular section configuration of a few new embassy compounds. To address this, OIG recommended that CA and OBO hold regular meetings to discuss and resolve issues prior to the beginning of construction projects.

Funding from Congress for new construction projects has remained at \$1.4 billion annually and has not kept pace with escalating construction costs. The implementation of security standards and requirements has contributed significantly to these rising costs.

OIG also noted that many new facilities were already overcrowded when they opened. Although OBO received input from Department bureaus during the entire construction process, from the design phase to move-in, rightsizing analyses and the National Security Decision Directive 38 process were not effective in controlling staffing increases that occurred in the interim.

OVERSEAS MISSIONS

BUREAU OF SOUTH AND CENTRAL ASIA AFFAIRS

Compliance Follow-up Review of Embassy Kabul, Afghanistan (ISP-C-11-53A)

The OIG CFR of the 2009 inspection of Embassy Kabul confirmed compliance with the majority of the recommendations and verified savings of at least \$4.4 million as a result of the implementation of two recommendations on rest and recuperation travel in that previous report.

During the CFR, Embassy Kabul was a mission in transition. In the 18 months between the 2009 inspection and the follow-up review, the "surge" meant that

mission staffing had increased by almost 60 percent and the operating budget by over 35 percent. Two consulates were being established. Plans were being made for changes in the U.S. military presence. Balancing the urgency of the transition with the needs of the ongoing counterinsurgency demanded continual and close civilian-military coordination. Managing change was an ongoing task for the leadership of this mission.

The structure of executive direction at Embassy Kabul was unique, and as complex as the mission of the embassy itself. The Ambassador headed up a large organization that included four senior officers with ambassadorial experience and rank. While complicated, the system appeared to work effectively. The senior officers had well-defined spans of control, with the chain of command clearly delineated for each agency and section under chief of mission authority. This high-level oversight was aimed at strengthening the whole-of-government approach that the Ambassador had adopted. All issues were managed along functional rather than agency-specific lines. Some interagency tensions persisted, however, and needed attention.

During the 2009 inspection, the mission had been dealing with massive personnel surges, constant reinvention, and multiple construction and infrastructure projects. One-year tours, massive summer turnovers, a relatively new locally employed staff, and the ever present, high-security threat added to the management challenges during the civilian staffing surge. In 2011, these issues remained, but the current staff members had been able to focus more on bringing policies and procedures in line with Department standards and consolidating the improvements they had made. Management controls had improved significantly, although some issues remained.

Inspection of Embassy New Delhi, India, and Constituent Posts (ISP-I-11-39A)

Mission India was doing an impressive job of expanding and deepening the bilateral relationship with India, thus advancing a major U.S. foreign policy objective. However, the mission needed to address several issues in order to keep pace with the demands of the expanding bilateral relationship and the growing Indian economy, including managing capacity constraints in the Government of India and improving access to Indian officials. In addition, the Department needed to initiate long-range workload planning and a long-term strategic plan for facilities in India, including the possibility of more posts, to deal with the expected doubling in nonimmigrant visa workload by 2020. The mission and OBO also should plan to build housing units on U.S. Government-owned land to meet the challenges of providing affordable, quality housing for mission staff.

The Ambassador had strengthened the public image of the United States in India through his extensive travel and public appearances. The mission also had successfully used public diplomacy platforms and social media to reach and influence a key

demographic group: upwardly mobile young people from the emerging middle class. Given the heavy demands on their time, the Ambassador, deputy chief of mission, and senior staff needed to develop a comprehensive strategy to allocate responsibilities for engaging with top-level Indian counterparts and for managing their growing workload.

Consular Team India, initiated in 2009 to integrate the resources, talent, leadership, policies, and procedures for the five consular sections in India, is a model for integrating large multi-post consular operations. CA should codify its principles as a guide for consular leaders in other missions.

INNOVATIVE PRACTICE: Using Metrics to Measure Performance

Issue: Many consular managers collect data but fail to use that data to improve performance, while other posts measure too many things and staff members are unclear about what they should focus on.

Response: Consular Team India has developed an effective metrics program that focuses on 12 key performance indicators. Several of the metrics target unproductive tasks that should be avoidable. All five posts in India use the same metrics and, when one post finds a way to improve performance, it shares its successful practices with the other posts.

Result: Posts in India have made significant improvements in several areas. For example, by focusing on the first-time success rate for immigrant visa and passport applicants, the posts have identified ways to help applicants arrive better prepared. The result is that staff has to handle the applications only once, saving considerable time, and the applicants receive better service by not having to make a second visit to the post. In another example, a focus on spoiled visa foils has reduced the spoil rate to less than half the worldwide average, thereby reducing extra work for staff.

INNOVATIVE PRACTICE: Consular Training Database

Issue: With 320 employees in Consular Team India, it is a constant challenge to ensure that American and locally employed staff members are developing their professional skills.

Response: Building on an Access database that was created by Embassy San Salvador, Embassy New Delhi's information technology staff created a Web-based, user-friendly course tracker. It provides a suggested training schedule for each employee and a record-keeping system for managers to review. The database contains a series of position training profiles for all categories of consular locally employed staff and officers. These profiles list the courses that are required or recommended for each job category, including FSI distance learning courses, FSI workshops, FastTrac training, cross-training at post, and other professional development activities such as learning how to draft cables. It is designed for long-term use over 10 years for LE staff members. Mandatory courses are highlighted to distinguish them from optional courses.

Result: Consular managers at all five posts in India have noted an increase in the course completion rates. In New Delhi, for example, locally employed staff had a 19-fold increase in the number of completed distance learning courses in 2010 compared to the previous year.

INNOVATIVE PRACTICE: Bar Coding Commonly Used Sentences for Officers' Adjudication Notes

Issue: Consular officers write notes from their visa interviews into the nonimmigrant visa system. These notes can be read by authorized personnel, such as Customs and Border Patrol officers at U.S. ports of entry. The notes should not be in shorthand because they need to be legible to third parties. As so many cases have similar issues, consular officers find they often write the same sentences repeatedly. For example, officers are required to note whether they have handed a visa applicant who will be working in the United States the information on what their labor rights will be and that the applicant understands his or her rights under the law.

Response: Consular managers in Hyderabad created a system in which commonly used sentences or phrases have been bar coded. Those bar codes, with the phrase written underneath the bar code, are on sheets of paper that the officers keep by their windows. When the officer needs to use such a sentence, the officer wands the bar code and the sentence is instantly transferred to the officer's case notes in the computer system.

Result: This innovation saves considerable time for the officers; it also allows them to keep their focus on the applicants and the applicants' responses in the interviews.

BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS

Inspection of Embassy Seoul, Republic of Korea (ISP-I-11-55A)

Embassy Seoul was under strong leadership and fulfilling its mission to promote stability and denuclearization in the Korean peninsula. The embassy had recently concluded an agreement with the Government of South Korea to acquire land for a new embassy compound to replace the insecure and obsolete chancery. The embassy's housing compound, which was located on the U.S. Army Garrison at Yongsan, will lose utilities and other services when the U.S. Forces Korea departs from the garrison in 2016. Replacing the current compound with leased housing on the South Korean market likely would cost more than an additional \$100 million over 7 years. Inspectors recommended moving up the new embassy compound project (currently scheduled for 2023) so it coincides with the army's departure from Yongsan Garrison.

Long-term U.S. interests in the Korean peninsula require developing a cadre of Korean-speaking officers who are trained and prepared to serve multiple tours of duty in Korea. Options for increasing the numbers of language proficient officers will require a substantial investment of Department resources and a deliberate and sustained approach to training and assignments.

INNOVATIVE PRACTICE: Automated Check-In Process

Issue: When new employees arrive at a post, the check-in process typically takes several days, as the employee visits management and security offices to complete necessary paperwork and obtain information about embassy services. Service providers cannot prepare in advance of an employee's arrival to meet special requirements such as schooling and medical support.

Response: Embassy Seoul's human resources office developed a form template that automatically completes all check-in paperwork prior to the employee's arrival. When employees arrive at post, many service requests already have been completed, and others are expedited by having the check-in forms already prepared.

Result: The check-in process is much more efficient from the customer's perspective. Service providers also are better prepared to address specific employee needs immediately upon arrival.

Inspection of Embassy Ulaanbaatar, Mongolia (ISP-I-11-58A)

Since its last inspection in 2004, the U.S. mission in Mongolia had grown from a small embassy challenged by isolation to a mid-sized mission in a growing capital, with an accompanying increase in the complexity of internal communication and program implementation. The Ambassador and deputy chief of mission were exercising strong leadership of a unified and collaborative country team, and morale was high, despite the country's harsh climate and isolation.

As the mission grew, so too did the need to build up the embassy's management infrastructure; formalize its policies, procedures, and planning; and upgrade its physical plant. In the spring of 2011, the Department initiated the first phase of a \$27 million project to renovate the chancery and annex.

Neither Embassy Ulaanbaatar nor OBO had established procedures for recovering an estimated \$730,000 in value-added taxes the embassy expects to pay to procure goods and services for this project. OIG recommended developing and implementing a mechanism, such as a bilateral agreement with Mongolia, whereby the U.S. Government can recoup this expenditure.

BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

Inspection of Embassy Warsaw, Poland (ISP-I-11-64A)

Embassy Warsaw was a well functioning, if overstaffed, mission whose leader had reinforced military and security ties while adding new depth to other areas. Morale was high and productivity was good. Innovations included spearheading conferences on environmentally responsible shale gas extraction and developing a "language buddy" program to maintain U.S. employees' language skills and build American-local employee rapport.

Because of changes over the years in the environment in which it works, Mission Poland had considerably more staff than needed to perform its essential functions; the embassy was preparing a routine rightsizing report during the inspection. OIG recommended eliminating 6 U.S. direct-hire and 23 locally employed staff positions, and converting 2 U.S. direct-hire positions to eligible family member positions for a projected total savings of \$5.4 million.

Inspection of Embassy Berlin, Germany (ISP-I-11-65A)

The U.S.–German relationship was on a sound footing, thanks in large part to the Ambassador’s public outreach efforts. The mission’s strengths included its economic and political reporting, consular operations, and interagency cooperation. Issues remained following a major public diplomacy budget and staff cutback in 2010. The public affairs sections were adjusting to a reduced staff by increasing the use of social media and local partners.

OIG recommended downsizing Consulate General Dusseldorf and Consulate General Hamburg, reducing the large consular section in Frankfurt, and closing Consulate General Leipzig. Implementing these recommendations will result in an annual savings of approximately \$4.7 million, not counting the sale of property or reductions in U.S. direct-hire staffing.

Leadership problems within several sections of the embassy and at three of the consulates general had damaged morale and undercut performance. Some allegations of racial and sexual harassment within the mission were not addressed effectively. OIG recommended strengthening oversight, requiring regular visits by senior section heads to the consulates general to provide more guidance and mentoring, and instituting regular visits by human resources staff to the consulates general.

Inspection of Embassy Helsinki, Finland (ISP-I-11-67A)

The mission’s overriding priority was justifying, accomplishing, and adjusting to the move to three swing space locations, in preparation for an \$82 million chancery rehabilitation project. The sudden move had been highly disruptive and hampered operations for a significant period. Inspectors found that this upheaval, compounded by a lack of management-staff communication, had a negative impact on morale, which was unusually low.

The Ambassador was chairing the *League of Green Embassies*, which included more than 70 U.S. missions. Although Embassy Helsinki will provide oversight for the initiative, it had not fully considered the impact of this new role on its operations. Inspectors recommended that the Bureau of European and Eurasian Affairs clearly define the initiative and establish procedures for managing League funds.

In FY 2011, the dollar-to-euro consular exchange rate being used at Embassy Helsinki—and at all U.S. embassies in the Euro Zone, as well as in numerous African countries—was not being kept at or above the U.S. disbursing officer’s daily rate of exchange. This situation resulted in a significant loss of funds for the U.S. Government. OIG promptly brought the problem to the attention of CA.

OIG also recommended saving money by eliminating the language requirement for four of the embassy's six language-designated positions, since English is a universal second language in Finland. Doing so would save the U.S. Government half a million dollars per 3-year assignment cycle.

BUREAU OF WESTERN HEMISPHERE AFFAIRS

Inspection of Embassy Santo Domingo, Dominican Republic (ISP-I-11-40A)

Mission leadership had not provided sufficient oversight of internal management support services, which resulted in a number of long-standing deficiencies. OIG reminded the front office of its the strategic responsibility for establishing a framework within which the embassy could deal with weaknesses in management and internal controls. OIG recommended that the deputy chief of mission, with the Ambassador's support, assist with, and exercise oversight over the many internal embassy functions (e.g., management, consular, and security operations), as well as over the foreign policy program areas.

Although embassy officials acknowledged the high-fraud atmosphere of the Dominican Republic, the management section's internal controls had been weak for a number of years, as reflected in the past three OIG inspection reports. The arrival of a new management counselor in the summer of 2010 reenergized the operation, with more attention to accountability; nonetheless, a number of deficiencies continued. Staffing gaps have had negative consequences, but they do not explain the decade-long weakness in the general services area. OIG recommended establishing a number of written policies and procedures to address these shortcomings.

Inspection of Embassy Bogotá, Colombia (ISP-I-11-41A)

The chief of mission provided strong overall direction and policy guidance in one of the largest missions in the world. U.S. programs—focusing principally on counter-narcotics and counterterrorism—were successful and carried out with a high degree of interagency cooperation and coordination, enabling Colombia to assume greater responsibility for these programs, and allowing U.S. policy to begin a shift toward more traditional bilateral diplomacy.

Embassy Bogotá had not resolved management shortcomings, despite the findings of two previous inspections and one CFR in the past 11 years. The International Cooperative Administrative Support Services (ICASS) platform, plagued by insufficient resources, was still struggling to provide adequate services. OIG recommended taking a bold approach to the support platform, shifting some of the burden from the

Department as the sole ICASS provider to other entities, such as the narcotics affairs section, USAID, and the Drug Enforcement Administration. In addition, the team urged embassy leadership to take a more aggressive stance toward addressing this continuing pattern of underperformance.

To keep pace with increased diplomatic efforts to build bilateral cooperation in the areas of energy, climate change, and science, the political and economic sections needed to embrace new responsibilities and reinforce resources for the environment, science, technology, and health portfolio, which will play an important role in the new bilateral orientation.

INNOVATIVE PRACTICE: NAS Police Scholarship Program—Colombian Ethnic Minorities

Issue: Economic, social, and security instability on the Colombian Pacific coast have created conditions favorable to narcotics traffickers and narco-based criminal gangs. These communities are inhabited principally by Colombian marginalized ethnic minorities who have few economic options and do not feel that the Government of Colombia is sympathetic to their plight.

Response: NAS and CNP jointly offered scholarships to selected CNP academies with the stipulation that successful graduates spend the first 2 years of their national police careers in their villages of origin. Initially, NAS and the CNP shared the costs of tuition, individual equipment, and monthly stipends. The CNP has agreed to nationalize the program with some continued NAS support. The Government of Colombia invested approximately \$50,000 in 2010 and has agreed to spend \$500,000 in 2011. NAS also provides materials that the police may use for building basic community medical, educational, and other facilities in conjunction with other USAID-supported Government of Colombia consolidation projects.

Result: This program provides marginalized youth an alternative to recruitment into narco-criminal activities. It establishes Government of Colombia presence in Colombian Pacific coastal communities and modifies the perception of the police in remote areas. The program has been so popular in its first year that the Government of Colombia has had to limit publicity for scholarship applications.

BUREAU OF AFRICAN AFFAIRS

Inspection of Embassy Gaborone, Botswana (ISP-I-11-43A)

Embassy Gaborone worked well as a team, with strong cooperation among individual sections and the seven agencies represented in Gaborone. The inspection took place shortly after a fraud ring was uncovered in the office of the CDC that led to the dismissal of 12 CDC local employees. The embassy provided immediate assistance in investigating the case and later agreed to take responsibility for several management functions previously handled by CDC. OIG concluded that, although the result increased embassy workload, it should help CDC manage its funds more effectively and guard against further fraud.

PEPFAR is the largest U.S. health-assistance program in Botswana. At the time of the inspection, there was no evidence that PEPFAR funds were involved in the fraud case. While the PEPFAR program was marked by solid accomplishments, clear strategic vision, and uncommon interagency cooperation, OIG recommended that the embassy pay more attention to program monitoring and oversight.

Inspection of Embassy Dakar, Senegal (ISP-I-11-46A)

Embassy Dakar was in the midst of rapid expansion and increasing regional responsibilities. Although executive leadership at Embassy Dakar was dynamic and engaged on a strategic and personal level, systemic managerial and security concerns had not received sufficient front office oversight and attention to enable these sections to effectively manage the burgeoning mission growth.

Security and management personnel and resources were insufficient to keep pace with the rapid growth across several agencies, most notably USAID. This dissonance contributed to life and safety vulnerabilities in the embassy office buildings and warehouse and at the residential properties. OIG recommended mitigating the most critical vulnerabilities before completion of the new embassy compound, as well as working with OBO to prioritize remediation of safety hazards.

Embassy Dakar operates in a high-risk environment for waste, fraud, and mismanagement. OIG identified a number of serious internal control vulnerabilities, particularly regarding property management and fuel dispensing. Inspectors recommended implementing a series of measures to address management controls in these areas.

Embassy Dakar manages a large and complex foreign assistance budget that includes annual program expenditures approaching \$110 million and a recently signed \$540 million Millennium Challenge Corporation compact. Although the Ambassador provided broad program oversight for the mission foreign assistance effort,

communication within the mission's program implementing community was uneven and warranted establishing a mission-wide assistance committee to review and coordinate all foreign assistance plans and proposals.

Inspection of Embassy Pretoria, Pretoria, South Africa, and Constituent Posts (ISP-I-11-42A)

Rapid growth had strained the embassy's ability to provide secure office space and housing in Pretoria. Meanwhile, there was a surplus of office space in Consulate General Cape Town and underutilized space in Consulate General Johannesburg. Embassy Pretoria was taking a critical look at whether Consulate General Johannesburg could be converted to an embassy annex, and had done considerable work on a joint annex with USAID, although it did not have a comprehensive space utilization plan.

The mission had done insufficient workforce planning to determine where position reductions should or could occur. OIG identified positions in consular, public diplomacy, political, and economic sections for possible elimination. In addition, although Consulate General Durban enjoyed strong leadership and had a vibrant public diplomacy program, its contributions were not critical to furthering U.S. interests in South Africa. Inspectors recommended that the consulate general be significantly downsized or closed.

More than 25 percent of mission employees worked on PEPFAR, which accounts for nearly all U.S. foreign assistance in Pretoria. Over the next 5 years, many operations were expected to be handed over to the South African Government. The management structures and lines of authority were not equal to the task.

Inspection of Embassy Yaoundé, Cameroon (ISP-I-11-45A)

The Ambassador and deputy chief of mission effectively led a small mission with a large workload and a staff of first- and second-tour officers and specialists. Local employees' morale had suffered in recent years, due to actual and perceived problems, personality conflicts, and poor management styles. OIG discussed strategies to strengthen ethics awareness, raise morale, and improve trust between American and locally employed staff.

The embassy's branch office in Douala had limited responsibilities, which did not justify its annual operating costs in excess of \$1.5 million. Long staffing gaps in the sole American position had contributed to weak internal controls in shipping operations. Inspectors found that a number of the branch office's operations could be performed elsewhere; they recommended transferring certain functions to Embassy Yaoundé.

The team questioned whether maintaining a Department permanent presence in Douala was justified and recommended that the Bureau of African Affairs and Embassy Yaoundé coordinate on a plan outlining the cost effectiveness of closing branch office Douala at the earliest opportunity.

Inspection of Embassy Conakry, Guinea (ISP-I-11-44A)

Embassy Conakry is an extreme hardship, adult dependents-only post that ranks among the most difficult assignments in the Foreign Service. Faced with staffing gaps caused in part by the ordered departure of embassy staff during a period of preelection political and ethnic violence in 2010, the executive leadership successfully empowered entry-level personnel to assume leadership responsibilities in policy formulation and implementation. However, insufficient communication and executive oversight of some entry-level personnel also contributed to uneven application of established rules and procedures that damaged overall mission cohesion and post operations, particularly in the area of internal controls.

A seasoned management officer had made significant improvements to operations despite a nearly nonexistent local infrastructure, inexperienced local employees, and an extended post evacuation that eroded American oversight of internal controls. Now that the election and security crisis have passed, it would be beneficial for executive leadership to devote more time to internal operations to improve service quality and minimize internal vulnerabilities. In addition, the OIG team recommended that Embassy Conakry and the Bureaus of African Affairs, Diplomatic Security, and Human Resources review the embassy's current adult dependents-only status, to determine whether to change the status in order to enable the embassy to attract qualified bidders.

INTERNATIONAL ORGANIZATIONS

Inspection of the U.S. Mission to the United Nations, New York (ISP-I-11-54A)

USUN has been at the forefront of what President Obama termed America's "new era of engagement." It has achieved concrete results that advance U.S. foreign policy objectives and Americans' security. OIG found that, despite operating in the United States, USUN faced many of the same challenges as its overseas counterparts, particularly with respect to the budget, officer recruitment, and mission management.

USUN's base budget had declined in both real and inflationary terms since FY 2001. Little of the base budget was discretionary, leaving paltry funds for important training, unexpected travel, or routine procurement. OIG found this long-term budget

decline to be counterintuitive, considering the level of U.S. interests and engagement in the United Nations.

USUN had been unable to recruit and retain the Foreign Service officers it needed due, in part, to the limited number of positions eligible for the mission's housing program and the requirement (not imposed on other U.S. Government employees assigned temporarily to New York) to pay Federal taxes on housing allowances. USUN had worked with the Department to seek, but had not won, legislative authority to increase the number of positions in the housing allowance program and to receive parity with other U.S. Government employees without this tax liability.

Over many years, neither USUN leadership nor individual section chiefs had given sufficient attention to management of the mission's people and processes. OIG recommended that USUN focus more attention on staff training; take a strategic approach to workforce planning; address email storage issues; standardize paper and electronic filing protocols; organize a task force on management issues; and take a more planned approach to public diplomacy and outreach.

SPECIAL REPORTS

Memorandum Report – *Oversight of Rest and Recuperation Travel Documentation and Certification* (ISP-I-11-37)

OIG noted in recent reports that some missions had not submitted required biennial documentation to their regional bureaus to justify their continued eligibility for rest and recuperation (R&R) travel benefits for a number of years. Further, they determined that conditions at some missions for which R&R benefits were approved may no longer exist. OIG determined that regional and functional bureaus spent more than \$30.8 million in R&R benefits in FY 2010 for approximately 146 missions (at more than 190 locations) worldwide. OIG recommended transferring the responsibility for approval and certification of R&R benefits from the regional bureaus to the Office of Allowances within the Bureau of Administration to facilitate the timely submission of justifications for continued eligibility of benefits by R&R-designated posts. In addition, OIG recommended that the Office of Allowances obtain updated biennial documentation from all overseas posts currently receiving R&R benefits, in order to reassess justifications for continued eligibility.

***Memorandum Report – Automated Security Clearance Verification
(ISP-I-11-63)***

In recent inspections, OIG has noted several inefficiencies in the Department's security clearance verification process. The absence of an automated security clearance verification system to facilitate timely visitor access to official U.S. domestic and overseas facilities has caused frustration among staff and visitors alike, resulted in a decline in productivity, and created an additional burden for already overstretched regional security office staff.

To address this issue, DS has invested in the development of a comprehensive application called the Security and Suitability Management System (S2MS), which will eventually replace several of the Department's security-related applications. At the same time, the existing eCountry Clearance application will be modified to provide interfaces with a number of national clearance databases that will eventually be linked to S2MS. This initiative is intended to provide an automated security clearance verification system that is efficient, accurate, secure, and in line with White House guidelines for streamlining government systems while eliminating duplicative processes.

OIG issued recommendations that DS establish memoranda of agreement with all non-Department government agencies expected to link to the system. They also recommended that DS work in coordination with the Office of Management Policy, Rightsizing, and Innovation to complete all planned modifications in the eCountry Clearance application and make sure the application's security controls provide adequate protection of employees' personally identifiable information.

Identified and Potential Cost Savings and Funds Put to Better Use

During this reporting period, OIG's Office of Inspections issued 53 recommendations that could result in savings or funds put to better use of more than \$35.5 million. Most of the recommendations related to selling excess or underutilized properties; closing or downsizing consulates or other facilities; eliminating unnecessary Foreign Service officer and locally employed staff positions; and eliminating language designation for certain Foreign Service officer positions overseas. During this same period, ISP closed 13 recommendations with savings or funds put to better use of more than \$6.4 million: Nine of these recommendations were issued during the last semiannual reporting period and four recommendations were issued during this reporting period.

Oversight, Coordination, and Sustainability of Foreign Assistance Programs

During this reporting period, OIG identified shortcomings in the oversight and coordination of assistance programs, as well as the need for missions to plan for more sustainable programs.

Oversight and Coordination

OIG found shortcomings in oversight and coordination of assistance in Afghanistan and South Africa. In Afghanistan, the Ambassador had a firm vision of a whole-of-government approach to the civilian effort, predicated upon broad chief of mission authority as envisioned in the recent Quadrennial Diplomacy and Development Review (QDDR). Although the QDDR envisions chiefs of mission as the “chief executive officer” of a multi-agency organization, this remained a work in progress in Afghanistan. Unresolved questions existed about the roles, authorities, and oversight responsibilities for assistance programs largely implemented by other agencies. OIG recommended that the Department clarify with the USAID the oversight and managerial roles of the various offices and agencies within Embassy Kabul dealing with foreign assistance.

In South Africa, both USAID and the CCD funded and managed programs across the PEPFAR spectrum, but made little effort to specialize or capitalize on each agency’s core competencies. The agencies, described by staff as “fiercely competitive,” have parallel offices dealing with treatment, care, and prevention – a situation one official termed “wholly redundant.” Aside from the lack of executive leadership, senior PEPFAR staff cited this duplication of effort as the most serious obstacle to efficient PEPFAR operations. In some cases, two partners (with different funding sources) appear to be doing similar work in the same geographic area. Although there are exceptions, each agency tends to make major funding decisions with neither full coordination with the other agency nor review by the PEPFAR coordinator. OIG noted that the situation merited immediate attention and recommended that the mission and other agencies involved prepare a joint report for the Ambassador, identifying duplications in staffing and overlaps in programming between the two agencies, outlining concrete steps to eliminate these inefficiencies, and indicating cost savings that could be achieved by doing so.

Sustainability

In both South Africa and Colombia, OIG made recommendations to assist missions in planning for more sustainable foreign assistance programs. The United States has contributed about \$2.7 billion since 2003 to assist with South Africa’s AIDS epidemic. The early years of the program were marked by a contentious relationship with South African health officials, necessitating direct programs with NGOs rather than assistance to the South African government. The government now supports

the program and under a 2010 bilateral agreement, PEPFAR will transition from providing direct services to technical assistance to the South African government. Despite the agreement, OIG found: U.S. programs continued to be established with NGOs with limited input from South African government officials; negotiations with the South African government spelling out the scope and pace of the transition had not yet begun; and the mission needed stronger leadership to coordinate activities undertaken by USAID and CDC and to maintain consistency with transition goals.

The United States has provided more than \$7.4 billion to assist the government of Colombia in its counternarcotics and counterterrorism efforts through Plan Colombia and its follow on programs. As Colombia increasingly takes ownership of these programs and U.S. policy shifts to more traditional bilateral diplomacy, some agencies are downsizing and reducing assistance programs while others do not envision reductions. OIG recommended the mission review all agencies' assistance programs and develop a comprehensive plan given the changing policy environment.

OFFICE OF INVESTIGATIONS

INVESTIGATIONS

CONTRACT FRAUD

OIG conducted an investigation based upon a complaint by an employee of a Department security contractor in Afghanistan alleging that employees of the company engaged in a variety of misconduct while performing work on behalf of the Department. The investigation determined that the company did not implement policies required under Combating Trafficking in Persons regulations and failed to prevent its personnel who were working on the Department contract from procuring commercial sex acts; that the company misrepresented the work history of 38 third-country national employees; and that the company failed to comply with the Foreign Ownership, Control and Influence requirements. On July 6, 2011, a civil settlement agreement was filed in U.S. District Court, District of Columbia, in which the company agreed to pay \$7,536,510.41. (C2009-112)

OIG conducted an investigation based upon information received from the Bureau of Administration, Office of Logistics Management, reporting alleged forgery of a purchase order, and fraudulent invoicing and assignment of claims by two Department contractors. The investigation determined that the contractors submitted a fraudulent invoice and a fraudulently modified purchase order in an attempt to collect \$20,000 above the approved purchase order amount. Additionally, it was determined that the contractors submitted false certifications stating that no principal officers had previously been debarred from government contracting. On April 15, 2011, the Bureau of Administration proposed debarments for a period of three years for six entities and individuals in addition to immediately entering them on the Excluded Parties List. (C2010-031)

OIG conducted a multi-agency investigation involving a major government contractor that, beginning in 1998, entered into alliances with various consultants, hardware, and software vendors, creating an organizational conflict of interest which compromised the contractor's role as an independent third-party objective advisor to various government agencies. On September 12, 2011, a civil settlement agreement was filed in U.S. District Court for the Eastern District of Arkansas in which the contractor agreed to pay \$63,675,000. Of that amount, the Department received \$138,000 in restitution. (C2008-054)

GRANT FRAUD

OIG conducted an investigation concerning allegations that a major Department grantee was violating the False Claims Act. The investigation determined that during an eight-year period, the program's administrator repeatedly made false claims for payment by falsely reporting labor costs under various Fulbright grants. Instead of reporting the labor costs actually incurred, as required by the terms of the grants, the nonprofit improperly charged labor costs to the grants based on budget estimates prepared before the work was done. The grantee then fraudulently shifted labor costs between and among the grants to ensure no unused grant funds would be returned to the U. S. On June 16, 2011, a civil settlement was filed in the U.S. District Court for the Southern District of New York in which the grantee agreed to pay \$1,000,000 in restitution. (C2008-003)

OIG conducted an investigation of a Department of State grantee and subgrantee who submitted false expense documentation regarding how grant money received was being used. The subgrantee was suspected of paying "ghost" employees and generating false invoices. Further information was developed indicating that the subgrantee had previously been convicted of fraud for paying ghost employees. The grantee received over \$1.2 million in connection with the grant. On April 13, 2011, the Department sent suspension letters to the grantee and subgrantee as well as to two individuals associated with those companies and also proposed permanent debarment of the subgrantee. (C2010-080)

VISA FRAUD

OIG conducted an investigation based upon information provided by the U.S. Immigration and Customs Enforcement (ICE), Document and Benefit Fraud Task Force that was worked jointly with ICE and the Diplomatic Security Service. ICE determined that two individuals purchased their naturalization certificates from a corrupt Department of Homeland Security employee. One individual was a Department of State contractor who conducted training for the Department, while the other was a related party. On August 19, 2011, both subjects pleaded guilty in the U.S. District Court for the Eastern District of Virginia on charges of Naturalization Fraud and False Statements. Sentencing is pending. (C2011-052)

OIG conducted an investigation based upon information provided by the ICE, Document and Benefit Fraud Task Force that was worked jointly with ICE and the Diplomatic Security Service. ICE determined that the subject brokered fraudulent visas for the subjects of OIG Case No. C2010-071 (see narrative below). On August 19, 2011, the subject pleaded guilty in the U.S. District Court for the Eastern District of Virginia on charges of Naturalization Fraud. Sentencing is pending. (C2011-055)

FALSE STATEMENTS

OIG conducted an investigation based upon a request for assistance from the Department of Housing and Urban Development-OIG, which determined that a Department of State employee had submitted false statements in order to qualify for a Federal Housing Administration mortgage loan. On April 25, 2011, the subject was indicted in the District of Maryland on one charge each of False Statements, Wire Fraud and Loan Fraud. Sentencing and administrative action are pending. (C2011-005)

FOLLOW-UP ACTIONS

EMBEZZLEMENT

OIG conducted an investigation of a foreign national employee of the U.S. Embassy in Baghdad who set up an e-mail account to control the transfer of funds paid to a company providing contracting services to the embassy. He used the e-mail account to direct the deposit of the funds to his wife's bank account. \$243,416 was funneled into the wife's bank account between September 2008 and June 2010. On August 16, 2010, OIG agents arrested the subject. On February 2, 2011, a jury in 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. On April 8, 2011, the former employee was sentenced to 41 months imprisonment and ordered to pay \$243,416 in restitution, a \$5000 fine and a \$100 special assessment. (*See OIG Semi-Annual Report, October 1, 2010 to March 31, 2011, pp 51*) (C2010-037)

OIG conducted an investigation of a supervisor and a subordinate employee of IBWC who embezzled over \$100,000 from the Falcon Dam facility. The subjects used a government credit card to purchase a items for personal use and used Dam employee's time for work on the supervisor's personal property. The supervisor immediately submitted his retirement paperwork when he learned of the investigation and the subordinate agreed to cooperate with the investigation. On December 1, 2009, both subjects were indicted in U.S. District court for the Western District of Texas. They were arrested the next day and the subordinate was subsequently proposed for termination from his employment by IBWC. On July 25, 2011, the supervisor was sentenced to 24 months incarceration, three years probation (supervised release), ordered to pay \$31,521 in restitution and a \$100 special assessment. The subordinate was sentenced to four months incarceration, six months home confinement, three years probation, \$64,600 in restitution and a \$100 special assessment. (*See OIG Semi-Annual Report, April 1, 2010 to September 30, 2010, pp 54*) (09-104 & 09-114)

PASSPORT INFORMATION ELECTRONIC RECORDS SYSTEM (PIERS) INQUIRY

On March 20, 2008, Undersecretary 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 of State contract employees on three different occasions through the Passport Information Electronic Records System (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 semi-annual reporting period, which include three separate criminal prosecutions:

OIG conducted an investigation of 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 subject pleaded guilty to one count of Unauthorized Computer Access. On April 21, 2011, the subject was sentenced to 12 months' probation and \$25 in court costs. The subject resigned from the Department effective July 10, 2011. (C2009-045)

OIG conducted an investigation of 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 54 different passport applications without authorization. On March 9, 2011, the employee pleaded guilty in U.S. District Court for the District of Columbia to one count of Unauthorized Computer Access. On August 5, 2011, the subject was sentenced to 12 Months' Probation, 100 hours of community service and \$25 in court costs. The employee was terminated from employment on March 16, 2011. (C2009-073)

OIG conducted an investigation of a former 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 108 different passport applications without authorization. On September 12, 2011, the employee pleaded guilty in U.S. District Court to three counts of Unauthorized Computer Access. Sentencing is pending. (C2010-045)

OIG's pursuit of PIERS related investigations is now winding down as most of these cases have now been adjudicated. 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 Semi-Annual Report, October 1, 2009 to March 31, 2010, pp 70-71*)

VISA FRAUD

OIG conducted an investigation based upon information provided by the U.S. Immigration and Customs Enforcement, Document and Benefit Fraud Task Force that was worked jointly with ICE and the Diplomatic Security Service. ICE determined that two individuals purchased their naturalization certificates from a corrupt Department of Homeland Security employee and subsequently applied for and received U. S. Passports. Both individuals were employed as contractor employees for the Department of State. A search warrant was executed on their residence in November 2010 in which Department computers were recovered. 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. Both were arrested and subsequently pleaded guilty on April 22, 2011. On July 1, 2011, both were sentenced to three years of supervised release. ICE is moving forward with deportation proceedings. Both employees were terminated from their contract positions. (See *OIG Semi-Annual Report, October 1, 2010 to March 31, 2011, pp 50*) (C2010-071)

FALSE CLAIMS

OIG conducted an investigation based upon information uncovered during an OIG inspection indicating that a senior embassy official engaged in travel irregularities by submitting improper claims for travel reimbursement. When interviewed by OIG agents, the senior official admitted that some of the travel charges were improper. On June 3, 2010, the Bureau of Resource Management determined that the official was liable for \$9,419 in improper travel charges. On September 7, 2011, the Bureau of Human Resources proposed a 10-day suspension of the senior official. (See *OIG Semi-Annual Report, April 1, 2010 to September 30, 2010, pp 52-53*) (C2008-011)

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	1031
Referral To Other Offices for Action	708
Held for Action Within OIG	50
No Action Necessary	273

TYPES OF CASES



APPENDIX 1: DEPARTMENT OF STATE INVESTIGATIVE ACTIVITIES

Preliminary Inquiries	
Opened	52
Closed	53
Investigations	
Opened	47
Closed	39
Pending (9/30/11)	156
Criminal Actions	
Referrals for Prosecution	10
Indictments/Informations	6
Convictions	7
Sentencings (Months Imprisonment)	70
Sentencings (Months Probation)	204
Declinations	9
Civil Actions	
Civil Referrals	3
Civil Judgments	5
Civil Declinations	3
Administrative Referrals	
Referrals for Personnel Action	1
Suitability Referrals to DS	1
Contractor Suspensions/Debarment Referrals	4
Administrative Actions	
Removals	10
Suspensions	1
Reprimands/Admonishments	10
Contractor Suspensions/Debarment Actions	17
Monetary Recoveries	
Criminal Fines/Recoveries	\$345,313
Civil Recoveries	\$10,331,239
Administrative Recoveries	\$0
Total Investigative Recoveries	\$10,676,551

APPENDIX 2: REPORTS ISSUED

Report Number	Report Title
AUD/CG-11-16	<i>Audit of International Boundary and Water Commission Architectural and Engineering Contract With S&B Infrastructure, Ltd., Using Funds Provided by the American Recovery and Reinvestment Act</i>
AUD/CG-11-17	<i>Audit of International Boundary and Water Commission Construction Contract With Ultimate Concrete, LLC, Using Funds Provided by the American Recovery and Reinvestment Act</i>
AUD/CG-11-18	<i>Audit of International Boundary and Water Commission Construction Contract With Milestone Excavation, Inc., Using Funds Provided by the American Recovery and Reinvestment Act</i>
AUD/CG-11-19	<i>Audit of International Boundary and Water Commission Construction Contract With Ballenger Construction Company, Using Funds Provided by the American Recovery and Reinvestment Act</i>
AUD/CG-11-20	<i>Audit of International Boundary and Water Commission Construction Contract With Lakeshore Engineering Services, Inc., Using Funds Provided by the American Recovery and Reinvestment Act</i>
AUD/CG-11-23	<i>Audit of International Boundary and Water Commission Construction Contract With Longhorn Excavators, Inc., Using Funds Provided by the American Recovery and Reinvestment Act</i>
AUD/CG-11-30	<i>DoD and DOS Need Better Procedures to Monitor and Expend DoD Funds for the Afghan National Police Training Program (Joint DoD and Department of State audit)</i>
AUD/CG-11-31	<i>Audit of Replacement of Aging Desktop Workstations at the Department of State With Funds Provided by the American Reinvestment and Recovery Act</i>
AUD/CG-11-32	<i>Audit of the Project To Replace Diplomatic Facility Telephone Systems at the Department of State With Funds Provided by the American Recovery and Reinvestment Act</i>
AUD/CG-11-34	<i>Audit of the Department of State Data Center Program Funded by the American Recovery and Reinvestment Act</i>
AUD/CG-11-36	<i>Audit of the Department of State Safeguarding Citizens – Computer Security Systems Program Funded by the American Recovery and Reinvestment Act</i>
AUD/CG-11-37	<i>Audit of the Department of State Mobile Computing Program Funded by the American Recovery and Reinvestment Act</i>
AUD/CG-11-38	<i>Audit of the Department of State Tools To Guard Against and Track Cyber Attacks Program Funded by the American Recovery and Reinvestment Act</i>
AUD/CG-11-39	<i>Audit of Norwegian People's Aid Under Department of State and U.S. Agency for International Development Multiple Agreements for Year Ended December 31, 2006</i>

Report Number	Report Title
AUD/CG-11-40	<i>Audit of Norwegian People's Aid Under Department of State and U.S. Agency for International Development Multiple Agreements for Year Ended December 31, 2007</i>
AUD/CG-11-42	<i>Afghan National Police Training Program: Lessons Learned During the Transition of Contract Administration (Joint DoD and Department of State audit)</i>
AUD/CG-11-44	<i>Afghan National Police Training Program Would Benefit From Better Compliance With the Economy Act and Reimbursable Agreements (Joint DoD and Department of State audit)</i>
AUD/CG-11-47	<i>Audit of Overtime Pay for Locally Employed Staff Assigned to Embassy Baghdad</i>
AUD/FM-11-27	<i>Independent Auditor's Report on International Boundary and Water Commission, United States and Mexico, U.S. Section, Financial Statements for 2010 and 2009</i>
AUD/FM-11-28	<i>Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, Financial Statements for 2010 and 2009</i>
AUD/FM-11-29	<i>Audit of Expenditures From the Department of State Emergencies in the Diplomatic and Consular Service Appropriation</i>
AUD/HCI-11-43	<i>Audit Survey of Reimbursement to the Department of State for Overseas Hospitalizations</i>
AUD/IP-11-14	<i>Audit of Construction and Transfer of Ownership of the President's Emergency Plan for AIDS Relief (PEPFAR) Construction Projects</i>
AUD/IT-11-26	<i>Management Letter Related to Review of Department of State Information Security Program for FY 2010</i>
AUD/IT-11-41	<i>Audit Survey of Department of State Approach To Developing an Automated Time and Attendance System</i>
AUD/SI-11-25	<i>Audit of Department of State Controls Over Bureau of Diplomatic Security Domestic Firearms and Optics</i>
AUD/SI-11-45	<i>The U.S. Civilian Uplift in Afghanistan Has Cost Nearly \$2 Billion, and State Needs to Strengthen its Management and Oversight of the Funds Transferred to Other Agencies (Joint SIGAR and Department of State audit)</i>
MERO/I-11-08	<i>Department of State Planning for the Transition to a Civilian-led Mission in Iraq, Performance Evaluation</i>
MERO/I-11-09	<i>Training and Logistical Support for Palestinian Authority Security Forces, Performance Evaluation</i>
MERO/I-11-10	<i>The Bureau of Population, Refugees and Migration's Reintegration Assistance Program for Refugees Returning to Afghanistan, Performance Evaluation</i>
MERO/I-11-11	<i>Limited-Scope Review of Planning for the Civilian Uplift at Embassy Kabul</i>
MERO/I-11-12	<i>DynCorp Operations and Maintenance Support at Camp Falcon in Kabul, Afghanistan</i>

Report Number	Report Title
ISP-C-11-26	<i>Compliance Follow-up Review of the Bureau of Overseas Buildings Operations</i>
ISP-C-11-53A	<i>Compliance Follow-up Review of Embassy Kabul, Afghanistan</i>
ISP-I-11-37	<i>Memorandum Report – Oversight of Rest and Recuperation Travel Documentation and Certification</i>
ISP-I-11-39A	<i>Inspection of Embassy New Delhi, India, and Constituent Posts</i>
ISP-I-11-40A	<i>Inspection of Embassy Santo Domingo, Dominican Republic</i>
ISP-I-11-41A	<i>Inspection of Embassy Bogotá, Colombia</i>
ISP-I-11-42A	<i>Inspection of Embassy Pretoria, South Africa, and Constituent Posts</i>
ISP-I-11-43A	<i>Inspection of Embassy Gaborone, Botswana</i>
ISP-I-11-44A	<i>Inspection of Embassy Conakry, Guinea</i>
ISP-I-11-45A	<i>Inspection of Embassy Yaoundé, Cameroon</i>
ISP-I-11-46A	<i>Inspection of Embassy Dakar, Senegal</i>
ISP-I-11-47	<i>Inspection of the Bureau of South and Central Asian Affairs</i>
ISP-I-11-48	<i>Inspection of the Office of the U.S. Special Representative for Afghanistan and Pakistan</i>
ISP-I-11-49A	<i>Inspection of the Bureau of Near Eastern Affairs</i>
ISP-I-11-50	<i>Inspection of the Office of the Special Envoy for Middle East Peace</i>
ISP-I-11-51	<i>Inspection of the Bureau of Consular Affairs, Office of Consular Systems and Technology</i>
ISP-I-11-54A	<i>Inspection of the U.S. Mission to the United Nations, New York</i>
ISP-I-11-55A	<i>Inspection of Embassy Seoul, Republic of Korea</i>
ISP-I-11-57	<i>Inspection of the Office of the Director of U.S. Foreign Assistance</i>
ISP-I-11-58A	<i>Inspection of Embassy Ulaanbaatar, Mongolia</i>
ISP-I-11-59	<i>Review of the President’s Emergency Plan for AIDS Relief in Small Investment Countries</i>
ISP-I-11-60	<i>Inspection of the Bureau of Consular Affairs, Overseas Citizens Services, Office of American Citizens Services and Crisis Management</i>
ISP-I-11-62	<i>Inspection of the Bureau of Information Resource Management, Office of eDiplomacy</i>
ISP-I-11-63	<i>Memorandum Report - Automated Security Clearance Verification</i>
ISP-I-11-64A	<i>Inspection of Embassy Warsaw, Poland</i>
ISP-I-11-65A	<i>Inspection of Embassy Berlin, Germany</i>
ISP-I-11-67A	<i>Inspection of Embassy Helsinki, Finland</i>
ISP-I-11-68	<i>Inspection of the Bureau of Diplomatic Security, Office of Investigations and Counterintelligence, Counterintelligence Division</i>

CLASSIFIED REPORTS ISSUED

Report Number	Report Title
AUD/IT-11-48	<i>Review of the Information Security Program for Sensitive Compartmented Information Systems at the Department of State</i>
ISP-I-11-38	<i>Review of Continuity of Operations and Intelligence Readiness, Bureau of Intelligence and Research, U.S. Department of State</i>
ISP-S-11-39A	<i>Classified Annex to the Inspection of Embassy New Delhi, India, and Constituent Posts</i>
ISP-S-11-40A	<i>Classified Annex to the Inspection of Embassy Santo Domingo, Dominican Republic</i>
ISP-S-11-41A	<i>Classified Annex to the Inspection of Embassy Bogotá, Colombia</i>
ISP-S-11-42A	<i>Classified Annex to the Inspection of Embassy Pretoria, South Africa, and Constituent Posts</i>
ISP-S-11-43A	<i>Classified Annex to the Inspection of Embassy Gaborone, Botswana</i>
ISP-S-11-44A	<i>Classified Annex to the Inspection of Embassy Conakry, Guinea</i>
ISP-S-11-45A	<i>Classified Annex to the Inspection of Embassy Yaoundé, Cameroon</i>
ISP-S-11-46A	<i>Classified Annex to the Inspection of Embassy Dakar, Senegal</i>
ISP-S-11-49A	<i>Classified Annex to the Inspection of the Bureau of Near Eastern Affairs</i>
ISP-S-11-53A	<i>Classified Annex to the Compliance Follow-up Review of Embassy Kabul, Afghanistan</i>
ISP-S-11-54A	<i>Classified Annex to the Inspection of the U.S. Mission to the United Nations, New York</i>
ISP-S-11-55A	<i>Classified Annex to the Inspection of Embassy Seoul, Republic of Korea</i>
ISP-S-11-58A	<i>Classified Annex to the Inspection of Embassy Ulaanbaatar, Mongolia</i>
ISP-S-11-64A	<i>Classified Annex to the Inspection of Embassy Warsaw, Poland, and Constituent Posts</i>
ISP-S-11-65A	<i>Classified Annex to the Inspection of Embassy Berlin, Germany</i>
ISP-S-11-67A	<i>Classified Annex to the Inspection of Embassy Helsinki, Finland</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 had been made by the commencement of the reporting period	8	\$156,663	\$64,331
B. Which were issued during the reporting period:			
Audits			
<i>Norwegian People's Aid Under DoS & USAID Multiple Agreements Year Ended 12/31/06 (AUD/CG-11-39)</i>	1	\$94	\$93
<i>Norwegian People's Aid Under DoS & USAID Multiple Agreements Year Ending 12/31/07 (AUD/CG-11-40)</i>	1	\$3	\$1
Evaluations			
<i>Dyncorp Operations & Maintenance Support at Camp Falcon, Kabul, Afghanistan (MERO-I-11-12)</i>	1	\$157	\$0
Total issued during the reporting period	3	\$254	\$94
Subtotals (A+B)	11	\$156,918	\$64,426
C. For which a management decision was made during the reporting period			
(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	11	\$156,918	\$64,426
Reports for which no management decision was made within six months of issuance	8	\$156,663	\$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 had been made by the commencement of the reporting period	9	\$21,569 ¹
B. Which were issued during the reporting period		
Audits		
<i>Audit of DOD and DOS Procedures to Expend DOD Funds for the Afghan National Police Training Program (AUD-CG-11-30)</i>	1	\$124,634 ²
<i>Audit of Afghan National Police Training Program Would Benefit from Better Compliance With the Economy Act and Reimbursable Agreements (AUD-CG-11-44)</i>	1	\$75,600 ³
<i>Audit of Replacement of Aging Desktop Workstations at the DOS With Funds Provided by the American Recovery and Reinvestment Act (AUD-CG-11-31)</i>	1	\$2,933
<i>Audit of the Project To Replace Diplomatic Facility Telephone Systems at the Department with Funds Provided by the American Recovery and Reinvestment Act (AUD-CG-11-32)</i>	1	\$3,255
Inspections		
<i>Inspection of Embassy New Delhi, India and Constituent Posts (ISP-I-11-39A)</i>	1	\$2,118
<i>Inspection of Embassy Santo Domingo, Dominican Republic (ISP-I-11-40A)</i>	1	\$58
<i>Inspection of Embassy Pretoria, South Africa (ISP-I-11-42A)</i>	1	\$4,493
<i>Inspection of Embassy Conakry, Guinea (ISP-I-11-44A)</i>	1	\$868
<i>Inspection of Embassy Yaounde, Cameroon (ISP-I-11-45A)</i>	1	\$750
<i>Inspection of Embassy Seoul, Republic of Korea (ISP-I-11-55A)</i>	1	\$411
<i>Inspection of Embassy Ulaanbaatar, Mongolia (ISP-I-11-58A)</i>	1	\$730
<i>Inspection of Embassy Warsaw, Poland (ISP-I-11-64A)</i>	1	\$5,080
<i>Inspection of Embassy Berlin, Germany (ISP-I-11-65A)</i>	1	\$19,802
<i>Inspection of Embassy Helsinki, Finland (ISP-I-11-67A)</i>	1	\$1,200
<i>Inspection of Bureau of Diplomatic Security, Office of Investigations and Counterintelligence, Counterintelligence Division (ISP-I-11-68)</i>	1	\$193
Total issued during the reporting period	15	\$242,129
Subtotals (A+B)	24	\$263,699

¹ Final amounts in the previous SAR were adjusted based on updated information and an analysis of open recommendations.

² DOD and DOS jointly conducted this audit in response to a requirement in the FY 2011 National Defense Authorization Act.

³ DOD and DOS jointly conducted this audit in response to a requirement in the FY 2011 National Defense Authorization Act.

Type of Report	Number of Reports	Dollars (in Thousands)
C. For which a management decision was made during the reporting period:		\$24,951
(i) dollar value of recommendations that were agreed to by management	10	\$20,023
– based on proposed management action		
– based on proposed legislative action		
(ii) dollar value of recommendations that were not agreed to by management	3	\$4,928
D. For which no management decision has been made by the end of the reporting period	16	\$238,747
Reports for which no management decision was made within six months of issuance	4	\$2,945

APPENDIX 4: RESOLUTION OF REPORTS AND RECOMMENDATIONS

SIGNIFICANT OFFICE OF AUDITS RECOMMENDATIONS PENDING FINAL ACTION

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
AUD/CG-06-02		<i>Application of Agreed-Upon Procedures to George Mason University Awards</i>	2/06
	4	OIG recommended the Bureau of Educational and Cultural Affairs (ECA) grants officer: <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. 	
AUD/IQO-07-20		<i>Review of DynCorp International, LLC, Contract Number S-LMAQM-04-C-0030, Task Order 0338, for the Iraqi Police Training Program Support (Joint audit with the Special Inspector General for Iraq Reconstruction)</i>	1/07
	2	OIG recommended the Office of Acquisitions Management seek reimbursement from DynCorp for the improperly authorized payment of \$4.2 million that represents contractually unauthorized work directed by the Iraqi Ministry of Interior. This work included the relocation of the residential camp, the manufacture of additional VIP trailers, and the construction of an Olympic-size swimming pool.	

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 Federal Acquisition Regulation requirements for reviewing a contractor's property control system.	
	2	OIG recommended the Department take actions to address the \$2.9 million in unallowable costs identified in this report, including the following: <ul style="list-style-type: none"> • Reconcile 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. • Document 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. • Resolve any unallowable costs associated with property that was determined to be unnecessary to the accomplishment of contract objectives. 	
	3	OIG recommended the Department take the following steps to address the \$25.5 million in unsupported costs indentified in this report: <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 Accountant's 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 ECA: <ul style="list-style-type: none"> • Determine whether the Center's use of the forgone 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-08-32		<i>Independent Accountant's Report on the Application of Agreed-Upon Procedures on Indirect Cost Rates Proposed by Nacel Open Door, Inc.</i>	8/08
	3	OIG recommended 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.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
AUD/IQO-09-25		<i>Audit of the Design and Construction of the New Embassy Compound in Baghdad, Iraq</i>	10/09
	1	OIG recommended 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 recommended 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 recommended 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 recommended 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 penthouse size and air flow through the louvers of the Utility Building.	
	7	OIG recommended 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.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
	8	OIG recommended 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 (NEC).	
	9	OIG recommended 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 recommended 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 recommended 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 recommended 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 NEC Baghdad contracts.	
	14	OIG recommended 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.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
MERO/A-IO-11		<i>The Bureau of Diplomatic Security Kabul Embassy Security Force, Performance Evaluation</i>	9/10
	2	OIG recommended that the Office of Acquisition Management, in consultation with the Office of the Legal Adviser, attempt to recover \$433,000 from ArmorGroup of North America (AGNA) for the improper use of U.S. Government-furnished weapons during training and all unaccounted-for weaponry.	
	3	OIG recommended that the Bureau of Administration, in consultation with the Bureau of Diplomatic Security, modify the Kabul Embassy Security Force contract with standard operating procedures for firearms training, including a training curriculum, range specifications, a record-keeping system for guard qualification scores, and a description of the support documentation required to verify training.	
	7	OIG recommended that the Office of Acquisition Management, in consultation with the Office of the Legal Adviser, attempt to recover \$6 million from AGNA for employing guards without contractually required English language proficiency.	
MERO/I-11-O5		<i>PAE Operations and Maintenance Support at Embassy Kabul, Afghanistan, Performance Evaluation</i>	12/10
	4	OIG recommended that Embassy Kabul stop payment of labor fees and other unexpected tasks when this work is performed by PAE personnel during routine duty hours under the firm-fixed-price portion of the contract.	
	5	OIG recommended that Embassy Kabul designate a U.S. Government direct-hire staff member to monitor and implement diplomatic tax relief from the Government of Afghanistan and seek reimbursement from PAE for \$325,474 paid under the contract for taxes assessed by the Government of Afghanistan.	
	6	OIG recommended that Embassy Kabul seek reimbursement for overpayment of \$346,642 to the Afghan fuel vendor, National Fuel, Inc., for fuel from September 2005 through April 2010.	
	10	OIG recommended that Embassy Kabul, in consultation with the Bureau of Overseas Buildings Operations, determine whether the location of the fire suppression sprinklers over the high voltage switchgear in the power plant is a potential fire hazard that needs to be addressed.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
MERO-I-11-02	14	OIG recommended that Embassy Kabul consider taking steps to convert its electrical power system to the Kabul City Power public grid, which could result in potential annual cost savings of \$2.3 million in the short term and \$3.3 million in the medium to the long term.	
	15	OIG recommended that Embassy Kabul evaluate whether the \$1.36 million planned purchase of four generators to meet the electrical needs of new construction in the embassy's east compound is necessary.	
	<i>Performance Evaluation of PAE Operations and Maintenance Support for the Bureau of International Narcotics and Law Enforcement Affairs' Counternarcotics Compounds in Afghanistan</i>	2/11	
	2	OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs implement a quality assurance surveillance plan to evaluate and measure overall contractor performance and the performance of subcontractors in operations and maintenance support against the contract and task order to determine if the contractor and subcontractors are providing the required services.	
	3	OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs ensure that a sufficient number of dedicated contracting officer's representatives are physically present in Afghanistan to provide proper oversight of the contracts for operation and maintenance support at the counternarcotics compounds.	
	6	OIG recommended that the Bureau of International Narcotics and Law Enforcement Affairs, in coordination with Embassy Kabul and in consultation with the Drug Enforcement Administration, evaluate the physical security requirements at the Kabul counternarcotics compound.	
	9	OG recommended that the Bureau of International Narcotics and Law Enforcement Affairs ensure all guards at the counternarcotics compound in Kunduz are familiar with standard operating procedures for security and that guards are getting sufficient rest and days off.	

SUMMARY OF OFFICE OF AUDITS 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: The Bureau of Educational and Cultural Affairs 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].” On March 30, 2011, ECA management reached a decision that George Mason should repay the questioned costs. George Mason has appealed the decision. Therefore, the three recommendations remain unresolved.

Projected date of resolution: March 2012

Report Number: AUD/CG-10-25

Subject: Embassy Baghdad Controls for Overtime Pay

Date Issued: June 24, 2010

Reason for not being resolved: OIG recommended that Embassy Baghdad, Management Section, discontinue the practice of allowing American employees to submit their time and attendance information directly to the Charleston Global Financial Services Section and anticipated a formal response in July 2010. However, OIG had not received a response as of the end of this reporting period. Therefore, one recommendation (No. 3) remains unresolved.

Projected date of resolution: March 2012

Report Number: AUD/FM-10-28

Subject: Audit of Corrective Action Plan for Real Property

Date Issued: August 25, 2010

Reason for not being resolved: In January 2011, the Bureau of Overseas Buildings Operations requested an extension from OIG to respond to the recommendation (No. 3) that called for a corrective action plan to improve and formalize the accountability process for task owners and that will monitor and track the completion of corrective action plan milestones. The extension was granted by OIG until April 2011; however, OIG had not received a response as of the end of this reporting period. Therefore, Recommendation 3 remains unresolved.

Projected date of resolution: March 2012

Report Number: AUD/IT-11-07

Subject: Review of Department of State Information Security Program

Date Issued: November 3, 2010

Reason for not being resolved: In February 2011, the Bureau of Information Resource Management requested and received a 60-day extension until April 2011 to respond to Recommendation 2. However, OIG had not received a response as of the end of this reporting period. Therefore, the recommendation remains unresolved and the issue will be reviewed in the follow-on mandated annual review of the Department of State Information Security Program.

Projected date of resolution: March 2012

Report Number: MERO-A-10-12

Subject: Evaluation of the Logistical Civil Augmentation Program for Embassy Baghdad

Date Issued: September 28, 2010

Reason for not being resolved: Embassy Baghdad was requested to respond to Recommendations 1–5 by October 28, 2010. However, OIG had not received a response as of the end of this reporting period. Therefore, the five recommendations remain unresolved.

Projected date of resolution: March 2012

Report Number: MERO-1-11-02

Subject: PAE Support for INL's Counternarcotics Compound in Afghanistan

Date Issued: February 4, 2011

Reason for not being resolved: The Bureau of International Narcotics and Law Enforcement Affairs (INL) and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (AQM), were requested to respond to the report's nine recommendations by March 6, 2011. AQM did respond to Recommendations 1 and 7 on March 24, 2011. However, OIG did not resolve the statuses of Recommendations 1 and 7. Also, OIG did not receive a response from INL by the due date. Therefore, all nine of the report's recommendations remain unresolved.

Projected date of resolution: March 2012

Report Number: MERO-1-11-05

Subject: PAE Maintenance and Operations at Embassy Kabul

Date Issued: January 4, 2011

Reason for not being resolved: Embassy Kabul and the Bureau of Administration were requested to respond to the report's 16 recommendations by February 3, 2011. The March 14, 2011, response from the A Bureau was sufficient for OIG to consider Recommendations 1, 2, 3, 8, 11, 12, and 16 resolved, pending further action. However, Embassy Kabul did not respond to Recommendations 4, 5, 6, 7, 9, 10, 13, 14, and 15. Therefore, these nine recommendations remain unresolved.

Projected date of resolution: March 2012

Report Number: MERO-1-11-06

Subject: Trafficking in Persons

Date Issued: January 14, 2011

Reason for not being resolved: Embassies Abu Dhabi, Kuwait City, Muscat, and Riyadh were requested to respond to Recommendations 1, 2, 4, 5, and 6; Embassy Riyadh was also requested to respond to Recommendation 3; and the Office of the Procurement Executive (A/OPE) was requested to respond to Recommendation 7. As of the February 13, 2011, due date, only A/OPE had responded, and OIG considers Recommendation 7 closed. However, Recommendations 1–6 remain unresolved.

Projected date of resolution: March 2012

SIGNIFICANT INSPECTIONS RECOMMENDATIONS PENDING FINAL ACTION

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
ISP/I-09-34		<i>Inspection of the Bureau of Consular Affairs, Passport Services</i>	07/09
	20	OIG recommended the Bureau of Consular Affairs immediately redraw the districts for acceptance facility oversight, include all processing centers and new agencies in the program, make the districts proportionate, and assign sufficient staff to carry out customer services duties.	
	22	OIG recommended the Bureau of Consular Affairs initially certify all acceptance agents through assignment of individual identification numbers and require all acceptance facilities to annually recertify the names of the individuals trained and authorized to accept passport applications.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
	24	OIG recommended the Bureau of Consular Affairs create and maintain an integrated master database of all authorized acceptance facilities and agents within the Travel Document Information System.	
	27	OIG recommended the Bureau of Consular Affairs standardize guidance on how to conduct 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>Inspection of the Executive Office, Bureau of Diplomatic Security</i>	04/09
	9	OIG recommended the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, abolish the Logistics Services Division, Space Management Branch, and should transfer the function and full-time equivalent positions to the Bureau of Administration's Office of Real Property Management.	
	13	OIG recommended the Bureau of Diplomatic Security, 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 the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, should eliminate Diplomatic Security-developed program asset systems and Diplomatic Security asset data to the Integrated Logistics Management System.	
ISP/I-11-11		<i>Inspection of the Department's Required and Congressionally Mandated Reports: Assessment of Resource Implications</i>	10/10
	2	The Bureau of Legislative Affairs, in coordination with the Office of the Legal Adviser and the Executive Secretariat, should consult Congress about submitting congressionally mandated reports for some specific countries in less detail, and identifying those reports to the appropriate congressional committees.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
	3	The Office of Management Policy, Rightsizing and Innovation, in coordination with the Bureau of Resource Management, should direct all missions to document the approximate costs (to reflect time and pay scales of personnel involved) that are devoted to the preparation of congressionally mandated and Department reports, and include this data in annual budget requests.	
ISP/I-11-37		<i>Review of the Oversight of R&R Travel Documentation and Certification</i>	04/11
	1	OIG recommended that the Under Secretary for Management should transfer the responsibility for approval and certification for rest and recuperation travel benefits to from the regional bureaus to the Offices of Allowances in the Bureau of Administration to facilitate the timely submissions of justifications for continued eligibility of benefits by rest and recuperation posts.	
	2	OIG recommended that the Bureau of Administration should obtain updated biennial documentation from overseas posts currently receiving rest and recuperation benefits and reassess justifications for continued eligibility.	
ISP/I-11-54A		<i>Inspection of the U.S. Mission to the United Nations, New York</i>	07/11
	2	OIG recommended that the Bureau of International Organization Affairs, in coordination with the U.S. Mission to the United Nations, the Bureau of Diplomatic Security, and the Office of the Under Secretary for Management, should develop standing guidance for support staffing in New York and Washington and budgeting for permanent representatives with and without Cabinet rank.	
ISP/I-11-57		<i>Inspection of the Office of the Director of U.S. Foreign Assistance</i>	08/11
	1	OIG recommended that the Office of the Director of U.S. Foreign Assistance should request that the Deputy Secretary of State for Management and Resources issue a statement emphasizing the Office of the Director of U.S. Foreign Assistance's central role in foreign assistance planning and budgeting and requiring that Department bureaus consult with the office whenever the use of foreign assistance resources is contemplated.	

Report Number	Rec. No.	Report Title Recommendation Summary	First Reported
	2	OIG recommended that the Office of the Director of U.S. Foreign Assistance should conclude and disseminate a written understanding on the budget process with the U.S. Agency for International Development, including respective roles of the Department's Office of the Director of U.S. Foreign Assistance and the U.S. Agency for International Development's Office of Budget and Resource Management and participating bureaus in both organizations, for the preparation of the FY 2014 foreign assistance budget.	
	6	OIG recommended that the Office of the Director of U.S. Foreign Assistance, in coordination with the Bureau of Resource Management, should prepare a study to determine whether there are cost effective solutions for collecting timely data on budget execution and making the data accessible to the Office of the director of U.S. Foreign Assistance, its operating units, and stakeholders.	
ISP/I-11-67A		<i>Inspection of Embassy Helsinki, Finland</i>	09/11
	22	The Bureau of Consular Affairs should keep the Euro Zone consular exchange rate at or above the U.S. disbursing officer's daily rate of exchange rate at all times.	

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

Report Number: ISP/I-11-28

Subject: Report of Inspection of Embassy Reykjavik, Iceland

Date Issued: February 24, 2011

Reason for Not Being Resolved: OIG recommended that the Office of the Legal Adviser determine whether the embassy will be responsible for all or part of the Government of Iceland-mandated social security contributions. The action office is in the process of achieving resolution.

Projected Date of Resolution: December 2011

Report Number: ISP/I-11-11

Subject: Report of Inspection of Department Required and Congressionally Mandated Reports: Assessment of Resource Implications

Date Issued: October 25, 2010

Reason for Not Being Resolved: OIG recommended that the Office of Management Policy, Rightsizing and Innovation (M/PRI), direct all missions to document the approximate costs (to reflect time and pay scales of personnel involved) that are devoted to preparation of congressionally mandated and Department-required reports, and include this data in annual budget requests. M/PRI reported that it would provide an update to the recommendation upon the release of the QDDR progress report to the Secretary.

Projected Date of Resolution: December 2011

REVISED MANAGEMENT DECISIONS

None.

MANAGEMENT SUCCESS IN RESOLVING AND IMPLEMENTING RECOMMENDATIONS

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

OIG recommended that Embassy Athens immediately implement a locally employed staff hiring freeze, except for positions expressly approved by the Ambassador, until staffing has been reduced by five percent or 15 positions. Embassy Athens reported that 12 locally employed staff positions were abolished since the recommendation was issued. Additionally, OIG recommended that Embassy Athens submit a request to reduce the number of language designated positions at Post from 36 to 20, and eliminate an entry-level officer position when the incumbent completes his/her assignment. Embassy Athens reported that it has eliminated the language designation for 16 positions reducing the total number of language designated positions to 20; and abolished the entry-level officer position. These personnel and rightsizing changes have resulted in an annual savings of more than \$2.9 million.

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

OIG recommended that Embassy Stockholm request permission from the Bureau of Overseas Buildings Operations to sell a single family property that had been vacant for several years. Embassy Stockholm reported that the property was sold for more than \$2.3 million.

OIG also recommended that Embassy Stockholm notify the Department that language training was not essential for the consular chief position. The language designation was eliminated for this position at a savings of approximately \$55,000.

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

OIG recommended and Embassy Copenhagen complied with the eliminate language training for two consular position at a savings of \$110,000.

Inspection of Embassy Pretoria (ISP/I-11-42A)

OIG recommended and Embassy Pretoria eliminated one professional adjudications specialist position at Consulate General Durban, one visa clerk position at Consulate General Cape Town, and a maintenance foreman position at the chancery for a total funds put to better use of approximately \$100,000.

Inspection of Consulate General Hong Kong (ISP/I-10-78)

OIG recommended and Consulate General Hong Kong eliminated one U.S. direct-hire information management specialist position. The position was reprogrammed to create a new information management position at Consulate General Shanghai, China.

Inspection of Embassy Conakry, Guinea (ISP/I-11-44A)

OIG recommended and Embassy Conakry complied with discontinuing the practice of using appropriated funds to procure or support personal satellite television services for mission staff at a savings of \$20,760.

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

OIG recommended and Embassy Oslo complied with seeking a valued-added tax refund of \$15,140 for a hotel bill.

APPENDIX 5: AUDITS PERFORMED BY CONTRACTORS

Report Number	Report Title	Contractor	Type of Engagement
AUD/CG-11-16	<i>Audit of International Boundary and Water Commission Architectural and Engineering Contract With S&B Infrastructure, Ltd., Using Funds Provided by the American Recovery and Reinvestment Act</i>	Cotton & Company, LLP	Performance Audit
AUD/CG-11-17	<i>Audit of International Boundary and Water Commission Construction Contract With Ultimate Concrete, LLC, Using Funds Provided by the American Recovery and Reinvestment Act</i>	Cotton & Company, LLP	Performance Audit
AUD/CG-11-18	<i>Audit of International Boundary and Water Commission Construction Contract With Milestone Excavation, Inc., Using Funds Provided by the American Recovery and Reinvestment Act</i>	Cotton & Company, LLP	Performance Audit
AUD/CG-11-19	<i>Audit of International Boundary and Water Commission Construction Contract With Ballenger Construction Company Using Funds Provided by the American Recovery and Reinvestment Act</i>	Cotton & Company, LLP	Performance Audit
AUD/CG-11-20	<i>Audit of International Boundary and Water Commission Construction Contract With Lakeshore Engineering Services, Inc., Using Funds Provided by the American Recovery and Reinvestment Act</i>	Cotton & Company, LLP	Performance Audit
AUD/CG-11-23	<i>Audit of International Boundary and Water Commission Construction Contract With Longhorn Excavators, Inc., Using Funds Provided by the American Recovery and Reinvestment Act</i>	Cotton & Company, LLP	Performance Audit
AUD/CG-11-34	<i>Audit of the Department of State Data Center</i>	Clark Leiper, PLLC	Performance Audit
AUD/CG-11-36	<i>Audit of the Department of State Safeguarding Citizens – Computer Security Systems Program Funded by the American Recovery and Reinvestment Act</i>	Clark Leiper, PLLC	Performance Audit
AUD/CG-11-37	<i>Audit of the Department of State Mobile Computing Program Funded by the American Recovery and Reinvestment Act</i>	Clark Leiper, PLLC	Performance Audit
AUD/CG-11-38	<i>Audit of the Department of State Tools To Guard Against and Track Cyber Attacks Program Funded by the American Recovery and Reinvestment Act</i>	Clark Leiper, PLLC	Performance Audit

Report Number	Report Title	Contractor	Type of Engagement
AUD/FM-11-27	<i>Independent Auditor's Report on International Boundary and Water Commission, United States and Mexico, U.S. Section, Financial Statements for 2010 and 2009</i>	Clark Leiper, PLLC	Financial Statement
AUD/FM-11-28	<i>Management Letter Related to the Audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section, Financial Statements for 2010 and 2009</i>	Clark Leiper, PLLC	Financial Statement
AUD/IT-11-26	<i>Management Letter Related to Review of Department of State Information Security Program for FY 2010</i>	Williams, Adley & Company, LLP	Federal Information Security Management Act Review

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

Peer reviews are conducted of an OIG audit organization's system of quality control on a 3-year cycle in accordance with the *CIGIE [Council of the Inspectors General on Integrity and Efficiency] Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*, based on requirements in the *Government Auditing Standards*. Federal audit organizations can receive a rating of pass, pass with deficiencies, or fail.

OIG was the subject of a peer review of its audit organization during the prior reporting period. The National Aeronautics and Space Administration (NASA) OIG conducted the review and issued its system review report on October 12, 2009. In the opinion of the NASA OIG, the system of quality control for the Office of Audits and for the Middle East Regional Office in effect for the year ended September 30, 2009, had been suitably designed and complied with to provide the Office of Audits with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects with the exception of certain deficiencies that are described in the report. Because of deficiencies noted in MERO, the Office of Audits received a peer review rating of "pass with deficiencies."

The report contained five recommendations for MERO and two recommendations for the Office of Audits designed to further strengthen the system of quality control in both organizations.

The Office of Audits and MERO concurred with the recommendations and provided information on actions taken or planned. NASA's OIG agreed with the actions taken and planned and, as a result, considered the seven recommendations closed. (The peer review report is posted on OIG's Web site.)

No external peer reviews of another Federal audit organization were conducted by the Office of Audits during this semiannual reporting period. There are no outstanding recommendations from the previous peer review conducted by the Office of Audits. That peer review was conducted on the Department of the Treasury OIG's audit organization and was completed November 19, 2009.

A peer review was conducted for the Office of Investigations in September and a final report is pending. No external peer reviews of another Federal investigative

organization were conducted by the Office of Investigations during this semiannual reporting period. There are no outstanding recommendations from previous peers review conducted by the Office of Investigations.

**BROADCASTING
BOARD OF
GOVERNORS**

OFFICE OF INSPECTIONS

Inspection of the International Broadcasting Bureau Botswana Transmitting Station (ISP-IB-11-52A)

At the Botswana Transmitting Station, the station manager had improved station operations, cut costs, renovated and repaired station facilities, and implemented energy-saving initiatives. The station's overall security posture was good, although the station manager needed to implement procedural and physical security improvements at both transmitter compounds to solidify the program. The International Broadcasting Bureau (IBB) also needed to complete development and implementation of a cybersecurity policy at the Botswana Transmitting Station.

Memorandum Report, Broadcasting Board of Governors Operations in Seoul, South Korea (ISP-IB-11-56)

The Voice of America (VOA) news bureau produces news items on Korea and Japan for the worldwide VOA service in English. In addition, VOA Korean Service provides news about the United States, and Radio Free Asia Korea provides news about North Korea. North Koreans are the target audience for both services, which broadcast in Korean. Although North Korea jams signals for both services' broadcasts, there is substantial evidence that North Koreans receive the signal and listen to the service regularly. The three news bureaus were well managed and produced materials that were highly valued by both news editors in Washington and target audiences in the Korean peninsula.

Inspection of the International Broadcasting Bureau's Germany Transmitting Station (ISP-IB-11-66)

The International Broadcasting Bureau Germany Transmitting Station fills a critical role in supporting the U.S. strategic communication strategy in Afghanistan. It also provides global, systemwide support to other IBB transmitting stations, transmitters, and affiliates in third countries. Although the station performed well, OIG made recommendations to address deficiencies in internal controls and locally employed systems staff training as well as a lack of standard operating procedures to maintain the station's administrative network. In addition, OIG highlighted a long-standing problem with nonreimbursement of the value-added taxes paid on goods and services, from which the transmitting station was exempt by bilateral agreement. OIG recommended that Embassy Berlin deliver a *démarche* to the German Government addressing this issue.

Inspection of Voice of America's Indonesian Service (ISP-IB-11-61)

The VOA Indonesian Service is a well managed operation with a credible presence in Indonesian media markets. In more than 11 years, it has grown from a small short-wave operation to a vibrant, multimedia organization that carefully uses audience research to target its viewers and listeners. Radio remains relevant in the rural areas of Indonesia, but elsewhere television has eclipsed radio. Also, the proliferation of Web-enabled mobile telephones has led to a rapid growth in new media; Indonesia is now the second largest user of Facebook in the world. The VOA Indonesian Service has appropriately directed resources in response to the changes in Indonesia's media environment and has been called a "poster child" for its work with new media. OIG made no recommendations for significant changes.

APPENDIX 1: BROADCASTING BOARD OF GOVERNORS INVESTIGATIVE ACTIVITIES

Preliminary Inquiries	
Opened	1
Closed	1
Investigations	
Opened	2
Closed	2
Pending (9/30/11)	0
Criminal Actions	
Referrals for Prosecution	1
Indictments/Informations	0
Convictions	0
Sentencings (Months Imprisonment)	0
Sentencings (Months Probation)	0
Declinations	1
Civil Actions	
Civil Referrals	0
Civil Judgments	0
Civil Declinations	0
Administrative Referrals	
Referrals for Personnel Action	0
Suitability Referrals to DS	0
Contractor Suspension/Debarment Referrals	0
Administrative Actions	
Removals	0
Suspensions	0
Reprimand/Admonishments	0
Contractor Suspension/Debarment Action	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
ISP-IB-11-52A	<i>Inspection of the International Broadcasting Bureau Botswana Transmitting Station</i>
ISP-IB-11-56	<i>Memorandum Report, Broadcasting Board of Governors Operations in Seoul, South Korea</i>
ISP-IB-11-61	<i>Inspection of Voice of America's Indonesian Service</i>
ISP-IB-11-66	<i>Inspection of the International Broadcasting Bureau's Germany Transmitting Station</i>

CLASSIFIED REPORTS ISSUED

Report Number	Report Title
ISP-IB/S-11-52A	<i>Classified Annex to the Inspection of the International Broadcasting Bureau Botswana 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 the Broadcasting Board of Governors, 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 the Broadcasting Board of Governors, 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 the Broadcasting Board of Governors, 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.	

CONGRESSIONAL AND PUBLIC AFFAIRS ACTIVITIES

TESTIMONY AND BRIEFINGS

On April 5, 2011, Deputy Inspector General Harold W. Geisel testified before the House Foreign Affairs Committee hearing on the Office of Inspector General (OIG) compliance with a 2007 U.S. Government Accountability Office Report on OIG organization and staffing. In addition, OIG testified at this hearing in response to a House member's request for information related to a recommendation included in the 2009 OIG report *Inspection of the Bureau of Consular Affairs, Passport Services* (ISP-I-09-34), which discussed the staffing of passport acceptance facilities.

During this reporting period, OIG's briefings to congressional staff included:

- On July 20, 2011, OIG senior management presented OIG's current operations briefing, including retrospective and prospective oversight activities covering FYs 2011 and 2012. The briefing was provided to senior staff of the Senate Appropriations Subcommittee on State, Foreign Operations and Related Programs.
- On August 31, 2011, OIG senior inspections staff presented a briefing to staff of the House Foreign Affairs Committee on two OIG reports: *Inspection of the Office of the U.S. Special Representative for Afghanistan and Pakistan* (ISP-I-11-48) and *Inspection of the Bureau of South and Central Asian Affairs* (ISP-I-11-47).

CONGRESSIONAL MANDATES AND REQUESTS

During this period, OIG issued the following congressionally mandated reports:

- In accordance with P.L. 101-576, as amended, OIG issued the report *Independent Auditor's Report on International Boundary and Water Commission, United States and Mexico, U.S. Section, Financial Statements for September 30, 2010 and 2009* (AUD/FM-11-27) and the related review *Management Letter Related to the Audit of the International Boundary and*

Water Commission, United States and Mexico, U.S. Section, 2010 and 2009 Financial Statements (AUD/FM-11-28).

- In accordance with P.L. 111-5, OIG issued nine audit reports in response to oversight and transparency requirements of the American Recovery and Reinvestment Act of 2009. The nine reports are located on the OIG Web site, under Audit Reports, Contracts and Grants, and are identified by the following report numbers: AUD/CG-11-19, AUD/CG-11-20, AUD/CG-11-23, AUD/CG-11-31, AUD/CG-11-32, AUD/CG-11-34, AUD/CG-11-36, AUD/CG-11-37 and AUD/CG-11-38.
- In accordance with 22 U.S.C. § 2671(c), OIG issued the report *Audit of Expenditures From the Department of State Emergencies in the Diplomatic and Consular Service Appropriation* (AUD/FM-11-29).
- 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.

During the period, OIG also provided reports requested by Congress as follows:

- OIG provided the annual report to the House Oversight and Government Reform Chair and Ranking Member on OIG Unimplemented Recommendations and associated value estimates (May 2, 2011).
- OIG issued a report to the Senate Judiciary Committee related to oversight reports not available to the public. All reports other than investigative case information were made public, and no management assessment reports were issued (May 13, 2011).

LEGISLATION MONITORED

OIG monitored the following legislation (enacted and pending) during the reporting period:

- *Continuing Appropriations Public Laws, FY 2011* – 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.
- *Supplemental Appropriations Act, 2010*, P.L. 111-212 (H.R. 4899), as it pertains to oversight funding in Pakistan, Afghanistan, and Iraq.
- *Senate Foreign Relations Authorization Act for Fiscal Years 2012-13* (pending).
- *Foreign Relations Authorization Act, Fiscal Years 2012, Section 201*, H.R. 2583, (pending).

MEDIA RELATIONS AND OUTREACH

During this semiannual period, OIG made its reports available to the media both directly and online through regular postings on its Web site. OIG also established a Twitter account, issuing regular “tweets” when new reports or jobs are posted or OIG participates in a congressional hearing.

Improvements continue to be made on the OIG public site to enhance relevance and usefulness, including significant upgrades to the search engine and the creation of an easily accessible report archive for those reports more than 3 years old. Additions to the OIG intranet SharePoint site include an archive similar to the one on the public site, as well as several new Innovative Practice case studies and new OIG Activities slide shows.

Media expressed interest in a broad range of OIG activities and initiatives resulting in direct responses to 13 different issues, including:

- Review of systemic issues with the Department’s Diversity Visa lottery program (publication pending).
- *Inspection of Embassy Valletta, Malta* (ISP-I-11-16A), February 2011.
- *Department of State Planning for the Transition to a Civilian-led Mission in Iraq Performance Evaluation* (MERO-I-11-08), May 2011.
- *Afghan National Police Training Program: Lessons Learned During the Transition of Contract Administration* (Joint Audit) (AUD/CG-11-42), August 2011.
- Department and Embassy Kabul compliance with the *Inspection of Embassy Kabul, Afghanistan* (ISP-I-10-32A), February 2010.
- *Audit of the Design and Construction of the New Embassy Compound in Baghdad, Iraq* (AUD/IQO-09-25), October 2009.
- Details on documents cited in *Memorandum Report - Oversight of Rest and Recuperation Travel Documentation and Certification* (ISP-I-11-37), April 2011.
- Details on figures provided in *Audit of Expenditures From the Department of State Emergencies in the Diplomatic and Consular Service Appropriation* (AUD/FM-11-29), August 2011.
- Several inquiries on possible OIG investigations.

OUTREACH

OIG engaged in a variety of outreach activities, ranging from seminars and training activities to meetings with American ambassadors and foreign ministry representatives. Deputy Inspector General Harold W. Geisel and senior staff of the Offices of Inspections and Investigations briefed participants of the Ambassadorial Seminar, which is attended by ambassadors-designate and their spouses. Mr. Geisel also met individually with ambassadors or ambassadors-designate prior to their departing on assignment.

In June 2011, OIG senior staff met with European Union Ombudsman to discuss government transparency; access to information; and how OIG handles a range of issues, including Freedom of Information Act and congressional requests. In July 2011, a delegation from Vietnam, participating in a Department-sponsored project on public administration reform, professional ethics training, and anti-corruption, met with senior OIG staff to discuss specific oversight issues related to waste and fraud.

ABBREVIATIONS

AUD	Office of Audits
AQM	Office of Acquisitions Management
A/OPE	Office of Procurement Executive
BBG	Broadcasting Board of Governors
BIA	Business Impact Analysis
CA	Bureau of Consular Affairs
CDC	Centers for Disease Control and Prevention
CFR	compliance follow-up review
CI	Bureau of Diplomatic Security's Counterintelligence Division
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CST	Office of Consular Systems and Technology
Department	Department of State
DOD	Department of Defense
DS	Bureau of Diplomatic Security
ECA	Bureau of Educational and Cultural Affairs
FAM	Foreign Affairs Manual
FAH	Foreign Affairs Handbook
F	Office of the Director of the U.S. Foreign Assistance
FISMA	Federal Information Security Management Act
GFACS	Global Foreign Affairs Compensation System

HHS	Department of Health and Human Services
HIV/AIDS	human immunodeficiency virus and/or acquired immune deficiency syndrome
IBB	International Broadcasting Bureau
IBWC	International Boundary and Water Commission
ICASS	International Cooperative Administrative Support Services
ICE	U.S. Immigration and Customs Enforcement
INL	Bureau of International Narcotics and Law Enforcement Affairs
IRM	Bureau of Information Resource Management
LE	Locally Employed
MERO	Middle East Regional Offices
MED	Office of Medical Services
M/PRI	Management Policy, Rightsizing and Innovation
NEA	Bureau of Near Eastern Affairs
NEC	New Embassy Compound
OBO	Overseas Building Operations
OIG	Office of Inspector General
OMB	Office of Management and Budget
PEPFAR	President's Emergency Plan for AIDS Relief
PIERS	Passport Information Electronic Records System
PM/WRA	Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement
PRM	Bureau of Population, Refugees and Migration

RM	Bureau of Resource Management
S/GAC	Office of the U.S. Global AIDS Coordinator
S/SEMEP	Office of the Special Envoy for Middle East Peace
SCA	Bureau of South and Central Asian Affairs
T&A	time and attendance
UNHCR	United Nations High Commissioner for Refugees
USAID	U.S. Agency for International Development
USIBWC	International Boundary and Water Commission, United States and Mexico, U.S. Section
USUN	U.S. Mission to the United Nations in New York
VOA	Voice of America



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

