

~~SENSITIVE BUT UNCLASSIFIED~~

United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General

Report of Inspection

Embassy Cairo and American Presence Post in Alexandria, Egypt

Report Number ISP-I-05-04A, February 2005

~~IMPORTANT NOTICE~~

~~This report is intended solely for the official use of the Department of State or the Broadcasting Board of Governors, or any agency or organization receiving a copy directly from the Office of Inspector General. No secondary distribution may be made, in whole or in part, outside the Department of State or the Broadcasting Board of Governors, by them or by other agencies or organizations, without prior authorization by the Inspector General. Public availability of the document will be determined by the Inspector General under the U.S. Code, 5 U.S.C. 552. Improper disclosure of this report may result in criminal, civil, or administrative penalties.~~

~~SENSITIVE BUT UNCLASSIFIED~~

TABLE OF CONTENTS

KEY JUDGMENTS	1
CONTEXT	3
EXECUTIVE DIRECTION	5
POLICY AND PROGRAM IMPLEMENTATION	9
Economic Political Section	9
Public Diplomacy	16
Consular Affairs	27
RESOURCE MANAGEMENT	35
Rightsizing	35
Administrative Operations	35
Human Resources	36
General Services	44
Financial Management Center	47
International Cooperative Administrative Support Services	50
Information Management and Information Systems Security	50
QUALITY OF LIFE	57
Community Liaison Office	57
Health Unit	57
Schools	59
MANAGEMENT CONTROLS	61
Chief of Mission Certification	61
Contract Management	61
Official Residence Expenses	63
Facilities Maintenance Supplies	64
Motor Vehicle Management	65
Consular Operations	65
American Employees Cooperative and Welfare Association	66

FORMAL RECOMMENDATIONS	69
INFORMAL RECOMMENDATIONS	75
PRINCIPAL OFFICIALS	83
ABBREVIATIONS	85

- Recent setbacks in the Middle East peace process, long the cornerstone of the U.S.-Egypt relationship, have lessened the importance of this issue to day-to-day relations, but Egypt remains a key partner. Ties have deepened in other areas, including cooperation on Iraq and Sudan. Political and economic reform in Egypt are U.S. priorities, and business opportunities are growing.
- Embassy Cairo is one of the largest U.S. missions. With nearly 2000 employees, the embassy administers a \$22 million budget and one of the U.S.'s largest bilateral assistance programs. In addition to the Department of State (Department), eight government agencies are represented at the embassy.
- The embassy is led by a strong Ambassador and deputy chief of mission (DCM). Together, they are effectively overseeing the complex and important U.S.-Egypt relationship and managing this enormous enterprise. The embassy excels at policy advocacy, reporting, and support for a steady stream of high-level visitors.
- Reaching out to the Egyptian public is one of Embassy Cairo's most important priorities - and one of its most daunting challenges. A recent study found that only six percent of Egyptians view the United States favorably. To address these attitudes, the Ambassador spends a great deal of time traveling around Egypt and meeting with Egyptian leaders. This outreach, coupled with the embassy's effective public affairs programs, help put the American viewpoint before the Egyptian people, but more needs to be done. Public diplomacy by other embassy officers, the development of American Corners, and increased access for Radio Sawa could dramatically expand the audience receiving our message.
- Members of the mission staff spend too much of their time engaged in internal bureaucratic procedures and supporting the Ambassador's activities. Greater efforts must be made to provide them with opportunities to travel and develop contacts, which would benefit reporting and diplomatic outreach.

- Embassy Cairo's nonimmigrant visa (NIV) section had a significant backlog, caused by increased security requirements and the temporary assignment of several consular officers to Iraq. In September 2004, the waiting period for a tourist visa interview was 100 days, but it dropped to 70 by November. The backlog may decrease once the section is fully staffed. If not, the section must develop new strategies to expedite visa processing.
- Administrative operations at Embassy Cairo present a decidedly mixed picture. While management functions overall received good scores from embassy personnel, there were serious weaknesses in management controls and in the human resources (HR) section.
- Embassy Cairo and the U.S. Agency for International Development (USAID) have taken a significant step forward in establishing a viable shared services program. Warehouse operations are now managed by the embassy general services office (GSO). Additional service areas under consideration include residential leasing and motor pool operations.
- The recent redesignation of the former American Cultural Center in Alexandria as an American presence post (APP) will allow the mission to increase its reporting on developments in the Nile Delta. To ensure a smooth transition, the embassy will need to reprogram several positions and to spell out clearly the embassy's and APP's respective responsibilities.
- Structural renovations are needed in several areas - the consular section, information program center, and the information resource center - to ensure effective operations, maintain systems, and improve security.

The inspection took place in Washington, DC, between September 17 and October 1, 2004, in Cairo, Egypt, between October 5 and November 17, 2004, and in Alexandria, Egypt, October 27 and 28, 2004. Ambassador Carey Cavanaugh (team leader), Richard Baca (deputy team leader), Bernard Alter, Alan Berenson, Maria Cunningham, Renee Francis, Marjorie Lynch, Mary Grace McGeehan, Vandana Patel, and Michelle Wood conducted the inspection.



The U.S.-Egypt relationship is crucial for both countries. Embassy Cairo's strategic goals include achieving regional peace in partnership with this key ally, supporting political and economic reform, and enhancing public understanding of the United States. With officials in Washington focused on Iraq, Embassy Cairo does not receive as much day-to-day guidance as it did in the past. It is especially vital, therefore, to have a strong team of seasoned officials leading the embassy.

Since Egypt and Israel signed the U.S.-brokered Camp David accords in 1978, the search for peace in the Middle East has been the cornerstone of the U.S.-Egypt partnership. Recent setbacks have made the peace process less central to the day-to-day relationship, but Egypt would remain a key U.S. partner in implementing an eventual Mideast peace settlement. Meanwhile, ties have deepened in other areas. Egypt supports U.S. efforts in Iraq, is a strong partner in the war against terrorism, and is a leading U.S. ally in efforts to bring peace to Sudan. Egypt, regarded by many as the preeminent nation in the Arab world, is an important diplomatic player on the world stage. The importance of shipping through the Suez Canal further ensures long-term U.S. strategic and commercial interest.

The U.S. also favors political and economic reform in Egypt to advance stability and peace in the region. President Hosni Mubarak, who has led the country since the 1981 assassination of President Anwar Sadat, has a strong hold on power, allowing only limited political participation by opposition groups. The government has a strong security apparatus aimed primarily at countering threats from extremist Islamist groups and a troubling human rights record. Despite Mubarak's age (76), he is likely to seek, and win, another term in 2005. Egypt's current statist economic policies inhibit economic growth. Despite large U.S. investments in the petroleum sector, persistent weaknesses in the business environment keep the level

of U.S. and other foreign investment well below Egypt's potential. A recent cabinet reshuffle elevated reform-oriented technocrats to key economic posts, including the premiership. The United States is pressing for reform via strong bilateral engagement and through the Middle East Partnership Initiative.

Engagement with the Muslim world is a cornerstone of current U.S. public diplomacy. Egypt, as the cultural capital of the Middle East, is central to this effort. Despite strong bilateral ties, Egyptians - like most people in the Middle East - are highly critical of key areas of current U.S. policy. According to a U.S. government study, only six percent of Egyptians surveyed in 2002 had a favorable view of America. Changing these perceptions will be a Herculean task, and quick results are not likely. Nevertheless, a high-profile American presence can enhance Egyptians' understanding of - if not support for - U.S. policies.

Embassy Cairo is one of the largest U.S. embassies, with a staff of 1900, including over 500 Americans. Eight agencies other than the Department have representatives in Cairo. Embassy Cairo's large size is appropriate given the importance and scope of U.S. interests in Egypt. The embassy's budgetary resources amount to \$22 million. The U.S. has provided over \$25 billion in economic and development assistance to Egypt since 1975 and provides approximately \$1.3 billion per year in military aid. Embassy Cairo is home to a number of officials with regional responsibilities. Unlike many other missions of its size in other regional bureaus, Embassy Cairo has not developed into a major regional hub, and the Bureau of Near Eastern Affairs (NEA) does not plan a significant increase in its regional role. The U.S. Mission also includes a small APP in Alexandria, Egypt's second-largest city.

Maintaining effective communication and operations at an embassy of this size is a daunting challenge. This was long the dominant mission for NEA, with American and local staffing numbers which put it on par with U.S. diplomatic operations in London, Moscow, or Beijing. The policy importance of Egypt matches the physical size of the embassy, with frequent visits by the most senior U.S. officials to Egypt and by their counterparts to the United States. Nevertheless, Washington's attention has recently diminished because of the current situation in Iraq and the growth of the new embassy there.

The Ambassador and DCM have properly divided their responsibilities, with a clear delineation to all staff regarding which of them is responsible for what. The front office works smoothly, drawing upon substantial office management specialist (OMS) talent, a staff assistant, and a protocol assistant. The Ambassador and DCM complement one another well, even though they have distinctly different personality types. All front office staff worked together well.

The Ambassador is effectively advancing the full panoply of American interests in Egypt via close, constant engagement with the government, military, businessmen, and other key leaders. His depth of experience in this region - gained in Department and National Security Council positions responsible for the Middle East, as well as previous service as chargé d'affaires in Saudi Arabia - have been an incalculable asset. He is able to move in Egyptian society smoothly, with authority and great respect. Most importantly, he is not afraid to deliver tough messages. These attributes are essential given the centrality of Egypt to advancing peace in the Middle East, assisting reconstruction efforts in Iraq, and changing anti-American attitudes on the "Arab Street."

As the peace process has slowed, the Ambassador has made his personal outreach a top priority. Egypt presents a hard target, with the overwhelming majority of public opinion opposed - and frequently hostile - to American policy positions in the region. The Ambassador has not shirked from this challenge but worked hard with his staff to craft a full-range of public activities in Cairo and across Egypt tailored to present a comprehensive message. While it may be hard to change hearts and minds on the street, in the bazaar, or even in the ministries, the Ambassador has made certain that American views get an airing and that our substantial political and economic support for Egypt are recognized.

The Ambassador received exceptionally strong scores on personal questionnaires prepared by American staff. Engagement and drive, vision, and goal setting, as well as judgment and decisiveness, were singled out as his greatest strengths. Interviews with staff underscored the substantial respect he has earned and their preparedness to support him. The American staff regard him as a strong, effective leader. His actions make clear that he is representing not just the Department but all U.S. agencies in Egypt.

The DCM has the full confidence of the Ambassador and serves, when necessary, as his alter ego. His focus is internal management, which in Cairo is virtually all-consuming. This is an enormous place, with an extraordinary number of things to coordinate among an extraordinary number of people. The DCM's workday is primarily spent shepherding an almost endless stream of meetings and paper. To his credit, he has made it work. Embassy staff are confident that papers sent to him are read, issues resolved, and problems, when necessary, passed upward. Staff emphasized that he is constantly available - by phone or in person - to handle fast-breaking items or more personal problems.

The DCM also received exceptionally strong scores on personal questionnaires prepared by American staff. On engagement and drive, he received one of the highest marks the Office of Inspector General (OIG) has seen. Problem solving, clarity, fairness, and awareness were rated particularly high.

The DCM has seriously embraced his mentoring responsibilities for junior/entry-level staff members, with one officer describing him as a "phenomenal" mentor. He has individual lunches with each first and second tour officer and holds monthly brown-bag lunches that have focused on themes ranging from Iraq and U.S. military assistance to Egypt to bidding and the recent entry-level officer conference in New Delhi. The embassy's care and support in this area extend beyond its boundaries: Cairo hosted an entry-level officer conference last year and will host a major gathering of OMSs in February 2005. Finally, the front office has been very supportive of staff - in particular entry-level members - who have volunteered for service in Iraq, despite the burdens that this has placed on embassy operations.

Leading a mission of this size has necessitated a level of bureaucratic procedures that is uncommon. Meetings become constant; the embassy correspondence handbook demands formats not unlike those used by the Secretary's executive secretariat, and the economic political section often functions like the front office's executive section. Incoming memos to the front office are logged and tracked, making it possible to determine at any point where a given issue is in the decision making/support process. This system is functioning well. Unfortunately, it does so

at an appreciable cost. Many officers and staff are focused more on internal meetings with other Americans and writing for other American embassy staff, than on preparing reports for Washington, developing contacts, and gaining a greater understanding of Egypt. While much of this may be a “necessary evil,” as one staff member recounted, efforts should be made wherever possible to make this bureaucracy less onerous.

The Ambassador spends a lot of time meeting with Egyptian leaders, traveling within Egypt, and engaging in public outreach, but the rest of the embassy does much less of this type of work due to the situation described above. This has detracted from the embassy’s ability to more fully report on political and economic developments and engage with Egyptian society, both key mission priorities.

Recommendation 1: Embassy Cairo should design and implement a program, under the leadership of the deputy chief of mission, to ensure that officers from the Department and other mission elements increase the amount of time they spend traveling, engaging in contact work, and conducting public outreach. (Action: Embassy Cairo)

Despite the exceptionally high marks that both the Ambassador and DCM received from American staff, a trend was evident for both that shows an area for possible improvement. For each officer, the lowest scores - though still far above the average mark for recently evaluated ambassadors and DCMs - were for allowing dissent and feedback. As it is evident below, the front office needs to pay attention to administrative operations.

Two front office shortcomings emerged repeatedly during the course of the inspection. First, the need for greater “management by walking around.” This is no surprise at an embassy this large and complex, with staff scattered among the floors of two large office buildings downtown and in a dozen other venues across Cairo. Nevertheless, this is no excuse for not making time to be a more visible presence across the embassy. Given the division of responsibility in the front office, this task would normally fall to the DCM, but embassy operations would benefit from a more visible presence by both.

Similarly, there has been a disconnect between the front office and locally employed staff (LES). This resulted, in part, from the basic collapse of the embassy’s LES committee and the resultant lack of a recognized voice to advocate their issues. This was further exacerbated by a shortage of LES community meetings by the Ambassador or DCM. (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2) This would also set an
important example for other American supervisors in managing their sections.

POLICY AND PROGRAM IMPLEMENTATION

ECONOMIC POLITICAL SECTION

Embassy Cairo has a combined economic and political section (ECPO). The ECPO leadership includes an OC-level section head and an FS-01 level deputy. Both jobs are interfunctional, with the section head focusing primarily on political issues and the deputy focusing primarily on economic issues. Both officers devote considerable attention to the section's management and morale and are highly regarded by the section's American and LES.

Reporting and Contact Work

ECPO engages strongly in the mission's Mission Performance Plan (MPP) goals, including regional stability, democracy and human rights, and economic prosperity and security. Much of ECPO's work takes the form of support for front office efforts. ECPO has a particularly close working relationship with the front office - so much so that many embassy employees refer to it as the front office's "secretariat." ECPO's officers spend a substantial proportion of their time supporting the Ambassador's meetings and travel, including scheduling, drafting memos, conducting advance trips for the Ambassador's travel outside of Cairo, and drafting reporting cables on the Ambassador's meetings. This arrangement has a number of advantages. It contributes to the Ambassador's productivity and ensures that the political section is closely involved in the front office's work. The Ambassador's strong advocacy of human rights and political and economic reform — key elements of the U.S. agenda in Egypt — makes the embassy a much stronger advocate for these goals than if these issues were primarily in ECPO's hands. ECPO staff members appreciate the Ambassador's interest in their work and the opportunity to work closely with him. ECPO's involvement in front office issues goes far beyond routine staff support. Much of the Ambassador's travel and many of his meetings occur as a result of ECPO's suggestions. In their reporting on the Ambassador's activities, ECPO staff members do not merely transcribe what the Ambassador and his interlocutors said - they add considerable value by providing

background, context, and their own analysis of the issue at hand. Washington readers' overall assessment of Embassy Cairo's reporting is that it is of high quality and closely targeted to their interests.

On the other hand, ECPO's extensive support for the front office, combined with an extremely heavy visitor load, keep ECPO's officers inside the embassy and detract from the section's ability to operate as the embassy's eyes and ears on political and economic issues that fall below the Ambassadorial level. Support for the Ambassador's priorities leaves little time for contact work. While embassy reporting reflected good access to senior Egyptian officials and other high-level contacts, there was less reporting on the next generation of potential leaders and on developments outside of the capital. Specific areas in which Washington readers expressed a desire for more reporting include political developments in the Nile delta and other areas outside of Cairo, as well as political sentiment among Islamist elements in Egyptian society. ECPO's reporting on Islamists is somewhat constrained by a policy set by the embassy, in coordination with the Department, that embassy officers will not engage in contacts with the Muslim Brotherhood, which is an illegal organization. However, ECPO officers can, and sometimes do, meet with trade unionists, parliamentarians, and others who are members of the Muslim Brotherhood. OIG discussed the embassy's policy on contacts with the Muslim Brotherhood with ECPO and found it justified.

ECPO's managers and officers would like to do more contact work. The section's strong participation in the FY 2005 International Visitor program (ten of the 30 nominees selected were ECPO's) attests to the section's ability to identify and cultivate Egypt's future leaders. However, officers struggle to find time for meeting contacts within a workload that requires them to put in extensive overtime. Able LES employees with good contacts help fill this gap, but they cannot substitute for more contact reporting by officers.

OIG conducted an analysis of ECPO reporting over a two-week period during the inspection. During this period, ECPO officers drafted 30 cables, a typical volume for a section of ECPO's size. The internal reporting officer alone drafted 11 cables during the ten-day period. The cables were well prepared and showed awareness of reader's needs, but OIG's analysis underscored the points cited above. Of the 30 cables, ten were reports on the Ambassador's meetings, trips, or other activities. Others included demarches, status reports on an upcoming ministerial meeting, and reports on a visit by NEA's Assistant Secretary. Several cables reported on recent political developments. Most of these were descriptions of media accounts of events with an embassy comment added. A few included

comments made to embassy officers at representational events or over the telephone. Only one of the 30 cables was an account of an ECPO officer meeting with a contact.

Egypt's Foreign Relations

The Middle East peace process, once a key element of ECPO's external political portfolio, has become a less active account due to recent setbacks. Nevertheless, Embassy Cairo remains closely engaged with the Egyptian government to ensure cooperation when further movement becomes possible. In the meantime, Egypt remains a key U.S. partner on a number of regional initiatives, a leader in the Arab world, and an active player on the world stage. Major issues include the Sudan peace process, in which Egypt is an important participant, and Iraq. At the time of the inspection, the embassy was preparing for a major conference on Iraq to be held in Egypt — with the Secretary's participation — in November 2004. The embassy receives a steady stream of visitors on regional issues. Officials in NEA and elsewhere in the Department told OIG that ECPO provides strong policy support and excels at coordinating visits.

Political-Military Affairs

Egypt is a key military and strategic partner of the United States. U.S. security assistance to Egypt totals over \$1.3 billion annually. Every other year, Egypt hosts Operation Bright Star, a multilateral military exercise with the United States that is the largest military exercise in the region. Units of the U.S. 6th Fleet are also regular visitors to Egyptian ports.

The political-military officer maintains a close and effective relationship with the Defense Attaché's office and the embassy's Office of Military Cooperation, meeting weekly with his working-level counterparts to coordinate on security assistance, military visitors, Suez Canal ship transit and force protection, U.S.-Egypt cooperation on regional military issues, and other topics. Department of Defense officials said that the political-military officer is well informed and effective at visitor support and interagency coordination. At the time of the inspection, the embassy was preparing to begin discussions with the Egyptian government on renewal of the bilateral Article 98 force protection agreement. The current two-year agreement expires in March 2005.

Human Rights

Washington officials' comments on ECPO's reporting and advocacy on human rights issues were largely praised. Washington readers were particularly appreciative of the Ambassador's strong interest in this issue. However, there was a desire for more reporting on trafficking in persons. In May 2004, the Office to Monitor and Combat Trafficking in Persons informed Embassy Cairo that it would provide the embassy with a work plan on trafficking issues. Embassy Cairo made a follow-up request for the plan, but at the time of the inspection it had not been received. ECPO is making efforts to obtain more information on the nature and extent of trafficking in Egypt and seeking opportunities for engagement with Egyptian officials on the issue. OIG recommended informally that Embassy Cairo send at least one cable per quarter to the Department on trafficking in persons.

The Nile Delta

A political officer in ECPO covers Alexandria, Egypt's second-largest city, and the Nile Delta. ECPO also has an Alexandria-based LES position, although at the time of the inspection the LES in this position had been temporarily filling a vacant slot in Cairo for several months. Coordination between ECPO and mission Alexandria staff left much to be desired. As the transition of the Alexandria office from an American Center to an APP continues, Embassy Cairo's leadership will need to spell out clearly the respective responsibilities of ECPO and the APP with regard to political and economic coverage of the delta.

Economic Reporting

ECPO's economic team supports Embassy Cairo's MPP objective of facilitating the development of Egypt's long-stagnant economy through advocacy of financial sector and business environment reform. At the time of the inspection, the economic side of ECPO had been short-staffed for several months, with an American officer position vacant and two local staff members having recently resigned. In July 2004, President Mubarak formed a new government that included a prime minister and several new economic ministers who appeared more reform-minded than their predecessors. Washington officials expressed appreciation for ECPO's profiles of the new cabinet and reporting on its economic reforms. The Ambassador is a strong advocate of economic reform in Egypt.

In July 1999, Egypt and the United States signed a Trade and Investment Framework Agreement as a step toward creating freer trade and increasing investment flows between the United States and Egypt. At the time of the inspection, there had been little recent progress toward strengthening trade ties through the agreement, but embassy officers expected progress in early 2005. The U.S. government's long-term goal is to negotiate a Free Trade Agreement with Egypt. Officials in Washington consider Embassy Cairo an effective advocate on trade issues. Another major priority for Embassy Cairo is the creation of qualified industrial zones, or free-trade areas, between Egypt and Israel. ECPO officers and the Ambassador have been active advocates for the development of such zones. In addition, senior economic officials in Washington expressed appreciation for Embassy Cairo's reporting on macroeconomic and financial issues.

Egypt is a major player in international economic fora such as the World Trade Organization and is a member of the bloc of developing countries known as the "G-21" that opposed U.S. and European positions during the failed 2003 trade negotiations in Cancun. While Embassy Cairo has done some reporting on Egypt's role in international economic fora, some Washington officials expressed interest in seeing more such reporting.

ECPO is active in commercial advocacy. An official in Washington described ECPO as an outstanding advocate of U.S. commercial interests and also had high praise for the Ambassador's engagement in this area. Representatives of U.S. companies in Egypt told OIG that they consider the Ambassador and DCM to be highly effective at advancing their interests. The United States is a major player in oil and gas exploitation in Egypt, and there is growing commercial engagement in the country. There are strong and active American Chambers of Commerce in Cairo and Alexandria.

Environment, Science, and Technology

A first-tour entry-level officer in a rotational ECPO/consular position handles the science and technology portfolio. This officer, assisted by an eligible family member (EFM) and an LES, oversees the USAID funded U.S.-Egypt Science and Technology Fund. This fund, which has a budget of \$3 million per year, supports joint research grants for U.S. and Egyptian scientists, provides research funding for junior scientists, and runs workshops on issues of interest to the two countries' scientific communities. A 12-member board, which includes Egyptians and Americans, meets every year to select grantees. The program's current five-year mandate expires in 2005, and the embassy plans to support its renewal.

Classified Web Site

Embassy Cairo has one of the Department's most comprehensive classified web sites. Maintaining the web site is a labor-intensive job, requiring a total of several hours per day of work on the part of the officer, OMSs, and the Bureau of Information Resource Management employee who administer it. At the time of the inspection, Embassy Cairo also administered the classified web site for Embassy Tripoli. Members of the interagency community in Washington who use Embassy Cairo's web site described it as an invaluable resource. The web's readership has doubled in the past year, with 6,700 hits in September 2004. Cairo's web site is the third most read classified embassy web site, after those of Embassy London and Embassy Tel Aviv.

Self-Help

The Ambassador's self-help program is located in ECPO. The program, which has a \$200,000 budget, funds about 30 small-scale local initiative projects each year. An EFM self-help coordinator oversees the program, assisted by an LES. The Ambassador has a strong interest in the self-help program; both he and ECPO ensure that it effectively supports the mission's broader goals, such as the empowerment of women.

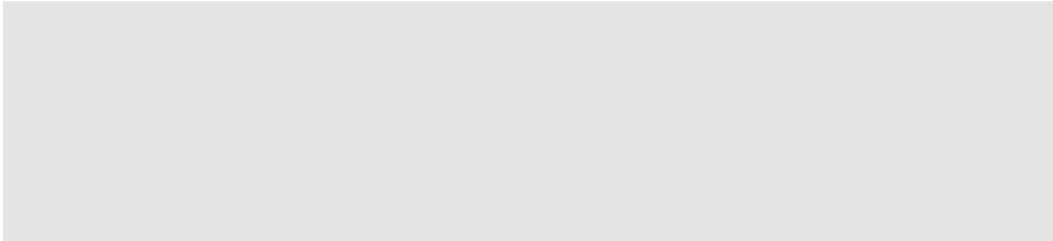
Coordination with Other Sections

ECPO has a close working relationship with the Public Affairs section. Public Affairs staff members attend ECPO's staff meetings and vice versa. ECPO's working relationships with USAID and the Foreign Commercial Service are less close. With USAID, this is partly due to the physical distance between the two sections' offices. ECPO officers attempt to bridge this gap through regularly scheduled meetings with USAID.

ECPO staff members run several interagency working groups. The internal reporting officer is the executive director of the Homeland Security working group, and the human rights officer runs the Institutions of Democracy working group, which coordinates efforts to promote democratic reform, including programs under the Middle East Partnership Initiative. Both of these working groups are effective mechanisms for interagency coordination.

Narcotics and Law Enforcement

In 2003, Embassy Cairo and the Bureau of International Narcotics and Law Enforcement Affairs abandoned unsuccessful efforts to negotiate a Letter of Agreement with the Egyptian government that would have provided training in the detection of fraudulent documents and established fraudulent document laboratories at Egypt's two major international airports. The October 2004 bombings in the Sinai, in which 33 people were killed, should provide an opportunity to renew and conclude negotiations that will provide Egyptian police and other security forces with valuable training. An expanded proposal should also provide funds to enable the Drug Enforcement Administration and the legal attaché to assist their counterpart agencies in crime scene investigation and the investigation of narcotics-related crimes.



Arabic Language

Most of ECPO's officer positions are language-designated. Those staff members who speak Arabic generally find it useful in their work, though those below a 3/3 level would prefer to be able to speak at a more advanced level to conduct greater public outreach. Most noted that their interlocutors generally speak English. Officers in non-language designated positions do not believe their jobs need to be language designated.

Section Structure

The combined ECPO, which resulted from the merger a decade ago of the embassy's political and economic sections, is unusual at such a large embassy. However, most of the people OIG met with in ECPO, in the embassy leadership, and in NEA support keeping the combined section. Advantages they cite include integration of political and economic topics in reporting and increased cooperation and mutual understanding between political and economic officers. These, they believe, outweigh the disadvantages, which include additional clearance requirements.

OIG does not see a need to separate ECPO into political and economic sections. However, OIG did find problems with the section's structure. The deputy serves as the rating officer for most of the section's staff, including all of the section's mid-level and entry-level Foreign Service officers. Although ECPO staff members consider the deputy to be a conscientious supervisor, a more even division of supervisory responsibilities would allow for closer supervision, particularly of entry-level officers. There are a number of possible ways to restructure the section. Some of ECPO's FS-02 level officers, such as the political-military officer or the internal political officer, could report directly to the section head rather than to the deputy. Alternatively, the section's FS-02-level officers could rate the section's more junior officers. Perhaps one FS-02 officer could be internally designated as the political deputy and another could be designated as the economic deputy. OIG believes that the details of such a reorganization are best left to Embassy Cairo and made an informal recommendation that Embassy Cairo review ECPO's supervisory structure.

ECPO has five OMSs, three who are Foreign Service and two EFMs. They work together well and provide strong support for the section's officers. The office has recently filled several OMS staffing gaps and, with the section fully staffed, ECPO's officers plan to enhance the OMSs' role in the office's substantive work, including visitor support. The OMSs welcome these increased responsibilities.

PUBLIC DIPLOMACY¹

Overview

The public affairs section has successfully maintained a full range of public diplomacy programs and activities despite the assignment of three officers - from a staff of 11 Americans - to extended temporary duty in Iraq (including the only American officer based in Alexandria). The section has also made supporting the Chief of Mission a top priority - the Ambassador maintains a full schedule of public activities, including speeches, interviews, and public appearances in Cairo and across Egypt. Local media and public opinion generally oppose U.S. policies and question American values. The public affairs section has properly concentrated

¹ In this report, public diplomacy refers to the function of engaging, informing, and influencing key public international audiences. The public affairs section at an embassy directs public diplomacy.

upon explaining the policies and fostering exchanges and programs that aim at providing Egyptians with a more balanced understanding of the United States and its society.

Total allotments for public diplomacy efforts in FY 2004 were \$2.6 million, sufficient to maintain the level of current activities. The section awarded 86 grants totaling approximately \$865,000. Public diplomacy staff in Cairo consists of ten American positions, supported by 40 local hires. In Alexandria, public diplomacy efforts are being advanced by one American and ten local hires. The public affairs officer (PAO), who arrived during the summer of 2003, inherited serious management deficiencies within the section. While he has sought to resolve them, these deficiencies continue to plague the section's operations and must be resolved. The loss of staff to Iraq, serious management issues, and heavy support being provided to the front office have limited the ability of the PAO to get out of the embassy, engage in outreach, and develop personal contacts.

Consolidation

The public affairs section is fully integrated into Embassy Cairo operations. The PAO worked with the other drafters to include public diplomacy strategies and indicators in the MPP. In addition, for FY 2005 the PAO has developed an operational plan using the MPP as a base, but going beyond to provide indicators of what the section must do to create and maintain a capability to influence the media, cultivate contacts, and strengthen partner institutions to support the thematic MPP goals.

Contacts between ECPO and the public affairs staff are excellent. The PAO and ECPO section heads attend each other's staff meetings to keep informed of each other's activities. Likewise, the public affairs section has a positive relationship with the consular section with which it works closely to facilitate visas for exchange participants. It also has assigned one officer to be a liaison with USAID.

Given the priority of getting the American point of view greater public attention, it would be expected that outreach efforts would be widely spread across the embassy. Unfortunately, aside from the Ambassador, officers from sections other than public affairs rarely engage in public outreach. These untapped officers constitute valuable assets who could further increase understanding of U.S. policies, culture, and values by making speeches and participating in programs in Cairo and other key regions. Greater support and encouragement from the embassy front office will be key to getting such an effort off the ground. The information officer

is currently developing material in both English and Arabic for officers to use when speaking with groups and giving interviews. The PAO too has conducted little public outreach and should do more. Instead, he has focused his efforts on supporting the Chief of Mission and on addressing management deficiencies.

The PAO has extensive personal contacts in not only the public diplomacy bureaus (Bureau of Educational and Cultural Affairs, Bureau of International Information Programs, and Bureau of Public Affairs), but also in the regional bureau, which have proven particularly useful. Administrative services supporting public diplomacy are not comparable to what the U.S. Information Service provided. This is due in large part to the sheer size of the mission, which introduces inefficiencies and results in misunderstandings. The mission size also creates delays and additional work for the section.

General Activities

The information staff has frequent contacts with the local media, and the information officer - a fluent Arabic speaker - meets almost weekly in informal sessions away from the embassy to advocate U.S. policy. He states that reporters are particularly bitter about U.S. policy concerning Israel and Iraq and constantly bring up the suffering of the Palestinian people. Despite good bilateral relations, these attitudes are prevalent in the press, television, and radio, much of which is government controlled. Nevertheless, despite the generally hostile attitude toward the United States, the Egyptian press remains willing to publish articles by the Chief of Mission.

The cultural affairs section was adversely impacted during the past year by an assistant cultural affairs officer's tour in Iraq, which limited cultural programming. As of the fall of 2004, the office is recovering and conducted a series of activities relating to the U.S. elections. During FY 2004, it had 30 international visitor exchange programs with 65 participants and eight voluntary visitors. The section considers specific MPP goals in designing exchange programs and requests input from other parts of the mission. The selection committee has representatives from all mission elements. The cultural affairs office also has a regional English language officer who spends about 50 percent of his time in Cairo.

The smoothly functioning information resource center (IRC) has substantial numbers of walk-in visitors, 60 to 80 per day, who use its book and video collections as well as its Internet access computers. It also conducts extensive outreach and supports the programming of the cultural affairs office. The IRC is currently on the ground floor of Cairo II, but in an area that does not have ideal public

access. A separate classified report discusses the possible reconfiguration of the section - in particular the relocation of the main entrance to the IRC - to provide for more effective access controls for visitors to the embassy compound.

Management Issues

Multiple management issues confronted the PAO upon arrival in the summer of 2003. The PAO's efforts to address these problems were hampered by the temporary duty tours of three officers to Iraq and the lack of a Foreign Service OMS. The PAO has instituted meetings for the separate offices within the section every other week and has a weekly meeting for American officers to ensure that all staff are properly informed of activities and priorities.

The division of the section staff across two floors has contributed to management problems. The IRC, including the regional information resources officer and a local hire from the information staff, are located on the ground floor of Cairo I, while the bulk of the staff are housed on the second floor. The PAO seldom visits staff on the ground floor. He must make greater efforts at "management by walking around" to maintain needed cohesion and morale among his staff.

A Presidential Management Fellow arrived at the embassy in November 2004 for a six-month assignment. This employee will help the PAO work to rectify some past management deficiencies. He will review the MPP and operational plans and provide advice on appropriate staffing and organization. Personnel issues that require attention include the following:

- The section's lines of supervision, now in the process of being clarified, need formalization.
- Local hire performance evaluations have not been completed in a timely manner. For example, both information and cultural staff evaluations had not been completed since one year before the PAO arrived. Many remain overdue.
- Position descriptions in general were not up-to-date, and office organization needed restructuring. For example, the section has six local hire secretaries in Cairo most of whom are performing chiefly non-secretarial duties. The section also has two internal messengers/clerks and two external scooter messengers, which seems excessive for present needs.
- Section officers nominated only one local hire employee for an award during the latest award period and did not appear to seek opportunities to recognize good performance.

- The section lacks a comprehensive training schedule that includes the entire staff and shows individual needs.

OIG agrees with the PAO that the best use of the Presidential Management Fellow is to help him conduct a comprehensive review of staffing and organization and work on correcting deficiencies. If the Presidential Management Fellow proves useful, the section might explore getting more such individuals in the future.

A Foreign Service OMS, requested in the MPP, is a critical need for the public affairs section's front office. Currently, the office has a locally hired secretary who does not have the professional capabilities of a Foreign Service OMS. Public affairs has ten Americans without desktop access to classified material but who need to be able to interact with those parts of the embassy that do deal with classified information. A cleared, Foreign Service OMS is essential to managing the proper handling and filing of classified information within the section. The existing local position should also be retained to provide coverage for the sheer volume of work confronting the section.

The public affairs section is composed of five semi-autonomous operating offices, each maintaining accountable files that collectively constitute the section's official records. A trained Foreign Service OMS is needed to manage this decentralized system, to ensure conformity with Department records management requirements and to manage the training and oversight of the individual office local staff members charged with correspondence and records duties.

The Chief of Mission and other senior officials regularly charge the press office with the preparation of smooth transcripts of public statements. These transcripts are sensitive in nature and need to be prepared with a high standard of accuracy, often under time pressure. For these reasons, the section needs to maintain a position for a native speaker of English, with good typing and transcribing skills, who can be on-call at all times. As these duties are intermittent and often unpredictable, it is most practical to assign these to an OMS who can handle other responsibilities when transcripts are not required.

Finally, one of the five units of public affairs is a small program support office, currently headed by a local national. Because this unit interacts with all parts of the embassy's management operation - from security, to HR, to general services - it would be better to assign overall supervision of this unit to a cleared American. None, however, is currently available. A full-time Foreign Service OMS position could also be assigned oversight responsibility for the program support office.

Recommendation 3: The Bureau of Near Eastern Affairs, in coordination with the Bureau of Human Resources, should establish a Foreign Service office management specialist position for the Embassy Cairo public affairs section. (Action: NEA, in coordination with DGHR)

Performance Measurement

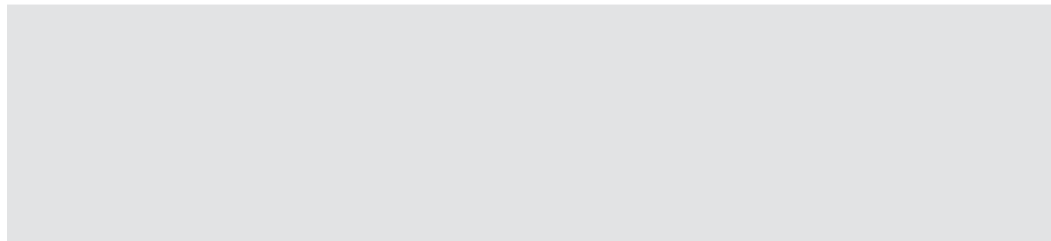
Polling of general attitudes in Egypt repeatedly shows little support for U.S. policy in the region. Changing these perceptions is a long-term process, not likely to achieve quick success. Yet, it remains essential to explain U.S. policies and to increase Egyptian exposure to Americans and American society. The public affairs section is properly focusing on this task. Given the Government Performance and Results Act requirement to report on outcomes from public diplomacy programs, the section is planning to contract for research in FY 2005 that would provide objective data to measure the effectiveness of specific programs and activities.

Alexandria: American Center to American Presence Post

The Department, at Embassy Cairo's urging, designated the American Center in Alexandria as an APP in March 2004 to more effectively use its resources and develop its potential. This arrangement more realistically addresses the existing situation. The center was a U.S. Information Service branch post until consolidation in October 1999. After Embassy Cairo closed its consulate in Alexandria in 1993, some functions migrated to the American Center, which resulted in the public diplomacy officer becoming increasingly involved in non-public diplomacy activities. In most cases, these arrangements were informal and lacked delegations of authority. As a consequence of the change to an APP, the American position will convert from a public diplomacy officer to an international relations officer upon the completion of the incumbent's tour during the summer of 2005.

With the conversion of the American Center to an APP, attention needs to be paid to the ten local hire positions at the center that are currently designated as public affairs employees. One cultural affairs assistant, one public affairs assistant, and three information resource staff do exclusively public diplomacy work. Those positions properly belong to public affairs. However, the secretary, driver, administrative assistant, computer assistant, and janitor are doing work that supports the

entire operation and more logically fall under International Cooperative Administrative Support Services (ICASS). The official staffing chart for Alexandria also showed an additional janitor who is in fact in Cairo.



The IRC in Alexandria no longer lends books to the public, yet it maintains an American studies collection that includes many literary works that are not suitable for reference use. The collection of approximately 3,400 books could be better used to form the core of a new American Corner, and the space currently occupied by the volumes could be put to more effective use, either for additional programming or to enable the few remaining USAID employees in Alexandria to be collocated with other U.S. government employees. This issue is discussed further below in the Virtual Presence Posts/American Corners section.

The current American officer recently served an extended tour in Iraq, leaving the center without direct American supervision for 11 months. While new programs were not developed, the local staff of the American Center effectively continued its basic outreach efforts and maintained programming activities during his absence.

AMIDEAST

America-Middle East Educational Services and Training, Inc. (AMIDEAST) is the principal, established nongovernmental organization working in support of public affairs sections across the NEA region in the areas of educational advising, admissions testing, and (increasingly) English language teaching. The services they provide to local audiences are those typically provided by the cultural offices of other diplomatic missions, and they certainly are expected of the American embassy. The PAO stated, "If AMIDEAST did not exist, we would be forced to invent it."

In Cairo, a major AMIDEAST operation is based in a stand-alone facility. In Alexandria, however, it has long been located within the American Center, an arrangement that has served the interests of both the U.S. government and AMIDEAST well. U.S. government interests are served by providing much valued

educational services at this facility, thereby drawing high-value target audiences to public affairs, greatly facilitating its outreach efforts in Egypt's second largest city. AMIDEAST's interests are also well served by collocation with public affairs, although overall space limits are a problem, as is capacity for the English teaching classrooms. Moreover, AMIDEAST staff and the Alexandria public affairs staff work closely together, providing useful backup and valuable synergies.

Embassy Cairo has recently assessed high rental charges on AMIDEAST for the space it occupies in Alexandria that put at risk the organization's ability to maintain their programs at the center. The public affairs section considers the AMIDEAST teaching English classes onsite to be a vitally important program tool that serves mission goals. It stressed that the move of these classes offsite would have a harmful effect. The section does not want them moved because of internal administrative charges. AMIDEAST leadership in Alexandria met with the management minister counselor and OIG to seek a mutually workable solution to properly recover expenses, but enable AMIDEAST to continue its functions in Alexandria. The embassy is currently exploring options.

Fulbright Commission

The Fulbright Commission in Egypt is among the largest in the world with approximately 35 staff positions and FY 2004 income of \$2.5 million. The relationship between the commission and the public affairs section should be improved. One problem is that the commission devotes considerable resources to non-core activities. Furthermore, it does not systematically introduce scholars to the public affairs section staff, and the section does not routinely receive information on the scholars that could be useful for its programming.

The director, who has served for over 20 years, stated in a letter of October 2004 to the commission board of directors that she would accept a one-year final contract to expire in September 2005. At the time of the inspection, the director and the board were negotiating on her departure. The director has instituted nontraditional programs resulting in the commission sponsoring many non-Fulbright activities. The effect of these on the core Fulbright program is questioned by the public affairs section officers and by officials of the Bureau of Educational and Cultural Affairs, who see them as unfavorably diverting resources. The director strongly defends the non-core activities, which include USAID contracts, special programs, and conferences. She stated that at least four other commissions - in Finland, Korea, Portugal, and Ecuador - provide similar services. The officers state that the core programs would be stronger and more effective if the commission focused on them.

High administrative costs have been an ongoing concern, and the commission is trying to reduce them. It states they are down to 26.5 percent. In January 2005, the commission will move into a new property that it purchased and paid for in full, thus eliminating high rental costs. The commission has a substantial unfunded liability of approximately \$940,000 for severance and retirement pay. An independent actuary evaluated this liability and established the figure as of September 30, 2004. Close attention needs to be paid to addressing this liability.

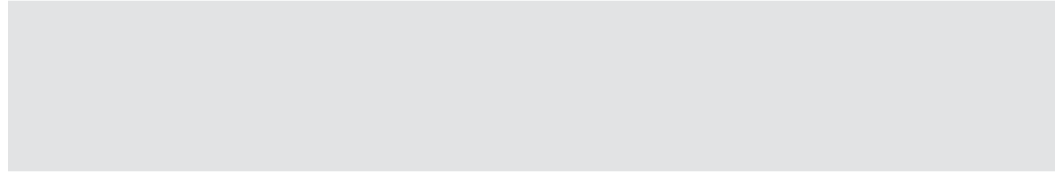
The departure of the commission director will provide an opportunity for a fresh start between the commission and the public affairs section that should alleviate the current strained situation and establish a better working relationship to improve commission operations. Consequently, no recommendations are included in the report regarding the commission.

Virtual Presence Posts/American Corners

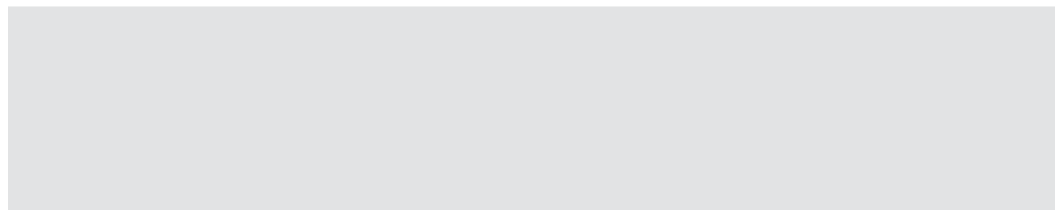
Virtual presence posts and American Corners are two recently developed tools for interacting with host country nationals. Virtual presence posts perform many core functions of a traditional diplomatic post in cities where there is no physical U.S. presence. They require an overall vision for the targeted area that includes regular visits and other resources. Interactive web sites are one key element of a virtual presence post. American Corners are partnerships between the public affairs sections of U.S. embassies and host institutions. They are staffed and maintained by host country citizens and provide access to information regarding the United States via book collections, over the Internet, and through local programming to the general public. The Department has not yet linked the two in a comprehensive strategy. However, such a link was recommended by the *2004 Report of the U.S. Advisory Commission on Public Diplomacy*. The public affairs section has been considering the benefits of American Corners and is planning to place two in Cairo during FY 2005. It is also considering longer term plans for other sites. OIG supports these efforts.

In December 2003, Embassy Cairo created a virtual presence post, "Virtual Consulate Ismailia," to encourage communication, improve contacts and outreach, and provide information on U.S. government programs and opportunities to that region. The public affairs section maintains the web site, and ECPO officers have made seven visits to Ismailia to foster the relationship. The web site has an English language site with information relevant to non-Egyptians and an Arabic site with slightly different information that is more pertinent to the residents of the Ismailia

governorate. As the public affairs section is in the planning stages for several American Corners, an ideal site to start would be Ismailia where it could be tied into the virtual presence post.



Another candidate for an American Corner would be along Egypt's northern coast or in the Nile Delta. The APP/American Center in Alexandria no longer lends books, yet it has a collection of American literature that is not regularly updated and does not lend itself to reference use while visiting the center. The IRC staff members of the APP/American Center are in an excellent position to facilitate the establishment of an American Corner in their geographical area and to provide continuing professional guidance and support for such a center. Establishing an American Corner near, but not in, Alexandria (which already benefits from an American presence and has significant library and information resources) could further expand public diplomacy in this heavily populated and culturally distinct region. The currently under-utilized book collection could provide the core for such an effort, reaching a new, wider audience that could borrow the volumes for home reading.



Regional Book Office

Embassy Cairo has an active regional book office that provides grants to local publishers to produce Arabic versions of selected texts written by American authors. During FY 2004, the office, with a budget of \$50,000 for production and \$9,000 for shipping, facilitated the publication of eight titles. Local publishers do a print run of 3,000 copies for each title. The book office purchases 1,000 copies, and the publisher sells 2,000. The books are desired presentation items for local and NEA-wide use. One-time supplemental funding in FY 2003 allowed the office to publish additional titles, mostly Newbery Award winners, targeted to younger readers age 12 and up.

Radio Sawa

Radio Sawa operates under the Broadcasting Board of Governors umbrella to present U.S. government perceptions to listeners in the Middle East. It targets a young audience using a format that relies heavily on music. Reception of its programming is a significant problem within Egypt. So far, the government of Egypt has declined to approve placement of a transmitter within its country despite repeated efforts. The nearest transmitter, located in Cyprus, can be heard in Alexandria, but only at night in Cairo and then not always clearly. It transmits an AM [amplitude modulation] signal, but FM [frequency modulation] is rapidly developing in Egypt and would offer a potential audience of 20 million.

For about four years, Radio Sawa has continued to try unsuccessfully to get approval to place an FM transmitter in Egypt. The Ambassador has made repeated calls on the former Information Minister on this issue. In July 2004, a new Information Minister was appointed and the Ambassador made a call on him in September 2004 to again seek approval. Obtaining authorization for a transmitter is a continuing concern and remains high on the Ambassador's agenda. In addition, the Broadcasting Board of Governors, with the help of Embassy Cairo, tried and failed in the past to get permission to build an AM transmitting station in Egypt. AM is far more powerful and farther reaching than FM, which normally has a radius of 50 miles. OIG strongly supports Embassy Cairo's efforts to assist in obtaining transmitter approval. At this time, it remains difficult to determine how large an audience share Radio Sawa might draw from the potential pool of listeners in Egypt.

Hi Magazine

The Bureau of International Information Programs publishes a glossy magazine in Arabic called *Hi*, which is targeted at reaching a youthful audience outside the range of usual programming. Approximately one year old, it is still in an introductory phase, attempting to secure a regular audience throughout the Arab world. The bureau sends 7,500 copies of *Hi* to Egypt each month under a contract with commercial distributors. The magazine is readily available for sale on newsstands throughout Cairo. At the end of the month unsold copies are returned to the public affairs section. About 500 copies are sold and 7,000 copies returned per month. The section is distributing the returned copies free to Internet cafes, to the American Center in Alexandria, and in the IRC in Cairo. Officers state that few are sold because the magazine is so new and because it is priced too high for the market - despite a reduction in price from five Egyptian pounds to three (at the current exchange rate approximately 50 cents). *Hi* Magazine has met the public affairs

The regional information resources officer considers *Hi* an effective tool that has potential. The PAO thinks it is important to maintain this basic print product as a perceived high-value, long-shelf life presentation item, whether or not it ever succeeds in generating significant newsstand sales. The publication is attractive, contemporary and, reportedly, passed from hand-to-hand. Moreover, *Hi* is now available on the web, in both English and Arabic (himag.com), and there are interactive features, encouraging readers to contact the magazine and other readers through the magazine.

Public affairs is looking at creating a special web portal to support English language teaching with *Hi* magazine content, putting English and Arabic texts side by-side to create bilingual readers, complete with “hot links” to useful items as a teaching tool. The press office is also working to place individual *Hi* articles in local publications, credited to *Hi*, until such time as the magazine’s basic circulation is much higher than it is today.

CONSULAR AFFAIRS

Egypt possesses the largest population of any Mideast country and is a major draw for international tourists, with U.S. visitors this year expected to reach 100,000. Not surprisingly, Embassy Cairo’s consular section responsibilities are significant. They also extend beyond Egypt. In addition to the standard immigrant visa (IV), NIV, American citizens services (ACS), and fraud prevention units found in consular sections, this medium-sized section also contains an officer who oversees the Khartoum consular operation, as well as Tripoli’s ACS activities; a regional refugee coordinator; and a regional consular officer. Embassy Cairo’s consul general (CG) evaluates the performance of the Cairo-based Sudan consular officer and the refugee coordinator. The regional consular officer manages a completely independent office that answers to the Bureau of Consular Affairs in Washington. Despite being understaffed, the section also sent several entry-level officers to Baghdad for six-month tours of duty.

Consular affairs are effectively integrated into embassy operations and receive clear front office support. The MPP contains an extensive section delineating consular strategy and objectives aimed at improving U.S. border security and visa procedures. In addition to his role on the country team, the CG has a regularly

scheduled weekly meeting with the DCM and is able to see either the Ambassador or the DCM whenever necessary. The CG is a member of the embassy's Emergency Action Committee's core group and is part of the Homeland Security working group which meets every other week. The latter also serves as Embassy Cairo's visas viper committee.

Consular Management

The current CG and his deputy (who is also the NIV/IV visa chief) are fully aware of the difficulties involved in managing such a disparate consular operation. In particular, they are taking concrete steps to improve communications between the section's 15 American and 23 LES. Under the CG's leadership, the various units have organized themselves to review, revise, and post standard operating procedures that will be easily accessible to the entire staff. The CG also recently organized a team-building offsite, the first of its kind for the section, and has directed that the section have a common administrative day when it is closed to the public so that the entire staff could regularly participate in training and other embassy activities. Unfortunately, the deputy will depart in December and no replacement has been named. Even if a successor were identified during this assignment cycle, that officer would probably not arrive until summer 2005. This leaves the CG with no experienced consular officer to act as the deputy or oversee the two visa units for six to eight months. Such a lengthy staffing gap in a section this complex will severely limit the CG's ability to manage the section. In discussions with consular management, OIG has recommended informally that the embassy raise the temporary need for an experienced temporary duty (TDY) consular officer with CA.

The section does not currently have formal orientation or training programs for its Americans or LES. Management has previously relied on informal, lateral communication between ELO and ELO-initiated encounters with senior staff to transmit information in the first few months of an assignment. Until the current CG initiated the project to find, revise, and publicize local office procedures, most direction was given verbally in a series of ad hoc conversations with new arrivals. There is also no formal consular rotation program enabling officers assigned to the consular section to move through the section's different units.

Recommendation 7: Embassy Cairo should institute formal consular orientation and rotation programs supervised by a senior consular manager for entry-level officers assigned to the consular section. (Action: Embassy Cairo)

Consular Space

OIG found the physical space allocated to consular affairs to be sufficient but the layout of the section inadequate. There was also a need for greater tidiness. There are insufficient windows available for interviewing visa applicants, as well as poorly designed work areas for local and American staff. Ventilation and air quality are unsatisfactory, particularly during Egypt's hot summer months. The embassy and Bureau of Overseas Buildings Operations (OBO) have been reviewing a proposed floor plan for more than a year and have recently started discussions on the cost of a fully integrated renovation that includes applicant needs, staffing requirements, electrical usage, and air quality. This is a serious need and OIG discussed the importance of completing the project in a timely manner with all concerned officers.

OIG observed that signs directing visitors to the appropriate consular units were few in number, not clearly displayed and contained insufficient information. During the inspection, consular management began updating all public consular information. OIG suggested they also post additional directional signs that clearly inform visitors where to go for visas or ACS.

Visa Services

The consular section maintains separate NIV and IV units. The NIV unit consists of four full-time entry-level officers, one part-time officer, one biometric assistant, and eight LES positions (one of which is currently vacant). The IV unit includes two full-time entry-level officers and six LES positions. The IV and NIV units also share the services of one consular associate. Although each unit has an entry-level officer in charge of day-to-day operations, the CG's deputy is the overall visa chief.

The backlog for NIV appointments at Embassy Cairo has been daunting, but it is improving. In November, the wait for an NIV tourist visa interview appointment was 70 days (down from over 100 in September). The embassy has procedures in place to process students, business people, medical emergencies, and official travel more expeditiously. Approximately 15 percent of Cairo's 35,000 NIV applicants are subject to security advisory opinion cables, which complicates the section's ability to process applications quickly and efficiently. OIG informally recommended that the section create guidelines for sending security advisory opinion cables in order to ensure that all interviewing officers follow a consistent approach to identifying consular lookout and support system name check hits. OIG expects that such managerial initiatives, combined with the arrival of two additional officers over the

next six months, should lead to a substantial reduction of the waiting period. Nevertheless, the section must continue to be attentive to the problem and explore other options if the wait is not reduced as quickly as expected. OIG discussed this concern at length with embassy leadership and the section's senior management.

The IV unit has a backlog of IV cases that prevents it from scheduling interviews for immediate relatives of American citizens within 30 days, as mandated in 9 FAM 42.71 PN1. In part, this stems from the section's policy of accepting immigrant visa (I-130) petitions from petitioners who do not reside in the Cairo consular district submitted to the consular section for approval. OIG discussed this problem with consular management and informally recommended the unit create clear procedures and criteria for out of area petitions.

American Citizens Services

The seven-person ACS unit consists of an FS-02 unit chief, one entry-level officer, and five LES. It is adequately staffed for its current annual workload of 2,800 passport applications, 4,400 reports of birth, and 5,000 welfare/whereabouts cases.

Child custody issues are a particularly sensitive aspect of ACS work in Cairo. The unit is currently working on 22 cases. Because Egypt is not a signatory to the Hague Convention on the Civil Aspects of International Child Abduction, the previous CG negotiated a memorandum of understanding (MOU) with the Ministry of Justice. The MOU legitimized an informal committee - that includes representatives from Embassy Cairo - which meets regularly to mediate difficult child custody cases. The Bureau of Consular Affairs has recommended that Cairo's MOU serve as a model to use with other countries that have not signed the Hague Convention.

Embassy Cairo relies on a warden system that is a mix of the Department's on-line Internet-based registration service and locally developed lists of individual American citizens and organizations. As a result, the ACS unit keeps at least four separate lists of American citizens who wish to receive the embassy's newsletters, warden notices, and public announcements. The embassy sends messages by a combination of e-mails and faxes. During the inspection, a terrorist incident occurred in two seaside towns in eastern Egypt. The lack of a single well-developed, consolidated list of e-mails or phone numbers hampered the embassy's ability to contact quickly American residents and tourists. There is currently no independent list-serve system for sending messages to American citizens traveling or residing in Egypt.

Recommendation 8: Embassy Cairo should consolidate its lists of registered American citizens and contract with an independent Internet service provider to manage a list-serve of individual American citizens and organizations wishing to receive warden messages. (Action: Embassy Cairo)

American Citizens Services Outreach

Although Embassy Cairo sends a consular officer every month to Alexandria, it does not have a countrywide consular outreach program. OIG observed that embassy officers were not familiar with government officials outside of Cairo and did not have e-mail addresses or phone numbers for hotels, general managers, provincial police, or civilian officers at the major tourist sites in southern Egypt. In discussions with embassy officers, OIG suggested that the embassy begin an annual program to send officers regularly to provincial cities to establish relationships with local officials, police, businessmen, and tourist organizations and obtain the necessary contact information.

Fraud Prevention Unit

The fraud prevention unit actively supports operations in NIV, IV, ACS, and the Sudan office. It is supervised by the CG's deputy and includes two LES investigators and one LES investigation assistant. One investigator position was vacant during most of the inspection, as the previous incumbent had returned to a job outside the consular section, while the other - also vacant for most of the inspection - was a newly established machine-readable visa funded position. The regional security office also plays an important role in fraud prevention unit plans and projects. Despite being a high fraud consular post, Embassy Cairo does not have a full-time American fraud prevention manager actively supervising the section's fraud prevention efforts as required in the Consular Management Handbook, chapter 660, and the Anti-Fraud Handbook.

Recommendation 9: Embassy Cairo, in coordination with the Bureau of Consular Affairs should request, and the Bureau of Human Resources should approve, the establishment of a full-time, mid-level American fraud prevention manager position to supervise the three-person fraud prevention unit in accordance with Department regulations. (Action: Embassy Cairo, in coordination with CA and DGHR)

In an innovative approach to fraud prevention, one of the investigator positions has been encumbered by an Egyptian police officer (on leave without pay) that is vetted and supervised by the regional security office. The embassy has used the officer's contacts within the police establishment to develop close, cooperative relationships with senior Egyptian officials concerned with terrorism, illegal immigration, and human trafficking and has led to a series of arrests of individuals engaged in document or visa fraud.

Sudan Consular Services

With the evacuation of American personnel from Khartoum in 1996, the Sudan consular officer was relocated to Cairo. In Cairo, one American officer and two LES now deliver consular services to Sudanese applicants. An MOU signed in 1999 by the NEA and AF bureaus clarified funding and lines of authority for these positions, which are now part of NEA's staffing complement. CA's decision to move Khartoum into Cairo's consular district for visa purposes further clarified Embassy Cairo's responsibilities.

The American consular position has been filled with a mix of relatively inexperienced officers and individuals on short-term TDY assignments. This irregular staffing has led to inconsistent oversight of the three LES in Khartoum and backlogs in the processing of IV, diversity visas, NIV, and refugee (Visas 93) cases. The current incumbent is on a TDY assignment that bridges an eight-month gap between another recently departed TDY officer and the arrival of a regularly assigned consular officer. Although the officer has quickly identified the full extent of the backlog and begun a major effort to eliminate it, the Bureau of Consular Affairs' decision to add oversight of the ACS operation in Libya to her current responsibilities threatens to undermine those efforts. OIG made an informal recommendation that the Cairo CG closely monitor the need for additional personnel to support the section's Sudan office, because the Sudan consular officer must also frequently travel to Tripoli, Libya.

During the inspection, the Bureau of Consular Affairs sent an experienced senior consular officer to Khartoum on TDY to review the delivery of consular services in Sudan. During discussions with the concerned officers, OIG recommended informally that the Sudan officer in Cairo take advantage of the TDY officer's presence in Khartoum to concentrate on clearing the backlog of Sudanese cases in Cairo and create clear, consistent procedures for the transfer of cases from Embassy Khartoum to Embassy Cairo.

Visas Viper

The Homeland Security working group, which meets every other week and is chaired by the DCM, acts as the visas viper committee. The committee regularly submits names to Washington.

~~**SENSITIVE BUT UNCLASSIFIED**~~

~~**SENSITIVE BUT UNCLASSIFIED**~~

RESOURCE MANAGEMENT

Mission Cairo is one of the largest U.S. diplomatic missions worldwide. Staffing by the Department and other agencies exceeds 1,900 U.S. and LES personnel. Funds managed for all clients in FY 2004 were over \$22 million. The mission faces major challenges in the areas of consolidation of services, satisfactorily executing a USAID reduction-in-force (RIF), and establishing a viable APP in Alexandria.

RIGHTSIZING

Mission Cairo has seen relatively little overall increase in American personnel strength since the 1999 inspection, hovering around the 500 mark. Increases in some sections, such as consular, were offset by reductions in other areas or agencies. The USAID RIF will result in a decrease in both American and LES staffing. Additional reductions should result from the program going to a single service provider in the areas of warehouse operations, motor pool management, and leasing.

In the survey phase of this inspection, there was an expectation that some positions could be eliminated. The on-the-ground inspection, however, uncovered no positions that were obviously superfluous. Indeed, overall staffing, particularly the American staff appears to be about right. OIG is recommending additional American positions in HR, consular operations, and public diplomacy. One problem is that the current size of the mission generates a significant workload requirement to maintain it.

ADMINISTRATIVE OPERATIONS

Administrative operations at this embassy present a decidedly mixed picture. Overall, management functions in Cairo received uniformly good scores on the OIG workplace and quality of life questionnaires. Indeed, some scores - such as the motor pool and quality of education for dependents at post are among the

strongest scores OIG has seen. The management section can be proud of this achievement. At the same time, scores on HR, the post language program, and the employees' cafeteria suggest shortcomings that must be addressed.

The recently arrived management minister counselor, who is ably supported by a management officer, will have to resolve some particularly significant HR issues and, as discussed in the Management Controls section of this report, several serious control weaknesses. In addition, improvement of the cleanliness of facilities needs to be emphasized. Restrooms both in areas open to the public and work areas are often not properly cleaned and maintained. For example, the restroom facilities used by American visitors to the consulate are typically abysmal. Office spaces and hallways also appear to be barely cleaned, and on the lower level of Cairo I, shabby. Insect and rodent infestation has been observed periodically. Supervision of the char force is apparently limited. Conversely, their workload requirements are excessive. There is no excuse for such a shortcoming at a mission of this size. An informal recommendation was made to address this problem.

HUMAN RESOURCES

HR services are adequate, and the embassy has done a good job of providing work for the EFMs. However, shortcomings exist that must be addressed. The office received relatively low marks from its customers. A senior HR officer leads the office, which includes a second American specialist, an American EFM who oversees the American retired annuitant when actually employed staff and escort pools, plus an American local employment advisor, and a language program administrator. The staff provides services to approximately 1,900 employees and conducts position management of the mission's 2,139 authorized positions, (613 American and 1,526 LES).

OIG found that the HR unit is inadequately staffed to handle the overwhelming demands placed upon it. Staffing gaps have occurred frequently and have seriously impacted the ability to effectively manage performance in the office. Within the past five years, incumbents have changed seven times in one supervisory American position where continuity is crucial. The resulting gaps averaged four months. That position was later transferred to manage the mission's training, awards, and EFM program. A supervisory LES position was established; however, staffing remains inadequate. The American specialist is responsible for the LES program, and the HR officer must oversee all operations and be concerned with officer and

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

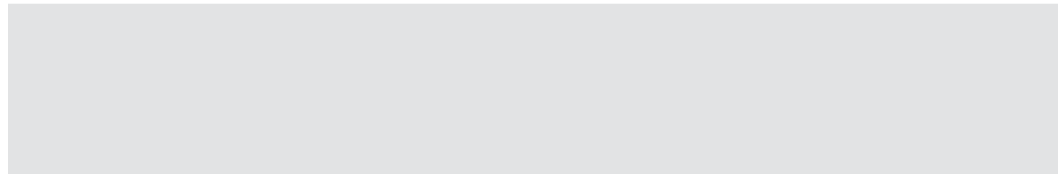
Recommendation 13: (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

Recommendation 14: 2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)

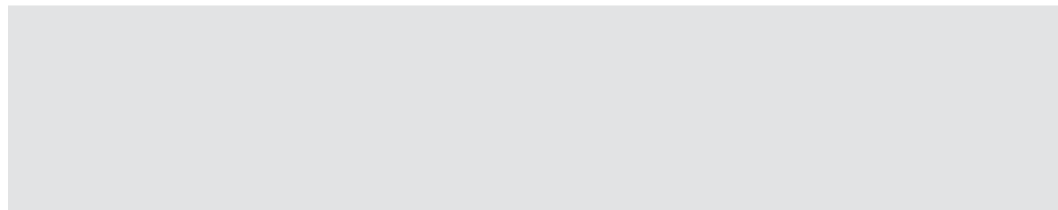
Local Compensation Plan

The embassy’s local compensation plan is very complex, requiring unconventional calculations and adjustments in order to address unique local conditions. The embassy is currently in the process of updating portions of the plan. Post’s current overall average market position is in the 64th percentile for general positions and slightly higher for excepted rate employees. Currently there is a great

disparity in the transportation allowance benefit offered to those that are grade nine and below, than from those grades ten and higher. The benefit offered to the higher grades is 18 times the amount given to the lower grades. This is based on the reason that higher graded counterparts in the private sector are provided company cars, an invalid comparison. In March 2003, post requested guidance from the Bureau of Human Resources/Office of Overseas Employment to correct the disproportionate benefit. There was no definitive response. During the inspection, the Office of Overseas Employment informed OIG that post has the authority and flexibility in choosing to equalize the benefit. OIG believes post should correct this inequity and provide an equitable benefit to all of its foreign national employees.



The embassy's local compensation plan contains faulty criteria used to compute creditable U.S. government service for the purpose of determining the amount of leave, severance, and payment to which the employee is entitled. The plan indicates that creditable service includes indirect employment or so-called nonpersonal services with an in-house entity providing services exclusively to the mission, in violation of 3 FAM 7349.1-2. As a result, some employees were credited government service for their period of employment with nongovernment entities such as the American Employees Cooperative and Welfare Association. In such cases, employees are not entitled to creditable service.



Recommendation 17: Embassy Cairo should correct the service computation dates for those employees who received credit for service with “in-house entities” that provided services exclusively to the mission. (Action: Embassy Cairo)

Awards

The embassy does a good job of recognizing its employees and, with the exception of the public affairs section, distributes awards across the board. This is evident as 535 employees received awards last year. The problem with public affairs is related to management issues in that section. There are, however, some procedural concerns in the overall awards process. In some cases, the embassy awards committee has not verified the employees' performance prior to approving awards. Furthermore, some employees were approved without having a performance report on file. Finally, in some isolated cases, employees had valid complaints as their supervisors received awards based on team-oriented results, but did not give credit to their subordinates.

Perception of Favoritism

It is mission policy to deny awards or within-grade increases if there is not a performance evaluation or memo on file indicating a minimal level of satisfactory performance. Approximately 60 employees' within-grade increases were denied; however, some employees received awards and within-grade increases without a completed performance evaluation. In one instance, an HR employee's within-grade increase and award was processed without performance evaluations on file. In some cases, certain employees, also in HR, were given opportunities, such as training, that were not widely announced so that others could have a chance.

After Hours Access

Mission policy states that LES are only permitted to work on weekdays between the hours of 6:00 a.m. until 7:00 p.m. unless they obtain approval from the regional security office. In one case, an individual has been working past 7:00 p.m. and also on weekends. This after-hours access has occurred without the presence of an American supervisor and in an office where sensitive information is maintained. Embassy Cairo needs to ensure that employees working beyond their duty hours are specifically authorized access. The embassy should also review its policy and procedures on LES working without an American supervisor in offices with sensitive material and should establish better coordination with the regional security office and Marine security guard governing after-hours access. OIG made an informal recommendation to address this issue.

Reduction-in-Force

USAID has announced and will carry out a RIF over the next two years. Plans call for the reduction of 12 American positions performing program functions and about 70 LES, many in program positions. The mission has an outplacement program in place that includes requirements for the embassy HR office to maintain a list of recently RIF'ed employees. These employees are considered internal applicants for one year following separation and given priority for positions for which they are qualified.

Computer Aided Job Evaluation

Post is seriously behind schedule in completing its computer aided job evaluation implementation process. Personnel turbulence, staffing shortage, and HR's workload have contributed to the delays. A little more than 1,200 positions need to be evaluated (excluding USAID's positions, because they will do their own). At the time of the inspection, 400 position evaluations had been completed. Post hopes to be fully implemented by June 2005.

Post Language Program

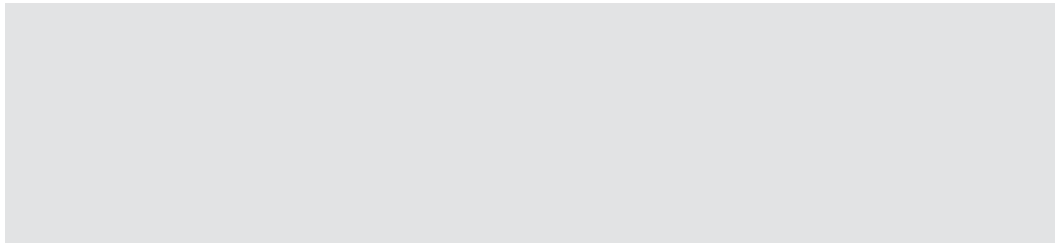
In 2003, an advisory panel on public diplomacy for the Muslim and Arab world recommended in a widely publicized report that the government must do more to develop the Arabic language skills of its diplomats. The current Arabic language school in Tunis cannot fully accommodate this need. One avenue to address this concern is the Foreign Service Institute's partnership with the Arabic Language program at the American University in Cairo, which several American diplomats have been attending in recent years. This program shows promise. The Foreign Service Institute now plans to increase the number of students who study at the university in full-time first-year, second-year, and advanced programs. While there have been some concerns regarding class size at the university, the program will provide for private tutors to ensure that instruction in speaking will meet Department needs.

Unfortunately, Embassy Cairo's post language program, overseen by an EFM who works 30 hours a week, has not done enough to meet the needs of its students. The program was the lowest-rated of the 53 administrative support functions rated by embassy employees in an OIG questionnaire. Embassy employees complained that in-house Arabic language instruction at the embassy is not sufficiently tailored to meet their needs.

Requirements Determinations for Nonexpendable Equipment

Embassy Cairo ordered furniture, furnishings and equipment valued at about \$1.9 million in FY 2004. Procedures in effect need improvement. To illustrate, documentation in the form of requirements determinations was not available to show that a bona fide need existed for both the quantities and the items ordered (6 FAM 222). It was not evident that the supply of furniture, furnishings, and equipment valued at about \$1.5 million already in storage — some of which have the same nomenclature as items ordered — was considered when placing orders for additional quantities. Excess stocks on hand and on order are a probable reality.

In addition, the procedure for the processing of procurement actions was also unusual and should be changed. Decisions concerning the prioritization of orders were apparently being made within the financial management section, rather than by the GSO and management officers.

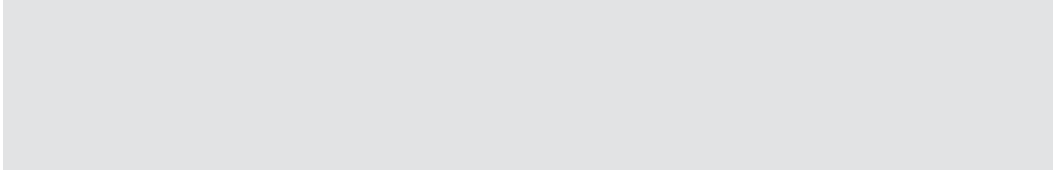


Facilities Maintenance

A senior facilities manager leads the facilities section, which is not a part of GSO at this post. With the assistance of two facilities managers and a LES staff of approximately two hundred, the section maintains the chancery compound, the Embassy Support Services Annex (ESSA) compound, houses, and individual apartments. The section faces constant challenges, given the deteriorating condition of Cairo I, a 16-story office building and an aging inventory of government-owned and long-term leased properties. OBO currently plans to refurbish Cairo I in 2010. The facilities section, as discussed in Management Controls, has been trying to operate its own supply center containing an inventory valued in excess of \$1 million with little success.

Given the size of the post, each summer cycle results in substantial turnover. Although the time necessary to prepare residences for incoming personnel has been reduced, the process could be further simplified and accelerated. Except for

painters, the section has on its staff all the skilled workers required to prepare almost all vacated properties. For each residence, painting contractors are invited to submit bids, and work cannot begin until a contractor has been selected and procurement procedures have been completed. The bid procedure slows the make ready process. The use of one or more indefinite-delivery indefinite-quantity contracts to procure residential painting services would accelerate and simplify the process.



Real Property

The chancery compound contains three buildings: Cairo I, a 16-story building, built in 1989; Cairo II, a six-story office building which includes a two-story Marine House; a two-story office/utility/multi-purpose structure (the Perimeter Building) from which all personnel were removed after the bombings in Kenya and Tanzania in 1997; and the Ambassador's three-story residence. The Perimeter Building remains vacant and is used primarily for storage. The 1999 OIG inspection team noted the deteriorated condition of Cairo I, which has only worsened. OBO has scheduled Cairo I for refurbishment in 2010 and will plan for much needed work on the building's elevators in 2005. Including the Ambassador's residence, which is located on the chancery compound, the U.S. government owns 12 houses in downtown Cairo and the suburb of Maadi.

USAID staff works in a newly constructed building in Maadi, near the ESSA, that is on a well laid out compound which contains administrative offices, a U.S. military commissary, a recreation association store, a property disposal building, facilities maintenance shops and office space, a warehouse for hazardous materials, a motor pool workshop, and a supply and property management warehouse and shop.

The mission also maintains an APP in Alexandria, staffed by one American officer and 49 LES staff (including a 26-person security detachment). The American Center property (X20025) is on the government of Egypt's historic building list, thus limiting the scope of any possible work on the façade of the building. However, the exterior is in a state of disrepair. Its stucco walls and much of the building's trim are coming loose and could become a safety hazard. Some areas of

the building are covered with wire mesh to prevent large particles from falling on walkways below. In contrast, substantial improvements have been made to the facility, enhancing operations and making it possible to further expand the diplomatic, commercial, administrative, and public diplomacy functions that can be undertaken in Alexandria.

FINANCIAL MANAGEMENT CENTER

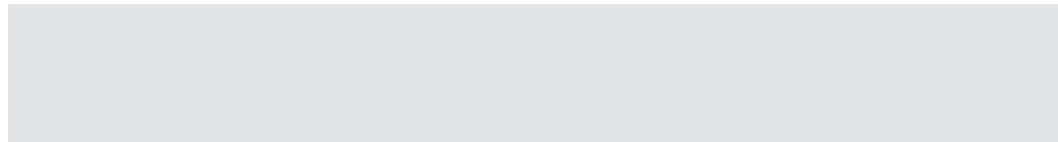
Staffing

The financial management center in Cairo is adequately staffed with two American officers and 22 experienced LES. Although constrained by the Department's cumbersome financial systems

with the support of the Bangkok Financial Service Center. However, some of the management controls in the financial operations need to be strengthened.

Vouchering

The vouchering process could be improved by increasing the limit for cash disbursements, presently only \$50, to the maximum allowed in the regulations. During a period of three months, approximately 48 percent of the travel vouchers processed at post and forwarded to the Bangkok Financial Service Center for payment were less than \$500. Currently, it takes up to two weeks for a voucher to be processed from start to finish. OIG received complaints regarding the time required to process travel vouchers. By increasing the limit to \$500, the time and cost of processing vouchers through the Bangkok Financial Service Center would decrease.



Cashiering

The financial management section has one Class B cashier and three alternate cashiers. One of the alternate cashiers (position number ST-S-16),

(b) (2)(b) (2)(b) (2)(b) (2) serves as the main cashier at the embassy on a daily basis. This cashier pays vouchers, processes petty cash transactions, and delivers checks to vendors. The alternate cashier is unable to perform the full functions of the Class B cashier due to the limitations of his role in the Windows automated cashiering system. The collection function and processing and transmission of vouchers for payment to the Bangkok Financial Service Center are only given to the Class B cashier. Therefore, the Class B cashier duties are shared between the two positions.

Recommendation 22: Embassy Cairo should request and the Bangkok Financial Services Center should designate the alternate cashier (position number ST-S-16) as a Class B cashier. (Action: Embassy Cairo, in coordination with FSC Bangkok)

The alternate cashier (position number ST-S-16) is located in the cashier booth, and the Class B cashier has an adjacent office with a grilled opening. Neither the cashier booth, nor the office, has an adequate transaction window that meets the required standards. The inspectors noted that the proper windows are available at post.

Recommendation 23: Embassy Cairo should install the proper windows in the cashiers' working area. (Action: Embassy Cairo)

The alternate cashier (position number ST-S-016) maintained his operating advance in a wooden tray while conducting cashier transactions. During the inspection, he was given a metal box without compartments. The Class B cashier and alternate cashier need proper cash boxes to store and secure their advances. An informal recommendation was made to address this issue.

The alternate cashier (position no. C-53-001) is a part-time position in the APP in Alexandria (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2). The duties of this cashier, which involve making bank deposits and replenishment of funds to the small Alexandria GSO staff, do not justify assigning a cashier to the APP. A Cairo Class B cashier could travel to Alexandria once a week to perform those duties, as was past practice.

Recommendation 24: Embassy Cairo should abolish the Alexandria alternate cashier position (position number C-53-001) and recover the operating advance. (Action: Embassy Cairo)

The Class B cashier has 31 designated subcashiers with advances as small as \$20.00. Some of the designated subcashiers are for sections located outside of the chancery. However, there is no apparent need for several of the subcashiers located within walking distance to the embassy cashier. The financial management officer should review the subcashier designations and reduce the number to a minimum.

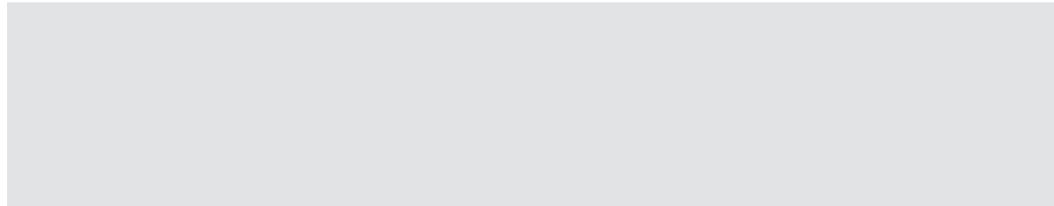
Banking

The bank agreements for the U.S. disbursing officer and machine-readable visa bank accounts are not current. The MOU for the U.S. disbursing officer account between the embassy and the Commercial International Bank of Cairo has not been renewed since it expired in January 2000. The bank agreement has been in place for more than three years and should have been reviewed as required by the regulations. The MOU between the embassy and the Commercial International Bank of Cairo for the collection of machine-readable visa fees expired in May 2004. 4 FAH-2 H-614 mandates that a review of an arrangement with a designated depository should be reviewed at least every three years.

INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES

The ICASS council in Cairo includes 49 subscribers from nine U.S. government agencies. It is well operated under a signed charter and MOU for services covering 34 cost centers and six subcost centers, each with established performance standards. The council meets six times a year.

While at post, OIG received a complaint regarding the ICASS dispute process. One of the entities was billed incorrectly for tuition for 16 dependents when there were no dependents from that entity at post. The bill was sent directly to the agency's headquarters in Washington, DC without first being presented to the agency's representative at post for verification and approval. When the official received the bill and noticed the mistake, the 90-day period allowed for disputes had already expired. This limited time period has not been formally established in regulations or agreements. Even though the post admitted to the mistake, the agency was unable to get reimbursement. The 90-day dispute rule is not a fair process for agencies receiving invoices mistakenly billed by post.



INFORMATION MANAGEMENT AND INFORMATION SYSTEMS SECURITY

Embassy Cairo operates a comprehensive information management (IM) and information security program. It is the first embassy outside of Europe to have received the International Organization for Standardization 9001 certification. The IM section is adequately staffed with 25 direct-hires and 45 LES. Even though the embassy senior IM management officer recently arrived, IM operations are being effectively managed and mission requirements supported. In contrast to several other sections, IM's leadership engages in management by walking around to maintain close contact with all the section's employees.

OIG identified some key areas where IM and information security must be improved to ensure effective and efficient IM and security operations.

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

The IM staff has insufficient management and technical training to ensure continued satisfactory information technology (IT) support for the embassy. Also, the information services center (ISC) help desk does not adequately track and resolve service calls because the inadequacy of its tracking database results in inconsistent input of data. Further, the embassy has inadequate inventory records and information program center (IPC) facilities. Pouch courier escort duties are not shared among other sections using the service and have become exclusively the responsibility of the IM section. This issue has been addressed as an informal recommendation. Finally, the telephone frame rooms are not organized to ensure proper and timely maintenance.

The IM program includes telecommunications, computer networking, print shop, radio program, and mail and pouch services. The ISC provides services to the ESSA GSO compound, USAID, motorpool, facilities maintenance office, and APP in Alexandria. Telephone service is provided to U.S. government offices and facilities within Cairo, as well as to the APP in Alexandria.

Embassy Cairo has 13 separate local area networks operated by the Department and other agencies. The OpenNet Plus unclassified local area network consists of 28 servers and 577 computers supporting approximately 750 users. Additionally, the embassy has 46 overseas dedicated Internet connections for other agencies requiring access to the Internet. Computer connections located at the ESSA GSO compound, USAID, the APP in Alexandria, motorpool, and the facilities maintenance sites are serviced remotely via the unclassified local area network. Embassy Cairo also operates APO and pouch operations. Within the last year, the embassy created the Ismailia “virtual consulate” web site.

Information Systems Security Officer

ISSO responsibilities are not being performed adequately. According to 12 FAM 600, the ISSO is responsible for performing information security requirements for the embassy, including checking for classification on equipment, performing random reviews of user files, handling systems configuration, and disposing of systems in accordance with relevant security guidelines. (b) (2)(b) (2)(b) (2)

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)

Recommendation 31:

b) (2)(b) (2)(b) (2)(b) (2)(b)

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2))

Information Program Center Facilities

IPC facilities do not meet basic safety requirements that are necessary for its staff. There is a lack of sufficient heating, cooling, and ventilation for staff and operating systems, and the presence of a bacterial substance in the IPC area. The need for IPC renovations has been raised with embassy senior management, as well as with OBO, but corrective actions have not been initiated. As an initial step to addressing this issue, the IMO has requested funding from OBO for IPC renovations. Without proper support and action, the embassy could experience systems failures, personnel illnesses, and morale problems, which in turn will affect customers and embassy staff.

Telephone Frame Room

The telephone frame rooms located in the embassy are not organized to ensure proper and timely maintenance by IPC staff. The rooms have excess wires remaining from a previous installation that have not been removed. Further, the wires are not adequately labeled to allow for prompt repairs by embassy technicians. The amount of time spent by technicians repairing the telephone frame rooms has increased and will remain an issue until proper action is taken. The embassy IT management plans to contact the installations branch in the Bureau of Information Resource Management for assistance. The installations branch operates the enterprise, integrity, and refurbishment project, which replaces or repairs obsolete, damaged, or improperly installed cabling systems that process foreign affairs data and communications within the Department.

Recommendation 33: Embassy Cairo, in coordination with the Bureau of Information Resource Management, should remove unnecessary wires from the telephone frame rooms and label the telephone cabling systems for clear identification. (Action: Embassy Cairo, in coordination with IRM)

QUALITY OF LIFE

Embassy Cairo received particularly high marks from staff in all quality of life areas. Despite problems including pollution, traffic, and non-hygienic conditions, the morale of American employees is strong, with many employees reporting that they had selected this assignment on the basis of the exceptional schooling available for dependents, high quality housing, and good medical care. Significant physical fitness equipment is available to staff, along with an exceptional commissary (operated by the Department of Defense) and substantial recreation opportunities, ranging from ancient historic sites and beaches on the Mediterranean Sea to the diving and snorkeling resorts on the Red Sea.

COMMUNITY LIAISON OFFICE

Many employees praised the services provided by the community liaison office (CLO). An EFM serves as the CLO coordinator and is supported by two assistant coordinators encumbering a single job-share position and an LES office manager. Another EFM publishes the weekly newsletter in both paper and electronic form. The CLO offers a full range of community activities and has recently targeted teenagers to ensure that their needs are being met. The size of this mission places a significant premium on CLO operations, with many individuals from outside the Department serving in their first overseas tour.

OIG's 1999 report identified the embassy's orientation "trade shows" as a best practice. Today, the embassy continues that practice. The annual event welcomes newcomers and familiarizes them with mission offices and agencies. A traditional Egyptian lunch and a cross-cultural presentation are included. Many employees mentioned the value of such an event and the need for greater frequency due to the enormous size of this mission.

HEALTH UNIT

The embassy's health unit is adequately staffed and delivers quality health care for all eligible employees and their families. The office is staffed with two regional

medical officers, a regional psychiatrist, a Foreign Service health practitioner, a medical technologist, a pediatric consultant, four registered nurses, and two secretaries. In addition, a benefits advisor from the Department of Defense provides services for U.S. Army personnel and their family members, (approximately 900 in total). The advisor processes insurance bills and coordinates an average of seven medical evacuations per month.

The embassy's medical operation consists of five components: the Americans' health unit and the local employees' health unit located at the embassy, the Americans' and the local employees' health unit at the USAID building, and in the Maadi ESSA compound. Last year, the medical unit operation treated approximately 19,502 patients and oversaw 20 hospitalizations and 21 medical evacuations. The health unit received high marks from its users in interviews and inspection questionnaires.

During the inspection, OIG found that some employees and EFMs arrive at post either without a medical clearance or without the proper level of clearance. Furthermore, some employees have medical conditions that the post should be informed of before an employee's arrival to determine if the condition can be effectively monitored or if local conditions would aggravate it. Department regulations (3 FAM 1935) require each employee and EFM to have a valid and current medical clearance in order for the employee to be eligible for payment of medical costs. In addition, all agencies must verify the medical clearance status of their employees or EFMs before considering assignments (3 FAM 1931.3). In instances when "limited medical clearances" have been issued, post-specific approval must be obtained from the Department. Failure to do so could result in the individual being denied access to health units abroad. OIG made an informal recommendation to address this issue.

Medical supplies were stored in a generally secured location.

Also, not all controlled substances were recorded. OIG made informal recommendations to address these matters.

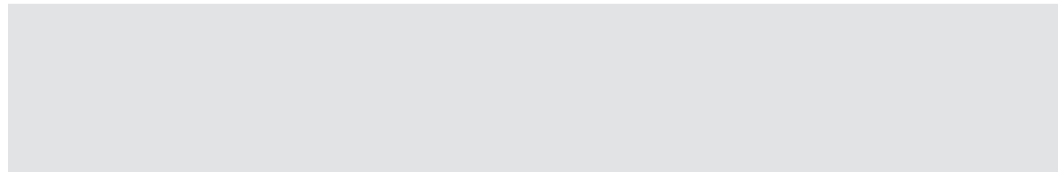
The local employees' clinic at the embassy provides occupational health, pre-employment physicals, emergency care, and also coordinates medical care for LES with insurance companies. This unit is staffed with one Egyptian physician, a nurse, and an assistant. The clinic is reserved for the local employees because of the bilateral agreement mandating Egyptian patients be treated only by Egyptian

MANAGEMENT CONTROLS

The annual certification of management controls for 2004 by the Chief of Mission, based on input from embassy sections, did not report any weaknesses. Serious management control weaknesses exist, however, in several operational areas, including facilities maintenance, supply management, consular operations, general services, and the community support association. The most serious weaknesses are in contracting for health insurance and the supply operations of the facilities maintenance section where many basic controls were not in place.

CHIEF OF MISSION CERTIFICATION

As required, the annual Chief of Mission certification was prepared, signed, and forwarded to the Department on June 28, 2004. However, OIG found several major reportable weaknesses that existed during the period for which the certification was prepared. In accordance with 2 FAM 023.2 "Reporting Accomplishments or Violations Relating to Management Controls," a revised certification and report should be prepared and forwarded to the Department.

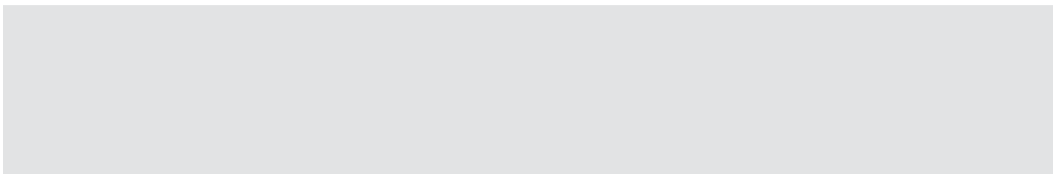
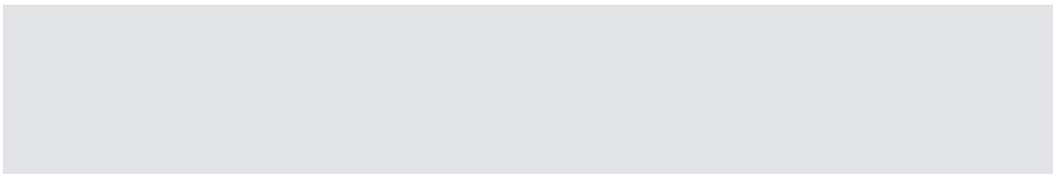
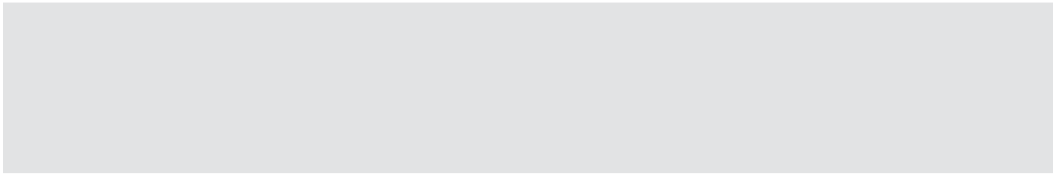


CONTRACT MANAGEMENT

Contract management needs improvement. The health insurance contractor is reaping excessive profits; the value of one contract awarded was in excess of the contracting officer's warrant and payments to official residence expense employees were made even though proper contracts were not in effect.

Health Insurance for Locally Employed Staff Dependents

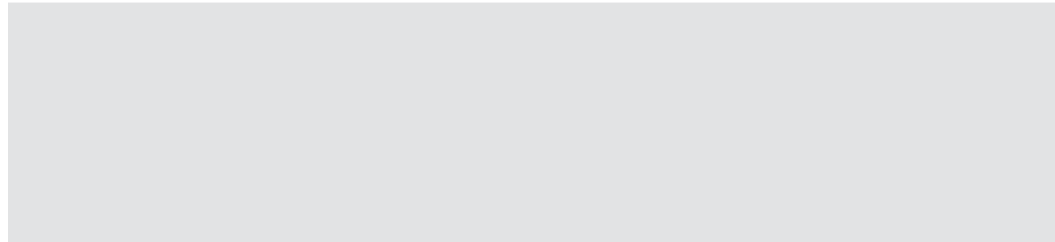
The health insurance contractor is earning profits far in excess of norms. In order to provide health and life insurance to the mission's LES, the embassy has a contract with the Pharaonic American Life Insurance Company. The original contract was signed December 19, 2002. One of the major categories of the contract was for a premium payment of about \$9 (56 Egyptian Pounds) every two weeks for approximately 4,500 dependents. Annualized this would amount to over \$1 million. Fortunately, the contractor has not billed for the estimated number of dependents, therefore profits while exorbitant did not reach the potential of the estimate. In 2004, the contractor billed for about 1,700 dependents or approximately \$410,000. Although the contract calls for semi-annual reports for the previous six months' activities, none had been provided nor required by the embassy. As a result of OIG's request, the contractor provided a claims summary analysis for the period January 1, 2004, to December 31, 2004. The contractor paid claims totaling about \$100,000. The excessive payment by the U.S. government was approximately \$310,000. A profit sharing clause for all health insurance coverage may recoup some of the excess profit, but the result will still be excessive profits for the contractor.



Ratification

The contracting officer's warrant is for \$250,000. A contract for annual maintenance of computer equipment was awarded August 1, 2003. The contract

was valued at \$199,920. The contract was modified August 1, 2004, exercising Option 1 extending the contract for a second year. The value of the modification was \$209,096 thereby exceeding the warrant. Although required, the contracting officer did not contact the Office of the Procurement Executive to request delegation of authority to award the modification (paragraph (a) (1) DOSAR 601.603-70) as required by 6 FAM 215e. Ratification of the award is required.



OFFICIAL RESIDENCE EXPENSES

Salary payments to official residence staff were made although contracts were nonexistent or invalid. The contracts between the Ambassador or DCM and several household staff were either: not signed on the date of execution, but rather several weeks later; not valid or in place for staff currently working and receiving payment; or were signed by a person other than the official entering into the agreement. There was no attempt, deliberate or otherwise, on the part of any individual to circumvent rules or regulations. Rather there was a general breakdown in prescribed procedures.

The certifying officer in Embassy Cairo appears to have failed to follow prescribed procedures for voucher review before processing payments. The GAO Policy and Procedures Manual for Guidance of Federal Agencies (Title 7, Chapter 20.2) requires the prepayment examination and approval of vouchers by an authorized officer before certification for payment. Prepayment examination consists of checking for proper, legal, and correct payment and for proper supporting documentation. In this case, there was no supporting documentation in the form of valid employment contracts. The requirement for supporting documentation is emphasized in 4 FAM 082.6.

Recommendation 40: Embassy Cairo should report to the Bureau of Resource Management the potential fiscal irregularities involved in the payments that were made to official residence household staff when a valid obligating document did not exist. (Action: Embassy Cairo)

Recommendation 41: Embassy Cairo should ensure that valid contracts for official residence household staff are in place and signed in a timely manner. (Action: Embassy Cairo)

FACILITIES MAINTENANCE SUPPLIES

An inventory valued at about \$1 million was maintained to support facilities maintenance operations.

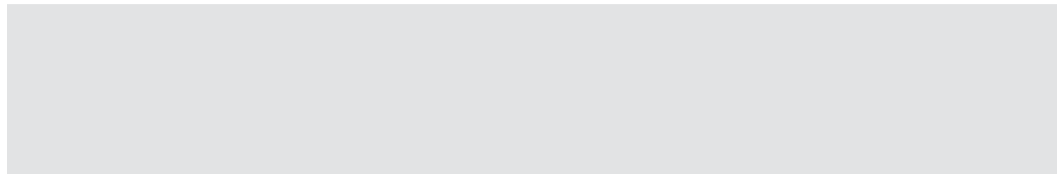
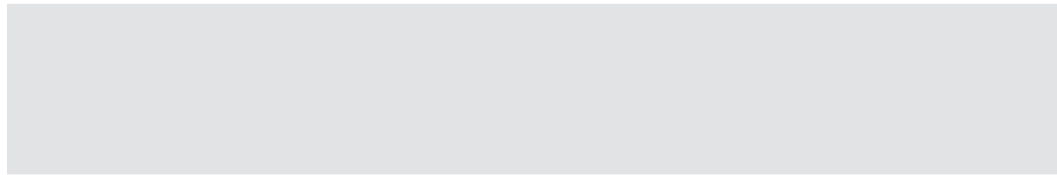
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2) . Supply and property management personnel are highly professional and competent and responsible for managing the \$16.5 million dollar nonexpendable property inventory. At the time of the inspection, there were discussions about transferring responsibility for facilities inventory management to supply and property management. OIG agrees. The function should be transferred to supply and property management where personnel are qualified.

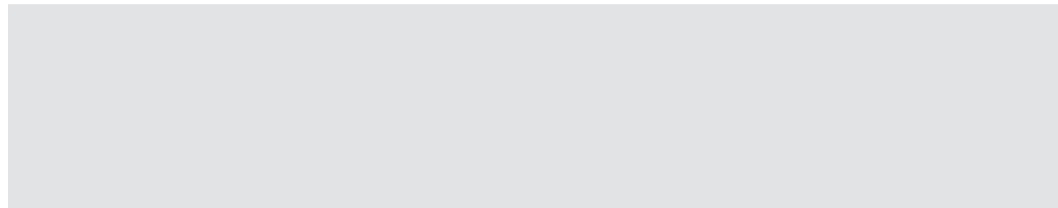
Additional actions as a result of the inventory delineated in 6 FAM 226.5 also have to be initiated. These include reporting the missing property to the property management officer and the establishment of a property survey board.



MOTOR VEHICLE MANAGEMENT

Embassy Cairo operates a large vehicle fleet consisting of both program and ICASS vehicles. As previously mentioned, motor pool responsiveness received unusually high scores on the OIG workplace and quality of life questionnaires. There are problems however, with the management and control of the size and composition of the fleet. Although the Department's Motor Vehicle Branch in the Office of Logistics is supposed to centrally manage and inventory the vehicle program worldwide (6 FAM 228.7-2), it cannot be effectively managing the Cairo vehicle program because its inventory records are woefully inaccurate. Depending upon which inventory record one chooses, the size of the vehicle inventory for Embassy Cairo ranged from 135 vehicles shown on the Department's Inventory of Authorized and On Hand Vehicles to 169 vehicles shown on the post's State Vehicle List. Part of the problem can be attributed to the inclusion on the Cairo inventory of "ghost" vehicles. These are usually vehicles that the post obtained from other than Department sources.

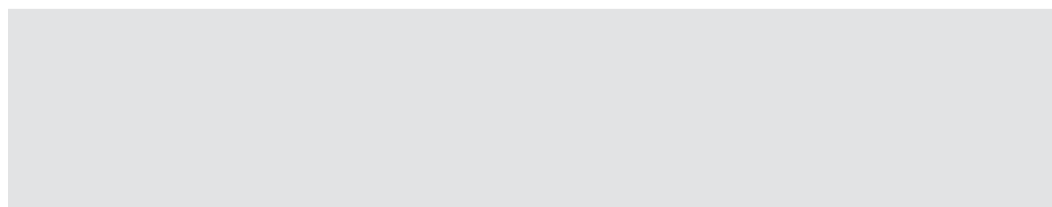
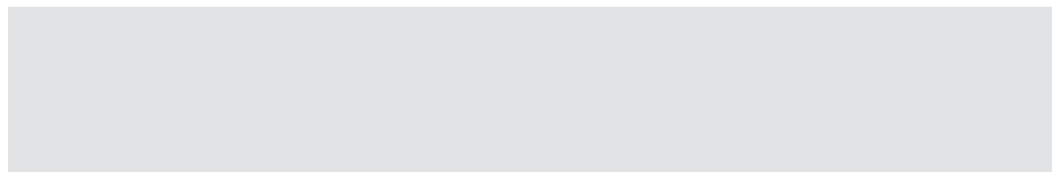
Another more serious problem that may be due to sloppy record keeping is the sale of vehicles without documentation showing Department authorization for the sale (6 FAM 228.8-1). Between the two-year period November 2002 to November 2004, post records show that 17 vehicles were sold including several program vehicles, however, there is only authorization on file for the sale of one vehicle. Another 14 vehicles have been identified for sale by the end of 2004, but documentation was not available showing that Department authorization had been sought where required.



CONSULAR OPERATIONS

Management controls over the cashiering function in the consular section are weak and not in accordance with Chapter 700 of the Consular Management Handbook. OIG observed that the consular cashier was sharing his cash advance with the two alternate consular subcashiers, because the subcashiers did not have their

own individual cash advances or cash boxes. Due to the consular section cashier working hours, the consular cashier was not regularly completing end of day procedures in sufficient time to allow for the embassy cashier to issue the OF-158 on a daily basis.



AMERICAN EMPLOYEES COOPERATIVE AND WELFARE ASSOCIATION

The American Employees Cooperative and Welfare Association (AECWA) provides a wide range of services for the benefit of U.S. government employees in Cairo, Egypt. Revenues from all activities for 2003 totaled over \$1.3 million. The AECWA is financially well off with liquid assets in excess of \$1.2 million.

The staff is comprised of American and Egyptian personnel. Even though governed by Department regulations, AECWA failed to withhold and report federal income taxes to the Internal Revenue Service for its U.S. employees. 6 FAM 556 states: “employee associations are U.S. government instrumentalities for federal tax purposes. These requirements apply only to U.S. citizen employees of the association and to U.S. resident alien employees temporarily located outside the United States. Therefore, the employee association is subject to employer taxes under 26 U.S.C. 3121, and to withholding requirements under 26 U.S.C. 3404.”

Recommendation 47: Embassy Cairo should instruct the American Employees Cooperative and Welfare Association to immediately begin withholding federal income taxes from its U.S. citizen employees as required by law. (Action: Embassy Cairo)

Recommendation 48: Embassy Cairo should instruct the American Employees Cooperative and Welfare Association to report to the Internal Revenue Service the failure to withhold federal income taxes for all its U.S. citizen employees and provide all pertinent information. (Action: Embassy Cairo)

Some of the AECWA operations include an e-mart, cafeteria, gift shop, and recreation facilities. The internal controls in the cafeteria and the bar need to be strengthened. In February 2004, the cafeteria's cost of goods sold increased by four times while the sales remained the same. Even after reviewing the inventory, the general manager was unable to determine the reason for the increase. The bar operation in Maadi House does not maintain proper bar accountability.

FORMAL RECOMMENDATIONS

Recommendation 1: Embassy Cairo should design and implement a program, under the leadership of the deputy chief of mission, to ensure that officers from the Department and other mission elements increase the amount of time they spend traveling, engaging in contact work, and conducting public outreach.

(Action: Embassy Cairo)

Recommendation 2: Embassy Cairo should request, and the Bureau of International Narcotics and Law Enforcement Affairs should approve, the renewal of negotiations with the government of Egypt of an expanded Letter of Agreement regarding detection of fraudulent documents. (Action: Embassy Cairo, in coordination with INL)

Recommendation 3: The Bureau of Near Eastern Affairs, in coordination with the Bureau of Human Resources, should establish a Foreign Service office management specialist position for the Embassy Cairo public affairs section. (Action: NEA, in coordination with DGHR)

Recommendation 4: Embassy Cairo should convert five locally employed staff positions (C70108, C70127, C701109, N70104, and C70123) located at the American presence post/American Center in Alexandria from public affairs positions to International Cooperative Administrative Support Services positions. (Action: Embassy Cairo)

Recommendation 5: Embassy Cairo should establish an American Corner in Ismailia to tie in with its virtual presence post for the area. (Action: Embassy Cairo)

Recommendation 6: Embassy Cairo should establish an American Corner along Egypt's northern coast or in the Nile delta region, transferring the American studies collection from the Alexandria American Center as its basis. (Action: Embassy Cairo)

Recommendation 7: Embassy Cairo should institute formal consular orientation and rotation programs supervised by a senior consular manager for entry-level officers assigned to the consular section. (Action: Embassy Cairo)

Recommendation 8: Embassy Cairo should consolidate its lists of registered American citizens and contract with an independent Internet service provider to manage a list-serve of individual American citizens and organizations wishing to receive warden messages. (Action: Embassy Cairo)

Recommendation 9: Embassy Cairo, in coordination with the Bureau of Consular Affairs should request, and the Bureau of Human Resources should approve, the establishment of a full-time, mid-level American fraud prevention manager position to supervise the three-person fraud prevention unit in accordance with Department regulations. (Action: Embassy Cairo, in coordination with CA and DGHR)

Recommendation 10: Embassy Cairo should request, and the Department should establish, a position for an experienced direct-hire American officer to serve as a deputy for the entire human resources office with specific oversight of the American functions. The position should be classified at the appropriate level. (Action: Embassy Cairo, in coordination with DGHR and NEA)

Recommendation 11: Embassy Cairo should ensure supervisors prepare work requirements statement for American employees within 45 days of the beginning of the rating cycle. (Action: Embassy Cairo)

Recommendation 12: Embassy Cairo should prepare work requirement statements for eligible family members at the beginning of their work cycle. (Action: Embassy Cairo)

Recommendation 13: Embassy Cairo should revise supervisors' job requirements to reflect the responsibility for counseling and timely evaluation of locally employed staff. (Action: Embassy Cairo)

Recommendation 14: Embassy Cairo should implement procedures to alert the deputy chief of mission to delinquencies in the preparation of work requirements statements and/or performance evaluations by respective officers. Procedures should include the deputy chief of mission's follow-up of delinquent ratings after a limited period of time. Supervisors should note delinquencies in each respective officer's evaluation report. (Action: Embassy Cairo)

Recommendation 15: Embassy Cairo should establish a more equitable transportation allowance for all locally employed staff. (Action: Embassy Cairo)

Recommendation 16: Embassy Cairo should request, and the Department should revise, the creditable service section of the Cairo compensation plan and remove the categories that are not eligible for U.S. government creditable service. (Action: Embassy Cairo, in coordination with DGHR)

Recommendation 17: Embassy Cairo should correct the service computation dates for those employees who received credit for service with “in-house entities” that provided services exclusively to the mission. (Action: Embassy Cairo)

Recommendation 18: Embassy Cairo should develop and formalize procedures for locally employed staff to seek redress from unfair treatment without fear of retaliation or retribution and incorporate them in a published policy and management notice in English and Arabic. (Action: Embassy Cairo)

Recommendation 19: Embassy Cairo should revise procedures for the ordering of furniture, furnishings, and equipment to establish a bona fide need and task the general services office and the management section with establishing the priority of orders for furniture, furnishings, and equipment. (Action: Embassy Cairo)

Recommendation 20: Embassy Cairo should competitively solicit and award one or more indefinite-delivery indefinite-quantity contracts for painting of residential properties. (Action: Embassy Cairo)

Recommendation 21: Embassy Cairo should increase the limit authorized for cash disbursements to \$500. (Action: Embassy Cairo)

Recommendation 22: Embassy Cairo should request and the Bangkok Financial Services Center should designate the alternate cashier (position number ST-S-16) as a Class B cashier. (Action: Embassy Cairo, in coordination with FSC Bangkok)

Recommendation 23: Embassy Cairo should install the proper windows in the cashiers’ working area. (Action: Embassy Cairo)

Recommendation 24: Embassy Cairo should abolish the Alexandria alternate cashier position (position number C-53-001) and recover the operating advance. (Action: Embassy Cairo)

Recommendation 25: Embassy Cairo should reduce the number of subcashiers. (Action: Embassy Cairo)

Recommendation 26: Embassy Cairo should renew the machine-readable visa memorandum of understanding with the Commercial International Bank of Cairo in a timely manner. (Action: Embassy Cairo)

Recommendation 27: Embassy Cairo should recompet the U.S. disbursing officer local currency bank account agreement as required by the Foreign Affairs Handbook. (Action: Embassy Cairo)

Recommendation 28: The Bureau of Resource Management should develop a mechanism to allow International Cooperative Administrative Support Services entities at post to dispute incorrect charges within a reasonable period of time. (Action: RM)

Recommendation 29:

Recommendation 30: Embassy Cairo should develop an individual development training plan for each American and locally employed information management staff member based on assigned job responsibilities and individual qualifications. (Action: Embassy Cairo)

Recommendation 31:

Recommendation 32: Embassy Cairo, in coordination with the Bureau of Overseas Buildings Operations, should renovate the office space for the information programs center, including required steps to fix the heating, ventilation, and air conditioning system as well as remove bacterial substance in the area. (Action: Embassy Cairo, in coordination with OBO)

Recommendation 33: Embassy Cairo, in coordination with the Bureau of Information Resource Management, should remove unnecessary wires from the telephone frame rooms and label the telephone cabling systems for clear identification. (Action: Embassy Cairo, in coordination with IRM)

Recommendation 34: Embassy Cairo should place first-aid kits in all critical areas, including all official vehicles, and should create a schedule for periodic inventory to make sure kits are well stocked and current. The embassy should also restock existing kits as necessary. (Action: Embassy Cairo)

Recommendation 35: Embassy Cairo should prepare and forward a corrected certification of management controls in the format required by the Foreign Affairs Manual. (Action: Embassy Cairo)

Recommendation 36: Embassy Cairo should renegotiate contract number S-EG300-2003-C-0225 to provide for realistic premium payments for dependent health insurance. (Action: Embassy Cairo)

Recommendation 37: Embassy Cairo should determine if the health insurance contractor's (contract S-EG300-2003-C-0225) windfall profits are recoverable. (Action: Embassy Cairo)

Recommendation 38: Embassy Cairo should initiate procedures to compare amounts paid by the health insurance contractor with premium payments made by the embassy to ensure reasonableness. (Action: Embassy Cairo)

Recommendation 39: Embassy Cairo should forward a request for ratification of Modification 1 of contract S-EG300-03-C-2417 to the Bureau of Administration, Office of the Procurement Executive in accordance with the Foreign Affairs Manual. (Action: Embassy Cairo, in coordination with A/OPE)

Recommendation 40: Embassy Cairo should report to the Bureau of Resource Management the potential fiscal irregularities involved in the payments that were made to official residence household staff when a valid obligating document did not exist. (Action: Embassy Cairo)

Recommendation 41: Embassy Cairo should ensure that valid contracts for official residence household staff are in place and signed in a timely manner. (Action: Embassy Cairo)

Recommendation 42: Embassy Cairo should transfer responsibility for the management of the facilities maintenance storage facility to the supply and property management unit. (Action: Embassy Cairo)

Recommendation 43: Embassy Cairo should initiate required actions to resolve the major facilities maintenance supply shortages in accordance with Department regulations. (Action: Embassy Cairo)

Recommendation 44: Embassy Cairo, in coordination with the Department, should reconcile the vehicle fleet inventory, fully documenting and justifying discrepancies and changes, and establish a valid inventory. (Action: Embassy Cairo, in coordination with A/LM)

Recommendation 45: Embassy Cairo should provide individual cash advances and cash boxes to the alternate consular subcashiers. (Action: Embassy Cairo)

Recommendation 46: Embassy Cairo should adjust the consular cashier's closing hours to ensure enough time for end of day reconciliation and delivery of consular fees collected before the embassy cashier's closing hours. (Action: Embassy Cairo)

Recommendation 47: Embassy Cairo should instruct the American Employees Cooperative and Welfare Association to immediately begin withholding federal income taxes from its U.S. citizen employees as required by law. (Action: Embassy Cairo)

Recommendation 48: Embassy Cairo should instruct the American Employees Cooperative and Welfare Association to report to the Internal Revenue Service the failure to withhold federal income taxes for all its U.S. citizen employees and provide all pertinent information. (Action: Embassy Cairo)

Recommendation 49: Embassy Cairo should establish proper internal controls in the American Employees Cooperative and Welfare Association operations to minimize the risk of loss. (Action: Embassy Cairo)

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.

ECONOMIC AND POLITICAL AFFAIRS

Washington officials would like more information on trafficking in persons in Egypt and Embassy Cairo's engagement with the Egyptian government on this issue.

Informal Recommendation 1: Embassy Cairo should send the Department at least one cable per quarter on the issue of trafficking in persons.

Supervisory responsibilities in Embassy Cairo's ECPO fall almost entirely on the section's deputy, who reports to the section chief. This gives him an exceptionally heavy management workload, particularly during the employee evaluation period.

Informal Recommendation 2: Embassy Cairo should review the supervisory structure of the economic and political section with the aim of more evenly dividing supervisory responsibilities, most of which currently fall to the section's deputy.

PUBLIC DIPLOMACY

Overview

Officers from sections other than public affairs rarely conduct public outreach. The PAO too has conducted little public outreach.

Informal Recommendation 3: Embassy Cairo should engage officers throughout the embassy, including the public affairs officer, in public outreach to increase understanding of U.S. policies and values.

Management Issues

The PAO, located on the second floor, seldom visits staff on the ground floor.

Informal Recommendation 4: Embassy Cairo's public affairs officer should regularly walk through all parts of the section.

CONSULAR AFFAIRS

Consular Management

The CG's deputy departs in December 2004 with no replacement yet named, leaving the section with no experienced consular officer to supervise visa services.

Informal Recommendation 5: Embassy Cairo should request the Department to assign an experienced temporary duty officer to act as the deputy CG until a replacement arrives.

The consular section has no formal program to train newly hired locally employed staff.

Informal Recommendation 6: Embassy Cairo's consular management should initiate a training program for newly hired consular locally employed staff based on the Bureau of Consular Affairs' consular correspondence courses.

Signs directing visitors to the appropriate consular units are few in number and not clearly displayed.

Informal Recommendation 7: Embassy Cairo's consular section should post additional directional signs that clearly inform visitors where to go for visa or American citizens services.

VISA SERVICES

The NIV unit has no mutually agreed upon set of criteria for identifying consular lookout and support system name check hits and sending security advisor opinion cables.

Informal Recommendations 8: Embassy Cairo's consular section should create clear, mutually agreed upon guidelines for identifying consular lookout and support system name check hits and for sending security advisor opinion cables.

The IV unit has no criteria for accepting and processing IV petitions from American citizens not resident in its consular district.

Informal Recommendation 9: Embassy Cairo's consular section should develop clear criteria for accepting and processing immigrant visa petitions from American citizens who do not reside in the Cairo consular district.

AMERICAN CITIZENS SERVICES OUTREACH

The consular section has no outreach program to send officers to provincial cities to establish relationships with local officials, police, businessmen, and tourist organizations.

Informal Recommendation 10: Embassy Cairo should annually send consular officers to the provincial cities and tourist sites to meet with local police, civilian officials, hotel general managers, tourist organizations, wardens, and resident American citizens.

SUDAN CONSULAR SERVICES

The Bureau of Consular Affairs added oversight of ACS services in Libya to the Sudan officer's responsibilities, which will increase the length of the officer's absences from Cairo.

Informal Recommendation 11: Embassy Cairo should closely monitor the need for additional resources to support Cairo's Sudan consular office as a result of the officer's increased travel requirements.

In order to determine the future level of consular services at Embassy Khartoum, the Bureau of Consular Affairs sent a senior consular officer TDY to Khartoum to review the entire consular operation at the embassy.

Informal Recommendation 12: Embassy Cairo's Sudan officer should take advantage of the temporary duty consular officer in Khartoum to eliminate Sudanese visa backlogs at Embassy Cairo and create clear procedures for the transfer of cases from Embassy Khartoum to Embassy Cairo.

RESOURCE MANAGEMENT

Administrative Operations

Rest rooms in both public and office areas are not properly cleaned or supplied for days at a time.

Informal Recommendation 13: Embassy Cairo should establish and implement a daily schedule that would ensure the local janitorial force keeps the public restrooms clean and the supplies replenished.

Human Resources

Embassy Cairo is conducting mass telegraphic renewals of personal services agreements for its LES but is not maintaining a copy of the action telegram in the official personnel folder of each individual personal services agreement employee as required by personal service agreement guidance number 6, issued in 99 State 164428.

Informal Recommendation 14: Embassy Cairo should comply with personal services agreement guidance to properly process renewal telegrams and to permanently maintain a copy in the official personnel folder of each individual personal service agreement employee

After Hours Access

LES can access sensitive HR information after hours without American supervision.

Informal Recommendation 15: Embassy Cairo should review its policy and procedures on locally employed staff working after hours without American supervision in areas where sensitive materials are present.

Post Language Program

Students in Embassy Cairo's post language program complained that the program was not sufficiently tailored to meet their needs. The program's new director has taken steps to strengthen the program, but his part-time status limits his availability.

Informal Recommendation 16: Embassy Cairo should change the eligible family member position overseeing the post language program from a thirty-hour a week position to a full-time slot.

Equal Employment Opportunity

There were complaints about an improper work environment and inequality in the work place.

Informal Recommendation 17: Embassy Cairo should schedule periodic equal employment opportunity training for American and locally employed staff from all agencies which emphasizes maintaining a proper work environment and equality in the workplace.

Post has not provided the required monthly reports on all counseling activity, including "negative reports" when there is no activity.

Informal Recommendation 18: Embassy Cairo should submit the required monthly equal employment opportunity reports as required by equal employment opportunity Counselor Notice 2003-01.

It is the policy of the Department, as stated in 3 FAM 1511, to achieve equal employment opportunity in all personnel operations through continuing affirmative action programs. Embassy Cairo's staff, however, lacks ethnic and gender diversity at the Department section head level.

Informal Recommendation 19: Embassy Cairo should request that the Bureau of Near Eastern Affairs and the Office of the Director General take the importance of diversity into account when filling vacancies in senior level positions at the embassy.

Cashiering

The Class B cashier and the alternate cashier do not have adequate cash boxes to store and secure their advances.

Informal Recommendation 20: Embassy Cairo should provide embassy cashiers with adequate cash boxes to store and secure their advances.

Information Management and Security

Despite the efforts of the IM section to encourage equitable sharing with other sections, classified pouch escort duties have fallen exclusively on the IM staff. The two IPC staff members are not able to perform other required responsibilities efficiently, which in turn could affect the classified operations of the embassy.

Informal Recommendation 21: Embassy Cairo should ensure that classified pouch courier escort duties are shared equally among sections that use the service.

Computer equipment and hardware located in the embassy are not properly labeled to indicate the level of classification allowed, as mandated in 12 FAM 622.1-4.

Informal Recommendation 22: Embassy Cairo should label all embassy equipment with the proper level of classification, as mandated in the Foreign Affairs Manual.

The ISC has incomplete standard operating procedures for its IT operations. According to 5 FAM 120, the ISO is responsible for creating and maintaining standard operating procedures for all ISC operations and tasks.

Informal Recommendation 23: Embassy Cairo's information systems officer should develop all required standard operating procedures for information services center operations.

Community Liaison Office

The embassy's new employee orientation is held annually. People arriving after the orientation miss receiving important information.

Informal Recommendation 24: Embassy Cairo should hold more frequent orientation events.

PRINCIPAL OFFICIALS

Ambassador	C. David Welch	08/01
Deputy Chief of Mission	Gordon Gray	07/02

Chiefs of Sections:

Administrative	Steven J. White	08/04
Consular	Peter G. Kaestner	08/04
Political/Economic	Michael H. Corbin	08/03
Public Affairs	James L. Bullock	08/03
Regional Security	Douglas J. Rosenstein	06/03

Other Agencies:

Corps of Engineers	Barry Morley	05/03
Department of Defense, DAO	Todd M. Caldwell	01/02
Department of Defense, NAMRU	Trueman W. Sharp	08/02
Department of Defense, OMC	Robert Hein	06/04
Drug Enforcement Administration	Donald Barnes	06/04
Foreign Agricultural Service	Asif J. Chaudhry	08/02
Foreign Commercial Service	James L. Joy	07/02
Library of Congress	James N. Gentner	01/03
U.S. Agency for International Development	Kenneth Ellis	08/03

~~**SENSITIVE BUT UNCLASSIFIED**~~

~~**SENSITIVE BUT UNCLASSIFIED**~~

ABBREVIATIONS

ACS	American citizen services
AECWA	American Employees Cooperative and Welfare Association
AF	Bureau of African Affairs
AMIDEAST	America-Middle East Educational Services and Training, Inc.
APP	American presence post
CG	Consul General
CLO	Community liaison office
DCM	Deputy chief of mission
Department	Department of State
ECPO	Economic and political section
EEO	Equal employment opportunity
EFM	Eligible family member
ESSA	Embassy Support Services Annex
GSO	General services office
HR	Human resources
ICASS	International Cooperative Administrative Support Services
IM	Information management
IMO	Information management officer
IPC	Information program center
IPO	Information program officer
IRC	Information resource center
ISC	Information services center
ISO	Information systems officer

ISSO	Information systems security officer
IT	Information technology
IV	Immigrant visa
LES	Locally employed staff
MPP	Mission Performance Plan
MOU	Memorandum of understanding
NEA	Bureau of Near Eastern Affairs
NIV	Nonimmigrant visa
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
OMS	Office Management Specialist
PAO	Public affairs officer
RIF	Reduction-in-force
TDY	Temporary duty
USAID	U.S. Agency for International Development

~~SENSITIVE BUT UNCLASSIFIED~~

~~SENSITIVE BUT UNCLASSIFIED~~