

~~SENSITIVE BUT UNCLASSIFIED~~

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

Report of Inspection

Consulate General
Hong Kong

Report Number ISP-I-05-59, July 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

 Rightsizing 7

POLICY AND PROGRAM IMPLEMENTATION 9

 Economic and Political Affairs 9

 Consular Operations 13

 Public Diplomacy 17

 Law Enforcement 20

RESOURCE MANAGEMENT 23

 General Services Operations 23

 Human Resources 26

 Financial Management 27

 Information Management and Information Systems Security 29

QUALITY OF LIFE 33

 Medical Services 33

 Community Liaison Office 34

 (b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6) 34

MANAGEMENT CONTROLS 37

FORMAL RECOMMENDATIONS 39

INFORMAL RECOMMENDATIONS 41

PRINCIPAL OFFICIALS 45

ABBREVIATIONS 47

The inspection took place in Washington, DC between January 6 and February 2, 2005, and in Hong Kong between February 7 and February 24, 2005. Ambassador Carey Cavanaugh (team leader), Cheryl A. Martin (deputy team leader), Arne B. Baker, Keith McCormick, John A. Parker, Timothy A. Wildy, and Michelle L. Wood conducted the inspection.

CONTEXT

Sovereignty over Hong Kong reverted to the People's Republic of China in 1997 when the United Kingdom relinquished the role it had held for almost 157 years. In spite of the change, and in part because of the terms of the reversion agreement, Hong Kong has remained a vibrant enclave of democratic freedom within the People's Republic of China. As a commercial and financial services center that is also one of the world's busiest container ports, Hong Kong is a key partner in combating terrorism and money laundering.



The United States enjoys close and productive relations with the government of Hong Kong, which retains broad autonomy from China in all areas except defense and foreign relations. Despite at times vocal opposition from the mainland, the consulate general continues to press for early movement to direct elections in the territory, a policy required under the U.S.-Hong Kong Policy Act of 1992 (P.L. 102-383).

Hong Kong's population of 6.8 million people resides in a territory slightly smaller than the state of Rhode Island. Despite seven years of economic recession, Hong Kong's economy is still nearly a tenth as large as China's. Nearly \$500 billion a year in exports and imports, many involving trade with neighboring China, make Hong Kong an essential hub for U.S.-China commercial relations. The consulate general is also responsible for covering the special administrative region of Macau with a population of about half a million. In both Hong Kong and Macau, money laundering is a key concern.

The consulate general's total staffing complement is 323 employees. The Department of State (Department) employs 257 staff, including 79 direct-hire personnel and 148 local hire personnel. The consulate general's budget of just under \$25 million includes \$17.4 million for Department and International Cooperative Administrative Support Services (ICASS) operations. Almost a dozen U.S. federal agencies are represented at the consulate general.

EXECUTIVE DIRECTION

The effectiveness of executive direction at Consulate General Hong Kong has been decidedly mixed. This is a significant diplomatic operation in both its political importance and its physical size. Strong leadership is required to underscore U.S. support for democracy and economic openness in Hong Kong, as well as to promote American policies and products. At the same time, the size of the mission — it is on par with a medium sized embassy — and the significant number of agencies operating there, demand effective coordination and hands on management to ensure smooth operations, teamwork, and high morale. While the front office received praise for its substantive work and its outreach to the community, it was markedly criticized by staff for paying insufficient attention to basic management principles and (b) (2)(b) (2)

There is a clear division of responsibilities between the consul general and the DPO that is recognized by all consulate employees. The consul general has focused his attention on advancing U.S. policies and trade in Hong Kong, delegating the management of day-to-day internal operations of the mission to his deputy. The consul general and DPO — who he selected — have developed a smooth working relationship. They meet constantly with one another to resolve issues. The two office management specialists attached to the front office also work well together and provide good support for the principals. When the consul general is absent, the DPO serves as his alter ego. He has confidence in her judgment.

The consul general is highly respected by mission staff for his intellect and deep understanding of China. In addition to his current assignment, he worked previously in Embassy Beijing, studied Mandarin in Taipei, and has served in a number of key Washington positions responsible for Chinese affairs. His knowledge of Chinese politics, culture, and language has helped him develop a wide array of high level contacts in the local government and business establishment that he has tapped to advance effectively U.S. positions. He has maintained an effective program of outreach and public diplomacy in the community, communicating widely and accurately U.S. support for Hong Kong. While these have periodically garnered criticism from the Chinese government in Beijing, his comments have tracked precisely Washington's stance.

Weaknesses in executive direction on the management side have not led to any visible substantive shortcomings given the solid performance of most of the consulate general's sections and agencies and the general effectiveness of section leaders as managers. Furthermore, the high quality of life offered by Hong Kong — with well-regarded housing, schools, and health care — has kept the overall morale of employees and their families high.

OIG provided substantial counseling to the front office on actions that could be taken to redress staff concerns and improve general mission operations. The consul general and DPO recognize the shortcomings raised by OIG and have already initiated some concrete steps to remedy them. Both declared that they are committed to providing the more balanced executive direction that this mission and its staff need and deserve.

RIGHTSIZING

Hong Kong's staffing levels contracted in the mid-1990s by approximately 30 percent to current levels as the territory's role as a China watching post declined. Reductions in force and staffing reductions among traditional foreign affairs agencies have been balanced by growth in the law enforcement and Department of Homeland Security staffing complements. As a result, overall staffing levels at the mission are exactly what they were at the time of OIG's 1998 inspection — a positive development attributable, in part, to careful review of new staffing requests by senior management. The consul general takes an active personal interest in reviewing staffing requests to ensure their necessity and appropriateness. OIG made recommendations in this report to eliminate several positions in the interests of increasing efficiency in some operations.

POLICY AND PROGRAM IMPLEMENTATION

ECONOMIC AND POLITICAL AFFAIRS

The consulate deals with both political and economic issues through a single, large section headed by an experienced China hand. Combining its political and economic sections has not resulted in combined reporting of political and economic issues, which are for the most part handled separately. A single section, however, makes coordination easier. Despite an expectation that the section's most important work would be on economic issues, political work has actually continued to predominate, due largely to continuing concern in Washington about democracy and human rights in Hong Kong under Chinese rule. This report does not recommend any change in the current organization since the balance of political and economic work will shift again as Hong Kong prepares to host the ministerial meeting of the World Trade Organization in late 2005.

Reporting and Analysis

Reporting is closely tied to Washington priorities. The current consul general reoriented the section's focus, tightening the crispness, timeliness, and policy relevance of cables at the expense of length and analytical depth. While initially resisted, the change was appropriate because in Hong Kong's open atmosphere, reporting is less a matter of developing deep sources than of sifting through a virtual flood of information to determine what is relevant. Most analysis is now contained in the comment paragraphs of spot reporting cables, which are largely added by the consul general. He has also drafted joint reports on policy issues with the chiefs of mission in Beijing and Taipei, an approach that guaranteed wide readership in Washington.

As outlined in the Mission Performance Plan (MPP), the consulate reports on mainland China as well as on Hong Kong and Macau. It no longer maintains a separate China Reporting Unit, but assigns one officer in both the economic and political units to spend full time on China, developing information that is easier to

obtain in Hong Kong than would be possible for our diplomatic posts there. The consulate has made good use of this resource, providing valuable economic insights gained from investment and financial circles in Hong Kong and maintaining discreet but regular contacts with political dissidents and others traveling to and from the mainland. While it has authority to report on China independently of Embassy Beijing, the consulate has been careful not to do so in an uncoordinated or contentious manner. During its survey, OIG found that officers at all levels in Embassy Beijing, as well as Washington consumers, welcomed this reporting and - more often than not -- urged that it be expanded to develop more joint reporting with Consulate General Guangzhou on issues in the Pearl River Delta.

Overall, reporting and analysis are strong. Most reporting is done by cable, which ensures that Washington consumers in all agencies receive it. E-mail is used primarily for operational purposes. Most reports contain perspectives that allow developments to be placed in context. Reporting on internal issues was particularly good on the 2004 elections for Hong Kong's Legislative Council, for which the economic/political section received a group award. Hong Kong also provided solid and well sourced reporting on key bilateral issues such as intellectual property rights and export controls, as well as global issues including, for example, Hong Kong's response to the avian flu epidemic. On the other hand, the mission has done little reporting on labor issues and has not implemented an informal recommendation in OIG's 1998 inspection report to systematize and strengthen leadership reporting. OIG repeated the recommendation and met with reporting officers to discuss ways to carry it out.

American officers do almost all reporting, including required and routine reports. Locally employed staff (LES) provides research support rather than preparing initial drafts. Good records management facilitated preparation of routine reports. The need for additional reporting of financial issues foreseen in the previous OIG inspection proved to be temporary. During the Asian financial crisis of the late 1990's, the U.S. Department of the Treasury assigned a regional attaché to Hong Kong, but it later moved the position to Beijing.

The section does not use a formal reporting plan. However, simple and straightforward action plans are drafted for key areas such as civil aviation or Macau. Random checks by OIG revealed that the promised actions had in fact typically been taken. In most cases, this informal planning mechanism works effectively without becoming unduly cumbersome. In a few cases, however, the section did not produce drafts early enough to avoid last minute deadline problems. The section also participates in semiannual reviews of MPP priorities and regular

conferences of reporting officers from China, Hong Kong, and Taiwan. These conferences are so useful in coordinating joint reporting that OIG left an informal recommendation that the mission keep a written record of discussions and conclusions.

One key test of reporting from Hong Kong is the annual report to Congress required by the U.S.-Hong Kong Policy Act. This legislation laid the basis for the U.S. policy of "trust but verify" assertions that Hong Kong would continue to be a useful base for U.S. operations under Chinese rule. OIG found that officers throughout the consulate were making credible and tough-minded assessments in preparing this report, not emphasizing what they wanted to see.

The consulate's greatest difficulty in reporting is an ineffective editing process. The DPO edits reporting cables heavily, rarely making changes to their substance but insisting on extensive changes in grammar, punctuation, and style. In a self-perpetuating cycle, the DPO is frustrated that she must spend so much time correcting basic tradecraft errors, while some drafting officers have become demoralized and allowed less careful drafting to go forward because "it will all be changed anyway." The section head needs to do a more thorough job in ensuring reports are properly prepared.

This situation is creating unnecessary friction, delaying some cables, and diverting the DPO from more important managerial responsibilities. Drafting officers have become excessively cautious, and some have noted that reporting sent by e-mail does not receive the same intense scrutiny as reporting sent by cable. The executive leadership should devolve responsibility for handling most reports to the economic/political section chief, holding him responsible for meeting both front office and Department standards.

Recommendation 1: Consulate General Hong Kong should change its procedures for handling political and economic reporting so that most routine cables are approved in the economic/political section. (Action: Consulate General Hong Kong)

Operations and Advocacy

Economic and political officers spend a large percentage of their time supporting visitors. Unlike the situation at some other posts, however, this has not impacted negatively on reporting. Control officers credit this to the high quality of

logistical support they receive from the general services office (GSO) and other units in the management section for congressional delegations and other visitors. In contrast, some reporting work has had to be suspended while political and economic officers prepared and sent out invitations for representational events because the consulate's one-person protocol unit has only supported events hosted by the front office.

Political officers spend little time on demarches, because Hong Kong is not an independent country but a special administration region of China. Economic officers, however, meet with Hong Kong government agencies to advocate the full range of bilateral interests because, for purposes of trade, the United States considers Hong Kong an autonomous entity. They worked particularly hard to advance negotiations in civil aviation and contentious agricultural issues such as beef. These efforts were made more effective by the consul general's direct involvement and by close coordination between economic/political officers and the Foreign Commercial Service and Foreign Agricultural Service sections at the mission.

In general, information has become less easy to obtain since the 1997 reversion, but the reliability of government information and the level of cooperation from its well-trained civil service have remained unchanged. Because Hong Kong is a member of the Asia Pacific Economic Cooperation grouping, the consulate also seeks to enlist its support in this forum, even though this has become more difficult as the cooperation begins to deal with international security as well as trade and economic issues.

Management and Staffing

The section makes good use of an entry-level officer rotational position. Supervisors spend the necessary time to make it useful as a tool for long-term officer development as well as valuable reporting. In contrast, they were less successful in making use of a temporary analyst position, assigning an economic analyst to political work without providing adequate mentoring. The section also struggled to make best possible use of short (four week) rotations by entry-level officers from the visa unit. The value of this program is less in what such officers produce than in the training and experience they receive. OIG left an informal recommendation that section supervisors either allocate more time to such training or discontinue the program.

After a series of reductions prior to reversion, both local hire and American staffing levels seem correct. It would be difficult, for example, to make do with fewer than two economic LES and one political LES because all of the three are now so senior that each gets two months' leave a year. Nevertheless, the structure of the section is too flat. A disproportionate number of FS-02 officers creates a lack of opportunities for management and supervisory experience. The section does not use a formal or de facto deputy, and few officers have significant supervisory responsibilities.

Recommendation 2: Consulate General Hong Kong should request, and the Bureau of Human Resources should approve, the downgrade of economic officer position number 20-183000 to FS-04 in order to provide the section with a more effective internal management structure. (Action: Consulate General Hong Kong, in coordination with DGHR)

The section currently has more language-designated positions than it requires. Many of its officers, particularly those reporting on China, need good Chinese speaking skills. However, none use Chinese reading skills, in part because it is more efficient to have LES monitor the Chinese-language press, and in part because the Hong Kong government provides a daily, real-time translation anyway. Because Hong Kong is the one post in "Greater China" where political and economic officers can function with less extensive language training, the Department should use it to introduce young officers who have not already made the commitment to two years of hard language school to China-related work.

Recommendation 3: Consulate General Hong Kong, in coordination with the Bureau of Human Resources, should request the removal of the language designation from economic officer position number 20-183000. (Action: Consulate General Hong Kong, in coordination with DGHR)

CONSULAR OPERATIONS

Consulate General Hong Kong's consular section is a well-managed, well-led, and highly efficient unit of 14 Americans and 33 LES. Its senior manager is an experienced FE-OC, who practices "management by walking around" and is dedicated to mentoring and training his staff. The LES consular staff may be

among the most highly experienced, dedicated, and hard working of any in the world. Imaginative management is getting the best out of limited consular space until a planned renovation is completed. OIG offered several informal suggestions to section management, which were implemented before the team left Hong Kong.

Internal Controls

The mission's consular internal controls exceed Department requirements. The section's designated accountable consular officer, who is also the antifraud officer, is responsible for consular cash and for receipt of controlled items, such as visa foils and blank passports, from Washington. The accountable consular officer provides exemplary controls over the consular cashier operation, and also keeps track of the use of controlled items. In addition, the heads of each of the other units (immigrant visa (IV), nonimmigrant visa (NIV), and American citizens services) also function as accountable officers for their unit's controlled items and are responsible for maintaining the required records and control procedures. This adds an extra layer of accountability that keeps all controlled material extremely secure.

American Citizens Services

The American citizens services unit, consisting of two American officers and seven LES, has a substantial and growing workload. Hong Kong is a regional hub for the Social Security Administration and also is home to a substantial and growing number of Americans working in U.S.-China trade and commerce. Annual requests for reports of birth, passports, social security numbers, and other such services for Americans are thus expected to increase for some time. The planned reallocation of space and personnel from the IV function to American citizens services should be adequate to accommodate these demands over the medium term.

Immigrant Visa Unit

The IV unit, consisting of two American officers and eight LES is well run and efficient. Its steady decrease in workload from a peak of 25,000 adjudications in 1990 to not quite 8,000 in 2003 is probably due to decreasing concerns about maintaining first world standards of living in Hong Kong after reversion and the resultant lessened interest in emigration. The workload is likely to stay near these levels in the medium term, given a continued stable relationship with Beijing. Diversity visa lottery cases average about 100 per year and are not a significant

burden to the unit. The section carried out a painful but necessary reduction in force in 2000, which dropped the LES workforce to levels appropriate for the current and expected workload.

Hong Kong is about a one-hour journey from the U.S. consulate general in Guangzhou, which processes all IVs for China. It is politically important, however, to continue to process IVs in Hong Kong — even if this is more expensive — to underscore U.S. policy in supporting Hong Kong's autonomous status. In any case, IV volume in China itself is rapidly outstripping Guangzhou's resources, which would make it undesirable to add even Hong Kong's small workload to that already overburdened operation.

Nonimmigrant Visa Unit

The NIV unit is composed of seven Americans and 11 LES. The officers have sufficient Cantonese and Mandarin language skills so the need for LES to interpret during visa interviews is kept to a minimum. The unit operates in a sufficient, well laid out space, although physical security requirements sometimes create a bottleneck for both Hong Kong applicants and Americans entering the consular section. NIV workload has steadily declined from a high of 200,000 applications in 1997 to slightly more than 50,000 in 2003. This decline is probably due to a variety of factors, including lessening tension since Hong Kong sovereignty returned to China without dramatic effects on everyday life, an economic slump, and post September 11, 2001, fears. As these factors recede, and holders of ten-year multiple-entry visas issued between 1994 and 1997 apply for renewals, NIV volume should edge up again. Current resources should be sufficient to handle this projected gradual increase in work volume.

The NIV unit, with the cooperation of Hong Kong immigration authorities, recently conducted a validation study to determine the return rate for Hong Kong B1/B2 business/tourist visa holders and for Philippine domestic servants traveling to the United States with their Hong Kong employers. The unit's research and data provided by the Hong Kong authorities indicated that more than 99 percent of visa holders returned to Hong Kong after their trip to the United States and that their Philippine domestics returned at about the same rate. These findings tend to indicate that the NIV section's current issuance practices are appropriate for current conditions, and that its view of Hong Kong applicants as good risks is accurate.

Antifraud Unit

The antifraud unit consists of one American officer and two very experienced LES. It is dedicated to providing accurate and timely information about fraud trends, both to adjudicating officers at post and to the Department. The unit has excellent relations both with the regional security officer and the Department of Homeland Security, as well as Hong Kong authorities. The latter permit the unit to gather and share useful and timely intelligence on immigration fraud patterns with adjudicating officers at post and the Department. Cooperation between the antifraud unit, the regional security officer, and elements of the Hong Kong government led to the arrest and conviction of an alien smuggler in Hong Kong in 2004; such prosecutions are rare, and indicative of the unusual degree of cooperation that exists between U.S. and Hong Kong authorities, especially in law enforcement.

The antifraud unit also shares information with other missions through Department channels. If the unit learns of a non-American citizen involved in alien smuggling, it enters the name into the consular lookout and support system, as a presumed alien smuggler or with an entry indicating that there is a local lookout and additional information on that person in Hong Kong. This latter practice encourages other posts to consult Hong Kong if the person in question applies for a visa. When an American citizen is involved in alien smuggling, the post sends the data to the fraud prevention manager at the domestic passport agency that issued the American's passport. This permits the opening of a diplomatic security investigation, and prompts the placement of the relevant information into the consular lookout and support system database and the passport information electronic records system. As part of a wider review of systems designed to prevent alien smuggling, OIG will attempt to confirm that this information is in fact entering these systems quickly and accurately.

PUBLIC DIPLOMACY

Consulate General Hong Kong weaves public diplomacy¹ into mission planning, programs and strategy in an exemplary way. Thanks in part to strong support from the front office, the public affairs section is at the table as soon as upcoming events — from high level visits to a change in visa procedures — are announced. The section is thus well placed to craft public diplomacy strategies that multiply the value of these occasions in furtherance of the mission's long and short-term MPP goals. The section's three Foreign Service officers and 13 local staff are reaching out to new audiences through targeted programs, even as they maintain a rich program of exchanges, speaker events, and information outreach. The consul general not only clearly supports the work of the section, but is himself a valued and proven resource, able in media encounters to use his extensive area experience to connect America's democratic values with those the Hong Kong people are trying to protect. The LES has years, and in some cases decades, of service to the public affairs section and is well trained and motivated. Diminishing program budgets are the main brake on what the section is able to accomplish.

The staff works as a team and benefits from the section head's deft, informal management style. The public affairs officer brings extensive public diplomacy experience, including two tours in China, to the section and focuses both on overall section direction and management and the exchanges and cultural affairs portfolios. The information officer functions as deputy in his absence while managing a full complement of responsibilities as mission spokesperson and designer of press opportunities for the consulate staff and visitors alike. The third officer, a first tour entry-level officer in a public affairs/consular rotational position, oversees the outreach activities of the information resource unit and backs up the other officers as necessary with exchange, cultural event, and press duties. All employees of the section, American and local hire alike, work cooperatively. While each has defined backup duties as well, even a short experience with the section suggests that formal responsibilities matter less than flexibility, with everyone pitching in as needed to get the job done. The same cooperative spirit is evident in relations between the section and other elements of the mission which praise the public diplomacy programs, including a model web site, related to their programs.

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.

Press and Information

The Hong Kong media is a source of both action requests and outreach on a daily basis. With 13 local Chinese dailies, ranging from pro-People's Republic of China publications to government and business-oriented ones and tabloids, two English-language newspapers, magazines in both languages, and five local television stations, Hong Kong itself is rich in local media even as it hosts many international news establishments with regional responsibilities. CNN, for example, bases much of its Asian reporting from this bureau. The complex and changing media environment mirrors some of the changes taking place in Hong Kong and China alike. As Hong Kong business interests increasingly are tied to those of the People's Republic of China, those papers owned by major business interests with cross-border ties merit analysis for the degree to which they are subject to editorial "pulled punches," either the ordered or self-induced variety.

The survival of Hong Kong's traditional independent media milieu is critical if its citizenry is to have access to the probing reporting and unbiased information necessary for the continuance of democratic government. The public affairs section both maintains close and cordial relations with the press (one measure of which is the approximately 80 percent success rate it has in placing both mission and Department-authored op-ed pieces). It also reports, as resources allow, on its continuing evolution in the post-reversion period.

Education and Exchanges

Hong Kong-U.S. educational ties remain strong, and student visa numbers have risen from the immediate post-September 11, 2001, low point. In recent years, Hong Kong has sent over 7,000 students yearly for undergraduate and graduate studies in the United States. The Institute of International Education has operated an educational advising office in Hong Kong since 1967, freeing the section from providing that service and limiting its role to assuring that student visa information on the web site is current. The institute is supported by a grant from the Bureau of Educational and Cultural Affairs.

The public affairs officer supervises the Fulbright exchange program, which currently places four U.S. lecturers in Hong Kong universities for 10-month periods. In 2002 the Hong Kong government began providing financial assistance to allow one or two scholars to spend similar periods at U.S. universities. Fulbright exchanges can themselves become the germ of institutional relationships and cooperation; a former American Fulbright recipient in China, for instance, with a grant

from the World Trade Organization has established a World Trade Organization regional training center at Hong Kong University - and hopes in the future to have Fulbright scholars on the staff.

Participants in the international visitor program also provide long-term bilateral linkages in both the personal and institutional senses. In FY 2004 the consulate general nominated 13 individuals for programs. Two people took part in multiregional programs on libraries and on media in campaigns. The remaining 11 others had individually crafted programs, most centered on law enforcement topics such as police training and money laundering, in line with the mission's MPP goal of supporting bilateral law enforcement and antiterrorist cooperation.

New Directions: Macau, Explaining American Culture, and English Language Instruction

Macau, with its small population, history, and Portuguese colonial background, has always had unique ties to continental Europe: English has never been the second language as it has been in Hong Kong for generations. The public affairs section until recently had limited outreach to the citizens of Macau. In the past two years, however, the section has signed and implemented an agreement with the University of Macau to establish an American Corner in its library and welcomed an English language fellow to the same university who works to improve the quality of English instruction. The corner's collection of materials about the United States, combined with adjacent meeting facilities, are now the base for both language and cultural outreach programs for students. Contact is also being made with other Macau institutions, including public libraries, to investigate ways to reach out to other sectors of the populace in line with the mission's MPP aim of increased engagement there.

The contraction of the section's program funds (down to some \$61,000 in FY 2005) has led to reductions in most budget categories, from seed grants for useful educational, media and civic activities, to training, publication distribution, and cultural outreach. Realizing that the budget constraints constricted outreach efforts across the board, the section's entry-level officer set up a program that pairs mission entry-level officer volunteers with secondary schools. Based on their own background and interests, the new entry-level employees speak on a facet of American life and culture, followed by a question period. These encounters expose the students to first-hand looks at American life; they enable the entry-level officers to get early practice in speaking before groups; and - except for the rare instances in which entry-level officers have exceptional language ability and can speak in

Cantonese - they provide language enrichment, as the students have the chance to listen to and interact with native speakers of English with varying accents. The section has arranged more than two dozen of these encounters over the past six months, and hopes to extend their reach to additional schools this year.

Because of Hong Kong's traditional reliance on English as one of its working languages, support for English language teaching has not been a major program focus of the public affairs section. In the future, however, this may well need to change. All indications are that in the years since the 1997 reversion, the general levels of English use and proficiency in Hong Kong are on the decline, as growing numbers wish to study Mandarin Chinese to accommodate the expanding tourist and commercial ties with the mainland. This change implies that in future, fewer Hong Kong residents may turn to the English language media for news and the democratic values such sources unconsciously exhibit. The public affairs section cannot reverse this trend, but it might, with additional budget support, work to improve the teaching of English through targeted donations of materials and the arrangement of teaching symposia.

LAW ENFORCEMENT

Hong Kong continues to be an important platform for U.S. law enforcement agencies. Seven law enforcement agencies maintain a presence at the consulate and work closely with the diplomatic sections to advance a range of U.S. interests outlined in the MPP, including trafficking in drugs and persons, counterfeiting, and organized crime. Some Hong Kong authorities are more cautious under Chinese rule, while others are confused about the new divisions of responsibilities among traditional agencies now part of the Department of Homeland Security. For the most part, however, patterns of professional cooperation established under British colonial rule continue under the new political arrangements of the special administrative region. OIG discussions with leaders of the police and prosecutor's office underscored the close relations they retain with the consulate general.

Coordination of law enforcement activities is unusually close. A law enforcement coordination committee, chaired by the consul general, meets biweekly and includes all relevant agencies and sections. It focuses on making sure that all are aware of each other's major policies, plans, and actions and ensures that the need for secrecy in individual operations does not prevent broad sharing of appropriate information. The consulate has adapted this coordination mechanism to reflect a growing emphasis on homeland security and counterterrorism. When it realized

that too few agencies were giving the consular section adequate input to the visas viper list, it added a new biweekly meeting focused on this issue.

Reflecting Hong Kong's role as a major port for trans-Pacific shipping, the consulate has sharply increased operations under the Container Security Initiative. The Department of Homeland Security has requested, and the consul general has approved, NSDD-38² permission to create 11 new positions to staff this screening of container cargos bound for U.S. ports. Container Security Initiative officials already in Hong Kong on temporary duty coordinate closely with the rest of the consulate although they work in a different building. Because Hong Kong does not see itself as a potential target of explosives in containers, the consulate has used public diplomacy as well as contact with Hong Kong authorities to broaden support for this initiative and explain its context.

Because of Hong Kong's importance as a financial center, the consulate's strategy in several areas, including counterterrorism and narcotics, is to focus on money laundering. The Drug Enforcement Administration, Federal Bureau of Investigation, and others hold seminars and training exercises on this issue as well as pursuing individual cases. One such program took place during the course of the inspection. Economic and political officers press both Hong Kong and Macau authorities to tighten their control of money laundering while loosening the privacy protections that restrict it from sharing information on suspected terrorist financing. These activities are well coordinated, and the consulate has made important progress on this issue. While Hong Kong has passed money laundering legislation, however, it has not yet tightened it sufficiently in certain areas such as currency exchange.

The consulate's ability to enforce export controls was strengthened by the expansion of the commercial section in 2004 to include an officer devoted solely to this task. In granting NSDD-38 approval for this third position, the consul general specified that it would not include responsibilities in China as well. OIG found close cooperation between commercial officers and economic/political officers in both investigating individual problems and assessing the effectiveness of Hong Kong's export control regime.

²National Security Decision Directive 38, Staffing at Diplomatic Missions and Their Constituent Posts, issued on June 2, 1982, assigns ambassadors the authority and responsibility to determine the appropriate size, composition, and mandate of all staffing operating under their authority.

RESOURCE MANAGEMENT

Agency	U.S. Direct-Hire Staff	U.S. Local-Hire Staff	Locally Employed Staff	Total Staff	Total Funding (000s)
State	79	8	137	224	17,430
Commerce	3	--	13	16	1,540
Agriculture	2	--	4	6	699
Justice	9	--	1	10	----
Homeland Security	15	1	15	31	2,849
Treasury	1	1	--	2	----
Defense	17	1	8	26	1,076
International Broadcasting	--	--	8	8	230
Totals	126	11	186	323	23,824

Consulate General Hong Kong's management office has highly qualified and competent officers and local employees. They provide excellent customer service, garnering exceptionally high marks on OIG's workplace and quality of life questionnaire. OIG is recommending elimination of one assistant general services officer position and an alternate Class B cashier position. Information management has not fully implemented all system security requirements. The computer aided job evaluation (CAJE) project is behind schedule and is expected to be complete in June 2005.

GENERAL SERVICES OPERATIONS

The general services section provides outstanding support to the consulate general and its ICASS subscribers. The office's scores on all general services categories on the OIG questionnaire were very high. Cross training is encouraged; American officers and local staff rotate among GSO units. The section is using new Department initiatives such as WEB PASS and Travel Manager 8.0 designed to improve the overall functioning of embassies and consulates worldwide.

Staffing within the GSO is generous with a supervisory general services officer, two assistant general services officers, a facilities manager, and 36 local staff. A staffing reduction of one assistant general services officer would reduce administrative support cost (salary and lease cost) by \$145,000 per year. OIG believes a reduction could be accomplished with minimal impact on general services considering the high quality of local staff, Hong Kong's advanced infrastructure, and the ease of acquiring goods and services locally. The same issue was raised in OIG's 1993 inspection (Report ISP/I-93-51). At that time, OIG made a recommendation to abolish and reprogram one general services officer position to Mainland China upon assignment of a facilities manager. Although the facilities manager position was created and filled in 1995, the post retains the general services officer position it agreed to abolish. In addition, since 1993 staffing levels changed. The GSO section now has 53 fewer Americans to support.

Management opposes a reduction in staffing, fearing that customer support could diminish if staff is reduced. They also noted that assigning an entry-level officer to the general services section provides a valuable developmental assignment. OIG considered all of these factors in its analysis but believes abolishing one assistant general services officer position is in the best interest of the Department given the mission's reduction of American direct hires and worldwide staffing shortages.

Recommendation 4: Consulate General Hong Kong, in coordination with the Bureau of East Asian and Pacific Affairs and the Bureau of Human Resources, should abolish the assistant general services officer position (number 52-393001) upon the departure of the incumbent. (Action: Consulate General Hong Kong, in coordination with EAP and DGHR)

Real Property

The facilities manager and 13 local staff provide excellent service to ICASS users. Maintenance receives very high scores on the OIG questionnaire. A robust routine and preventive maintenance program is in place and functions well. Some government-owned properties are in good condition, while others are only fair. The overall condition of the chancery is excellent. Projects to upgrade physical security at the consulate general and replacement of the heating, ventilation, and air conditioning at the consulate general's residence are tentatively scheduled for 2005. These projects are estimated to cost \$1.2 million and \$517,000, respectively.

Housing

Staff housing receives high scores on the OIG workplace and quality of life questionnaire. The residences are in fair to excellent condition. Almost half of the mission staff resides in a modern apartment complex near the consulate and downtown area. Others are placed in apartments on the opposite side of the island

(b)(2)(b)(6) complain about the condition, size, and age of the units.

Rental properties in Hong Kong are very expensive. A combination of 45 government-owned and 71 short-term lease residences are used for housing American officers. The annual cost of leased residences is about \$6.2 million, with individual apartments costing about \$7,400 per month (about \$81,000 annually). The GSO does an excellent job of holding lease costs down in an extremely volatile real estate market. The economy in Hong Kong is on the upswing and rental costs are expected to increase. Short-term lease housing is good, but not luxurious.

(b)(2)(b)(6) Apartments

The government-owned, (b)(2)(b)(6)(b)(2)(b)(6) apartments complex is old and needs renovation. (b)(2)(b)(6) is now 20 years old and shows its age; the façade leaks, and interior water damage can be seen in most units around the walls and windows. Heating, ventilation, and air conditioning units are inefficient. Lighting is inadequate, and there are not enough electrical outlets. Due to these shortcomings, post management continues to receive complaints from employees assigned there.

Two one-bedroom apartments require reconfiguration. These units are too small for American officer assignments and are currently used for housing employees' domestic staff. More effective utilization of these units could occur if they were joined with adjacent two-bedroom units to create three bedroom units. These larger units could accommodate officers with larger families. Plans to reconfigure these units have been discussed as a special maintenance project and also in the \$4 million major rehabilitation project that is scheduled for 2008 in the Bureau of Overseas Buildings Operation's long-range building plan. At this time, it is unclear if all deficiencies at (b)(2)(b)(6) will be corrected when renovated in 2008 due to

funding limitations. Given the high cost of renting larger units on the local economy, the Bureau of Overseas Buildings Operations should strongly consider reconfiguring these units either as a 7902 special project or as part of the pending renovation.

Travel

There have been some complaints regarding the embassy's travel services provided by American Express. Specifically, travelers feel that they are not provided with the most competitive fares and that the agency is neither responsive nor creative in assisting travelers with arrangements and advice. OIG made informal recommendations in this area to help solve communication and performance problems.

(b) (2)

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(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 5: (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)

HUMAN RESOURCES

The human resources unit consists of an American human resources officer, two CLO coordinators, and four local staff. Consulate staff gave high marks to the section for its efficiency and good service. Training, awards, evaluations, allowances, recruitment of local staff, and overtime policies are managed appropriately.

management operations. OIG believes that the accounting and cashiering functions could operate even more effectively if accounts receivables for shuttle services and miscellaneous employee charges were collected quarterly rather than monthly. Making this change would eliminate approximately 800 cashier transactions a year. OIG left an informal recommendation concerning this issue.

Although service levels at post are exceptionally high, productivity per employee in the financial management office is lower than might be expected. For example, the five voucher examiners process approximately a quarter as many vouchers per person as comparable posts visited by OIG recently in Europe. Some responsibilities that ordinarily would be part-time responsibilities, such as office reception duties and payroll administration, are full-time positions at Hong Kong.

Cashiering operations at post should be restructured to increase efficiency. The consulate employs a Class B cashier and a full-time alternate cashier, along with three additional alternate cashiers who have collateral duties. Since 1995, the consulate has contracted out accommodation exchange services for employees to an onsite bank. The consulate makes all payments by electronic funds transfer. Blanket purchase agreements and the government purchase card have further reduced workloads for the cashier. In short, much of the cashier's workload has been eliminated. The second cashier position, recommended for elimination in the 1998 OIG inspection, is needed less today than it was seven years ago. Abolishment or reprogramming of the position would save approximately \$60,000 in salary and expenses.

Recommendation 6: Consulate General Hong Kong should eliminate or reprogram the alternate Class B cashier position (position N53402). (Action: Consulate General Hong Kong)

International Cooperative Administrative Support Services

The ICASS council meets regularly and has published service standards for service providers. Relations between agencies are professional and productive. OIG believes that there may be more scope for interagency sharing of services at the consulate. For example, most agencies do not participate in the consulate motor pool. As a result, individual agencies maintain fleets of official government vehicles for the use of their employees when a shared motor pool would provide for more flexible, cost effective delivery of services. Similarly, there are at least three Class B cashiers at post. Consolidation of cashiering services could lead to a

reduction in duplication between agencies and better use of government funds. Lastly, only two agencies at post subscribe to the furniture pool. As a result, leasing of storage space at the warehouse is required to store excess property not in the furniture pool. Although none of these inefficiencies is unique to Hong Kong, the consulate's very high operating costs make examination of possible efficiencies desirable.

INFORMATION MANAGEMENT AND INFORMATION SYSTEMS SECURITY

Consulate General Hong Kong has a well-managed, customer-oriented information management office that received high scores on the OIG workplace and quality questionnaire. Hong Kong also provides mail and pouch services to all posts in China, Vietnam, and Mongolia. Nevertheless, there are several problem areas requiring attention.

Information Systems Security

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

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
(b) (2)(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 9: Consulate General Hong Kong should request that the Bureau of Consular Affairs host the post's web based appointment systems on the bureau's web site, thus freeing mission resources for other local needs. (Action: Consulate General Hong Kong, in coordination with CA)

Recommendation 10: Consulate General Hong Kong should dispose of expired medicine and acquire replacements. It should also install an electronic application to track inventory and reordering requirements for medical unit drugs and vaccines. (Action: Consulate General Hong Kong)

COMMUNITY LIAISON OFFICE

Two part-time CLO coordinators deliver superior service to the consulate community. The CLO publishes a weekly newsletter, arranges frequent outings and community events, and serves as an active promoter of post morale in this medium-sized mission. The CLO served a particularly crucial role during the 2003 post evacuation during the severe acute respiratory syndrome outbreak, when the post went to authorized departure status. In its operations, the CLO works closely with the Consulate Women's Group and the Foreign Service National Employee Association. The CLO also plays an active role in supporting the many official delegations that visit Hong Kong.

(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)
(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)

(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)) is the school of choice for most official American families. Widely recognized as the premier (b)(2)(b)(6)(b)(2)(b)(6) (b)(2)(b)(6) and the region, the school is, with some 2,600 students, much larger than the average overseas school. Its ties to the official American community are also more tenuous than is the norm. The school does not receive Department grants, and no members of the official community sit on the school board. Smaller numbers of students attend the (b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6) and other institutions.

(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6) Debentures

Individual agencies and ICASS over the years have purchased guaranteed admissions options (debentures) at an average cost of \$13,000. The consulate's 49 debentures are owned by the Department, other agencies, and ICASS. Currently, debentures are used interchangeably by agencies. The Department of Defense's regional finance center in Honolulu has issued an opinion that Defense's 13

debentures should not be used by other agency personnel because doing so could violate the Anti-Deficiency Act. Government Accountability Office guidelines provide that expenditures made by individual agencies must make a "direct contribution to carrying out...an authorized agency function" (GAO/OGC-91-5 Appropriations Law Vol. 1, 4-16). Use of debentures by agencies other than those to which funds were appropriated may not meet this test.

(b) (6) is planning to recall its debentures and reissue them at a new par value of \$64,000 per debenture. The new debentures will not guarantee admission to (b) (6) unlike the current debentures. With the impending recall of the debentures, the question of interagency use of the debentures is essentially moot. However, repurchase of the debentures would require as much as \$3.2 million if all 49 debentures were reacquired. Moreover, debenture funds returned to individual agencies, including the Department's 19 debentures, would generally return to the U.S. Treasury as miscellaneous collections. Depending on agency regulations, it could be possible to transfer agency-funded debentures to ICASS as replacement or excess property, thereby allowing debentures to be used across agencies and funds to be recycled upon their recall. The Department's assistance in determining whether this approach is permissible is needed. OIG believes that development of a negotiating strategy with (b) (6) to include plans to make more use of alternate schools such as the (b)(2)(b)(6)(b)(2)(b)(6) would also be prudent. The consul general and the management officer may have to assume an active role in interacting with (b) (6) management on this issue as this issue develops in the next months.

Recommendation 11: The Bureau of Administration, in coordination with the Office of the Legal Adviser and the Bureau of East Asian and Pacific Affairs, should advise Consulate General Hong whether it could transfer ownership of (b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6) debentures purchased with program funds to International Cooperative Administrative Support Services ownership. (Action: A, in coordination with L and EAP)

MANAGEMENT CONTROLS

Consulate General Hong Kong has strong internal controls in place across the spectrum of its operations. Consular operations, in particular, are conducted with commendable attention to responsibilities required by law and regulation. The Bureau of Resource Management risk assessment questionnaire completed by consulate staff prior to the inspection identified no areas of vulnerability. The annual chief of mission internal controls certification also identified no management controls weaknesses. OIG found correctable controls issues in procurement, discussed below.

Unauthorized Commitments

OIG identified four unauthorized commitments that require ratification. In each instance, the contractor started performing services before contractual documents were issued and awarded by the contracting officer. The invoice amounts are generally under \$1,000 and for those the management counselor can ratify the procurement. However, there is one invoice above \$1,000 that requires ratification by the procurement executive. The financial management unit processed payments for these invoice amounts. The majority of transactions were procurements other agencies made.

Recommendation 12: Consulate General Hong Kong should research and report to the Bureau of Administration's Office of the Procurement Executive transactions above \$1,000 that require ratification. (Action: Consulate General Hong Kong, in coordination with A/OPE)

Recommendation 13: Consulate General Hong Kong should research and report to the management counselor all procurement actions that were initiated before contractual documents were issued and awarded by the contracting officer that met criteria for ratification. (Action: Consulate General Hong Kong)

Recommendation 14: Consulate General Hong Kong should establish procedures that hold the employees financially liable for all procurement actions that are initiated before contractual documents are issued and awarded by the contracting officer. (Action: Consulate General Hong Kong)

Recommendation 8: Consulate General Hong Kong should submit locally developed applications for certification and accreditation to the Bureau of Information Resource Management. (Action: Consulate General Hong Kong)

Recommendation 9: Consulate General Hong Kong should request that the Bureau of Consular Affairs host the post's web based appointment systems on the bureau's web site, thus freeing mission resources for other local needs. (Action: Consulate General Hong Kong, in coordination with CA)

Recommendation 10: Consulate General Hong Kong should dispose of expired medicine and acquire replacements. It should also install an electronic application to track inventory and reordering requirements for medical unit drugs and vaccines. (Action: Consulate General Hong Kong)

Recommendation 11: The Bureau of Administration, in coordination with the Office of the Legal Adviser and the Bureau of East Asian and Pacific Affairs, should advise Consulate General Hong Kong whether it could transfer ownership of (b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6) debentures purchased with program funds to International Cooperative Administrative Support Services ownership. (Action: A, in coordination with L and EAP)

Recommendation 12: Consulate General Hong Kong should research and report to the Bureau of Administration's Office of the Procurement Executive transactions above \$1,000 that require ratification. (Action: Consulate General Hong Kong, in coordination with A/OPE)

Recommendation 13: Consulate General Hong Kong should research and report to the management counselor all procurement actions that were initiated before contractual documents were issued and awarded by the contracting officer that met criteria for ratification. (Action: Consulate General Hong Kong)

Recommendation 14: Consulate General Hong Kong should establish procedures that hold the employees financially liable for all procurement actions that are initiated before contractual documents are issued and awarded by the contracting officer. (Action: Consulate General Hong Kong)

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.

Political and Economic

Consulate General Hong Kong has not fully complied with a recommendation in the 1998 OIG inspection report to strengthen biographic reporting. Consulate General Hong Kong maintains basic biographic files but not the more sophisticated leadership analysis that policymakers need.

Informal Recommendation 1: Consulate General Hong Kong should systematize and strengthen leadership reporting based on first hand contact by Americans, by including this task in work requirements, training a coordinator, and adding PINR TAGS to cables containing useful fragmentary information.

Consulate General Hong Kong takes part in highly useful conferences with their counterparts in China and Taiwan but does not keep written record of discussions held at conferences.

Informal Recommendation 2: Consulate General Hong Kong should maintain a record of discussions and conclusions at conferences held with counterparts from China and Taiwan and use this collected information to inform and guide reporting.

Consulate General Hong Kong does not provide adequate mentoring to entry-level officers on short-term rotations from the consular section.

Informal Recommendation 3: Consulate General Hong Kong should develop a training program for officers performing short-term rotational assignments from the consular section.

Consulate General Hong Kong, in some instances, has not adequately vetted newly created law enforcement positions that have cross border responsibilities with China.

Informal Recommendation 4: Consulate General Hong Kong should determine if the government of Hong Kong would grant accreditation to law enforcement officials that have cross border responsibilities for work in China and report the government of Hong Kong's decision to the Department of State.

Consular Operations

Current access into the consular section mixes American citizens and visa applicants. It also results in unnecessary delays in applicants reaching the windows for service.

Informal Recommendation 5: Consulate General Hong Kong should develop a plan to improve public access to the consular section, taking in consideration the construction of a new public access control area.

Human Resources

The post Foreign Service national handbook was last updated in 1998 and does not reflect information such as the new Hong Kong retirement system, changes to the local compensation plan, and personnel systems such as PSA Plus and CAJE.

Informal Recommendation 6: Consulate General Hong Kong should update its post personnel handbook upon completion of the computer aided job evaluation system implementation project.

Local employees in the human resources unit do not have private offices to discuss confidential personnel issues.

Informal Recommendation 7: Consulate General Hong Kong should reconfigure a private office for at least one human resource specialist to permit discussion of personnel matters, as post funding permits.

Financial Management

The consulate sends bills to American personnel on a monthly basis for use of the employee shuttle and other miscellaneous charges, many of which are minimal. Quarterly charging would reduce approximately 800 cashier transactions a year.

Informal Recommendation 8: Consulate General Hong Kong should consolidate bills for employee accounts receivables on a quarterly basis to minimize cashier transactions.

Travel vouchers lack documentation from agency approving officials authorizing business class travel when such authorization is required.

Informal Recommendation 9: Consulate General Hong Kong should ensure that all travel vouchers for business class travel include explicit authorization from the approving official for such travel, citing agency regulations or special conditions as appropriate.

Travel Services

There have been some complaints regarding the travel services provided by American Express. Specifically, travelers believe that they are not provided with the most competitive fares and doubt the quality and responsiveness of service.

Informal Recommendation 10: Consulate General Hong Kong should implement procedures to monitor and provide feedback regarding American Express contractor performance.

Information Management

Consulate General Hong Kong has unapproved locally developed applications on its Intranet web site.

Informal Recommendation 11: Consulate General Hong Kong should remove all unapproved locally developed applications from the Intranet web site.

Consulate General Hong Kong has not properly tested locally developed applications nor provided documentation to the local change control board.

Informal Recommendation 12: Consulate General Hong Kong should test locally developed applications and provide documentation to the local change control board.

The Department uses Systems Management Server software to implement patch management. Post has had problems with the software since its installation in May 2004. As a result, information service center personnel must install patches manually to their 271 computers. The Department routinely sends out two to three patches weekly. This task is daunting and takes away from other duties of resolving customers' hardware/software problems.

Informal Recommendation 13: Consulate General Hong Kong should report the unsatisfactory performance of systems management server software to the Bureau of Information Resource Management's InfoCenter.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Consul General	James R. Keith	01/02
Deputy Principal Officer	Marlene J. Sakaue	07/04
Chiefs of Sections:		
Consular	Richard F. Gonzalez	08/03
Economic/Political	Simon J. Schuchat	06/03
Management	Lewis R. Atherton	10/02
Public Affairs	Richard W. Stites	07/03
Regional Security	Martin Chu	08/02
Other Agencies:		
DHS/Bureau of Citizenship and Immigration Services	Vacant	Vacant
DHS/Bureau of Immigration and Customs Enforcement	Thomas J. Howe	07/00
Department of Defense	George T. Foster	05/02
Drug Enforcement Administration	Thomas Ma	09/99
Federal Bureau of Investigation	Kingman K. Wong	06/03
Foreign Agricultural Service	Lloyd S. Harbert	08/01
Foreign Commercial Service	Stewart J. Ballard	08/04
Internal Revenue Service	Jay L. Van Kirk	03/04
U.S. Secret Service	Robert G. MacQueen	12/02

ABBREVIATIONS

CAJE	Computer aided job evaluation project
CLO	Community liaison office
Department	Department of State
DPO	Deputy principal officer
GSO	General services office
ICASS	International Cooperative Administrative Support Services
IV	Immigrant visa
LES	Locally employed staff
MPP	Mission Performance Plan
NIV	Nonimmigrant visa
OIG	Office of Inspector General