



Highlights of [GAO-11-382T](#), a testimony before The Honorable Ileana Ross-Lehtinen, Chairman, House Committee on Foreign Affairs.

Why GAO Did This Study

In 2007 GAO reported on concerns with the independence and effectiveness of the Department of State Inspector General (State OIG). GAO was asked to provide testimony on the issues we raised and the status of recommendations made to the State OIG in that report. This testimony focuses on the importance of auditor and IG independence, GAO's prior concerns with the State OIG's independence and effectiveness, and the status of OIG actions to address GAO's recommendations. The testimony is primarily based on GAO's 2007 report conducted in accordance with generally accepted government auditing standards, as well as the activities conducted to follow up on the status of our previous recommendations.

What GAO Recommended

In the 2007 report, GAO recommended that the IG work with the Secretary of State to address two recommendations regarding concerns about the State OIG's independence, and to reassess the mix of audits and inspections to help provide effective audit coverage of the department. In addition, GAO recommended that the IG include inspections performed by the OIG's Office of Information Technology in its internal quality review process and that it work with the department's Bureau of Diplomatic Security (DS) on an agreement to coordinate their investigative efforts.

View [GAO-11-382T](#) or key components. For more information, contact Susan Ragland, (202) 512-8486, raglands@gao.gov

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STATE DEPARTMENT INSPECTOR GENERAL

Actions to Address Independence and Effectiveness Concerns Are Under Way

What GAO Found

The State Department Office of Inspector General (State OIG) has a critical responsibility in preventing and detecting fraud, waste, abuse, and mismanagement; and in providing independent audits and investigations of the department's programs and operations. In addition, the Foreign Service Act of 1980 requires the State OIG to perform inspections of the department's bureaus and posts, which is a unique requirement for an IG office. Independence is a critical element to the quality and credibility of an IG's work under the IG Act and is fundamental to professional auditing standards as well as an essential element of IG effectiveness. An IG must be independent and free from personal, external, and organizational impairments to independence in order to effectively fulfill the full range of requirements for the office.

GAO's 2007 report identified areas of concern regarding the State OIG's independence and effectiveness. Specifically, the appointment of management and Foreign Service officials to head the State OIG in an acting capacity for extended periods of time is not consistent with professional standards for independence. In addition, GAO reported that the use of Foreign Service officers at the ambassador level to lead OIG inspections resulted in, at a minimum, the appearance of independence impairment. GAO also reported that inspections, by design, are conducted under less in-depth requirements and do not provide the same level of assurance as audits. However, the OIG relied on inspections rather than audits to provide oversight coverage, resulting in gaps to the audit oversight of the department. GAO also reported that inspections performed by the OIG's Office of Information Technology (IT) were not part of an internal quality review process, and that the State OIG and the department's Bureau of Diplomatic Security (DS) lacked an agreement to coordinate their investigative activities.

The State OIG implemented two of GAO's five recommendations and has actions under way related to the remaining three. Specifically, the OIG now includes IT-related inspections in its internal quality-review process and has completed an agreement to coordinate investigations with DS. Also, the OIG is implementing a change to the succession planning for acting IG positions to exclude Foreign Service officers and is in the process of increasing the level of audit coverage through the distribution of staff and audit planning. In addition, the State OIG continues to assign Foreign Service officers at the ambassador level as team leaders for inspections, however, four of the six officers are rehired annuitants unlikely to rotate to State Department Foreign Service positions. GAO remains concerned, however, about the OIG's use of Foreign Service officers and the State Department's need to rely on acting IGs for extended periods of time. GAO continues to reaffirm its recommendations, and encourages the State OIG, with the assistance of the Secretary, to fully address these recommendations to enhance the effectiveness of the OIG's oversight of the State Department's programs and operations.