



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*

**October/November/December 2001**

This report describes testimony, if any, 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

**Independent Accountant's Report on Agreed-Upon Procedures on the Material Handling Rate Applied by RDR, Inc., Under Department of State Contract No. S-FBOAD-98-C-0002 (AUD-CG-02-02)**

At the request of the contracting officer, OIG conducted agreed-upon procedures to assess the allowability, allocability, and reasonableness of the application rate to equipment purchases and freight forwarding charges incurred by RDR, Inc. (RDR), under the Department of State (Department) contract S-FBOAD-98-C-0002 for the period July 1, 2000, through May 31, 2001.

We concluded that RDR consistently followed its cost accounting practices when it added a material handling cost to the amounts it billed for equipment and freight forwarding under the contract. However, the appropriate material handling cost to be added to the amounts billed should be lowered. Therefore, we recommended that the contracting officer recover \$90,794 of the \$225,920 material handling fees invoiced during the stated period.

**Application of Agreed-Upon Procedures: Retirement, Health Benefits, and Life Insurance Withholdings/Contributions and Supplemental Semiannual Headcount Report Submitted to the Office of Personnel Management (AUD-FM-02-07)**

Under OIG's direction, a contract auditor performed required procedures solely to assist the Office of Personnel Management in assessing the reasonableness of Retirement, Health Benefits, and Life Insurance withholdings/ contributions, as well as semiannual headcount information submitted by the Department. No material differences were noted. However, the auditor identified several instances in which the Department did not have required forms on file to support employee health benefits and life insurance elections.

## Office of Inspections

### *Inspection of Embassy San Jose, Costa Rica (ISP-I-02-04)*

Relations between the United States and Costa Rica rest on shared values and the latter's reputation for effective, democratic governance. The relationship is excellent. Post operations are characterized by strong and popular leadership, creativity, and outstanding interagency collegiality.

Though third on its list of articulated post priorities, counternarcotics programs and oversight consume more post resources than any other single function. The mission's operational and infrastructural programs in this sector are very well coordinated, but are made less than totally effective by factors that are both common and beyond post control, particularly the lack of a regional strategy and poor intraregional coordination.

A large resident population of American citizens and visits by hundreds of thousands more each year make consular affairs a dominant, demanding issue. Though very well managed and customer-oriented, the section suffers from inadequate work space. Political-economic affairs benefit from inspired leadership and good economic reporting, but the section should reduce the frequency of its self-generated macroeconomic review.

The United States Information Service (USIS) consolidation took place smoothly, and public affairs support to embassy activities is said by its recipients to be generous and effective. However, the process is not complete. The former USIS reproduction center should be merged with the embassy printshop, and the embryonic information resource center should, like the commercial library and the environmental information center, be made part of a single mission reference center. The regional English-language position should be moved to another, needier Central American country on departure of the incumbent.

Administration is good; financial and information management are outstanding. Management controls are in place, but they did not prevent a serious vulnerability from developing in the employee association.



**Inspection of Embassy Guatemala City, Guatemala (ISP-I-02-05)**

Embassy Guatemala City works in a complex and conflictive environment. Aiming over the long term to remove the political and social roots of a 36-year civil war that ended in 1996, and, in the short term, to combat large-scale drug and alien smuggling, it follows a highly focused and operational Mission Performance Plan.

Post operations benefit from a large coincidence in the U.S. and Guatemalan agendas. On the other hand, they are hampered by the Guatemalan Government's identity with corruption and by its failure to maintain momentum in implementing the peace accords that ended the civil war. Declining U.S. aid levels and limited Washington interest in Guatemala further complicate the embassy's task. Morale is as good as it can be given problems like crime, seismic threats, and latent political instability.

Mission leadership is strong and purposeful. Interagency relations are for the most part good, but the U.S. military presence, a vestige of the civil war period, remains large. Core functions are performed well, with the consular affairs workload mushrooming in size and complexity. The post's large-scale antidrug operation would benefit from more cooperation among the U.S. embassies in the region and from a strategic plan involving all Central American countries. As it is, few of the 300-400 tons of narcotics that move northwards through Guatemala each year are intercepted.

Overall, administrative operations are satisfactory, but some weak spots exist due principally to inexperience, personnel shortages and poor budgeting. Management controls are in place and functioning well, but there is a serious vulnerability in accounting for consular receipts.

**Inspection of Embassy Tegucigalpa, Honduras (ISP-I-02-06)**

A poor country in the slow process of transition, Honduras presents a complicated policy challenge to the United States in the form of diverse law enforcement threats to U.S. security. To combat them the embassy combines a wide range of institution-building programs with joint U.S.-Honduran law enforcement operations. These two routes to the same objective – a rule of law that will endow Honduras with an effective anticrime capability – consume more of the mission's resources than any other single function, but this is not clearly articulated in the Mission Performance Plan.

Embassy Tegucigalpa is well led. Interagency cooperation, including the Southern Command's air facility at Soto Cano, the largest in the region, is also good.

Economic and consular affairs bear a large share of the post's anticrime burden. However, political affairs, more closely tied to the Department's policy office, maintains more of a traditional reporting perspective and is therefore not in step with post priorities or what the rest of the Embassy is doing. The public diplomacy consolidation was effected smoothly.

As is true with other embassy assets, resources are well managed. A substantial mission, with 268 U.S. and Foreign Service nationals (excluding AID contractors) in 22 agencies, the post has requested additional positions, only some of which OIG considers to be justified. A decline in personnel when Hurricane Mitch assistance funds run out at the end of 2001 will be offset by anticipated increases in law enforcement agencies.

## Office of International Broadcasting Oversight

### *Review of the Broadcasting Board of Governors' Broadcast Affiliates Program (IBO-A-02-01)*

OIG reviewed the broadcast affiliates program of the Broadcasting Board of Governors (BBG). Generally, an “affiliate” is a station or network of stations to which BBG transmits programs for rebroadcasting to local audiences/viewers. Affiliates broadcast in real time or rebroadcast via TV, FM and AM radio, or live streaming on the Internet. The primary strategic goal of U.S. international broadcasting is “to promote the free flow of information around the world.” In support of this goal, U.S. broadcasting aims to reach audiences in the languages, media, and program formats that are most appropriate. Increasingly, BBG is accomplishing this through the use of affiliate radio and television stations overseas, with over 1,900 active affiliates. The objectives of our review were to determine whether the affiliates program is adequately planned and effectively implemented and whether monitoring and controls are in place and effective.

OIG found that the Office of Affiliate Relations was relying on miscellaneous BBG planning documents and other engineering studies for guidance, which provide only a general framework for affiliate planning. As BBG places more emphasis on the quality of the affiliates it acquires, the affiliates office needs to develop a comprehensive strategic plan. After such a plan has been completed and approved, the BBG performance reporting requirements under the Government Performance and Results Act, Public Law 103-62, should be revised accordingly. The affiliates office also needs to ensure that improvements are made in its electronic database of affiliate broadcasters so that the system can be an effective management tool to support the affiliates mission. While the affiliates office has achieved much success in expanding audiences, it is hampered in carrying out its mission by a lack of resources. With a Memorandum of Understanding now in place between BBG and the Department, there is a greater opportunity for public affairs sections to work in support of BBG affiliates overseas. Finally, OIG found that the affiliates office needs to improve its monitoring of affiliate broadcasts and administrative controls over affiliate equipment and agreements.

Major report recommendations include (1) implementing a strategic plan, including database improvement; (2) providing the Office of Affiliate Relations with the resources



necessary to accomplish its mission; (3) communicating to Department public affairs sections the program's priorities and support requirements; and (4) effectively distributing equipment and updating affiliate agreements.

## **Office of Security and Intelligence Oversight**

During this reporting period, OIG security oversight inspections were conducted at the following embassies: Beijing, China; Bangkok, Thailand; Vientiane, Laos; Georgetown, Guyana; and Consulate General Hong Kong. These reports are classified; accordingly, they cannot be summarized here.