



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

# MONTHLY REPORT OF ACTIVITIES

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*audits, inspections, testimony, and special activities*

**August 2003**

This report describes testimony provided by the Inspector General or other OIG officials and lists OIG reports issued during the period indicated. This report includes unclassified summaries of classified reports; all text in this report is unclassified. Classified reports are not distributed publicly. On occasion, OIG distributes an unclassified version of a classified report; in such a case, this listing also indicates the issued date of the original report. In addition, all major reports, together with OIG investigative activities, are summarized in the Inspector General's semiannual reports to the Congress, which are publicly available every June and December.

## Office of Audits

**International Boundary and Water Commission, United States and Mexico, U.S. Section, Financial Statements, FY 2002 (AUD/FM-03-38)**

Under Office of Inspector General (OIG) direction, an independent external auditor audited the International Boundary and Water Commission's, U.S. Section (USIBWC), Financial Statements as of September 30, 2002, in order to report on whether the financial statements fairly present financial position and results of financial operations in accordance with generally accepted accounting principles, to determine whether USIBWC has an internal control structure that provides reasonable assurance of achieving internal control objectives, and to determine whether USIBWC complied with applicable laws and regulations. USIBWC is charged by a series of treaties between the governments of the United States and Mexico with the application, regulation, and exercise of the provisions of such agreements for the solution of water and boundary problems along the United States and Mexico boundary. For FY 2002, USIBWC reported assets of \$357 million.

OIG issued an unqualified opinion on the USIBWC Principal Financial Statements as of September 30, 2002. The audit did not identify any instances of noncompliance with laws and regulations that were considered necessary for disclosure.

## Office of Inspections

### **Inspection of Embassy Belgrade and Consulate Podgorica, Yugoslavia (ISP-I-03-11)**

Embassy Belgrade has developed good working relations with the Yugoslav government in the two years since diplomatic relations were restored in November 2000. Proactive embassy engagement resulted in Yugoslav cooperation with the International Criminal Tribunal in The Hague, including surrender of former strongman Slobodan Milosevic.

The embassy is functioning effectively despite disruptive reconstruction to repair extensive damage sustained while the chancery was vacant and unguarded. As the pace of construction winds down, administrative practices, particularly in the budget and fiscal and procurement areas, need to be strengthened, irregularities eliminated, and internal controls improved. As Belgrade is once again a well-supplied, livable city, a three-year tour-of-duty policy should replace the current two-year pattern.

Foreign Service national (FSN) morale is high. Those who were kept on salary during the break in diplomatic relations are grateful for U.S. government support. Recently hired FSNs are competent and will benefit from a more structured training plan. The embassy needs to resolve issues flowing from the underreporting of FSN income to the government.

A new consulate in Podgorica was opened in 2002 in space located in a USAID building. Embassy Belgrade has provided strong management support but made important savings in overall costs by agreeing that USAID, under ICASS, will provide administrative support.

### **Inspection of Embassy Oslo, Norway (ISP-I-03-16)**

Embassy Oslo effectively advances the broad U.S. agenda with Norway. Strong substantive engagement in Oslo, coupled with an equally strong Norwegian embassy in Washington, has ensured that political and military cooperation remains firm. The Ambassador's engagement with the leadership of Norway is productive and his public outreach efforts have been very well received. Weak vertical and lateral communication within Embassy Oslo has hindered effectiveness of operations and program development.

Lines of authority for executive decisionmaking are unclear. Mission-wide planning of programs has been inadequate. The DCM has not been sufficiently engaged with internal mission operations. Morale at the mission is low.

Political, economic, public diplomacy, and commercial efforts should be better coordinated. Officers in Embassy Oslo's combined political/economic section have fully integrated political, economic, and global issues portfolios. The section also has provided invaluable coverage of Norway's involvement in conflict mediation efforts, but there should be greater attention to strategic, long-range reporting and analysis. Although the public affairs section manages its core programs well, other mission elements need to make better use of the range of available public diplomacy programs.

Consular operations are improving, and a reconstruction of the section now beginning will improve morale and effectiveness further. Visa adjudication is judicious. Rationalization of staffing within consular operations and the limited use of overtime is required to meet demands on the section.

**Inspection of U.S. Office Pristina, Kosovo (ISP-I-03-17)**

Pristina and most of the rest of Kosovo are calm. The mission's one-year, unaccompanied, tour-of-duty policy does not conform to this reality and should be reviewed. Until tours of duty are lengthened, the Regional Support Center in Frankfurt should provide more regular oversight to U.S. Office Pristina, particularly in the areas of human resources and financial management.

The mission transmits a significant volume of spot reporting on political developments but few analytic pieces. The political/economic section is large and includes several officers who deal with law enforcement and refugee issues. A separate economic section would allow more systematic coverage of economic issues of importance to Kosovo's future and would provide a more manageable span of control for section chiefs.

A hastily assembled compound of 20 cheaply constructed private homes provides sufficient, but inefficient office space and residential quarters for most staff. The fact that the U.S. government must return the structures to their owners in their original condition should be borne in mind before any major new construction, including a projected \$1.8 million for a Marine security guard Post One, is undertaken

**Inspection of Embassy Skopje, Macedonia (ISP-I-03-20)**

Embassy Skopje functioned smoothly during a series of crises, which included ethnic violence and an ordered departure. The embassy helped lead a successful multinational effort to defuse the violence and provided Washington with a large volume of good reports. As stability returns and political and security concerns recede, the embassy should reexamine its programs and activities in light of the other goals identified in its MPP.

The absence of a public affairs officer has hindered effective public diplomacy. Temporary supervisors - 13 in 15 months - kept routine programs going well but could not provide consistent focus on policy goals. Mission coordination is hampered by the dispersal of offices in a half dozen locations around the city of Skopje. Several concerns could be resolved by relocating additional offices to the unclassified annex, which opened in summer 2002.

The embassy is well administered with the exception of property management procedures. It possesses a strong cadre of well-educated FSNs, but major responsibilities are concentrated in the hands of too few senior FSNs with little backup or cross-training. The FSN committee is inactive, and the embassy needs to develop a plan for regular contact with a representative group of FSNs.

**Compliance Follow-up Review of the Inspection of Embassy Abuja and Consulate General Lagos, Nigeria (ISP-C-03-28)**

Embassy Abuja and Consulate General Lagos have turned in a mixed performance in addressing most of the problems contained in OIG's 2002 inspection of the post. For example, compliance in the consular area (almost entirely involving the consular section at Consulate General Lagos) was very good. Only one consular recommendation requiring the mission's action now remains open. Compliance in the administrative area was sufficient to permit OIG to close four recommendations outright and reissue or modify six others. However, the recommendations requiring action by mission management will require more work.

OIG made a net total of 14 compliance follow-up review recommendations. OIG made recommendations to improve supervision and communication between mission management and staff. Other recommendations covered developing a systematic approach to the ongoing transition of the embassy from Lagos to Abuja and rationalizing space use and staffing levels.

**Inspection of Embassy Antananarivo, Madagascar (ISP-I-03-29)**

OIG identified serious physical deficiencies with the chancery, but noted that significant improvements to the current facility would be futile. OIG urged the Bureau of African Affairs to reexamine the priority assigned to this project.

During a year of preelection violence and instability between January and December 2002, Embassy Antananarivo's reporting drew praise from Washington analysts and observers.

The embassy's MPP is a high-quality document for articulating mission policy goals and priorities. All mission elements contributed to the development of the MPP, which clearly defines program activities, but fails to identify support resources needed to implement fully program increases. This oversight results in an administrative section that is unable to satisfy requirements without excessive overtime. Future MPPs should include support requirements as an integral part of the planning process.

**Inspection of Embassy Apia, Samoa (ISP-I-03-30)**

The primary goals of Embassy Apia are to maintain good relations with the small, island-based state of Samoa and to deliver consular services to its inhabitants and visitors. The embassy does both satisfactorily. The embassy's record shows commendable initiative in applying limited program resources to highlight mutual political, economic, commercial, and security interests. Periodic visits, seminars, and other events are symbolic and important but have diverted the embassy from its heavy resource management workload.

With general guidance from the Ambassador in Wellington, the chargé d'affaires in Apia executes policy and consular functions well but struggles against severe infrastructure problems. Embassy Wellington and Consulate General Auckland have provided increasingly effective support. Embassy Apia should expand and rationalize collaboration with Wellington on both program and administrative affairs.

Facing severe limitations in facilities and telecommunications infrastructure, Embassy Apia should establish clear priorities, define standard operating procedures, and sharply define workable management controls, in coordination with Embassy Wellington and the Bangkok Financial Services Center.

**Inspection of Embassy Canberra, Australia, and Constituent Posts (ISP-I-03-31)**

A paramount policy priority for Embassy Canberra and Washington is to maintain the U.S.-Australian alliance, a relationship that has led to highly productive defense, intelligence, and scientific cooperation. High-level exchanges between the two executive branches attest to the mutually felt importance of the relationship. The negotiation of the key

economic issue in bilateral relations - a Free Trade Agreement - is the focus of Washington officials' interest in reporting.

The diplomatic mission's staff is appropriately matched to its goals and relatively stable. The mission should attempt to counter the pressure for increased American staff by relying more on locally hired staff.

The Office of Public Affairs has not been integrated satisfactorily into the Department's structure in Canberra. Daily operations have remained much as before, and it is time to push through the measures required for effective integration. The full range of consular services is provided from the consular base in Sydney, with limited consular services at the embassy and other consulates general. New security requirements after September 11, 2001, have added an additional layer of work. There is concern about how future changes may affect staffing and space requirements.

OIG commends the effort and attention to detail evident in Embassy Canberra's annual statement of assurance regarding internal management controls, required by the Federal Manager's Financial Integrity Act. However, Embassy Canberra can improve its mission-wide oversight of management controls by increasing coordination with the consulates general.

#### **Inspection of Embassy Port of Spain, Trinidad and Tobago (ISP-I-03-39)**

Embassy Port of Spain pursues an extensive agenda in furtherance of U.S. bilateral and regional objectives. However, over the past year, the embassy has been distracted by internal managerial, morale, and communication problems that have overshadowed its program efforts. The embassy now needs to put these problems behind it and focus on achievement of its MPP goals. In part, this will require changes in the embassy leadership's management approach; in part, the problems are a product of recent personnel turmoil and long-standing administrative problems. The embassy needs a more structured approach to address the major substantive issues and report on its activities. The administrative section is grappling well with cleaning up the legacy of past administrative failings. However, the section is overstretched and needs additional Foreign Service national (FSN) positions.

Both the political and public affairs sections require senior-level attention. Because the Bureau of International Narcotics and Law Enforcement Affairs (INL) programs are too large and too complex to be handled by a single person in an already burdened political section, the embassy needs to establish a narcotics affairs section headed by an experienced officer. The public affairs section tends to view itself as quasi-autonomous, contributing to mission goals and activities on its terms, not as a responsive mission element working under the embassy leadership.

With the continuing growth of other agencies' programs and personnel, the present embassy facilities are overstretched, posing major space, security, and safety concerns. For the long term, the embassy, in coordination with the Bureau of Overseas Buildings Operations (OBO), needs to identify a new chancery site. It also has to move promptly in considering midterm steps to ease its most pressing space problems, particularly in the management and consular sections. Management controls are in place, but vulnerabilities exist. The embassy needs funding for new positions to institutionalize and maintain a sound management controls program.

**Inspection of Embassy Vientiane, Laos (ISP-I-03-42)**

At this Special Embassy Program post, the Ambassador and deputy chief of mission (DCM) are providing the required direction to ensure mission priorities are advanced. The Ambassador has properly raised the standards and expectations for embassy operations. Given the difficult operating environment in Vientiane, embassy management must be careful not to place too great a burden on the small staff.

Embassy Vientiane fully supports the U.S. government's Joint Task Force efforts to recover the remains of missing Americans from the Vietnam conflict. The Joint Task Force has made significant progress in reaching a full accounting for those missing in action.

Embassy coordination with the Drug Enforcement Administration's (DEA) office in Udorn, Thailand, supervised through Embassy Bangkok's DEA office, provides additional information on narcotics trafficking from Laos, across the Mekong River, into Thailand. Exchanges should be regularized.

The Laotian government is now willing to provide a no-cost exchange for the U.S. government-owned property, known as Silver City, that the Laotian government has occupied since 1975 and will not vacate. Embassy Vientiane should immediately explore and finalize this exchange.

**Inspection of Embassy Wellington, New Zealand (ISP-I-03-43)**

The U.S. mission in New Zealand generally enjoys strong leadership, a solid relationship with the country's leadership, and the best morale it has seen in years. However, management should be more attentive to employee concerns, notably those of both Department and non-Department FSNs.

During the inspection, Embassy Wellington completed this year's MPP and included a request for another four American positions. OIG found the American staffing level, with the position increases already planned, to be sufficient and encouraged Embassy Wellington to



use locally employed staff to meet its needs for improved front office support and additional expertise in the political/economic, public affairs, and management sections.

Embassy Wellington's administrative operations are highly centralized and effective and efficient. With the full support of the DCM and with talented locally employed staff, the management officer and his team have in recent years significantly improved the embassy's facilities, streamlined routine functions, installed superb telecommunications and inspired local staff to excellence. The embassy's policies correctly encourage the prudent management of resources, and its procedures are logical and practical.

**Compliance Follow-up Review of Embassy Luanda, Angola (ISP-I-03-44)**

This review focused on morale and working conditions at Embassy Luanda. OIG found that morale had improved significantly since its last inspection due to the personal efforts of the new Ambassador and management team. Working conditions at the embassy's Casa Inglesa annex have been improved by upgrading existing space and creating new office space from a former storage area.

OIG also found that Embassy Luanda's new administrative leadership has made progress in overcoming administrative problems. The ICASS council now has a chairperson but still needs to develop and implement standards. The new management officer and general services officer have improved the procurement process since the inspection but need to implement an automated system if improvements are to continue.

## **Office of Security and Intelligence Oversight**

During this reporting period, OIG limited-scope security inspection reports were published for the following embassies: Port of Spain, Trinidad and Tobago; Madrid and Consulate General Barcelona, Spain; and Lisbon and Consulate Ponta Delgada, Portugal. In addition, a full security inspection of Consulate General Hamilton, Bermuda, was conducted.