

THE ROLE AND MISSION OF THE OFFICE OF INSPECTOR GENERAL

In 1986, legislation established the Office of Inspector General (OIG) at the Department of State to ensure independent and objective reviews of the Department's programs and operations. Thus began an ambitious program of audits, inspections, and investigations. The State Department Inspector General, in December 1987, was designated by law to serve concurrently as Inspector General of the U.S. Arms Control and Disarmament Agency (ACDA). In 1989, the OIG's responsibilities were further expanded to include security oversight reviews of operations. On April 26, 1996, legislation merged the responsibilities and staff of the Office of Inspector General of the U.S. Information Agency (USIA), including the Broadcasting Board of Governors (BBG), with the Office of Inspector General of the State Department and ACDA. The merger allows for broader, more effective oversight within the U.S. foreign affairs community.

The Inspector General

The Inspector General is appointed by the President, with the advice and consent of the Senate. The appointment is based on integrity and demonstrated ability in auditing, financial or management analysis, law, public administration, or investigations. To further the cause of objectivity, the position may not, according to law, be occupied by a career member of the Foreign Service. The Inspector General can be removed only by the President, who must

communicate the reasons for removal to both Houses of Congress. The Inspector General is required by law to:

- ◆ report to the Secretary of State, the Directors of USIA and ACDA, and the Congress;
- ◆ operate under the general supervision of, and have direct and prompt access to, the Secretary and the Directors of USIA and ACDA;
- ◆ bring particularly serious problems, abuses, or deficiencies to the immediate attention of the Congress while keeping the Secretary and agency Directors informed; and
- ◆ report semiannually to the Congress on the activities and findings of the OIG during the preceding 6-month period.

Strategic Planning

The activities of the Office of Inspector General are guided by a strategic planning

President's Council On Integrity and Efficiency

The President's Council on Integrity and Efficiency (PCIE) was established by President Reagan in March 1981 to coordinate and implement programs to combat waste, fraud, and abuse in the Federal Government. The PCIE provides a forum for its members, who include the presidentially appointed Inspectors General and other senior Federal officials, to discuss common concerns and propose solutions to problems. Through its committees and other activities, the PCIE initiates new procedures for detecting and preventing waste, fraud, and mismanagement; identifies systemic weaknesses in Federal programs; and works with the Administration to recommend corrective actions.

process, which establishes OIG-wide goals, strategies, and performance measures for achieving our vision and mission. The strategic plan serves as a vehicle for identifying and undertaking future work that results in positive change in foreign affairs programs and operations. The plan reflects the interests and needs of entities potentially affected by or responsible for foreign affairs policy and program implementation, including the Congress and the agencies served by OIG. This plan is an evolving document, updated as necessary to ensure that OIG operations are relevant, timely, and responsive to the priorities of the foreign affairs community.

OIG Responsibilities

The mandate of the OIG is to improve the economy, effectiveness, and efficiency of the organizations it oversees and to detect and prevent waste, fraud, abuse, and mismanagement. The OIG's legislated responsibilities are to:

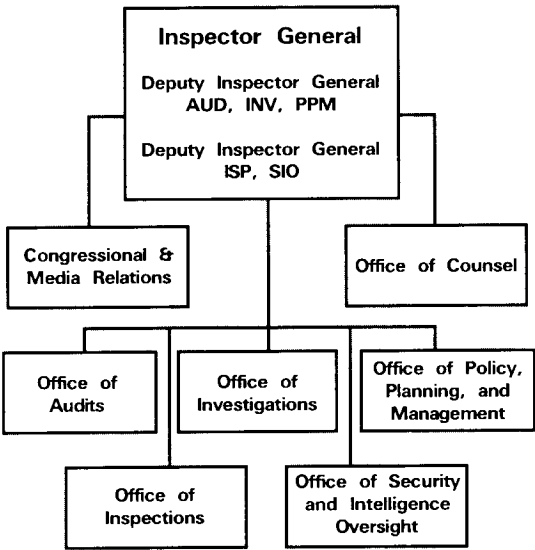
- ◆ conduct audits, inspections, and investigations relating to all aspects of the programs and operations of the agencies for which it has oversight;
- ◆ coordinate or recommend policies for its client agencies' activities—and for relationships between them and other Federal agencies—to promote efficiency and prevent waste, fraud, abuse, and mismanagement;
- ◆ review proposed or existing legislation affecting its client agencies for impact on the economy or efficiency of their operations;
- ◆ review activities and operations performed under the direction of chiefs of mission for consonance with U.S. foreign policy objectives;

- ◆ routinely inspect the activities of overseas posts, domestic bureaus, and other operating units;
- ◆ keep agency heads and the Congress apprised of serious fraud, abuses, and deficiencies and recommend corrective action; and
- ◆ report suspected violations of Federal criminal law to the Attorney General and work with the relevant entities in the Department of Justice to investigate and prosecute such criminal activity.

OIG Organization

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The Office of Inspector General consists of four operational offices and three support offices.



OFFICE OF AUDITS

Our Vision: The Office of Audits is committed to improving the management and conduct of programs and activities by providing its customers with timely, balanced, and credible independent evaluations and financial audits that identify systemic problems and recommend constructive solutions.

The Office of Audits conducts and coordinates audits and program evaluations of the management and financial operations of the Department of State, ACDA, and USIA, including the BBG. Audits examine the methods employed by agencies, bureaus, overseas posts, and contractors in carrying out essential programs or activities to evaluate whether established goals and objectives are achieved and resources are used economically and efficiently; to assess whether intended and realized results are consistent with laws, regulations, and good business practice; and to test financial accountability and the reliability of financial statements. An audit is a management tool that recommends a course of action upon which management may progress to accomplish its goals and objectives in a more efficient and effective manner. The Office of Audits provides audit services that reflect the diversity of responsibilities in the foreign affairs community, including financial management; contracts and grants; consular affairs and international programs, such as peacekeeping operations; information management; property management and procurement practices; departmental support activities, such as staffing overseas missions; and international broadcasting activities.

OFFICE OF INSPECTIONS

Our Vision: The Office of Inspections is committed to providing our foreign affairs agencies with an independent peer review to induce positive

change; encouraging self-evaluation and correction; providing counseling to employees at all levels, including ambassadors and assistant secretaries; offering helpful advice; and identifying weaknesses and recommending solutions.

The Office of Inspections inspects the activities and operations of each Foreign Service post and of each bureau or other major operating unit and makes recommendations for improvement. Inspections provide an agency with information about the quality of management and operations.

Posts and domestic offices are selected for inspection according to a number of factors, including: the level of resources managed by the post or office; the importance of the post for the advancement of U.S. interests; the extent and importance of USIA efforts at the post; the usefulness of the inspection in furthering OIG objectives; and the interests

Inspectors' Evaluation Reports

To encourage the development and recognition of effective managers, OIG inspection teams in 1989 revived the practice of evaluating officers in senior management positions. These evaluations review both career and noncareer officers, including chiefs of mission, charges d'affaires, deputy chiefs of mission, and principal officers of overseas posts, as well as assistant secretaries and deputy assistant secretaries of State Department bureaus in Washington, D.C., and their equivalents at USIA and ACDA. These evaluations provide senior officials with a useful source of information on the management and leadership skills of key personnel. This process, in turn, will serve as an important factor in the promotion, assignment, and training of more effective managers.

of OIG customers, including the Congress. Most inspections are announced well in advance of their planned beginning.

To identify systemic deficiencies, OIG also conducts thematic reviews of Department of State, USIA, and ACDA programs, activities, and policies that are multidisciplinary in nature. These reviews address strategic and long-term planning efforts; policy, budget, and decisionmaking processes; customer or client services; appropriateness of the organizational structure to carry out the mission of the organization; and status of functional support systems. Recommendations from thematic inspections are expected to lead to management improvements, including modifications to the Foreign Affairs Manual, the Manual of Operations and Administration, and various regulatory documents.

The Office of Inspections also conducts followup reviews on approximately 15-20 percent of posts, offices, and bureaus inspected. These reviews occur 6 or more months after the full inspection and are designed to revisit key issues to ensure implementation of recommendations and provide quality control of the inspection process.

OFFICE OF INVESTIGATIONS

Our Vision: The Office of Investigations is committed to addressing allegations in an independent and objective manner, conducting criminal and administrative investigations affecting programs and operations, encouraging professional development, and assisting the Department and agencies in preventing, as well as detecting, fraud.

The Office of Investigations performs investigations of criminal, civil, and administrative misconduct related to organizational programs and operations. Investigations examine specific allegations, reports, or other information indicating possible violations of law or regulation.

Audits and Inspections

The difference between audits and inspections is essentially one of detail and scope. Audits examine an issue—a single function or program—in great detail at locations throughout the Department, USIA, ACDA, and overseas. Inspections, on the other hand, review an organization as an entity, examining all aspects of the operation of a specific post, bureau, or office. Taken together, these two methods of review—one providing a more focused, in-depth perspective; the other offering a more comprehensive and immediate response—complement one another and provide a thorough overview of the programs and operations of the Department of State, USIA, and ACDA.

Suspected criminal investigations are referred to the Department of Justice for prosecution. The office also maintains the OIG Hotline, a confidential channel for complaints about violations of law or regulation, gross waste of funds, abuse of authority, or a substantial and specific danger to public health and safety. Investigations conducted by OIG criminal investigators usually are the result of allegations received from Department or agency management and employees, other OIG units, Inspectors General of other agencies, the Congress, or the general public. As necessary, the assistance of auditors, inspectors, and other experts may be enlisted in investigative operations.

The Inspector General is charged with fraud prevention as well as fraud detection. Toward this objective, the Office of Investigations issues Fraud Alert Bulletins and Management Implication Reports. Fraud Alert Bulletins are issued to all executive directors when an investigation identifies a systemic weakness that has an impact on all Department

or agency bureaus or offices. Management Implication Reports are issued when a systemic weakness is identified in a bureau-specific program or operation. It is sent directly to the affected bureau or office with recommendations for corrective actions.

OFFICE OF SECURITY AND INTELLIGENCE OVERSIGHT

Our Vision: The Office of Security and Intelligence Oversight is committed to informing Federal managers of the reliability and efficiency of the protection provided U.S. foreign affairs assets—people, information, facilities, and material—and helping to ensure that U.S. diplomatic missions at home and abroad have been afforded reasonable protection against espionage, technical attack, terrorism, civil unrest, and crime; and that chiefs of mission fulfill their responsibilities for overseeing intelligence operations at posts under their authority.

The Office of Security and Intelligence Oversight conducts an integrated audit and inspection program to evaluate security and intelligence policies, standards, and programs. Security and intelligence oversight audits examine the management and administration of security and intelligence programs to determine the systemic cause of problems, evaluate the adequacy of internal controls, and identify ways to enhance the operations of OIG's client agencies and promote greater economies and efficiencies. The security oversight inspection program supports the Secretary of State's statutory responsibility for security of U.S. personnel, property, and information abroad. These inspections are designed to:

- ◆ evaluate the implementation of security standards at posts abroad;
- ◆ assess the ability of posts to respond to threats from terrorism, mob or other physical

intrusion, intelligence penetration, and crime;

- ◆ bring significant deficiencies to the attention of senior management;
- ◆ review State Department aspects of programs and functions involving components of the intelligence community and identify key areas of concern in the review of intelligence oversight and coordination by chiefs of mission; and
- ◆ recommend actions to correct identified deficiencies.

The OIG Role in Senior Appointments

The extensive range of reviews and evaluations conducted by OIG provides a broad overview of the managerial skills or deficiencies of Department of State, ACDA, and USIA officers and the need to strengthen the agencies' management of policy and resources. Because of this unique perspective, all proposed nominations of employees for senior managerial positions (e.g., ambassador, deputy chief of mission, assistant or deputy assistant secretary and equivalents, promotions and appointments to the senior services, and special award nominations) are sent to the Inspector General for comment. The information OIG provides is intended to assist those making decisions concerning promotions, assignments, awards, and other personnel actions. By providing such information, OIG is neither expressing an opinion on the suitability nor recommending the advisability of individuals for particular personnel actions.

The Inspector General also provides responses to name-check requests from the Senate Foreign Relations Committee in furtherance of the committee's responsibility to give advice and consent on nominations for Presidential appointments and promotions to or within the Foreign Service.

Posts may be subjected to periodic followup reviews to ensure that previously identified security and intelligence deficiencies have been corrected. These reviews also serve as a quality assurance procedure to ensure appropriate quality of OIG products. Followup reviews are conducted at approximately 25 percent of inspected posts. The Intelligence Oversight Division works closely with the Office of Inspections to strengthen the intelligence oversight evaluation process at U.S. missions abroad and with the intelligence community Inspectors General to review joint intelligence issues.

OFFICE OF CONGRESSIONAL AND MEDIA RELATIONS

Our Vision: The Office of Congressional and Media Relations is committed to promoting maximum awareness and use of OIG products by the Congress, emphasizing congressional priorities in OIG products and planning, and maintaining effective relationships with the media.

The Office of Congressional and Media Relations (CMR) facilitates OIG's interaction with the Congress in support of the Inspector General's mandate to keep the Congress fully and currently informed. CMR reviews and tracks legislation, oversees the preparation of congressional testimony, and responds to requests and inquiries from the Congress and the media as appropriate.

OFFICE OF COUNSEL

Our Vision: The Office of Counsel is committed to providing independent, sound, and useful legal advice and assistance to OIG senior management and their staffs with respect to audit, inspection, security oversight, investigative, and administrative activities; responding appropriately to Freedom of Information Act,

Privacy Act, congressional, and other information access requests; and reviewing and commenting on proposed legislation and regulations.

The Office of Counsel advises OIG offices on the conduct of their reviews and investigations for legal sufficiency. The office works with the Department's Office of the Legal Adviser and the Offices of the General Counsel at USIA and ACDA to ensure that effective ethical, disciplinary, and legal guidance are provided to employees.

OFFICE OF POLICY, PLANNING, AND MANAGEMENT

Our Vision: The Office of Policy, Planning, and Management is committed to promoting OIG operational effectiveness and efficiency by providing reliable and timely support and services to the Inspector General, OIG management, and staff; advising the Inspector General on policy and procedural matters relating to OIG operations; and providing products and services that promote the overall mission and goals of the OIG.

The Office of Policy, Planning, and Management formulates and publishes OIG management and operational policies; prepares the budget; provides personnel management services and administrative support; and tracks and analyzes recommendations contained in OIG reports to determine patterns, trends, and problem areas in the Department, USIA, and ACDA that require special attention. The office coordinates and provides resources and expertise to support a variety of bureauwide efforts, including strategic planning, customer service, quality assurance, work process streamlining and automation, performance measurement, rewards and recognition, and outreach, including maintenance of the OIG website

(see page 15, *OIG on the Internet*). It also publishes and distributes the semiannual report to the Congress; the strategic plan and annual workplan; audit, inspection, and security oversight reports; and other *OIG* publications, such as *Standards of Conduct: A Guide to Ethical Conduct for Employees in the United States and Abroad*.

OIG Reports

Upon completion of an audit or inspection, the responsible *OIG* office prepares a report on the findings of its review and on recommendations for improvement.

It is *OIG* policy that reports be given wide distribution within the Department of State, ACDA, USIA, and the BBG, and to the Congress, the General Accounting Office (GAO), other Offices of Inspector General, the media, and the general public. Safeguards have been established to preclude unauthorized or inappropriate release of classified, sensitive, or other restricted information contained in *OIG* reports, as well as certain protected classes of reports such as inspection, investigative, and special inquiry reports.

Within *OIG*, the Office of Plans, Reports, and Analysis has primary responsibility for handling the automatic distribution of *OIG* reports. Generally, automatic distribution includes routinely providing *OIG* reports to appropriate posts, bureaus, or offices in the Department, ACDA, or USIA; to cognizant congressional committees; and to the GAO. Further distribution of reports is handled according to the classification or sensitivity of the requested report and who initiated the request.

Followup and Resolution

Once an OIG report is issued, the headquarters offices and Foreign Service posts responsible for implementing the report's recommendations have 45 days in which to respond to OIG. The responses are reviewed by OIG to determine whether they meet the intent of the recommendation. In the event that the response does not accept the recommendation as written, OIG can either accept the suggested alternative, if any, or refer the decision to the next management level for reconsideration. If an impasse is reached in resolving a recommendation, it is referred for decision to the Under Secretary for Management or, ultimately, to the Secretary of State or agency Director.

The OIG semiannual report to the Congress identifies recommendations unresolved or outstanding during the 6-month review period. In addition, the Secretary or agency Director is required to report to the Congress twice each year on any recommendations for which resolution has not been achieved within a year.

OIG Semiannual Report

As required by the Inspector General Act of 1978, OIG prepares a semiannual report to the Congress. Subsequent to the merger with the USIA OIG, general information pertaining to the Department of State, ACDA, and USIA was consolidated in the executive summary and management sections of the report, to streamline the semiannual report and more effectively address crosscutting issues. Separate sections address specific OIG work conducted at each of the agencies. Providing a comprehensive, across-the-board

look at the management of operations and programs, the report highlights major problem areas; summarizes the significant activities and major findings and recommendations of OIG offices and the results of OIG investigations; and provides a statistical summary of OIG accomplishments, the status of OIG reports and recommendations, and costs and savings related to OIG recommendations.

The semiannual report to the Congress is submitted by April 30 and October 31 each year to the Secretary of State and to the Directors of ACDA and USIA and the chairman of the BBG, who then have 30 days in which to transmit the report to the Congress, together with a management report commenting on OIG findings and the status of outstanding recommendations. The semiannual report is distributed to all overseas posts and to agency management and executive offices, as well as to the Congress, other Federal agencies, and the public. Copies of the semiannual report may be obtained by writing to:

Office of Inspector General
U.S. Department of State
OIG/PPM/PRA, SA-39, Room 810
1700 North Moore Street
Arlington, VA 22209

OIG on the Internet

OIG's latest initiative in realizing our vision "to be an independent and objective force for positive change in the foreign affairs community" is the creation of a World Wide Web site. Hosted by the Department of State's home page, it can be accessed through the home pages of the Department (www.state.gov), USIA (www.usia.gov), and ACDA (www.acda.gov). The OIG site provides general

information about our operations, responsibilities, and key personnel; electronic access to OIG publications; and an opportunity to comment on the site, as well as the work of the OIG. The site also contains information on such topics as best practices identified during OIG reviews over the preceding year; major challenges confronting its client agencies; and OIG efforts to assist State Department, USIA, and ACDA management, organizations, and missions in improving operations and addressing management problems and ethical issues. Modern technology and the power of the Internet will allow us to be more responsive to the changing needs of the foreign affairs community and to provide timely, constructive information to promote positive change in the agencies that we serve.

Hotline

Operated by the Office of Investigations, the OIG Hotline provides a prompt, effective channel for employees and contract personnel, as well as private citizens, to report incidents of waste, fraud, abuse, and mismanagement to the Inspector General. Operational controls are designed to protect the identity of the Hotline source. Calls to the Hotline are not recorded, except during nonduty hours, when an answering machine takes messages, and callers may remain anonymous if they wish. Callers are cautioned, however, that anonymity may impede a quick or thorough investigation or the success of a later prosecution.

Calls and letters to the Hotline are promptly and carefully reviewed. If criminal activity or civil fraud is alleged or suspected, an investigator is assigned to pursue the matter. Noncriminal matters may be investigated by OIG or referred to Department, USIA, or ACDA management with a request

to review the allegation and report findings and corrective actions to the OIG. When appropriate, the OIG Office of Audits, Inspections, or Security and Intelligence Oversight is asked to examine the matter.

The Hotline number is **(202)647-3320**. Sensitive or classified information should be reported on STU-III secure phones. Written information may be sent to:

Office of Inspector General Hotline
U.S. Department of State
Post Office Box 9778
Arlington, VA 22219

Cables to the Inspector General should be slugged “OIG Channel—State” to ensure confidentiality.

Legislative Authorities

The mission and responsibilities of the Office of Inspector General are governed by many authorities. The most significant are:

INSPECTOR GENERAL ACT OF 1978, AS AMENDED (PUBLIC LAW 95-452)

The Inspector General Act:

- ◆ establishes the requirement for independent Inspectors General at 12 Federal agencies (38 additional Inspectors General were added in the 1988 amendments to the Act).
- ◆ authorizes the Inspector General to conduct and supervise audits and investigations relating to programs and operations of the cognizant agency, including documentary subpoena power.
- ◆ mandates the Inspector General’s dual reporting responsibilities to the Congress and the head of the cognizant agency and requires a semiannual report to the Congress.

**FOREIGN SERVICE ACT OF 1980
(PUBLIC LAW 96-465)**

The Foreign Service Act:

- ◆ establishes the requirement for an Inspector General of the Department of State and the Foreign Service, with similar responsibilities and the same authorities as granted in the Inspector General Act of 1978.
- ◆ requires the Inspector General to audit and inspect each Department of State post, bureau, and other operating unit.
- ◆ establishes a mandate for OIG to review activities and operations performed under the direction of chiefs of mission for consonance with U.S. foreign policy (Section 209(g)).

**FOREIGN RELATIONS AUTHORIZATION
ACT, FY 1986-87 (PUBLIC LAW 99-93)**

The Foreign Relations Authorization Act:

- ◆ amends the Inspector General Act of 1978 to include the requirement for an independent Inspector General at the Department of State.

**OMNIBUS DIPLOMATIC SECURITY AND
ANTITERRORISM ACT OF 1986
(PUBLIC LAW 99-399)**

The Omnibus Diplomatic Security and Antiterrorism Act:

- ◆ requires the establishment of an independent Office of Inspector General at the Department of State by October 1, 1986.
- ◆ authorizes the Inspector General to perform all duties and responsibilities of Section 209 of the Foreign Service Act of 1980 and the Inspector General Act of 1978.

**ARMS CONTROL AND DISARMAMENT
ACT OF 1987, AS AMENDED
(PUBLIC LAW 100-213)**

The Arms Control and Disarmament Act:

- ◆ establishes an Office of Inspector General at ACDA.
- ◆ designates the Inspector General of the Department of State to serve concurrently as the Inspector General of ACDA.

**OMNIBUS APPROPRIATIONS ACT OF
1996 (PUBLIC LAW 104-134)**

The Omnibus Appropriations Act:

- ◆ establishes the merger of the Office of Inspector General of USIA, including the BBG, with the Office of Inspector General for the Department of State and ACDA.

EXECUTIVE ORDERS 12863 AND 12333

The Executive Orders:

- ◆ establish the authority for the Office of Inspector General to conduct intelligence oversight reviews of U.S. missions overseas.