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May 10, 2001

The Honorable Anne M. Sigmund  
Acting Inspector General  
The Department of State  
2201 C Street, NW  
Washington, D.C. 20520-6817

Dear Ms. Sigmund,

Recently I have been made aware of possible financial mismanagement problems at the Organization of Economic Cooperation and Development (OECD). I am writing to request that you look into these problems and prepare a report on your findings.

As Chairman of the Senate Appropriations Subcommittee on Commerce, Justice, State and the Judiciary, I am responsible for appropriations of America's contributions to international organizations, including the OECD. As you know, the United States is a major contributor to the OECD and American taxpayers pay for over 20 percent of the organization's bills each year.

I am deeply concerned that over the past few years the OECD has not produced a single complete financial statement. Serious financial management problems are being reported by the OECD's audit firm and its employees. I am also concerned that even before the financial mismanagement problems are cleared up, the OECD is planning to construct another multi-million dollar building.

This lack of accountability and transparency, which may result in misuse of the American taxpayers' money, is disturbing. I therefore ask you to work with the American mission in the OECD to obtain the essential financial information and assess the magnitude of the problems. Specifically, I would like you to do the following:

1. Obtain the OECD's financial statements for the years 1997, 1998 and 1999, including accounts for voluntary contributions;
2. Obtain its auditors' reports for 1997, 1998, and 1999;
3. Obtain the OECD's cash flow statements and bank statements to support cash balances presented in the financial statements for 1997, 1998 and 1999;
4. Examine the OECD's internal controls needed to maintain the integrity of OECD's operations and identify high risk areas for fraud, waste, abuse, or mismanagement.

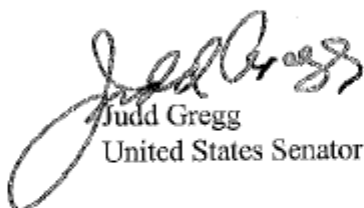
5. Evaluate Arthur Andersen's preliminary report and final report of 1999; and
6. Review the OECD's financial management reform plan and progress on the plan to date.

In addition, I ask that you evaluate the OECD's 2000 audit report once it is released. In particular, I would like your office to focus on how the benchmarks are constructed given that there are no prior complete financial statements.

I believe these are important questions to answer in order to ensure that the American taxpayers' dollars are well used. If the OECD cannot be held accountable to the American taxpayers, Congress will have to reconsider America's contribution to the OECD.

Thank you in advance for your assistance. I look forward to your reply.

Sincerely,



Judd Gregg  
United States Senator