



Office of Inspector General  
United States Department of State

**Foreign Policy, Interrupted: How Fraud, Waste, and Abuse  
Blunt America's Impact Abroad**

STATEMENT BY

CARDELL K. RICHARDSON, SR.

INSPECTOR GENERAL

BEFORE THE HOUSE FOREIGN AFFAIRS SUBCOMMITTEE  
ON OVERSIGHT AND ACCOUNTABILITY

September 26, 2024

Chairman Mast, Ranking Member Crow, and distinguished Members of the Subcommittee, thank you for holding this hearing today. I appreciate the opportunity to discuss the nature and scope of our oversight mission and highlight some of our recent noteworthy work.

OIG's fundamental mission is to promote economy and efficiency and to prevent and detect waste, fraud, abuse, and mismanagement in the programs and operations of the Department of State (Department). We pursue this mission with multiple oversight and law enforcement tools. OIG inspects embassies and diplomatic posts throughout the world to determine whether policy goals are being achieved and whether the interests of the United States are being represented and advanced effectively. OIG performs specialized security inspections and audits in support of the Department's mission to effectively protect U.S. personnel, facilities, and sensitive information. OIG also audits Department operations and activities to ensure that they are as effective and efficient as possible.

OIG investigates instances of fraud, waste, and mismanagement that may constitute either criminal wrongdoing or violations of Department regulations. In executing our law enforcement mission, we ensure Department employees, contractors, and grantees adhere to laws, regulations, and policies. OIG investigates allegations of criminal, civil, and administrative misconduct, works with the U.S. Department of Justice to prosecute offenders in criminal and civil cases, and provides reports of investigative findings to Department adjudicators in administrative investigations.

In terms of oversight areas, OIG concentrates a substantial portion of its work on U.S. responses to global crises and emerging risks. Often these take the form of complex crises and contingency operations that have triggered whole-of-government responses. In recent years, for example, OIG has surged to provide oversight of the U.S. withdrawal from Afghanistan, including the evacuation of Embassy Kabul, and worked closely with oversight counterparts to ensure comprehensive oversight of the more than \$174 billion in supplemental funding that has been appropriated in response to the war in Ukraine. Most recently, we have been directing oversight toward the Department's response to risks emerging from conflicts in the Middle East.

While the importance of this work is evident, OIG must also maintain a broad and diverse work plan that aims oversight at Department programs and operations related to less newsworthy topics and regions of the world. This includes mandated work that regularly assesses the Department's information security program and routine inspections of diplomatic posts such as Embassy Bangui, Central African Republic. Our audit, inspection, and evaluation work in these and other areas helps ensure that important internal controls are in place and operating as intended; a key factor in preventing and detecting fraud, waste, and abuse early on. Although this work often flies under the radar, we believe it meaningfully impacts the Department and fulfills our core mission. We appreciate the opportunity to highlight some of it here.

### **Mission and Results**

OIG's mandate covers both Department and U.S. Agency for Global Media (USAGM) programs and operations, which include more than 80,000 employees and more than 270 overseas missions and

domestic entities. We also oversee the U.S. Section of the International Boundary and Water Commission, a federal agency that operates under the foreign policy guidance of the Department. In terms of dollars, we are responsible for the oversight of more than \$87 billion in Department, USAGM, and foreign assistance resources.

In pursuit of this mission, OIG provides valuable return on investment through its audits, evaluations, inspections, and investigations. For example, in FY 2023, OIG identified approximately \$244 million in questioned costs and taxpayer funds that could be put to better use, and OIG's criminal, civil, and administrative investigations produced an additional \$13.8 million in monetary results (including fines, restitution, and recoveries). To date in FY 2024, OIG's investigative monetary results have far eclipsed these levels, totaling nearly \$44 million.

Over the past 10 years, OIG has published more than 1,000 reports that have identified more than \$3.4 billion in questioned costs and funds that could be put to better use. During the same period, OIG's work yielded over \$121 million in investigative monetary results. Since October 2014, results of OIG audits, inspections, evaluations, and investigations have averaged approximately \$4 in potential and realized monetary benefits for every dollar spent on OIG oversight.

### **Global Crises and Emerging Risks**

OIG has both oversight and reporting responsibilities for overseas contingency operations (OCO) under 5 U.S.C. Section 419. When an OCO commences, Section 419 activates a "Lead Inspector General" mechanism that requires concerted action by the Department of Defense (DoD) OIG, the U.S. Agency for International Development (USAID) OIG, and Department of State OIG, with one of them designated as the Lead Inspector General. Lead Inspector General responsibilities currently apply to three active OCOs: Operation Inherent Resolve (OIR) to defeat the Islamic State of Iraq and Syria, Operation Atlantic Resolve (OAR) to bolster NATO and support Ukraine after Russia's invasion, and Operation Enduring Sentinel (OES) to contain terrorist threats emanating from Afghanistan and protect the homeland by maintaining pressure on those threats.

#### *Ukraine*

The Ukraine-related activities of the Department of State are a top oversight priority for OIG. Multiple federal agencies are responding to the crisis and OIG is coordinating with offices across the inspector general community. Importantly, this includes the DoD inspector general—who serves as the Lead IG of OAR—and my co-panelist today, the inspector general of USAID. State OIG, in association with the DoD and USAID OIGs, will soon issue the third Joint Strategic Oversight Plan addressing the Ukraine response. It reflects the U.S. government accountability community's ongoing and planned oversight work related to the Ukraine response, as well as OAR.

At State OIG, we are focusing on four leading risk areas for the Department:

- *Strategy and Coordination.* In 2022, we shared oversight observations to inform the Department's Ukraine response, drawing on our past work to flag the strategic challenges it was likely to encounter as well as highlighting effective responses to the same types of

challenges that had been successfully applied elsewhere in the past.<sup>1</sup> We also issued a report detailing the Department's efforts to establish a strategy to guide foreign assistance programs and coordinate these efforts across the U.S. government.<sup>2</sup> Working with USAID OIG, we also reviewed the execution of roles and responsibilities for providing direct financial support to the government of Ukraine.<sup>3</sup> In addition, we are conducting a joint audit with DoD OIG that examines Foreign Military Financing funds provided in response to the invasion of Ukraine. Because the response to Russia's war against Ukraine is not limited to the U.S. government, we have also examined the Department's coordination and engagement with pertinent multilateral institutions like the North Atlantic Treaty Organization, European Union, the Organization for Security and Cooperation in Europe, as well as several United Nations agencies.<sup>4</sup>

- *Establishing Effective Operations.* Managing, coordinating, and supporting a robust response effort in Ukraine requires strong core systems and support. Accordingly, OIG examined a range of key questions related to Embassy Kyiv operations, including those related to security, staffing, facilities, equipment, and emergency planning.<sup>5</sup> We have also inspected other diplomatic posts in the region that provide support to Embassy Kyiv and that play a key role in the wider Ukraine response effort.<sup>6</sup>
- *Monitoring and Evaluation.* U.S. government personnel travel within Ukraine has been restricted because of security conditions, which can affect the quality and extent of monitoring and evaluation for Department-funded programs and activities. In response, we reviewed the Department's end-use monitoring activities in Ukraine,<sup>7</sup> and audited the Bureau of International Security and Nonproliferation's monitoring plans and practices.<sup>8</sup> Additionally, we audited the Department's monitoring and evaluation related to humanitarian assistance programming in and around Ukraine and found the Department awarded assistance without including measurable objectives or corresponding performance indicators, which makes it unable to track progress toward intended program

---

<sup>1</sup> *Information Brief: Oversight Observations to Inform the Department of State Ukraine Response* ([OIG-23-01](#))

<sup>2</sup> *Review of Ukraine Foreign Assistance Coordination and Oversight* ([ISP-I-23-18](#)).

<sup>3</sup> *Information Brief: Ukraine Supplemental Appropriations Act, 2023 Mandated Assessment* ([AUD-MERO-23-10](#)).

<sup>4</sup> *Inspection of the U.S. Mission to the Organization for Security and Cooperation in Europe* ([ISP-I-24-10](#)); *Inspection of the U.S. Mission to International Organizations in Vienna, Austria* ([ISP-I-24-05](#)); *Inspection of the U.S. Mission to the North Atlantic Treaty Organization* ([ISP-I-23-16](#)); and *Inspection of the U.S. Mission to the European Union* ([ISP-I-23-15](#)).

<sup>5</sup> *Review of Embassy Kyiv's Operating Status* ([ISP-S-24-01](#)).

<sup>6</sup> *Inspection of Embassy Bucharest, Romania* ([ISP-I-24-24](#)); *Inspection of Embassy Warsaw and Constituent Post, Poland* ([ISP-I-24-18](#)); *Inspection of Embassy Chisinau, Moldova* ([ISP-I-23-19](#)).

<sup>7</sup> *Review of Department of State End-Use Monitoring in Ukraine* ([ISP-I-24-02](#)).

<sup>8</sup> *Audit of the Bureau of International Security and Nonproliferation Administration of Assistance to Ukraine* ([AUD-GEER-24-14](#)).

results.<sup>9</sup> We also found the Department did not properly assess and mitigate risk related to its voluntary contributions to public international organizations for programming in Ukraine.

- *Anti-Corruption and Counter-Fraud.* Anti-corruption reforms in Ukraine and wider efforts to counter fraud are key to the success of U.S. assistance in Ukraine. OIG is currently conducting an audit of Department anti-corruption programming and activities in Central and Eastern Europe, including Ukraine. In addition, OIG maintains a dedicated Ukrainian- and Russian-language hotline to receive and process allegations of fraud, waste, abuse, and mismanagement affecting Department programs and activities in Ukraine. This hotline is an important source of information that has not only triggered investigative activities but has also formed the basis for audit work to respond to risks and vulnerabilities impacting the Department's Ukraine response. Finally, by establishing memoranda of understanding with anti-corruption authorities in Ukraine, we have set a framework that allows us to share information necessary to advance cases of mutual interest with a connection to U.S.- provided resources.

Our intensive focus on Ukraine has yielded a rapidly expanding body of work. We have issued 36 oversight products with 206 recommendations to improve critical aspects of the Ukraine response. We also have 20 ongoing and planned projects, and the list of our planned Ukraine-related work continues to grow. Our recommendations have triggered some important Department action. For example, because of our work, the Department completed the strategic framework needed to guide U.S. government assistance activities in Ukraine and evaluated the effectiveness of the alternative end-use monitoring practices it has been using in place of in-person monitoring in Ukraine.

### *Afghanistan*

As the primary oversight body for the Department of State, we have long been committed to overseeing Department-led programs and operations in Afghanistan. Since 2008, OIG has maintained a permanent presence at Embassy Kabul, and our personnel were there on the ground conducting oversight until the ordered departure of non-emergency embassy personnel in April 2021. Our commitment to this oversight continues now as the Department maintains limited operations in Doha, Qatar. In fact, we have completed 27 related oversight products since the U.S. military withdrawal in August 2021 and we have seven related ongoing and planned projects.

We first looked at the evacuation of Embassy Kabul in August 2021.<sup>10</sup> We found that while Embassy Kabul complied with applicable emergency planning guidance and took some preparatory actions, it was not fully prepared for the challenges it encountered. Among other things, we found that embassy leadership's concerns that overt evacuation planning would cause panic and undermine support for the Afghan government resulted in unclear communication with embassy personnel about the timing and scope of a potential evacuation. We also found that the embassy did not have

---

<sup>9</sup> *Audit of the Department of State's Humanitarian Response to the Ukraine Crisis* ([AUD-GEER-24-16](#)).

<sup>10</sup> *OIG's Review of the Department of State's Evacuation of U.S. Embassy Kabul, Afghanistan* ([AUD-MERO-23-33](#)).

clearly defined eligibility criteria for the evacuation and used unreliable data regarding the potential number of evacuees. This resulted in a far greater number of people being evacuated than had been anticipated. We further found that, as the evacuation was unfolding, unclear leadership, logistical changes, and communication issues contributed to the chaos around the evacuation at the international airport in Kabul.

An ongoing project that should be published soon relates to the disposition of sensitive security assets at Embassy Kabul. The audit, which addresses the evacuations of both Embassy Kabul and Embassy Kyiv, assesses whether the embassies managed, safeguarded, and disposed of sensitive security assets in advance of the evacuation and suspension of operations at each post in accordance with Department guidance.

OIG has conducted an extensive program of work on the Afghan special immigrant visa program. From June 2020 through July 2024, we issued seven reports, five of which included recommendations to improve the Afghan SIV program.<sup>11</sup> We also have a comprehensive review ongoing that will summarize OIG's past work on the program and draw on previously reported findings and systemic issues to identify key issues with an impact on Afghan SIV applicants remaining in the processing pipeline.

#### *Israel and Gaza*

A relatively new and growing area of focus for OIG relates to oversight of the U.S. response to the conflict in Israel and Gaza. We have an expanding body of audit, inspection, and evaluation work related to events in the region.

For example, we recently issued our inspection of the Bureau of Political-Military Affairs, which provides policy and program oversight of security assistance and military sales to Israel. We also have an ongoing review on Leahy vetting practices in countries in which units receiving security are not identified in advance to determine whether the Department is preventing the flow of this assistance to those who have committed gross violations of human rights. In addition, OIG plans to audit the Department's policies and practices for imposing, enforcing, and evaluating economic and financial sanctions, such as those that have been applied in Israel, West Bank, and Gaza.

Considering the significant concerns and allegations of UN staff having ties to terror groups, we also plan to audit the Department's safeguards against humanitarian assistance funds benefiting terrorist groups, and the effectiveness of its assistance programs in the West Bank and Gaza. OIG is also currently auditing the Department's strategic response to threats posed by Iran-backed groups and examining the security considerations related to embassy facilities in Jerusalem. We will soon

---

<sup>11</sup> See e.g., *FY 2023 NDAA Section 5275 Mandated Review of the Department of State Efforts to Support and Process Afghan Special Immigrant Visa Applicants and Other Afghan Evacuees* ([AUD-GEER-24-28](#)); *Evaluation of Department of State Accounting, Screening, and Vetting of Afghan Evacuees* ([AUD-GEER-24-21](#)); and *Evaluation of Adjustments to the Afghan Special Immigrant Visa Program From 2018 Through 2022* ([AUD-MERO-23-23](#))

issue a classified management alert on the latter and look forward to briefing Members and staff on that work in an appropriate setting.

### **Other Notable Work**

OIG oversight goes beyond the hot button regions noted above, and I would like to highlight some of that now. First, the Department depends on information systems to function, and the security of these systems is vital to protecting national and economic security, public safety, and the flow of commerce. OIG continues to identify significant issues that put the Department's information at risk. For example, our annual audit of the Department's information security program identifies significant concerns that create vulnerabilities to IT-focused attacks that could threaten the Department's critical functions. The FY 2024 audit found, as in previous years, that the Department did not have a fully implemented information security program based on evidence of security weaknesses identified in eight of nine domains, including risk management, supply chain risk management, configuration management, security training, and contingency planning.<sup>12</sup> The information security standards that form the criteria for this audit represent foundational guidelines for managing and reducing cyber risk by protecting networks and data. The Department's persistent inability to comply with those standards creates significant risk.

Another piece of work I will highlight relates to the Bureau of Consular Affairs, the bureau that oversees issuing passports and visas to facilitate travel to and from the U.S. Modern, reliable, and secure IT systems are necessary for fulfilling this part of the Department's core mission, and as a result, the bureau has undertaken a massive effort to modernize and consolidate 90 discrete consular legacy systems into a modern IT framework.<sup>13</sup> However, when we audited this effort, we identified significant concerns with the management of the program and the administration of the contract, deficiencies that make it unlikely that the Department will achieve its aims without taking action to improve.

I would like to highlight the increased risk for waste, fraud, and mismanagement at overseas posts that operate under hardship conditions. This issue is consistently revealed in our inspections work. For example, our inspection of Embassy Baghdad identified an opportunity for the mission to save \$42 million in operating costs by purchasing electricity from the local utility company.<sup>14</sup> Fraud risks to the integrity of visa processes are also a serious concern. The Baghdad inspection found that the embassy did not have in place a fraud prevention strategy, had not conducted visa validation studies to determine whether it was issuing visas appropriately, and had not fully addressed risks of visa malfeasance at Consulate General Erbil.

In another example, OIG recently issued a report on Embassy Bangui, Central African Republic that identified internal control weaknesses that contributed to persistent fraud by locally employed

---

<sup>12</sup> Federal Information Security Modernization Act ([FISMA](#)).

<sup>13</sup> *Audit of the Management and Administration of the Consular Systems Modernization Program* ([AUD-CGI-23-20](#)).

<sup>14</sup> *Inspection of Embassy Baghdad and Constituent Post, Iraq* ([ISP-I-24-06](#)).

staff, including a \$2 million property inventory discrepancy.<sup>15</sup> Embassy Bangui is representative of broader challenges in controlling fraud at similar posts. Embassies that face very high fraud risks are not positioned to address these risks effectively. Lengthy staffing gaps at hardship posts, inexperienced American personnel, and a lack of regional support programs from the Department to detect and deter fraud at high-risk posts contribute to significant challenges in protecting taxpayer funds at these missions.

Another area of vulnerability is overseas construction and maintenance of Department facilities. Our investigations recently uncovered a massive fraud perpetrated by a construction company that was able to obtain over 25 Department contracts worth more than \$125 million. The company's owner lied repeatedly about company ownership and qualifications, construction past performance experience, qualifications and experience of key personnel, and the company's ability to self-perform required work. The scheme was allowed to go on for over a decade through the assistance of a government employee who provided the company with inside information that allowed it to continually obtain contracts. The government employee was convicted of honest services fraud and sentenced to 12 months confinement and a \$500,000 fine. The company owner was convicted on three separate charges and was sentenced to 10 years confinement and fined \$6.5 million. The company was required to pay forfeiture of nearly \$18 million.

I want to discuss the management and oversight of foreign assistance funding, of which the Department is responsible for billions of dollars. One area we have seen as a persistent challenge for the Department is designing and managing programs that properly monitor resources and measure outcomes. Fundamentally, Congress and the American people need to know that their investments in foreign assistance programs are achieving results. In our inspection of the Bureau of International Narcotics and Law Enforcement Affairs, we found that the bureau had weak and missing internal controls related to monitoring, evaluating, and closing out foreign assistance projects.<sup>16</sup> Weak internal controls hindered its ability to effectively plan, manage, and evaluate the results of its programs. This is a significant concern for a bureau with about \$4.5 billion in active projects worldwide.

### **Key Outstanding Recommendations**

One way to evaluate whether the Department is addressing the kinds of deficiencies we have highlighted above is through our compliance process, which tracks and assesses the Department's efforts to implement corrective actions related to formal OIG recommendations issued in our published reports. I would like to highlight an example where we are awaiting Department implementation of a recommendation that we find particularly significant.

In our review of end use monitoring in Ukraine, we found that Department bureaus lacked processes for developing and updating their end-use monitoring (EUM) standard operating

---

<sup>15</sup> *Inspection of Embassy Bangui, Central African Republic (ISP-I-24-22)*.

<sup>16</sup> *Inspection of the Bureau of International Narcotics and Law Enforcement Affairs (ISP-I-23-08)*.

procedures in non-permissive operating conditions. As a result, the bureaus had not issued formal guidance for conducting EUM under the restrictive security and staffing conditions in Ukraine. This left program managers without clear guidance on how to prioritize EUM checks based on risk and created the risk that bureaus could adopt ineffective approaches. Bureaus told OIG they did not update their global standard operating procedures to address non-permissive conditions because they believed that country-specific conditions varied too widely to make such updates practical. As a result, we recommended the Bureau of International Security and Nonproliferation develop and implement new end-use monitoring standard operating procedures, or update existing procedures, for use in non-permissive conditions. We asked the bureau to consult with the Bureau of Political-Military Affairs and the Bureau of International Narcotics and Law Enforcement Affairs and, as practicable, seek to adopt common approaches where there are common items provided for recipients. We believe implementation of this recommendation will play a significant role in bolstering foreign assistance oversight.

### **Resources**

We were fortunate to receive an increase in our base appropriation in FY 2024 and substantial supplemental funding over the past 2 years. Our FY 2025 request is nearly \$108 million, which will allow us to keep pace with training and travel costs, pursue upgrades to support our IT network's resilience against cybersecurity attacks, and maintain a staff presence at Embassy Kyiv.

However, the most pressing challenge we face is the restrictions related to selection and appointment requirements, which add months to the onboarding process for new hires. In the context of our efforts to meet emerging oversight demands, these restrictions not only delay our ability to meet staffing requirements, but also make it difficult to effectively utilize our supplemental funding. To address this challenge and meet the long-term and critical hiring requirements associated with oversight of global crises and emerging risks, we would welcome support for OIG use of selection and appointment flexibilities consistent with direct hire authority.

### **Conclusion**

I am incredibly proud of the work of my State OIG colleagues and the value we provide to the Department, USAGM, Congress, and taxpayers. Team State OIG includes talented, committed professionals dedicated to helping the Department and USAGM successfully accomplish their respective missions. Thank you to my team members for their resilience, ingenuity, integrity, and leadership, and thank you to Chairman Mast, Ranking Member Crow, and distinguished Members of the Subcommittee for your support of State OIG's mission. I take seriously my statutory requirement to keep Congress fully and currently informed, and I appreciate your enduring interest in our work.