

SECTION III:

Other Information



Inspector General's Statement on the Department's Major Management and Performance Challenges

INTRODUCTION

Each year, as required by law,¹ the Office of Inspector General (OIG) for the Department of State (Department) identifies the most serious management and performance challenges facing the Department and briefly assesses the Department's progress in addressing those challenges.

Based on our oversight work performed this year and in the past, research, and independent judgment, OIG concludes that the following are the major management and performance challenges the Department faced in FY 2017:

1. Protection of people and facilities
2. Oversight of contracts, grants, and foreign assistance
3. Information security and management
4. Financial and property management
5. Operating in contingency and critical environments
6. Workforce management
7. Promoting accountability through internal coordination and clear lines of authority

Each of these challenges affects the Department's ability to achieve its substantive mission. In this report, we identify situations in which our oversight work found that the



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Department has addressed these concerns, but we focus primarily on the work that led us to include the challenge in the first place. We also identify some of OIG's specific recommendations associated with these issues.

Three of these challenges—protection of people and facilities; oversight of contracts, grants, and foreign assistance; and information security and management—are largely unchanged from our FY 2016 management challenges report and from our reports on this

topic from the past several years. These issues go to the heart of the Department's programs and operations, and it is likely that these will be crucial challenges for the foreseeable future. Nonetheless, the specific ways that these challenges manifest themselves change over time, and our work in FY 2017 focused on particular aspects of these problems.

Two challenges that we identified in past reports—financial management and managing posts and programs in conflict zones—have been modified. In preceding years, we identified financial management as a key challenge for the Department, and this is still an area where the Department can improve. This year, however, we broaden the challenge to include a wider range of financial issues as well as property management. Our analysis of this issue particularly considers the effect of certain internal control deficiencies—specifically,

¹ The Reports Consolidation Act of 2000, § 3, Pub. L. 106-531 (amending 31 U.S.C. § 3516).