

~~SENSITIVE BUT UNCLASSIFIED~~

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

Report of Inspection

Embassy Tegucigalpa,
Honduras

Report Number ISP-I-09-10A, October 2008

~~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~~

PURPOSE, SCOPE AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspections, as issued by the President's Council on Integrity and Efficiency, and the Inspector's Handbook, as issued by the Office of Inspector General for the U.S. Department of State (Department) and the Broadcasting Board of Governors (BBG).

PURPOSE

The Office of Inspections provides the Secretary of State, the Chairman of the BBG, and Congress with systematic and independent evaluations of the operations of the Department and the BBG. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

METHODOLOGY

In conducting this inspection, the inspectors: reviewed pertinent records; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on-site interviews; and reviewed the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.



**United States Department of State
and the Broadcasting Board of Governors**

Office of Inspector General

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, Section 209 of the Foreign Service Act of 1980, the Arms Control and Disarmament Amendments Act of 1987, and the Department of State and Related Agencies Appropriations Act, FY 1996. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its oversight responsibility with respect to the Department of State and the Broadcasting Board of Governors to identify and prevent fraud, waste, abuse, and mismanagement.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG, and have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H.W. Geisel", written in a cursive style.

Harold W. Geisel
Acting Inspector General

TABLE OF CONTENTS

KEY JUDGMENTS	1
CONTEXT	3
EXECUTIVE DIRECTION	5
Mission Strategic Plan	6
Security	7
Morale	8
Entry-Level Program	9
POLICY AND PROGRAM IMPLEMENTATION	11
Assistance	11
Rule of Law and Law Enforcement	13
Reporting and Advocacy	14
Political	15
Political/Military	16
Economic	16
Public Diplomacy	18
Advocacy and Media Contact	18
Educational Exchanges, Speakers and Cultural Programming	18
Program Management and Direction	22
Consular Affairs	23
American Citizens Services	24
Visas	25
Consular Management	26
Fraud Prevention Mangement	29
Consular Agency San Pedro Sula	30
RESOURCE MANAGEMENT	31
Rightsizing	32
Management Operations	32
Financial Management	33

Human Resources	35
General Services	36
Information Management	39
QUALITY OF LIFE	41
MANAGEMENT CONTROLS	43
LIST OF RECOMMENDATIONS	47
INFORMAL RECOMMENDATIONS	53
PRINCIPAL OFFICIALS	55
ABBREVIATIONS	57

CONTEXT

With 7.5 million people inhabiting 43,433 square miles, Honduras is slightly smaller in size and population than Virginia. The third poorest country in the Americas, Honduras has a history similar to its neighbors: three centuries of Spanish rule



followed by independence in the 19th century along with substantial foreign investment. The term ‘banana republic’ was coined for Honduras after United Fruit and Standard Fruit companies established vast plantations along the northern coast. For much of the 20th century, the military, either directly or indirectly, ruled the country. After a series of coups from 1955 to 1972, Honduras returned to civilian, democratic rule in 1979 and has since had seven presidents assume office via elections.

Despite three decades of relative democracy, real economic progress in Honduras remains elusive. Above all, the dictatorial and protectionist past weighs heavily on the country. Crime, corruption, high unemployment, flawed rule of law, a bloated bureaucracy, and skewed income distribution as well as skewed economic theory constrain development. The murder rate is five times that of the United States. Two-thirds of Hondurans live in poverty. The prison system doubles as headquarters for organized crime. Nonetheless, Honduras has enjoyed four to six percent economic growth in recent years. High by Central American standards, this growth reflects the apparel assembly sector and the huge inflow of remittances from the roughly one million Hondurans living in the United States.

Bilateral relations are complex. The United States is far and away the largest trading partner, with two-way trade of over \$7 billion, and the largest source of direct foreign investment. Cooperation and working-level ties remain strong in many areas; the Peace Corps contingent is one of the largest in the world; and assistance exceeds \$140 million annually. Honduras is also home to Soto Cano, the only U.S. base in South and Central America, which is staffed by Joint Task Force-Bravo.

The Ambassador enjoys unfettered access to President Manuel “Mel” Zelaya, who desires of good relations with the United States, but not reflexively in tune with U.S. goals, including the focus on corruption and rule of law in Honduras. Another complication is Zelaya’s penchant for creating problems that only he can solve, for political gain. Tellingly, Honduras votes with the United States at the United Nations and other international forums only about one time in seven. Such disconnects as well as the cocaine flow through Honduras and the fragility of Honduran democracy are among Embassy Tegucigalpa’s many challenges. This mission, stewarded by an activist Ambassador and a seasoned deputy chief of mission (DCM), provides strong overall direction for the 120 Americans representing more than a dozen U.S. government agencies.

EXECUTIVE DIRECTION

Embassy Tegucigalpa stands out for its superlative executive direction as it works to achieve key United States policy goals through assistance and law enforcement programs as well as advocacy for better governance. This is not easy in that United States policy emphasizes meaningful democracy, rule of law, transparency, anticorruption, and economic competitiveness—all concepts that run somewhat counter to the interests of the Zelaya government and the business oligarchs who have essentially run Honduras as a private business for 200 years. The degree of personal corruption at very senior levels prevents close association. The current Honduran president himself is erratic in word and deed despite being personally accessible to the Ambassador whose residence the head of state willingly visits. Despite these impediments, the embassy has engaged with relative effectiveness—above all via public diplomacy. The Ambassador leverages, to good effect, his status in Honduras where many look up to the U.S. envoy. Local polls rank the Ambassador second only to the Cardinal in popularity.

The Ambassador and DCM are a well-matched team who preside over an embassy that is highly productive even though several key section chiefs are below the nominal grade of their positions. Their officers benefit from a management philosophy that believes in creating an environment where staff is willing to take risks and to propose innovations. As a corollary to this, if things go sour, subordinates are never scapegoated. The DCM, a classic inside-the-mission manager, excels at maintaining the collective cool of the embassy in a highly frustrating environment where even the best institution, the Honduran military, is flawed.

Interagency relationships are generally excellent and limited to the usual frictions over differences in style. All of the resident agency chiefs view the Ambassador and DCM as informed and supportive of their programs. They characterize both as ready to assist but not to micromanage. The sole problem, now lessened after Ambassadorial involvement, has been the unwillingness of the regional legal attaché office in San Salvador to keep Embassy Tegucigalpa informed on law enforcement initiatives within Honduras.

Subordinates describe the front office as engaged without being intrusive, and as dominant without being domineering in its use of command and control mechanisms. The front office uses meetings to excellent effect, both to inform and be informed. The OIG team witnessed a country team get-together that was focused,

leavened with humor, and conducted in a timely manner. The Ambassador and DCM favor a leadership and management style that combines collaboration and direction wherein they solicit feedback and input from subordinates as to how best to proceed and then choose a course.

The Ambassador and DCM's collegial and effective management styles are born out by the OIG's confidential employee assessments. Few chiefs of mission can top this Ambassador in vision, coordination, engagement, drive, fairness, and interpersonal relations. The DCM also ranked above average.

Relations between Embassy Tegucigalpa and the Bureau of Western Hemisphere Affairs (WHA) are satisfactory, although more attention to the mission from Washington might be appropriate. The Ambassador and DCM have few dealings above the level of the WHA country director, even though the issues at play in Honduras warrant higher-level Washington interest. The OIG team notes that over the years, United States relations with Honduras have passed through stages of indifference, socio-economic concern (the Alliance for Progress), indifference again, and intense strategic interest while the Sandinistas ruled Nicaragua. At present, Washington has a well-calibrated policy of providing robust assistance but not tolerating misuse of U.S. support. In keeping with the WHA policy of smart confrontation with difficult leaders in the Americas, engagement with President Zelaya has been modest since a White House visit in 2006. The Deputy Secretary and WHA Assistant Secretary did, however, visit Tegucigalpa during the OIG inspection in June 2008.

MISSION STRATEGIC PLAN

Embassy Tegucigalpa's FY 2010 mission strategic plan is a first-class blueprint for how best to shape its overall approach to promoting U.S. interests in Honduras. Anchoring the plan is a precise and concise Chief of Mission statement that is rooted in specifics rather than in the bromides that sometimes flavor this document. Its quality reflects, in part, the front office's decision to allow a talented economic counselor to polish the document, after entry-level officers crafted the first draft. The OIG team commends the Ambassador and DCM for establishing a rolling system wherein an entry-level officer slated to be at the embassy the next year serves as the assistant coordinator for the mission strategic plan. The following year, this assistant coordinator graduates to lead coordinator and another incoming officer serves as assistant.

The Ambassador has been prescient in his approach to mission strategic planning. Upon arrival to Tegucigalpa in 2005, he led a series of team-building sessions to determine the key goals for the next three years. Thereafter, the embassy produced five goal papers with specific objectives including regional security, rule of law, economic growth and poverty reduction, American citizen services, and investment in people. Throughout, the Ambassador and DCM actively involved themselves in the process while allowing the coordinators to meet with each agency and embassy section repeatedly to fine tune the mission strategic plan. The Department specifically commended Embassy Tegucigalpa's 2010 mission strategic plan, noting its clear linkage of needs to required resources and the credible, quantifiable indicators presented in the goal papers.

The OIG team shares the embassy's frustration with certain features of the mission strategic planning process. For example, the first goal is promoting regional stability through transforming the security forces when, in fact, promoting national stability or rule of law might be more accurate. Neither, however, are available options according to the strategic planning format. Similarly, Embassy Tegucigalpa found itself unable to compile resource tables that add up to 100 percent because the process itself excludes lesser activities, including some that U.S. embassies are required, by law, to perform, such as commercial promotion. Further, the mission strategic plan's mandated performance indicators are less than ideal evaluation tools in that they are required to be quantitative and based on external monitoring agencies. These agencies, however, typically compile figures 18 months or so after the events themselves. Ideally, embassies would have greater flexibility in the use of qualitative indicators. Also the mission strategic plan and the United States Agency for International Development (USAID) operation plan, each featuring differing objectives and indicators, draw unnecessarily on mission resources.

SECURITY

The Ambassador and DCM have firm, forward-leaning hands on the security tiller—an appropriate posture given the general absence of effective rule of law in Honduras and the embassy's critical crime-threat status. Honduras is a country where there are 8,000 largely corrupt police, 70,000 private security employees, and powerful organized criminals with ties to the highest levels of government. Appropriately, given the large numbers of private American citizens in country, the Ambassador has been proactive in encouraging a study of the crime situation and in imparting to resident Americans the finding of these studies—Honduras ranks among the world's leaders in murders per capita and in gang-related violence.

ENTRY-LEVEL PROGRAM

Embassy Tegucigalpa's entry-level program meets basic Department requirements but could benefit from more assertive direction and focus. The OIG team confirmed that entry-level employees themselves created a group as well as informal leadership mechanisms within the entry-level team. This group met with the DCM twice in the past year, but neither the front office nor the human resources office has formalized a mentoring program. The DCM does not meet with all entry-level officers on a regularly scheduled basis, although he often sees those in certain sections whose duties require interface with the front office. The DCM appropriately does the review statements on the employee evaluation reports of untenured officers. While some entry-level officers have gone to the Ambassador and DCM residences for informal functions, many have never been to a representational function at either residence. The OIG team informally recommends that they be included in larger functions, such as that on Independence Day. Additionally, the OIG team notes that entry-level officers do not have a chance to attend country-team meetings on a rotational basis. Here, too, the OIG informally recommends their inclusion.

Recommendation 1: Embassy Tegucigalpa should formalize a mentoring program for entry-level employees. (Action: Embassy Tegucigalpa)

POLICY AND PROGRAM IMPLEMENTATION

The Ambassador anchors Embassy Tegucigalpa's policy and programmatic activities, by dint of sheer energy, unfettered access to President Zelaya, and by the high public standing of the United States in Honduras. Both involve themselves in all programs. The Ambassador, an economist and career member of the Foreign Commercial Services, focuses especially on assistance, economics, commercial matters and public diplomacy. The DCM, whose background includes a significant counternarcotics assignment, involves himself with particular effectiveness in the mission's law enforcement and rule of law activity. Embassy Tegucigalpa has the traditional range of consular, political, political-military, labor, and economic functions for a medium-sized embassy to a developing country. The distinguishing feature of this mission is its focus on rule of law and law enforcement, issues which permeate nearly all program and policy implementation. Honduran inability to control illegal immigrants and drugs or precursor chemicals transiting its borders continues to present a major law enforcement problem for the United States. Honduran failure to establish meaningful rule of law continues, to thwart positive change in general, and law enforcement in particular.

ASSISTANCE

Long the largest bilateral donor, the United States supports Honduras via a broad range of assistance programs including those managed by the Millennium Challenge Corporation (MCC), the USAID, Peace Corps and the Departments of State, Defense, Labor, Agriculture and Treasury. Annual aid exceeds \$140 million, about \$20 per capita. Over the past 46 years, USAID alone has invested more than \$2 billion in development programs. The Peace Corps program, a bargain at \$3 million per year, supports one of the largest volunteer contingents in the world. Despite such generosity, Honduras remains a misruled, poor country with an immense underclass. Its leaders devote the lion's share of their budgets to salaries and perks, anticipating that donors will be funding actual assistance inputs. Skeptics view the continuance of robust U.S. assistance programs as a triumph of hope over experience. More sanguine observers view the current assistance strategy as realistic and the individual programs

well-designed. The OIG team believes that Embassy Tegucigalpa and Washington are generally on the right track in pressing the Honduran government to address misrule of law and related themes, including systemic corruption.

Soon after arrival in Honduras in 2005, the Ambassador became the first U.S. mission chief in a number of years to assume the chair of the 16-country donor group, with the USAID director chairing the technical group. This major symbolic step allowed the embassy maximum opportunity both to wean the Honduran government from foreign assistance dependency, and to influence the European Union's bulked up assistance program worth 360 million Euros over six years. The OIG team found that the Ambassador is highly engaged publicly with all major Honduran stakeholders, including those with assistance ties. This involvement maximizes the embassy's ability to positively influence decisions. When, for example, the MCC needed legislative changes to facilitate resettlement of Hondurans to allow road construction, the Ambassador weighed in successfully at the highest levels of government.

Within the mission itself, whose cumbersome layout undercuts USAID-Embassy coordination, the Ambassador and DCM have emphasized interagency assistance synergies. The MCC and USAID have interlocked programs to reduce rural poverty through technical assistance to farmers and improved roads allowing goods to profitably go from farm gate to market gate. Peace Corps and USAID participate in Military Group (MILGRP) planning for delivering support to schools and hospitals. USAID projects are routinely vetted through the Embassy's economic cluster group and also coordinated with MILGRP. USAID, MILGRP, and Joint Task Force-Bravo cooperate in taking advantage of the Denton Amendment provision that allows U.S. private donations to fly free, space available, to U.S. bases overseas. USAID Tegucigalpa identifies appropriate recipients and notifies MILGRP, which in itself provides \$44 million in overall training and humanitarian assistance. MILGRP, again space available, provides onward shipment to the final destination within Honduras. This is cost-effective.

Embassy Tegucigalpa's assistance team, with aggressive support from the Ambassador and DCM, has imparted tough love to the Honduran government. The embassy's use of visa revocation laws to bar corrupt senior officials from the United States has sent a powerful signal. In 2006, USAID froze payments to the Ministry of Health. In general, USAID implements programs with built-in flexibility so as to sidestep the most corrupt or poorest performing local officials.

The MCC, which has a solid team in Honduras and one of its best-designed programs, has positioned itself well via a range of conditionality mechanisms designed to discourage corruption. Its internal controls are tight. Its emphasis on a culture

of true competition and pressures for rational policy decisions by the government are appropriately nettlesome to corrupt elements within the Honduran government. When the Zelaya government adopted an agricultural policy to subsidize basic grains production, the MCC Director and other embassy elements stressed that horticulture is where Honduras' competitive advantage lies. When the Ministry of Transportation failed to meet the MCC procurement standards, the MCC encouraged its Honduran implementing agency to hire an outside manager. At present, with Honduras having failed a corruption indicator, the OIG team finds the MCC aggressively managing the remediation plan, underscoring that road construction will come to a halt if the government fails to take action. The MCC has also placed a condition on funding its road programs that requires the Honduran government to establish a repair fund.

RULE OF LAW AND LAW ENFORCEMENT

For more than a decade, United States law enforcement concerns—from counternarcotics operations to programs addressing, at least incrementally, rule of law—have commanded much of Embassy Tegucigalpa's time and resources. Progress has been limited. Drug trafficking, gangs, and corruption threaten Honduran society, and are abetted by the politically marginalized judicial system and ineffective law enforcement organizations. Institutional weaknesses continue: a weak and corrupt judicial system staggers under a heavy case load. These institutional failings defy ready solutions: the United States can fund training for judges and prosecutors but a dysfunctional political system, minimal judicial independence, and impunity for those who run the country frustrate real change. Said otherwise, the OIG team believes that effective rule of law assistance and, for that matter, effective law enforcement assistance in Honduras depends on a fundamental change in the ruling mentality. The embassy understands these dynamics well. The Ambassador has addressed these themes directly with those at the very top. The embassy's revocation of the visa of the telecommunications czar speaks to this effort.

Trafficking in cocaine receives the largest share of the post's law enforcement attention. The Drug Enforcement Administration and several other mission elements devote significant attention to this problem. Joint Task Force-Bravo at the Soto Cano base provides airlift, and some have argued for assigning a Drug Enforcement Administration agent directly to the base. Still, 90 percent or so of the cocaine that passes through Honduras reaches the United States. While annual seizures in recent years have tripled to six metric tons, most interpret this to mean that traffickers are routing more narcotics through Honduras' loosely controlled borders and coastline.

Recommendation 2: Embassy Tegucigalpa, in coordination with the Bureau of Western Hemisphere Affairs, should make appropriate contract and/or grant management training a requirement for the political officer designated to work with the local narcotics affairs section. (Action: Embassy Tegucigalpa, in coordination with WHA).

Political/Military

Honduras has a large U.S. military presence; Joint Task Force-Bravo is attached to the Honduran base in Soto Cano. Its 600 personnel are engaged in both counter-narcotics and humanitarian assistance. Although it falls under U.S. Southern Command rather than ambassadorial authority, Joint Task Force-Bravo maintains a liaison office in the embassy and plays an active role on the country team. The MILGRP, which also uses the Soto Cano facility, occupies an office in Tegucigalpa that is several miles from the chancery.

As noted, the Ambassador chairs a weekly political and military affairs meeting that includes the full gamut of offices involved. Cooperation between sections is excellent. During an airline crash that took place while the OIG team was in Tegucigalpa, the Defense attaché was an active member of the emergency action committee, contributing expertise in aviation issues to the mission's response team.

The political/military portfolio is currently handled by an entry-level officer pending the arrival of the mid-level deputy who will add this responsibility to that officer's already large narcotics affairs portfolio.

Economic

The four-officer economic section works closely with other agencies such as the MCC and Department of Treasury, as well as the other sections of the embassy. Building on experience from several Washington desks, the economic counselor supplements, to good effect, cables with short and to-the-point spot reporting on key issues, designed for use by WHA in preparing Assistant Secretary daily activity reports. Like the political counselor, the economic counselor supervises a frequently changing team of relatively new officers. Both section chiefs have successfully made mentoring a key part of their portfolios and service in either of these sections contributes to the professional development of rotational officers. The section also includes a Foreign Service office management specialist, a LE staff economic specialist, and a legal adviser.

The economic section deputy handles the macroeconomic, finance, telecommunications, land disputes, and money laundering portfolio. In a country where the rule of law is weak and the legal system plagued by problems of corruption and lack of enforcement of decisions, the need for legal advice and assistance in economic/commercial affairs led the mission to establish a local-hire legal adviser position in 1999. The incumbent has been in the job for one year; and focuses on areas including legal issues involving U.S. companies, legal issues affecting American citizens, and land disputes, especially expropriations.

The deputy is also the principal officer of the mission's Virtual Presence Post in San Pedro Sula. A Virtual Presence Post draws upon available diplomatic outreach tools (travel, programs, media, and Internet technology) to improve our engagement with a specific community where the United States has no physical diplomatic facilities. The mission maintains a website presence and a modest level of program activity in San Pedro Sula. During the last year, in addition to the website, the Virtual Principal Officer arranged four or five specifically virtual programs. To make this program as effective as possible, strong front office support is required so that all sections of the mission actively participate in this effort.

The entry-level rotational officer handles the commercial, trade and Central American Free Trade Association portfolio and works with a Foreign Commercial Service LE staffer. Commercial activities are supervised by the regional senior commercial officer at Embassy San Salvador. The economic officer who supervises the local Foreign Commercial Service staff has received orientation training and attended a regional commercial conference. Capacity development under the Central American Free Trade Association is supported by a number of agencies including USAID, MCC, Foreign Agriculture Service, and the Department of Treasury. Cooperation between all of the entities and the economic section is good.

A fourth entry-level officer handles environmental, agro-industry, and energy issues, and is the economic section's point of contact with the Foreign Agricultural Service LE representative in Tegucigalpa, and the regional agricultural counselor at Embassy Guatemala City.

The economic section occupies very cramped quarters in which officers sit so closely together that they have difficulty talking on the phone. Alternative space is available, if suitable alterations can be made and funded. The OIG team informally recommends that the embassy review space allocations for this and several other sections.

PUBLIC DIPLOMACY

Advocacy and Media Contact

The public diplomacy section is skillfully implementing the full range of educational, cultural, and information programs that constitute the public affairs toolkit. Drawing on the Ambassador's activism and media savvy, they have effectively used the Ambassador's communications skills to advocate U.S. policies and positions. The United States looms large in Honduras' foreign relations, and the U.S. envoy is a highly significant figure in Honduras. When the Ambassador speaks, Hondurans listen, and the Ambassador speaks almost daily on issues large and small. Supporting this active, effective media presence is a full-time job for the public affairs officer and a highly capable, experienced local staff. Although they execute these duties with reasonable competence, the public affair officer does not otherwise provide strong direction to the section.

Fluent in Spanish, the Ambassador is highly sensitive to the way issues play in the local media. When Honduras and Venezuela were poised to sign an agreement not in the best interest of either Honduras or the United States, he coordinated a media strategy with the economic and public affairs sections to provide most major media with background briefings. By raising the questions that the Honduran media themselves ought to have been asking, the mission sparked a public discussion that moved the final outcome in a more favorable direction.

The information section consists of one Foreign Service officer and two LE assistants. It monitors the media and produces a daily press summary distributed by e-mail inside the embassy as well as to other clients in Washington and elsewhere. They coordinate media coverage for all embassy events and produce a plan of proposed Ambassadorial media events that supplements the events-driven press statements of the mission's front office.

Educational Exchanges, Speakers and Cultural Programming

The cultural affairs office, headed by a second-tour officer who is assisted by two experienced local staff, oversees exchanges, cultural programs, and speaker presentations. Honduras lacks a bilateral Fulbright commission, and this educational exchange program is administered directly by the embassy. The embassy does not have a goals paper describing what they hope to accomplish with educational exchanges that designates priority areas of emphasis. Given the freedom that unilateral

ownership of the program allows, the weak linkage between the academic exchange program and overall mission goals is notable. The mission strategic plan themes all seek to support rule of law, free-market economics, and transparency in an effort to create a democratic, stable, and prosperous Honduras. Yet, in fiscal year 2007, three of the six Hondurans being sent to the U.S. for masters degrees planned to study engineering rather than law, economics, or government.

Recommendation 3: Embassy Tegucigalpa should develop and implement an educational exchange strategy that reflects the mission strategic plan. (Action: Embassy Tegucigalpa)

The mission works closely with a binational center that has branches in several locations in the country. The teaching of English is prominently featured in the center's program, and the public affairs section employed academic specialists and a teaching fellow to assist in the development of English-language programs throughout the nation. Their efforts are supported by a regional English-language officer based in Mexico City who periodically visits Tegucigalpa to offer advice and counsel.

There are two American Corners; one is located in a secondary school, the other in a branch of the binational center. The American Corner in Puerto Lempira was established in 2005 through a grant to a non-governmental organization to purchase \$53,000 of books and equipment. The terms of that grant were fulfilled; however, a memorandum of understanding between the American Corner in Puerto Lempira and the embassy was still not executed three years later, and there are no available reports on activity. The Bureau of International Information Programs established standards for this type of memorandum of understanding. Without a memorandum of understanding, it is impossible to establish that the equipment purchased under the 2005 grant is in place and fulfilling the terms of the original grant. Without monthly reports, it is impossible to evaluate the program effectiveness of this American Corner.

Recommendation 4: Embassy Tegucigalpa, in coordination with the Bureau of International Information Programs, should take immediate corrective actions to execute a valid memorandum of understanding between the American Corner in Puerto Lempira and the Embassy. (Action: Embassy Tegucigalpa, in coordination with IIP)

Recommendation 5: Embassy Tegucigalpa should establish and enforce a schedule for the American Corners to submit regular reports of visitors, programs, and goals for the public affairs section to evaluate the effectiveness of these programs. (Action: Embassy Tegucigalpa)

The public affairs section hosts an Information Resource Center with some 250 reference books, several general news magazines and foreign policy journals as well as access to the standard online databases provided by the Bureau of International Information Programs. The Information Resource Center provides briefings to an average of one or two student groups each quarter, and fields 10 to 15 reference questions from outside contacts and 20 to 25 questions from embassy staff on a monthly basis. The center also has four workstations which provide Internet access via a dedicated Internet connection that is separate from the mission's OpenNet system. Although this service exists primarily for use by visitors to the information Resource Center, it appears to be used largely by LE staff and mission family members; the Information Resource Center director reports that the average number of outside visitors is three or four per month.

Recommendation 6: Embassy Tegucigalpa, in coordination with the Bureau of International Information Programs, should eliminate stand-alone Internet service to the public and apply the costs saved to other aspects of Information Resource Center programming. (Action: Embassy Tegucigalpa, in coordination with IIP)

Although an annual information resource plan, tied to mission strategic plan objectives, is required to be kept up to date (10 FAM 362.2 b.), the most recent information resource plan available at post was submitted in June 2004. Neither the regional information resource officer nor the public affairs officer took appropriate action to ensure that this requirement was met. A draft report prepared in October 2007 exists, but it was not officially submitted as of the OIG team's inspection.

Recommendation 7: Embassy Tegucigalpa, in coordination with the Bureau of International Information Programs, should develop and implement a schedule for preparing and submitting annual Information Resource Center plans. (Action: Embassy Tegucigalpa, in coordination with IIP)

Although the public affairs section reports on program activity through cables, e-mails and weekly reports, it was not submitting activity reports to the Mission Activity Tracker, a Department-wide database of mission activity administered by the Undersecretary for Public Diplomacy and Public Affairs' Office of Policy, Planning and Resources to allow the Department to collect, evaluate, and document the effectiveness of public diplomacy programming.

Recommendation 8: Embassy Tegucigalpa should develop and implement procedures that ensure that the program activities of the public affairs section are being entered into the Mission Activity Tracker database in a timely, thorough manner. (Action: Embassy Tegucigalpa)

Although subunits of the public affairs section maintain individual mailing and contact lists, the section lacks a single interactive database to record participation, generate guest lists, and assist in planning outreach to key contacts. Ideally, the public affairs section would work with the Bureau of Western Hemispheric Affairs to develop and implement a single contact list for targeted audiences (formerly known as the Distribution Records System).

Four years ago, the public affairs section received \$40,000 from the Bureau of Educational and Cultural Affairs to create an alumni affairs office at the binational center charged with creating a unified database and initiating alumni activities among Honduran participants in the mission's extensive web of educational and professional exchange grantees. This office no longer exists. The database is incomplete and not up to date. Without a strong database, Embassy Tegucigalpa cannot ensure that these exchange programs fulfill their goal of enhancing mutual understanding. Although this is being accomplished ad-hoc, the mission has not expanded and regularized contact with alumni of all the mission's many exchange programs.

Recommendation 9: Embassy Tegucigalpa, in coordination with the Bureau of Educational and Cultural Affairs, should develop and implement procedures for involving former Honduran grantees in alumni activities sponsored by the public affairs section. (Action: Embassy Tegucigalpa, in coordination with ECA)

The Information Resource Center director not only manages the center's activities, but is also the main point of contact for the mission's two American Corners. In addition, the director coordinates library activities with the binational center, serves as the mission's photographer, and is the mission's webmaster. Such a large, diverse portfolio invites problems, including some of the gaps noted above. Embassy Tegucigalpa has not reviewed the Information Resource Center director's position description or tried options such as redistributing the workload or hiring a full-time webmaster to correct this issue.

Recommendation 10: Embassy Tegucigalpa should review the position description of the Information Resource Center director to determine whether the workload of the position is reasonable and, based on the results of the review, take appropriate action to rationalize the workload. (Action: Embassy Tegucigalpa)

In 2007, (State132990), the department mandated that all embassy websites migrate to the Content Management System run by the Bureau of International Information Programs. While the mission's virtual presence post site now lives on this system, Embassy Tegucigalpa has not brought the main web site into the Content Management System. Moving the site to the Content Management System will simplify website management and provide a range of analytic reports essential to evaluation of the site's effectiveness.

Recommendation 11: Embassy Tegucigalpa, in coordination with the Bureau of International Information Programs, should complete migration of the embassy website into the Content Management System. (Action: Embassy Tegucigalpa, in coordination with IIP)

Program Management and Direction

Public diplomacy in Embassy Tegucigalpa appears to be somewhat unduly peripheral to the policy-making process. While the section adequately implements the full range of exchange and program activities and supports media activities of the front office and other sections, it reacts rather than initiates. There is no overall strategic communication plan. The OIG team interviews suggest that the public affairs section's role in arranging interviews, speakers, programs, and media events is largely

that of providing support. In essence, the section serves as a public affairs “GSO” section rather than a policy office that creates opportunities to engage Honduran audiences with the mission’s key messages.

In two instances during the OIG visit—the visit of the Deputy Secretary and the crash of an airliner carrying several American citizens—OIG team members observed the public affairs section largely responding to directions rather than actively shaping the public dimension of these events.

Embassy Tegucigalpa has a large number of first- and second-tour officers on its staff. Mentoring and developing the next generation of Foreign Service officers is a key obligation of section chiefs. The public affairs section has not been as effective as it should be in developing the professional skills of its entry-level officer.

CONSULAR AFFAIRS

The consular section in Tegucigalpa is performing superbly under the exceptional leadership of the consul general (who is one grade below the level of his position) and the deputy. Morale is exceptionally high among the 10 officers, five eligible family members, and 14 LE staff. Many employees attribute this to the strong sense of teamwork, mutual supportiveness among employees, and excellent communication. The consular section showcased these attributes for the OIG team when a commercial airplane crashed at Tegucigalpa airport during the time of the inspection. Nine Americans were aboard and two perished. The consular employees, in coordination with the management section and the regional security officer, spearheaded the embassy response, reacting rapidly and efficiently. Within minutes of the crash, a team of officers and LE staff were dispatched to the airport, hospitals, and the morgue. Simultaneously, the consular section set up a command center to coordinate information and taskings and respond to public inquiries. The embassy’s response serves as a model of crisis management put into practice.

The consular officers are well-integrated into the work of the rest of the embassy. Several entry-level officers have done short stints in other sections as part of their professional development. Mission management encourages all consular officers to engage in public diplomacy and many of them are fluent enough in Spanish to be able to conduct media interviews. For example, one newly-arrived, first-tour officer did a live, half-hour television interview about visas. The consul general, viewed by the Ambassador as among the embassy’s best public spokesmen, regularly works the media to excellent effect.

American Citizens Services

The workload for the American citizens services unit, already heavy and complex, is growing. Honduras promotes itself as a destination for both tourists and retirees, despite the country's problems with crime and corruption. As many as 7,000 Americans now live in Honduras, and between 40,000 and 60,000 tourists are visiting at any one time during most of the year.

The majority of Americans are attracted to the Caribbean islands off the northern coast of Honduras, where many local residents speak English instead of Spanish as their mother tongue. This part of Honduras is furthest from the capital of Tegucigalpa, thereby complicating the provision of consular services. The opening of a consular agency in San Pedro Sula in 2001 has helped the embassy manage these services in the north of Honduras.

The staffing of the American citizens services unit is lean, the more so as workload statistics inadequately convey the amount of time expended on individual cases. For example, death cases involving the repatriation of remains require significant time because of the cumbersome Honduran bureaucracy. One entry-level officer is assigned full-time to the unit, with occasional help from another officer. There are only three LE staff and one eligible family member. The embassy has, however, recently created a fourth LE staff position to relieve some of the workload stress on the rest of the staff.

Crime and corruption are rife in Honduras. Rampant crime, which affects American and Honduran employees alike, includes the murder of 63 American citizens since 1995 and the possibility of manslaughter in 8 more cases. Corrupt and inefficient police and judicial officials often do not execute arrest warrants even when the suspect's whereabouts are known. In 2001, the embassy created a task force on murder cases to aggregate all information available and devise a work plan for each case. Prodded by successive ambassadors, the Honduran authorities have devoted personnel and resources to investigating these cases and prosecuting suspects. The Honduran prosecutor's office provides a quarterly progress report that the consular section draws on for personalized letters to the families of murder victims. Since the task force was created, 22 cases were resolved—mostly when the suspects were convicted, but in a couple of cases the suspects committed suicide. Unfortunately, the Honduran government cut back on its funding for this program. One American citizen is lobbying Congress to fund the embassy's task force and commend the embassy's approach as a model for other American missions.

The weaknesses and corruption in the Honduran legal system led to numerous property disputes involving American citizens as well as lengthy delays in the trials of arrested Americans. The proximity of Honduras to the United States and the weak legal system encourages many American fugitives to seek refuge in Honduras. Efforts to effect and process their return to the United States command much consular time and effort.

There were 25 American citizens arrested in Honduras last year and several are serving long-term sentences ranging to life imprisonment. There is no prisoner transfer treaty between the United States and Honduras. Previous attempts to interest the Honduran government in such a treaty led nowhere. The Hondurans cite the existence of the death penalty in the United States as a reason for opposing prisoner transfers, even though prisoners transferred under such treaties cannot have their sentences changed by the receiving country.

Visas

The visa function is a high-profile component of the embassy, as evidenced by innumerable requests for media interviews to discuss visa issues. One million of Honduras' seven million people live in the United States—most of them illegally. Visa fraud is high as dire poverty and high unemployment push Hondurans to seek work in the United States. The nonimmigrant visa workload has risen steadily in recent years. In 2007, there were over 50,000 applications, with a refusal rate of approximately 34 percent. There are five entry-level officers assigned to the nonimmigrant visa unit when it is fully staffed. The working situation for the LE staff has improved since the inception of a call center in 2007 to field inquiries and make appointments. Appointments were previously made at the bank which collects visa application fees. Prior to the establishment of a call center, local staff had to handle an immense number of telephone inquiries, which drew them away from the visa-processing function. An experienced, skilled second-tour officer thoroughly trains new officers. The inspection team's review of adjudications found them to be reasonable. Officers' case notes amply documented decisions, whether for issuance or refusal.

Some immigrant visa applicants are ineligible because of membership in violent U.S. or Honduran gangs such as the notorious Maras. Key to determining whether they belong to such gangs is the analysis of their tattoos. When immigrant visa applicants in Tegucigalpa go for their required medical examinations, the panel physicians note for the consular officers whether the applicants have tattoos. Consular LE staff must escort applicants into a private interview room, have them remove their shirts, and photograph the tattoos. The consular section then sends these photographs to the Federal Bureau of Investigation and the Honduran police for analysis.

This procedure is a necessary step but one which puts those employees at risk. LE staff are in the same room as the applicant and without guards. LE staff are readily identifiable outside the consular section and thus vulnerable if the applicant is unhappy about the outcome of his visa application. A recommendation for addressing this issue is contained in the discussion below of space issues.

Consular Management

Staffing Issues

The staffing of the consular section will be adequate with the addition of the fourth LE staff member in the American citizens services unit described above. However, the consular section needs to review its deployment of officers among its units. Both the entry-level officer in the immigrant visa unit and his counterpart in the American citizens services unit have workloads that are too much for one person yet not quite enough for two officers. In addition, entry-level officers from the consular section were used to help fill a vacancy elsewhere in the embassy and to help with the professional development of entry-level officers. While commendable, the willingness of consular managers to lend officers to other sections needs to end so that a fully-staffed consular section can correctly deploy officers to meet workload demands

Recommendation 12: Embassy Tegucigalpa should reallocate the duties of one of the entry-level consular officer positions to work half-time in the immigrant visa unit and half-time in the American citizens services unit. (Action: Embassy Tegucigalpa)

Space Issues

The physical layout of the consular section public areas and the lack of an electronic queue management system hamper efficiency. The section dates from 1989 when it was constructed as an add-on to the chancery. The previous consular section across the street, where the USAID building is located, was burned to the ground by a mob demonstrating against the rendition of a major drug trafficker to the United States. The section was built in an era of lighter workloads, with not all visa applicants appearing in person and no requirement for fingerprinting. In many cases, consular managers have assertively addressed these issues but have run up against roadblocks, including security-related complications and, above all, the lack of funding.

Visa applicants have to queue up on the sidewalk outside the consular entrance before entering the building. There is no covering to protect clients against the, at times, torrential rain or tropical sun. The consular managers already recognized that this needs to be fixed.

Recommendation 13: Embassy Tegucigalpa, in coordination with the Bureau of Overseas Buildings Operations, should install a canopy to protect the consular clientele on the sidewalk from the elements. (Action: Embassy Tegucigalpa, in coordination with OBO)

An empty booth with two windows faces the sidewalk but has not been modified so that consular LE staff could verify appointments, screen nonimmigrant visa documents for completeness, and issue queue management tickets once the embassy installs such a system at these windows. This modification would eliminate two problems. One is that local guards are verifying whether people have visa appointments, which gives them too much authority. The other problem is that consular LE staff is currently seated at a small table in the visa waiting room checking documents for completeness. This leaves those employees vulnerable as they work outside the hardline. The functions they perform could be performed by contract employees of the call center that makes the appointments and responds to visa inquiries.

Recommendation 14: Embassy Tegucigalpa, in coordination with the Bureau of Overseas Buildings Operations, should modify the booth facing the sidewalk at the consular entrance to allow consular employees working there to verify appointments, screen documents, and issue queue management tickets. (Action: Embassy Tegucigalpa, in coordination with OBO)

Recommendation 15: Embassy Tegucigalpa should replace the locally employed staff who screen nonimmigrant visa documents in the visa waiting room with contract employees hired by the call center. (Action: Embassy Tegucigalpa)

There is another booth in the anteroom of the consular waiting room which was initially set up as a Marine security guard booth. It has never been used, and is unlikely to ever be used for that purpose. The booth has two windows and could be suitable for fingerprinting of nonimmigrant visa applicants. This would free up two

The American citizens services unit has three windows. Employees often have to make applicants wait a long time because no window is available. Federal benefits interviews at one window are often time-consuming; the other two windows serve all other purposes. In the middle of the line of windows in the American citizens services unit is a door between the work area and waiting room. This permanently shut door affords no access and thus constitutes wasted space.

Recommendation 19: Embassy Tegucigalpa, in coordination with the Bureau of Overseas Buildings Operations, should convert the unused door in the middle of the line of windows in the American citizens services unit into an interview window. (Action: Embassy Tegucigalpa, in coordination with OBO)

Line-of-sight supervision by the consular managers is hindered by floor-to-ceiling immigrant visa filing cabinets that were placed in the middle of the horizontal work-space. This precludes supervisors from seeing what is happening in the work area from either end of the room.

Recommendation 20: Embassy Tegucigalpa should move the immigrant visa files from the middle of the work area to a corner in the back of the room and then rearrange work spaces accordingly. (Action: Embassy Tegucigalpa)

Fraud Prevention Management

Visa fraud is pervasive in Honduras. Many nonimmigrant visa applicants can be refused as intending immigrants, but there is organized fraud run by criminals that needs to be investigated. In addition, there is considerable identity and relationship fraud in immigrant visa work and American citizens services cases. Embassy efforts to fight consular fraud are hampered by corruption among Honduran government officials and the vulnerabilities of civil documents. While the two LE staff in the fraud prevention management unit are diligent, the embassy's anti-fraud efforts could be further enhanced by an assistant regional security officer investigator position.

RESOURCE MANAGEMENT

Agency	U.S. Direct-Hire Staff	U.S. Local-Hire Staff	Foreign National Staff	Total Staff	Total Funding FY 2008 (\$)
State – D&CP	37	5	26	72	1,466,714
State – ICASS	6	4	109	119	3,485,000
State – Public Diplomacy	3	0	9	12	426,200
State - MRV	0	5	3	8	232,128
State – Diplomatic Security	4	0	1	1	818,518
State – Marine Security	8	0	4	12	115,818
State – Representation	0	0	0	0	22,100
State – Overseas Buildings Operations	1	0	0	1	655,815
State - INL	0	0	1	1	1,334,300
Commerce	0	0	3	3	5,072
Defense attaché office	8	0	3	11	299,570
MILGRP	8	0	6	14	325,000
USAID #	12	2	66	80	#
Drug Enforcement Administration *	5	0	0	5	*
Peace Corps **	3	0	47	50	2,888,000
APHIS *	0	0	1	1	*
FAS	0	0	2	2	70,641
MCC	2	0	3	5	164,350
DHS/ICE*	2	0	3	5	*
DHS/CIS	1	0	3	4	171,347
TAT *	1	0	0	1	*
JTF-B *	1	0	2	3	*
COE *	2	0	3	5	*
Totals	104	16	295	415	12,480,573

* Funding data not available

USAID:

In addition to the 80 employees, there is one international USPSC

Operating Expenses: \$ 2,553,400

Program (projects): \$38,114,000

** Peace Corps Volunteers – 171

RIGHTSIZING

Embassy Tegucigalpa has seen a significant increase in personnel since the 2001 inspection when the mission staffing was approximately 270 employees. A USAID reduction in force, however, did reduce American and LE staffing in that agency. Additional reductions should have resulted from the consolidation of the Department and USAID warehouse operations into a single service provider. One of the mission strategic plan's performance indicators is to eliminate or reduce duplication of services to reduce costs in the delivery of administrative services to all International Cooperative Administrative Support Services (ICASS) participating agencies. The OIG team agrees. Opportunities exist for additional savings by implementing the single service provider concept in other functional areas such as motor pool management, leasing, travel, and human resources. These functions are performed by both the Department and USAID.

Recommendation 23: Embassy Tegucigalpa should identify services that can be provided by the mission's most efficient single-service provider and consolidate those functions. (Action: Embassy Tegucigalpa)

MANAGEMENT OPERATIONS

Management operations, overall, are excellent. With the exception of general services, the community liaison office, and human resources, management functions received uniformly good scores on the OIG workplace and quality of life questionnaires as well as the ICASS customer survey. Indeed, some scores, such as the motor pool, information management, and quality of education for dependents at post, were very high.

Documentation available shows that credit can, and should, be given to the management counselor who arrived in the summer of 2007, less than a year before this inspection. The management counselor has assumed trusteeship of the employees association and resurrected the ICASS council which had not met for four years. The counselor will also have to resolve some particularly significant issues including the adverse treatment, both real and perceived, of LE staff, the lack of any identified EEO policies and procedures for the LE staff prior to May 16, 2008, (the eve of the inspection itself) and management control weaknesses discussed in the management controls section of this report.

FINANCIAL MANAGEMENT

Overall, financial operations were satisfactory. Some units are excellent. The voucher unit, for example, assiduously reviews supporting documentation, and, in the case of school grants, rejected claims for expenditures that were not in accordance with the terms of the grants. Accommodation exchange is performed on site by a commercial bank, and there is also an ATM machine. Oversight of official cashier operations, as discussed in the management control section of this report, needs strengthening.

International Cooperative Administrative Support Services System

The ICASS Council did not function for four years. The first meeting since April 2004, was held May 21, 2008. Another meeting is not scheduled until November 18, 2008. The ICASS council members that attended did not represent the 24 agencies that subscribe to services. Only the ICASS chairperson, two agency representatives, and two service providers attended the council meeting. The deputy chief of mission, an ex-officio member who represents the Ambassador, did not attend. The latest published ICASS standards of service for Embassy Tegucigalpa are dated April 2004, and are woefully out of date. The joint management officer requested ICASS training for mission agencies and service provider staff, and to reinvigorate the ICASS council at Embassy Tegucigalpa. The ICASS service center sent a training team, at Embassy Tegucigalpa's expense, to provide specific training to this mission.

Recommendation 24: Embassy Tegucigalpa should evaluate and update its International Cooperative Administrative Support Services standards of services guide to include the additional agencies that have subscribed to the International Cooperative Administrative Support Services since April 2004. (Action: Embassy Tegucigalpa)

Functions such as procurement, leasing, and residential building operations and maintenance are understaffed. The understaffing, in part, has led to client dissatisfaction. The 2008 ICASS customer satisfaction survey shows customer dissatisfaction with the above service providers, comments such as “even though we pay into ICASS, our office has had to use petty cash to purchase simple supplies at the local

Office Depot, because the Embassy is always out of stock”. The frustrated customer also states, “This service is poor and needs to be improved and changed to service paying ICASS customers”. Other comments that signal the dissatisfaction with ICASS state, “I don’t think the embassy is proactive in providing information to the subscriber, one has to seek it out.” One subscriber complained that they are unaware of what the “Basic Package” provides for their agency.

Recommendation 25: Embassy Tegucigalpa should immediately schedule an International Cooperative Administrative Support Services council meeting to include the deputy chief of mission and other agency subscriber representatives to address customer dissatisfaction with procurement, leasing, and residential building operations and maintenance and appropriate staffing requirements. (Action: Embassy Tegucigalpa)

The ICASS system is established at the mission under the authority of the Ambassador. According to 6 FAH-5 H-012.4, the chief of mission is responsible for ensuring that the post has a functioning ICASS council and that the relationship between the council and service provider(s) is constructive such that ICASS services are delivered fairly and effectively. When the chief of mission cannot attend the council meetings, the deputy chief of mission is often the delegated authority to decide issues on behalf of the chief of mission. According to 6 FAH-5 H-012.5, the deputy chief of mission is an ex-officio member of the post ICASS council and should attend all meetings. Embassy Tegucigalpa has yet to address State 00022839 dated March 05, 2008 and State 00037211 dated April 09, 2008 requesting service providers to evaluate and comment on the Uniform Service Standards and Metrics. The cable states that management officers should brief their teams, ICASS councils, and employees. The May 21, 2008, summary minutes of the Tegucigalpa ICASS council meeting made no mention of the cable request or information detailing the Regional Initiatives Council’s collaborative management initiative to develop uniform standards across all missions.

Recommendation 26: Embassy Tegucigalpa should comply with State 00022839 dated March 05, 2008 and State 00037211 dated April 09, 2008 requesting service providers to evaluate and comment on the Uniform Service Standards and Metrics no later than September 30, 2008. (Action: Embassy Tegucigalpa)

HUMAN RESOURCES

The human resources unit will undergo wholesale staffing changes in the summer of 2008. The American human resources officer position is being abolished upon the transfer of the incumbent. The management counselor will assume day-to-day oversight, with regional support provided by the Florida Regional Center located in Fort Lauderdale. The unit's senior national employee was in training at the time of the inspection. Overall, scores and comments on the ICASS customer services satisfaction survey for human resources operations were favorable. Clarification of policies and procedures involving priority placement during reductions in force and Equal Employment Opportunity (EEO) as they pertain to local staff were needed. The morale of the local staff continues to be eroded as inflation outpaces any salary increases. Given WHA's professed budgetary shortfalls and budgetary priorities that lie elsewhere, there is no relief in sight.

Reductions in Force

As part of USAID's downsizing in recent years, there has been a formal reduction in force. The mission published a local reduction in force plan effective April 1, 2007. A priority placement program was excluded from the plan. Paragraph 7 of State 053356, dated April 20, 2007, provides that the LE staff recruitment policy allows post management to priority place a current employee who would otherwise be separated due to a reduction in force. The local reduction in force plan was amended during the inspection to provide for priority placement.

Equal Employment Opportunity

EEO policies, as they pertain to LE staff, were promulgated in a management notice dated May 16, 2008, a week before the start of the OIG on-site inspection. The notice does not fully describe the procedures to be followed by both a potential claimant and embassy officials, nor were all employees aware of the program. An employee that brought a potential situation to the attention of the OIG team was not aware of the notice. In addition, the LE staff handbook is silent.

Recommendation 27: Embassy Tegucigalpa should amend the locally employed staff handbook to include policies and procedures for equal employment opportunity. (Action: Embassy Tegucigalpa)

Housing

The Interagency Housing Board's strict adherence to established rental ceilings and maximum space authorization created a limited housing pool and much unhappiness about housing. Housing for Embassy Tegucigalpa personnel is limited to a small geographical area due to crime, the need to find physically safe housing, and the Bureau of Overseas Buildings Operations rental caps. Tegucigalpa is a class 3 post, allowed up to 20 percent over normal space standards. Embassy members, however, point out that the mission is under-housed because management seeks only the "tiny" houses which meet the unrealistic pricing benchmarks. Several of the houses that were assigned to embassy staff are old, termite-infested, and in need of major repairs.

In order for the embassy to obtain acceptable housing an alternative housing profile will have to be created and approval obtained from the Bureau of Overseas Buildings Operations. The procedures to establish an alternative housing profile can be found in 15 FAM 224. Establishing an alternative housing profile will assist the mission in obtaining better housing for the embassy community.

Recommendation 30: Embassy Tegucigalpa, in coordination with the Bureau of Overseas Buildings Operations, should establish an alternative housing profile based on the lack of suitable housing within present maximum price and size standards. (Action: Embassy Tegucigalpa in coordination with OBO)

The housing section is not persistent in getting the landlords to make repairs. As a result, the facility management section has often made repairs for unresponsive landlords. The embassy is not reimbursed for all expenses incurred when it performs repairs that are, in fact, the responsibility of the landlord. The housing office only charges the landlord for the materials that the facility management staff uses to fix repairs. It does not charge the landlord for labor costs. According to 15 FAM Exhibit 341 B – Model Standard Lease, Article 7.E, the landlord agrees to commence, carry out, and complete, at its sole expense, emergency repairs within 48 hours after receiving oral or written notice from the tenant of the need for repairs. For repairs that cannot be completed within 48 hours, the landlord agrees to present a completion schedule for acceptance by the tenant. For any emergency repairs that the landlord does not handle in this manner, the tenant may undertake the repair at the landlord's sole expense. Any funds expended by the tenant in this regard shall be deemed prepaid rent toward the next rental payment which shall thereby be reduced

by this amount. If all rental payments are made, or the amount exceeds the rental payment, the landlord will make a direct refund to the tenant.

Recommendation 31: Embassy Tegucigalpa should implement procedures to recover all costs associated with repairs to rental units that should have been made by landlords. (Embassy Tegucigalpa)

Procurement

The scores on the ICASS Customer Satisfaction Survey for procurement declined between 2007 and 2008. The decline reflects increased workload, staffing shortages, and implementation of a new procurement system. The procurement unit was not fully staffed for over a year. There should be five LE staff versus the four that are currently on board. A vacancy announcement for a procurement agent was published May 23, 2008, one day before the arrival on site of the OIG team. There are 19 agencies that subscribed to the procurement service. Workload increased due to the addition of the MILGRP and the Department of Homeland Security). The procurement unit is also struggling with the demands of learning to procure items and services using the Integrated Logistics Management System. Embassy Tegucigalpa was selected by the Department to be a test pilot for this system. Embassy Tegucigalpa is working out the glitches of the Integrated Logistics Management System application overseas while trying to meet the outdated standards of services for the mission.

The procurement office has not met the established ICASS delivery standards of service. The outdated standards of services established by the 2004 ICASS council capture neither agencies added in the past four years nor the higher workload resulting from the increase of staff and family members at the mission. Staff expressed dissatisfaction with the procurement office and the Integrated Logistics Management System for procurement. Such unhappiness chiefly reflects the problems inherent in adjusting to a new system and in trying to handle a rising workload without additional staff.

Recommendation 32: Embassy Tegucigalpa should offer additional Integrated Logistics Management procurement system training to the embassy staff. (Action: Embassy Tegucigalpa)

The unit has requested a change to the mission's standards of services for delivery of procurement items and services. It also needs to fill the long-vacant position. As a service provider, the procurement office can express its views regarding the delivery of services. It can also offer a considered opinion about the needs of service provider employees themselves. Further, it can comment on its ability to provide potential levels of service (FAH-5 H-031.a). The service provider can also renegotiate service standards if there are significant changes in the size of the population being served (6 FAH-5 H-031.e).

Recommendation 33: Embassy Tegucigalpa should present the request to change the mission's standards of services for delivery of procurement items and services to the International Cooperative Administrative Support Services council board. (Action: Embassy Tegucigalpa)

INFORMATION MANAGEMENT

The OIG team found the information management section to be well managed and technically competent. The information management officer and his staff were very responsive and helpful in resolving any information management issue that came up during the inspection.

Embassy Tegucigalpa's information management resource section, with four full-time American employees and 15 LE staff, serves some 280 users while meeting the Department's information security and information management standards. The information management section supports the management, operations, and security of the unclassified network (OpenNet), the classified network, the laptops, and the dedicated Internet network. Information management is also responsible for the unclassified and classified pouch, diplomatic post office, switchboard operations, and the radio program. The OpenNet network alone has 228 workstations and eight servers; the classified network has 36 workstations and five servers; and the public affairs dedicated Internet network has four workstations.

Information Systems Security

Embassy Tegucigalpa operates a satisfactory information security program. The primary information systems security officer (ISSO) is an information management specialist in the information program center and the information program officer is

the ISSO for the information service center. The information management officer serves as the alternate ISSO.

The OIG team used the Department's network analysis tool, iPost, to evaluate the security and the site health of the OpenNet network. The iPost scores for site health and patch management were consistently in the high ninety percentile, indicating a secure, well-managed unclassified network.

Individual Development Plans

Although most of the full-time equivalent and LE information management staff members have created individual development plans, most of the plans were not for the current period, and there was little standardization amongst the staff in how the individual development plans were filled. This lack of consistency in the completion of the individual development plan indicates that the section lacks a formal training review process. Per 5 FAM 121.1 (3) (d) the information management officer should work with subordinates to develop an individual development plan and ensure that their training and development needs are met. The OIG team left an informal recommendation for the information management officer to schedule a yearly review with each information management staff member to discuss their training goals in support of Embassy Tegucigalpa.

Help Desk Software

The OIG team discovered that the embassy was using the application, Service Request System (SRS) to track and manage its help desk calls. The SRS application was developed at another embassy and was made available through informal channels within the Department to embassies worldwide. Embassy Tegucigalpa installed the application due to its ease of use and the software's capability to manage and track helpdesk calls. However, none of the embassies which installed the application ever submitted the application for general approval to the Department's information technology change control board (IT CCB) for authorization. When the information management staff was told that there was no global Department authorization for the SRS application, they submitted the application to their local IT CCB and it was subsequently voted on and approved (Tegucigalpa CR-03 authorization, year 2008). Since the SRS application is used strictly within the embassy, local IT CCB approval is authorized (it does not cross a router boundary).

the physician. The local physicians have been known to overmedicate embassy staff and their family members. The Office of Medical Services recently downgraded the Post Capability Report and the embassy is now class 1, the same as most of Africa.

The Foreign Service health practitioner has regional responsibilities and when absent the LE medical officer manages the health unit.

Recommendation 35: Embassy Tegucigalpa should implement procedures to investigate and eliminate chronic cashier overages. (Action: Embassy Tegucigalpa)

Procedures for the monthly reconciliation by the financial management officer lacked the essential element of surprise. Except for December 2007, the monthly reconciliations were always performed on the final work day of the month. A knowledgeable cashier could use this practice to his/her advantage during the month.

Recommendation 36: Embassy Tegucigalpa should vary the days and times of the month to perform monthly cashier reconciliations. (Action: Embassy Tegucigalpa)

Health Insurance

There is no assurance that the health insurance contractor is not earning profits in excess of norms.

The embassy has a contract with Seguros Atlantida, Tegucigalpa to provide health and life insurance to the mission's LE staff. The original contract was signed June 3, 2005, for \$532,750. Besides the base year, there are four option years. The total cost of the contract for the five-year period is estimated to exceed \$3 million. Billing rates were established for two categories—single employees and family plan—for the number of employees in each category for every two-week period.

Paragraph H.5 Reports Requirements states that “The contractor shall provide the following reports monthly. All reports must be received by the contracting officer's representative (the human resources officer) no later than the 10th day of each month.” Paragraph H.5(a) Employee Claims Report states that “The report will list all claims paid by the contractor to the claimant, including the name of the claimant, date claim received by the contractor and the amount claimed...”

Embassy Tegucigalpa has not enforced this requirement and therefore has not compared the amounts of claims paid with amounts paid to the contractor to determine if payments to the contractor are excessive.

Recommendation 37: Embassy Tegucigalpa should initiate procedures to compare amounts paid by the health insurance contractor with premium payments made by the embassy to ensure reasonableness. (Action: Embassy Tegucigalpa)

LIST OF RECOMMENDATIONS

Recommendation 1: Embassy Tegucigalpa should formalize a mentoring program for entry-level employees. (Action: Embassy Tegucigalpa)

Recommendation 2: Embassy Tegucigalpa, in coordination with the Bureau of Western Hemisphere Affairs, should make appropriate contract and/or grant management training a requirement for the political officer designated to work with the local narcotics affairs section. (Action: Embassy Tegucigalpa, in coordination with WHA).

Recommendation 3: Embassy Tegucigalpa should develop and implement an educational exchange strategy that reflects the mission strategic plan. (Action: Embassy Tegucigalpa)

Recommendation 4: Embassy Tegucigalpa, in coordination with the Bureau of International Information Programs, should take immediate corrective actions to execute a valid memorandum of understanding between the American Corner in Puerto Lempira and the Embassy. (Action: Embassy Tegucigalpa, in coordination with IIP)

Recommendation 5: Embassy Tegucigalpa should establish and enforce a schedule for the American Corners to submit regular reports of visitors, programs, and goals for the public affairs section to evaluate the effectiveness of these programs. (Action: Embassy Tegucigalpa)

Recommendation 6: Embassy Tegucigalpa, in coordination with the Bureau of International Information Programs, should eliminate stand-alone Internet service to the public and apply the costs saved to other aspects of Information Resource Center programming. (Action: Embassy Tegucigalpa, in coordination with IIP)

Recommendation 7: Embassy Tegucigalpa, in coordination with the Bureau of International Information Programs, should develop and implement a schedule for preparing and submitting annual Information Resource Center plans. (Action: Embassy Tegucigalpa, in coordination with IIP)

Recommendation 8: Embassy Tegucigalpa should develop and implement procedures that ensure that the program activities of the public affairs section are being entered into the Mission Activity Tracker database in a timely, thorough manner. (Action: Embassy Tegucigalpa)

Recommendation 9: Embassy Tegucigalpa, in coordination with the Bureau of Educational and Cultural Affairs, should develop and implement procedures for involving former Honduran grantees in alumni activities sponsored by the public affairs section. (Action: Embassy Tegucigalpa, in coordination with ECA)

Recommendation 10: Embassy Tegucigalpa should review the position description of the Information Resource Center director to determine whether the workload of the position is reasonable and, based on the results of the review, take appropriate action to rationalize the workload. (Action: Embassy Tegucigalpa)

Recommendation 11: Embassy Tegucigalpa, in coordination with the Bureau of International Information Programs, should complete migration of the embassy website into the Content Management System. (Action: Embassy Tegucigalpa, in coordination with IIP)

Recommendation 12: Embassy Tegucigalpa should reallocate the duties of one of the entry-level consular officer positions to work half-time in the immigrant visa unit and half-time in the American citizens services unit. (Action: Embassy Tegucigalpa)

Recommendation 13: Embassy Tegucigalpa, in coordination with the Bureau of Overseas Buildings Operations, should install a canopy to protect the consular clientele on the sidewalk from the elements. (Action: Embassy Tegucigalpa, in coordination with OBO)

Recommendation 14: Embassy Tegucigalpa, in coordination with the Bureau of Overseas Buildings Operations, should modify the booth facing the sidewalk at the consular entrance to allow consular employees working there to verify appointments, screen documents, and issue queue management tickets. (Action: Embassy Tegucigalpa, in coordination with OBO)

Recommendation 15: Embassy Tegucigalpa should replace the locally employed staff who screen nonimmigrant visa documents in the visa waiting room with contract employees hired by the call center. (Action: Embassy Tegucigalpa)

Recommendation 32: Embassy Tegucigalpa should offer additional Integrated Logistics Management procurement system training to the embassy staff. (Action: Embassy Tegucigalpa)

Recommendation 33: Embassy Tegucigalpa should present the request to change the mission's standards of services for delivery of procurement items and services to the International Cooperative Administrative Support Services council board. (Action: Embassy Tegucigalpa)

Recommendation 34: Embassy Tegucigalpa should establish a comprehensive sponsorship and newcomer orientation program in time for the 2008 summer transfer season. (Action: Embassy Tegucigalpa)

Recommendation 35: Embassy Tegucigalpa should implement procedures to investigate and eliminate chronic cashier overages. (Action: Embassy Tegucigalpa)

Recommendation 36: Embassy Tegucigalpa should vary the days and times of the month to perform monthly cashier reconciliations. (Action: Embassy Tegucigalpa)

Recommendation 37: Embassy Tegucigalpa should initiate procedures to compare amounts paid by the health insurance contractor with premium payments made by the embassy to ensure reasonableness. (Action: Embassy Tegucigalpa)

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.

Executive Direction

Entry-level employees have not been invited to many representational functions and their professional development would benefit from more participation in such events.

Informal Recommendation 1: Entry-level officers should be included in larger mission functions such as that on Independence Day and should participate in country team meetings on a rotational basis.

Economic Section

The officers in the economic section are crowded into a very small space that does not allow for private meetings. The embassy is not cramped; several non-classified offices are located in close proximity to the economic section and these could be moved to other locations.

Informal Recommendation 2: Embassy Tegucigalpa should develop a plan for more efficient use of space in the economic section and in close proximity to it.

Public Diplomacy

Although the Public Affairs Section has a number of discrete mailing lists and databases that allow the section to prepare guest lists and mailings, there is currently no single section-wide system that would enable the section to analyze its audience, record program participation, and facilitate contact management.

Informal Recommendation 3: Embassy Tegucigalpa should consult with WHA/PD to develop and implement a suitable contact management system in Honduras.

Consular Affairs

Employees who serve as duty officers, especially those who are not working in the consular section, need training on how to respond to duty officer calls.

Informal Recommendation 4: The consular section should organize training for all employees who serve as duty officers.

The officers conducting immigrant visa interviews fingerprint the applicants, but since the officers are under pressure due to the workload it might be more efficient if the locally employed staff took the fingerprints and the officers verified them.

Informal Recommendation 5: The managers in the consular section should experiment with having the locally employed staff take the fingerprints of immigrant visa applicants and the officer verify them to evaluate whether that procedure would be a more efficient use of staff resources.

A contract employee of the call center has a desk in the anteroom of the consular waiting room for resolving customer issues, but more seating could be located in that anteroom if the desk were moved into the adjacent and spacious office of the courier express service.

Informal Recommendation 6: The customer service desk for the contract employee of the call center should be moved from the anteroom of the consular waiting area into the adjacent office of the courier express service.

The consular agent in San Pedro Sula uses business cards that identify his office as the Embassy of the United States of America, which is misleading.

Informal Recommendation 7: The consular agent in San Pedro Sula should only use business cards that identify his office as the Consular Agency of the United States of America.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Ambassador	Charles A. Ford	11/2005
Deputy Chief of Mission	James G. Williard	8/2005
Chiefs of Sections:		
Management	Randall C. Budden	8/2007
Consular	Douglass R. Benning	8/2007
Political	Andrea Brouillette-Rodriguez	8/2007
Economic	Robert A. Armstrong	8/2007
Public Affairs	Chantal Dalton	9/2006
Regional Security	Bruce Lizzi	8/2004
Other Agencies:		
Defense Attaché Office	Col. Andrew W. Papp	5/2007
U.S. Military Group	Kenneth Rodriguez	5/2008
U.S. Agency for International Development	Randall Peterson	1/2004
Drug Enforcement Administration	John M. Discenza	10/2004
Peace Corps	Trudy Jaycox	2/2007
Millennium Challenge Corporation	John F. Wingle	7/2005
Department of Treasury	Victor Bolles	3/2006
Department of Homeland Security Immigration and Customs Enforcement	Luis Carmona	11/2006
Department of Homeland Security Citizenship and Immigration Services	Joel Miramontes	8/2005

ABBREVIATIONS

DCM	Deputy chief of mission
Department	Department of State
EEO	Equal Employment Opportunity
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
ICASS	International Cooperative Administrative Support Services
INL	Bureau of International Narcotics and Law Enforcement Affairs
LE	Locally employed
MCC	Millennium Challenge Corporation
MILGRP	United States Military Group
OIG	Office of Inspector General
USAID	United States Agency for International Development
WHA	Bureau of Western Hemisphere Affairs

FRAUD, WASTE, ABUSE OR MISMANAGEMENT
of Federal programs
and resources hurts everyone.

Call the Office of Inspector General
HOTLINE
202/647-3320
or 1-800-409-9926
or e-mail oighotline@state.gov
to report illegal or wasteful activities.

You may also write to
Office of Inspector General
U.S. Department of State
Post Office Box 9778
Arlington, VA 22219
Please visit our website at oig.state.gov

Cables to the Inspector General
should be slugged "OIG Channel"
to ensure confidentiality.

~~SENSITIVE BUT UNCLASSIFIED~~

~~SENSITIVE BUT UNCLASSIFIED~~