



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

January 2003

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

Review of Energy Conservation (AUD/PPA-03-04)

Since OIG last reported in 1994, the Department has made significant progress in its energy program and in complying with energy-related legislation. In 1994, the Department established a position for an energy policy and conservation officer, and that individual has established a comprehensive energy plan. The Bureau of Overseas Buildings Operations (OBO) has improved its oversight and reporting for overseas energy consumption as requested by the Department of Energy. In addition, OBO annually performs comprehensive energy management surveys at overseas embassies and consulates. OBO also has had success in its utility management program, which gathers information through surveying meter rates. These surveys found more than \$540,000 in annual savings from facilities that had the wrong utility rates imposed and inaccurate meters. The Department has also met its performance goals related to domestic alternative fuel vehicles.

In addressing the goals set forth in Executive Order 13123, the Department reported that its energy consumption in federal buildings has been reduced by seven percent. The Department has been successful in its use of energy savings performance contracts (ESPCs) both domestically and overseas. However, the Department may wish to retain some of the energy cost-savings in future contracts. Also, to provide the best service to the energy policy and conservation officer, several contracting officers should receive Department of Energy's specialized training in ESPCs. In addition, the Department has taken action to identify a best practice overseas where individual employees are notified of their residential utility bills and how they compare to others. Finally, the Department has won awards for energy-saving projects that may be useful in other locations.

Audit of the International Cooperative Administrative Support Services' 2001 and 2000 Principal Financial Statements (AUD/FM-03-17)

Under OIG's direction, an independent external auditor audited the International Cooperative Administrative Support Services' (ICASS) 2001 and 2000 Financial Statements in order 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, to determine whether ICASS had an internal control structure that provided reasonable assurance of achieving internal control objectives, and to determine whether ICASS complied with applicable laws and regulations.

The external auditor issued an unqualified opinion on the ICASS 2001 and 2000 Financial Statements. Although an unqualified opinion was issued, the report brought to management's attention concerns about security over 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 Department's controls over undelivered orders.

Office of Inspections

Inspection of Embassy Dushanbe, Republic of Tajikistan (ISP-I-03-04)

A very small, isolated, frontline embassy in a remote but now strategic country, OIG found that Embassy Dushanbe has borne with distinction a much heavier load than it is equipped to carry. With good leadership and a deep personal commitment by all involved, it has obtained diplomatic, military, and logistical support for the war on terrorism from the Tajikistani government and has also provided many forms of support to the operation of the Tajikistani government from its own resources.

The embassy suffers from many handicaps, beginning with the anomaly of being officially located in Almaty, Kazakhstan, but increasingly working out of Dushanbe. Embassy Dushanbe is not staffed, housed, or equipped to play the role that the expanding U.S.-Tajikistani relationship will require. Improvements are under way, but some of the security restrictions that were imposed in response to previous conditions should be lifted if a new threat analysis indicates that is appropriate.

Policy implementation, including reporting, is necessarily operational and program-related. Core functions are adequately performed but limited by overarching program demands and scarce resources.

Inspection of Embassy Port Louis, Mauritius (ISP-I-03-08)

The Ambassador arrived in April 2002 and is devoting much of his energy to learning about his countries of assignment - Mauritius, the Republic of Seychelles, and the Union of Comoros. Both his and the Department's highest priority is to prepare for the December cabinet-level U.S.-Sub-Saharan Africa Trade and Cooperation Forum.

High-ranking U.S. participation is expected at the trade forum, but the embassy does not possess classified e-mail capability, which will hamper embassy effectiveness in the preparatory process.

Embassy Port Louis is not rightsized. Personnel are working unusually long hours, economic reporting cannot get done, Seychelles and Comoros are ignored, and morale has suffered. The assignment of a new security officer and information management specialist will ease the burden on the embassy, but work will continue to suffer at this busy embassy.

During the survey phase of the inspection, OIG was told that Comoros “is a black hole.” Regional analysts believe that the United States needs to learn more about the desperately poor Comoros and the islands’ ties to both conservative and radical Islamic influences. It remains to be seen whether Embassy Port Louis can contribute significantly to the knowledge deficit and articulate a strategy for modest engagement.

Inspection of Embassy Tashkent, Republic of Uzbekistan (ISP-I-03-09)

After the events of September 11, 2001, Uzbekistan became a major partner in the global war against terrorism. A bifurcated policy promotes the strategic partnership while constantly emphasizing that only Uzbekistani political and economic reforms will make it sustainable. Implementation is tightly focused on four core priorities that begin with counterterrorism. Resisting the skepticism that Uzbekistani domestic policies engender, the embassy maintains a positive dialogue that is credited with contributing to recent encouraging developments. A measure of the expanded bilateral relationship is a trebling in U.S. assistance programs to approximately \$162 million in FY 02. With seven entities providing law enforcement/security assistance, a formal coordinating mechanism is needed.

Embassy Tashkent’s political/economic section reflects post priorities. Avid readers of the section’s reporting appear satisfied, but look forward to continued monitoring of the permanence and effectiveness of internal reforms. The public diplomacy section manages an active program well. Embassy leadership sees the section as a key policy implementation asset.

The consular section suffers from a severe lack of workspace that hinders efficiency. Ongoing initiatives to expand the core office and interviewing areas to permit initial document processing at the public entrance and to handle information and correspondence from offsite will help to reduce and, eventually, eliminate chronic backlogs in visa interviews. In addition, the embassy is expecting a new entry-level officer in late 2002. OIG commends the embassy and the Bureau of Overseas Buildings Operations (OBO) for addressing these urgent needs now, before the new chancery is completed in 2004-05.

Pressure for growth and administrative services, especially visitor support, peaked in recent months and is receding now. Nevertheless, Embassy Tashkent has one of the most overcrowded chanceries imaginable, and this poses a serious challenge to staff morale, health, and safety. By properly controlling permanent and temporary staff growth and carefully managing space, the embassy may ameliorate the effects of overcrowding until a new chancery is available.

Review of Domestic Passport Operations, Phase II: Fraud Prevention Programs (ISP-CA-03-25)

The importance of the Bureau of Consular Affairs' (CA) passport antifraud program has come into sharper focus and under more scrutiny since the September 11, 2001 terrorist attacks. According to the Bureau for Diplomatic Security (DS) and the fraud prevention managers, U.S. attorneys are now showing more interest in prosecuting passport fraud cases. DS, however, does not always promptly investigate all case referrals. The availability of DS field office investigators is below the authorized level because many agents are either temporarily filling security officer positions at embassies abroad or working domestic protective details.

Smuggling of children or substitution of the photographs of one child for another must be addressed. Detection of passport fraud involving substitution and child smuggling is gathering momentum throughout the country. Current Department regulations, however, do not require children under age 14 to appear personally when passport applications are executed on their behalf. The ability to identify potential fraud would be enhanced if all children were required to appear in person to obtain a passport. The personal appearance of minors is a strong fraud deterrent. The expanded network of agents who accept passport applications, can easily accommodate the personal appearance of all minors under age 14. CA should eliminate the regulatory exemption that allows children under age 14 not to appear personally to apply for U.S. passports.

Data sharing is now recognized as a key element in the fight against terrorism. CA and DS do not have sufficient access to intra-agency and interagency databases. It is anticipated that CA will have access to components of the DS database currently under development. Neither bureau, however, has determined how best to gain access to other potentially available databases. The El Paso Intelligence Center (EPIC) is an interagency data sharing entity. The Department of State does not currently devote any personnel resources to take full advantage of this data sharing opportunity. CA and DS should determine the appropriate staffing requirements to maximize access to EPIC's interagency databases.

Training of individuals authorized to accept passport applications needs a systemic solution. This is the Department of State's first line of defense in controlling passport fraud. CA's Office of Passport Services should develop and implement training schedules for all acceptance agents. There is no definitive written guidance on who manages the passport antifraud program. The Office of Fraud Prevention Programs and the Office of Passport Policy and Legal Advisory Services share program responsibilities. This has led to uncertainty among some passport agency personnel as to where to seek advice on complex cases.

Office of Information Technology

Inspection of Embassy Lisbon, Portugal (IT-I-03-03) and Inspection of Embassy Madrid, Spain (IT-I-03-04)

The OIG inspected the management, operational and technical IT security controls implemented by Embassy Lisbon and Embassy Madrid. These controls involved IT security policies, procedures, activities, and software and hardware settings. OIG found several opportunities for improving IT security at both Embassies. The missions could significantly improve their:

- management controls by periodically assessing its IT security vulnerabilities and risks, preparing and implementing IT security plans to mitigate the identified vulnerabilities and risks, and routinely review and improve the established IT security controls.
- operational controls by better ensuring the adequacy of IT security experience, training and education for its cleared American IT administrators, and of its annual IT security awareness training for all users.
- technical controls by improving the management of its identification, authentication, configuration, and audit trails controls.

Office of Security and Intelligence Oversight

During this reporting period, the Office of Security and Intelligence Oversight issued the following reports: Followup Review of the Unit Security Officer Program; Protection of Classified Documents at State Department Headquarters; and a limited scope inspection report on Embassy Zagreb, Croatia.