



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

# MONTHLY REPORT OF ACTIVITIES

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*audits, inspections, testimony, and special activities*

**December 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

### **Survey of Department Compliance with the Federal Activities Inventory Reform Act of 1998 (AUD/PR-03-10)**

OIG completed its survey of the Department's progress in complying with the Federal Activities Inventory Reform Act of 1998 (FAIR Act). The FAIR Act directs federal agencies to issue an inventory each year of all commercial activities performed by federal employees; that is, those activities that are not inherently governmental. OIG found that the Department's FY 2001 inventory of full-time-equivalent positions available for competition was developed in an inconsistent manner and, consequently, was inaccurate. As a result of OIG's review, the Department has taken a more comprehensive, systematic approach to compiling the 2002 inventory.

### **Information Technology Vulnerability Assessment of the International cooperative Administrative Support Services System (AUD/FM-03-03)**

The Government Management Reform Act requires that the Department of State's principal financial statements be audited annually. Audits of the principal financial statements require, among other things, understanding and assessing the adequacy of the internal control process for recording, accumulating, and reporting financial data. This, in turn, requires an assessment of the security over the automated systems that process financial data. At OIG's direction, independent external computer specialists performed a vulnerability assessment of the International Cooperative Administrative Support Services System.

OIG found that the specific security features associated with the ICASS application appeared to function correctly and were well managed. The OpenNet segment that supports the ICASS application needed some improvements but was sufficiently secure to satisfy most system requirements. There were a number of vulnerabilities detected during the technical vulnerability assessment. Most of these pertained to system configuration issues that could be corrected without impacting overall network performance or availability. Many of these issues were also noted during vulnerability assessments of other applications, which suggests that the problems still exist throughout the Department's IT infrastructure and, therefore, should be addressed departmentwide rather than one segment at a time.

**Review of Department of State's Bogotá Vehicle Procurement (AUD/PR-03-13)**

At the request of Representative Dan Burton, Chairman of the House Committee on Government Reform, the OIG reviewed the proposed procurement of a sports utility vehicle (SUV) for Embassy Bogotá. The congressional request was made in response to several press reports criticizing the solicitation, which was posted as a public notice on the Federal Business Opportunities web site. The Chairman expressed concern that the solicitation contained unnecessary features, had an unusually short response time, and was canceled after press reports highlighted the luxurious features.

OIG found that the solicitations issued by the Department for a Jeep Grand Cherokee with luxury features resulted from a combination of miscommunications and procurement errors that went undetected because of a lack of supervisory review by the Department. Department officials acknowledged that mistakes were made in the vehicle procurement and have taken corrective actions, including a new policy requiring that all draft solicitations receive supervisory approval before they are posted.

## Office of Inspections

### **Review of Nonimmigrant Visa Issuance Policy and Procedures (ISP-I-03-26)**

Until the events of September 11, the visa process was seldom considered a major element of national security. This is so despite the fact that after the first attack on the World Trade Center, Congress mandated the issuance of machine readable visas and CLASS name checks worldwide, while authorizing a visa application fee to provide funding to make this possible. The Visas Viper Program was also created. The post-September 11 era should have witnessed immediate and dramatic changes in CA's direction of the visa process. This has not happened. A fundamental readjustment by Department leadership regarding visa issuance and denial has not taken place. The Department still does not fully appreciate the consular function as part of a coordinated national effort to manage border security and implement the INA, both to prevent the travel of those who might present risks to the United States and its citizens and also to facilitate legitimate travel. CA continues to experience shortcomings that include:

- Lack of uniformity in visa processing from post to post, and
- Lack of a planning staff to develop and advance options for consular input into border security initiatives and directions.

If the visa process is to be made more secure, it must be considered as a part of a larger process beginning with the visa process and continuing through the admission of aliens to the United States and tracking them while they remain in this country. As Congress recognized when it mandated worldwide implementation of machine readable NIVs, financial and human resources must be provided to realize these changes. The Department at every level must rethink its approach to this task and devote the necessary resources and effort to it. New leadership in the Bureau of Consular Affairs is committed to continuing efforts to minimize the vulnerabilities in visa processing.

This review was begun before the passage of legislation creating the Department of Homeland Security and vesting it with major responsibilities with regard to visas. Nevertheless, the findings of this report and the recommendations remain valid no matter where the ultimate authority for visa policy and issuance resides.

**Inspection of Embassy Moscow and Consulates General St. Petersburg, Vladivostok, and Yekaterinburg, Russia (ISP-I-03-07)**

Despite the end of the Cold War, the Russian relationship remains central to the achievement of important U.S. security goals—reducing strategic weapons, protecting nuclear materials, controlling weapons of mass destruction, missile defense, and the developing Russian-North Atlantic Treaty Organization (NATO) relationship. Still fragile, the overall relationship has never been better in the post-Cold War period.

The bilateral relationship now also encompasses a wide spectrum of U.S. international policy and program activities, as evidenced by the presence of 17 executive branch agencies, assistance programs totaling about \$1.1 billion, and exchange programs involving 5,000 people annually. But bureaucratic residues of the Soviet past remain, obstructing implementation of major U.S. programs and activities. There is also widespread skepticism and some opposition among Russian elites, military, and the general public about the developing relationship with the United States. The embassy is addressing this in its public diplomacy programs and activities.

The embassy is large, complex, and handles an impressive array of policy issues. The Ambassador, ably supported by the deputy chief of mission (DCM), gives the embassy effective leadership and direction. Overall, country team agencies work well together under the Ambassador's lead. The Ambassador puts public diplomacy high on his personal priorities and actively promotes U.S. commercial interests. However, the executive office needs to review the present, diffuse mission coordination structure to make it more focused and responsive. Executive oversight of the embassy's large assistance programs also needs to be tightened.

The large public affairs section efficiently manages a \$40 million budget for exchanges and cultural activities. The press office performs exceptionally well, supporting the Ambassador and other mission elements. The section needs a broad public diplomacy plan as a framework for interaction with other mission elements on Mission Performance Plan (MPP) objectives, including regional outreach. It is time for the embassy to consider establishing a Fulbright Commission.

Reversing long-standing negative perceptions within the embassy and among the Russian public, the consular section now receives high praise for its performance and its increasingly successful public outreach efforts. This has been accomplished in the face of the section's forced move for security reasons to nearly dysfunctional work facilities and a growing workload.

The administrative section has made progress in correcting serious long-standing financial management weaknesses, but there is still much to be done. In past years, the embassy did not effectively utilize its budgetary resources. From FY 1998 to FY 2001, \$10 million in program, International Cooperative Administrative Support Services (ICASS), and security allotments were left idle and ultimately forfeited by the mission. The embassy did not take initial corrective action until last year. An additional \$750,000 for furniture also may have been lost by Bureau of Overseas Buildings Operations (OBO) practices and procedures.

The three consulates general are performing well, despite serious handicaps. The embassy needs to integrate the consulates general more completely into mission planning and programming, and the leadership role of the consuls general needs to be better defined and strengthened in the consular and public diplomacy oversight functions.

Management controls are taken seriously, but there are deficiencies. Inventory controls are inadequate, sensitive items cannot be found, and contracting and procurement needs more oversight and corrective measures.

#### **Inspection of Embassy Maputo, Mozambique (ISP-I-03-06)**

The U.S. Ambassador has a good relationship with the Mozambican government and a very positive image among Mozambicans. Her sponsorship of cultural events contributes enormously to the respect she enjoys in Maputo. However, in OIG's administrative services satisfaction questionnaire, personnel awarded low marks to embassy management for its inattention to morale. The Ambassador was viewed as disinterested in morale, and the deputy chief of mission (DCM) was described as indecisive. Embassy management needs to demonstrate greater effectiveness in dealing with morale issues.

Washington agencies expressed considerable interest in Mozambique's democracy, the political participants, and prospects for economic reform. Notwithstanding general satisfaction with the reporting, readers in both the Department and other U.S. government agencies want more analysis on where the embassy sees Mozambique going in the future.

Embassy Maputo has critical space needs. Embassy efforts to occupy office space being vacated by the U.S. Agency for International Development (USAID) will alleviate some of these space needs in the short term. The embassy is on the Bureau of Overseas Buildings Operations (OBO) priority list for a new facility in 2006. Replacement of the Maputo chancery was reviewed recently by OBO and was reconfirmed. The Marine house also should be replaced.

The administrative section needs attention. Although systems support is good and budget and fiscal work is performed adequately, general services, notably maintenance and human resources, requires front office attention. Communication within the administrative section, and between the section and clients has been limited. Overall dissatisfaction with administrative services has had a

negative effect on embassy morale. Embassy management also needs to focus more systematically on management control requirements. Improvements are needed in controls affecting property management, vehicle disposal, motor pool operations, procurement, cashier operations, financial management operations, and human resources.

**Inspection of Embassy Almaty, Republic of Kazakhstan (ISP-I-03-01)**

Despite entrenched opposition in some parts of the Kazakhstani government to the principles inherent in economic reform and democratization, Embassy Almaty has been extremely active in both areas. There are obstacles to achieving these goals. Greater program coordination is called for, but under good front office leadership, U.S. policy is being well implemented.

Nonetheless, effective and proper U.S. representation to the government of Kazakhstan requires that Embassy Almaty be relocated to Astana, the new capital. Until the embassy moves, the day-to-day conduct of relations will suffer, and the development of crucial personal relationships will be made more difficult. Political and economic reporting would benefit from more embassy contact with government leaders in the capital and more travel to areas outside Astana and Almaty, particularly to the energy-rich west and Kazakh-speaking south. Coverage of the capital will not increase until an interim office is established, but more field travel and reporting could be done now, and Foreign Service nationals (FSNs) should be more engaged and productive.

The consular section is well managed and should be granted authority to process immigrant visas for residents of Kazakhstan and neighboring Central Asian countries. In order to maintain adequate supervision, training, and customer service, the consular manager position must continue to be filled by an experienced midlevel officer.

The embassy's greatest resource challenge is to provide safe, adequate facilities in Almaty and Astana. For at least the next four years, the burden of this challenge will continue to test the embassy's efficiency and its management controls. Recognizing this, the embassy and the Bureau of European and Eurasian Affairs (EUR) have properly increased administrative staff.

Embassy Almaty generally has effective management controls in place, but the heavy workload in the administrative section militates against them in some areas. Weaknesses that should be corrected exist in cashier operations, funds account management, the motor pool, and warehouse property.

## Office of Information Technology

### **The Foreign Affairs System Integration Project Needs Redirection (IT-A-03-02)**

Federal organizations are increasingly turning to knowledge management—a collaborative and integrative approach to creating, capturing, organizing, accessing, using, and reusing intellectual assets—to get the right information to the right people at the right time to ensure effective decision-making and management actions. To meet the need for improved information technology and knowledge management to support the U.S. foreign affairs community overseas, the Department is leading federal agency efforts to acquire and test the Interagency Collaboration Zone (ICZ), which is a standard system featuring a web-based portal, applications, and tools for world-wide communications, information sharing and knowledge management.

OIG reviewed the Department's strategy for establishing the common knowledge management system under the auspices of the Foreign Affairs Systems Integration (FASI) program within the Department. The FASI program office has been leading efforts to acquire and test an interagency collaboration system as the basis for determining whether to proceed to global system deployment. The initiative is currently at risk of not meeting the objectives of supporting effectively a decision on an approach to communications and knowledge management among the U.S. foreign affairs community overseas.

FASI's approach to planning and prototyping the system is not based on adequate analysis of the mission and business processes that the system is intended to support. Although FASI conducted surveys to compile system and user requirements to support its ICZ approach and prioritized the requirements during the prototype evaluation and vendor selection phase, the piloted ICZ system did not reflect the priorities to ensure that only the most essential needs were addressed. The requirements identified also were not based on sufficient input from the range of users and functions across participating organizations. Further, FASI did not consider adequately using existing systems as potentially less costly alternatives or coordinate with related projects to ensure that there was no duplication in its approach for ensuring connectivity and knowledge management at overseas missions.

The FASI program office has made an effort to get representatives from other foreign affairs agencies involved in the common system initiative. However, the office has not been effective in securing executive-level sponsorship from all agencies, documenting



interagency agreements, or determining costs. Further, while the office has coordinated with selected agency representatives, Department bureaus, and overseas missions directly involved in the project, the office has not marketed ICZ with other entities whose commitment will also be critical to supporting global system deployment.

Worldwide deployment of ICZ depends heavily on the results of the pilot test and evaluation. However, poor timing, lagging ICZ content management, IT resource constraints, and unresolved system and technical problems have hindered efforts to get pilot users trained, certified, and committed to using the system. Further, the compression of the pilot schedule because of unanticipated delays has also significantly reduced the pilot time frames and scope, leaving a diminished basis for a senior management decision regarding global ICZ deployment.

Because of these problems, OIG believes that the FASI program needs to be redirected. To maximize the benefits of its IT investments, the Department recently decided to merge FASI with a related messaging system replacement initiative. In this context, FASI program redirection should include a reexamination of user requirements and alternative approaches to meeting those requirements. As the lead agency for the initiative, the Department must also take steps to establish executive sponsorship, well-defined cost models, and interagency agreements to ensure funding and commitment to global implementation of the system. Enhanced FASI program office coordination with wider audiences across foreign affairs organizations would also help in promoting awareness and overcoming cultural barriers to using the system for interagency sharing and collaboration.

**Improved Approach Needed to Achieve Government Paperwork Elimination Act Objectives (IT-A-03-01)**

The Department submitted its initial e-government plan and subsequent updates in a timely manner to meet OMB's annual Government Paperwork Elimination Act (GPEA) reporting requirements. However, these submissions have not adequately fulfilled OMB guidelines or met the administration's e-government objectives. Specifically, although the Department's initial plan in 2000 met the basic GPEA requirement to provide an inventory of information collection activities to be made electronic by the law's 2003 deadline, the plan lacked an overarching GPEA vision and strategy. Subsequent 2001 updates to the plan better articulated the Department's GPEA strategy, but fell short in a number of areas, including the failure to link the strategy with key planning processes and an enterprise architecture.<sup>1</sup>

The Department's ineffectiveness in meeting the reporting requirements can be attributed to the lack of a centralized program management organization, responsible for coordinating and overseeing e-government initiatives and fulfilling GPEA objectives on an

enterprise-wide basis. Other federal agencies and comparable projects within the Department have demonstrated the merits of instituting program management offices to accomplish shared objectives across organizational units.

Establishing a full-time, e-government program management office would ensure the focus, accountability, and day-to-day coordination needed to help the Department meet the administration's objectives and GPEA requirements. Such an office would also help the Department meet the challenges of coordinating its GPEA/e-government approach with sound strategies for ensuring security in electronic transactions and the increased use of web-based technologies as it works to modernize its IT infrastructure.

<sup>1</sup> An enterprise architecture is an integrated framework for evolving or maintaining existing IT and acquiring new technologies to achieve the agency's strategic goals and information resources management objectives.

## Office of Security and Intelligence Oversight

During this reporting period, OIG security oversight limited scope inspection reports were published for the following embassies: Dublin, Ireland; Tbilisi, Georgia; Ljubljana, Slovenia; and Almaty, Kazakhstan.

In addition, an audit of the *Secure Shipment of Classified Information Processing Equipment* was issued.