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

Program Performance Report
Fiscal Year 2002

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Inspector General

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OFFICE OF INSPECTOR GENERAL
2002 Performance Report

Our Vision

To support the Department of State and the Broadcasting Board of Governors (BBG) in achieving their missions as effectively, efficiently, and economically as possible.
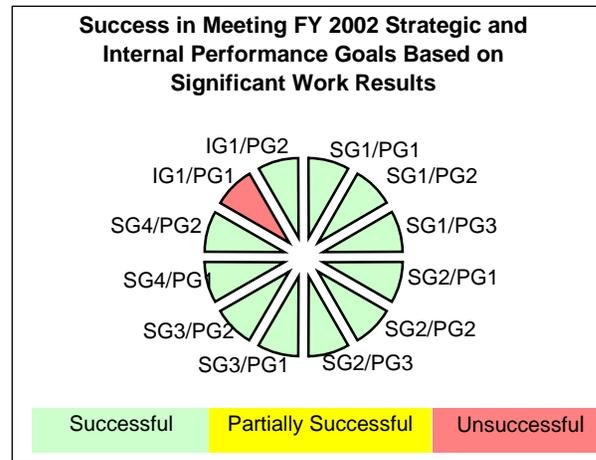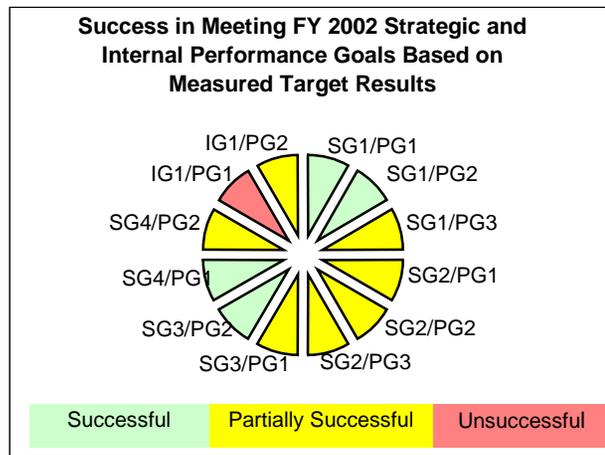
Our Mission

The mission of the Office of Inspector General (OIG) is to serve as an independent, objective reviewer and evaluator of the operations and activities of the U.S. Department of State and the Broadcasting Board of Governors. We analyze those operations and activities with a view toward promoting effectiveness, efficiency, and economy. We seek out instances of fraud, waste, abuse, and mismanagement, and we work to prevent them. We report to the Secretary of State, the Broadcasting Board of Governors, and the Congress, keeping them fully and currently informed of significant developments and serious concerns.

Executive Summary

This is the fourth annual performance report under the Government Performance and Results Act (Results Act). It represents the results of efforts and accomplishments in support of OIG's performance goals for FY 2002, a year of significant change, including a new Inspector General, a complete reorganization of OIG's structure, and totally revised OIG strategic and performance plans, goals, and measures for FY 2002 and beyond.

The FY 2002 Performance Plan contains four strategic, ten performance, and two internal enabling goals, along with nineteen measures and targets used to evaluate our success in achieving them. We have defined "Successful" as meeting or exceeding our target; "Partially Successful" as missing our target, but showing improvement over FY 2001; and "Unsuccessful" as missing our target and declining in performance from FY 2001. Under these criteria, we were successful in nine (47%), partially successful in eight (42%), and unsuccessful in two (11%) of our measures.

On a more positive note, this year's performance represented a substantial improvement over our FY 2001 results. Our performance for FY 2002 exceeded our FY 2001 performance on 84 percent of our measures. Furthermore, our FY 2002 results for 63 percent of our measures were better than in any of the prior three years (1999-2001) for which data was available. Specifics of our performance and success in achieving our targets for these measures are reported in more detail beginning on page 8.

Success in Meeting FY 2002 Strategic and Internal Performance Goals Based on Measured Target Results

IG1/PG2 SG1/PG1
IG1/PG1 SG1/PG2
SG4/PG2 SG1/PG3
SG4/PG1 SG2/PG1
SG3/PG2 SG2/PG2
SG3/PG1 SG2/PG3

Successful | Partially Successful | Unsuccessful

Success in Meeting FY 2002 Strategic and Internal Performance Goals Based on Significant Work Results

IG1/PG2 SG1/PG1
IG1/PG1 SG1/PG2
SG4/PG2 SG1/PG3
SG4/PG1 SG2/PG1
SG3/PG2 SG2/PG2
SG3/PG1 SG2/PG3

Successful | Partially Successful | Unsuccessful

In addition, we have highlighted under each strategic goal the qualitative accomplishments and results supporting our goals that are not captured by our quantitative measures. These include:

- Conducting a review of U.S. policy toward Venezuela to address Congressional questions as to whether the Department and/or Embassy Caracas had any involvement in the brief April 2002 overthrow of Venezuelan President Hugo Chavez. The review concluded that the Department's and the embassy's actions were consistent with U.S. law and policy in support of democracy and constitutionality (Foreign Policy).
- Expanding OIG's security inspections program, in the wake of September 11, 2001 terrorist attack, to provide "limited-scope" security inspections, by including a security inspector on each of the 21 post management inspections conducted during FY 2002, and identifying deficiencies in emergency procedure programs that are easily correctable with little or no additional resources and have a major impact on mission security (Security).
- Highlighting overly restrictive requirements for employees to receive incentive differentials at several posts in Central Asia, which led the Department to issue less restrictive guidelines, increasing the chances that the incentive program will achieve its objective of retaining qualified employees at difficult-to-fill posts (Financial Management and Administrative Support Systems).
- Completing 16 audits of Department and BBG contractors and grantees that identified more than $17.6 million in potential questioned costs or funds put to better use, and concluding the sentencing of two defendants convicted in a large-scale scheme to use the investor visa program fraudulently, resulting in $17.6 million in restitution to victims of the scheme (Accountability).
- Implementing an automated Project Tracking System and OIG Timesheet System that together allow the Office of Inspector General to track more accurately the allocation of our resources to specific projects and the timeliness and cost of our products and activities (Internal Enabling Goal).

Table of Strategic and Performance Goals and FY 2002 Results

Strategic Goal	Performance Goals	Measure	Target	Actual[1]
The Department and the BBG effectively, efficiently, and economically advance the foreign policy interests of the United States	Identify opportunities for improving the management and operations of overseas missions, domestic bureaus, and international broadcasting activities through post management and thematic inspections, audits, and program evaluations.	% of Recs. Resolved in 6 months	91%	62% (PS) ▲
		% of Recs. Closed in 1 year	70%	78% (S) ▲
	Evaluate at least eight U.S. Government operations and programs with foreign policy implications and recommend actions necessary to remove or overcome them.	Reports Issued	8	8 (S) ▲
	Increase the cumulative number/percentage of missions and selected bureaus inspected on a five-year cycle.	% of Missions Inspected within last 5 years	77%	70% (PS) ▲
The Department and the BBG adequately protect the people, information, and facilities under their control in the United States and abroad	Evaluate at least six Department programs designed to improve security for its people, buildings, and information, and identify any corrective actions necessary to ensure that they meet their stated goals.	Reports Issued	6	7 (S) ▲
		% of Recs. Resolved in 6 Months	67%	82% (S) ▲
		% of Recs. Closed in 1 year	82%	64% (PS) ▲
	Identify vulnerabilities and recommend corrective action with respect to information systems and security at no fewer than 10 overseas missions.	Missions Inspected	10	7 (PS) ▲
	Increase the cumulative number/percentage of missions and selected bureaus receiving security inspections and reviews on a five-year cycle.	% of Missions Inspected within last 5 years	85%	79% (PS) ▲
The Department and the BBG have the necessary financial and support systems and controls to meet legal and operational requirements	Identify challenges and vulnerabilities, with recommendations to address them, for at least 15 Department financial and administrative support programs and activities.	% of Recs. Resolved in 6 months	79%	44% (U) ▼
		% of Recs. Closed in 1 year	92%	58% (PS) ▲
		Reports Issued	15	21 (S) ▲
	Evaluate Department and BBG progress in measuring performance and linking performance goals to budget, and recommend improvements, as appropriate.	Reports Issued	5	5 (S) ▲
The Department and BBG ensure accountability and prevent or eliminate fraud, waste, abuse, and mismanagement in programs and operations	Identify a minimum of $3.75 million in potential monetary benefits as a result of audit and investigative recommendations	$ value of Cost Savings, Efficiencies, Recoveries, and Fines	$3.75 million	$40.04 million (S) ▲
	Promote awareness and adherence to standards of professional and ethical conduct and accountability; where necessary, conduct thorough and expeditious investigations of fraud, waste, abuse, and mismanagement.	% of Cases Closed within 200 days	61%	75% (S) ▲
		% of Cases Open less than 200 days	76%	50% (PS) ▲
	Performance Goals	**Measure**	**Target**	**Actual[1]**
Internal Enabling Goal	Attract and retain employees with the requisite skills and expertise	Staff on Hand	225	218 (U) ▼
		Attrition Rate	15%	13% (S) ▲
	Issue a final report or other product within 225 days of starting a project	Project Length	225	250 (PS) ▲

[1] (S) = Successful; (PS) = Partially Successful; and (U) = Unsuccessful.   Results in FY 2002 compared with those of FY 2001:   ▲= Better   ▼ = Worse

Performance Data Quality and Limitations

The performance data in the FY 2002 report is the most complete and accurate data in any of the four OIG performance reports issued under GPRA and meets the standards for reliability contained in Office of Management and Budget Circular A-11, section 232. For the first time, we have four years of data for every measure, although our project length data for prior years is less complete and accurate than our FY 2002 data. In addition, the results of prior years' data for recommendations closed within one year of issuance as reported in the FY 2002 Performance Plan have been restated, generally lower, as the result of computational errors that were discovered when calculating FY 2002 results. The data itself comes from five basic sources:
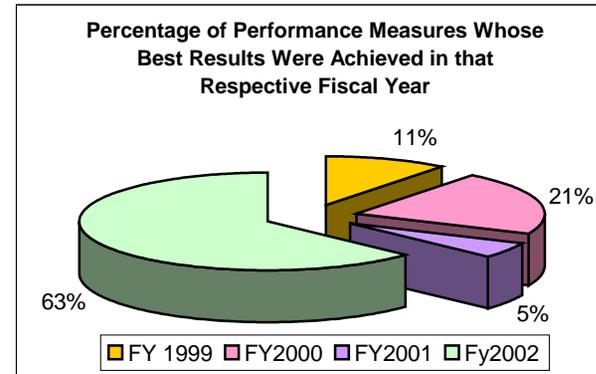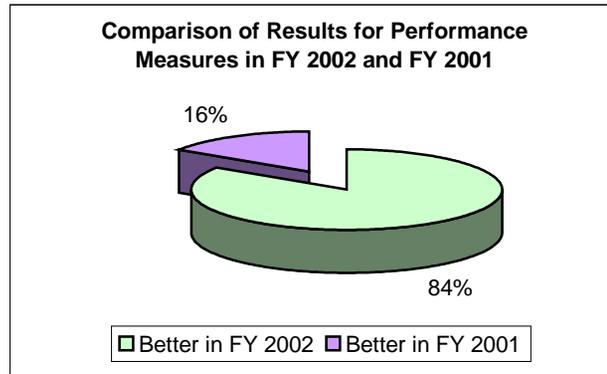
- The OIG Compliance Analysis Tracking System (CATS)—six measures relating to recommendations;
- OIG reports—eight measures relating to missions reviewed, programs evaluated, reports issued, and potential monetary benefits;
- The OIG Case Management System (CMS)—two measures relating to investigative cases;
- OIG personnel records—two measures relating to staff on hand and the attrition rate; and
- The Project Tracking System (PTS)—one measure relating to project length.

Our internal controls and validation efforts lead us to believe that the data is as accurate and reliable as can be reasonably expected. For example, CATS data is reconciled monthly with the individual issuing office records, and status reports then are provided to selected Department bureaus for reconciliation with their records. Data found in OIG reports are indexed and referenced prior to issuance according to the professional standards appropriate for that type of report. CMS and personnel data are reconciled by the Offices of Investigations and Administration, respectively, prior to inclusion in the performance report. PTS data is reviewed and updated on a bi-weekly basis and, although there are occasional discrepancies on timeliness data for individual projects, they have not been found to have any significant effect on the results.

For FY 2002 and beyond, our performance measures are directed almost entirely toward traditional measures of OIG success, including reports issued, recommendations resolved and implemented, cost efficiencies identified, and fines and recoveries collected. We also have established a new project tracking system and automated timesheet system that have improved significantly our ability to monitor both timeliness of our work and alignment of resources with our goals. We are working to ensure that the data provided by this and complementary systems are as complete and accurate as possible.

Meeting Unmet Targets

Overall, in FY 2002, we did not meet 53 percent of our targets. However, we met or exceeded our FY 2001 performance results for 84 percent of the measures. In addition, our FY 2002 results represented four-year highs for 63 percent of our targets.

Comparison of Results for Performance Measures in FY 2002 and FY 2001

16%

84%

☐ Better in FY 2002 ☐ Better in FY 2001

Percentage of Performance Measures Whose Best Results Were Achieved in that Respective Fiscal Year

11%

21%

63%

5%

☐ FY 1999 ☐ FY2000 ☐ FY2001 ☐ Fy2002

For three of the 10 measures and targets that were not met, we have established revised targets in our FY 2003 Performance Plan that exceed those expected, but missed, in FY 2002. The targets for the seven other measures have been readjusted to reflect an increase over our FY 2001 performance, although the expected results will still fall short of FY 2002 targets. The following table shows the year in which we expect to achieve our unmet FY 2002 targets.

Schedule for Achieving Unmet FY 2002 Targets

SG/PG	SG1/PG1a	SG1/PG3	SG2/PG1c	SG2/PG2	SG2/PG3	SG3/PG1b	SG3/PG1c	SG4/PG2a	IG1/PG1	IG1/PG2
Unmet FY 2002 Target	91%	77%	82%	10 missions reviewed	85%	79%	92%	76% in 200 days or less	225 staff	225 days
FY in which Target will be Met or Exceeded	FY 2005 or 2006	FY 2004	FY 2005 or 2006	FY 2003	FY 2003	FY 2005 or 2006	FY 2007 or FY 2008	FY 2005	FY 2004	FY 2003

Performance Evaluations

No performance evaluations or other formal assessments of OIG programs and operations were conducted during FY 2002. However, more than a dozen OIG reviews conducted during FY 2002 have provided program evaluations of Department programs and operations, some of which have been highlighted in the Department's performance report.

Management Challenges

OIG faced many of the same management challenges that the Department and other government entities were struggling to address, especially those encompassed within the President's Management Agenda (PMA) initiatives on strategic management of human capital, improving financial performance, and better integrating budgeting with performance. As a result, OIG introduced two Internal Enabling Goals related to our human resources and the timeliness of our projects, with a move toward tracking project costs beginning in FY 2002. As explained on pages 26 through 29, we were much less successful in achieving these goals in FY 2002 than we anticipated. However, we are continuing to address them in FY 2003 and beyond.

President's Management Agenda

Although OIG introduced several human resource initiatives (such as repayment of employee student loans) to attract and retain staff and revamped its web site to make it more customer-oriented and useful, the majority of our activities supporting the PMA consisted of the audits, inspections, and other reviews that focused on the human capital, financial management, outsourcing and rightsizing activities related to Department and BBG programs and operations. Details of these activities are highlighted on page 27.

Budget Information

Obligations for FY 2002 totaled $29,194,706. This was expended in support of our strategic goals as follows:

Strategic Goal 1:	Foreign Policy	$10.1 million	35% of resources
Strategic Goal 2:	Security	$ 6.7 million	23% of resources
Strategic Goal 3:	Financial Management and Administrative Support	$ 7.0 million	24% of resources
Strategic Goal 4:	Accountability	$ 5.4 million	18% of resources

Effect of FY 2002 Performance on FY 2003 Performance Goals

After revising most of OIG's performance goals, measures, and targets in each of our first four performance plans, our FY 2002 goals and measures remain unchanged for FY 2003 and 2004. We also have included an additional performance measure under our second internal enabling goal, which will track the percentage of projects completed within 183 days, 184 to 244 days, and more than 244 days. This new measure will provide a more complete and accurate assessment of our progress in reducing the length of projects than can be shown by average project length alone. Thirteen of our FY 2003 targets have been revised as a result of our FY 2002 performance results (see table that follows).

Revisions to FY 2003 Targets Resulting From FY 2002 Performance

SG/PG	SG1/PG1a	SG1/PG1b	SG1/PG2	SG1/PG3	SG2/PG1a	SG2/PG1b	SG2/PG1c	SG3/PG1a	SG3/PG1b	SG3/PG1c	SG4/PG1	SG4/PG2a	SG4/PG2b
Original FY 2003 Target	91%	70%	8	79%	6	70%	85%	15	82%	94%	$4.0 million	56%<100 4%@ 100-200	50%<100 6%@ 100-200 19%@ 201-300 25%>300
Revised FY 2003 Target	85%	85%	9	73%	7	84%	67%	21	72%	72%	$7.8 million	50%<100 10%@ 100-200	50%<100 25%@ 100-200 8%@ 201-300 17%>300

In an effort to make our measures more meaningful as indicators of our success in achieving our performance goals, we have added two new measures for FY 2003. The first measure—the percentage of "significant" (as identified by OIG) recommendations closed within one year of issuance—has been added to the first performance goal under each of our strategic goals for Foreign Policy, Security, and Financial Management and Administrative Support Systems. This new measure is intended to provide a more accurate picture of our success in getting the most important recommendations implemented, since all recommendations are not of equal weight or impact. The second measure under our second internal enabling performance goal is the percentage of projects completed within 6 months. We believe that, when combined with the average number of days from project start to product issuance—which can be unduly influenced by the inclusion of a few very long or short projects—it will provide a more balanced view of the timeliness of our products.

New Measures and Targets for FY 2003

	SG1/PG1c	SG2/PG1d	SG3/PG1d	IG1/PG2b
Target & Measure	50% of significant recommendations closed within one year of issuance	50% of significant recommendations closed within one year of issuance	50% of significant recommendations closed within one year of issuance	65% of projects completed within 183 days

It should be noted that, as required under Office of Management and Budget Circular A-11, the OIG will be reviewing its Strategic Plan for possible interim revisions due by March 31, 2003. If the strategic plan is revised, the first performance plan to be affected will be our plan for FY 2004.

Strategic Goal: Foreign Policy

The Foreign Service Act of 1980, as amended, mandates that the OIG assess the effectiveness of foreign policy implementation by reviewing activities and operations performed under the direction of Chiefs of Mission for consonance with U.S. foreign policy. This responsibility—which is unique to the State Department Office of Inspector General and the one most closely aligned with the mission of the Department—is an essential component of our overseas and domestic inspections, intelligence oversight reviews, and audits of issues affecting foreign policy such as counterterrorism, counternarcotics, and visa programs.

OIG's FY 2002 performance goals under this strategic goal have focused on identifying opportunities to improve the management and operations of foreign policy and international broadcasting activities; identifying and recommending solutions to obstacles to oversight and coordination of foreign policy operations and programs; and increasing the percentage of missions inspected at least once every five years, with the intention of inspecting all missions on a five-year cycle by 2007. With respect to our success in meeting these respective goals, please see below:

- *Identify opportunities for improving the management and operations of overseas missions, domestic bureaus and international broadcasting activities through post management and thematic inspections, audits, and program evaluations.* Our efforts to achieve this goal were only partially successful based on mixed results on our quantitative measure, but successful on the basis of our qualitative work, discussed below, that was performed and reported on in FY 2002. On our quantitative measures, we missed our target for recommendations resolved—that is, corrective actions accepted by management—by a substantial margin, although we bettered our FY 2001 performance. However, we exceeded our measure for recommendations implemented, which is a better overall measure of success, since it indicates that the desired corrective actions have been completed and the problem corrected.

- *Evaluate at least eight U.S. government operations and programs with foreign policy implications—especially those under Chiefs of Mission authority or related to international broadcasting and the free flow of information around the world—identify obstacles to Chief of Mission, Department, or BBG oversight and coordination of the operations and programs, and recommend actions necessary to remove or overcome them.* Our efforts to achieve this goal were successful based on the results of both our quantitative measure and our qualitative work, discussed below, that was performed and reported on in FY 2002.

- *Increase the cumulative number/percentage of missions and selected bureaus inspected on a five-year cycle.* Our efforts to achieve this goal were only partially successful in that we fell considerably short of our target, although we showed improvement over our FY 2001 performance.

Major Accomplishments in Support of This Strategic Goal

OIG Activity or Finding	*Results*
In response to a congressional request, the Inspector General led a review of U.S. policy toward Venezuela in the wake of the April 2002 brief overthrow of President Hugo Chavez.	The OIG review addressed Congressional questions, finding that the Department's and Embassy Caracas's actions were consistent with U.S. law and policy in support of democracy and constitutionality and finding no evidence to suggest that the Department or Embassy Caracas planned, participated in, or encouraged the overthrow of President Chavez.

OIG Activity or Finding	*Results*
Inspections of more than 40 overseas missions since September 11 have identified common themes involving embassy security, the war on terrorism, lack of personnel resources at hardship posts, insufficient public diplomacy resources, and the need for significant additional resources to meet construction plans to address security vulnerabilities.	OIG identified actions needed by the Department to address these concerns, including re-examination of staffing numbers in light of the security situation and limited U.S. interests in some countries, revising Mission Performance Plans to reflect new policies and programs, and developing bureau "swat teams" of experienced officers to train FSN staff and correct problems.
Inspections of small, remote posts in the Pacific, Africa, the Caribbean, and Europe identified found that these posts played a minor role in advancing homeland security, but did not fully understand the role they could play.	OIG identified the contributions of these missions to homeland security through their active public and bilateral diplomacy and expanded intelligence and consular surveillance, and encouraged the Department to provide expanded guidelines to help them understand how they could more fully support U.S. homeland security objectives.
As part of its support for the President's Management Initiative, OIG reviewed the staffing of overseas missions and found that the principle of retaining some U.S. representation in each place ("universality") still has merit.	OIG has assisted the Department in implementing its global rightsizing initiative by examining staffing levels at overseas posts, as the Department establishes common criteria for its assessment of post staffing.
At the request of the Department, OIG reviewed costs incurred in conducting the trial of two Libyans accused of blowing up Pan Am flight 103 over Lockerbie, Scotland.	OIG's verification of the costs of conducting the trial and the appropriate share of incremental costs that the U.S. had agreed to pay for conducting the trial in the Netherlands rather than in Scotland resulted in a $13 million cost savings for the U.S. government.
A review of the BBG's Middle East Broadcasting Activities identified weaknesses in BBG efforts to reach its predominantly Muslim Middle East audience.	This new program has benefited from OIG suggestions and recommendations in its formative stages, including a commitment to integrate as much hard news and U.S. government policy editorials as practicable into its youth-oriented music format as quickly as possible.
A review of the administrative operations of Radio Free Europe/Radio Liberty (RFE/RL) found that the inadequate administrative support unit serving the bureaus had the potential for providing host governments an excuse to shut down bureaus or intimidate RFE/RL broadcasters.	When fully implemented, OIG's corrective actions will reduce the likelihood of host governments' taking actions against RFE/RL bureaus or broadcasters by enabling staff better to keep pace with changes in applicable tax and social welfare benefit legislation in host countries.
A review of the BBG's broadcast affiliates program found weak oversight and coordination of the program.	OIG recommendations that BBG implement a strategic plan, improve its database, communicate with Department public affairs sections, and provide the resources to accomplish this mission have significantly strengthened this program to promote the free flow of information around the world.
An inspection of BBG regional operations in West Africa recommended prompt action to put the Voice of America (VOA) on the air in Sierra Leone and Liberia more effectively in support of U.S. goals of regional stability, humanitarian aid, and support for democracy.	BBG's prompt, effective response to this challenge provided support for U.S. objectives in the region at a time of continuing regional instability; large numbers of refugees, and internally displaced persons yet to return to their homes; and weak democratic institutions.

Performance Goal 1: Identify opportunities for improving the management and operations of overseas missions, domestic bureaus and international broadcasting activities through post management and thematic inspections, audits, and program evaluations.	

MEASURE*: Percentage of recommendations resolved within six months of issuance.* **FY 2002 Result: Partially Successful**

FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
84%	**85%**	**57%**	**62%**	**91%**

MEASURE: *Percentage of recommendations closed within one year of issuance.* **FY 2002 Result: Successful**

FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
79%	**81%**	**85%**	**78%**	**70%**

Success in meeting performance targets: Our success in meeting these targets was mixed, and, overall, was below the performance levels of prior years. We fell considerably short of our target on recommendations resolved within six months (showing some improvement over FY 2001, but far short of prior years). While we exceeded our target for recommendations closed within one year—a more important measure since it indicates final action being achieved and problems corrected—we were less successful than in the three prior years. The shortfall in recommendations resolved was due largely to staffing gaps in our compliance staff and, as we fell behind on that target, the effort to focus our resources first on the more important target for closing recommendations within a year. To address these shortcomings, we are looking to ensure adequate staffing coverage and have formed a new compliance oversight committee that will report to the IG quarterly to identify progress and issues in which a more proactive approach is needed to meet our FY 2003 targets. However, we do not expect to achieve 91% for recommendations resolved within six months until 2005 or 2006, at the earliest.

Data quality and strategies to address data limitations: A computation error in data reported in prior years was corrected (the data in this table reflects the correction), and we have verified the accuracy and completeness of the FY 2002 data in our compliance analysis tracking system.

Effect of results on the FY 2003 performance plan: Our FY 2003 target for resolved recommendations has been lowered to our FY 2000 actual level, while our target for closed recommendations is unchanged, with both targets set at 85%. We also have added a measure and target for "significant" recommendations implemented within a year to measure progress on our most critical recommendations.

Recommendations Resolved Within 6 Months of Issuance

Recommendations Closed Within 1 Year of Issuance

10
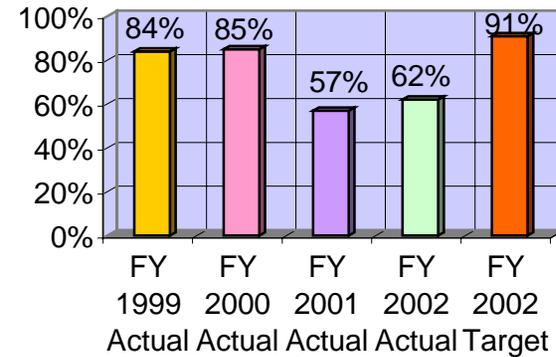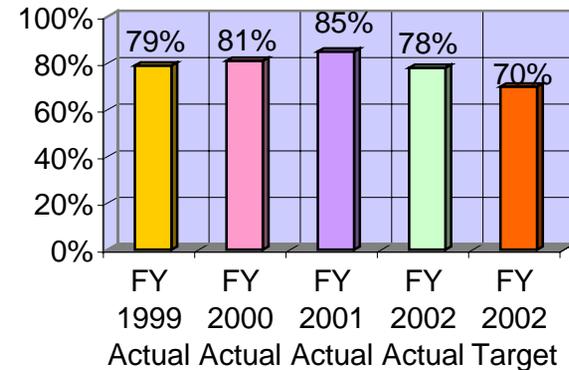
Performance Goal 2: Evaluate at least eight U.S. government operations and programs with foreign policy implications—especially those under Chief of Mission authority or related to international broadcasting and the free flow of information around the world—identify obstacles to Chief of Mission, Department, or BBG oversight and coordination of the operations and programs, and recommend actions necessary to remove or overcome them.

MEASURE: *The number of U.S. government operations and programs with foreign policy implications evaluated.* **FY 2002 Result: Successful**

FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 ACTUAL	FY 2002 ACTUAL	FY 2002 TARGET
8	9	7	8	8

Success in meeting performance target: We met our target and showed a slight increase from FY 2001, in which our unmet target also was to evaluate eight government operations and programs. The operations and programs with foreign policy implications evaluated in 2002 included three related to international broadcasting activities, four related to Department operations and programs, and one related to broader U.S. government activities. Three of these evaluations (U.S. Policy Toward Venezuela, U.S. Support to International Police Task Force in Bosnia, and BBG Middle East Broadcasting Activities and Initiatives) were undertaken in direct response to Congressional requests.

Data quality and strategies to address data limitations: The number of operations and programs evaluated is based on the number of reports on these subjects that actually were issued during the fiscal year. They do not include evaluations that were started but not completed by the end of the fiscal year. These will be reported in our FY 2003 results. We have verified the accuracy and completeness of this performance data.

Effect of results on the FY 2003 performance plan: We have increased our FY 2003 target from 8 to 9.

U.S. Government Operations & Programs with Foreign Policy Implications Reviewed
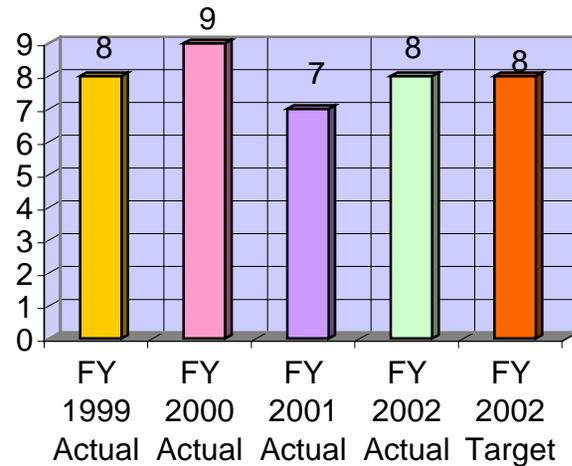
|				
Performance Goal 3: Increase the cumulative number/percentage of missions and selected bureaus inspected on a five-year cycle.				
MEASURE: *The percentage of missions and selected bureaus inspected within the past five years.* **FY 2002 Result: Partially Successful**				
FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
63%	**66%**	**64%**	**70%**	**77%**

Success in meeting performance target: Although we showed improvement over our FY 2001 results, we fell considerably short of our target. This is the direct result of 11 inspections that were conducted in FY 2002, but for which reports were not issued by the end of the FY (see discussion in data quality and limitations below). Had these reports been issued in FY 2002, we would have met our target of 77 percent. Based on the number of mission inspections scheduled and a much lower target for the time it takes us to complete (i.e., issue a product on) all our projects in FY 2003, we expect to achieve our FY 2003 target of 73 percent. Although the percentage of missions inspected within the past five years will decrease in FY 2003, that was anticipated in our long-term plan, and we will still be on schedule to achieve 100 percent by 2007.

Data quality and strategies to address data limitations: Although our performance goal and measure include references to "selected bureaus," which we also inspect, our goal to reach a five-year inspection cycle is targeted toward overseas missions, and the percentages reported above include only overseas missions. If selected bureaus were included, the results as well as the target would vary from those reported. In addition, the percentages reflect the number of missions, as a percentage of all overseas missions, for which inspection reports have been issued during the FY. If a mission was inspected in FY 2002 but the report was not issued prior to the end of the FY, it was not included in our FY 2002 results, but will be reported with our FY 2003 data. The data for these measures come directly from the reports issued during the FY, and we have verified their accuracy and completeness.

Effects of results on FY 2003 performance plan: This performance goal has been dropped as a separate goal for FY 2003 and beyond, and included as a measure in support of our first performance goal under this strategic goal, for which it is a more accurate indicator. Targets for succeeding years will continue to be set to achieve our goal of a five-year inspection cycle by the end of FY 2007.

Percentage of Missions Inspected Within Last Five Years
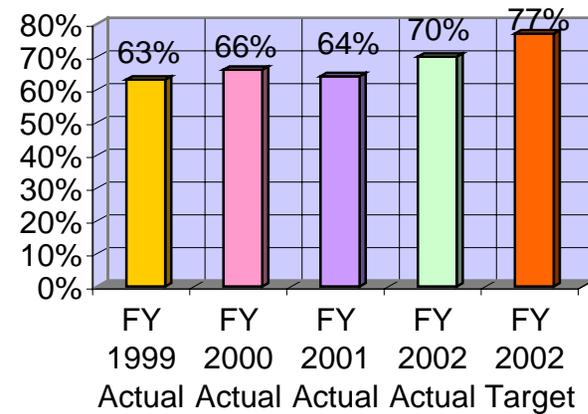
Strategic Goal: Security

With the growing threat of terrorism and regional instability in the post-9/11 environment, the security of U.S. personnel, facilities, and information has become an issue of overriding importance. During FY 2002, OIG expanded its program of limited security and intelligence oversight reviews, significantly increasing its coverage of overseas posts by including a security inspector on all post management inspections. In addition, OIG pilot tested and implemented a new program of Information Security Evaluation Inspections, which will provide in-depth reviews of the security of Department and BBG domestic and overseas information systems. Full-scope security inspections also review information security as part of the inspection process.

Our FY 2002 performance goals under this strategic goal focused on evaluating the effectiveness of programs to improve security for Department people, facilities, and information; identifying and recommending corrective actions to vulnerabilities in Department and BBG information security and systems; and increasing the percentage of missions inspected as to security at least once every five years, with the intention of inspecting all missions on a five-year cycle by 2007. With respect to our success in meeting these goals, please see below:

- *Evaluate at least six Department programs designed to improve security for its people, buildings, and information and identify any corrective actions necessary to ensure that they meet their stated goals.* Our efforts to achieve this goal were only partially successful in that we missed our target for one of our three quantitative measures, although our results for all three measures exceeded our performance for FY 2001, and the goal was well supported by our qualitative work, discussed below, that was performed and reported on in FY 2002.

- *Identify vulnerabilities and recommend corrective action with respect to information security and systems at no fewer than 10 overseas missions.* Our efforts to achieve this goal were only partially successful in that we fell 30 percent short of our target—which, because this was the first year we started performing information security inspection evaluations, was still a significant accomplishment—although the qualitative work conducted and reported on in FY 2002 contributed considerably to our success on this goal.

- *Increase the cumulative number/percentage of missions and selected bureaus at which security inspections are conducted each year until all missions undergo a security inspection at least once every five years.* Our efforts to achieve this goal were only partially successful as we fell slightly short of our quantitative target, although we improved on our FY 2001 performance for this measure, and the goal was supported by our qualitative work, discussed below, that was performed and reported on in FY 2002.

Major Accomplishments in Support of This Strategic Goal

OIG Activity or Finding	*Results*
A vulnerability assessment of the Central Financial Management System application identified system configuration issues that could be corrected without affecting overall network performance or availability, and found that overall, the associated security features appeared to function correctly and were well managed.	This review and another vulnerability assessment identified similar problems, suggesting that they may exist throughout the Department's IT infrastructure.

OIG Activity or Finding	*Results*
OIG expanded its security inspections program to encompass limited-scope security inspections by including a security inspector on each of the 21 post management inspections conducted during the second half of FY 2002. These limited scope inspections focused on individual physical security and emergency preparedness, aimed primarily at identifying and correcting weaknesses in the missions' ability to defend against a large-scale vehicle bomb attack.	OIG has identified deficiencies in emergency procedure programs that are easily correctable, usually requiring little, if any, additional resources, and have a major impact on mission security. Survivors of the most recent vehicle bomb attack against the U.S. consulate in Karachi, Pakistan, noted that the lack of personnel injury was attributed to the use of the alert system and the instinctive response taken by people due to frequent emergency drills.
A review of the Bureau of Consular Affairs' (CA) information security program, conducted in response to public and congressional concern about the Department's ability to manage and process safely consular activities, found that CA has developed a comprehensive approach to addressing information security risks. Approximately 70% of systems have had risk assessments, and almost 50% are operating with an overall security plan in place, but only two of CA's 36 systems have been certified and accredited.	The Department has acknowledged that more needs to be done and is actively planning, prioritizing, and working toward bringing each of its active systems fully in line with information security statutes and OMB guidance.
A major review of domestic security programs, which examined compliance with earlier recommendations concerning handling of classified information at the Department's Main State facility, found that the Department has made significant strides in enhancing the protection of classified information, especially sensitive compartmented information (SCI).	Pursuant to an OIG recommendation, the Department transferred responsibility for handling the SCI program from the Bureau of Intelligence and Research to the Bureau of Diplomatic Security (DS); reduced the number of offices where SCI is processed, read, and discussed; and enhanced physical security for those offices. The Department has also strengthened procedures for reporting security incidents.
A review of the classified connectivity program evaluated the Department's program to deploy a standards-based, global network for secure information processing and communications to about 250 embassies and consulates worldwide. The Bureau of Information Resource Management is making progress and taking a more structured approach to "C-LAN" modernization, but OIG recommended that IRM coordinate with DS to complete the steps needed for C-LAN certification and accreditation and ensure that information technology contingency planning is coordinated and carried out in a standardized manner.	As a result of this work, IRM has developed a System Security Authorization Agreement for C-LAN type accreditation and submitted it to DS for evaluation and implementation. IRM has also developed and tested an IT contingency planning toolkit and is working to promote awareness, training, and use of the toolkit among organizations Department-wide.
An evaluation of the Department's program for providing its employees worldwide with desktop access to the Internet found that the Department has a deliberate process for ensuring that bureaus and overseas missions meet established technical, physical, security, and management requirements for Internet access before they are granted connectivity through OpenNet Plus.	In accordance with OIG report recommendations, the Department has drafted a policy to eliminate redundant Internet connections and associated costs once OpenNet Plus is fully deployed.
An assessment of automation in the Department's munitions export licensing process found that the process managed by the Department's Office of Defense Trade Controls (DTC), Bureau of Political-Military Affairs, is inefficient, involving extensive use of manual and paper-based processes, data re-keying, and inadequate license tracking mechanisms. OIG reported that these problems are due in part to multiple DTC systems that are independent of one another, as well as a lack of connectivity with systems used by external license review agencies	DTC recognized the need to improve its munitions export licensing process and systems and has begun developing plans to modernize, but OIG recommended that it broaden and coordinate its efforts with representatives from industry, other Department bureaus and offices, and other federal organizations involved in the munitions export licensing process. The bureau agreed with OIG's recommendations and said that the report's analysis would serve as a basis for consideration of still further measures to strengthen the timeliness and overall efficiency of the munitions export licensing system to the benefit of U.S. government and industry and foreign markets.

Performance Goal 1:Evaluate at least six Department programs designed to improve security for its people, buildings, and information and identify any corrective actions necessary to ensure that they meet their stated goals.

MEASURE: *Programs reviewed and reports issued.* **FY 2002 Result: Successful**

FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 ACTUAL	FY 2002 ACTUAL	FY 2002 TARGET
2	6	6	7	6

MEASURE*: Percentage of recommendations resolved within six months of issuance.* **FY 2002 Result: Successful**

FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 ACTUAL	FY 2002 ACTUAL	FY 2002 TARGET
48%	56%	70%	82%	67%

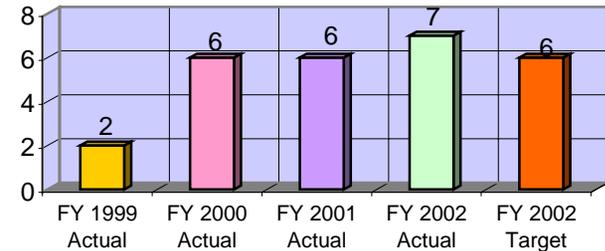**MEASURE***: Percentage of recommendations closed within one year of issuance.* **FY2002 Result: Partially Successful**

FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 ACTUAL	FY 2002 ACTUAL	FY 2002 TARGET
55%	60%	60%	64%	82%

Success in meeting our performance targets: We exceeded two of the targets for measuring our performance under this goal, but fell short on the more critical target for recommendations closed within one year. The primary reason for this shortfall was intermittent staffing gaps in our security compliance unit, which left available staff to handle unrealistic workloads for various periods. To improve our results, we have filled a vacant position in our security compliance division, are refocusing our resources on compliance issues, and have formed a new compliance oversight committee that will report to the IG quarterly to identify progress and issues in which a more proactive approach is needed to meet our FY 2003 targets. We do not expect to achieve our 82% target for recommendations closed until 2005 or 2006.

Data quality and strategies to address data limitations: A computation error in data reported in prior years was corrected (the data in this table reflects the correction), and we have verified the accuracy and completeness of the data we are reporting.

Effects of results on FY 2003 performance plan: For FY 2003, we have increased the target for recommendations resolved and programs reviewed to match our FY 2002 levels of 82% and 7 respectively, and have lowered the target for recommendations closed to 67%. We also have added a measure and target for "significant" recommendations closed within a year.
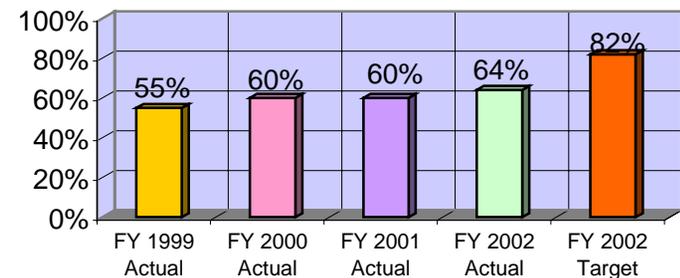

Security and Inteligence Programs Reviewed and Reports Issued

Security Recommendations Resolved Within 6 Months of Issuance

Security Recommendations Closed Within 1 Year of Issuance

15
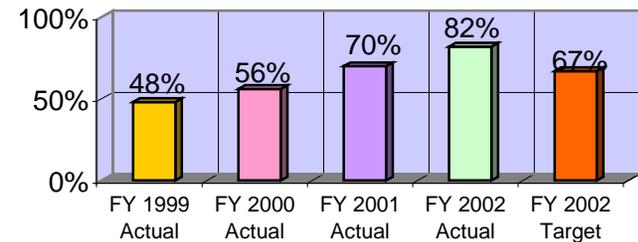
Performance Goal 2: Identify vulnerabilities and recommend corrective action with respect to information security and systems at no fewer than 10 overseas missions.

MEASURE*: Number of Information Security Inspection Evaluations performed at overseas missions.* **FY 2002 Result: Partially Successful**

FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
N/A	N/A	N/A	7	10

Success in meeting our performance target: We did not achieve our target of 10 evaluations, having performed and issued reports on only seven of those evaluations (one report was still in process) by the end of the FY. This was due partly to a decision, made early in the FY, further to refine our new methodology—this was the first year that we began conducting such inspections—by piloting it at four domestic bureaus before traveling to overseas missions. In addition to the seven missions inspected during FY 2002, we conducted information security inspection evaluations at five domestic bureaus as well. These reviews were supplemented by information security reviews conducted as part of our full-scope security inspections.

Data quality and strategies to address data limitations: The number of missions receiving information security inspection evaluations, as reported under this measure, is based on the number of reports that were actually issued during the fiscal year. They do not include one evaluation that was started but not completed by the end of the fiscal year. This will be reported in our FY 2003 results. We have verified the accuracy and completeness of this data.

Effects of results on FY 2003 performance plan: Our goal and measure remains unchanged, but we have reduced our target for the number of evaluations to be conducted in FY 2003 from 20 to 15 missions.

Information Security Inspection Evaluations Performed at Overseas Missions
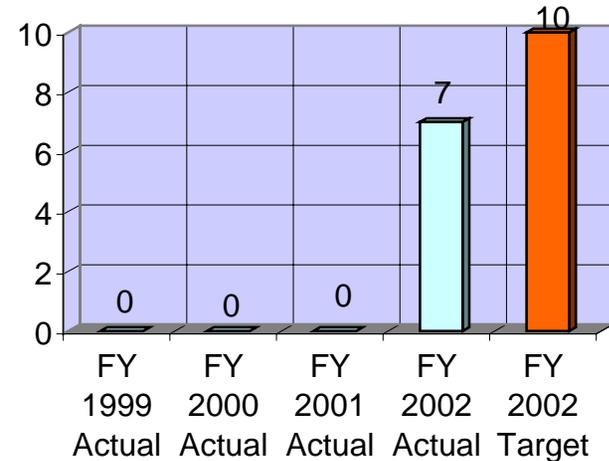
Performance Goal 3: Increase the cumulative number/percentage of missions and selected bureaus at which security inspections are conducted each year until all missions undergo a security inspection at least once every five years.

MEASURE: *Percentage of missions and selected bureaus receiving a security inspection or review within the past five years.* **FY 2002 Result: Partially Successful**

FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
59%	**59%**	**73%**	**79%**	**85%**

Success in meeting our performance target: Although we showed improvement over our FY 2001 results, we fell short of our FY 2002 target. This is the direct result of 10 inspections that were conducted in FY 2002 but whose reports were not issued by the end of the FY (see discussion in data quality and limitations below). Had these reports been issued in FY 2002, we would have met our target of 85 percent. Based on the number of mission inspections scheduled and a much lower target for the time it takes us to complete (i.e., issue a product on) all our projects in FY 2003, we expect to achieve our FY 2003 target to conduct security inspections at 90 percent of overseas missions.

Data quality and strategies to address data limitations: Although our performance goal and measure include references to "selected bureaus," we have not performed security inspections of any domestic bureaus, leaving that to DS. Our goal to reach a five-year inspection cycle is targeted toward overseas missions, and the percentages reported above include only overseas missions. If selected bureaus also were included, the results as well as the target would vary from those reported. The measure will be changed to reflect this narrower focus in the future. In addition, the percentages reflect the number of missions, as a percentage of all overseas missions, whose inspection reports have been issued during the FY. If a mission was inspected in FY 2002 but the report was not issued prior to the end of the FY, it was not included in our FY 2002 results, but it will be reported with our FY 2003 data. The data for these measures come directly from the reports issued during the FY, and we have verified their accuracy and completeness.

Effect of results on the FY 2003 performance plan: This performance goal has been dropped for FY 2003 and beyond and included as a measure in support of our first performance goal under this strategic goal, for which it is a more accurate indicator. Our FY 2003 target remains at 90%, and targets for succeeding years will continue to be set to achieve our goal of conducting security inspections on a five-year inspection cycle by the end of FY 2007.

Percentage of Missions Receiving Security Inspections Within Last Five Years
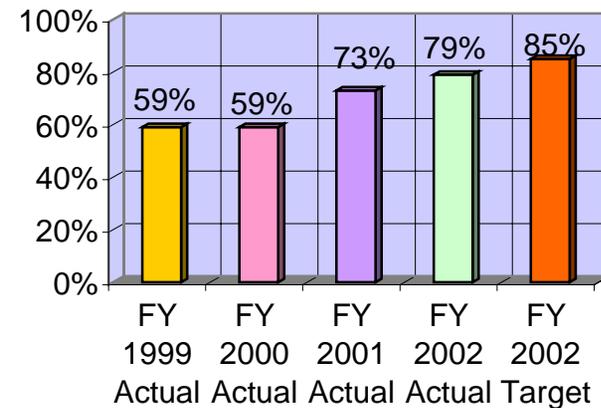
Strategic Goal: Financial Management and Administrative Support Systems

A significant portion of the foreign affairs budget is devoted to developing, maintaining, and securing the infrastructures—including physical facilities, information systems, financial management, grants management, procurement, personnel systems, and administrative support services—that underlie and support the Department's operations and provide a base for the conduct of U.S. foreign policy. A major part of OIG resources are devoted to efforts in support of this goal, including addressing systemic weakness and security vulnerabilities; ensuring accountability for the estimated $3 billion in federal financial assistance, including grants and cooperative agreements, that is administered by the Department; and working with the Department and BBG to identify opportunities to streamline operations and reduce infrastructure and operational costs, inefficiency, and redundancy while increasing effectiveness, where possible.

Our FY 2002 performance goals under this strategic goal focused on identifying, and recommending solutions to, vulnerabilities in Department and BBG financial and administrative support programs and activities, and evaluating the Department's and BBG's progress in measuring performance and linking performance to budget. With respect to our success in meeting these goals, please see below:

- *Identify challenges and vulnerabilities with recommendations to address them for at least 15 Department financial and administrative support programs and activities.* Our efforts to achieve this goal were only partially successful because, although significantly exceeding our first quantitative measure, we fell considerably short on our other two measures for recommendations resolved and implemented. We did manage to show considerable improvement over our FY 2001 results for the more important measure of recommendations implemented. In addition, this goal was supported by the qualitative work, discussed below, that was performed and reported on in FY 2002.

- *Evaluate Department and BBG progress in measuring performance and linking performance goals to budget, recommending improvements, as appropriate*. Our efforts to achieve this goal were successful, having exceeded both our FY 2002 target and our performance for prior years.

Major Accomplishments in Support of This Strategic Goal

OIG Activity or Finding	*Result*
An inspection of BBG regional operations in West Africa highlighted mismanagement that resulted in the loss of more than $200,000 in broadcasting equipment and had a negative effect on the placement of VOA programs on the air in VOA's top listening region in the world.	BBG and the Department now are sensitized to the reasons for the problems that occurred, greatly lessening the likelihood of significant loss in the future.
A review of the BBG's controls on domestic personal property highlighted weaknesses in internal controls.	In response, BBG has completed its first system-wide inventory since independence and created a reliable baseline. A central or limited number of receiving points will be established, and discipline brought to bear for employees who habitually lose U.S. government property in their care.

OIG Activity or Finding	*Results*
A review of administrative operations of RFE/RL highlighted vulnerabilities from possible lagging compliance with host government laws regulating employment tax and social contributions for bureau staff.	RFE/RL agreed to seek permanent slots with benefits for its administrative support staff serving its 30 bureaus. With some host country regimes becoming less tolerant of a free press, maintaining the timely regularization of the bureaus with respect to local tax laws will remove a potential technical excuse either to intimidate journalists or close a bureau.
The review of BBG's Broadcast Affiliates Program found that the program used many of its limited resources for low performing affiliates.	At OIG urging, the BBG has completed a strategic plan that seeks to focus resources on higher quality and better performing affiliates.
A review of intragovernmental receivables determined that the Department did not properly account for $93.8 million owed to the Department by other agencies, resulting in significant overstatement of accounts receivable estimated at the end of the fiscal year.	Recommendations to correct these anomalies are being addressed by the Department, in support of the President's Management Agenda initiative to improve financial performance.
A review of the Department's Regional Procurement Support Offices (RPSO) found significant accounting anomalies that distorted financial operating results and hindered RPSO management in carrying out its functions.	Recommendations to correct these anomalies are being addressed by the Department, in support of the President's Management Agenda initiative to improve financial performance.
A survey of Civil Service Leadership Training found that the Department's Leadership Competencies Development Initiative (LCDI) recognized the importance of leadership training for Civil Service employees but that more than half of the employees interviewed were unaware of the program.	As a result of OIG's survey and briefings with the Bureau of Human Resources (HR) and the Foreign Service Institute (FSI), the Department updated its HR website regarding the LCDI leadership training, and announced a new Training Continuum for Civil Service Employees and a new Leadership and Management Training Continuum.
A review of a grantee in China was undertaken at the request of the ambassador to ensure that U.S. funds were being used effectively, based on concerns about the grantee's financial management.	OIG found that the fund was making a good faith effort to respond to Department concerns by taking actions to improve operations and programs, including hiring and training additional staff and conducting project audits and reviews.
Inspections of U.S. embassies in Tbilisi, Georgia; Yerevan, Armenia; and Baku, Azerbaijan, found that overly restrictive requirements for employees to receive incentive differentials for serving at these difficult posts created the potential for excessive staff turnover.	Based on OIG findings and recommendations, the Department has eased the restrictions on receiving incentive differentials at these posts, increasing the chances that the incentive program will achieve its objective of retaining qualified employees in difficult-to-fill posts.
A review to assess the adequacy of the internal controls over cashiering operations and blank passports found that established procedures that would minimize the risk of malfeasance are not implemented consistently at five of the six passport agencies, and the unannounced adjudication audit program is not achieving its primary objective of preventing and detecting malfeasance.	The Department accepted and has begun implementing OIG's recommendations, including developing a software package for fee reconciliation and instituting checks and balances for monitoring blank passports and procedures for depositing cash collections daily.
OIG identified critical infrastructure needs due to old, inadequate, and overcrowded facilities in all geographic regions, along with significant additional resource requirements for renovating or relocating all of the missions that have security vulnerabilities.	The Department's Office of Overseas Buildings Operations has been consistently responsive and acted promptly in addressing all of the deficiencies and problems identified in the course of OIG inspections.

Performance Goal 1: Identify challenges and vulnerabilities with recommendations to address them, for at least 15 Department financial and administrative support programs and activities.				
MEASURE: *Programs reviewed and reports issued.* **FY 2002 Result: Successful**				
FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
13	**14**	**15**	**21**	**15**
MEASURE: *Percentage of recommendations resolved within six months of issuance.* **FY2002 Result: Unsuccessful**				
FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
52%	**72%**	**65%**	**44%**	**79%**
MEASURE: *Percentage of recommendations closed within one year of issuance.* **FY 2002 Result: Partially Successful**				
FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
40%	**72%**	**26%**	**58%**	**92%**

Success in meeting our performance targets: We significantly exceeded our target for programs reviewed and reports issued but missed our targets for resolving and closing recommendations within the target timeframes. The primary reason for this shortfall was the decision to try to close the backlog of our oldest recommendations (open for more than one year) first. While we reduced these by about 25%, it meant expending fewer resources on our measured recommendations. To improve our results, we have formed a new compliance oversight committee, reporting quarterly to the Inspector General to identify progress and issues requiring more proactive approach to meet our revised FY 2003 targets. We do not anticipate meeting our FY 2002 targets before FY 2005 or 2006.

Data quality and strategies to address data limitations: A computation error in data reported in prior years was discovered (the data in this table reflects the correction), and we have verified the accuracy and completeness of the FY 2002 data in our compliance analysis tracking system, as well as the number of programs evaluated and reports issued.

Effects of results on FY 2003 performance plan: Our FY 2003 targets for both recommendations resolved within 6 months and those closed within 1 year have been lowered to our prior "highs" of 72%. In addition, we have added a measure and target for "significant" recommendations implemented within a year to measure progress on those recommendations whose implementation is especially important. Our FY 2003 target for programs reviewed has been raised from 15 to 21.
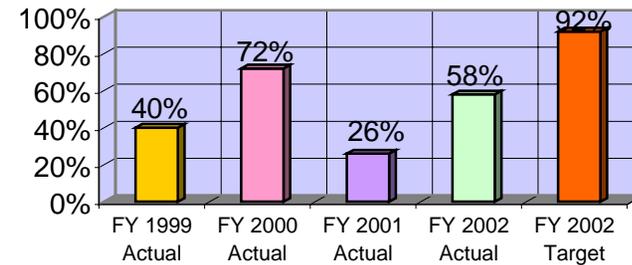

Financial and Administrative Support Programs and Activities Reviewed and Reports Issued
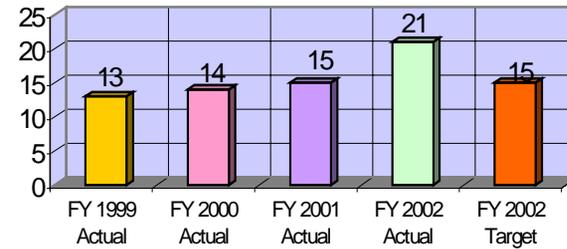
Financial Mangement and Administrative Support Recommendations Resolved Within 6 Months of Issuance
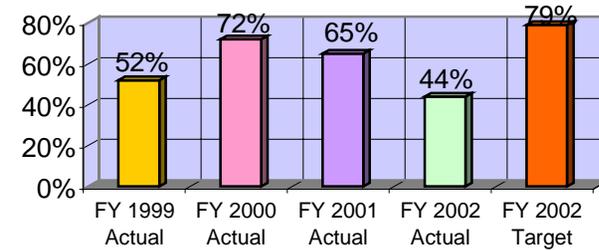
Financial Management and Administrative Support Recommendations Closed Within 1 Year of Issuance

Performance Goal 2: Evaluate Department and BBG progress in measuring performance and linking performance goals to budget, recommending improvements, as appropriate.

**MEASURE**: *Number of reports issued.* **FY 2002 Result: Successful**

FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
4	4	4	5	5

Success in meeting our performance target: We met our target, which also showed improvement over prior years' results.   In addition, every audit plan included steps to review and assess applicable goals and measures related to the program or mission being reviewed, and each post inspection looked at the mission and relevant bureau performance plans.   Unless significant issues were discovered, these were not discussed in the reports that resulted and were not counted in our performance data.

Data quality and strategies to address data limitations: The data for this measure is based on reports issued that, in whole or in part, address performance measurement or linking performance goals to budget. We have verified the completeness and accuracy of the data.

Effects of results on FY 2003 performance plan: For FY 2003, we have revised the goal and the measure to reflect Department and BBG progress in meeting the President's Management Agenda, especially initiatives on integrating budget and performance and rightsizing overseas missions.   To reflect our increased emphasis on these issues, we are raising our target from 5 reports issued in FY 2002 to 12 in FY 2003.

Reports Issued Evaluating Department Success in Measuring Performance or Linking Performance Goals to Budget
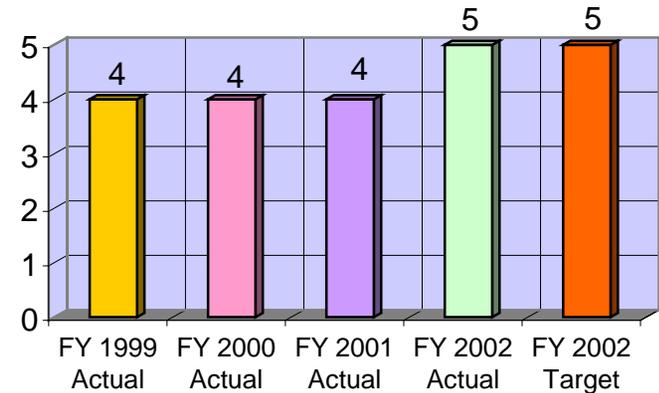
Strategic Goal: Accountability

All government employees must conform to fundamental guiding principles governing professional and ethical conduct. The standards derived from these principles, as defined in law, executive order, regulation, policy, and procedure, encompass a broad range of professional and ethical behavior, as well as personal and management accountability. One of the ways in which OIG promotes accountability and integrity in Department programs and operations is through audits of federal assistance and contracts to nongovernmental organizations that conduct federal programs and other related activities. OIG conducts audits of selected grantees and contractors to determine whether the organizations expended federal funds for the intended purpose of the agreement and in accordance with applicable federal laws and regulations related to the agreement terms and conditions. OIG also is mandated to prevent and detect waste, fraud, and mismanagement. Specific allegations or other information indicating possible violations of law or regulation are investigated by OIG investigators, supported by experts from other OIG offices, as appropriate. In addition, OIG works proactively to educate and share best practices with targeted audiences—such as new ambassadors, deputy chiefs of mission, and Foreign and Civil Service employees—to improve adherence to standards of accountability by ensuring that employees of the foreign affairs agencies are informed of and understand the standards specific to their professional and ethical conduct.

Our FY 2002 performance goals under this strategic goal focused on identifying potential monetary benefits as a result of our audit and investigative work to improve operations and compliance with contract and grantee agreements; identifying fraud, waste, abuse and mismanagement; increasing awareness and adherence to standards of professional and ethical conduct and accountability; and conducting thorough and expeditious investigations. With respect to our success in meeting these goals, please see below:

- *Identify a minimum of $3.75 million in potential monetary benefits as a result of audit and investigative recommendations to identify fraud, waste, abuse, and mismanagement and to improve the efficiency of Department and BBG operations and compliance with applicable contracts and grant agreements.* Our efforts to achieve this goal were successful as we exceeded our FY 2002 target by more than 1000 percent and our FY 2001 results by more than 300 percent.

- *Promote awareness and adherence to standards of professional and ethical conduct and accountability; where necessary, conduct thorough and expeditious investigations of fraud, waste, abuse, and mismanagement.* Our efforts to achieve this goal were only partially successful as we missed our target for investigations open at the end of the year, although we exceeded our FY 2001 performance. For our target on investigations closed during the year, we exceeded both our target and our FY 2001 and prior years' performance.

Major Accomplishments in Support of This Strategic Goal

OIG Activity or Finding	*Result*
During FY 2002, OIG completed 16 audits of Department and BBG contractors and grantees, several of which were undertaken at the request of Congress.	The audits identified $17,663,151 in potential questioned costs or funds put to better use, and contributed to the President's Management Agenda initiative to improve financial performance.

OIG Activity or Finding	*Result*
Sentencing was completed in an OIG investigation of a Northern Virginia company involved in a large-scale scheme to use the EB-5 investor visa program fraudulently.	One defendant was sentenced to 124 months' imprisonment, the other to 112 months' imprisonment, and both were ordered to serve three years' supervised release upon completion of their prison terms. The court ordered them jointly to make restitution of $17.6 million to victims of the scheme.
A joint investigation with the Department of Labor, the Immigration and Naturalization Service, and the Internal Revenue Service found that a Department personal services contractor and a Virginia immigration attorney were engaged in employment-based immigration fraud.	The investigation led to the arrest of two individuals, one of whom was sentenced to 97 months' imprisonment; the other awaits trial.
An investigation of excessive post assignment travel costs at Embassy Lusaka found that approximately $2.5 million had been sent to bank accounts assigned to bogus vendors who had provided no services to the Department.	A Zambian national living in the United States pleaded guilty to conspiring to receive stolen government money. He was sentenced to 30 months' imprisonment and ordered to pay more than $2 million in restitution.
Sentencing was completed in the arrest of a Foreign Service officer convicted of conspiring to sell visas while employed as a consular officer at a U.S. embassy.	Approximately $2.5 million in cash, gold bars, and other assets were forfeited as a result of the guilty plea. The officer was sentenced to 262 months in prison.
Based on information received from the U.S. Border Patrol, an OIG investigation found that two FSNs employed at a U.S. consulate had conspired to issue approximately 60 laser visas to ineligible Mexican nationals.	Four Mexican nationals were terminated from employment at the consulate.
Although no longer one of our measures, OIG has continued to provide presentations to seminars and courses for Ambassadors, Deputy Chiefs of Mission, and incoming Foreign Service officers and Civil Service employees.	Embassy leaders and incoming employees are more aware and better understand the role of the OIG and the ways in which it can contribute to the efficiency, effectiveness, and integrity of their operations, as well as having better understanding of the standards of accountability and ethical conduct governing federal service.

Performance Goal 1: *Identify a minimum of $3.75 million in potential monetary benefits as a result of audit and investigative recommendations to identify fraud, waste, abuse, and mismanagement and to improve the efficiency of Department and BBG operations and compliance with applicable contracts and grant agreements.*	

MEASURE: *The potential value of efficiencies identified in OIG recommendations.* **FY 2002 Result: Successful**

FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
$9.36 million	**$3.23 million**	**$12.49 million**	**$40.04 million**	**$3.75 million**

Success in meeting our performance target: We significantly exceeded our FY 2002 target by more than 1000 percent and our FY 2001 performance by 300 percent. This was largely the result of one investigation (resulting in $17.6. million in court-ordered restitution to the victims of the fraud scheme) and two audits that accounted for approximately $17 million. Investigations and audits leading to such large amounts cannot reasonably be expected to recur in FY 2003 or beyond.

Data quality and strategies to address data limitations: The data for these measures come directly from our reports, and we have verified their accuracy and completeness. However, it should be noted that these monetary benefits are only "potential," and the actual recoveries and funds eventually returned or put to better use may be substantially lower.

Effects of results on FY 2003 performance plan: Although our results for the last two years were due largely to a few audits and investigations that identified exceptionally high dollar amounts that cannot expect to be repeated in the future, the results of three of the last four years and an increased emphasis on trying to identify opportunities for monetary benefits have led us to increase our prior FY 2003 target by more than 90 percent, to $7.8 million.

Potential $ Value of Efficiencies Identified in OIG Recommendations
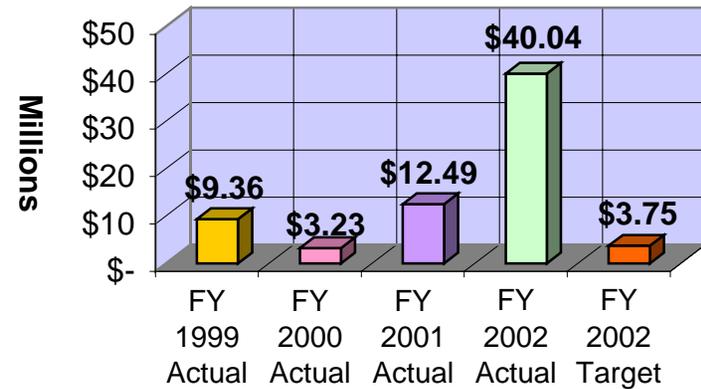
Performance Goal 2: Promote awareness and adherence to standards of professional and ethical conduct and accountability; where necessary, conduct thorough and expeditious investigations of fraud, waste, abuse, and mismanagement.

MEASURE: *Of routine employee investigations open at the end of FY 2002, at least 45% will be open for less than 100 days and no more than: (1) 30% for100-200 days; (2) 5% for 201-300 days; and (3) 20% for more than 300 days.*
FY 2002 Result: Partially Successful

FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 ACTUAL	FY 2002 ACTUAL	FY 2002 TARGET
9% < 100	45% <100	26% <100	45% <100	45% <100
25%@100-200	30%@100-200	21%@100-200	5% @100-200	30%@100-200
16%@200-300	0%@201-300	16%@201-300	20%@201-300	5%@201-300
50% > 300	25% > 300	37% > 300	30% > 300	20% > 300

MEASURE: *Of the routine employee investigations closed during FY 2002, at least 45% will be open for less than 100 days and no more than: (1) 15% for 100-200 days; (2) 5% for 201-300 days; and (3) 35% for more than 300 days.*
**FY 2002 Result: Successful**

FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 ACTUAL	FY 2002 ACTUAL	FY 2002 TARGET
20% <100	27% <100	53% <100	58% <100	45% <100
19%@100-200	20%@100-200	20%@100-200	17%@100-200	15%@100-200
15%@201-300	10%@201-300	7%@201-300	8%@201-300	5%@201-300
46% > 300	43% > 300	20% > 300	17% > 300	35% > 300

Success in meeting performance targets: We missed our targets for open cases, although we showed improvement from FY 2001, and we exceeded our targets for closed cases. Our efforts under this goal were hindered by a second straight year of significant turnover and vacancies in investigative positions. We began a major hiring program at the end of FY 2002 to address this problem. Absent undue delays in clearing and training new agents, we expect to achieve our slightly higher targets in FY 2003 as planned.

Data quality and strategies to address data limitations: We verified the accuracy and completeness of the data as found in the INV case management system.
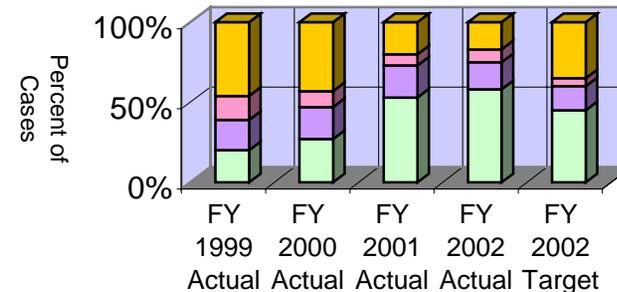
Effect of results on the FY 2003 performance plan: Our targets for FY 2003 have been revised to focus on improving the timeliness of cases open for more than 200 days.

Days Ongoing Employee Investigations Were Open at the End of the FY
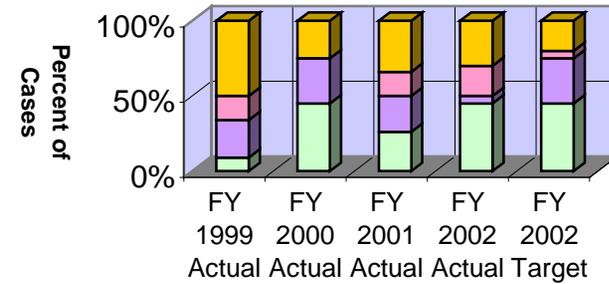
Legend: <100 days · 100-200 days · 201-300 days · >300 days

Days to Close Employee Investigations Completed in the FY

Legend: <100 days · 100-200 days · 201-300 days · >300 days

25

Internal Enabling Goals

In addition to the performance goals supporting our four strategic goals, OIG has established two internal "enabling" goals that support our remaining strategic goals by ensuring that we have the people we need and that our work results in timely products. These and several other initiatives related to internal management improvements, discussed below, are directed toward ensuring that OIG operations are efficient, effective, and well-structured to achieve OIG's core statutory mission.

Our FY 2002 performance goals under our internal enabling goals focused on attracting and retaining employees with needed professional skills and experience, and issuing a final report or other product within seven and a half months (225 days) of starting a project. With respect to our success in meeting these goals, please see below:

- *Attract and retain employees with the requisite professional skills and experience in the areas of foreign policy, financial auditing, investigations, information technology, security, and other areas of need.* Our efforts to achieve this goal were unsuccessful. Not only did we not achieve our target of having 225 staff on hand at the end of FY 2002, but we had fewer staff on hand than at the end of FY 2001. We successfully met our target of ensuring that the attrition rate did not exceed 15%, but were unable to fill every position that became vacant during the year, contributing to the shortfall on our target for staff on hand.

- *Issue a final report or other product within seven and a half months (225 days) of starting a project.* Our efforts to achieve this goal were only partially successful, falling significantly short of achieving our FY 2002 target, although we did show some improvement over our FY 2001 results. In addition, although the average length for projects started in prior fiscal years and completed in FY 2002 was 353 days, the average for projects started and completed in FY 2002 was 210 days. Overall, half of our projects were completed within our target.

Major Accomplishments in Support of This Internal Enabling Goal

OIG Activity or Finding	*Results*
OIG reorganized its operations along functional lines, and reduced the number of Senior Executive Service positions	The reorganization enabled OIG to focus its resources more effectively on its core, statutory mission and resulted in a flatter, more streamlined organization.
OIG increased the emphasis on completing projects in a more timely fashion and using staff more efficiently and effectively.	OIG issued 49 more reports—a 50% increase—over FY 2001.

OIG Activity or Finding	*Results*
OIG implemented two new information management systems—the Project Tracking System, which was piloted in FY 2001 and implemented during FY 2002 and the OIG Timesheet System, which was pilot tested during FY 2002 and implemented for all OIG employees effective October 1, 2002.	The PTS allows OIG to track the status, timeliness, and resources devoted to all OIG projects. The OTS, which is linked to PTS, tracks employee time expended on projects and various indirect and administrative activities. Together the two systems allow OIG to manage its resources more efficiently and effectively, and to monitor the timeliness and costs of its projects and support activities.
OIG established a new Workforce Planning and Development Unit to increase the emphasis on employee development, leadership and management training, and targeted recruiting.	The new unit has issued a formal training policy, established a leadership and management training program to focus greater attention on developing leadership skills, established mandatory equal employment opportunity (EEO) training, and placed greater emphasis on individual development and training plans and acclimating new employees through a formal sponsorship and orientation program.

Activities Undertaken in Support of the
President's Management Agenda

The table below identifies activities undertaken by OIG during FY 2002 that support initiatives of the President's Management Agenda.

President's Management Agenda Initiative	*OIG Activities*
Strategic Management of Human Capital	Department of State's Foreign Service "Up-or-Out" System
Competitive Sourcing	Review of U.S. Support to International Police Task Force in Bosnia Review of Overseas Explosive Detection Program
Improved Financial Performance	Financial Statement audits required under the Chief Financial Officers Act of 1990 Audits of Department and BBG contractors and grantees Audits of Regional Procurement Support Offices, Freight Forwarding, Intragovernmental Receivables, Intragovernmental Activity and Balances, and Central Financial Management System Vulnerability Assessment
Expanded Electronic Government	Streamlined Processes and Better Automation Can Improve Munitions License Reviews Challenges to Successful OpenNet Plus Implementation
Budget and Performance Integration	Financial Statement audits
Rightsizing of U.S. Overseas Presence	Reviewed as an area of emphasis during more than 50 post management inspections conducted during FY 2002

<table>
<tr><td colspan="5">Internal Performance Goal 1: Attract and retain employees with the requisite professional skills and experience in the areas of foreign policy, financial auditing, investigations, information technology, security and other areas of need.</td></tr>
<tr><td colspan="5">MEASURE: OIG will have 225 staff on hand at the end of FY 2002.
<strong style="color:blue">FY 2002 Result: Unsuccessful</td></tr>
</table>

FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
256	218	223	218	225

MEASURE: *OIG's annual attrition rate will not exceed 15%.*

FY 2002 Result: Successful

FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
17%	17%	16%	13%	15%

Success in meeting performance targets: We not only did not achieve our most important target under this goal—to have 225 staff on hand at the end of the FY—but had fewer staff on hand than we did at the end of the prior FY. While the attrition rate was less than both our target and prior years, we were unable to fill every position that became vacant. Our ability to achieve this target was hindered by the lengthy clearance process that is required before new hires can come on board and the number of staff that left OIG toward the end of the FY, making it impossible to replace them before the end of the year. While we were able to supplement these shortages with WAEs (retired Foreign Service annuitants) and contract staff, these are only short-term solutions. Faced with an uncertain budget because of the continuing resolution still in effect at the time of this revision, we have lowered our FY 2003 target for staff on hand and do not expect to meet or exceed our FY 2002 target until FY 2004 or beyond, when our budget should allow us to fund the additional staff.

Data quality and strategies to address data limitations: We have verified the accuracy and completeness of the FY 2002 data, as reported in OIG's official personnel records and the Department's payroll system.

Effect of results on the FY 2003 performance plan: As a result of our FY 2002 results and the uncertainty over our final FY 2003 budget following months of operating under a continuing resolution, we have lowered our FY 2003 target for staff on hand to 218. Our FY 2003 targeted attrition rate of 11 percent remains unchanged.

Staff on Hand at End of FY
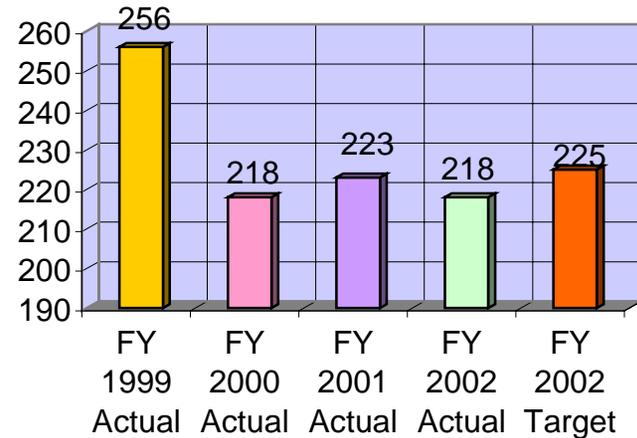
Annual Attrition Rate
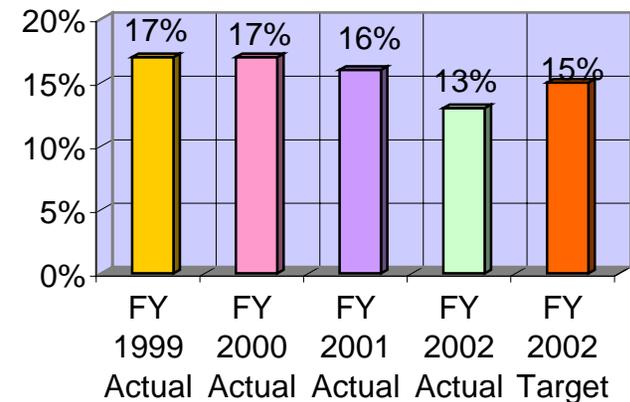
Internal Performance Goal 2: Issue a final report or other product within seven and a half months (225 days) of starting a project

MEASURE: *The average number of days to complete a project.*
FY 2002 Result: Partially Successful

FY 1999 ACTUAL	*FY 2000 ACTUAL*	*FY 2001 ACTUAL*	*FY 2002 ACTUAL*	*FY 2002 TARGET*
277 days	**267 days**	**252 days**	**250 days**	**225 days**

Success in meeting our performance target: We fell significantly short of achieving this target and showed only minimal progress from our FY 2001 results. This was partly due to an increase of almost 50 percent in the number of projects started during the year—in expectation of being able to do more by doing them faster. Although, for the most part, the fieldwork related to the projects was completed in a relatively timely manner, the increased number of projects reaching the report writing, review, editing, clearance, printing, and distribution points at the same time led to unanticipated delays. However, OIG also issued 49 (50%) more reports in FY 2002 than in FY 2001. Furthermore, although the overall average was 250 days, the average for projects started in FY 2002 was 210 days (well below our target). The average for projects carried over from prior years was 353 days—but many of these were already well beyond 225 days at the start of the FY. Overall, half of our projects were completed within 225 days, and two-thirds of those started and completed in FY 2002 were under that target as well. We have revised our work flow and processes accordingly to eliminate or reduce those points at which the delays we experienced in FY 2002 can occur. We expect to achieve our target of 6 months (183 days) from project start to report issuance in FY 2003.

Data quality and strategies to address data limitations: The data for these measures comes from our project tracking system (PTS) and is based on projects completed during the fiscal year (even if they were started in prior years). We have verified their accuracy and completeness as far as representing the data found in PTS. However, we were unable to verify that the data entered into PTS accurately reflected all actual start and completion dates. We have tried to address this in FY 2003 by linking PTS with our OIG timesheet system so that the start and completion dates are linked to the dates when staff charge time to a project.

Effects of results on FY 2003 performance plan: This measure and target remain the same for FY 2003. However, we also have added another measure and target for the percentage of projects completed within 183 days to provide a more accurate assessment of our project length than an overall average can provide.

Average Number of Days to Complete Projects