

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

Program Performance Report Fiscal Year 2001



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OFFICE OF INSPECTOR GENERAL

2001 Performance Report

Our Vision

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

Our Mission

The mission of the Office of Inspector General 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 third annual performance report under the Government Performance and Results Act (GPRA) for the Office of Inspector General (OIG) for the Department of State (Department) and the Broadcasting Board of Governors (BBG). It represents the results of efforts to achieve our performance goals for FY 2001, a year of significant changes, including the arrival of a new Inspector General, new leadership of the Department, a restructuring of the OIG's organization and a complete revision of the OIG strategic and performance plans, goals, and measures for FY 2002 and beyond.

The results for FY 2001 are disappointing in that, of the 19 performance targets in the performance plan, OIG achieved or exceeded only 37 percent, missed 42 percent and had no complete and credible data for 21 percent. However, for those targets that were exceeded, the improvement was often quite significant, as in the identification of cost efficiencies of \$12.46 million—almost three times the \$4.28 million target. In addition, we met or exceeded FY 2000 results for 73 percent of those measures for which there was data. OIG also had several accomplishments the significance of which was not captured quantitatively by the applicable performance measures, including:

- Assisting BBG in addressing the challenge of establishing itself as an independent agency by assessing its progress in managing the transition and identifying key operational issues, such as the lack of a memorandum of understanding governing operating arrangements. (Improved conduct of foreign relations)
- Reviewing Department and BBG progress in establishing and using performance measures, resulting in identification of programs and operations requiring more effective goals and measures and the need for better linkage of bureau and mission performance plans with resource allocation decisions. (Better alignment of fiscal and human resources with U.S. policy priorities)
- Completing almost 90 reviews of Department and BBG facilities, programs, and operations, including full-scope and limited security inspections of 45 overseas missions and a review of compliance with recommendations from a prior security inspection. (More efficient, effective, and secure operations and infrastructures)
- Notifying the Department of the worldwide problem of overseas missions' failing to conduct required management exercises and emergency drills, leading the Department to instruct all chiefs of mission to conduct these drills; and a recommendation that the Department simplify warning alarms at overseas missions, based on findings from more than 60 security reviews conducted by OIG since the Department implemented worldwide "duck and cover" drills and "imminent danger notification systems alarms" in response to earlier OIG recommendations. (More efficient, effective, and secure operations and infrastructures)
- Meeting with officials from Argentina and the People's Republic of China to share best practices and methodologies for establishing and strengthening internal controls, establishing and promoting professional standards, and ensuring greater accountability in government programs and operations. (Greater adherence to fundamental principles governing professional and ethical conduct)
- Implementing a Project Tracking System (PTS) that allows OIG managers to plan and monitor progress against estimated milestones, staff hours, and travel and other costs. The PTS is the cornerstone of OIG's new effort to reduce project completion time to six months by the end of FY 2003. (Improved performance of resources to accomplish OIG objectives)

OIG has undertaken a series of management improvements instituted by the new Inspector General to enable OIG to address better its core mission and to achieve its new strategic and FY 2002 performance goals. Management improvements, started in late FY 2001, include: reorganizing and redeploying OIG resources, to the maximum extent possible, away from support functions and toward core statutory functions; adding a security inspector to conduct a limited security review as part of all post management inspections; and, as noted above, setting strictly enforced timeframes for completing projects, with the goal of producing more and better products more quickly than ever before.

FY 2001 STRATEGIC and PERFORMANCE GOALS

<i>Improved conduct of foreign relations</i>	<i>Better alignment of fiscal and human resources with U.S. policy priorities</i>	<i>More effective, efficient, and secure operations and infrastructures</i>	<i>Greater adherence to fundamental principles governing professional and ethical conduct</i>	<i>Improved management and performance of resources to accomplish OIG objectives</i>
<i>Chiefs of Mission and senior foreign affairs managers have in place and exercise appropriately the authorities, structures, skills, and foreign/domestic relationships necessary to effectively develop, decide, communicate and implement policy decisions.</i>	<i>The efforts of the Department to develop and use performance measures are evaluated.</i>	<i>Potential cost efficiencies and opportunities for streamlining in areas such as human resources, information management, financial management, property management, and security are identified and best practices shared.</i>	<i>Awareness and understanding of standards of conduct and accountability are increased.</i>	<i>Project management and resource utilization weaknesses are identified and reduced.</i>
<i>Policies, programs, operations, and other activities carried out by organizational units of the U.S. foreign affairs community promote U.S. strategic goals with increased effectiveness.</i>	<i>Chiefs of Mission and senior managers exercise the executive and program skills and authorities necessary to ensure efficient and effective operation of resources and activities in support of U.S. strategic goals.</i>	<i>U.S. personnel, information, and facilities are made more secure through the identification and correction of security weaknesses and deficiencies related to human intelligence, technical and physical attacks, terrorism, and crime.</i>	<i>Areas of vulnerability and opportunities for misconduct, mismanagement, and abuse are reduced.</i>	<i>Quality of products is improved to meet customer needs.</i>
		<i>Systemic weaknesses in areas such as financial, information, real property and human resources management are reduced.</i>	<i>Allegations are reviewed and investigations are conducted expeditiously, while at the same time ensuring quality results and products.</i>	

Performance Data Quality and Limitations

We continue to experience shortcomings in our FY 2001 performance measures and supporting data, which are based, for the most part, on:

- interim outcomes and outputs of our work with, at best, an indirect correlation to the ultimate results encompassed in our goals; and
- data that are collected by preexisting processes and characterized in databases that were not designed with our goals and measures in mind and that we have been only partially successful, to date, in modifying to meet our needs.

Almost 75 percent of our measures rely on traditional indicators of OIG results—i.e., recommendations issued, accepted, or implemented; cost savings and funds put to better use identified; and reviews, assessments, and other efforts conducted vis-à-vis our agencies. The other 25 percent are based on customer feedback and the timeliness of targeted OIG activities. However, for most of these, we did not collect complete and credible data this year.

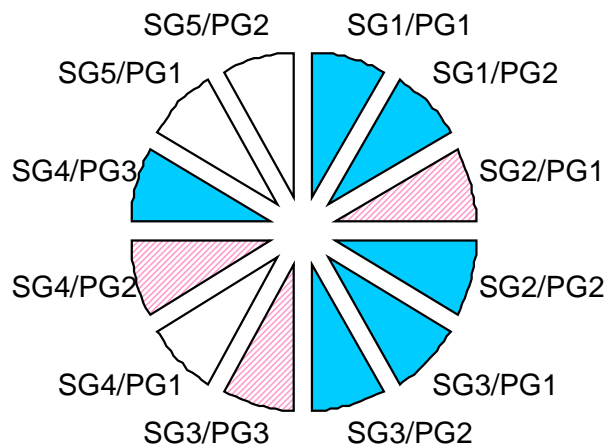
Although we identified inconsistencies in some of the criteria for the measures themselves, our internal controls and validation efforts lead us to believe that the data is relatively accurate and reliable for those measures for which we have reported data. For example, regarding the status of recommendations, the data in our compliance analysis tracking system is reconciled monthly against individual issuing office documents. Once reconciled with our offices, corrected summary reports are then provided to selected Department bureaus to give them the opportunity to identify any discrepancies with their records. Other measures involving cost efficiencies, best practices identified, and reports issued are reconciled as part of our semi-annual reporting process. In those cases where the data, if available, was incomplete or less than credible (21 percent of our measures) we chose not to report the data in FY 2001.

For FY 2002 and beyond, we have redirected our performance measures 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 that has improved significantly our ability to monitor both timeliness 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.

The unavailability of complete and credible data for 21 percent of our measures was due largely to changes in goals and priorities that resulted in decisions not to pursue some planned initiatives or collect the data during the reporting period. For example, although our performance report called for us to conduct a new customer survey, it was decided to delay the survey until late FY 2002 in order to assess the impact of the management improvements instituted during the last quarter of FY 2001. In another case, changes in goals and priorities resulted in a reduction in some anticipated outreach initiatives. As a result, we did not pursue plans to develop a feedback mechanism to assess attendees' and course developers' satisfaction with OIG presentations at Department orientation and training courses.

Comparison of Performance Goals Achieved Based on Targets Met and Significant Work

Performance Goals Achieved Based on Targets Met or Exceeded

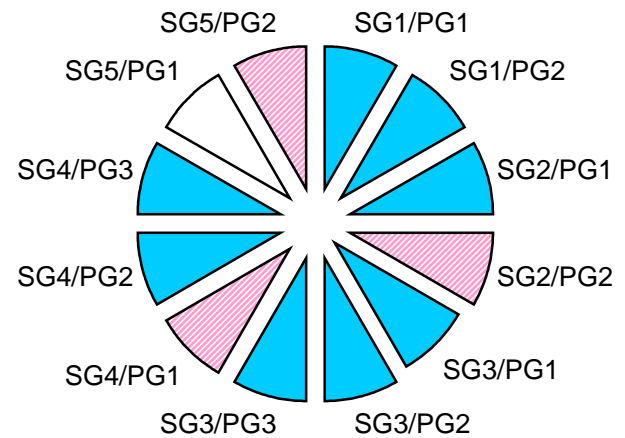


MET

MISSED

NO DATA

Performance Goals Achieved Based on Significant Qualitative Work



MET

MISSED

NO DATA

Meeting Unmet Targets

Overall, about 37 percent of OIG FY 2001 performance targets were met, 42 percent were missed, and 21 percent lacked enough complete or credible data on which to make that determination. However, we still met or exceeded FY 2000 results in 73 percent of those for which we had data. Of those targets that we either missed or did not have data available to make that determination, 50 percent have been incorporated into the FY 2002 and FY 2003 Performance Plans with projected results for FY 2002 that exceed those expected, but missed, in FY 2001. The remaining 50 percent have been dropped in favor of measures and targets that better support our new goals and priorities. Specifically:

- Three measures—relating to reports addressing strategic planning and the length of time that investigative cases are open—have been retained in the FY 2002 performance plan with targets meeting or exceeding those of FY 2001;
- Three measures—relating to security recommendations implemented, systemic weakness recommendations accepted, and significant vulnerability recommendations accepted—have been replaced with related, but different, measures and targets; and
- Six measures—relating to evaluations of diplomatic readiness goals, best practices, evaluations of OIG training sessions, project completions, and customer surveys—have been dropped.

Although the FY 2002 and FY 2003 plans do not have an internal strategic goal and the supporting performance goals, measures and targets for two of the FY 2001 performance goals and measures—completing projects on time and customer surveys—we will continue to focus on these issues. We have a new “enabling” goal (it enables us to achieve our goals, but is not associated with a formal strategic or performance goal) and target to reduce the average duration of OIG audit and inspection projects to 7.5 months in FY 2002 and 6 months in FY 2003. We will formally report our timeliness results in our FY 2002 Performance report. We are continuing to develop new methodologies, processes, and controls—including a time tracking system to complement the project tracking system—to improve the accuracy, completeness, and consistency of the data that support our measures. We will reevaluate and refine them, as appropriate, as we continue to monitor our progress in FY 2002 and beyond. In addition, we plan to conduct a customer survey to assess the success of our management initiatives in late FY 2002, although there are no longer any measures or targets associated with this effort.

We believe that the management initiatives started in late FY 2001 along with new initiatives currently underway will ensure that we meet or exceed unmet FY 2001 targets carried over to, as well as the new targets in, our FY 2002 and FY 2003 plans.

Performance Evaluations

In February 2001, a peer review team from the OIG for the General Services Administration issued a report on its quality control review of our audit operations. The review team concluded that the system of quality control we use was designed in accordance with President’s Council on Integrity and Efficiency standards, and provided OIG with reasonable assurance that we are in conformance with professional standards in the conduct of our audits. No other performance evaluations or other formal assessments of OIG programs and operations were conducted during the

year. However, as part of his pre-confirmation activities and subsequent to assuming leadership of the OIG, the Inspector General solicited the views and informal evaluations of numerous Administration, Congressional, Department, BBG and other internal parties. These assessments played a pivotal role in the decisions made regarding the OIG reorganization and revisions to the OIG Strategic and FY 2002 Performance Plans.

Budget Information

Obligations for FY 2001 totaled \$28,563,000.

Effect of FY 2001 Performance on FY 2002 Performance Goals

As reported above, our strategic and performance goals for FY 2002 and beyond have undergone a complete revision to reflect better the goals and priorities of the new Inspector General. Although the overall intent of the new goals is similar to that of our prior goals, some of the new goals represent a change in emphasis, as part of the Inspector General's effort to focus OIG activities on its core mission to the maximum extent possible. We have entirely revised our FY 2002 performance plan to reflect these new goals, priorities, and increased emphasis on our core statutory functions, and to address the inconsistencies and other weaknesses we identified as we collected and analyzed FY 2001 data.

Although we will no longer be reporting our performance against many of the measures and targets missed in FY 2001, our future reporting against our new goals should document our continued progress in achieving our overall goals and objectives. In measuring the success of our efforts, we have adopted measures consisting of recommendations resolved and implemented, as well as efficiency-based measures such as cost savings, funds put to better use, recoveries or fines. In cases where the outcomes of our activities cannot be measured effectively by these quantifiable measures, we will continue to report anecdotally to provide a meaningful context for the results achieved.

During the course of monitoring FY 2001 performance and developing our revised Strategic and FY 2002 Performance Plans, we noted weaknesses and inconsistencies in several of our then current measures and goals, such as those relating to:

- The percentage of recommendations that were resolved or implemented had significantly different criteria—each with its own inherent flaws—so that any comparisons of the results would be, at best, misleading;
- The percentage of recommendations made on specific subjects, Department diplomatic readiness measures evaluated, and the number of best practices identified were relatively poor indicators of performance for the goals they measured, because they were entirely output-oriented and assigned equal weight to outputs of varying significance and potential impact; and
- Formal evaluations of attendees and course developers of OIG presentations at Department training courses, completing projects as planned, and the results of customer surveys, while providing useful information on internal OIG operations, were either subjective or required more resources to develop adequate data than OIG could afford in FY 2001. However, although they are no longer associated

with OIG strategic goals or measures for FY 2002 and beyond, project timeliness will be targeted and tracked as an internal “enabling” goal and our results will be formally reported in our performance reports. In addition, a customer survey will be conducted in late 2002.

As a result of these identified inconsistencies and weaknesses and the revision of our strategic and performance goals, we have identified the following categories of measures that we will use in FY 2002 and beyond:

- Recommendations resolved within six months of issuance;
- Recommendations implemented within one year of issuance;
- Programs reviewed and reports issued;
- Missions inspected and/or receiving limited or full security evaluations within the last 5 years;
- Cost efficiencies identified;
- Days that routine employee cases are open and/or take to complete; and
- Months to complete audits, inspections, and other program reviews and evaluations.

Several of these are used to measure performance in more than one strategic and performance goal. In those cases, except for differences in the issues to which they relate, the measurement criteria are the same and results will be comparable across goals.

The revised FY 2002-07 Strategic Plan reflects these new goals and priorities, and is included as Appendix IV to this performance report. As before, these goals are expressed in terms of the expected impact of OIG’s work in improving Department and BBG programs and operations. Because the intent of our new goals and measures remains the same—to ensure that OIG’s work promotes the economy, efficiency, and effectiveness of Department and BBG programs and operations, to the maximum extent possible—we believe that they will be effective in continuing to make progress in achieving our overall mission and broader objectives. A comparison of our FY 2001 strategic and performance goals and our new goals for FY 2002 and 2003 is provided in Appendix I. In addition, we have identified historical data and future targets for our new performance goals in Appendix II.

Strategic Goal: Improved Conduct of Foreign Relations

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 mission responsibility—which is unique to the Department’s OIG and the one most closely aligned with the mission of the Department—is an essential component of our overseas and domestic inspections, security and intelligence oversight reviews, and audits of issues that affect foreign policy.

Our FY 2001 performance goals under this strategic goal have focused on ensuring that chiefs of mission and senior managers have the authorities and other capabilities necessary to carry out policy decisions effectively and that policies, programs, operations and other activities promoted U.S. strategic goals and national interests. With respect to our success in meeting these goals, OIG believes that:

- *Chiefs of Mission and senior foreign affairs managers have in place and exercise appropriately the authorities, structures, skills, and foreign/domestic relationships necessary to effectively develop, decide, communicate and implement policy decisions:* This goal has been met, based on the results of both our quantitative measure—the target was exceeded by a significant amount—and our qualitative work, discussed below, that was performed and reported on in FY 2001.
- *Policies, programs, operations, and other activities carried out by organizational units of the U.S. foreign affairs community promote U.S. strategic goals with increased effectiveness:* This goal has been met, based on the results of both our quantitative measure—the target was exceeded by a significant amount—and our qualitative work, discussed below, that was performed and reported on in FY 2001.

Major Accomplishments in Support of This Strategic Goal

OIG Activity or Finding

In reviewing BBG transition to an independent agency, OIG identified several unresolved operational issues and agreements that had not been signed between BBG and the Department, resulting in uneven, ad hoc support by public affairs sections overseas. OIG recommended that BBG and the Department finalize the agreements and communicate to overseas personnel how the two agencies should work together.

OIG tailored its inspections program to assess how well ambassadors were overseeing and coordinating intelligence and law enforcement activities and recommended actions to improve coordination at missions with significant counternarcotics programs or law enforcement activities.

Results

Department and BBG signature of the agreements, and a subsequent ALDAC cable to overseas missions, should help to ensure a more consistent approach in the exchange of support services between the agencies and a more effective use of human resources in carrying out U.S. public diplomacy initiatives overseas.

OIG identified and brought to the attention of Department and mission leaders in several countries issues where greater chief of mission coordination and leadership were required to ensure the effectiveness of U.S. counternarcotics, political-military, and law enforcement activities.

Performance Goal 1: Chiefs of Mission and senior foreign affairs managers have in place and exercise appropriately the authorities, structures, skills, and foreign/domestic relationships necessary to effectively develop, decide, communicate and implement policy decisions.

MEASURE: The number of recommendations addressing these issues, as a percentage of the total number of recommendations made, will increase by ten percent per annum over a three-year period.

FY 1998 ACTUAL	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
N/A	6.1%	7.0%	7.7%	8.6%

Success in meeting performance target: We exceeded our target and showed significant improvement over our FY 2000 results.

Data quality and strategies to address data limitations: We have verified the accuracy and completeness of the FY 2001 data in our compliance tracking system.

Effect of results on the FY 2002 performance plan: As a result of revisions to our strategic plan and goals for FY 2002 and beyond, this performance goal and measure have been replaced in our FY 2002 plan.

Performance Goal 2: Policies, programs, operations, and other activities carried out by organizational units of the U.S. foreign affairs community promote U.S. strategic goals with increased effectiveness.

MEASURE: The number of recommendations addressing these issues, as a percentage of the total number of recommendations made, will increase by ten percent per annum over a three-year period.

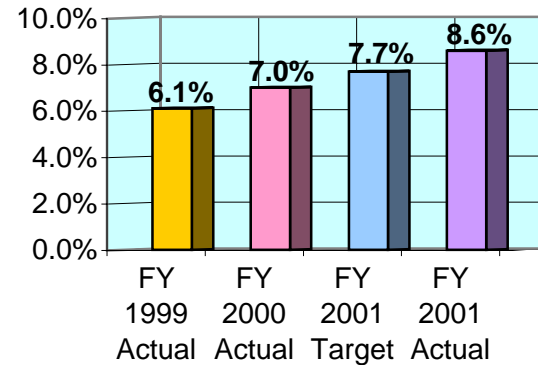
FY 1998 ACTUAL	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
N/A	6.5%	7.5%	8.3 %	10.6%

Success in meeting performance targets: We exceeded our target and showed significant improvement over our FY 2000 results.

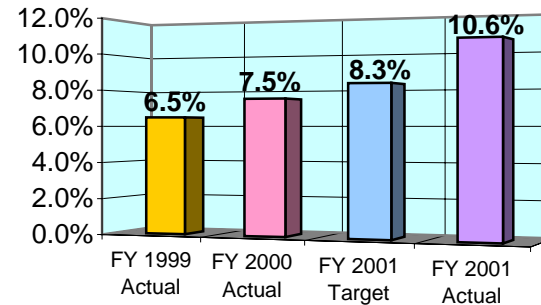
Data quality and strategies to address data limitations: We have verified the accuracy and completeness of the FY 2001 data in our compliance analysis tracking system.

Effect of results on FY 2002 performance plan: As a result of revisions to our strategic plan and goals for FY 2002 and beyond, this performance goal and measure have been replaced in our FY 2002 plan.

Percent of OIG Recommendations Relating to COM Authority, Skills, or Relationships



Percent of OIG Recommendations Relating to the Promotion of U.S. Strategic Goals



Strategic Goal: Alignment of Fiscal and Human Resources with U.S. Foreign Policy Priorities

GPRA requires agencies to set goals for program performance and to measure results against those goals to help improve efficiency and effectiveness and to increase the accountability of federal programs. Congress has requested that Inspectors General assist with oversight of agency implementation of GPRA.

Our FY 2001 performance goals under this strategic goal focused on Department efforts to develop and use performance measures and the efforts of chiefs of mission and other senior managers to exercise the executive and program skills necessary to ensure efficient and effective operation of resources and activities in support of U.S. strategic goals. With respect to our success in meeting these goals, OIG believes that:

- *The efforts of the Department to develop and use performance measures are evaluated:* This goal has not been fully met, based on the results of either our quantitative measures—results for both measures fell slightly short of our targets—or the qualitative work, discussed below, that was performed and reported on in FY 2001. However, it should be noted that overall results were equal to those reported in FY 2000.
- *Chiefs of Mission and senior managers exercise the executive and program skills and authorities necessary to ensure efficient and effective operation of resources and activities in support of U.S. strategic goals:* This goal has been met, based on the results of both our quantitative measure—the target was exceeded by a significant amount—and the qualitative work, discussed below, that was performed and reported on in FY 2001.

Major Accomplishments in Support of This Strategic Goal

OIG Activity or Finding

In reviewing BBG's audience research program, OIG found that BBG performance objectives for audience research were not readily quantifiable or directly linked to performance indicators, and did not adequately show the performance of BBG broadcast entities.

OIG reviewed bureau and mission performance plans and relevant performance measures, including 16 of the Department's 45 diplomatic readiness performance measures, as a component of each inspection and audit conducted.

Results

OIG's recommendation prompted BBG to examine more closely its strategic plan and performance indicators and to undertake a process to develop new indicators that will better demonstrate the performance of BBG broadcast entities.

The Department has increased its focus on establishing effective goals and performance measures for its programs and operations, including developing measurable and meaningful performance measures for its information security program and establishing country-specific training objectives and measures for the Anti-Terrorism Assistance Program.

Performance Goal 1: The efforts of the Department to develop and use performance goals and measures are evaluated.

MEASURE: 17 of the diplomatic readiness performance measures will be evaluated.

<i>FY 1998 ACTUAL</i>	<i>FY 1999 ACTUAL</i>	<i>FY 2000 ACTUAL</i>	<i>FY 2001 TARGET</i>	<i>FY 2001 ACTUAL</i>
N/A	0	16	17	16

MEASURE: OIG will issue five reports with recommendations to improve the Department's strategic planning efforts.

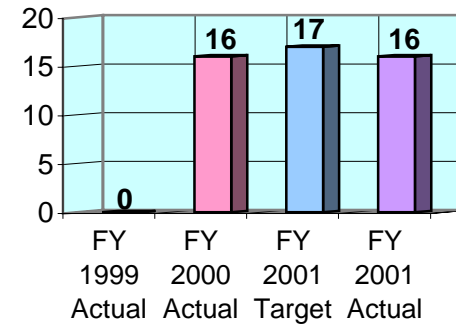
<i>FY 1998 ACTUAL</i>	<i>FY 1999 ACTUAL</i>	<i>FY 2000 ACTUAL</i>	<i>FY 2001 TARGET</i>	<i>FY 2001 ACTUAL</i>
N/A	2 Reports	4 Reports	5 Reports	4 Reports

Success in meeting performance targets: We missed our target to evaluate 17 of the Department's 37 Diplomatic Readiness measures during the course of our reviews of Department programs, having evaluated only 16, the same number as in FY 2000. We missed our target to issue five reports with recommendations to improve Department planning efforts, issuing the same number as we issued in FY 2000.

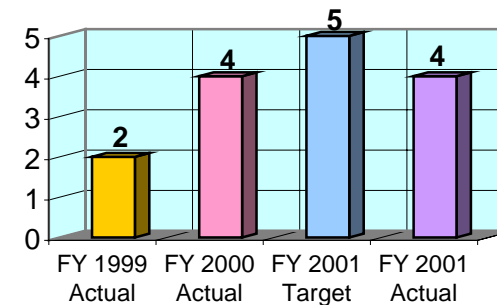
Data quality and strategies to address data limitations: We have verified the accuracy and completeness of the FY 2001 data in our compliance analysis tracking system.

Effect of results on the FY 2002 performance plan: As a result of revisions to our strategic plan and goals for FY 2002 and beyond, this performance goal and measure have been replaced in our FY 2002 plan.

Department Diplomatic Readiness Performance Measures Evaluated



OIG Reports with Recommendations to Improve DOS Strategic Planning Efforts



Performance Goal 2: Chiefs of Mission and senior managers exercise the executive and program skills and authorities necessary to ensure effective and efficient operation of resources and activities in support of U.S. strategic goals.

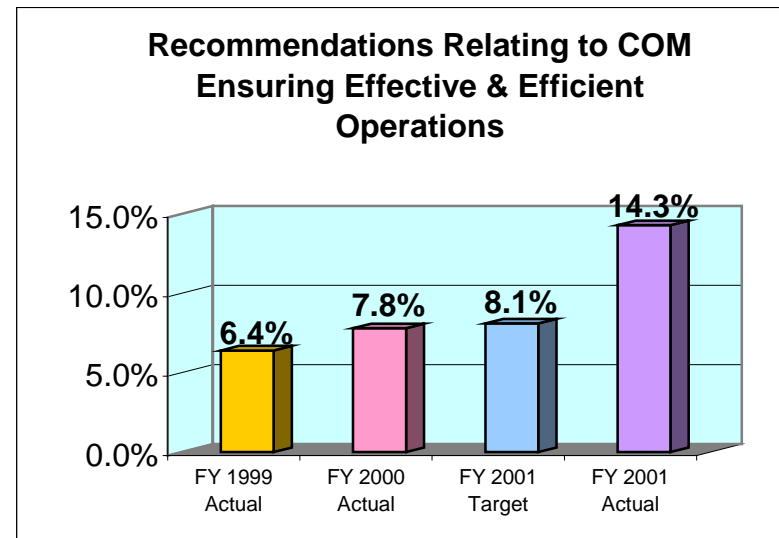
MEASURE: *The number of recommendations in these areas, as a percentage of all OIG recommendations made during the year, will increase by five percent per year.*

FY 1998 ACTUAL	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
N/A	6.7%	7.8%	8.1%	14.3%

Success in meeting performance targets: We exceeded our target and showed significant improvement over our FY 2000 results.

Data quality and strategies to address data limitations: We have verified the accuracy and completeness of the FY 2001 data in our compliance analysis tracking system.

Effect of results on the FY 2002 performance plan: As a result of revisions to our strategic plan and goals for FY 2002 and beyond, this performance goal and measure have been replaced in our FY 2002 plan.



Strategic Goal: More Effective, Efficient and Secure Operations and Infrastructures

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 its 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.

Our FY 2001 performance goals under this strategic goal focused on identifying potential cost efficiencies and opportunities for streamlining; improving the security of U.S. personnel, facilities, information, and materials; and reducing systemic weaknesses. With respect to our success in meeting these goals, OIG believes that:

- *Potential cost efficiencies and opportunities for streamlining in areas such as human resources, information management, financial management, property management and security are identified and best practices shared:* This goal has been met, based on the results of both our quantitative measures—we believe that the significant amount of cost efficiencies we identified (almost three times our target) overshadows by far the shortfall in our second measure relating to best practices identified—and our qualitative work, discussed below, that was performed and reported on in FY 2001.
- *U.S. personnel, information, and facilities are made more secure through the identification and correction of security weaknesses and deficiencies related to human intelligence, technical and physical attacks, terrorism, and crime:* This goal has been met, albeit at a lower level than desired, based on the results of both our quantitative measures—one target was exceeded and the other, although missed, showed a significant improvement over FY 2000 results—and our qualitative work, discussed below, that was performed and reported on in FY 2001.
- *Systemic weaknesses in areas such as financial, information, real property and human resources management are reduced:* This goal was missed by a considerable margin, based on the results of our quantitative measure—we achieved less than 50 percent of our targeted level and suffered an almost equal drop from our FY 2000 results. Even considering the qualitative work, discussed below, that was performed and reported on in FY 2001, OIG cannot claim that this goal has been fully met. However, an initiative currently is underway to improve significantly our compliance process while we continue to focus considerable attention on reviewing and identifying ways to improve the financial management and administrative support of the Department and BBG.

Major Accomplishments in Support of This Strategic Goal

OIG Activity or Finding

Review of the Bureau of Diplomatic Security's (DS) Surveillance Detection (SD) program found that the worldwide establishment of this new security initiative against terrorism was a significant achievement, but the program lacked adequate procedures to deal with emergencies and had missed an important opportunity to use its staff as an additional layer of protection for U.S. missions against mass casualty attacks. OIG recommended actions to improve program effectiveness, including using more efficient and cost-effective alternatives to detect surveillance, when possible.

OIG's audit of the Department's Anti-Terrorism Assistance Program recommended actions to correct identified problems, including solicitation of competitive bids for training services, a memorandum of understanding to clarify organizational responsibilities, and establishment of country-specific objectives and program measurements.

OIG conducted 45 full and limited scope security inspections, audits, and compliance follow-up reviews and identified significant security weaknesses relating to physical, personnel, procedural, technical, and information security and emergency preparedness. Specific recommendations to correct these vulnerabilities are classified, but compliance records show continued improvement in security programs at inspected entities.

OIG security oversight inspections and audits identified serious vulnerabilities in the control of classified or sensitive documents. Specific recommendations resulted in on-the-spot or generic improvements, particularly regarding the amount of classified material stored overseas as well as the conditions under which such material was stored.

OIG security inspections revealed widespread weaknesses in emergency preparedness procedures at overseas missions, including out-of-date or incomplete emergency preparedness plans and weak emergency procedures, especially regarding reaction to a terrorist attack. Emergency rations, medical, and digging equipment were lacking at many posts, and emergency coordination between posts and national security authorities needed improvement.

In reviewing grantee awards for activities in the New Independent States, OIG identified \$8 million in questioned costs, and accounting weaknesses such as deficient internal controls, failure to account adequately for funds, charges for travel costs not incurred, and inaccuracies and inconsistencies between financial data recorded in official accounting records and amounts reported in certified financial reports and annual single audit reports.

Result

DS implementation of all OIG recommendations has improved program effectiveness, including coordination of SD programs with posts' Imminent Danger Notification System. OIG identified best practices and alternative methods to the existing SD program model that can more economically or efficiently achieve the goal of detecting hostile surveillance.

The Department has agreed to implement a number of the recommendations, including the establishment of quantifiable, results-based measurements to quantify the effectiveness of the program.

Physical security has shown the most improvement, with increased or strengthened setback at many posts. In addition, Department and post-initiated projects have resulted in improved compound access controls, hardlines, and guard patrolling and screening procedures.

Processing, storage, handling, and destruction of classified material have improved at inspected posts and in the Department. The number of security infractions has decreased in many areas, although overall numbers remain a concern.

Emergency preparedness procedures are steadily improving overseas and domestically, and emergency plans are more complete and current. Later inspections revealed that preparedness for a terrorist attack had improved, proper amounts of emergency supplies were found at more posts, and personnel at all levels were taking emergency preparedness more seriously.

Grantee actions to implement OIG recommendations have resulted in improved accounting and internal controls. Timely OIG reporting supported the Department's decision process on whether to award a new grant. The audit also resulted in potential cost efficiencies of \$8 million.

OIG Activity or Finding

In reviewing awards to a Department grantee, OIG identified a need for significant improvements in accountability to ensure that federal funds were properly accounted for and spent for the intended purpose of the agreements. As a result of grantee failure to comply with applicable regulations and agreements, OIG identified \$2.2 million in questioned costs.

In reviewing selected grantee awards for activities in the New Independent States, OIG identified \$1.2 million in questioned costs, based on inaccuracies and inconsistencies between the financial data in the grantee's official accounting records and the amounts reported in certified financial reports and single audit reports.

OIG audited and issued unqualified opinions on the Department's financial statements, identified weaknesses in internal control and financial systems security, and assisted the Department in improving the timeliness with which its financial statements were reported. Specific security features associated with the Central Financial Management System application appeared to function correctly and were well managed, and information technology security posture at the Charleston Financial Service Center was found to be reasonably high.

OIG found that a grantee's accounting system was adequate, but identified a need for significant improvements in cash management, based on inaccuracies between financial data recorded in the grantee's accounting records and amounts reported in its quarterly financial reports.

OIG found that the Department did not apply existing controls to ensure complete and timely reimbursement for employee overseas hospitalizations, resulting in almost \$1 million in open accounts receivable for FYs 1996-99. OIG recommended improvements to ensure that the Department collected on valid open accounts.

During a review of selected Radio Free Europe/Radio Liberty (RFE/RL) administrative practices, OIG found that RFE/RL and Radio Free Asia were routinely awarding sole-source contracts for audience research without adequate justification, as required by OMB Circular A-110. OIG recommended that such contracts be competitively bid.

Result

Actions taken by the grantee to establish adequate accounting and internal controls have included hiring additional accounting staff, hiring a consultant to assist in establishing written accounting policies and procedures, and taking steps to file the appropriate U.S. tax documents. The audit resulted in potential cost efficiencies of \$2.2 million.

The grantee modified its accounting system and implemented new accounting policies and procedures to ensure that expenditures reported reflect the actual costs recorded in its official accounting system. Timely OIG reporting supported the Department's decision process on whether to award a new grant. The audit resulted in potential cost efficiencies of \$1.2 million.

The Department has made progress in providing timely data for audits of the agency-wide financial statement audit. Based on work done in FY 2001, the Department's FY 2002 financial statements were issued on time.

In March 2001, the Department's grants officer issued a final determination letter requiring the grantee to submit documentation prior to reimbursement of costs. Timely OIG reporting supported the Department's grants decision process.

The Department has taken action to review and reconcile the accounts receivable and will pursue the open accounts in accordance with Department debt collection procedures, resulting in cost efficiencies for the Overseas Medical Program.

BBG subsequently bid, and awarded in October 2001, a single contract for audience research worldwide, thereby improving the efficiency of BBG operations by removing a major sole-source contract vulnerability and helping to ensure that the U.S. Government is receiving these services at the most cost-effective price.

OIG Activity or Finding

At OIG's direction, external computer specialists perform information technology vulnerability assessments of Department financial systems as part of the annual audit of the Department's financial statements. During an assessment of one financial service center (FSC), significant potential weaknesses in information systems security were identified.

In response to an OIG review of the Department's implementation of the Government Information Security Reform Act (GISRA), the Under Secretary for Management reassessed senior management roles and responsibilities of the Bureau of Information Resource Management and the Bureau of Diplomatic Security in managing information and directed actions consistent with GISRA.

In response to a congressional request, OIG evaluated the extent to which the Department and BBG use "cookies" or other means to collect personally identifiable information on their public web sites.

OIG review of the Department's implementation of GISRA found significant progress by BBG in complying with GISRA requirements.

As part of a government-wide review of critical infrastructure protection (CIP), OIG recommended actions to improve bilateral and multilateral cooperation, contingency planning, and sharing of information; address important gaps in the Department's CIP plan; and improve employee information security awareness.

OIG identified recommendations to address lapses in nonimmigrant visa management resulting from inadequate training and support for first-tour consular officers at small posts.

During the review of BBG's transition to independence, OIG recommended that BBG defer technical expansion of its broadcasting network to meet the level of broadcasting capacity requested by the Department until the Department has completed its needs assessment and BBG determines that existing capacity would not support its needs.

Result

In response to concerns raised during this audit, another FSC addressed security concerns and spent a considerable amount of time in preventive maintenance to secure its local area network and identify any intrusion. When the external computer specialists performed an assessment of this FSC during the audit of the Department's FY 1999 financial statements, they were unable to compromise mainframe security and concluded that the overall physical security was excellent.

The Under Secretary for Management designated the Chief Information Officer to administer the Department's information security program, establishing a central management focus on information security to improve the Department's ability to protect its information technology assets from security risks. He has also directed the development of measurable, meaningful performance measures for Department's information security program.

The Department and the BBG have removed all of the cookies identified and have taken steps to ensure that privacy statements are posted on their web sites. In response to our recommendation, the Department has established an Internet Program Office to support its Internet Steering Committee in overseeing and coordinating web sites on a Department-wide basis, and BBG officials have developed a policy directive to ensure compliance with federal guidelines for Internet privacy management within that agency.

The International Broadcasting Bureau has published its Information Security Program Plan, and all five key functional areas have published internal program plans to implement their risk assessment based security program. BBG also conducted a detailed review of its physical security plans and initiatives at installations worldwide.

The Department has taken actions to assist host governments and foreign critical infrastructure providers in protecting their critical infrastructures. The Department has also improved its ability to protect its mission-critical information technology infrastructure, and enhance the information security awareness of its employees worldwide.

In response to OIG recommendations, the Department has established new regional consular officer positions to improve oversight at these posts and developed new training programs specifically designed for entry-level officers at one-officer posts.

BBG's decision to defer expansion of its transmitting network delayed, and potentially prevented, the unnecessary expenditure of several million dollars until the need for the additional broadcasting capacity is demonstrated by the results of the Department's needs assessment.

Performance Goal 1: Potential cost efficiencies and opportunities for streamlining in areas such as human resources, information management, financial management, property management, and security are identified and best practices shared.

MEASURE: The potential dollar value of questioned costs, unsupported costs, and funds put to better use in OIG recommendations accepted by foreign affairs agencies will increase each year by five percent over the FY 1998 baseline.

FY 1998 ACTUAL	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
\$3.7 Million	\$9.36 Million	\$3.23 million	\$4.28 Million	\$12.46 Million

MEASURE: The number of best practices identified and shared will increase by five percent over FY 2000.

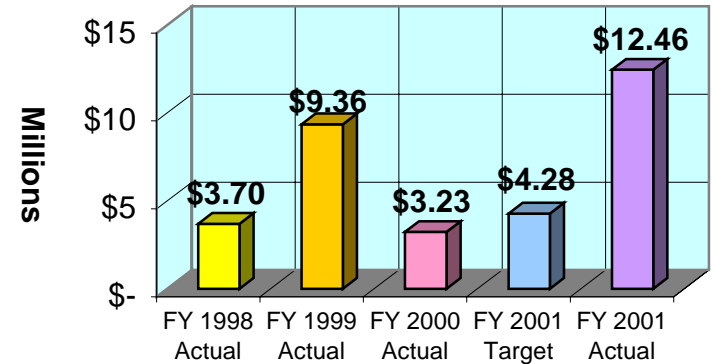
FY 1998 ACTUAL	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
N/A	31	23	35	19

Success in meeting performance targets: We significantly exceeded our FY 2001 target and FY 2000 actual results (by almost 300% and 400%, respectively) for the dollar value of potential cost efficiencies. However, we fell considerably short of meeting both our FY 2001 target and our FY 2000 actual results for the number of best practices identified and shared. We identified another ten “best practices” in our reports. However, because they were not clearly defined or were merely restatements of best practices previously issued by the Department, we did not include them in our totals. We will continue to look for and point out best practices where appropriate, but will no longer target them as a measure of performance in future years.

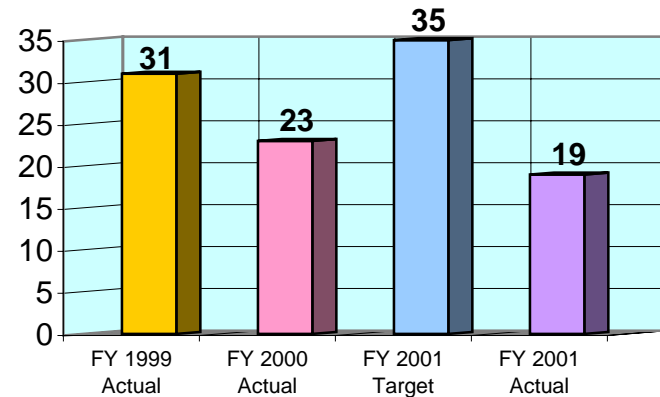
Data quality and strategies to address data limitations: The data for these measures come directly from our reports. We have verified their accuracy and completeness.

Effects of results on FY 2002 performance plan: As a result of revisions to our strategic plan and goals for FY 2002 and beyond, this performance goal and measure have been replaced in our FY 2002 plan. However, the measure relating to potential cost efficiencies is continued under a new strategic and performance goal.

Potential \$ Value of Efficiencies Identified in OIG Recommendations



Best Practices Identified in OIG Reports



Performance Goal 2: U.S. personnel, information, and facilities are made more secure through the identification and correction of security weaknesses and deficiencies related to human intelligence, technical and physical attacks, terrorism, and crime.

MEASURE: For security recommendations made in FY 2000, (a) at least 95 percent will be resolved and (b) at least 80 percent will be implemented by 9/30/01.

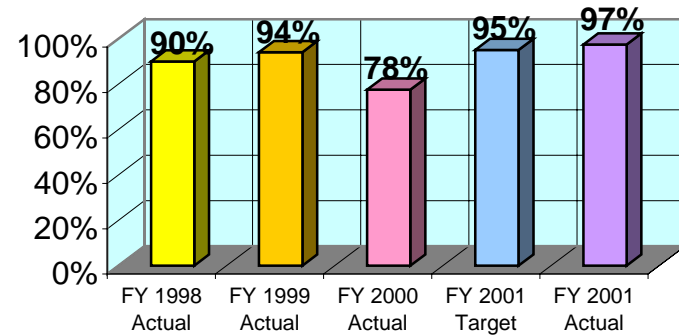
FY 1998 ACTUAL	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
(a) 90%	(a) 94%	(a) 77.5%	(a) 95%	(a) 97.4%
(b) 50%	(b) 70%	(b) 57.3%	(b) 80%	(b) 73.5%

Success in meeting performance targets: We exceeded our target for resolving recommendations, but missed our target for having them implemented. However, our rates for FY 2001 in both categories were not only significant improvements over FY 2000, but were the best results we achieved during the four years for which we reported results. It should be noted that in FY 2001, we initiated a major effort to work with the Department to address outstanding security recommendations and, although we still fell short of one target, the results indicate that our efforts were largely successful overall.

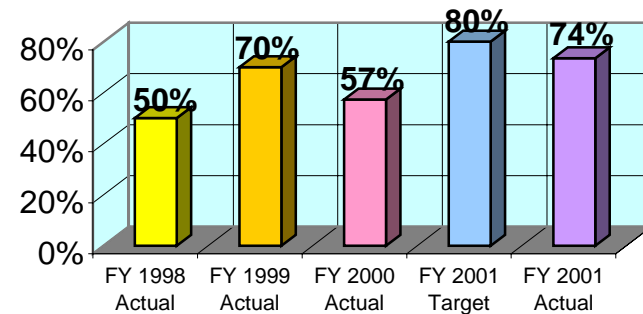
Data quality and strategies to address data limitations: We have verified the accuracy and completeness of the data as found in our compliance analysis tracking system.

Effects of results on FY 2002 performance plan: As a result of revisions to our strategic plan and goals for FY 2002 and beyond, this performance goal and measure have been replaced in our FY 2002 plan. We will continue to track and set targets for security-related recommendations, under a new strategic and performance goal, although the criteria for the period in which they are resolved and implemented will differ from the criteria used in FY 2001 and prior years.

Percent of OIG Security Recommendations Resolved



Percent of OIG Security Recommendations Closed



Performance Goal 3: Systemic weaknesses in areas such as financial, information, real property, and human resource management are reduced.

MEASURE: At least 75 percent of recommendations relating to reducing systemic weaknesses and other impediments to effective implementation of foreign policy are accepted by foreign affairs agencies.

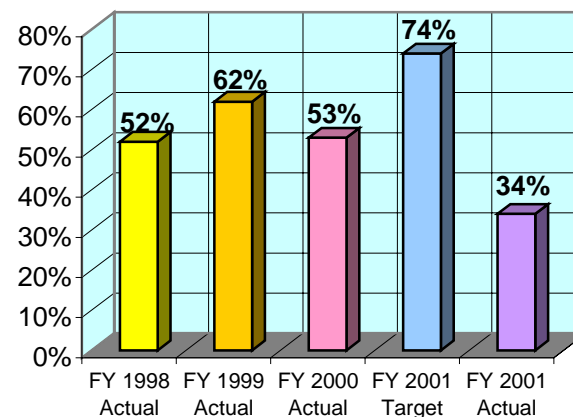
FY 1998 ACTUAL	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
52%	62%	63%	75%	34%

Success in meeting our performance target: We fell considerably short of our target for FY 2001 and the actual results of FY 2000. We believe this is due largely to the reduced attention paid to compliance by the components of our Office of Audits as we started and then aborted an attempt to reorganize into a matrix organization that affected its operations considerably during the year. Having subsequently reorganized into a more traditional audit structure, and placing a greater emphasis on compliance under our revised strategic and performance goals, we have targeted this area for considerable improvement in FY 2002 and beyond.

Data quality and strategies to address data limitations: We have verified the accuracy and completeness of the data in our compliance analysis tracking system.

Effects of results on FY 2002 performance plan: As a result of a revision to our strategic plan and goals for FY 2002 and beyond, this performance goal and measure have been replaced in our FY 2002 plan. We will continue to track and set targets for the resolution and implementation of recommendations, under a new strategic and performance goal, although the criteria for the period in which they are resolved and implemented will differ from the criteria used in FY 2001 and prior years.

Percent of OIG Systemic Weakness Recommendations Accepted



Strategic Goal: Greater Adherence to Fundamental Principles Governing Professional and Ethical Conduct

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, actions, and integrity, as well as personal and management accountability. OIG 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 special agents supported by experts from other OIG offices, as appropriate. We also work proactively to educate and share best practices with targeted audiences—such as new Ambassadors—to improve adherence to standards of accountability by ensuring that Department and BBG managers and employees are informed of and understand the standards specific to their professional and ethical conduct.

Our FY 2001 performance goals under this strategic goal focused on increasing awareness and understanding of standards of conduct and accountability and the investigative process, reducing areas of vulnerability and opportunities for misconduct, and reviewing and investigating allegations expeditiously while ensuring quality results. With respect to our success in meeting these goals, OIG believes that:

- *Awareness and understanding of standards of conduct and accountability are increased:* We cannot say that this goal was met because we have no formal, quantifiable data to report for either of the measures under this performance goal.¹ In addition, although we continued to make presentations at Foreign Service Institute and other training venues, as appropriate, the level of OIG participation in such venues was limited. Although we will continue to make such presentations in the future, this goal is not included in our performance plans for FY 2002 and beyond.
- *Areas of vulnerability and opportunities for misconduct, mismanagement, and abuse are reduced:* This goal was missed by a considerable margin, based on the results of our quantitative measure—or, more appropriately, the lack of any results, although only a slight decrease from FY 2000 results. Even considering the qualitative work, discussed below, that was performed and reported on in FY 2001, OIG cannot claim that this goal has been fully met. However, an initiative is currently underway to improve significantly our compliance process while we continue to focus considerable attention on identifying areas of vulnerability.
- *Allegations are reviewed and investigations are conducted expeditiously, while at the same time ensuring quality results and products:* This goal has been met, albeit at a lower level than desired, based on the results of our quantitative measures—two of the four targets were achieved, although, overall, the timeliness of the completion of employee investigations fell short of the results achieved in FY 2000—and the qualitative work, discussed below, that was performed and reported on in FY 2001. It should be noted that the turnover in investigative agents severely hindered OIG’s ability to complete the backlog of existing, plus new, cases in as timely a manner as targeted. Although the investigative staffing shortfall is expected to continue for most, if not all of the year, we are still targeting improved results on timeliness in FY 2002.

¹ During FY 2001, we chose to devote the resources necessary to obtain this information to other, more pressing needs.

Major Accomplishments in Support of This Strategic Goal

OIG Activity or Finding

OIG has continued to provide presentations to seminars and courses for Ambassadors, Deputy Chiefs of Mission, incoming Foreign Service officers and Civil Service employees, and domestic administrative officers, although plans to measure audience response to these presentations were not implemented because of competing priorities.

OIG has been active in meeting with auditors, inspectors, and law enforcement officials from Argentina and the Peoples' Republic of China to address ways to promote greater accountability and transparency in government programs and operations.

The OIG identified some serious deficiencies in the cashiering operations at the Miami Passport Office. We found that a number of requirements from its policy manual were not being followed, such as reconciling receipts and proper close-out procedures. In addition, we believe some issues were not sufficiently covered in the policy manual, such as training and reconciliation of bank statements.

OIG conducted a joint investigation with INS and IRS of a large-scale scheme to defraud the EB-5 investor visa program. The investigation determined that a company had submitted fraudulent visa petitions and other false statement to the government, pocketing approximately \$21 million.

A joint OIG investigation with INS, IRS, and Social Security Administration Office of Inspector General identified a network of people in the United States and the Czech Republic engaged in visa fraud, alien smuggling, and money laundering.

Result

Embassy managers 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 a better understanding of the standards of accountability and ethical conduct governing Federal service.

Meetings with foreign officials have contributed to improved accountability in foreign government operations through sharing of best practices and methodologies to establish and strengthen internal controls; conduct and coordinate audits, inspections, and program evaluations; establish and promote professional standards and enforce adherence to ethical standards and other accountability measures.

Improved internal controls leaving passport fees less vulnerable to theft.

The defendants were found guilty of all charges.

Thus far, the case has resulted in six convictions, indictment of several other suspects, and forfeiture of more than \$136,000 in seized assets. Extradition of another Slovak national is pending.

Performance Goal 1: Awareness and understanding of standards of conduct and accountability are increased.

MEASURE: Attendees at training sessions rate the value of the material presented as "Very High."

FY 1998 ACTUAL	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
N/A	Good	High	Very High	No Data

MEASURE: FSI course curriculum developers rate the value of OIG-developed course content as "Very High" and responsive to feedback from previous course attendees.

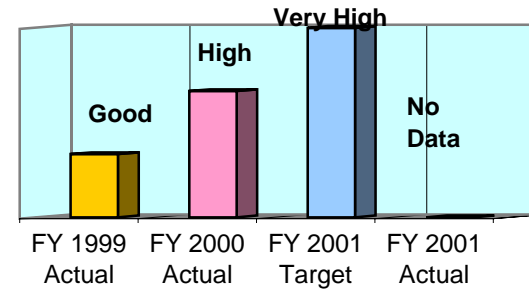
FY 1998 ACTUAL	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
N/A	Good	High	Very High	No Data

Success in meeting Performance targets: OIG staff made presentations in classes attended by Department Foreign and Civil Service employees at the Foreign Service Institute (FSI) in FY 2001. However, FSI did not request formal feedback from participants in classes conducted by Department personnel, and we were unable to develop a formal questionnaire for FSI curriculum developers prior to the end of FY 2001. As a result, we have no formal data to report and have chosen not to report or rely on anecdotal data. Although we will continue to make presentations in FSI classes, as a result of revisions to our strategic and FY 2002 performance goals, we will not formally measure this in the future.

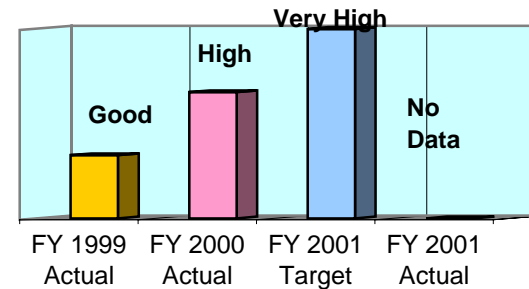
Data quality and strategies to address data limitations: We have no data to report, as we chose to devote the resources necessary to obtain this information to other, more pressing needs. Although we will continue to solicit informal feedback from course attendees and curriculum developers, we have no plans to try to track this information formally in the future.

Effect of results on the FY 2002 performance plan: As a result of revisions to our strategic plan and goals for FY 2002 and beyond, this performance goal and measure have been replaced in our FY 2002 plan.

Training Course Attendee Evaluations of the Value of OIG Presentations



Training Course Developer Evaluations of the Value of OIG Presentations



Performance Goal 2: Areas of vulnerability and opportunities for misconduct, mismanagement, and abuse are reduced.

MEASURE: At least 85 percent of OIG recommendations to reduce significant vulnerabilities at foreign affairs agencies and selected appropriate non-governmental organizations have been accepted.

FY 1998 ACTUAL	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
N/A	59%	4.5%	85%	0%

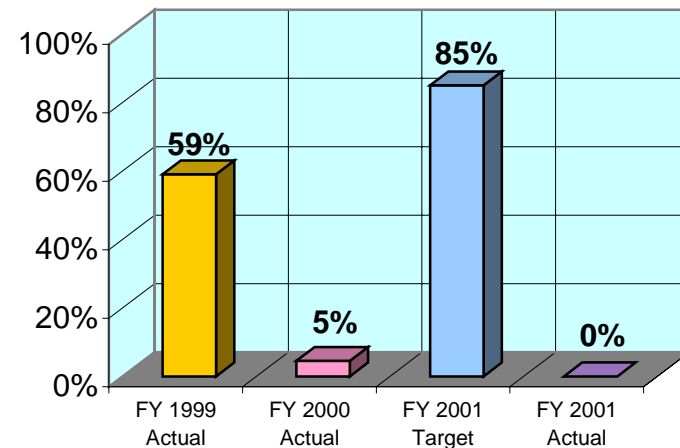
Success in meeting performance target: We fell considerably short of our target for FY 2001 and the actual results of FY 2000. We believe this is largely due to two factors:

- All but one of the reports with the related recommendations were issued within the last four months of the fiscal year, allowing relatively little time to resolve and/or implement the recommendations; and
- Components of our Office of Audits focused minimal attention on compliance activities as we started and then aborted an attempt to reorganize into a matrix organization during the year. Having subsequently reorganized into a more traditional audit structure, and placing an emphasis on compliance under our revised strategic and performance goals, we have targeted this area for considerable improvement in FY 2002 and beyond.

Data quality and strategies to address data limitations: We have verified the accuracy and completeness of the data found in our compliance analysis tracking system.

Effects of results on FY 2002 performance plan: As a result of revisions to our strategic plan and goals for FY 2002 and beyond, this performance goal and measure have been replaced in our FY 2002 plan. We will still continue to track and set targets for the resolution and implementation of recommendations, under a new strategic and performance goal, although the criteria for the period in which they are resolved and implemented will differ from the criteria used in FY 2001 and prior years.

Percent of OIG Recommendations to Reduce Significant Vulnerabilities Accepted



Performance Goal 3: Allegations are reviewed and investigations are conducted expeditiously, while at the same time ensuring quality results and products.

MEASURE: Of the routine employee investigations still open at the end of FY 2000, at least 15% will be open for 100 days or less and no more than: (1) 35% will be open for 100 or more days; (2) 10% will be open for 201-300 days; and (3) 40% will be open for more than 300 days.

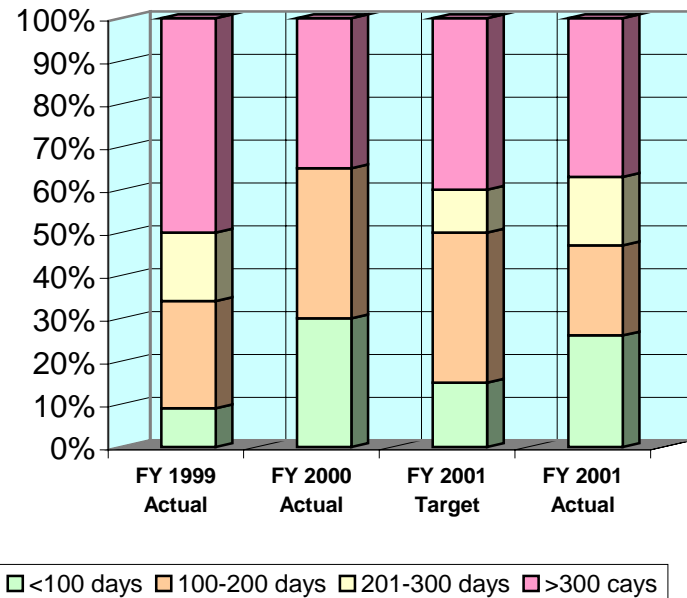
FY 1998 ACTUAL DAYS	FY 1999 ACTUAL DAYS	FY 2000 ACTUAL DAYS	FY 2001 TARGET DAYS	FY 2001 ACTUAL DAYS
N/A	9% <100	30% <100	15% <100	26% <100
	25% @100-200	35% @100-200	35% @100-200	21% @100-200
	16% @ 201-300	0% @ 201-300	10% @ 201-300	16% @ 201-300
	50% > 300	35% > 300	40% > 300	37% > 300

Success in meeting performance targets: We have exceeded two of our targets and fell short on two others. Overall, there has been a significant increase in the percentage of cases that were open for more than 200 days vs. our actual FY 2000 results. We believe that this is largely because of the significant turnover in Office of Investigation agents and the inability to replace them in FY 2001. However, there is evidence of our progress in the time it took us in FY 2001 to close cases. Of those cases that were closed in FY 2001, 70% were closed within 200 days (versus 47% in FY 2000), and 30% in 201 days or more (versus 53% in FY 2000). We believe that this is evidence that, although we missed some of our FY 2001 targets overall, we have made progress in the timeliness of investigations. Both of these measures are continued under revised strategic and performance goals for FY 2002 and beyond.

Data quality and strategies to address data limitations: We have verified the accuracy and completeness of the data.

Effects of results on FY 2002 performance plan: Although we have revised our strategic and FY 2002 performance goals, this goal and measure remains in our plans for FY 2002 and beyond. In addition, we have added another measure targeting the time it took to complete cases that were closed during the year. We have also initiated new policies and procedures to ensure more timely oversight of all cases, in order to meet our targets in subsequent years.

Days Employee Investigations Were Open



Strategic Goal: Improved Management and Performance of Resources to Accomplish OIG Objectives

This strategic goal addresses our efforts to enhance OIG internal management by focusing on the support functions and issues that cross operational lines and affect both the achievement of our other strategic goals and the level of satisfaction our customers have with our results. Specifically, it includes improving the timeliness and quality of our products, sharpening our ability to use our financial and human resources effectively and efficiently, installing institutional procedures for addressing problem areas early, and fully developing an automated management information system that will integrate all of our various programs.

Our FY 2001 performance goals under this strategic goal focused on identifying and reducing project management and resource utilization weaknesses and improving the quality of our products to meet customer needs. With respect to our success in meeting these goals, OIG believes that:

- *Project management and resource utilization weaknesses are identified and reduced:* We cannot conclude that this goal was met because we have no formal, quantifiable data to report for the measures under this performance goal.² However, even though this is not a formal performance goal in our FY 2002 performance plan, it continues to be one of our most important internal goals as we strive to reduce considerably the time it takes to complete projects. We will continue to report our results formally in our performance report.
- *Quality of products is improved to meet customer needs:* We must conclude that this goal was not met, even though we have no formal, quantifiable data to report for the measures under this performance goal.³ As part of his pre-confirmation activities and subsequent to assuming leadership of the OIG, the Inspector General solicited the views and informal evaluations of numerous Administration, Congressional, Department, BBG, and other interested parties who maintained that significant changes were necessary in OIG. These assessments played a pivotal role in the decisions he made regarding the OIG reorganization, products, and revisions to the OIG Strategic and FY 2002 Performance Plans, although the results of these will not be seen until FYs 2002 and 2003. A customer survey is planned for late FY 2002.

Major Accomplishments in Support of This Strategic Goal

OIG Activity or Finding

In September 2001, OIG launched the PTS that allows OIG managers to plan and monitor progress against estimated milestones and resource costs and to track staff resources assigned to specific projects.

OIG's organizational structure, goals, and priorities have been revised and personnel, funds, and other resources redeployed to focus on our core statutory functions and minimize support functions as much as possible.

Result

The PTS system has allowed OIG to track closely the timeliness, as well as estimated costs, of each project. With the ability to monitor progress against milestones, OIG has established an ambitious goal of completing all projects within 7.5 months by the end of FY 2002 and within six months by the end of FY 2003.

The concentration of resources on our core functions will allow OIG to produce more and better audit, inspection, and investigative reports more quickly than ever before.

² During FY 2001, we chose to develop fully our project tracking system before implementing it for FY 2002, after our reorganization was completed.

³ During FY 2001, we chose to postpone a formal customer survey until late in FY 2002.

OIG Activity or Finding

To emphasize OIG's role vis-à-vis the BBG, a new Office of International Broadcasting Oversight has been created, to be headed by an Assistant Inspector General reporting directly to the Inspector General.

As part of its reorganization, OIG consolidated its external reviews of Department and BBG information technology and security and its internal information technology planning and support operations under the auspices of a new chief information officer, who reports directly to the Inspector General.

Unnecessary support functions have been disbanded and all other essential support functions have been consolidated into a single administrative unit, which includes an expanded human resources unit providing greater oversight of recruitment, retention, and career development and training.

Result

Creating a focal point for international broadcasting issues has improved the quality and frequency of interaction with BBG, ensured that broadcasting issues are considered a key part of all OIG work, and strengthened OIG's ability to speak authoritatively on issues involving U.S. international broadcasting activities.

Centralization of all information technology resources and activities under a single office ensures that all IT issues, both internal and external, are coordinated and consistent with federal, Department, and OIG standards and guidelines.

The streamlined, consolidated administrative unit allows for more effective coordination and efficient use of OIG resources and provides better support to the organization in carrying out its core statutory functions. OIG is participating in the Department's domestic staffing model pilot project—the subject of prior OIG recommendations—and has established internal training programs to improve EEO awareness and attention to performance standards, evaluations, and training plans.

Performance Goal 1: Project management and resource utilization weaknesses are identified and reduced.

MEASURE: 77 percent of all OIG projects are completed on time.

FY 1998 ACTUAL	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
N/A	No Data	No Data	82%	No Data

Success in meeting performance targets: We were unable to compile complete data for this measure. In FY 2001, we began implementing an electronic project tracking system, but as a result of problems and delays, it was not fully implemented until late in the last quarter. Consequently, we were unable to obtain complete data. Although our FY 2002 and future performance plans do not contain formal strategic and performance goals and measures for our internal OIG administrative activities, they do contain an enabling goal and targets that focus on completing our work in a more timely manner. We will report our results formally in the performance reports. In addition to using the project tracking system to monitor progress and take corrective actions as necessary to ensure timely completion of our projects, we have instituted other initiatives to reduce the time required to complete our work. For example, except in rare cases, projects planned to take longer than six months to complete will not be approved and regular meetings to measure the progress of these projects against estimated milestones have been established.

Data quality and strategies to address data limitations: Our data for FY 2001 is incomplete, due to the delay in implementing our project tracking system until late in the fourth quarter of FY 2001. Consequently, we have decided not to report any data for this measure. However, we have implemented a project tracking system that is providing data on FY 2002 projects, which we will track and report on in the future.

Effects of results on the FY 2002 performance plan: As a result of revisions to our strategic plan and goals for FY 2002 and beyond, we no longer have a formal internal strategic goal or corresponding performance goals to support it. However, in the effort to improve our internal management and efficiency and effectiveness, we have established an enabling goal and performance target that OIG projects will take an average of 7.5 months or less to complete in FY 2002 (with further reductions in future years) that we will actively track and report on.

Performance Goal 2: Quality of products is improved to meet customer needs.

MEASURE: Customer satisfaction with OIG products will increase by ten percent over the baseline established in FY 2000..

FY 1998 ACTUAL	FY 1999 ACTUAL	FY 2000 ACTUAL	FY 2001 TARGET	FY 2001 ACTUAL
N/A	Survey Developed	Baseline Established	Baseline plus 10%	No Data

Success in meeting Performance target: Plans to conduct a follow-up customer survey during FY 2001 were postponed due to the changes in OIG leadership and the efforts to implement and then reverse a planned reorganization. Following his confirmation and appointment, the new Inspector General initiated a series of management improvement initiatives to improve OIG operations and address customer concerns, however, a follow-up customer survey has been scheduled for late FY 2002 to assess the success of these initiatives.

Data quality and strategies to address data limitations: As noted above, we chose to delay conducting a formal customer survey until late FY 2002 in order to allow our new initiatives to be fully implemented.

Effect of results on the FY 2002 performance plan: As a result of revisions to our strategic plan and goals for FY 2002 and beyond, we no longer have a formal internal strategic goal or corresponding performance goals to support it. However, we plan to conduct another customer survey at the end of FY 2002, and the Inspector General will continue to consult regularly with OIG customers.

APPENDIX I. Comparison of OIG FY 2001 and FY 2002 Strategic and Performance Goals

During FY 2001, OIG completely revised its strategic and performance goals for FY 2002 and beyond. The number of strategic goals has decreased from five to four with the elimination of our strategic goal on improving management and performance of resources to accomplish OIG objectives. This change has been made to ensure that our strategic goals are focused on external long-term goals and priorities. The overall objective of ensuring the efficiency and effectiveness of our own internal management operations has been captured in a series of management improvement initiatives and internal “enabling” goals that facilitate the accomplishment of our external strategic and performance goals. These enabling goals include goals, strategies, and measures directed at improving recruitment and retention of well-qualified employees and improving the timeliness of OIG activities and products.

Our strategic and performance goals for FY 2001 and those for FY 2002 and beyond are presented below. Although the two sets of goals are presented side by side, there is not a direct correlation between the individual goals. Taken as a whole, however, they address the same overall priorities, objectives, and mission responsibilities. Specifically:

Our strategic goal on “improved conduct of foreign relations” has been replaced by a new strategic goal—*The Department and the BBG effectively, efficiently, and economically advance the foreign policy interests of the United States*—that more clearly defines what improved conduct of foreign relations means.

<i>Strategic and Performance Goals for FY 2001</i>	<i>Strategic and Performance Goals for FY 2002-03</i>
<p><i>Improved conduct of foreign relations</i></p> <ul style="list-style-type: none"> • Chiefs of Mission and senior foreign affairs managers have in place and exercise appropriately the authorities, structures, skills, and foreign/domestic relationships necessary to develop, decide, communicate and implement policy decisions effectively. • Policies, programs, operations, and other activities carried out by organizational units of the U.S. foreign affairs community promote U.S. strategic goals with increased effectiveness. 	<p><i>The Department and the BBG effectively, efficiently, and economically advance the foreign policy interests of the United States. OIG will:</i></p> <ul style="list-style-type: none"> • 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; • 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 the Chief of Mission, Department, or BBG oversight and coordination of the operations and programs; and recommend actions necessary to remove or overcome them; and • Increase the cumulative number/percentage of missions and bureaus inspected on a five-year cycle.

Our strategic goal on “better alignment of fiscal and human resources with U.S. foreign policy priorities” has been addressed by performance goals under two of our new strategic goals: the *Department and the BBG effectively, efficiently, and economically advance the foreign policy interests of the United States*, and the *Department and the BBG have the necessary financial and support systems and controls to meet legal and operational requirements*.

Strategic and Performance Goals for FY 2001	Strategic and Performance Goals for FY 2002-03
<p><i>Better alignment of fiscal and human resources with U.S. foreign policy priorities</i></p> <p>The efforts of the Department to develop and use performance measures are evaluated.</p> <p>Chiefs of Mission and senior managers exercise the executive and program skills and authorities necessary to ensure efficient and effective operation of resources and activities in support of U.S. strategic goals.</p>	<p>See performance goals under Strategic Goals 1 and 3.</p>

Our strategic goal on “greater adherence to fundamental principles governing professional and ethical conduct” has been addressed by a new strategic goal on accountability—*the Department and the BBG are free of fraud, waste, abuse, and mismanagement*—which also addresses financial integrity concerns formerly measured under one of the performance goals for our strategic goal on “more effective, efficient, and secure operations and infrastructures.”

Strategic and Performance Goals for FY 2001	Strategic and Performance Goals for FY 2002-03
<p><i>Greater adherence to fundamental principles governing professional and ethical conduct</i></p> <ul style="list-style-type: none"> • Systemic weaknesses in areas such as financial, information, real property and human resources management are reduced. • Areas of vulnerability and opportunities for misconduct, mismanagement, and abuse are reduced. • Allegations are reviewed and investigations are conducted expeditiously, while at the same time ensuring quality results and products. 	<p><i>The Department and the BBG are free of fraud, waste, abuse, and mismanagement. OIG will:</i></p> <ul style="list-style-type: none"> • Identify a minimum of \$3.75 million in potential monetary benefits as a result of audit and investigative recommendations to identify waste, fraud, abuse, and mismanagement and to improve the efficiency of Department operations and compliance with applicable contracts and grant agreements; and • 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 strategic goal on “more effective, efficient, and secure operations and infrastructures” has been addressed by a new strategic goal focusing entirely on security—*the Department and the BBG adequately protect the people, information, and facilities under their control in the United States and abroad*—and another addressing the efficiency and effectiveness of Department and BBG operations—*the Department and the BBG have the necessary financial and support systems and controls to meet legal and operational requirements*.

<i>Strategic and Performance Goals for FY 2001</i>	<i>Strategic and Performance Goals for FY 2002-03</i>
<p><i>More effective, efficient, and secure operations and infrastructures</i></p> <ul style="list-style-type: none"> • Potential cost efficiencies and opportunities for streamlining in areas such as human resources, information management, financial management, property management, and security are identified and best practices shared. • U.S. personnel, information, and facilities are made more secure through the identification and correction of security weaknesses and deficiencies related to human intelligence, technical and physical attacks, terrorism, and crime. • Systemic weaknesses in areas such as financial, information, real property and human resources management are reduced. 	<p><i>The Department and the BBG have the necessary financial and support systems and controls to meet legal and operational requirements. OIG will:</i></p> <ul style="list-style-type: none"> • Identify challenges and vulnerabilities, with recommendations to address them, for at least fifteen Department financial and administrative support programs and activities; • Evaluate Department and BBG progress in measuring performance and linking performance goals to budget, and recommend improvements, as appropriate. <hr/> <p><i>The Department and the BBG adequately protect the people, information, and facilities under their control in the United States and abroad. OIG will:</i></p> <ul style="list-style-type: none"> • 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; • Identify vulnerabilities and recommend corrective action with respect to information systems and security at no fewer than 20 overseas missions; • Increase the cumulative number/percentage of missions and selected bureaus receiving security inspections and reviews on a five-year cycle

Our strategic goal on “improved management and performance of resources to accomplish OIG objectives” has been eliminated as a strategic goal and addressed by a series of management improvement initiatives and a pair of performance goals that will be monitored and measured internally:

- to 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
- to issue a final report or other product within seven and a half months of starting a project by the end of FY 2002 and within six months of starting a project by the end of FY 2003.

Strategic and Performance Goals for FY 2001	Internal Enabling Goal for FY 2002-03
<p><i>Improved management and performance of resources to accomplish OIG objectives</i></p> <ul style="list-style-type: none"> • Project management and resource utilization weaknesses are identified and reduced. • Quality of products is improved to meet customer needs. 	<p><i>Ensuring Operational Integrity and Effectiveness. OIG will:</i></p> <ul style="list-style-type: none"> • Issue a final report or other product within six months of starting a project.

APPENDIX II: FY 2002 Strategic and Performance Goals, Measures, and Actual and Targeted Performance

Strategic Goal	Performance Goal	Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target
<i>The Department and the BBG effectively, efficiently, and economically advance the foreign policy interests of the United States</i>	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.	Recommendations resolved within six months	82%	86%	63%	91%
		Recommendations implemented within one year	51%	63%	73%	70%
	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 the Chief of Mission, Department, or BBG oversight and coordination of the operations and programs; and recommend actions necessary to remove or overcome them.	Programs reviewed and report issued	8	9	7	8
	Increase the cumulative number and percentage of missions and selected bureaus inspected on a five-year cycle.	Missions Inspected within last five years	64%	66%	65%	77%
<i>The Department and the BBG adequately protect the people, information, and facilities under their control in the United States and abroad</i>	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.	Programs reviewed and reports issued	2	6	6	6
		Recommendations resolved within six mos.	52%	61%	71%	67%
		Recommendations implemented within one yr.	38%	75%	59%	82%
	Identify vulnerabilities and recommend corrective action with respect to information systems and security at no fewer than 20 overseas missions.	Missions reviewed using new methodology	N/A	N/A	N/A	10
	Increase the cumulative number/percentage of missions and selected bureaus receiving security inspections and reviews on a five-year cycle.	Missions evaluated within last five years	67%	74%	80%	85%

FY 2002 Strategic and Performance Goals, Measures, and Actual and Targeted Performance (Cont.)

Strategic Goal	Performance Goal	Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target
<i>The Department and the BBG have the necessary financial and support systems and controls to meet legal and operational requirements</i>	The Department and the BBG have the necessary financial and support systems and controls to meet legal and operational requirements.	Programs reviewed and reports issued	13	14	15	15
		Recommendations resolved within six mos.	77%	70%	58%	79%
		Recommendations Implemented within one yr.	65%	81%	75%	92%
	Evaluate Department and BBG progress in measuring performance and linking performance goals to budget, and recommend improvements, as appropriate.	Reports Issued	4	4	4	5
<i>The Department and the BBG are free of fraud, waste, abuse, and mismanagement</i>	Identify a minimum of \$3.75 million in potential monetary benefits as a result of audit and investigative recommendations to identify waste, fraud, abuse, and mismanagement and to improve the efficiency of Department operations and compliance with applicable contracts and grant agreements.	Cost savings, efficiencies, recoveries and fines	\$9.36 Million	\$3.23 Million	\$12.49 Million	\$3.75 Million
	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.	Days cases open at end of year	N/A	45% < 100 30% @ 100-200 0% @ 201-300 25% > 300	26% < 100 21% @ 100-200 16% @ 201-300 37% > 300	45% < 100 30% @ 100-200 5% @ 201-300 20% > 300
		Days to close cases closed during year	20% < 100 19% @ 100-200 15% @ 201-300 46% > 300	27% < 100 20% @ 100-200 10% @ 201-300 43% > 300	53% < 100 20% @ 100-200 7% @ 201-300 20% > 300	45% < 100 15% @ 100-200 5% @ 201-300 35% > 300

Internal Enabling Goal that OIG will also report on in future Performance Reports

Strategic Goal	Enabling Goal	Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target
<i>None</i>	To complete projects in a timely manner.	Average number of days from project start to product issuance	277	267	252	225

APPENDIX III. Reports Issued In FY 2001 and the Primary Strategic Goal that They Supported

Improved conduct of foreign relations

ISP/I-01-01	Inspection of Embassy Conakry, Guinea	10/00
ISP/I-01-02	Inspection of Embassy Panama City, Panama	11/00
ISP/I-01-03	Inspection of Embassy Dakar, Senegal	11/00
ISP/I-01-04	Inspection of Embassy Bamako, Mali	11/00
ISP/I-01-06	Inspection of Embassy Bogota, Colombia	12/00
ISP/I-01-07	Memorandum Report of Inspection of U.S. Embassy Bogota	11/00
ISP/I-01-08	Memorandum Report of Inspection of U.S. Embassy Panama	11/00
01-FP-R-003	Inspection of Bureau of European Affairs	3/01
01-FP-R-011	Inspection of Embassy Sarajevo, Bosnia-Herzegovina	3/01
01-FP-R-012	Inspection of Embassy Bratislava, Slovakia	3/01
01-FP-M-018	Review of the Broadcasting Board of Governors Transition to Independence	3/01
01-FP-R-020	Inspection of U.S. Interests Section Havana, Cuba	3/01
01-FP-R-021	Inspection of Embassy Sofia, Bulgaria	3/01
01-FP-R-022	Inspection of Embassy Caracas, Venezuela	3/01
01-FP-R-025	Inspection of Embassy Dar es Salaam, Tanzania	3/01
01-FP-R-026	Inspection of Embassy Nairobi, Kenya	3/01
01-FP-M-027	Review of U.S. Munitions List and the Commodity Jurisdiction Process	3/01
01-FP-M-045	Review of Implementation of the Federal Voter Assistance Program	9/01
01-FP-R-046	Inspection of Embassy Algiers, Algeria	6/01
01-FP-R-047	Inspection of Embassy Djibouti, Republic of Djibouti	7/01
01-FP-R-049	Inspection of Embassy Asmara, Eritrea	6/01
01-FP-R-056	Inspection of Embassy Montevideo, Uruguay	7/01
01-FP-R-057	Inspection of Embassy Lima, Peru	9/01
01-FP-R-058	Inspection of Embassy Asuncion, Paraguay	7/01
01-FP-R-063	Inspection of Embassy Accra, Ghana	9/01
01-FP-R-065	Inspection of Embassy Libreville, Gabon	9/01
01-FP-R-066	Inspection of Embassy Lome, Togo	9/01
01-FP-PM-087	Review of Mission Counternarcotics Activities in Bolivia/Ecuador	9/01
01-FP-R-090	Inspection of Embassy Budapest, Hungary	9/01
01-FP-R-091	Inspection of Embassy Warsaw, Poland	9/01

Better alignment of fiscal and human resources with U.S. foreign policy priorities

ISP/I-01-05	Status of State-USIA Consolidation at Overseas Posts	3/01
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More effective, efficient, and secure operations and infrastructures

SIO/A-01-02	Audit of Emergency Action Management	10/00
SIO/I-01-01	Security Inspection of Embassy Damascus, Syria	10/00
SIO/I-01-03	Security Inspection of Embassy Beirut, Lebanon	12/00
SIO/I-01-04	Security Inspection of Embassy Skopje, Macedonia	11/00
SIO/I-01-05	Security Inspection of Embassy Helsinki, Finland	12/00
SIO/I-01-07	Security Inspection of Embassy Nicosia, Cyprus	12/00
SIO/I-01-08	Security Inspection of Embassy Antananarivo, Madagascar	12/00
SIO/I-01-09	Security Inspection of Embassy Port Louis, Mauritius	12/00
SIO/I-01-12	Security Inspection of Embassy Rangoon, Burma	12/00
01-SEC-R-002	Security Inspection of Embassy Moscow, Russia	3/01
01-SEC-R-004	Security Inspection of U.S. Office Pristina	3/01
01-SEC-R-005	U.S. Diplomatic Posts in the Bureau of European Affairs	6/01
01-SEC-R-010	Compliance Followup Review of the Security Inspection of Embassy Ljubljana, Slovenia	3/01
01-SIO-R-042	Security Inspection of Embassy Hanoi and Consulate General Ho Chi Minh City, Vietnam	6/01
01-SIO-R-043	Security Inspection of Embassy Phnom Penh, Cambodia	5/01
01-SIO-R-044	Security Inspection of Embassy Bandar Seri Begawan, Brunei	7/01
01-SIO-R-061	Audit of the Department's Background Investigations	8/01
01-SIO-R-085	Audit of the State Department's Anti-Terrorism Assistance Program	9/01
01-FP-R-011/A	Security Annex of Inspection of Embassy Sarajevo, Bosnia-Herzegovina	4/01
01-FP-R-012/A	Security Annex of Inspection of Embassy Bratislava, Slovakia	4/01
01-FP-R-020/A	Security Annex of Inspection of U.S. Interests Section, Havana, Cuba	5/01
01-FP-R-021/A	Security Annex of Inspection of Embassy Sofia, Bulgaria	4/01
01-FP-R-022/A	Security Annex of Inspection of Embassy Caracas, Venezuela	4/01
01-FP-R-025/A	Security Annex of Inspection of Embassy Dar es Salaam, Tanzania	4/01
01-FP-R-026/A	Security Annex of Inspection of Embassy Nairobi, Kenya	4/01
01-FP-R-047/A	Security Annex of Inspection of Embassy Djibouti, Djibouti	7/01
01-FP-R-049/A	Security Annex of Inspection of Embassy Asmara, Eritrea	6/01
01-FP-R-056/A	Security Annex of Inspection of Embassy Montevideo, Uruguay	7/01
01-FP-R-057/A	Security Annex of Inspection of Embassy Lima, Peru	9/01
01-FP-R-058/A	Security Annex of Inspection of Embassy Asuncion, Paraguay	7/01
01-FP-R-063/A	Security Annex of Inspection of Embassy Accra, Ghana	9/01
01-FP-L-055	Review of Diplomatic Mail and Pouch Support for the Federal Voter Assistance Program	9/01
01-FMA-R-006	Review of the Surveillance Detection Program	3/01

01-FMA-R-014	Foreign Service Retirement and Disability Fund Financial Statements for FY 2000	4/01
01-HR-M-036	Review of Overseas Medical Operations	7/01
01-HR-R-060	Compliance Followup Review of the Inspections of the Bureau of Human Resources and The Foreign Service Institute	9/01
01-IT-R-044	Critical Infrastructure Protection: The Department Can Enhance Its International Leadership and Its Own Cyber Security	6/01
01-FMA-M-053	Review of the Overseas Wireless Program	7/01
01-FMA-R-078	Information Technology Vulnerability Assessment at the Charleston Financial Service Center	9/01
01-FMA-M-081	Survey of the Worldwide Purchase Card Program - Domestic Operations	9/01
01-IT-M-082	Senior Management Attention Needed to Ensure Effective Implementation of the Government Information Security Reform Act	9/01
01-FMA-R-083	United States Information Agency's Balance Sheet as of September 30, 1999	9/01
01-PP-002	Inquiry into the Procurement of Contractor Support for the International Affairs Global Resource Database	11/00
01-PP-003	Review of Humanitarian Demining Management and Procurement Activities	12/00
01-FM-004	Vulnerability and Penetration Testing Analysis of the Unclassified Automated Information Systems at the Bangkok Financial Service Center	1/01
01-FM-006	Application of Agreed-Upon Procedures Report	12/00
01-FMA-M-009	Review of the War for Talent Personnel Study	3/01
01-FMA-R-013	Audit of U.S. Department of State 2000 Principal Financial Statements	3/01
01-FMA-L-015	Review of Water and Sewer Payments to the District of Columbia	2/01
01-FMA-L-023	Federal Agencies' Centralized Trial-Balance System Agreed-Upon Procedures Report	3/01

Greater adherence to fundamental principles governing professional and ethical conduct

01-FMA-R-016	Review of Selected Awards to Mississippi Consortium for International Development for Activities in the New Independent States	3/01
01-FMA-M-040	Need to Improve Internal Controls in the Miami Passport Office	8/01
01-FMA-M-048	Review of the Accounting System of Delphi International, Inc.	6/01
01-FMA-M-051	Review of Inter-Con Security Systems, Inc. Billing Procedures Under the U.S. Department of State Contract No. S-OPRAQ-96-0569	6/01
01-FMA-R-080	Review of Selected Awards to Project Harmony, Inc., for Activities in the New Independent States	9/01
01-FMA-R-092	Review of Awards to Iraqi National Congress Support Foundation	9/01

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

Strategic Plan

FY 2002 - 2007

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Office of Inspector General

Strategic Plan, FY 2002-07

Foreword

Three years ago, OIG developed and began implementing our first strategic plan under the Government Performance and Results Act (GPRA). Since that time, the nature of planning and performance measurement in government has advanced significantly.

This strategic plan reflects a significant rethinking of our original strategic goals and planning framework. From a series of goals focused around our operational objectives, we have moved toward a focus on the primary issues affecting the economy, efficiency, and effectiveness of the Department of State (Department) and Broadcasting Board of Governors (BBG) programs and operations including foreign policy, security, financial management and administrative support, and accountability. In addition, to ensure that we remain flexible and responsive to the demands and challenges of the Department, Congress, and an ever changing world environment, we have recently reorganized along more traditional functional lines that will help us achieve our goals more effectively, efficiently, and economically.

Vision

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

Mission

The mission of the Office of Inspector General is to serve as an independent, objective reviewer and evaluator of the operations and activities of the 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.

Framework and Statutory Responsibilities

The 1978 Inspector General Act, as amended, and the 1980 Foreign Service Act, respectively, charge the OIG with detecting and preventing waste, fraud, and mismanagement and with assessing whether U.S. foreign policy goals are being achieved, resources are used to maximum efficiency, and all elements of U.S. overseas missions are coordinated. With subsequent legislation mandating OIG's oversight of the Arms Control and Disarmament Agency and United States Information Agency (which were consolidated with the Department in Fiscal Years 1999 and 2000, respectively), and the BBG, this authority covers about \$7 billion in programs and spending, and overall direction and coordination of the entire \$23 billion of international programs by non function 150 agencies, other than military personnel serving under a regional commander.

OIG's security and intelligence oversight responsibilities were established through the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986 and executive orders 12333 (U.S. Intelligence Activities) and 12863 (President's Foreign Intelligence Advisory Board). OIG also is responsible for evaluating compliance with other legislation—such as the Chief Financial Officers Act, Federal Managers' Financial Integrity Act, and Clinger-Cohen Act: information technology reform—designed to enhance management performance. OIG will also assess, as appropriate, the Department's and BBG's efforts to make and measure progress toward achieving their goals.

Relationship Between Strategic and Performance Goals

The following pages set forth OIG's strategic goals and objectives. The strategic goals are described in terms of the desired outcomes that we expect to see in improved Department and BBG programs and operations by 2007, and the long-term strategies required to achieve each. Our annual performance plans for FY 2002-03 and subsequent years will translate these into the more specific, short-term goals, objectives, means, and strategies necessary to realize each strategic goal over the next six years. Our success will be demonstrated through these and the mandated performance measures set forth in the Inspector General Act reporting requirements, other measures of economy, efficiency, effectiveness, and customer satisfaction, as appropriate, and by the outcomes achieved by the entities subject to our oversight.

General Means and Strategies

The fundamental means for achieving our strategic and performance goals and objectives will continue to be the audits, inspections, and investigations that comprise the bulk of our efforts. In addition, we will expand outreach programs to clients and other interested parties and increase our participation in training programs and other forums, as well as with the rest of the foreign affairs community. We also will reexamine and reengineer our core processes, products, and services to improve the quality, timeliness, and impact of our efforts; better serve our customers and other interested parties; and ensure the achievement of our, as well as their, strategic and performance goals and objectives.

Recognizing that the skills and abilities of our staff are crucial to our success, we will undertake initiatives to recruit and retain highly qualified employees, including, to the extent resources permit, financial incentives such as premium pay and recruitment and retention bonuses. To promote continued professional development of our staff, we will provide them with a variety of educational and career development opportunities. These will include both formal training at high quality institutions, such as the Foreign Service Institute and the Inspectors General Auditor Training Institute, and on-the-job experiences internally and through temporary details to functional positions in the Department and other government agencies. We also will continue to encourage and support their efforts to achieve appropriate professional certifications, such as the designation of Certified Public Accountant.

Our general strategies for achieving our goals begin with increasing our efforts to solicit regularly the views of and obtain feedback from our principal customers and other interested parties through consultations, customer surveys, and follow-up reviews to ensure that our products and services are anticipating and meeting their needs. We will be more proactive in addressing the challenges of the Department and the BBG; work with them to anticipate and address potential problems in new and developing initiatives and programs; adopt a more consultative approach in communicating with them about our activities, findings, and recommendations; and expand productive dialogues with agency managers.

In addition to these general strategies, we also have developed more specific approaches that we will implement over the next six years to achieve our strategic goals and objectives, as described on pages A-IV-7 to A-IV-10. Individual components of these strategies to be implemented each year will be described, as appropriate, in our annual performance plans.

Assumptions

Our strategic plan is predicated on the assumption that OIG budget and staffing levels will remain relatively stable. This assumption will require a reversal of the pattern of recent years, which have seen a steady "real term" budget decline. Should this trend continue unabated, OIG's ability to achieve its strategic goals will be severely compromised by the end of the period covered by this plan. We also assume that we will be able to hire and retain--or, where necessary, contract for--the skilled and experienced personnel that we need to accomplish our goals and objectives. Completion of planned information technology upgrades, and maintenance of up-to-date information technology, also is essential to our success in realizing some of these goals, and in tracking the performance data necessary to demonstrate our success.

More broadly, our assumptions are based on current administration and congressional policies and priorities, and the current state of world affairs affecting the Department and the BBG. Our strategic plan will be revised, as necessary, to the extent that policies and priorities of the Department and Congress or world events change in ways that significantly affect our achievement of these goals, or indicate a need for us to refocus our goals.

Program Evaluation

During FY 2001, a peer review team from the Office of Inspector General, General Services Administration, conducted and issued a report on its quality control review of OIG audit operations. Results of this peer review have been taken into account in the development of this plan. In addition, the views of the Office of Management and Budget (OMB), Congress, and the General Accounting Office on the role of the OIG in implementing GPRA have been considered, as have the results of surveys of Department, BBG, and Congressional customers.

Key Factors That Could Affect Goal Achievement

A number of external factors could affect our ability to accomplish our strategic and performance goals and priorities, including increased congressional mandates for OIG. In addition, certain factors will affect and influence specific strategic goals:

Security

- The inability of the Department and BBG adequately to fund acquisitions, construction, and upgrades necessary to meet ever changing global security threats.
- Newly emerging threats, such as chemical and biological terrorism, that penetrate even the most secure facilities and systems, based on current standards.
- The growth of cyberterrorism and related threats that outpace the ability to protect against them.
- The collapse of a foreign government that could increase the vulnerability of facilities previously thought secure.
- Conflicting security standards and priorities among government agencies and organizations that might make common goals unattainable.

Financial Management and Administrative Support

- Unforeseen changes in domestic and foreign economies that could further hinder the ability of the Department and BBG to recruit and retain domestic and foreign workforces vis-a-vis private industry.
- Unpredictable increases in the rapid pace and dramatic nature of changes in information technologies that may render government technology plans and acquisitions obsolete before they are implemented.
- The lack of or slow acceptance of changes to domestic and foreign personnel laws and regulations that ensure achievement of desired outcomes.

FOREIGN POLICY	<i>Strategic Goal: The Department and BBG effectively, efficiently, and economically advance the foreign policy interests of the United States</i>
<p style="text-align: center;">DESIRED OBJECTIVES</p> <p>Effective implementation and coordination of U.S. policy goals and objectives.</p> <p>Efficient, effective and economical use of resources to accomplish foreign policy objectives.</p> <p>Management controls are in place to ensure quality of performance and reduce the likelihood of mismanagement and whether adequate steps for detection, correction, and prevention have been taken.</p> <p>Strengthened U.S. security through the availability of coordinated, timely, and accurate intelligence and analysis.</p> <p>Improvement in Department coordination of U.S. government efforts to protect the safety and security of American citizens overseas.</p> <p>Improvement in Department and BBG promotion of the free flow of information to foreign publics.</p> <p>Improvement of Department's efforts at promoting interagency coordination in support of the US border security program while facilitating international travel to the United States.</p>	<p style="text-align: center;">STRATEGIES</p> <p>Conduct inspections of every post and bureau every five years to include assessments of implementation of foreign policy, management of resources and whether controls are in place to reduce likelihood of mismanagement, and whether adequate steps have been take to detect, correct and prevent waste, fraud, or abuse. Summaries from these inspections will be used to develop and address systemic issues affecting the implementation of foreign policy identified in the course of the inspections.</p> <p>Determine the Department's effectiveness in providing timely and accurate intelligence and analysis through assessments of the Department's coordination and liaison with the intelligence and law enforcement communities during the conduct of the post management inspections.</p> <p>Determine whether the Department is successfully coordinating U.S. Government efforts to protect the safety and security of American citizens overseas through reviews of consular service technology, infrastructure upgrades, agreements with foreign governments, and emergency readiness activities.</p> <p>Assess Department and BBG promotion of the free flow of information to foreign publics through reviews of new and traditional program delivery methods, public diplomacy initiatives, activities supporting development of free and independent media, and joint efforts to achieve shared objectives.</p> <p>Evaluate, through means of post and bureau inspections and program evaluations, the effectiveness of the Department's administration of visa and passport laws and regulations and timely data sharing with other U. S. government agencies to deny entry into the U.S. of terrorists, international criminals and illegal aliens, while facilitating legitimate international travel of foreign visitors, lawful immigrants and refugees.</p>

SECURITY	
<i>Strategic Goal: The Department and the BBG adequately protect the people, information, and facilities under their control in the United States and abroad.</i>	
<p style="text-align: center;">DESIRED OBJECTIVES</p> <p>Department and BBG personnel in the United States and abroad will be protected from physical harm arising from terrorism and other acts of violence against Americans.</p> <p>All employees will be held accountable for security standards, including the handling of classified information.</p> <p>All information systems will operate in a secure manner.</p> <p>Intelligence on threats will be disseminated to protect personnel, information, and facilities.</p> <p>Department and BBG facilities will substantially comply with security standards.</p>	<p style="text-align: center;">STRATEGIES</p> <p>Perform either a full or limited-scope security inspection of every overseas mission and selected domestic bureaus and operations every five years.</p> <p>Develop a risk management strategy to identify vulnerabilities in Department and BBG operations and provide guidance on how to achieve a more secure infrastructure.</p> <p>Develop a risk management approach to identify priority areas for field evaluations to determine the Department's progress in correcting security weaknesses.</p> <p>Review development, implementation, and management of classified information processing, handling and storage standards for the Department.</p> <p>Review major construction projects in the early stages to identify vulnerabilities at a point where corrective action can be taken in the most efficient and effective manner.</p> <p>Review development, testing, and implementation of information management systems and information technology to include:</p> <ul style="list-style-type: none"> • Advanced telecommunications networks and infrastructures that ensure total, secure integration of Department, BBG and interagency activities, communication, and data sharing by electronic government; and • Facilities, systems, training, policy, procedures, and data ensuring information confidentiality, availability, and integrity from terrorists and other threats. <p>Review the acquisition, analysis, and dissemination of threat related information by the Department in the formulation of protective policies and measures.</p>

FINANCIAL MANAGEMENT & ADMINISTRATIVE SUPPORT

Strategic Goal: The Department and the BBG have the necessary financial and support systems and controls to meet legal and operational requirements.

DESIRED OBJECTIVES

The Department and BBG will be in substantial compliance with the laws and regulations with respect to financial management, contracts, information technology, and federal assistance. Specifically,

- control weaknesses will have been corrected,
- quality goods and services will be acquired economically,
- information systems will be integrated and secure, provide complete and accurate information, and accomplish clearly defined goals and objectives with fiscal integrity.

Mission-critical systems and processes will be substantially integrated and standardized; automated systems will provide reliable information for management decision-making and performance measurement; and responsibilities to federal entities overseas will be met.

Department's and BBG's ability to meet operational goals and requirements will be substantially improved.

Department's and BBG's efforts to attract, place, and retain highly skilled, motivated, diverse, and flexible workforces will be efficient and effective.

The Department and BBG will be in substantial compliance with GPRA, including identifying measurable goals, credible strategies, and valid measures of performance.

STRATEGIES

Assess Department and BBG progress in correcting management control weaknesses, including the elimination of impediments to compliance with the Federal Financial Managers Integrity Act and other federal requirements and guidance, through annual reviews of the outcomes of remediation and compliance efforts.

Meet federal requirements for issuing timely audits of the Department and other financial statements.

Develop and implement a risk management strategy for reviewing contracts and federal assistance and provide consultative advice on how to achieve greater cost effectiveness and savings.

Determine the optimal time to review the development, testing, and implementation of mission-critical management and financial information systems and conduct such reviews, including verifying, validating, and assessing the usefulness of data.

Develop a risk management strategy to identify vulnerabilities in property, facility, and equipment management and assist the Department and BBG in identifying and implementing corrective actions.

Assess Department progress in meeting current logistics management requirements achieved through reengineering goals and planned longer-term efficiencies.

Review development, testing, and implementation of information management systems and information technology to include:

- Plans and efforts to streamline operations, improve services, and promote electronic government through effective application of information technology,
- Use of the most cost-effective means of providing information technology services overseas, and
- Information security, domestically and overseas.

Develop a risk management strategy for OIG reviews of information technology projects and provide consultative advice on how to achieve greater value.

Assess the extent to which Department and BBG information systems and processes are integrated and provide reliable information.

Assess Department efforts to increase program efficiency and effectiveness by automating, reengineering, or outsourcing operations, as appropriate.

Assess Department efforts to "right-size" overseas missions.

Assess the effectiveness of Department efforts to plan for and meet its human resource needs by recruiting, assigning, and retaining a highly skilled, motivated, diverse and flexible workforce.

Monitor Department efforts to establish and use performance goals and measures and to align resources with goals and performance results; identify and share best practices in performance-based management and recommend improved goals, measures, and planning techniques, as appropriate.

ACCOUNTABILITY		<i>Strategic Goal: The Department and the BBG are free of fraud, waste, abuse and mismanagement.</i>
<p style="text-align: center;">DESIRED OBJECTIVES</p> <p>Department and BBG managers and employees will comply with all applicable laws, regulations and policies.</p> <p>Department and BBG contractors and grantees will comply with applicable contract and grant agreements.</p> <p>Department and BBG managers and employees will adhere to standards of ethical and professional conduct.</p> <p>Areas of vulnerability and opportunities for misconduct, mismanagement, and abuse will be reduced.</p> <p>Allegations of malfeasance and other improprieties will be investigated in a timely and thorough manner.</p>	<p style="text-align: center;">STRATEGIES</p> <p>Identify and address financial malfeasance cases and vulnerabilities and recommend monetary recoveries, where appropriate, including increased collaboration between the Offices of Investigations and Audits.</p> <p>Identify, review and recommend internal control improvements to Department and BBG programs and functions that are vulnerable to misappropriation, loss, or waste of assets, especially cash and cash equivalents.</p> <p>Work with the Department to enforce employee accountability in security matters.</p> <p>Significantly reduce the time it takes to review allegations and conduct routine employee investigations.</p> <p>Expand outreach to employee audiences on standards of conduct and accountability.</p> <p>Promote the OIG hotline and other methods, as appropriate, for Department and BBG employees to report alleged fraud, malfeasance, mismanagement, and other improprieties to OIG.</p>	