



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

FEB 19 2013

Dear Mr. Chairman:

In compliance with Section 232 of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (TVPRA), the Department of State (Department) Office of Inspector General (OIG) is pleased to submit this summary of activities and findings related to trafficking in persons for the period of January 1, 2012, to December 31, 2012. OIG has continued to use the talents and resources of its three offices in an integrated and sustainable effort to address the issue of trafficking in persons. Summaries of each office's 2012 activities and findings related to trafficking in persons are detailed below.

Office of Audits (AUD)

In January 2011, the OIG Middle East Regional Office (MERO)¹ issued the report *Performance Evaluation of Department of State Contracts to Assess the Risk of Trafficking in Persons Violations in Four States in the Cooperation Council for the Arab States of the Gulf* (MERO-I-11-06). The report reviewed Department efforts to combat trafficking in persons at Embassy Abu Dhabi, United Arab Emirates (UAE); Embassy Kuwait City, Kuwait; Embassy Muscat, Oman; Embassy Riyadh, Saudi Arabia; and consulates general in Dhahran, Saudi Arabia, and Dubai, UAE. In the review, AUD identified several contractor practices that increased the risk of trafficking in persons and issued seven recommendations to the four embassies and to the Bureau of Administration, Office of the Procurement Executive (A/OPE). These recommendations addressed the need for improving employment and living conditions for foreign contracted workers and for improving contract monitoring for potential trafficking in persons violations.

The Honorable Robert Menendez
Chairman,
Committee on Foreign Relations,
United States Senate.

¹ MERO was merged into the Office of Audits as the Middle East Region Operations directorate in August 2011.

In 2012, AUD issued a report on Department actions to implement the recommendations in MERO-I-11-06 and to determine whether they should be closed or reissued.² AUD determined that the four embassies and A/OPE had taken sufficient actions to close three of the recommendations, finding that embassies had obtained and transmitted country-specific passport retention laws to their respective contractors; improved the living conditions for gardeners in Riyadh, Saudi Arabia; and developed guidance and training for monitoring contracts for potential trafficking in persons violations. However, AUD determined that the Department had not taken, or did not have opportunities to take, sufficient actions to close the remaining recommendations. Therefore, AUD reissued four recommendations related to contractor passport retention and payroll practices, and contractor compliance with labor standards. In addition, AUD made one new recommendation to Embassy Riyadh and two new recommendations to A/OPE based on issues identified during the compliance followup review. The new recommendations concerned unsafe contractor-provided housing for janitors in Dhahran, Saudi Arabia, and recommended that A/OPE clarify guidance on monitoring contracts for potential trafficking in persons violations mandated in the A/OPE Procurement Information Bulletins (PIB).³ In response to the recommendations, A/OPE issued additional guidance clarifying requirements under both PIBs. AUD is reviewing these actions to determine whether they are sufficient to close the recommendations.

Office of Inspections (ISP)

As noted in last year's report, ISP designated trafficking in persons as an issue that all inspection teams should address in the course of their reviews of all embassy and consulate operations, as well as applicable domestic bureaus, in 2012. Inspection teams were asked to complete a trafficking in persons questionnaire during their post inspections. Embassies in countries heavily dependent on third country national labor and where large construction and service contracts are in place are at particularly high risk for trafficking. During this period, OIG inspection teams completed the questionnaire at 13 embassies and consulates in Lisbon, Portugal; Madrid, Spain; Paris, France; San Jose, Costa Rica; Bangkok, Thailand; Bandar Seri Begawan, Brunei; Singapore, Singapore; Lagos and Abuja, Nigeria; Manila, Philippines; Phnom Penh, Cambodia; Buenos Aires, Argentina; and Santiago, Chile. None of the posts had third country nationals on their contract staff. There was a third country national on the official residence expense (ORE) staff in Phnom Penh but no issues were reported concerning the employment agreement.

² *Compliance Followup Review of Department of State Actions to Reduce the Risk of Trafficking in Persons Violations in Four States in the Cooperation Council for the Arab States of the Gulf* (Report Number AUD-MERO-12-47, September 2012).

³ Office of the Procurement Executive Procurement Information Bulletin No. 2011-09, *Combating Trafficking in Persons* (March 24, 2011), and Office of the Procurement Executive Procurement Information Bulletin No. 2012-10, *Contractor Recruitment of Third Country Nationals* (February 28, 2012).

A/OPE PIB No. 2011-09 requires contracting officer's representatives (COR) to ensure that all solicitations and contracts over the micropurchase threshold (\$3,000) contain Federal Acquisition Regulation (FAR) clause 52.222-50, *Combating Trafficking in Persons* (2009), and other contractor requirements and Department remedies related to trafficking in persons. Of the 13 post visits, inspection teams found that 10 of the posts (77 percent) included the required FAR clause in the contracts sampled. ISP wrote recommendations and/or counseled posts accordingly.

Prior to the distribution of the FY 2012 trafficking in persons questionnaire, ISP added questions in response to new Department guidance for contracting officers (CO) and CORs on monitoring for trafficking in persons. This guidance included COs/CORs responsibilities for monitoring trafficking in persons compliance and guidance for structuring a monitoring program.⁴ Most of the posts inspected reported that COs/CORs are familiar with PIB No. 2011-09 requiring management sections to ensure that COs/CORs are familiar with and follow guidance outlined in the PIB. However, only three of the 13 posts indicated they have structured a trafficking in persons monitoring program using PIB suggestions and that the COs/CORs are actively following it as well as it being part of the COs/CORs contracting file. OIG included recommendations or counseled posts to address these deficiencies.

None of the posts reported that COs/CORs suspected or had knowledge of trafficking in persons activities in relation to employees of any mission contract. Most of the posts inspected reported that ORE staff at their posts had signed employment agreements that included a description of duties and that the ORE staff felt they were working within the scope of their agreements. As noted earlier, none of the posts had third country nationals on their contract staff. There was a third country national on the ORE staff in Phnom Penh but no issues were reported concerning the employment agreement.

For security contracts, three posts reported that the regional security officer served as the COR on contracts over \$3,000 and that FAR clause 52.222-50 is in the contract. All of these posts reported that the COR is familiar with PIB No. 2011-09, but none had structured a monitoring program using the PIB guidance. Conformance with local laws or guards vetted before hiring were the reasons regional security officers gave for the lack of a monitoring program.

In FY 2012, OIG issued a report on the inspection of the Office to Monitor and Combat Trafficking in Persons (J/TIP).⁵ The inspection report noted J/TIP's efforts and successes in

⁴ Office of the Procurement Executive Procurement Information Bulletin No. 2011-09 (September 19, 2012 Update, September 19, 2012).

⁵ *Inspection of the Office to Monitor and Combat Trafficking in Persons* (Report Number ISP-I-12-37, June 2012, pp. 9, 10, 21, 27).

helping the Department of Homeland Security launch two online interactive training modules, one for the general public and the other for all Federal acquisitions professionals aimed at the zero tolerance policy in government contracting. J/TIP also worked with the Bureau of Educational and Cultural Affairs to incorporate trafficking-prevention components among the measures taken to revamp the Summer Work Travel program. The office has also worked with the Office of Protocol to better track allegations of abuse and establish requirements for the treatment of domestic workers of foreign diplomats in the United States to help prevent trafficking in persons abuses.

The J/TIP inspection report found that embassies were not receiving regular periodic grantee performance reports sent by grantees to J/TIP as a condition of the grant agreement.⁶ Embassy receipt of the reports could be beneficial, for example, strengthening their ability to spot possible problems and facilitate monitoring performance on the spot. The inspectors recommended that J/TIP amend the language in the standard grant agreement to commit grantees to make their semiannual performance reports to the office available simultaneously to the concerned embassy. At the time of this reporting cycle, the report's compliance for the report was still open. J/TIP said it agreed with the recommendation and plans to implement it in the next round of grant awards. Also during the reporting period, Embassy Riyadh, Saudi Arabia, took steps to increase monitoring requirements in response to an OIG inspection recommendation for the embassy to implement standard operating procedures for monitoring contracts' and contractors' compliance with anti-trafficking requirements.⁷ In response, OIG closed the recommendation for acceptable implementation.

Office of Investigations (INV)

Recognizing the importance of combating global trafficking in persons, INV continued with proactive efforts to engage the broader Federal law enforcement community in pursuing trafficking in persons referrals and allegations abroad. INV coordinated with the Department of Justice (DOJ) Human Trafficking Prosecution Unit, as well as with fellow Federal investigative organizations with trafficking in persons responsibilities, to determine current law enforcement involvement and ways to broaden law enforcement involvement in combating trafficking in persons. INV also continued its participation in J/TIP briefings and networking opportunities, both within and without the law enforcement community, to further these proactive anti-trafficking in persons efforts.

⁶ Trafficking In Victims Protection Act of 2000 is included in the U.S. Department of State Standard Terms and Conditions for Overseas Federal Assistance Awards (October 1, 2009).

⁷ Inspection of Embassy Riyadh and Constituent Posts, Saudi Arabia (Report Number ISP-I-10-19A, March 2010).

INV continued its partnership with A/OPE as well as with the Bureau of Diplomatic Security to ensure Department trafficking in persons-related allegations are brought to the attention of the appropriate law enforcement entity. INV continued its participation in the anti-trafficking in persons working group in Baghdad, Iraq, which includes members from other Department entities, DOJ, U.S. Immigration and Customs Enforcement, the International Organization for Migration, and nongovernmental organizations.

INV personnel in Baghdad, Iraq, participated in trafficking in persons-related training sessions held at the Iraq Federal Police Academy and established relationships with host country officials responsible for trafficking in persons investigation and prevention. INV will continue developing such relationships as part of its proactive program of promoting effective bilateral communication of trafficking in persons-related referral and investigative information.

During this reporting period, INV actively pursued investigative leads and referrals and responded to four allegations of trafficking in persons violations by contractor, grantee, or other nongovernmental personnel. Two ongoing investigations concern alleged misuse of trafficking in persons-related grant funds. Additionally, suspension action has been taken by the Department on a trafficking in persons grantee.

One final activity of note was the involvement of INV personnel in Baghdad in assisting a victim of trafficking in persons. In March 2012, information regarding a trafficking in persons victim came to the attention of an INV special agent assigned to Baghdad. This information was referred to INV solely as a result of the working relationships that have been developed through involvement with the local anti-trafficking in persons working group. Although the circumstances of this particular case did not specifically involve Department personnel, funds, or programs, the INV special agent went the extra mile to successfully mobilize Department and nongovernmental organizational officials to ensure the victim received shelter, counseling, and repatriation.

OIG remains fully committed to providing vigorous oversight of the Department's efforts to combat trafficking in persons-related activities and to investigate trafficking in persons-related violations.

Sincerely,

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