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United States Department of State
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Report of Inspection

The Bureau of Arms Control

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KEY JUDGMENTS

- The integration of the Arms Control and Disarmament Agency (ACDA) into the Department of State (Department) produced a bureaucratic architecture that does not meet current needs. Performance of the three resultant bureaus - Arms Control (AC), Nonproliferation (NP), and Verification and Compliance (VC) - is impeded by unclear lines of authority, uneven workload, and unproductive competition.
- AC and NP should be merged to address major organizational shortcomings. This merger will enable a smoother, improved policy process and better management. This is likely to result in the reallocation of resources for greater efficiency.
- AC has been a bureau with an evolving - but in many ways, withering - mission. Some AC offices are fully occupied, but many have lost much of their work. This has led to poor morale and underutilization of the bureau's talented and dedicated staff.
- Laudably, AC leadership, offices, and staff have demonstrated flexibility and made efforts to identify new functions. This, however, has resulted in turf battles with other bureaus and unclear lines of authority. A lack of approved Foreign Affairs Manual (FAM) language spelling out the respective responsibilities of AC, NP, and VC has contributed to this tension.
- AC front office principals have a commendable grasp of policy issues but spend too little time on bureau management. Communication within AC is inadequate. Working-level staff members have little sense of the Assistant Secretary's priorities.
- There are a number of shortcomings in staffing and hiring procedures. AC has a number of staff members hired through excepted authority and other special programs. Only two Foreign Service officers now serve in AC Washington-based positions; greater balance is needed and may be helped as vacancies are filled.
- Executive Office support of AC operations has been good. However, AC funds have been used for VC operations, and financial management controls need to improve.

- AC needs to evaluate overseas operations in Vienna (to support the Treaty on Conventional Armed Forces in Europe) and Geneva (to support the Conference on Disarmament) to ensure that mission changes since the Cold War are reflected and that the most cost effective methods of support are employed.

The inspection took place in Washington DC, between May 3 and August 23, 2004. Carey Cavanaugh (team leader), Frances Culpepper (deputy team leader), Richard English, Carolee Heileman, Gwendolyn Llewellyn, Mary Grace McGeehan, Kristene McMinn, and Julia Rouse conducted the inspection.

CONTEXT

The dangers posed by weapons of mass destruction (WMD), particularly nuclear weapons, led to the establishment of ACDA in 1961. ACDA had a mandate to research, monitor, and implement arms control agreements and achieved enormous success. Early accomplishments included a Limited Test Ban Treaty and the Nuclear Nonproliferation Treaty (NPT). Later, ACDA helped spearhead a series of major agreements resulting from the Strategic Arms Limitation Talks and also helped develop the Treaty on the Reduction and Limitation of Strategic Offensive Arms (START), the Treaty on Intermediate Range Nuclear Forces (INF), and the Treaty on Conventional Armed Forces in Europe (CFE). Center stage in many of these efforts was dealing with the nuclear threat posed by the Soviet Union.

Following the end of the Cold War, with the collapse of the Soviet Union and the dissolution of the Warsaw Pact, new opportunities and new challenges emerged. America and her allies faced an increasingly dynamic security agenda and a growing array of threats. The breakup of the Soviet Union raised the specter of a trio of potential proliferations: weapons from its vast nuclear arsenal, scientists from its weapons labs, and conventional arms from depots scattered across regions now marked by conflict. New threats were also posed by a growing number of states and nonstate organizations that possessed or sought WMD. Efforts to maintain America's security appropriately shifted from a focus on curbing the arsenal of our leading adversary to enhancing - via bilateral and multilateral diplomacy - regimes to reduce the increasingly critical risk of proliferation of dangerous weapons and delivery systems around the world. New arms control agreements were declining as a diplomatic instrument; even in Europe, achievement of enhanced security was dependent more on expansion of the North Atlantic Treaty Organization (NATO) and the European Union.

The end of the Cold War also created a new challenge as how to best organize U.S. foreign affairs agencies to address this new geostrategic reality. There was a recognized need for a restructuring that would meet the demands of the times; our foreign affairs apparatus had to function better, faster, more flexibly, and more efficiently. The Foreign Affairs Reform and Restructuring Act of 1998 enabled consolidation and integration of arms control, nonproliferation, and international public diplomacy functions into the Department. Thus in April 1999, ACDA was

abolished and two new Department bureaus, Arms Control (AC) and Nonproliferation (NP), were created. Subsequently in 2000, due to congressional concerns regarding provisions for effective verification and compliance of arms agreements, part of the Bureau of Arms Control became a separate Bureau of Verification and Compliance (VC).

The Office of Inspector General (OIG) began the inspection of all three bureaus on the fifth anniversary of this integration. The intent of OIG's review was not just to examine the performance of the individual bureaus but also to gauge the effectiveness of their interaction and, by extension, the effectiveness of the merger itself. The remaining Department component reporting to the Under Secretary for Arms Control and International Security (T) is the Bureau of Political-Military Affairs (PM). PM also was restructured as part of the ACDA merger and will be inspected in Fall 2004.

Whole is Less Than Sum of its Parts

It is essential to underscore that the sharp observations that immediately follow reflect primarily on the structure of the T family of bureaus and their resultant interactions, and not the individual bureaus themselves nor the engagement and performance of their staffs. OIG's basic assessment is that the T family bureaucratic architecture is wrong. The current structure creates unnecessary burdens for staff, impeding rather than promoting their considerable efforts. They deserve better.

The three bureaus addressed in this inspection are advancing their primary missions in spite of an inefficient bureaucratic structure. NP has made important gains in strengthening international regimes to deter the spread of WMD. NP's efforts to halt Russian plutonium production, dismantle the A.Q. Khan network and strengthen the International Atomic Energy Agency have truly made the world safer. VC has advanced its mandate, promoting the independence and the integrity of the verification and compliance process. AC has provided continued support to U.S. arms control efforts and encouraged missile defense cooperation. In a few areas, the three bureaus have worked together in exemplary fashion. Ensuring that Libya followed through on its December 2003 disarmament commitments on WMD and missiles is a prime example. More typically, however, the performance of the bureaus individually has exceeded their performance as a group. This report will address the structural shortcomings of this - as labeled by many of its staff - "dysfunctional family" of bureaus before turning to analysis of the arms control bureau's operations and performance.

OIG was duly impressed by the caliber, skill, and dedication of the people working in these bureaus. Many of them have made, and continue to make, enormous contributions to advancing the security of the United States. Indeed, in the course of the inspection, several individuals were identified by our interlocutors, and properly so, as “national treasures.” These public servants have put the mission first, meeting difficult challenges and frequently making significant personal sacrifices. Their commitment to our nation is commendable.

More Effective Integration Needed

Although interviews of current personnel suggested that there had been fewer problems with the ACDA integration than had been anticipated and that staff had adjusted well to being Department employees, there was considerable frustration over the resultant “architecture.” Staff in the three bureaus complained about a work atmosphere that could be oppressive, too frequently marked by turf battles and infighting. The result left some employees overburdened while others had little work. The current structure does not advance, as well as it could, the security agenda of the Secretary and the President.

OIG found the current structures in need of reform and more effective integration. Many of the changes in the political and policy landscape that occurred with the fall of the Soviet Union, and other events in the 1990’s, are not fully reflected in the structures that resulted with the dissolution of ACDA. The eventual creation of NP, VC, and AC reflects more mid-1990’s assumptions than today’s realities. Furthermore, several factors that helped drive the present structural configuration of bureaus and offices - accommodating particular personalities and staff desires, not unduly changing staff responsibilities, smoothing the transition to a new institution - are no longer relevant. While understandable at the time, these half steps yielded a grouping of bureaus with an unclear and overlapping distribution of authorities and responsibilities that impedes unnecessarily policy development and implementation.

Today, there is one bureau, AC, that is largely in search of work, another bureau, VC, that could perform better in a different organizational form, and the third, NP, that - having remained center stage following the events of September 11, 2001 - is challenged and overworked. While there have been some valuable modifications in structure and responsibilities following the ACDA integration and the subsequent creation of VC, the basic architecture of these bureaus appears insufficiently flexible to match the changes in the WMD threat and to advance most deftly the various regimes developed to impede that threat. The current

three-bureau structure falls short on three counts. It ineffectively advances policy, is inefficient in managing resources, both staff and money, and debilitates the morale of talented staff.

Integration Aftermath: Impact on Policy Development

While there can be some value to the “creative tension” afforded by competing bureaus, the prevailing view expressed to OIG was that any merit gained here has been far offset by the problems generated by this structure. Many lamented the lack of “bright lines” delineating policy responsibilities between NP and AC, adding that this problem was compounded by VC’s desire to have “a voice on every issue.” The U.S. representative to the Conference on Disarmament now reports to both the AC and NP Assistant Secretaries, as does the Special Negotiator for Fissile Material, complicating guidance and taskings. Several Department bureaus noted the challenge of determining their appropriate interlocutor on key issues within this family of bureaus. “Who has the ball” is widely debated among AC, NP, and VC, with conflicting interpretations of the meaning of treaties, the intent of Congress, or the status of negotiations. There is no agreed FAM language delineating the responsibilities of the three bureaus. The bottom line, as one key T family member articulated it, is, “Who is responsible for doing what has no clarity and no consistency.”

In the policy formulation process, this situation has fostered sloppiness and confusion and invites politicization of issues. Channels of communication are often broken or circumvented, competing memos are presented to Department leadership, and other memos are withdrawn for rework. This architecture and rarified work environment has also led some T staff to become engaged improperly in bureau activities and to assume operational roles that are not typical for the staff of under secretaries in the Department.

The uncertainty within the Department regarding which office or bureau has the authority to speak on specific arms control and nonproliferation issues has spread to other departments of the U.S. government. OIG was told that the Department frequently enters the interagency process with conflicting views, thus reducing its influence. This confusion has even spilled over to foreign governments as they seek to determine which U.S. view is authoritative. Many cited the 2004 Nuclear Nonproliferation Treaty Preparatory Committee (NPT PrepCom) as a prime example of the confusion regarding which element had the lead within the Department. In their view, the U.S. delegation did not function smoothly, either

internally or externally. The Under Secretary for Arms Control and International Security, three Assistant Secretaries, and the Ambassador to the Conference on Disarmament all spoke, with foreign delegations left to fathom as best they could which U.S. policy positions were paramount and who, after the departure of the Under Secretary, was in charge.

Managing People

The primary complaint raised by staff in the three bureaus was not resources, but structure. There is a general belief that the bureaus are well funded and that the total staff assigned to all three should be sufficient to advance U.S. interests. The three bureaus today employ upwards of 352, both Civil Service and Foreign Service. The current structural division, however, leaves NP overworked, VC seeking substantially more staff, and some in AC embarrassed at their light workload. It also yields a top-heavy management structure (fully 35 people, plus four vacant positions, are attached to the three front offices), poor promotion prospects for more junior Civil Service employees, difficulties in attracting Foreign Service employees, and weak overall management. All of these factors, coupled with the policy infighting noted above, have impinged upon staff morale.

Office of Inspector General View: Combine the Bureau of Arms Control and Bureau of Nonproliferation; Redesign Bureau of Verification and Compliance

The structural shortcomings cited above are particularly troublesome in an area of prime importance to the security of the United States. The President has stressed that “the grave threat from nuclear, biological and chemical weapons did not go away with the Cold War,” but “evolved into many separate threats, some of them harder to see and harder to answer.” This evolution of the threat calls for a more dynamic response. While the bureaus work hard to fulfill their primary missions, the continuation of the current AC-NP-VC structure impedes policy formulation and implementation, stifles comprehensive analysis, results in the inefficient use of personnel and resources, and does not best serve the interests of the Department or the U.S. government. A more agile, coherent structure is needed, designed to address better the contemporary security challenges facing the United States. A more realistic design may lead to an improved management structure, enabling better use of Civil and Foreign Service personnel. It may also offer staff greater professional development opportunities.

OIG believes an optimal structure would result from the merging of AC and NP functions and redefining VC as a specialized entity (instead of a bureau), similar to the U.S. Global AIDS Coordinator or the Director of Policy Planning, with direct, independent reporting responsibility to the Secretary. This merger and redefinition should eliminate unnecessary duplication, ensure accountability, improve management, and focus staff more effectively on their primary missions.

A major structural realignment should proceed forthwith, but carefully. Any potential changes in the executive branch should not be seen as a reason to postpone consideration of far-reaching reforms, but as an opportunity. OIG believes the restructuring requires no additional staff or financial resources - indeed, it will likely yield some savings. But any restructuring will demand strong support to overcome bureaucratic inertia and ensure proper leadership.

While OIG is recommending merging of NP and AC functions, OIG is not detailing a precise blueprint for the fusion of offices, restructuring of a new front office, or realignment of portfolios. Such specifics are best done by those working directly on AC-NP-VC issues. Given the significant structure, and resource and personnel issues involved, OIG believes a task force under the auspices of the Under Secretary for Management should use staff and expertise from the office of the Under Secretary for Arms Control and International Security, AC, NP, VC, PM, Director of Policy Planning, the Bureau of Intelligence and Research, the Bureau of Legislative Affairs, the Office of Management Policy, and the Bureau of Human Resources in redesigning these T elements.

Recommendation 1: The Department should establish a task force to craft the merger of the Bureau of Arms Control and the Bureau of Nonproliferation, redesigning their current structure, eliminating unnecessary overlap of functions, and ensuring development of a clear authoritative voice on nonproliferation and arms control policies. (Action: S, in coordination with M and T)

(In reaction to the draft of this report, on August 11, 2004, the Secretary asked the Under Secretary for Management to establish a task force charged with evaluating the current organization of the T family bureaus, making recommendations for necessary changes and preparing an implementation strategy for any structural changes to be ultimately approved by him. The task force held its first meeting on August 25, 2004.)

A new AC-NP bureau would present considerable challenges for span of control, but it is not without precedent. The Bureau of European Affairs and the Office of the Special Advisor for the Newly Independent States were effectively merged in 2001, becoming the Bureau of European and Eurasian Affairs (EUR). Leading this new bureau will require exceptional leadership and management skills. Altering the status of VC will require congressional action because the designation of an Assistant Secretary for Verification and Compliance was Congressionally mandated in 2001. Nevertheless, OIG believes that a different structure would allow VC to focus more effectively on its key mission and enhance its role. (Note: this issue is discussed further in the VC report.)

Implementing the redesign of the T family should follow the inspection of the Bureau of Political-Military Affairs that will take place in Fall 2004. The PM inspection may identify additional concerns that should be addressed as part of this proposed restructuring. An appropriate target timeframe for implementation of bureau, office, and staff changes may be at the beginning of 2005. This timeline also accords well with planning the movement of over 150 AC and VC staff to permanent office space - now scheduled for Spring/Summer 2005.

Note: The following OIG comments on AC, Executive Direction, bureau performance, bureau offices, diplomatic readiness, and management controls reflect AC structure as it existed at the time of the 2004 inspection.

BUREAU OVERVIEW

AC's mission is to develop policy in the areas of conventional, chemical/biological, and nuclear forces; support arms control negotiations; implement existing agreements in these areas; and advise the Secretary on related national security issues such as nuclear testing and missile defense. AC leads efforts to negotiate new arms control agreements and implements a number of existing agreements. The bureau supports the Secretary and the Under Secretary for Arms Control and International Security in their work with other countries to promote strategic stability. AC employees are also assigned to Geneva, Vienna, and The Hague to support U.S. negotiating efforts at the Conference on Disarmament (CD), the Organization for Security and Cooperation in Europe, the Preparatory Commission for the Comprehensive Test-Ban Treaty Organization, and the Organization for the Prohibition of Chemical Weapons. The CD delegation, based in Geneva, also represents the United States at multilateral arms control meetings hosted by the United Nations in New York City.

The Assistant Secretary has also been tasked by the Under Secretary for Arms Control and International Security with advancing U.S. efforts to obtain Article 98 agreements (i.e., bilateral nonsurrender agreements protecting American citizens from the International Criminal Court) from a large group of countries, mainly in Latin America and the Caribbean. This is not part of AC's mandate, and the Assistant Secretary has properly avoided seeking to make this function (which has been assigned to PM on a worldwide basis) an AC responsibility. Furthermore, shortly before the inspection, AC gained new responsibilities for confidence building measures from PM.

At the time of the inspection, AC was authorized 102 positions: 80 Civil Service career positions, nine Foreign Service domestic positions, and 13 Foreign Service overseas positions. During the inspection, eight Civil Service positions and seven Foreign Service domestic positions were vacant. The paucity of Foreign Service officers serving in domestic positions - only two are now assigned to the bureau in Washington and a third in Omaha - has hindered integration and poses a management challenge. The conversion of a number of positions to Foreign Service, and their eventual staffing, will help significantly in this regard. Finally, the bureau is supported by eight military and civilian employees on detail to the Department from other agencies, two employees assigned to the Department under

the Intergovernmental Personnel Act, and two employees who are centrally funded through a student program or the career entry program. The bureau has requested two additional Foreign Service overseas positions (to cover nonproliferation issues in Geneva) for FY 2005.

In 2004, AC's budget was \$39.9 million. Of this, the largest item is \$18.9 million to fund the U.S. contribution to the International Monitoring System program, a network of monitoring sensors administered by the Permanent Technical Secretariat of the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO) that searches for evidence of nuclear explosions. By 2006, the U.S. share of this budget is projected to exceed \$22 million. Most of the increase is due to a projected rise in the International Monitoring System contribution.

In the five years since ACDA's integration, the functions of AC have never been spelled out in the FAM. The bureau has drafted proposed language, but it has not been approved. Among the consequences of the absence of approved FAM language delineating the duties of the former ACDA bureaus (NP and VC do not have cleared FAM language either) is the lack of an authoritative arbiter to resolve turf issues among these bureaus.

BUREAU PERFORMANCE

AC's staff is highly skilled and highly motivated. Bureau employees take justifiable pride in the contributions they have made to global security. Among the employees currently working in the bureau are the principal U.S. negotiator on the Chemical Weapons Convention and several members of the team that negotiated the START treaty. Some AC employees still have opportunities to make this kind of contribution. Chemical weapons experts in the bureau, for example, were instrumental in the recent dismantling of Libya's chemical weapons program. Others in AC, however, have seen their role significantly diminish as U.S. priorities have shifted. These employees are eager to resume making the kind of contributions they have proven themselves capable of, and it is in the Department's interest to take advantage of their talent and dedication.

AC staff members who had worked on nuclear treaties have found their workload diminishing. Gone is the era of large interagency delegations spending months or even years negotiating treaties in Geneva or Vienna. Indeed, the only new nuclear treaty after ACDA's integration, the Moscow Treaty, was a three-page document negotiated by a small group of senior officials. At the same time, the implementation of existing treaties has required less work, as routines had been established or the timelines for implementation provisions (such as the strong inspection regimes established under INF) ran their course. While Congress's 1997 ratification of the Chemical Weapons Convention (CWC) led to an increased workload for the action offices on this issue in both AC and NP, most multilateral arms control fora remain moribund.

AC currently is a bureau with an evolving - but in many ways, withering - mission. The bureau retains considerable negotiating expertise, but this is decidedly underutilized. Bureau officers and staff, starting with the Assistant Secretary, have sought to adapt arms control to the new security environment by seeking new tasks apart from the bureau's traditional role. For example, AC took on a team working on confidence and security building measures (CSBM) from PM, which no longer saw this function as relevant to its mission. CSBMs have become a key issue for the Assistant Secretary. The Assistant Secretary has also become a central player in U.S. efforts to obtain Article 98 agreements. The office that had previously handled the Anti-Ballistic Missile (ABM) Treaty - following U.S. with-

drawal from the treaty - shifted its focus to missile defense, an issue that up until then had not been claimed by a single bureau.

AC's efforts to develop new approaches to arms control is commendable for its initiative, but it has been ad hoc and not reflective of a developed plan to advance policy and use staff resources from the perspective of the Department as a whole. Not surprisingly, it has also led to turf battles with other entities, in particular NP. For example, AC argued that, following nuclear tests by India and Pakistan, the nuclear weapons issue on the subcontinent could best be described as an arms control issue rather than one of nonproliferation. As AC sought and gained a greater role in South Asia, this, along with its increasing role on North Korea, led to frictions with NP.

In summary, AC faces serious organizational problems. Many of the bureau's highly skilled and highly motivated staff members are under worked, creating palpable morale problems. Accretion of new duties has also led to uncertainty over the dividing lines on some issues, particularly missile defense and confidence-building measures. Hiring of new staff has been problematic, not fully following Department practice or reflecting a carefully crafted plan for the future. The scant number of Foreign Service officers (see Executive Office section below) serving in AC needs to be addressed. The bureau has lost a number of young staff members, who apparently see other bureaus and agencies as offering more challenges and better opportunities for advancement.

EXECUTIVE DIRECTION

AC is guided by an Assistant Secretary plus a principal deputy assistant secretary (PDAS) and an acting deputy assistant secretary (DAS). The front office also includes a Senior Executive Service (SES) senior advisor who was until recently the bureau's PDAS, a special assistant, three special advisors, two staff assistants, and two office management specialists (with a third office management specialist position vacant). The front office also includes a press officer and a public diplomacy officer. Total front office staffing is 15.

The leadership of AC is well aware of the slowed pace for the bureau's staff. There has been an effort to reconfigure the bureau and increase its relevance. Positions in offices where workloads have diminished have been transferred to other offices or left unfilled. During the OIG inspection, the Assistant Secretary announced a plan to restructure the bureau. The division of labor between the DAS's, previously between strategic (i.e. nuclear) and nonstrategic issues, would be reconfigured, with one DAS covering treaty implementation and the other covering other policy issues.

AC's Assistant Secretary and the DAS's communicate with office directors regularly. The Assistant Secretary chairs a well-run weekly senior staff meeting, and DAS's meet with office directors twice a week. Bureau staff members consider their DAS's to be well informed on their issues. Nevertheless, communication between the front office and the bureau staff below the office director level is inadequate. AC does not hold bureau-wide staff meetings, so the only information staff members get about bureau priorities comes from office directors' read-outs from senior staff meetings, which vary in frequency and comprehensiveness. There is little awareness at the office level of what the Assistant Secretary is working on, and little sense among bureau staff members of how their work fits into broader bureau or Department goals. Staff members have little idea of what people in other offices in the bureau are doing. This lack of communication has had a negative effect on morale, which was already suffering from the decline in importance of many of the bureau's functions.

Recommendation 2: The Bureau of Arms Control should schedule bureau-wide staff meetings at least quarterly. (Action: AC)

While AC has sought a more relevant policy role, the front office does not pay sufficient attention to day-to-day bureau management. Whereas in many bureaus the PDAS or another DAS takes charge of everyday bureau management, this has not been the norm in AC. The Assistant Secretary, PDAS, and acting DAS spend the bulk of their time on their substantive portfolios, even though these requirements had diminished enormously. (There was a turnover in the PDAS position during the inspection, and this comment refers to bureau management during the tenure of the previous PDAS).

The insufficient attention to management has been compounded by problems in handling some key personnel issues. As discussed further in the Human Resources section, greater effort should be made to taking advantage of underemployed SES staff with AC expertise. Also, the recent recruitment of a new PDAS, and the movement of the incumbent into a new position to handle efforts on the Fissile Material Cutoff Treaty, revealed poor coordination and raised complaints that bureau leadership was bending personnel procedures. The result was taking away much of the portfolio of the Fissile Material Cutoff Coordinator (who is attached to NP) without any discussion of where that individual could make the best contribution. Problems such as this one should not arise once AC and NP functions are merged into one bureau.

The Assistant Secretary is liked and respected by bureau staff. Many believe that he is frustrated by the lack of substantive challenge his position currently presents and that he is not interested in assuming a greater managerial role. A substantial amount of his time is now spent on helping negotiate bilateral force protection agreements with countries in Latin America and the Caribbean. Indeed, he has had considerable success, concluding Article 98 agreements with eight countries. While there is merit to taking advantage of his ability and available time, this activity does not reflect or build upon the core mission of AC. In addition, many believe this activity would be more properly dealt with by PM and its Senior Advisor for Security Negotiations and Agreements or even the Ambassador-at-Large for War Crimes issues.

Staff members of the offices overseen by the acting DAS describe him as accessible and regard him as knowledgeable about their work. Not surprisingly, given that he serves concurrently as special negotiator on chemical and biological weapons, he works more closely with the Office of Chemical and Biological Weapons Conventions than with the other offices he oversees. The Department recognized his deep expertise in this area when he was tapped to lead the Libya effort (this has now devolved to VC), where he made a major contribution,

traveling to the region frequently. Unfortunately, this impacted upon his availability to carry out day-to-day duties in the bureau. At the time of the inspection, a request by AC to appoint the acting DAS permanently to the DAS position was under consideration within the personnel system, and the bureau was planning to fill the slot of special negotiator. Separating the two functions would provide needed continuity in the front office. However, if someone from outside the bureau is hired as special negotiator, this will add yet another senior staff member to the front office.

Relations between AC principals and the leadership of other T bureaus were better than might be expected given the continuing tensions over division of labor. This is attributable in part to the Assistant Secretary's noncombative personal style, and in part to the fact that the front office has fostered a bureaucratic culture in which turf battles are fought at the working level rather than having intractable bureaucratic issues taken to the Assistant Secretary for resolution.

AC takes the Bureau Performance Plan (BPP) process seriously. The bureau's 2006 draft BPP provided a clear overview of the bureau's new priorities in a changing arms control environment. The working-level bureau employee with responsibility for the BPP, who is based in the Office of Conventional Arms Control (AC/CAC), works closely with the Assistant Secretary and attends the bureau's weekly senior staff meetings.

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BUREAU OFFICES

OFFICE OF STRATEGIC NEGOTIATIONS AND IMPLEMENTATION

Substantive Responsibilities

The Office of Strategic Negotiations and Implementation (AC/SNI) has responsibility within the Department for developing U.S. strategic (i.e. nuclear) arms control policy. The office chairs interagency backstopping committees on three treaties between the United States and Russia (as well as, in some cases, several Soviet successor states): START, the Moscow Treaty on Strategic Offensive Reductions, and the INF Treaty. The office provides the Department's representation on the U.S. delegation to the Joint Compliance and Inspection Commission for the START treaty, the Bilateral Implementation Commission of the Moscow Treaty, and the Special Verification Commission for the INF Treaty.

Office Management

AC/SNI includes an SES office director and seven other staff. At the time of the inspection, the office's GS-14 Foreign Affairs officer had been working in the front office as a staff assistant for three years (see below).

From the 1960s to 1980s, negotiation of nuclear arms treaties with the Soviet Union was one of the leading U.S. foreign policy priorities. Accordingly, AC/SNI's predecessor office in ACDA was staffed with top nuclear weapons experts; their high grade levels reflected the importance of their work and the technical expertise it required. Following the fall of the Soviet Union, this office's work receded in importance and intensity. The difference in length between the START Treaty, which is hundreds of pages long, and the Moscow Treaty, which is three pages long, sums up the changing nature of strategic arms control. Although the START Treaty remains in effect until 2009 and the INF Treaty is effective in perpetuity, discussions on implementation of these treaties are not as intensive as they once were. Representatives to the implementing commissions on these treaties now

spend only a few weeks each year negotiating in Geneva, compared to the months-long sessions that were previously the norm. AC/SNI was brought into the Department with few changes in staffing or structure in anticipation of a major negotiating effort on a START III treaty (which did not happen); the office has gradually declined in size by 50 percent.

The diminishing role of nuclear treaties has had an inevitable impact on morale among AC/SNI's staff. Some staff members feel that their skills, in which they take justifiable pride, are being underutilized. In contrast to some other offices in AC where the workload has also diminished, there does not appear to be a logical "next step" for AC/SNI. Correcting the problem of underutilizing of AC/SNI staff is not easy and could best be addressed through an overall restructuring of AC and NP. As with other AC bureau offices, OIG noted communication problems within AC/SNI. Communication and morale in the office might improve somewhat if the office director held regular, weekly staff meetings. On the other hand, OIG notes that the office's morale problems are rooted in the reality of a diminished workload and overall purpose.

As noted above, the incumbent in AC/SNI's GS-14 Foreign Affairs officer position (A0017200) has been working in the front office as a staff assistant for three years. This is an excessive length of time for a temporary detail. This arrangement raises resource management concerns, because it is unlikely that a staff assistant's function would normally be graded so high.

Recommendation 3: The Bureau of Arms Control should terminate the temporary detail of the GS-14 Foreign Affairs officer (position number A0017200) assigned to the front office as a staff assistant and reassign the employee to a position with a grade commensurate with the employee's knowledge, skills, and abilities. (Action: AC)

OFFICE OF THE U.S. REPRESENTATIVE TO THE INTERMEDIATE RANGE NUCLEAR FORCES TREATY, TREATY ON THE REDUCTION AND LIMITATION OF STRATEGIC OFFENSIVE ARMS, AND MOSCOW TREATY COMMISSIONS

Substantive Responsibilities

The U.S. Representative to the INF, START, and Moscow Treaty Commissions heads the U.S. delegations to the Special Verification Commission of the INF Treaty, the Joint Compliance and Inspection Commission of the START Treaty, and the Bilateral Implementation Commission of the Moscow Treaty. These commissions are the chief fora for addressing questions relating to implementation and compliance with the treaties. During the sessions of the commission, which are usually held in Geneva, the U.S. Representative is the chief spokesperson for the United States during meetings with the various treaty parties.

Office Staffing and Management

The U.S. Representative to the INF, START, and Moscow Treaty Commissions is a senior official on detail from the Department of Defense. He is assisted by an advisor, an executive secretary, and an assistant. In recent years, the amount of time that the U.S. Representative and his staff have spent negotiating in Geneva has dropped sharply, from several months a year to only a few weeks. As a result, the U.S. Representative and his staff are underutilized. Though it is possible that the U.S. Representative and his staff would be busier in the event of a change in U.S. policy toward these commissions, the amount of work is not expected to reach past levels. In a restructuring, the issue of whether the U.S. Representative's office should continue to exist as a stand-alone entity at its current staffing level, or be assigned additional negotiating responsibilities, should be reassessed.

OFFICE OF INTERNATIONAL SECURITY NEGOTIATIONS

Substantive Responsibilities

The Office of International Security Negotiations (AC/ISN) develops and implements policy on issues relating to arms control in multilateral fora, including

the CD in Geneva, the UN General Assembly's First Committee on Disarmament and International Security in New York, the UN Disarmament Commission in New York, and the Preparatory Commission for the Comprehensive Nuclear Test Ban Treaty Organization (CTBTO PrepCom) in Vienna.

AC/ISN is responsible for nuclear testing issues, including oversight over the CTBTO PrepCom, which administers the International Monitoring System for nuclear testing. The office is responsible for the arms control and disarmament dimension of multilateral efforts to curb the proliferation of nuclear weapons, playing the lead role within the Department on nuclear disarmament activities pertaining to Article VI of the NPT. AC/ISN also coordinates the Department's efforts in multilateral fora to curb the proliferation of conventional weapons, including small arms and landmines. Outside of the multilateral context PM has the lead on small arms and landmine issues. The office is responsible for managing U.S. participation in the UN Register of Conventional Arms.

AC/ISN's workload depends highly on the level of activity within the multilateral fora it covers. At the time of the inspection, some of these bodies had been largely stagnant for years. The CD has not negotiated an agreement since it completed the CTBT in 1996. The body held talks in 1998 about negotiations on a proposed Fissile Material Cut-Off Treaty, but, despite progress in resolving some disagreements, there was at the time of the inspection no agreement to start negotiations. On July 29, 2004, the U.S. Delegation to the CD announced the completion of two major U.S. policy reviews (each lasting well over one year), and tabled new negotiating proposals on the Fissile Material Cut-Off Treaty and on banning the sale or export of all persistent landmines.

The U.S. Ambassador to the CD reports to AC's Assistant Secretary, but a substantial portion of the Ambassador's day-to-day activities relate to her concurrent duties as Special Representative of the President for the Nonproliferation of Nuclear Weapons, which NP oversees. Stagnation in the UN General Assembly's First Committee led AC's Assistant Secretary to announce in October 2003 that the United States would reconsider its approach to the body if it did not reshape itself into a more effective multilateral forum. The UN General Assembly consequently adopted by consensus a U.S. initiative to reform the first committee. In 2004, as in past years, the UN Disarmament Commission failed even to agree on an agenda.

The United States participates in approximately 95 percent of the activities of the CTBTO PrepCom, as these pertain to the functioning of the International Monitoring System. AC/ISN coordinates the preparation of guidance for the dozen-strong U.S. delegations that attend CTBTO meetings in Vienna three times each year.

Office Management

AC/ISN has a staff of six directed by a Foreign Service officer. The office also employs a part-time scientist. Five positions in the office, including three that had recently been converted from Civil Service to Foreign Service, were vacant at the time of the inspection. Many Civil Service employees in AC are concerned that conversion of senior positions to Foreign Service would further limit their opportunities for career advancement. The office director himself is respected within AC/ISN and within the bureau. One Civil Service officer began a year of training in July 2004. All AC/ISN staff attend various international conferences during a given year.

The office director is one of only three Foreign Service officers working domestically in AC. The office director is respected within AC/ISN and within the bureau, and the staff praised him for keeping them well informed about front office priorities. However, staff members did not always appear to have a clear understanding of their own respective responsibilities. The office director does not hold regular staff meetings, which OIG believes would improve the flow of information within AC/ISN. Unlike other offices in AC, AC/ISN does not have a de facto deputy director. Instead, the office's GS-14 staff members serve as acting deputy director on a rotating basis. This leads to occasional confusion on the part of the AC/ISN staff and other offices as to who is in charge.

AC/ISN's office director and staff have worked creatively to identify ways to revitalize the multilateral arms control fora. The office has made the sensible decision to leave several positions vacant given the overall lack of activity at the UN bodies. Even so, the highly skilled staff members of this office remain underutilized. Merger and structural reform would permit this talent to be tapped, while maintaining the ability to ramp up U.S. efforts in the event there is renewed activity in the Conference on Disarmament. Merging AC and NP functions will also facilitate supporting the Geneva mission and place the CD Ambassador - who currently reports to AC on CD issues and to NP on NPT issues - under a single chain of command.

OFFICE OF STRATEGIC AND THEATER DEFENSES

Substantive Responsibilities

The Office of Strategic and Theater Defenses (AC/DS) provides analysis and policy support on ballistic missile defenses, strategic space arms control matters, and early warning and prelaunch notification. The office coordinates cooperation with other countries regarding missile defense programmatic, policy, and technical issues. AC/DS also runs a public diplomacy program on missile defense. The office has responsibility for policy coordination on the U.S.-Russian Joint Data Exchange Center. However, implementation of the agreement creating the center was stalled at the time of the inspection due to a broader bilateral disagreement over taxes and liabilities.

In the past, AC/DS was the lead office within the Department on the Anti-Ballistic Missile (ABM) treaty. When the United States announced in 2001 its intention to withdraw from the ABM Treaty, this office became engaged in helping finalize the details of the withdrawal. This work was coming to an end at the time of the inspection.

Office Management

The AC/DS staff includes an SES office director, who supervises nine personnel. The management and staff of AC/DS have crafted new roles for themselves, providing Department participation in missile defense cooperation discussions around the world, now possible because of the termination of the ABM Treaty, and in Department of Defense/Intelligence Community military space deliberations about future U.S. roles in space - none of which was being done by other Department bureaus. Public diplomacy has been one focus, and one member of the office received the Secretary's Award for Public Outreach in connection with his public diplomacy work on missile defense in the United States, Asia, and Europe. Nevertheless, the post-ABM transition raises two management concerns. First, it is unclear to OIG whether missile defense and military space policy are issues that would have an entire Department office devoted to them if AC/DS did not have this underutilized staff with related expertise. Second, AC's Office of Regional and Strategic Security (AC/RSS) also has responsibility for some missile defense issues, and the lines between the two offices' responsibilities are somewhat unclear.

According to staff members in both offices, AC/RSS is responsible for missile defense policy development, and AC/DS is responsible for managing missile defense programs. However, there is no agreed understanding among those working on the issue as to what this means in practice. (See also the section on AC/RSS.) With an AC-NP merger, the Department should evaluate the relative priority of missile defense policy, allocate resources accordingly, and aim to locate responsibility and personnel handling this issue within a single office.

OFFICE OF REGIONAL AND STRATEGIC SECURITY

Substantive Responsibilities

AC/RSS is responsible for developing and promoting regional security strategies and policies and for fostering regional cooperation to prevent future conflicts. Its activities include promoting regional strategic nuclear stability and restraint; dialogue with China on strategic issues; dialogue with India and Pakistan on strategic security issues; promoting regional missile defense cooperation; and developing nuclear weapons policy within NATO, including NATO-Russian nuclear confidence-building measures.

At the time of the inspection, AC was acquiring a team of experts on CSBM from PM. This transfer was part of a broader effort to change and expand the role of AC/RSS. Since the early 1990's, the functions of AC/RSS and its predecessor office in ACDA have changed several times. Responsibility for the INF Treaty shifted from AC/RSS's predecessor office in ACDA to the predecessor office of AC/SNI in the early 1990's. At that time, the office began working on cooperative threat reduction and transparency issues with the Russians. After consolidation, responsibility for these issues was assigned to NP, and AC/RSS - then called the Office of Strategic Transition - began dialogues with China and other countries on transparency and strategic issues. More recently, the office has become involved in dialogue on these issues with South Asia and has also gained a role in discussions on North Korea.

Office Management

AC/RSS includes a GS-15 office director and nine other staff, including the four-person CSBM team that was acquired from PM. AC/RSS, with the addition of CSBM work, is now involved in issues that are important to the Assistant Secretary,

and this has had a positive effect on morale. At the time of the inspection, it was premature to judge how well the PM team would be integrated into the work of the office. Nevertheless, there were some management problems surrounding the redefinition of the role for AC/RSS. AC implemented a de facto change in the name of the office before going through the required administrative procedures. There is also shared responsibility for missile defense between AC/DS and AC/RSS. In principle, AC/RSS is responsible for policy development in this area with regional friends and allies, while AC/DS handles programs. In practice, the dividing line is unclear, leading to tensions between the two AC offices. It would be preferable to consolidate this function within a single office.

AC highlighted the acquisition of the CSBM team in its BPP as a key new mission of the bureau. The bureau's effort to adapt to the changing security environment is laudable. However, the transfer of the CSBM team was not part of a fully planned structuring of these responsibilities in the T family. Within AC, responsibility for confidence-building measures is now divided between AC's Office of Conventional Arms Control and AC/RSS. AC/CAC handles confidence-building measures regarding conventional arms in Europe, while AC/RSS handles confidence-building measures regarding nuclear weapons in Europe and conventional and nuclear weapons outside Europe. This distinction is confusing, particularly because it is not reflected in the offices' respective names. Any restructuring of the T bureau will need to weigh carefully how best to address confidence-building measures in the new structure.

AC staff members emphasize that their increasing involvement in South Asia and North Korea has the approval of the Department's leadership, but NP believes that it has the lead in these areas. This has led to unhelpful tensions between AC and NP. Comments to OIG from other elements of the Department suggest that most believe that NP still has primacy on South Asia and North Korea issues.

OFFICE OF CONVENTIONAL ARMS CONTROL

Substantive Responsibilities

AC/CAC negotiates and implements European conventional arms control treaties and agreements including the CFE Treaty, the Treaty on Open Skies, the 1999 Vienna Document on Confidence and Security Building Measures in Europe, and arms control elements of the Dayton Peace Accords. The office is involved in ongoing efforts to negotiate and implement an Adapted Conventional Armed

Forces in Europe treaty. AC/CAC oversees the development of U.S. policy for the international implementing organizations associated with these treaties and agreements, including the CFE Joint Consultative Group, the Open Skies Consultative Commission, the Organization for Security and Cooperation in Europe's Forum for Security Cooperation, and the two Balkan arms control implementation fora, the Sub-Regional Consultative Commission and the Joint Consultative Commission. Eleven people are assigned to this office.

This office's name suggests a broader portfolio than it is assigned. The office handles only those conventional arms control issues that are discussed in European fora. Other offices in AC cover conventional arms issues in other geographic regions. For example, responsibility for work on CSBMs is divided between AC/CAC, which covers CSBMs in Europe only, and AC/RSS. That office, at the time of the inspection, was in the process of integrating a team of CSBM experts just acquired from PM. Following the merger of AC and NP, it would seem logical to consolidate responsibility for CSBMs in a single office.

The longstanding and contentious question of whether AC or EUR should represent the NATO fora on CFE issues was resolved in October 2003 in AC's favor. However, relations between AC and EUR on CFE-related issues remain difficult, often leading to lengthy clearance processes.

Many of the office's action officers serve on a rotating basis as "negotiators" in Vienna. This practice began in the late 1970s (during the talks on Mutually Balanced Force Reductions). For almost 30 years, temporary duty staff has been sent to Vienna for about ten months each year. Under ACDA, there were typically three people in Vienna at any given time. Today, six different staff serve in five-week rotations that typically place two members of AC/CAC in Vienna for 39 weeks each year. These personnel help support U.S. engagement on CFE, the Forum for Security Cooperation and Open Skies. Office staff have welcomed this opportunity and stressed the value the constant rotation offers of providing negotiators in Vienna who are current with Washington positions and experts in Washington with fresh Vienna experience.

There is no evidence that a determination has been made whether covering this responsibility might be better addressed - from a policy and/or financial perspective - by the assignment of permanent staff to Vienna. Department practice is to establish overseas positions to address long-term requirements. The Department incurred approximately \$255,100 in FY 2003 in travel and per diem expenses to fund this travel. This equates to an expense cost (not including salary) of over \$475 each day for each person. Consideration has not been given to

whether the current workload is sufficient to require two such staff or if the task could be effectively covered with one permanent staff member, one permanent staff member with less frequent temporary support, or just one temporary staff member.

Recommendation 4: The Bureau of Arms Control should conduct a cost-benefit analysis to determine whether potential cost savings could be realized by establishing a permanent position at the U.S. Delegation to the Organization for Security and Cooperation in Europe in Vienna instead of the current reliance on multiple temporary duty deployments. (Action: AC)

If the cost-benefit analysis shows that a full-time equivalent position in Vienna would result in considerable savings, and there is no overriding justification for maintaining the current expensive practice, AC and executive office (EX) should work with the Bureau of Human Resources to establish a new Foreign Service position in Vienna and adjust domestic staffing.

Office Management

The office is comprised of experienced, highly skilled professionals who require little day-to-day guidance. Nevertheless, members of the AC/CAC staff noted that they were not well informed about front office priorities or the activities of other bureau offices. OIG informally recommended a regularly scheduled staff meeting to remedy this situation.

AC/CAC's de facto deputy director position has been a senior military officer. There was a short-term vacancy in this position at the time of the inspection, but it has since been filled by another military officer. OIG learned from interviews with AC/CAC staff that the previous incumbent did not perform the management and mentoring functions the Department expects of deputy directors. With the selection of a new Deputy Director, AC leadership needs to ensure that these responsibilities are met.

AC/CAC staff members are highly specialized. OIG informally recommended that the office would benefit from cross training so that all staff members who support negotiations in Vienna would be qualified to participate in international discussions on all topics the office covers.

OFFICE OF CHEMICAL AND BIOLOGICAL WEAPONS CONVENTIONS

Substantive Responsibilities

The Office of Chemical and Biological Weapons Conventions (AC/CB) develops policy on, and provides technical support for, chemical and biological arms control. Most of AC/CB's staff works on the CWC that the United States ratified in 1997. Several staff members provide organizational support, delegation staffing, and Washington backstopping for talks at the Organization for the Prohibition of Chemical Weapons in The Hague. Others are primarily engaged in diplomatic outreach to encourage other countries to become parties to the convention and implement its provisions. Several physical scientists on the office's staff provide technical analysis related to the conventions. The Secretary has delegated AC/CB to operate the U.S. National Authority for implementation of the CWC. AC/CB was involved in the recent successful effort to persuade Libya to abandon its chemical weapons program. The office played a major role in the U.S.-led removal of the Organization for the Prohibition of Chemical Weapons then-Director General on charges of corruption in 2002.

A smaller group within AC/CB works on the Biological Weapons Convention, which entered into force in 1975. The office works closely with the Department's Special Negotiator for Chemical and Biological Arms Control, who at the time of the inspection had also been serving for a year and a half as AC's acting DAS. In the past, the special negotiator and the AC/CB staff members were involved in efforts to negotiate a verification protocol for the convention. The current administration changed policy in this area so AC/CB and the special negotiator now work to generate international support for a work program that would replace the protocol.

Office Management

AC/CB is the largest office in AC with 15 staff members. Employees based at the Harry S Truman building include an SES office director, two de facto deputy office directors, eight mid-level staff members, including Foreign Affairs officers and physical scientists, and an office assistant. Three other members of AC/CB's staff are based at the CWC National Authority Office in Rosslyn, Virginia. AC/CB is a busy office, and none of its staff members appeared to be underutilized. However, in light of the large number of people working on chemical and biologi-

cal weapons issues in AC and other bureaus, a review of the total number of Department employees working on these issues should take place in connection with the proposed merger of the AC and NP functions.

AC/CB's office director is responsible for supervising the office's entire staff, including the National Authority staff members in Rosslyn. The office director is attentive to his staff members, and this has contributed to a collegial, team-oriented office. A weekly team meeting, which included representatives of the Rosslyn office, has facilitated communications between the office director and his subordinates. OIG believes, however, that the delegation of supervisory responsibilities to AC/CB's two deputies would allow for more specific attention to subordinates and would permit the office to better develop and utilize the managerial skills of its two deputies.

BUREAU OF ARMS CONTROL OVERSEAS

In addition to its domestic offices, AC has staff permanently assigned to U.S. missions in Geneva, Vienna, and The Hague, handling arms control and nonproliferation responsibilities. These entities were not inspected by OIG as part of the bureau inspection, as they are normally incorporated into inspections of posts in those capitals. (The U.S. Delegation to the Conference on Disarmament in Geneva was inspected in September 2002. The U.S. Delegation to the Organization for the Prohibition of Chemical Weapons was inspected in May 2004). Nevertheless, views and concerns of staff assigned to these delegations were solicited and have been incorporated into the findings of this report.

The perspective of overseas staff regarding the problems created by the current structure of AC, NP, and VC mirrored those views expressed by Washington-based staff. Significant concerns were raised about policy coordination and taskings, counterproductive infighting among bureaus, operational engagement by some T staff, the lack of a common Department position, and poor handling of personnel matters. The recent NPT PrepCom in New York was also singled out as a prime example of how the current bureau structure was dysfunctional and did not contribute to the effective advancement of policy. Some workload discrepancies between those individuals responsible for handling arms control or nonproliferation issues overseas mirrored those of Washington-based staff.

The CD has been moribund for years, raising questions about the utility of maintaining a significant presence in Geneva. Indeed, the size of the U.S. delegation has diminished substantially in recent years, with the delegation now in place reflective more of the importance of showing political support to this UN process, than any pressing workload. In the 2002 inspection, the lack of work for the U.S. Representative led to an OIG suggestion that this Ambassador could usefully play a broader coordinating and facilitating role on other arms control discussions. This came to pass in late 2003 with the Department's decision to dual-hat the new Ambassador, making her responsible in Geneva both for arms control issues in the CD and nonproliferation issues related to NPT. Geneva-based staff uniformly said this has proven successful and elicited a positive response from foreign delegations. While this approach should make our representative more effective - and decidedly more engaged - it has unfortunately brought her even deeper into the infighting and policy disputes that have divided AC and NP. The recommendation to merge the two bureaus would resolve this situation, placing the Geneva mission to the CD once again under a more clearly defined chain of command.

The addition of NP responsibilities to the U.S. Representative's brief has raised the importance of ensuring that she has proper staff support to advance these issues in Geneva. The delegation's solution was not to draw upon staff already in place at the mission, or to seek expertise from NP, but to bring a staff member from Washington on long-term temporary duty with little background in nonproliferation. Some OIG interlocutors, in Washington and overseas, believed that staff members currently assigned to Geneva were sufficient to address this need and that help from NP was not sought or provided due to the tensions between the bureaus. Indeed, the lack of expertise on the part of the temporary duty staffer led many to believe that this individual's function was more that of a personal "special assistant," than an expert advisor. Costs for this individual are significant and the lack of deep background in nonproliferation matters invites questions about the propriety of the assignment. While the individual may be performing other duties, OIG questions whether there is sufficient basis at such a small mission for the type of support provided by a general "special assistant."

Recommendation 5: The Bureau of Human Resources should determine whether the assignment of an employee on long-term temporary duty to assist the U.S. representative to the Conference on Disarmament is warranted. (Action: DGHR, in coordination with AC and NP)

AC has sought in its BPP two new permanent positions in Geneva to support NP activities. OIG believes the substantive demands the mission will face do not support this request. As described above, with the consolidation of the bureaus, a new assessment should be made as to whether the current delegation can support these requirements as staffed or if one permanent position is required - with possible temporary duty support from Washington-based nonproliferation experts for key periods related to the upcoming NPT Review Committee.

Recommendation 6: The Bureau of Arms Control, in coordination with the Bureau of Nonproliferation, should review the Bureau Performance Plan new position staffing projections for the U.S. Delegation to the Conference on Disarmament and make a new assessment regarding permanent staffing needs in Geneva to support the nonproliferation activities of the delegation to the Conference on Disarmament. (Action: AC, in coordination with NP)

RESOURCE MANAGEMENT

AC has sufficient personnel and funding to support bureau operations. Indeed, as noted above, many operational offices are currently under employed and have been engaged in an effort to obtain additional responsibilities or more meaningful work. Administrative support for AC operations is provided by NP's Executive Office (EX) that supports all four T family bureaus. Although the Department generally refers to this office as NP/EX, for purposes of clarity in our report, this OIG report will refer to this office as EX and confine most findings herein to those that have specific relevance to AC. The separate inspection reports on NP and VC address specific EX issues related to those bureaus.

As stated in the leading recommendation in this report, OIG believes the functions of AC and NP should be merged and that VC should be realigned and redefined as a specialized entity. Such a restructuring will have significant implications for the current EX. Any restructuring will require realignment of EX subsections to limit overlapping responsibilities, enhance coverage, and ensure proper grade structures for unit staff. Restructuring should also facilitate the development of a system that provides better financial management of programs and projects carried out by the bureaus.

Currently, AC funding involves three appropriations as indicated below. Program funds support Washington, DC operations and AC operations in Vienna, The Hague, and Geneva. Foreign operations funds pay U.S. contribution to the Comprehensive Nuclear-Test-Ban Treaty Preparatory Commission for the International Monitoring System.

AC Funding (in thousands)	FY 2003 Actual	FY 2004 Budget	FY 2005 Request
Foreign Ops:			
» International Monitoring System	14,000	18,888	19,000
Diplomatic Programs:			
» American Salaries	9,503	8,997	9,384
» Operations	13,200	11,995	12,649
Representation:			
» Representation Allowances	20	28	27
Total:	36,723	39,908	41,060

AC's facilities are adequate, but scattered throughout the Harry S Truman building. The AC staff moved to temporary quarters several years ago because of a renovation in their permanent office space. Restructuring will again necessitate a fresh look at how and where best to consolidate operations. This will place a premium on effective planning for accommodating staff needs in the move to permanent office space in Spring/Summer 2005.

EXECUTIVE OFFICE

EX was formed from the ACDA Office of Administration and the PM Bureau's EX at the time of the ACDA merger with the Department. It provides administrative support to the four T bureaus; to ensure that all bureaus served by this executive office receive equitable support, all four assistant secretaries sign the executive director's evaluation. The executive director also attends or sends a representative to all bureau front office meetings. Bureau-specialized teams reside in each EX division - human resources (HR), general services office (GSO), and financial management (FM). EX unofficially assumes the title of the bureau serviced for any given purpose.

EX's emphasis on customer service has borne fruit. AC personnel praised the support and performance of EX. All of the EX divisions and front office received very high scores on OIG management questionnaires bureau staff completed. Most complaints raised with OIG reflected frustration with, or nonacceptance of, government-wide personnel regulations.

FINANCIAL MANAGEMENT

The financial management office includes a recently promoted supervisor, six analysts, and an office assistant. Two of the budget analysts focus on AC and VC financial management operations. The division's supervisor periodically discusses the status of AC's funds with the AC Assistant Secretary. The budgeting function for these funds resides in the Budget and General Services division.

AC financial management support rated high on the OIG-administered management operations questionnaire and in interviews with AC representatives. Staff said that the office made improvements in recordkeeping, and OIG observed that documents are kept in good order. Invoices sampled were always signed by contracting officer representatives before they were paid, and travel authorizations and

vouchers sampled were being handled properly. Although support rated well, OIG is concerned, as noted below, that AC has been inequitably charged for more information technology (IT) support than appropriate and further, that AC funds have been used to augment VC operations. Further, AC's spending for Geneva motorpool drivers may be excessive. Finally, unliquidated obligations are not reviewed and resolved regularly.

Bureau of Verification and Compliance Reimbursement Mechanism

VC provides IT support to the serviced bureaus, including helpdesk operations and computer hardware and software. When AC and VC were split in 2000, all of the T-bureau assistant secretaries agreed that each of the T bureaus would reimburse VC \$1 million per year as compensation for IT services and equipment. This reimbursement mechanism has been used instead of including funds directly in VC's budget. OIG's random sampling of AC payments indicate the following AC contributions to VC for computer support:

FY 2004	FY 2003	FY 2002	FY 2001
\$1,000,000	3,350,000	2,000,000	3,000,000

The EX financial management section (EX/FM) stated that flexibility in the \$1 million contribution is necessary if a bureau is short on funding in a particular year or if a bureau has other more important priorities. Bureaus can negotiate with EX and VC on the contribution amounts. OIG believes this mechanism is too flexible and may lead to the improper use of one bureau's funds to support another bureau's operations.

Recommendation 7: After restructuring, the Bureau of Arms Control, in coordination with the Bureau of Nonproliferation, the Bureau of Verification and Compliance, and the Bureau of Resource Management, should reevaluate the reimbursement mechanism for information technology operations, establishing clear written guidelines and procedures. (Action: AC, in coordination with NP, VC, and RM)

EX/FM also believes that using a reimbursable arrangement is more appropriate than including all T bureau IT support costs in VC's budget because it more equitably distributes IT cost savings among the bureaus. If IT support costs

decrease, all of the bureaus, rather than solely VC, benefit. (EX stated that reprogramming IT cost savings from VC to the service bureaus would be too cumbersome.)

Intermingling Bureaus' Funds

AC funds have been used to support VC operations. For example, \$389,797 of FY 2003 AC Diplomatic and Consular Program funds were used to support a VC continuing requirement to fund the Nonproliferation and Arms Control Technology Working Group Support contract. The contracting officer's representative for this contract resides within VC, VC chairs the working group, and VC's 2006 BPP cites chairing this working group as an accomplishment. FY 2002 and earlier AC and VC funds had apparently sometimes been intermingled and used to support the other's operations. In part, this intermingling of funds originated with a failure to effectively separate AC from VC functions at the time the two bureaus split in 2000. Lack of organization in the financial management office at the time may also have contributed. EX took action with RM to reprogram \$389,797 from AC to VC when OIG brought it to their attention.

As discussed in 4 FAM 032 and 4 FAM 080, use of one bureau's allotment to augment another bureau's operations violates Department guidance and may violate federal appropriations law. Although Department bureaus sometimes provide funding to other bureaus in times of need, RM must be notified in order to reprogram funds from one bureau to the other. Additionally, the donating bureau's budget should be reduced and the receiving bureau's budget increased by the amount of the routine transfers. AC and VC budgets do not appear to have been affected by the transfers of funds and possibly program responsibilities. OIG believes that informal funding arrangements between AC and VC make it difficult for other elements of the Department to make effective funding and program decisions. The recommended realignment of these bureaus may help address these problems. Meanwhile the EX element should work with the existing bureaus to identify and redress inappropriate comingling of funds among the T bureaus.

Recommendation 8: The Bureau of Arms Control should identify all payments made in the last fiscal year to support Bureau of Verification and Compliance operations and, in coordination with the Bureau of Resource Management and the Bureau of Verification and Compliance, should ensure that funding for those operations is included in the Bureau of Verification and Compliance, rather than the Bureau of Arms Control allotment and budget request. (Action: AC, in coordination with RM and VC)

Additionally, \$573,000 of FY 2002 AC Diplomatic and Consular Program funds were obligated to renovate VC space. VC asserts that AC funds were appropriately used to renovate VC space because the funds were part of a million dollar fund “reserve” embedded in AC’s budget to be used by any of the T bureaus. Prior to integration, ACDA maintained a reserve for “external arms control research” and awarded funds to divisions during the year based on project proposals. Now these divisions reside in separate bureaus. VC asserts that the million-dollar reserve is now embedded in AC’s budget every year and distributed to the bureaus by an interbureau board (the Research and Evaluation Board) and the Under Secretary. Use of the funds to renovate space does not appear consistent with the T bureaus’ intended use of the reserve. Further, maintenance of a cross-bureau fund reserve of upwards of a million dollars does not appear consistent with Department budgeting, allotment, and performance planning procedures for separate bureaus.

Realignment of these bureaus, consistent with Recommendation 1, will likely affect funding and should provide additional impetus to resolve these questions. To ensure that future funding requests are based on specific activities of the future bureau(s), rather than on prior-year requests or fund reserves, the bureau(s) should develop zero-based budgets applying, at a minimum, to the year the bureaus are reorganized. Zero-based budgeting assumes that no funds are appropriated. Each program or activity is accompanied by a funding estimate, the total of which makes up the bureau’s funding request.

Recommendation 9: The Bureau of Arms Control should develop, in conjunction with the restructuring of the three bureaus in the Office of the Under Secretary for Arms Control and International Security Affairs, a zero-based budget with fund estimates for all programs and activities.
(Action: AC)

Geneva Dedicated Drivers

AC spends approximately \$590,000 per year to have dedicated drivers available in Geneva to support AC delegations. These five AC drivers (in addition to six additional administrative personnel funded by AC) provide support to the overall U.S. Mission Geneva when there are no AC delegations in residence. OIG believes that the dramatically reduced number of arms control delegations visiting Geneva no longer supports so large a fixed overhead cost. The 2002 OIG inspection of the U.S. Delegation to the Conference on Disarmament stated that AC

administrative employees appear to duplicate International Cooperative Administrative Support Services (ICASS) administrative staff and urged the mission to determine whether further downsizing of AC administrative support personnel could produce efficiencies without reducing service. AC spends approximately \$2.6 million per year to support permanent staff in Geneva and arms control delegations.

Recommendation 10: The Bureau of Arms Control, in coordination with the U.S. Mission Geneva, should conduct an analysis of arms control delegations' use of drivers and adjust the Bureau of Arms Control's contribution for cost of drivers to reflect more accurately current usage by arms control delegations. (Action: AC, in coordination with U.S. Mission Geneva)

Prior-Year Unliquidated Obligations

OIG found that large unliquidated AC obligation balances are not regularly reviewed and resolved. Unliquidated obligations are funds set aside on a contract or other purchase order but not yet spent. OIG sampled some of the unliquidated obligation balances and found that a \$125,000 unliquidated obligation remains on reports despite the fact that the obligation was overestimated by about \$114,000. In addition, a \$750,000 obligation established in 2002 to fund Biological Weapons Convention costs was found to have been unpaid. EX made the payment for this obligation when OIG brought it to their attention. AC budget analysts believe that several prior-year unliquidated obligations may apply to military detailees that have not yet been billed by the Department of Defense. However, AC budget analysts have not queried the Department of Defense regarding these older unliquidated obligations. Unfamiliarity with and failure to reconcile these prior-year balances could preclude the bureau's use of those funds.

Recommendation 11: The Bureau of Arms Control should review prior-year unliquidated obligation balances quarterly for bona fide need and deobligate any unnecessary balances. In conducting this review, the Bureau of Arms Control should query contracting or grant officer representatives or other agencies, if applicable, to determine if the unliquidated obligations are still valid. (Action: AC)

GENERAL SERVICES AND BUDGETING

General services and budgeting staff are housed in one division. Budgeting employees develop diplomatic and consular programs financial plans and BPP submissions for AC, as well as NP, VC, and PM. The section supports AC effectively; however, budgeting expertise might be better utilized if it were more closely aligned with the EX/Financial Management division. OIG informally recommended that budget and fund execution staff be collocated.

The general services staff consists of the deputy executive director, one senior general services officer, six mid-level general services officers, and two administrative assistants. The division's mastery of EX's customer service focus is evident in management questionnaires and in staff interviews. The division successfully conducts office moves and oversees renovations. The division's automated process for approving and tracking bureau supply and procurement requests is extremely effective, leaving no chance of losing staff requests. The office is an active participant in the Department's space planning project and is using the Integrated Logistics Management System to process purchase orders electronically. Credit card purchases and cellular phone usage statements are properly reviewed on a monthly basis. Although the section adequately supports the bureaus, deficiencies exist in property management (discussed under management controls), and OIG is concerned about disjointed contract and program management.

Contract and Program Management

Contract and program management within the T family bureaus is disjointed and needs attention. An AC-administered contract was extended for two years, though no work was given to the contractor, and no requirements review was conducted to ensure that the work was still needed. This violates Federal Acquisitions Regulations Part 7.104. Likely contributing to the lack of oversight was the fact that the contract had been originally administered by VC and was established to meet VC requirements totaling \$170,000. There is no central point within AC or EX to coordinate contracts, grants and transfers, and ensure that they are being properly managed. Because no one within EX has contracting authority, all contracts are signed by contracting officers within the Bureau of Administration, Office of Logistics Management, Office of Acquisitions (A/LM/AQM). The general services branch is largely removed from the contracting process. Contracting officer representatives are widely dispersed in AC. Although A/LM/AQM contracting officers sign contracts, they are too overstretched to proactively assist AC contracting officer representatives with contract management. Improved

coordination between contracting officer representatives, contracting officers, program managers, and budget officers is needed and required in Federal Acquisitions Regulations Part 7.103. The financial management division of EX may best host coordination meetings since establishment of part of all contracts must go through that office and the office resides in EX.

Recommendation 12: The Bureau of Arms Control, in coordination with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, should schedule quarterly meetings with program managers, contracting officer representatives, grant officer representatives, contracting officers, and budget officers to discuss the status of contracts, grants, and other obligations including wire transfers. (Action: AC, in coordination with A/LM/AQM)

Recommendation 13: The Bureau of Arms Control, in coordination with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, should conduct a requirements review of all contracts that have not had activity over the last year. (Action: AC, in coordination with A/LM/AQM)

To further improve coordination, OIG informally recommended that EX become more involved in AC contracts and informally recommended that EX's contract listing be updated to accurately reflect all contracts and contracting officer representatives within the AC. Additionally, AC program officers should inform the general services branch of all procurement requests submitted to A/LM/AQM.

HUMAN RESOURCES

The HR division is led by an experienced HR specialist. As with the FM and GSO divisions, HR personnel are assigned to bureau-specific teams. One Foreign Service officer also provides HR support to all Foreign Service officers assigned to the various bureaus. Overall the HR office performs satisfactorily. The office has also worked to update all position descriptions since the ACDA integration and is now nearing the end of this process. OIG notes that career SES employees, without specific portfolios, are underutilized. Additionally, OIG has concerns regarding AC and other T bureaus use of a unique hiring authority.

Need for Better Balance Between Civil Service and Foreign Service Staff

OIG found a lack of balance in Civil Service and Foreign Service personnel employed in AC, NP, and VC. This is mirrored in the T front office that includes not a single Foreign Service officer (FSO) among its dozen staff. AC currently employs only two FSOs - an office director and a front office special assistant among its Washington-based staff. The limited number of Foreign Service staff in these bureaus is an ACDA legacy that has further slowed full integration into the Department. While some AC issues require detailed, technical knowledge, the experience FSOs often have with negotiations, regional affairs, and multilateral diplomacy would seem to be a natural fit and a strong asset.

Of primary concern to OIG was the absence of a strategic plan on how best to use personnel, whether Civil Service or Foreign Service, to meet the current needs of the bureau and the Department. AC's senior management has made only a cursory effort to recruit Foreign Service personnel, seeking them primarily for entry-level support. When a DAS vacancy occurred recently in the bureau, it appears that no consideration was given to the possibility of bringing on board a senior FSO or to the advantages such a candidate might offer.

Like many functional bureaus, AC has not found it easy to recruit FSOs due to assumptions that FSOs are not particularly welcome and that service in AC will not be career enhancing. Consideration should be given to using more FSOs at all levels. This would underscore the potential for career advancement in the bureau. Better use should also be made in FSO recruitment of the prospect of future tours of duty covering bureau issues at missions in Vienna, Geneva, or The Hague.

Recommendation 14: The Bureau of Arms Control, in coordination with the Bureau of Human Resources, should develop and implement a recruitment strategy to achieve optimal balance of Civil Service and Foreign Service personnel. (Action: AC, in coordination with DGHR)

Hiring Process

OIG found that within AC there is a lack of understanding, or acceptance, of the Civil Service hiring process. The realities of the Civil Service hiring process, its grade structure, as well as the need for defined qualifications for positions are not always well understood by senior bureau management. Nevertheless, it is important that management follow proper procedures and regulations.

Unique Hiring Authority

Public Law 87-297, as amended (Section 401 of the Arms Control and Disarmament Act) (22 USC § 2581), gives the Secretary of State authority to appoint employees possessing “special technical expertise” without regard to the usual rules governing appointment in the competitive Civil Service. The Secretary delegated this authority to the Under Secretary for Arms Control and International Security. This authority has been used extensively to staff positions in AC and VC. OIG questioned the use of this authority, particularly when it appeared that it was used to hire generalists without technical expertise. Some of the AC staff members in these positions may have higher grades than is normal for their position categories.

Recommendation 15: The Bureau of Human Resources should conduct an oversight review of Bureau of Arms Control use of the special hiring authority of Public Law 87-297 to ensure that employees hired possess the specialized expertise required by the appointment authority. (Action: DGHR)

Senior Executive Positions

Several career SES officers were removed from their SES positions in 2000 when the Assistant Secretaries they served under were replaced. In some cases, the individuals have highly specialized skills that have made it difficult to place them in other SES positions. The Bureau of Human Resources has been reluctant to force other Department bureaus outside of the T family to accept these officers in vacant SES positions. As a result, these officers are often placed in positions that are not commensurate with their grade or pay. Although this problem exists elsewhere in the Department and other agencies, it is a particular concern to the inspected bureaus. The result is wasting valuable resources, denying upward mobility for lower-graded employees, and impacting overall morale.

MANAGEMENT CONTROLS

Management controls within AC are generally effective. AC financial management controls have improved markedly in recent years, and it now maintains more reliable files for AC obligations. AC funds were sometimes used to support VC operations, however, and still are. OIG found that additional improvements are needed to ensure that obligating documents support all approved payments and to overcome property management deficiencies.

PROPERTY MANAGEMENT

EX maintains nonexpendable property accounting (NEPA) records for the T bureaus in the Department's NEPA system. OIG's cursory review of the AC, VC, and NP property records showed property totaling about \$419,000 that at first could not be located or accounted for, a portion of which represented AC property. During the inspection, EX determined that many inventory items were included in NEPA twice. When ACDA was merged into the Department in 1999, old ACDA records were stored in NEPA for reference purposes and back up if problems occurred while assigning new T bureau inventory bar codes. Despite annually certifying that property records were correct, the duplicate items were never removed from NEPA causing the value of property inventory to be overstated every year by at least \$419,000. EX began correcting property records during the inspection.

EX has not appropriately separated property management responsibilities thereby creating management control weaknesses. In general services, property management responsibilities lie solely on a junior GSO staff person. OIG informally recommended that property management responsibilities including receipt, distribution, and recording be separated.

FINANCIAL MANAGEMENT

EX/FM does not have supporting documentation (including obligating documents and invoices) for AC obligations established prior to FY 2002. Significant

unliquidated obligations remain including about \$1 million FY 2001 contracts for “other services.” Approving payments for items or services without first checking obligating documents expose the section to improper charges and violates 4 FAH-3 H423.5.

Recommendation 16: The Bureau of Arms Control should obtain supporting documentation for all open obligations and establish procedures to ensure that supporting documentation is obtained for obligations and liquidations when established. (Action: AC, in coordination with A and RM)

Liquidations charged to AC allotments with no corresponding obligation are not regularly reviewed and resolved. These charges totaled \$213,680 in FY 2003. By not reviewing these charges, AC runs the risk of being improperly charged for nonbureau purchases or subject to potential fraudulent charges. Not reconciling these charges exacerbates the issue of unliquidated obligations.

Recommendation 17: The Bureau of Arms Control should research all liquidations to fund allotment levels to determine the validity of the payments and reconcile the payments with corresponding acquisition documents quarterly. (Action: AC)

INFORMATION MANAGEMENT AND INFORMATION SECURITY

The Bureau of Verification and Compliance’s Office of Verification Operations provides information management support for the T family. The support includes network management, hardware and software procurement, web site maintenance, help desk operations, and IT contract administration. The IT staff within this office consists of an office director, a deputy director, a document research specialist, 11 IT specialists, and approximately 45 contractors. This staff provides support to approximately 100 employees in AC.

OIG observed effective information management practices in AC. All customers receive an annual information systems security briefing; security briefings are required before access is granted or logons issued to the classified and unclassified systems. OIG found no issues with information systems security during the review

of the secure compartmented information facilities. OIG reviewed a sample of calls from each bureau (AC, NP, and VC) and, based on these samples, OIG observed no preferential treatment.

Information Security

OIG identified deficiencies in the performance of information systems security officer (ISSO) duties. Such deficiencies place the Department at risk for intrusion into Department networks.

OIG identified excessive personal use of government equipment as well as inappropriate software including games and music files on government workstations. During a random search of AC workstations, OIG found games, songs, and many pictures of popular entertainers. As reiterated in the Department Notice dated August 8, 2003 (2003-08-020), 5 FAM 723 allows limited personal use of government equipment without additional cost to the U.S. government.

Recommendation 18: The Bureau of Arms Control should remove unapproved software and files from its workstations. (Action: AC)

The ISSO has management, contractual, financial, and information systems security responsibilities. Much of the responsibility for securing information technology and system assets has been placed with ISSOs. In most instances, these duties are assigned on a collateral basis and are not their primary duties. This procedure lessens the likelihood of successfully fulfilling the requisite ISSO duties.

The ISSO performs undocumented monthly and annual reviews of randomly selected user libraries, reviews of user and system operational practices, as required by 12 FAM 622.1-8, 12 FAM 622.1-14, 12 FAM 632.1-8(c), 12 FAM 632.1-11, and 12 FAM 637.1-9. The ISSO examines the audit logs for invalid access attempts and checks user mailboxes for inappropriate and sensitive material, but no formally documented log shows that the checks take place.

Recommendation 19: The Bureau of Arms Control should document the review of randomly selected libraries, audit logs, and user and operational practices, and implement appropriate security policies and procedures to maintain a viable computer security program. (Action: AC)

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FORMAL RECOMMENDATIONS

Recommendation 1: The Department should establish a task force to craft the merger of the Bureau of Arms Control and the Bureau of Nonproliferation, re-designing their current structure, eliminating unnecessary overlap of functions, and ensuring development of a clear authoritative voice on nonproliferation and arms control policies. (Action: S, in coordination with M and T)

Recommendation 2: The Bureau of Arms Control should schedule bureau-wide staff meetings at least quarterly. (Action: AC)

Recommendation 3: The Bureau of Arms Control should terminate the temporary detail of the GS-14 Foreign Affairs officer (position number A0017200) assigned to the front office as a staff assistant and reassign the employee to a position with a grade commensurate with the employee's knowledge, skills, and abilities. (Action: AC)

Recommendation 4: The Bureau of Arms Control should conduct a cost-benefit analysis to determine whether potential cost savings could be realized by establishing a permanent position at the U.S. Delegation to the Organization for Security and Cooperation in Europe in Vienna instead of the current reliance on multiple temporary duty deployments. (Action: AC)

Recommendation 5: The Bureau of Human Resources should determine whether the assignment of an employee on long-term temporary duty to assist the U.S. representative to the Conference on Disarmament is warranted. (Action: DGHR, in coordination with AC and NP)

Recommendation 6: The Bureau of Arms Control, in coordination with the Bureau of Nonproliferation, should review the Bureau Performance Plan new position staffing projections for the U.S. Delegation to the Conference on Disarmament and make a new assessment regarding permanent staffing needs in Geneva to support the nonproliferation activities of the delegation to the Conference on Disarmament. (Action: AC, in coordination with NP)

Recommendation 7: After restructuring, the Bureau of Arms Control, in coordination with the Bureau of Nonproliferation, the Bureau of Verification and Compliance, and the Bureau of Resource Management, should reevaluate the reimbursement mechanism for information technology operations, establishing clear written guidelines and procedures. (Action: AC, in coordination with NP, VC, and RM)

Recommendation 8: The Bureau of Arms Control should identify all payments made in the last fiscal year to support Bureau of Verification and Compliance operations and, in coordination with the Bureau of Resource Management and the Bureau of Verification and Compliance, should ensure that funding for those operations is included in the Bureau of Verification and Compliance, rather than the Bureau of Arms Control allotment and budget request. (Action: AC, in coordination with RM and VC)

Recommendation 9: The Bureau of Arms Control should develop, in conjunction with the restructuring of the three bureaus in the Office of the Under Secretary for Arms Control and International Security Affairs, a zero-based budget with fund estimates for all programs and activities. (Action: AC)

Recommendation 10: The Bureau of Arms Control, in coordination with the U.S. Mission Geneva, should conduct an analysis of arms control delegations' use of drivers and adjust the Bureau of Arms Control's contribution for cost of drivers to reflect more accurately current usage by arms control delegations. (Action: AC, in coordination with U.S. Mission Geneva)

Recommendation 11: The Bureau of Arms Control should review prior-year unliquidated obligation balances quarterly for bona fide need and deobligate any unnecessary balances. In conducting this review, the Bureau of Arms Control should query contracting or grant officer representatives or other agencies, if applicable, to determine if the unliquidated obligations are still valid. (Action: AC)

Recommendation 12: The Bureau of Arms Control, in coordination with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, should schedule quarterly meetings with program managers, contracting officer representatives, grant officer representatives, contracting officers, and budget officers to discuss the status of contracts, grants, and other obligations including wire transfers. (Action: AC, in coordination with A/LM/AQM)

Recommendation 13: The Bureau of Arms Control, in coordination with the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, should conduct a requirements review of all contracts that have not had activity over the last year. (Action: AC, in coordination with A/LM/AQM)

Recommendation 14: The Bureau of Arms Control, in coordination with the Bureau of Human Resources, should develop and implement a recruitment strategy to achieve optimal balance of Civil Service and Foreign Service personnel. (Action: AC, in coordination with DGHR)

Recommendation 15: The Bureau of Human Resources should conduct an oversight review of Bureau of Arms Control use of the special hiring authority of Public Law 87-297 to ensure that employees hired possess the specialized expertise required by the appointment authority. (Action: DGHR)

Recommendation 16: The Bureau of Arms Control should obtain supporting documentation for all open obligations and establish procedures to ensure that supporting documentation is obtained for obligations and liquidations when established. (Action: AC, in coordination with A and RM)

Recommendation 17: The Bureau of Arms Control should research all liquidations to fund allotment levels to determine the validity of the payments and reconcile the payments with corresponding acquisition documents quarterly. (Action: AC)

Recommendation 18: The Bureau of Arms Control should remove unapproved software and files from its workstations. (Action: AC)

Recommendation 19: The Bureau of Arms Control should document the review of randomly selected libraries, audit logs, and user and operational practices, and implement appropriate security policies and procedures to maintain a viable computer security program. (Action: AC)

INFORMAL RECOMMENDATIONS

Informal recommendations cover operational matters not requiring action by organizations outside the inspected unit and/or the parent regional bureau. Informal recommendations will not be subject to the OIG compliance process. However, any subsequent OIG inspection or on-site compliance review will assess the mission's progress in implementing the informal recommendations.

AC Bureau Offices

AC does not use the transparency, accountability, and good government system to label files, as mandated in 5 FAM 421.

Informal Recommendation 1: The Bureau of Arms Control should establish filing systems in all its offices using TAGS.

Offices in AC do not consistently retire files at the end of the year, as mandated in 5 FAM 433.

Informal Recommendation 2: The Bureau of Arms Control should retire or dispose of all files that are overdue for retirement or disposition and should establish procedures to ensure that offices retire or dispose of files annually.

Many AC staff members were not well informed about the priorities of the front office and the activities of other offices in the bureau. Some staff members were unclear about their respective responsibilities.

Informal Recommendation 3: The Bureau of Arms Control should require all its offices to hold weekly staff meetings.

Staff members in the Office of Conventional Arms Control are highly specialized. As a result, AC sometimes has to send more staff members to negotiate in arms control fora in Vienna than would be required if all of the office's staff members who negotiate in these fora were trained to negotiate on all issues discussed there.

Informal Recommendation 4: The Bureau of Arms Control should provide cross-training to employees of the Office of Conventional Arms Control who participate in negotiations at arms control fora in Vienna in order to ensure that every member of the office staff who negotiates in these fora is qualified to negotiate on all issues discussed there.

Some staff members in AC's Office of Chemical and Biological Weapons Conventions are approving invoices for payment to the Organization for the Prohibition of Chemical Weapons by the Bureau of International Organizations. These staff members have never received training on proper approval procedures.

Informal Recommendation 5: The Bureau of Arms Control should request appropriate training for Office of Biological and Chemical Weapons Conventions officers who approve invoices.

General Services

No central tool exists within AC or EX to ensure proper monitoring of contracts. EX tracks only those contracts used by its office.

Informal Recommendation 6: The Bureau of Arms Control should require the Executive Office to update its contract listing to reflect all contracts within the bureaus as well as names of contracting officer representatives and contracting officers. This list should be made available on a shared directory to allow access by the bureau and budget staff.

EX has not completed standard operating procedures for receipt, management, accountability, and disposal of its property. Procedures should ensure that property management responsibilities are appropriately separated.

Informal Recommendation 7: The Bureau of Arms Control should require the Executive Office to write and distribute written standard operating procedures on property management guidelines.

Reviews of credit card statements are manually processed and kept on a written log.

Informal Recommendation 8: The Bureau of Arms Control should require the Executive Office to develop an electronic spreadsheet to maintain records on credit card statements and make it accessible on a shared directory.

In some cases, the same general services officer handled purchasing and receiving responsibilities for credit card purchases.

Informal Recommendation 9: The Bureau of Arms Control should require the Executive Office to separate purchase and receiving functions for the purchase card.

The general services section reviews and approves its own credit card purchases for payment. Allowing the same person authority to make purchases and approve purchases is a weakness in internal controls.

Informal Recommendation 10: The Bureau of Arms Control should require the Executive Office Resource Management Branch, rather than the General Services Branch, to reconcile general services office and other cardholder purchase lists with bank invoices.

AC pays approximately \$700,000 per year for ICASS services in The Hague, Vienna, and Geneva without ensuring that the charges are appropriate or that the ICASS services are still required.

Informal Recommendation 11: The Bureau of Arms Control should ensure that International Cooperative Administrative Support Services counsel representatives overseas review Bureau of Resource Management, International Cooperative Administrative Support Services, bills before approving the bills for payment.

Budget officers did not have lists of valid contracting officers and contracting officer representatives on-hand and invoices have been approved by unauthorized personnel.

Informal Recommendation 12: The Bureau of Arms Control should establish a list of all valid contracting officers and contracting officer representatives to ensure that invoices are not approved and obligations established by individuals lacking those authorities.

Budget formulation and budget execution employees do not coordinate to discuss spending rates and program changes (such as transferring a program from one bureau to another).

Informal Recommendation 13: The Bureau of Arms Control should require the Executive Office to ensure that budget formulation and budget execution staff coordinate at least quarterly on spending rates and program changes.

Budget formulation and budget execution staff reside in separate offices.

Informal Recommendation 14: The Bureau of Arms Control should collocate Executive Office budget and fund execution functions.

Budget analysts do not keep a list of unused airline tickets to be refunded by the travel agency, which makes it impossible to verify that refunds are received.

Informal Recommendation 15: The Bureau of Arms Control should require the Executive Office to establish procedures to ensure that unused airline tickets provided to the travel agency are tracked and that applicable refunds are received.

Human Resources

Many employees in AC were unfamiliar with Individual Development Plans and other Civil Service career development initiatives.

Informal Recommendation 16: The Bureau of Arms Control should require the Executive Office to develop a bureauwide training program. (Action: AC)

Information Resource Management

lassified information must be protected from inadvertent view. In some offices, display monitor screens face open windows where the blinds are not closed. This does not comply with 12 FAM 633.2-2.

Informal Recommendation 17: The Bureau of Arms Control should send out a reminder to staff that blinds must be closed when viewing information on classified workstations.

AC does not have a written standard operating procedure for the update of software security patches.

Informal Recommendation 18: The Bureau of Arms Control should develop and implement written software security patch update procedures for the bureau's unclassified and classified information systems to ensure that all patches are applied.

The bureau's procedures for employee departures are not followed. Many users do not turn in their ClassNet hard drives.

Informal Recommendation 19: The Bureau of Arms Control should ensure that employees comply with the bureau's policy on returning information technology equipment prior to departure from the bureau.

PRINCIPAL OFFICERS

Assistant Secretary	Stephen G. Rademaker	08/02
Principal Deputy Assistant Secretary	Frank Record	06/04
Acting Deputy Assistant Secretary	Donald Mahley	09/02
Office Directors:		
Office of Conventional Arms Control	Walter E. Dalch	04/99
Office of Chemical and Biological Weapons Conventions	Robert Mikulak	04/99
Office of Strategic and Theater Defenses	David Wollan	04/99
Office of International Security & Negotiations	Robert Luaces	02/03
Office of Regional and Strategic Security	Robert Gromoll	04/99
Office of Strategic Negotiations and Implementation	Richard Davis	04/99
NP/AC/VC/PM Executive Director	Cathleen Lawrence	04/99

ABBREVIATIONS

A	Bureau of Administration
A/LM/AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisition Management
ABM	Anti-Ballistic Missile (Treaty)
AC	Bureau of Arms Control
AC/CAC	Office of Conventional Arms Control
AC/CB	Office of Chemical and Biological Weapons Conventions
AC/DS	Office of Strategic and Theater Defenses
AC/ISN	Office of International Security Negotiations
AC/RSS	Office of Regional and Strategic Security
AC/SNI	Office of Strategic Negotiations and Implementation
ACDA	Arms Control and Disarmament Agency
BPP	Bureau Performance Plan
CD	Conference on Disarmament
CFE	Treaty on Conventional Armed Forces in Europe
CSBM	Confidence and Security Building Measures
CTBTO	Comprehensive Nuclear-Test-Ban Treaty Organization
CWC	Chemical Weapons Convention
DAS	Deputy assistant secretary
Department	Department of State
EUR	Bureau of European and Eurasian Affairs
EX	Executive Office (supporting NP, AC, VC, and PM)
FM	Financial Management

FSO	Foreign Service officer
GSO	General Services Office
HR	Human Resources
ICASS	International Cooperative Administrative Support Services
INF	Intermediate Range Nuclear Forces Treaty
ISSO	Information systems security officer
IT	Information technology
M	Under Secretary for Management
NATO	North Atlantic Treaty Organization
NEPA	Nonexpendable property accounting
NP	Bureau of Nonproliferation
NPT	Nuclear Nonproliferation Treaty
OIG	Office of Inspector General
PDAS	Principal deputy assistant secretary
PM	Bureau of Political-Military Affairs
S	The Office of the Secretary of State
SES	Senior Executive Service
START	Treaty on the Reduction and Limitation of Strategic Offensive Arms
T	Under Secretary for Arms Control and International Security
VC	Bureau of Verification and Compliance
WMD	Weapons of Mass Destruction

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