



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

MONTHLY REPORT OF **ACTIVITIES**

audits, inspections, testimony, and special activities

September 2002

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

Office of Audits

Foreign Service Retirement & Disability Fund, 2001, 2000, and 1999 Financial Statements (AUD/FM-02-19)

An independent external contractor audited the Foreign Service Retirement and Disability Fund's (FSRDF) Financial Statements for FY 2001 to report on whether the financial statements fairly present the financial position and the results of financial operations in accordance with generally accepted accounting principles; determine whether FSRDF has an internal control structure that provides reasonable assurance of achieving internal control objectives; and, determine whether FSRDF complied with applicable laws and regulations. FSRDF is a trust fund that provides pensions to retired and disabled members of the Foreign Service. For FY 2001, FSRDF reported assets of \$11.3 billion and an actuarial unfunded pension liability of \$424.8 million. The external auditor issued an unqualified opinion.

International Boundary and Water Commission Financial Statements for FY 2001 (AUD/FM-02-25)

Under OIG's direction, an independent external auditor audited the International Boundary and Water Commission's U.S. Section (USIBWC), Financial Statements as of September 30, 2001, in order to report on whether the financial statements fairly present the financial position and the results of financial operations in accordance with generally accepted accounting principles, to determine whether USIBWC has an internal control structure that provides reasonable assurance of achieving internal control objectives, and to determine whether USIBWC complied with applicable laws and regulations. USIBWC is charged by a series of treaties between the governments of the United States and Mexico with the application, regulation, and exercise of the provisions of such agreements for the solution of water and boundary problems along the United States and Mexico boundary. For FY 2001, USIBWC reported assets of \$282 million.

OIG issued an unqualified opinion on the USIBWC Principal Financial Statements as of September 30, 2001. Although an unqualified opinion was issued, the report brings to management's attention internal control weaknesses relating to the financial management system. The audit did not identify any instances of noncompliance with laws and regulations that were considered necessary for disclosure.

International Cooperative Administrative Support Services, 2000 & 1999 Financial Statements (AUD/FM-02-26)

Under OIG's direction, an independent external auditor audited the International Cooperative Administrative Support Services' (ICASS) 2000 and 1999 Financial Statements to obtain reasonable assurance and express an opinion on whether the financial statements fairly present, in all material respects, the financial position and results of financial operations in conformity with generally accepted accounting principles; determine whether ICASS had an internal control structure that provided reasonable assurance of achieving internal control objectives; and determine whether ICASS complied with applicable laws and regulations.

The external auditor issued an unqualified opinion on the ICASS 2000 and 1999 Financial Statements. Although an unqualified opinion was issued, the report brought to management's attention concerns about the security of the Department's information system networks and the Paris Accounting and Disbursing System, the inadequacy of the Department's financial and accounting system, and the inadequacy of the Department's controls over undelivered orders.

Department of State's Foreign Service "Up-or-Out" System (AUD/PR-02-27)

At the request of the Chairman of the Subcommittee on National Security, Veterans Affairs, and International Relations, House Committee on Government Reform, OIG reviewed the Department's Foreign Service "up-or-out" promotion system. The Subcommittee was particularly interested in the system's effectiveness, citing the retention and recruiting problems the Department has faced.

The purpose of the Department's up-or-out system is to ensure a predictable and orderly flow through the ranks and to provide promotion opportunities for the best officers at all levels. In competitions for promotion opportunities, the Department takes skills and experience into account in the annual reviews of documented performance, accomplishments, and potential. The current class system, mandated by the Foreign Service Act of 1980, established a maximum number of years officers may remain at a given class level before they are required to separate from the Department. The Secretary has authority to change the time limits for the so-called "time-in-class" rules.

OIG found that the up-or-out system separated between 1.0 and 1.6 percent of all Foreign Service generalist officers and 0.4 percent of Foreign Service specialist officers during fiscal years 1999 and 2001.

Based on the information reviewed, OIG believes that the system accomplished its intended purpose. For example, about 87 percent of Foreign Service officers separated during the period

owing to the up-or-out system were senior or executive-level officers. The majority of vacant Foreign Service positions or assignment gaps, however, occurred below the senior level. OIG also found that at least one-quarter of the officers retired under the up-or-out system during fiscal years 1999 and 2000 returned to the Department to work on a temporary or limited appointment within one year.

Attestation Review of Annual Accounting of Drug Control Funds (AUD/PR-02-28)

OIG has reviewed the Chief Financial Officer's FY 2001 detailed accounting submission to the Director of the Office of National Drug Control Policy (ONDCP). The Chief Financial Officer prepared the submission in compliance with ONDCP Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999. This submission is the responsibility of the Department.

OIG conducted its review in accordance with attestation standards established by the American Institute of Certified Public Accountants as specified in section 6 of the ONDCP circular. The scope of a review is substantially less than an examination, the objective of which is the expression of an opinion on the submission. Accordingly, OIG does not express such an opinion. Based on OIG's review of the accounting submission, nothing came to its attention that caused OIG to believe that the accompanying assertions do not, in all material respects, reliably represent the FY 2001 obligation data presented in the submission.

Review of Regional Financial Management System Test Documentation Standard (AUD/FM-02-30)

The Bureau of Resource Management (RM) is replacing its financial management system in Charleston and Bangkok with the Regional Financial Management System (RFMS). RM asked OIG to review the RFMS Test Documentation Standard to determine whether the procedures for documenting future RFMS tests were adequate. OIG found that the standard was generally adequate for future RFMS tests and provided adequate accountability. The standard will also be useful in keeping the test documentation consistent throughout all test phases in the RFMS life cycle. OIG advised RM to clarify a section of the Test Documentation Standard to require written approval before any test results can be destroyed.

Review of The Bridge Fund (AUD/PR-02-31)

The Bridge Fund was established in 1996 to help Tibetan communities in China preserve their cultural traditions, promote sustainable development, and conserve the environment. In February 2002, the U.S. Ambassador to Beijing asked OIG to conduct a review of The Bridge Fund to

ensure that U.S. funds were being effectively used. The Special Coordinator for Tibetan Issues endorsed this review.

The Department grants officer's technical representative, responding to concerns raised by Embassy Beijing, verbally notified The Bridge Fund's executive director in February 2002 that the remaining \$348,000 from a September 2001 grant would be suspended while OIG conducted its review. OIG found procedural shortcomings in the Department's suspension of funds. Provision XXIX of the grant agreement requires that, before suspending funds, the Department must first inform the grantee by letter of the nature of the problem and that failure to correct the deficiency may result in suspension or termination.

OIG found that the concerns noted in Embassy Beijing's request generally related to problems that arose during the first grant period, specifically during a June 2001 visit to the projects by officials from the Chengdu Consulate. Bridge Fund officials stated that, although the embassy raised some valid concerns, some of the difficulties observed at the local level were attributed to the delay in the Department's funding of the first grant; therefore, not all of the projects had received funding when the Chengdu Consulate officials conducted their visit. In addition, Bridge Fund officials had suspended funding for one of its reforestation projects because they were disappointed with the progress made at the local level.

In response to concerns raised by Embassy Beijing, The Bridge Fund submitted a 17-page memorandum to the Department on February 19, 2002, that described what The Bridge Fund was doing to improve its operations and programs, including hiring and training additional staff and conducting project audits and reviews. Embassy Beijing provided The Bridge Fund with an opportunity to assess its work critically and make improvements. On the basis of its review of the memorandum and discussions with Fund officials, OIG believes that The Bridge Fund is making a good faith effort to respond to the Department's concerns. From the memorandum, the Department could determine what, if any, additional actions The Bridge Fund must take before awarding a new grant.

OIG also found that an Office of Management and Budget A-133 audit of The Bridge Fund, although required by the grant agreement, had not been conducted for FY 2000. OIG helped arrange an audit by a certified public accounting firm. According to the firm, the financial statements presented fairly, in all material respects, the financial position of The Bridge Fund and the result of its activities and its cash flows for the period July 20, 2000, to September 26, 2001, in conformity with accounting principles generally accepted in the United States. The Bridge Fund also requested another CPA firm to audit the organizations responsible for disbursing the funds within China. Those audits are to be completed shortly, and OIG will review the results.

As a result of OIG's limited review, the grants officer released the suspended funds to The Bridge Fund. OIG closed out the review without formal recommendations.

Regional Procurement Support Offices (AUD/FM-02-39)

In light of the Department's goal to expand regional support and reduce its overseas presence, OIG evaluated the operations of the Regional Procurement Support Offices (RPSOs). The offices provide support to missions using their services in procuring goods and materials and processing the solicitation of bids and establishment of contracts. OIG sought to determine whether these offices were properly organized, located, managed, and funded and also to determine whether the Department was properly accounting for operations and recovering full costs through reimbursements to the Working Capital Fund, which is used for funding purposes.

OIG found that RPSOs provide effective services that are highly rated by the missions receiving them in several regions, including Europe and Africa. This conclusion was based on the results of an OIG survey of virtually all missions worldwide. However, some regions, including Eastern and Southern Asia, are not provided sufficient service and are lacking in procurement support at the regional level. Additionally, the findings showed that RPSOs provide only eight percent of total overseas procurement.

OIG concluded that RPSOs are not meeting their potential and would benefit from planning that addresses current deficiencies in management and geographic coverage, as well as changes in organizational structure to put all three current offices under one organization and one manager. Recommendations were made to effect these changes. In addition, funding is presently provided through the Department's Working Capital Fund, which is reimbursed through surcharges paid by missions using RPSO's services. A recommendation was made to assess this source of funding and determine whether alternate sources are better suited for the operation. OIG also found significant examples of accounting anomalies that distorted financial operating results and hindered RPSO's management in carrying out its functions. Several recommendations were made to correct these deficiencies.

Review of the Department of State's Monitoring of Contractor Performance
(AUD/PPA-02-40)

OIG reviewed the Department's systems and procedures to monitor contractor performance. Specific objectives were to determine whether those Department officials with performance monitoring responsibilities followed federal and Department policies and procedures for monitoring contractor performance, ensured that contractor performance was in compliance with contract terms and conditions, and possessed the requisite training, technical expertise, and certification of qualifications to perform contractor performance monitoring. In addition to these

objectives, OIG examined the Department's mechanisms for tracking and communicating with persons responsible for monitoring contractor performance.

OIG examined three domestic contracts, with a combined value of \$54 million, to determine whether policies and procedures were adhered to and the terms and conditions of the contracts had been met. In addition, OIG administered a questionnaire to Department officials worldwide who have served as contracting officer's representatives (COR).

In general, CORs responsible for the three contracts that were examined in detail followed policies and procedures related to contractor performance, ensured that contract terms and conditions were being met, and received appropriate training. However, OIG identified deficiencies in COR oversight that mirrored results from prior OIG contract audits. Also, OIG found that the Department lacked accurate records on who was serving as CORs and government technical monitors (GTM) assisting the CORs.

In addition, a significant number of the questionnaire respondents (from ten percent to 20 percent or more in some instances) provided answers to OIG's questions that pointed to shortcomings. Some examples of shortcomings that appeared on either the contracts examined or the questionnaire responses included invoices that were not processed in a timely manner, resulting in late payment interest penalties and the loss of available discounts; contract ceilings that were exceeded; deduction tables that were not used, but could have compensated the Department for services that were not rendered; a large number of CORs who were performing their duties part-time; and COR duties redelegated to GTMs who had not been properly appointed.

Because of the persistent nature of these and other shortcomings, OIG believes that the Department should oversee contractor performance monitoring more vigorously. The Department's Bureau of Administration is moving in this direction by establishing a new division to oversee contractor performance monitoring. Bureau of Overseas Building Operations (OBO) has also instituted a best practice by implementing a training program for all of its personnel with COR duties. OIG believes that additional steps are warranted. The Department needs to maintain records on personnel with performance monitoring responsibilities and monitor their training qualifications, establish an intranet site for posting guidance and information pertinent to CORs and GTMs, and notify the executive officers of all bureaus and diplomatic missions of the need for CORs and GTMs to comply with Department guidance.

Review of Lockerbie Trial Costs (AUD/CG-02-43)

At the request of the Department, OIG reviewed the costs incurred in conducting the trial of the two Libyans accused of blowing up Pan Am flight 103 over Lockerbie, Scotland. In September

1999, the Department, based on an informal agreement to fund half the appropriate incremental costs of conducting the trial in the Netherlands rather than Scotland, awarded a grant to the United Kingdom of Great Britain to fund a portion of trial costs. OIG reviewed data related to conducting the trial from April 1999 through March 30, 2002. OIG's review verified the total costs of conducting the trial, and determined the appropriate incremental costs of conducting the trial in the Netherlands rather than in Scotland.

Follow Up Review of Iraqi National Congress Support Foundation (AUD/CG-02-44)

At the request of the Department's Bureau of Near Eastern Affairs (NEA), OIG conducted a follow up review related to recommendations in OIG's "Review of Awards to Iraqi National Congress Support Foundation (INCSF)" (Report Number 01-FMA-R-092, dated September 2001). Specifically, OIG reviewed corrective actions taken by the INCSF and also examined costs incurred between June 1, 2001, and March 31, 2002, to determine whether INCSF expended federal funds for the intended purpose of the agreements, and in accordance with applicable Federal laws and regulations. OIG found that INCSF:

- Had taken significant steps to implement OIG's recommendations. OIG concluded that, based on INCSF's level of compliance with previous recommendations, the restriction of future funding recommended in the prior audit report is no longer necessary.
- Incurred questioned costs totaling \$110,851 relating to instances of non-compliance with applicable laws and grant terms and conditions or other applicable regulations.
- Had strengthened some financial controls, but had been unable to establish effective financial management, in part, because the INCSF did not have a long-term agreement or a consolidated budget plan. Subsequent to OIG's review, the Department provided an additional \$900,000, and released \$113,000 previously withheld, to cover unfunded liabilities. However, INCSF has operated without a grant agreement since June 1, 2002, and lacks funding to meet financial obligations incurred since that date.

Office of Inspections

Inspection of Embassy Abuja and Consulate General Lagos (ISP-I-02-33)

Nigeria has been described as a “linchpin” of U.S. African policy. The United States depends on Nigeria for oil imports, support in the fight against terrorism, assistance in promoting regional stability, and as a major market with growth potential for U.S. exporters. The Ambassador and his country team have a clear understanding of U.S. interests in Nigeria and have had success in advancing that agenda. He and the deputy chief of mission have effective, ready access to the highest levels of the Nigerian government.

The major problem for the U.S. mission to Nigeria is staffing shortfalls in Abuja and Lagos, particularly the inability to fill midlevel positions. This same key judgment was cited in OIG’s last two inspection reports, issued in 1993 and 1997. There can be no real progress on other vital issues as long as the mission has long staffing gaps, relying on makeshift arrangements of junior officers, temporary duty retirees, Civil Service employees on excursion tours, and contract employees to fill key positions. Consular operations, almost entirely based in Lagos, need additional staffing. CA has begun to address this situation by providing additional temporary duty staff.

There remain some problems arising from the transfer of the embassy from Lagos to Abuja in 1999. Embassy Abuja consists of three small residential buildings in a single compound. It lacks the space and administrative support necessary for the growing demands placed on it as the Department and other U.S. government agencies locate more staff in Abuja. There are plans to build a new embassy in Abuja, but groundbreaking has been postponed twice, and it is unclear when the project will begin. The new embassy will likely not be completed for several years, and its proposed size may be inadequate for projected staffing increases. Further, the transfer of the embassy has resulted in some confusion over lines of authority within the mission and disagreements over resource allocation. This situation has contributed to inefficient operations, weaknesses in management controls, misunderstandings, and low morale, and it should be a priority for mission management to resolve.

Inspection of Embassy Bangui, Central African Republic (ISP-I-02-35)

Embassy Bangui operates in a difficult environment of extreme isolation, constant health hazards, and a chronically dangerous security situation. Political and social unrest caused the suspension of embassy operations for over a year in 1997-98; another violent revolution and army mutiny in May 2001 again threatened stability in the country. The shaky security situation caused the Peace Corps and U.S. Agency for International Development (USAID) to close their offices, thereby reducing the U.S. presence and assistance levels in this desperately poor nation. This vacuum, along with a reduction in the French military presence, has been filled by Libya, whose troops are a major source of support for the regime.

Nevertheless, this small embassy and its energetic ambassador are actively pursuing limited U.S. interests. The consular section is mindful of its need to protect over 300 American citizens resident in the Central African Republic and is well organized to meet future emergencies. The section's work in uncovering a visa fraud scheme involving Yemeni nationals is also commendable.

Diplomatic readiness, while more than adequate within the embassy itself, suffered from deficiencies in regional support in areas such as health care, financial management, and personnel.

Embassy Bangui's reporting of local events has been good, but it should include more coverage of the substantial Libyan presence and Libya's policies toward the country and the region. The embassy also needs to track more carefully the use and effectiveness of projects in the Central African Republic that are funded by the Bureau of Population, Refugees, and Migration.

The Department needs to decide whether Embassy Bangui remains viable, balancing the advantages of maintaining a presence in the Central African Republic and the protection of resident Americans against the personal security and health hazards for embassy personnel, the limited influence of our democratization and other progress on the current regime, and the expense of funding an embassy with so few remaining U.S. programs.

Inspection of Embassy Bern, Switzerland (ISP-I-02-36)

Switzerland has long played an important, though limited, role in U.S. foreign policy interests. It actively supports international humanitarian and cultural work and has protected U.S. assets and represented U.S. interests in countries like Iran. Although sometimes U.S.-Swiss relations have been strained over issues like Holocaust compensation, the bilateral relationship has remained healthy with significant shared long-term interests in democracy and free-market economics. Economic and business ties, particularly in foreign investment, have always been an important

part of the U.S.-Swiss relationship. Switzerland is becoming more important to U.S. foreign policy with the current war on terrorism and Switzerland's move away from its traditional neutrality in world affairs.

The current size of the embassy is appropriate, and recent Department decisions to increase support personnel should be reconsidered. One existing position should be reallocated to operational diplomatic functions in Switzerland. The embassy cannot adequately cover Switzerland's most important city, Zurich, from Bern. A more permanent American presence should be established in Zurich, even if it means relocating existing personnel from Bern.

Keeping residential streets around the embassy closed for security reasons can be only a temporary measure. The Bern City Council wants to open the streets. A reasonable effort should be made to relocate the chancery to a safer location when feasible.

The embassy's communications facilities are woefully inadequate, despite the best efforts of the embassy over a number of years to secure adequate resources. The Department needs to allocate resources to rectify the communications problems quickly.

Inspection of Mission Geneva, Switzerland (ISP-I-02-38)

The U.S. Mission in Geneva is a unique post, dealing with 175 United Nations (UN) and other international organizations and about 159 permanent delegations from other countries. Compartmentalization at the UN is mirrored in the mission. The mission represents the United States and supports the many U.S. delegations that come from Washington to participate in a wide range of conferences. The mission is also tasked with promoting reform of the UN system and working to recast the multilateral organizations dedicated to social, economic, and humanitarian work. The mission must do so in an environment marked by extensive political, economic, and ideological differences. Pulling it all together is a management challenge, which the current mission leadership is ably meeting.

Cooperation between the mission and the two ambassador-led permanent delegations to the Conference on Disarmament (CD) and the World Trade Organization, which are collocated in one chancery building, is the best that it has been in years, because of the collegial efforts of the three ambassadors. Nonetheless, the Department has been seriously remiss in completing in a timely manner the chief of mission's letter of authority for the U.S. Mission Ambassador.

Geneva needs more space than the average overseas mission to accommodate the large number of temporary delegations that regularly visit Geneva. The recent unanticipated move into the chancery for security reasons of the United States Trade Representative (USTR) delegation has

seriously reduced the space available. Even so, the USTR delegation now occupies space that is less than half the size of its previous quarters. In addition, under current circumstances, the mission will not be able to support the increase in permanent and visiting delegations that is anticipated because of the Doha round trade negotiations or the possibility of renewed CD negotiations and other arms control activities. The mission and the Department need to move forward urgently with short and long-term ameliorative measures.

The Ambassador to the Conference has traditionally had a mandate restricted primarily to the CD negotiations, and he has had little substantive interaction with other arms control delegations or discussions. The current ambassador, who is resident in Geneva, might usefully play a broader coordinating and facilitating role during and between negotiations.

Inspection of Consulate General Hamilton, Bermuda (ISP-I-02-39)

Operations at Consulate General Hamilton are focused on supporting airport preclearance procedures that facilitate American tourist travel, providing services to American citizens, resolving environmental issues that were left after the closing of the U.S. military and National Aeronautics and Space Administration bases, and encouraging the government of Bermuda to control money laundering. The consulate general is doing a good job of looking after these interests.

Relations between the United States and the self-governing United Kingdom Overseas Territory of Bermuda are good. The narrowly based Bermudan economy is heavily dependent on American tourism and offshore business operations that either represent U.S. companies or target U.S. markets.

Support and responsibility for Consulate General Hamilton are not centralized within the Department. Since Bermuda is an overseas territory of the United Kingdom, it is reasonable that the consulate general fall under the auspices of Embassy London. The \$2 million security construction project now underway requires more oversight by the Bureau of Overseas Building Operations to ensure that the work is done properly and in conformity with the contract.

Inspection of Embassy Kinshasa, Democratic Republic of the Congo (ISP-I-02-40)

As a large country with strategic and economic potential, multiple conflicts, and many domestic and foreign opponents, the Democratic Republic of the Congo commands significant U.S. government attention. However, in recent years policy implementation has been inhibited by repeated evacuations, and by tensions in the bilateral relationship. Now, taking advantage of the more favorable attitudes of the new government, Embassy Kinshasa has established a constructive foundation for a highly focused pursuit of its well articulated policy goals. The mission is well run, and its leadership is popular. Despite the depressing physical environment and discouraging operational one, morale is good and the degree of collegiality is exceptional.

As the Congolese situation develops, demands on the embassy will grow. A few new resources are being added, but there is still a need for an additional political officer and for improved connectivity with the consular section. Embassy management gives its full support to the security program.

Though no longer one of the largest U.S. diplomatic missions, Embassy Kinshasa continues to be responsible for substantial U.S.-government-owned real estate. Three of these properties should be disposed of, and the second position in the facilities maintenance section should be eliminated. The inspection also found significant management controls vulnerabilities.

Inspection of Embassy Luanda, Angola (ISP-I-02-41)

Relations between the United States and Angola suffer from lingering antagonism. As the United States searches for energy alternatives, Angola's resources are being noted. Embassy Luanda's reports are read with interest by people in a variety of offices within the Department and other U.S. agencies. Readers applaud the increased credibility of reporting under the present leadership. However, until the Ambassador succeeds in building team spirit, the embassy will continue to operate less than optimally. The Department bears considerable responsibility for the demoralizing conditions, particularly with regard to the physical plant. Using trailers, mobile homes, and prefabricated buildings, both the chancery and the annex have deteriorated steadily since Embassy Luanda was established in 1991. OIG found the combined chancery-new construction site to be dangerous. In response to OIG's findings, the Department dispatched the construction branch chief and the area manager to Luanda to find ways to correct the identified problems and compelled the contractor to assign an American safety supervisor to the construction site. OIG supports these actions, but is still concerned. When the repair and renovation are complete, the embassy's annex will remain unsafe, excessively expensive, and inefficient. The decision to continue leasing space at the annex for a sum of approximately \$1,007,000 is questionable.

There is considerable dissatisfaction with administrative services, attributable to communications and computer systems disruptions and power interruptions. General services have improved, but there is still no effective procurement function. Also, greater attention to the management of Foreign Service nationals (FSNs) is needed.

The systems administrator is responsible for unclassified operations at the Miramar compound and Casa Inglesa. This workload which requires supporting about 50 workstations is enormous. Currently, there is no dedicated computer systems support for Casa Inglesa; consequently, long gaps in communications and breakdowns in systems operations occur frequently.

Inspection of Embassy Ouagadougou, Burkina Faso (ISP-I-02-43)

U.S. relations with Burkina Faso, one of the world's poorest nations, are correct but strained by the government's involvement in clandestine arms and diamond trading that support rebel movements in the region. Burkina Faso's regime has also aided coup plotters in Cote d'Ivoire. Police violence, including extra-judicial killings, is also on the rise.

The ambassador maintains a strong network of personal relationships that includes the highest levels of the government and uses this top level access to press the government to end smuggling and other support for destabilizing elements in the region and to increase democratization at home.

However, the ability to carry out U.S. goals in Burkina Faso is constrained by the modest resources allocated to the embassy. The absence of a U.S. Agency for International Development (USAID) mission further constrains the embassy's ability to influence U.S. programs in important policy areas. Relations with the Peace Corps, the only other U.S. government agency in Ouagadougou, are close and cooperative.

The embassy's political reporting is impressive; however, Embassy Ouagadougou needs to establish an economic reporting program. The embassy provides virtually no coverage of Burkina Faso's internal economy, whose acute difficulties have brought it under the tutelage of the International Monetary Fund and the World Bank. The current Mission Performance Plan does not establish any economic reporting goals or targets.

Even though about 300 U.S. citizens live in Burkina Faso and the country's political stability is chronically shaky, Embassy Ouagadougou's current Mission Performance Plan does not address enhancing American citizens services and other consular goals and objectives. Communications between the embassy's front office and its public diplomacy section are spotty, in part because the public affairs section still resists full integration into the embassy. Embassy Ouagadougou's public diplomacy offices are located across a busy street from the embassy compound, but, inexplicably, not within the embassy's newly built security perimeter. Both for security reasons and better integration of the public affairs program into the embassy, relocation of the public affairs officer and his staff to the compound should be a priority. Partly because of duplicated administrative responsibilities between the public affairs section and the embassy's administrative section, Ouagadougou's public diplomacy local staff is excessively large. The American Language Center, one of Ouagadougou's few English language teaching facilities, is located in a dilapidated building about 15 minutes from the chancery.

Inspection of the Bureau of African Affairs (ISP-I-02-52)

September 2002

The Bureau of African Affairs (AF) is generally well managed and morale is good. The bureau's desk officers are engaged in more challenging work and have more autonomy than is customary for officers at their grade levels. Post management officers are handling large workloads. Public diplomacy has not been fully integrated with policy development. Public diplomacy efforts are complicated by the lines of authority that exist between bureaus and the Office of the Under Secretary for Public Diplomacy and Public Affairs.

Staffing shortages overseas and domestically, particularly at midlevel grades, (not unique to AF) is the bureau's most serious administrative problem. The bureau gets high marks from the missions it supports; however, there are issues of concern in the executive office.

Differences with the Department of Defense have been resolved, and there are no outstanding policy disagreements with the National Security Council. New arrangements for policy oversight and management have revitalized the Africa Crisis Response Initiative. Interagency infighting that reduced effectiveness has ended. Peacekeeping training provided to African militaries through this program makes a valuable, but limited, contribution to the ability of the United States to deal with conflicts in Africa.

The bureau focuses on distributing Economic Support Funds in support of foreign policy priorities but relies on the U.S. Agency for International Development to manage individual projects. Program oversight is improving as the bureau gives country desk officers more responsibility. By agreeing to fund the initial costs of obtaining sovereign credit ratings for a number of African countries, under the Assistant Secretary's leadership, the bureau has taken an innovative and aggressive role in Africa.

Inspection of the Bureau of Legislative Affairs (ISP-I-02-53)

With the strong encouragement and support of the Secretary, the Bureau of Legislative Affairs (H) is actively promoting greater Department outreach to Capitol Hill. This new approach has won considerable support both within the Department and on the Hill.

Reorganization within H by the new Assistant Secretary has helped raise its profile on the Hill, but has led to some uncertainty within the bureau about job responsibilities, including overlapping responsibilities among legislative management officers.

The three legislative operations units, which handle correspondence, travel, and interagency clearances, are striving to increase their efficiency and customer service orientation. A new Department office in the Rayburn House Office Building, staffed by personnel from H and Consular Affairs, has added an innovative dimension to Department outreach.

While all bureaus within the Department welcome the changes in H, some add that clearance procedures within H should be streamlined. Some personnel in H echoed this view. The bureau has taken clear steps to address the concerns.

Office of International Broadcasting

Review of the Broadcasting Board of Governors' Controls on Domestic Personal Property (IBO-A-02-03)

To assess how well the International Broadcasting Bureau (IBB) was managing its assets, OIG reviewed the policies and procedures for the management of and controls and accounting for IBB's domestic, nonexpendable personal property from October 1999 to March 2002. This review covered the domestic inventory operations of IBB's six property management units: Voice of America, Office of WORLDNET Television and Film Service, Office of Engineering and Technical Services, Office of Management, Office of Computing Services, and Office of Cuba Broadcasting. The primary objectives of the review were to determine whether IBB had established policies for inventory controls and was implementing them and, if so, whether they were effective. OIG also reviewed whether the Office of Cuba Broadcasting was in compliance with property management recommendations made in a 1999 report (99-IB-023, Sept. 1999).

OIG found that IBB did not have fully functioning property management policies and procedures for domestic, nonexpendable property to ensure the efficiency and effectiveness of operations and to meet agency property reporting requirements fully. Although current policies require that domestic property inventories be conducted every two years, OIG found no evidence of a complete property inventory conducted by IBB.

IBB internal controls related to personal property need to be strengthened to ensure that government property is properly used and safeguarded and that reliable and timely data is maintained on such property. The Office of Administration, Facilities Management Division, recognized the need for planning improvements in the property system and was taking steps in that direction— for example, updating property policies and procedures and placing a major focus on disposing of excess property, which should facilitate the physical inventory process. In general, the Office of Cuba Broadcasting had implemented all the recommended changes in the 1999 report and was continuing to improve its overall property management function in accordance with established IBB policies and procedures.

Major recommendations are that IBB conduct an agency-wide inventory to establish an accurate baseline for its domestic, nonexpendable personal property and implement a plan to bring it into compliance with applicable accounting and reporting requirements for property management. Part of that plan should include establishing a single, centralized receiving operation for all

international broadcasting offices and establishing a mandatory annual training requirement for property management personnel.

Inspection of BBG Regional Operations in West Africa (IBO-I-02-04)

The Broadcasting Board of Governors (BBG) regional marketing and program placement office (RMPPPO) and the Voice of America (VOA) news bureau for West Africa are located in Abidjan, Côte d'Ivoire because it remains the best all around location from which to support regional operations. Africa is VOA's largest shortwave listening audience. VOA's West Africa Bureau consists of 18 countries, including Nigeria. Nigeria is VOA's single best audience in the world by number of listeners. The Abidjan VOA news bureau is responsible for countries from Cape Verde to the Democratic Republic of the Congo. The bureau is well run but needs to pay its stringers in the region using electronic funds transfers. RMPPPO needs to have a standard operating procedures manual for embassies in the region to ensure uniform support.

VOA program placement in Nigeria has been hampered by major equipment control problems. The most egregious situation was the loss without a trace of \$200,000 worth of equipment the RMPPPO officer had arranged to go to eight stations in Nigeria, including an important FM radio affiliate in Lagos. The equipment was shipped by sea by the International Broadcasting Bureau, but the consignment apparently was never cleared in Lagos by the general services office of Consulate General Lagos. BBG has subsequently told OIG that, given the importance of the main VOA affiliate in Lagos for which the bulk of the equipment was intended, it will replace the equipment. RMPPPO and the Department have suggested controls that should help to ensure proper receipt of future shipments of equipment. The replacement of lost FM systems for affiliates in Lagos, Abuja, Kano, and Kaduna, Nigeria, will be sent by more secure separate air shipments, and all four broadcasting systems are projected to be on the air by October 2002.

It is important that VOA be on the air in Freetown, Sierra Leone, and its environs with a strong signal while the process of disarmament, demobilization, and reintegration of the rebel fighters of the Revolutionary United Front continues, and as the other administrative practices were reviewed, including cash management and inventory procedures. OIG found obsolete and unused equipment that could be donated. BBG has the authority to allow a grantee to donate obsolete and unused equipment that could save Radio Free Europe/Radio Liberty (RFE/RL) storage costs for excess equipment. One recommendation was made for RFE/RL to request authority from BBG to dispose of this equipment.

Office of Information Technology

Consular Affairs Information Security Program (IT-A-02-04)

Today's changing technical environment requires that federal agencies adopt comprehensive protection strategies for their information technology (IT) resources. Because of increased risks to information integrity, availability, confidentiality and accountability in today's environment, ensuring that security requirements are met in the Department's visa and passport processes is essential to national security. Consular Affairs (CA) has responsibility for issuing or refusing visas and passports for the entry of people to the United States.

In response to public and congressional concern about the Department's ability to manage and process consular activities safely, OIG conducted a review of CA's information security program. Specific objectives of OIG's review were to determine whether CA's information systems security program complies with statutory and regulatory guidance, and whether overseas missions, where CA systems operate, are following sound information security practices. As a result of its review, OIG's memorandum provides information concerning the first objective. Issues related to the second objective concern mission security management practices, which are not specific to CA. Since these latter issues have broader implications for the Department's Chief Information Officer to address, OIG addressed them in its evaluation of the Department's information security under the 2002 Government Information Security Reform Act (GISRA) review.

Specific to CA, OIG found that the consular systems division has developed a comprehensive approach to addressing information security risks. In accordance with GISRA, Clinger-Cohen (P.L. 104-106), and OMB Circular A-130, CA provides an overview of its approach to information security in its 1999 Modernized Systems Information Systems Security Plan. The plan establishes organizational authorities and responsibilities to ensure that specified security requirements are met in its client-server environment, currently in production domestically and overseas. Also, the consular systems division oversees the development and dissemination of policies and procedures, ensures the development and presentation of user and contractor awareness sessions, conducts both vulnerability and risk assessments, and inspects and spot checks systems and desktops to confirm that consular sections are in compliance with required security configurations.

However, the consular systems division management acknowledged more needs to be done and was actively planning, prioritizing and working toward bringing each of their active systems fully in line with the information security statutes and Office of Management and Budget guidance. At the time of OIG's review, 70 percent of CA systems had risk assessments and almost 50 percent of the CA systems were operating with a security level determination and an overall security plan in place. Also, OIG found that only two of CA's 36 systems had been certified and accredited, and two had been granted an interim authority to operate. As a result, CA managers lack sufficient information concerning the extent to which their systems are protected against fraud, illegal practices, or mission failure.

Information Security Program Evaluation Report (IT-A-02-06)

In response to the Government Information Security Reform Act (GISRA), OIG performed an independent evaluation of the information security program and practices of the Department. The objective of the review was to determine whether the Department is effectively implementing key requirements of GISRA, including those areas pertaining to overall information technology (IT) security management and IT security risk management.

OIG's evaluation of the effectiveness of the Department's information security program found several key areas of security that still require management attention. Specifically, OIG concluded that the Department has made slow progress in addressing information security weaknesses identified in OIG's September 2001 GISRA report. In response to the report, the Department developed a strategy to address a key deficiency—the lack of certification and accreditation of its information systems. However, the Department had not developed a timetable for certification and accreditation of all systems, and as of August 2002, only five percent of its systems had been certified and accredited. Further, according to OIG's survey questionnaire, although 72 percent of the Department's 358 systems are reported to have security-level determinations, only 15 percent are reported to have security plans.

In addition, in FY 2002, OIG reported on information security vulnerabilities through its reviews of key information management programs. For example, in its February 2002 report on the Classified Connectivity Program (CCP), a project to implement classified processing capability at overseas missions, OIG reported that the Department had not developed a definitive strategy for managing the security risks of its CCP deployments. Specifically, OIG reported that the Department had not completed the steps needed to certify and accredit the classified Windows NT Local Area Network in accordance with federal requirements.

Finally, at overseas missions, OIG found significant weaknesses in information security management. Specifically, OIG determined that the information systems security officers

generally were not performing all of the requisite duties of the position. In addition, none of the 11 missions that OIG visited had developed information systems security plans. Further, OIG found deficiencies in management, technical, and operational controls, increasing the risk to mission operations.

Information Security Program Evaluation: Broadcasting Board of Governors (IT-A-02-07)

In response to the Government Information Security Reform Act (GISRA), OIG performed an independent review and evaluation of the information security program of the Broadcasting Board of Governors (BBG). GISRA provides a comprehensive framework for establishing and ensuring the effectiveness of controls over information technology resources, and a mechanism for improved oversight of federal agency information security programs. The objective of the review was to determine whether BBG is effectively implementing the requirements of GISRA.

OIG's evaluation of the effectiveness of BBG's information security program concluded that BBG has made progress, but more must be done to comply with GISRA. BBG has developed an agency-wide information security program, and it has performed program level self-assessments and documented the results of its self-assessments in its quarterly reporting of the agency's plans of action and milestones to the Office of Management and Budget. Included in this reporting was the identification of 37 information security weaknesses, of which 20 have been corrected. Also, BBG is in the process of hiring a contractor to develop and revise required information security related policies and procedures to satisfy its needs.

OIG found that BBG needed to develop an incident response process and reporting procedures to share information effectively on common vulnerabilities and threats. Also, OIG concluded that BBG lacks security and contingency plans at the system and major application level and needs to develop these plans to meet its information security requirements and comply with GISRA. Finally, OIG found that BBG lacked an information security training program and must develop and implement a program that addresses the needs of the agency and its employees.

Office of Security and Intelligence Oversight

During this reporting period, OIG security oversight inspection reports were published for the following embassies: Windhoek, Namibia; Niamey, Niger; Ouagadougou, Burkina Faso; Kuala Lumpur, Malaysia; Kinshasa, Democratic Republic of the Congo; Canberra, Australia; Dushanbe, Tajikistan; Ashgabat, Turkmenistan; Bishkek, Kyrgistan; Tashkent, Uzbekistan; and Maputo, Mozambique. A security oversight inspection report was also issued on the Maintenance, Repair, and Testing of Certified Shielded Enclosures Overseas.

In addition, an audit report was published on the Review of Main State Security. The review principally focused on the physical security of the Harry S. Truman building and immediate response plans for emergencies affecting headquarters.