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

# Report of Inspection

## The U.S. Mission to the Organization for Economic Cooperation and Development

Report Number ISP-I-05-09, February 2005

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## KEY JUDGMENTS

- The U.S. Mission to the Organization for Economic Cooperation and Development (USOECD) plays a key role in advancing U.S. government international economic, financial, and social policy objectives.
- The Ambassador effectively advances mission interests by fostering collegiality among the mission's specialists from seven federal agencies, incorporating staff input into policy approaches and emphasizing mutual support.
- No Washington process fully coordinates the interests of the 23 U.S. government agencies, U.S. business, and other nongovernmental groups with interests in the organization. This complicates strategic planning for Department of State (Department) and mission leadership. The Office of Inspector General (OIG) believes that the Department and mission can take additional steps to improve the efforts they have already made to strengthen communication and produce more timely and comprehensive guidance.
- U.S. dues arrears to the organization exceed 83 million euros (over \$100 million). U.S. failure to meet its financial commitments causes operational problems for the organization, generates resentment from member states that pay on time, damages U.S. credibility, and complicates the mission's ability to advance U.S. interests.
- Mission management operations duplicate Embassy Paris' International Cooperative Administrative Support Services (ICASS) and increase costs for the U.S. government. The information management section should be transferred to the embassy. The memorandum of understanding between USOECD and the U.S. Mission to the United Nations Educational, Scientific, and Cultural Organization (USUNESCO) contributes to this duplication and should be terminated.

The inspection took place in Washington, DC, between September 15 and 30, and in Paris, France, between October 25 and October 29. Ambassador Vincent Battle (team leader), William Cavness (deputy team leader), Deborah Klepp, Andrea M. Leopold, Timothy A. Wildy, and Matthew Worner conducted the inspection.



## CONTEXT

The Organization for Economic Cooperation and Development (OECD) is a multilateral organization established in Paris in 1961 as a forum for examining and formulating policy options across the full spectrum of economic, social, and scientific issues with the aim of building strong economies, expanding free trade, and contributing to development. Its thirty member countries, the world's most economically advanced democracies, account for 59 percent of the world's gross domestic product, 76 percent of international trade, 54 percent of energy consumption, and 95 percent of official development assistance. Twenty-two of OECD's member countries are European, reflecting OECD's past as the Organization for European Economic Cooperation, formed after World War II to administer U.S. and Canadian Marshall Plan aid.

OECD's portfolio is vast. Forty thousand senior officials meet each year in OECD's 200 committees, working groups, and expert conclaves to address both broad subjects as macro-economic policy, trade policy, and public management, and more narrowly focused initiatives, including environmental standards for chemicals and hazardous waste, reducing overcapacity in world steel production, and the elimination of money laundering. The semi-autonomous International Energy Agency, established in 1974 in response to the oil crisis, improves energy security in the 26 oil-consuming member countries through policy cooperation, independent analysis, information sharing, and improved practices. The United States is a founding member of OECD and currently is the largest contributor to the organization, providing nearly 25 percent of the budget in the amount of some \$70 million annually.

The United States, through the USOECD is the largest shareholder in the organization. Because no single U.S. agency oversees the full range of federal government, business, and public activities with OECD, the mission often takes on the responsibility to coordinate and advance the U.S. agenda across the broad range of often very technical issues encompassed by OECD's mandate. On the economic side, U.S. goals include advancing economic growth, expanding global trade and investment, and liberalizing markets. The U.S. government also uses the OECD to promote its interests in social, environmental, and governance issues. To achieve these goals, USOECD engages with the organization's 2,300 secretariat staff, the 29 other national delegations, the 70 nonmember governments associated

with OECD, and the appropriate representatives of the 23 U.S. government agencies involved in OECD work. USOECD also supports the visits of 1,100 U.S. delegates yearly. To accomplish all this, USOECD has 21 direct-hire U.S. government employees representing the Department and six other federal agencies, and a program budget of \$2.18 million.

The mission works closely with the secretariat, other member delegations, and within the framework of the organization's elaborate committee structure to advance U.S. interests. The U.S. government chairs the Economic Policy Committee, the preeminent economic body at OECD. For the past two years, the United States also chaired the Executive Committees in Special Session, the OECD's key grouping of senior decision-makers. Views on the role and importance of OECD to U.S. national interests vary among Washington constituent agencies. Universally, individuals attach high value to the networking and personal contacts that OECD meetings provide. For some, OECD is a unique and vital venue to make U.S. practices standard international practice. Others see the OECD statistics and data collection function as helpful in providing information that is readily comparable across countries. The OECD has particular merit for the United States in areas that call for multilateral cooperation in problem solving in specific areas. Examples of this utility include work on an anti-bribery convention and enhanced international travel security.

Given the breadth of policy issues before the OECD, and OECD's tradition of operating on the basis of consensus, the mission has enormous challenges, especially prioritizing the work of multiple U.S. agencies to bring policy coherence to the furtherance of U.S. goals and objectives and advancing OECD reform. The Department and USOECD have worked hard in previous years, with little success, to rationalize and downsize the OECD's vast committee structure to allow greater focus of attention and energy on issues that accord more closely with U.S. priorities.

The Department and USOECD recognize the importance of using the allocation of resources as a means of directing action toward high-priority U.S. goals. A key component of the mission's agenda, therefore, is using the Budget Committee for this purpose. To set the framework, the United States succeeded in getting OECD approval for a two-year trial of a reform to decision-making that will permit changes to an agreed budget by a majority of 60 percent of members rather than by consensus. Greatly complicating the mission's task, however, is the lack of a single guiding voice from Washington that sets priorities. In some cases, U.S. agencies work directly with their long-time OECD counterparts on issues with

minimal reference to USOECD, although coordination is improving. In addition, competing agency interests in Washington sometimes trump the agenda of priorities established in Washington with USOECD's input.





## EXECUTIVE DIRECTION

The Ambassador, a former Member of Congress, brings to her role and position an approach to management via team building that is a prescription for success in advancing U.S. government interests in a complex multilateral organization such as the OECD. Her team consists of professionals from the Department and six — soon to be seven — other federal agencies. The pace and rhythm of work at USOECD parallels the huge and often unwieldy committee and OECD Council structures of the OECD itself. Officers assigned to substantive units have defined portfolios linked to the work of specific OECD committees and the objectives of federal agencies in Washington. The Ambassador reviews issues and tactics at pre-brief sessions before biweekly OECD Council of Permanent Representatives (OECD Council) meetings, engages other delegations and OECD staff, and maneuvers creatively at OECD Council sessions to present to best advantage the occasionally inconsistent U.S. position.

The productive interagency environment that the Ambassador has fostered encourages each member of the team to fill in for other colleagues when necessary. Weekly strategy sessions focus the energies of action officers on short- and medium-term priorities, with all encouraged to contribute beyond their own areas of expertise to the wide-ranging brainstorming. These sessions produce comprehensive and imaginative tactics to advance policy. This collegiality, essential in an environment of expansive issues out of the grasp of any one individual or agency, is the defining trademark of the mission.

The Ambassador looks to her deputy chief of mission (DCM), a career officer with a depth of experience in both European and economic affairs, and the secretary of delegation, an FS-03 mid-level career officer, to provide close support and staff work for her participation at OECD Council. The DCM represents the United States at the biweekly OECD Executive Committee that sets the agenda for OECD Council. This multilateral focus and the contributions of the secretary of delegation differentiate the DCM's role at USOECD from the traditional functions of a DCM at a bilateral embassy. The DCM and the secretary of delegation share responsibility for coordinating USOECD input to and trying to influence the agenda of OECD Executive Committee and OECD Council deliberations, liaison with Washington, and carrying out interactions with the 29 other OECD delegations and the OECD Secretariat.

## RELATIONSHIPS WITH WASHINGTON

No process in Washington fully coordinates the interests of the disparate offices in the 23 U.S. government agencies that participate in OECD, nor melds these aims with those of U.S. business and other nongovernmental groups. This complicates strategic planning for Department and mission leadership. The Assistant Secretary of State in the Bureau of Economic and Business Affairs (EB) chairs a session with key interagency interlocutors twice a year to discuss U.S. government priorities in OECD, providing a stronger Department focus on OECD. Bureaucratically, three Department bureaus share oversight of USOECD's work. The Bureau of European and Eurasian Affairs (EUR) has the responsibility for operational guidance, budget, and personnel; EB provides strategic policy guidance; and the Bureau of International Organizations (IO) controls U.S. financial contributions to OECD. This tripartite arrangement makes it difficult to provide complete, strategic guidance and to support USOECD operational effectiveness. In effect, USOECD is the sole nexus of U.S. government policy at OECD, even though not all agencies coordinate with USOECD. OIG explored with the mission and Department action offices alternative bureaucratic alignments.

While EUR and EB work closely on the substantive portfolios they cover, the absence of frequent interagency coordinative meetings greatly complicates the ability of the EUR Office of Economic and Regional Affairs (EUR/ERA) to provide consistent and timely guidance reflective of overall U.S. government priorities. EUR/ERA has not provided USOECD with a set of general agreed upon U.S. government goals and objectives. Instead, EUR/ERA tries to provide specific guidance for biweekly OECD Council meetings. Virtually all issues currently need ad hoc guidance from Washington. EUR/ERA has not dedicated the personnel resources it would need to manage effectively USOECD mission-wide strategic planning, impose discipline on program implementation, and follow substantive issues. EUR/ERA told OIG it plans to adjust the desk officer's portfolio in ways that OIG believes will reduce desk support.

Since staffing changes in August, USOECD and EUR/ERA have taken steps to improve communication. However, despite these measures, EUR/ERA officers still complain USOECD does not provide OECD Council and other agendas and documents early enough for EUR/ERA to generate guidance. During the inspection, USOECD received contradictory guidance on OECD enlargement, requiring deft diplomatic maneuvering to attempt to maintain U.S. credibility at OECD Council. The mission also took issue with IO's cuts in financial contributions to OECD that were not transparent and provided numerous examples of how perennial U.S. government arrears damage U.S. authority and the mission's success.

OIG believes that the Department and USOECD could take additional steps to continue strengthening communication to produce more timely and comprehensive guidance. OIG suggested that when USOECD conveys draft Executive Committee agendas to EUR/ERA, that USOECD also include in-depth analysis and policy recommendations to give EUR/ERA better insight into how USOECD expects these agenda items to be raised at OECD Council and how the United States could most effectively engage to shape the outcome. In turn, more frequent high-level discussions in Washington, focused on strategic planning at OECD, would also improve USOECD's ability to advance U.S. interests.

## STAFFING ISSUES/ENTRY-LEVEL PROGRAM

Post management has several staffing concerns. Over the past few years, the Department has assigned entry-level officers into three of the five mid-level Department positions at USOECD. Some Washington officials indicated that although these less experienced officers are talented and dedicated, they lack the breadth of experience they need to engage with technically expert OECD secretariat counterparts or to brief high-level visiting U.S. officials. The officers' jobs are further complicated by OECD's multilateral character, the wide variety and complexity of the issues they are expected to advance, including by representing the U.S. government at committee meetings, and incomplete guidance from some agencies. This has meant that U.S. government representation at specific committee sessions has sometimes not been at the appropriate level of rank or expertise or with sufficient guidance. OIG believes that if there are insufficient numbers of mid-level Department officers to fill the mid-level positions at the mission, the Department would be well advised to continue carefully selecting the junior officers to fill these stretch positions. The DCM is ably mentoring entry-level officers. Uniformly, the entry-level officers praised his active role. The DCM holds formal sessions with the entry-level officers every six weeks to two months, while informal mentoring goes on constantly by experienced officers from other federal agencies.

The front office is pushing back against the Department of the Treasury decision, due to be implemented in 2005, to eliminate the position of its senior representative who has headed up the unit covering economic, fiscal, and financial issues for USOECD. Elimination of this position would be perceived by other delegations and the OECD secretariat as a downgrading of U.S. government interest in one of OECD's most critical areas of focus. The U.S. government has an interest in ensuring that U.S. expertise in this critical domain not be diminished.

## MORALE

Morale at USOECD is generally good, despite widespread frustration with its communications with Washington, largely owing to the mission's sense of team spirit and the feedback officers receive from the various U.S. agencies they assist to advance the broad range of U.S. interests at OECD. The USOECD recently moved into new leased headquarters at the Raphael Building, located only a short distance from OECD headquarters. The mission had for years been in cramped quarters at the asbestos-ridden headquarters building itself. The new facilities offer a far better work environment. However, an unintended side effect of spreading USOECD across four floors has been a lessening of the camaraderie that had been fostered in the close quarters of USOECD's prior facilities. Mission management is working to find ways to maximize cohesion among all members of the work force.

## MISSION PERFORMANCE PLAN

USOECD's Mission Performance Plan (MPP) covers primary mission goals and reflects the mission's close interagency cooperation. It was developed through an offsite at the Ambassador's residence, three formal sessions chaired by the Ambassador or DCM, and action officers' soliciting guidance from the interagency representatives active on committees in their portfolios. USOECD received important guidance from EUR/ERA with comments from a number of agencies, but the USOECD action officer was responsible for sifting through and incorporating into the MPP all of the interagency feedback. USOECD staff members refer to the MPP, but have distilled it into a document entitled "Priority Programs of the U.S. at OECD" that they find easier to use on a daily basis. Notably, the USOECD action officer responsible for OECD economic country reviews uses other embassies' MPP's to help prepare his work in the Economic and Development Review Committee.

## SECURITY

The regional security officer and his staff, assigned to Embassy Paris, provide security to USOECD and USUNESCO. USOECD is satisfied with the security support. OIG's security evaluation inspectors commented on USOECD security in the classified security report on Embassy Paris. The front office is engaged in security issues.

## POLICY AND PROGRAM IMPLEMENTATION

Washington officials in a number of agencies including the Department praised USOECD's advancing U.S. interests through support for their issues and their delegates. Some officials complained about infrequent and incomplete interagency coordination in Washington. Many indicated that because of their long experience with OECD, they work directly with their OECD committee and secretariat counterparts, a problem aggravated by the assigning of entry-level officers to USOECD who do not have the breadth of experience of their predecessors. Nevertheless, OIG heard OECD Secretary General Donald Johnson call USOECD one of the most effective member country delegations when meeting with a visiting delegation of retired Congressional representatives. At a reception at the Ambassador's residence, OIG observed USOECD officers in action as they button-holed skeptical OECD member country Ambassadors to convey U.S. views on OECD outreach and enlargement and seek OECD Council approval of the U.S.-inspired OECD Middle East-North Africa Investment and Governance Initiative.

### Budget and Structural Reform

Interagency work with OECD, with the exception of travel, is funded through U.S. government contributions to OECD from an IO-administered Department account. As a result, agencies have little budgetary pressure to set priorities. Individual agencies make voluntary contributions to OECD for specific projects. EB's Assistant Secretary, in concert with EUR, led a two-year process to prioritize U.S. government activities at OECD and engaged in the politically charged process to reform OECD structurally. When this did not result in reducing OECD committees, the U.S. turned to streamlining OECD through priority setting via resource allocation. In May 2004, the OECD Ministerial meeting approved a partially budget-weighted voting system for limited decision items pertaining to budget and the existence of OECD bodies. In another victory, the OECD Secretary General's October 2004 budget package largely reflected U.S. priorities due to USOECD's nonstop advocacy.

## Dues

U.S. dues arrears to the organization exceed 83 million euro (over \$100 million). The failure of the United States to meet its financial commitments causes operational problems for the organization, generates resentment from member states that pay on time, damages U.S. credibility, and complicates the mission's ability to advance U.S. interests. During a reception at the Ambassador's residence, OIG heard other delegation heads criticize U.S. dues arrears. OIG was told that one delegation claimed that U.S. arrears reflect a weakening U.S. commitment to OECD. Within days, this same delegation moved to delay an important U.S. initiative.

## Visitors

Six office management specialists (OMS) in three USOECD sections ably coordinate logistical arrangements for the 1,100 U.S. delegates to OECD annually, relying on both USOECD and Embassy Paris resources. However, the OMSs do not coordinate formally on handling country clearance requests, some of which still arrive by e-mail. Each OMS has her own system for tracking logistical arrangements and inputs the necessary information into the computerized USOECD visitor spreadsheet. Not all OMSs have access to the Webgram cable resource, and there are no programs or macros to assist in generating country clearance telegrams.

Depending on the visiting U.S. delegate and the issue, the action officer who works on the delegate's committee tries to shape the meeting agenda, consults with Secretariat staff and other member delegations, pre-briefs the delegate, accompanies and advises the delegate at the meeting, gets briefed on the results of other meetings, and clears and processes the reporting cable. As needed, the action officer also arranges additional meetings with other officials and the Ambassador and coordinates bilateral meetings with Embassy Paris.

## ECONOMIC COOPERATION

USOECD has divided OECD economic cooperation into two sections. The Economic and Financial Section (MINEF) handles economic, financial, investment, and fiscal issues while the Economics, Environment, Science, and Technology Section (EEST) focuses on economic, trade, social, energy, education, health, environmental, science, and technological issues. Development issues are handled by the U.S. Agency for International Development representative. MINEF and

EEST advance USOECD's MPP goals of improved economic growth, increased trade and investment, more secure and stable markets, and prevention and response to terrorism through their work with U.S. delegates, the OECD Secretariat, OECD Committees, other member delegates, and U.S. embassies in member countries. Employees in all three sections highlighted collegial interpersonal relations, regardless of agency or rank, which strengthen morale and the quality of work. Entry-level officers in particular emphasized the value of the generous mentoring across sections. Officers in all three sections indicated that they need more strategic guidance on how to use the OECD to address U.S. economic and other interests as well as more timely and thorough guidance from the desk and, often, from agencies that are unable to send representatives to important committee or working party meetings.

## Economic and Financial Section

MINEF is expertly led by a Department of Treasury minister counselor with eight years of OECD experience. OIG's Washington survey interlocutors unanimously lauded the Department of Treasury minister counselor's ability to frame issues and develop successful policy approaches to advance U.S. interests. MINEF's staff also includes a recently arrived FS-02 economist as Economic Policy Advisor, a newly promoted FS-03 as Finance and Investment Policy Advisor, and a second tour FS-06 OMS who also coordinates arrangements for 300 U.S. OECD delegates annually.

MINEF works to promote such important U.S. priorities as mobilizing investment and promoting governance through the Middle East and North Africa Initiative supporting G-8 Sea Island Summit goals; safeguarding the international financial system against money laundering and terrorist financing through the Financial Action Task Force; improving corporate governance by developing and then internationalizing OECD principles; and sustaining structural reform and microeconomic work, including with OECD's Agenda for Economic Growth. While MINEF focuses on advocacy, it does substantial reporting particularly on the in-depth peer reviews of OECD member economies that take place every eighteen months.

MINEF is facing two personnel issues with potentially serious consequences. The Ambassador has been trying to convince the Department of Treasury to reconsider withdrawing its minister counselor in 2005. If her attempts fail, OIG agrees with post management that MINEF's ability to advance U.S. interests at

OECD would be damaged. If the Department of Treasury removes its representative, OIG believes his replacement would need to have the same level of expertise and experience in order to continue to advance U.S. interests at OECD.

As noted above, the Department's decision to assign entry-level officers to mid-level positions complicates the mission's ability to represent U.S. interests and positions. A number of Washington officials indicated that even a gifted and motivated FS-04 officer does not have the breadth of experience necessary for Washington officials to use the officer to advance every aspect of a portfolio that still remains at the FS-02 level. OIG understands that the FS-02 position currently filled by an FS-04 officer will not be filled this assignment cycle. If this position were to remain vacant, MINEF would not be staffed adequately to advance the issues it currently handles. If the Department is not able to restore the position, OIG believes the mission would be well advised to shift a position from EEST to MINEF.

## Economics, Environment, Science and Technology Section

EEST, USOECD's largest and most diverse section, is very ably led by a newly arrived counselor with twenty-eight years of experience in political, legal, and economic affairs. His management role is more complex than that of most section heads because the section's most senior officers all come from other federal agencies. EEST's 11 other team members include a GS-15 Commercial Advisor from the Department of Commerce, a GS-15 Science Energy Advisor from the Department of Energy, a GS-15 Science Advisor for Environment from the Environmental Protection Agency, an FS-02 Trade and Agriculture Advisor, an FS-03 Energy Advisor with an FS-02 portfolio, an FS-04 Science and Social Policy Advisor with an FS-02 portfolio, an FS-06 OMS, and three locally hired OMSs. An SES-5 U.S. Department of Agriculture Representative from the Animal, Plant, Health Inspection Service, who is seconded to the World Organization for Animal Health, coordinates with EEST and advises officers as needed.

EEST's priorities include developing a multilateral framework for technological, regulatory, legal, and procedural requirements to improve international travel security while safeguarding privacy; securing OECD study of the impact of product counterfeiting and piracy; saving U.S. taxpayers an estimated \$800 million annually by reducing government subsidized-credit terms; promoting free trade through support for the World Trade Organization's Doha Development Agenda;



reducing international bribery through implementation of the U.S.-initiated Anti-Bribery Convention; and improving energy security through work by the International Energy Agency and Nuclear Energy Agency.

EEST officers give the new counselor high marks for making management a priority. He has already improved communication within EEST, with the administrative section, and with the Front Office, improving the working environment. While EEST portfolios are generally clear, the counselor plans to clarify lines of demarcation between the portfolios of the Department of Energy and Department energy advisors as well as to address the concerns of the Department's Bureau of Oceans and International Environmental Scientific Affairs about advocacy in the environmental committee that appear to stem from unclear leadership in Washington on environmental issues within the interagency community. EEST's two more entry-level officers entrusted with FS-02 portfolios are performing well, benefiting from substantial mentoring from senior interagency agency representatives. The EEST counselor looks forward to the Department of Health and Human Service's assignment of a senior officer to handle USOECD's and USUNESCO's health portfolio.

## DEVELOPMENT ASSISTANCE

A career minister from the U.S. Agency for International Development handles development issues, assisted by an OMS who also performs visitor support functions. Junior and senior colleagues alike respect the career minister and value his insight and generous mentoring. The United States is the world's largest assistance donor. The 22 countries plus the European Community represented in the OECD's Development Assistance Committee (DAC) provide 95 percent of the world's official development assistance. The DAC remains the only venue where the heads of all bilateral aid agencies meet to coordinate economic assistance policies and to shape the international development agenda, facilitating field coordination of assistance. The U.S. Agency for International Development career minister ensures the DAC advances U.S. interests such as aid reform, increased burden sharing, untying assistance to least developed countries, improving the effectiveness and accountability of official development assistance, and developing guidelines for post conflict security, relief, and reconstruction. The DAC also tracks all official development assistance, conducts peer reviews, and issues well-read reports on development trends and best practices.

## PUBLIC AFFAIRS

USOECD attaches importance to outreach and information activities within OECD and to audiences in the United States and other member countries, because many aspects of OECD's work are neither widely known nor appreciated outside the organization. The Ambassador chairs the OECD's Committee for Public Affairs and Information, a clear indication of her admirable commitment to improved understanding of OECD's role in the publics of member countries and to outreach to nonmember states. The mission's strong commitment to public speaking by USOECD staff outlined in the MPP represents another component of a public affairs strategy to highlight both OECD accomplishments and the role of USOECD in achieving U.S. goals at OECD. The Ambassador initiated a quarterly newsletter, distributed within OECD and to target audiences in the U.S., as an additional step in publicizing the USOECD's work. The mission's web site offers another public information resource.

OIG recognizes the validity of the mission's desire to conduct an active public affairs program with the objective of building public support for OECD initiatives of value to the United States and commends the Ambassador for her efforts. OIG, however, does not support USOECD's request for assignment of a Foreign Service public affairs officer. The elements in the public affairs strategy as outlined in the MPP, and in discussions with mission personnel, do not warrant the assignment of a U.S. direct hire public affairs officer. Furthermore, OIG has serious reservations about assigning a Department public affairs officer to a function with a significant U.S. domestic focus. Outreach to U.S. audiences and media outlets on Department activities is properly the function of the Department's public affairs personnel in the United States.

USOECD has not organized itself to make the best use of the existing information assistant position to develop and implement an outreach and information plan. Supervision of the information assistant, an American local hire with an extensive press background in Paris, appears to have been dispersed since her appointment in May. The employee remains on probation, just extended from six to nine months. The terms of appointment specify that the employee will report to the Ambassador. However, the employee recently began reporting to the secretary of delegation, who has just initiated a practice of weekly meetings to review public affairs requirements. This should improve the employee's ability to obtain front office guidance in preparing talking points, speeches, and press arrangements for the Ambassador's public appearances. It also should allow her to solicit early input

from mission staff with expertise in subjects the Ambassador will address. While USOECD has not yet fully decided on how to use the information assistant to the best effect, it is nonetheless attempting to define her role in planning and implementing mission public affairs programs.

The mission's web site offers a good window into USOECD's work, with information on USOECD's main areas of activity, content on why the work of the mission and of OECD is important to the United States, and links to associated U.S. government agencies and OECD sites. OIG noted that some of the information in the web site is not current. USOECD's quarterly newsletter is posted on the site, expanding its impact. The information assistant, who is responsible for maintaining the site, has developed ideas to make it more timely, issue-focused, and detailed on the activities of the various elements in the mission, upcoming events, and highlights of OECD committee meetings in areas of particular interest to the United States. These additions and regular updating would make the site much more informative.



## RESOURCE MANAGEMENT

Staff in USOECD includes 14 Department Foreign Service officers, staff representing six U.S. government agencies, and 16 locally employed staff (LES). The mission's \$6.11 million budget includes \$3.93 million for ICASS and \$2.18 million for programs. USOECD receives administrative support and guidance from Embassy Paris. To reduce administrative support costs, OIG is recommending USOECD discontinue its separate and duplicative administrative structure. OIG is also recommending USOECD terminate its memorandum of understanding with USUNESCO. Finally, OIG is recommending Embassy Paris' information management officer supervise the information management section at the Raphael Building. USOECD disagrees with these OIG recommendations, fearing the level of service would decrease.

## MANAGEMENT OPERATIONS

Management operations at USOECD duplicate the ICASS functions Embassy Paris provides. A recent U.S. Government Accountability Office report<sup>1</sup> concludes that duplicative administrative structures increase overall cost to the U.S. government. OIG notes the Bureau of Resource Management and Embassy Paris have been involved in rightsizing the former regional financial management organization and ICASS that resulted in a reduction-in-force for 122 employees in the past four years. USOECD has not rightsized its administrative staff.

USOECD subscribes to a full range of ICASS services, paying about \$3,930,000 annually. USOECD also employs seven LES who provide liaison with Embassy Paris' ICASS functions and duplicate many ICASS functions. Additionally, a Foreign Service officer provides oversight by attending meetings and delegating administrative responsibilities to the local staff. The staff requests procurement and other general services, human resources services, and financial management through Embassy Paris' ICASS program. They use three credit cards to

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<sup>1</sup> U.S. Government Accountability Office, Embassy Management: Actions Are Needed to Increase Efficiency and Improve Delivery of Administrative Support Services, (A-04-511 dated September 2004)

accomplish local purchases. They supervise the motor pool, a task usually assigned to a senior motor pool driver. Their salaries are nearly \$185,000 annually in program funds. Liaison functions do not require this number of staff. The direct-hire Foreign Service management officer and three information management staff whose salaries total over \$350,000 should be transferred to ICASS.

USOECD is fearful that customer support could diminish if its administrative staff were disbanded. At this time, except for information management, Embassy Paris provides those services and will not provide a lower level of service if the liaison functions were reduced. OIG has discussed a joint administrative structure with Embassy Paris and understands that, through ICASS, the embassy is prepared to provide the full range of services including information management, at the same professional level as it provides now.

**Recommendation 1:** The U.S. Mission to the Organization for Economic Cooperation and Development, in coordination with Embassy Paris, should discontinue its duplicative administrative structure and participate fully in the International Cooperative Administrative Support Services system. (USOECD, in coordination with Embassy Paris)

## FINANCIAL MANAGEMENT

### Cashiering

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2) This cash is used primarily to provide accommodation exchange services for about 30 direct-hire Americans working at the Raphael Building. Although OIG believes that this sum could be reduced, the U.S. Disbursing Officer, located at Charleston's Financial Service Center, has approved it.

## INFORMATION MANAGEMENT

USOECD maintains its unclassified information management operations employing two locally employed American citizens. One spends 35 percent of his time on management duties and accrues substantial overtime. USUNESCO,

collocated with USOECD, pays the salary for the third LES. The systems staff members provide an information management and security program for USOECD's and USUNESCO's approximately 50 users. The two Americans also manage a small, classified capability at the main OECD headquarters building.

Embassy Paris' direct-hire information management officer does not supervise the USOECD information management function. The information management officer, in this case at Embassy Paris, is according to 5 FAM 121.1 the senior information management employee. To ensure effective oversight of the Department's information resource management operations, EUR has established a practice in all countries with multiple missions that all information technology employees in that country are accountable to, and supervised by, the senior information management officer, a direct-hire information management employee.

**Recommendation 2:** Embassy Paris, in coordination with the U.S. Mission to the Organization for Economic Cooperation and Development, should assign supervisory responsibility for the locally employed information management staff at the Raphael Building to the embassy's information management officer. (Action: Embassy Paris, in coordination with USOECD)

A classified capability, to be housed in a controlled access area now under construction within the Raphael Building, will soon be operational. This classified system further confirms the need for embassy supervision. Currently, USOECD plans to hire an additional resident American to work in the classified area. As soon as USOECD's information systems come directly under the embassy, OIG believes there will be no need for additional staff.

## Systems Operations

The systems meet Department guidelines. There was no inappropriate material on servers or workstations, and the USOECD Internet is accessible by individuals with disabilities in accordance with 5 FAM 776.4. The information staff briefed mission employees about preserving electronic messages that qualify as official records. However, OIG found incomplete information systems documentation and inadequate separation of duties in the information systems security officer program (detailed in the Management Controls section of this report).

## Systems Documentation

OIG found that USOECD has not completed the mandatory information systems documentation requirements found in 5 FAM and 12 FAM. Consequently, USOECD does not have: contingency plans to address continuity of operations under adverse conditions and recovery from service disruption or to provide services that meet users' minimal needs; a system security plan to demonstrate its approach to meeting security requirements and protecting information technology resources; an annual self-assessment of the security of its sensitive-but-unclassified and classified information systems; and an information system configuration management plan that provides assurance that system operation is in the correct configuration and that changes are reviewed for security. On the other hand, USOECD does have a patch management<sup>2</sup> installation procedure in place and an information technology configuration control board.

**Recommendation 3:** Embassy Paris, in coordination with the U.S. Mission to the Organization for Economic Cooperation and Development, should complete and implement the information system documentation requirements and provide copies of the plans to the Bureau of Information Resource Management. (Action: Embassy Paris, in coordination with USOECD)

## Staff Responsibilities

The LES whose primary responsibilities include information management and supervision, has general management duties that he should not perform. About 35 percent of his time is spent on other than information management duties. He has supervised construction activities, negotiated with the landlord, and supports the direct-hire management officer. These additional duties resulted in substantial overtime last year and add requirements to the other information technology staff. His current position description includes these additional and unrelated duties and should be changed to reflect his information management duties exclusively. The position description should also reflect that he is an ICASS service provider supervised by Embassy Paris' information management officer.

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<sup>2</sup> Patch management describes how a system is updated with changes that correct errors and deficiencies or add new capabilities.



**Recommendation 4:** The U.S. Mission to the Organization for Economic Cooperation and Development should rewrite the position description for the locally employed information systems administrator to determine its accuracy, identify necessary revisions, and assign supervisory responsibility to the information management officer using the computer assisted job evaluation system. (Action: Embassy Paris, in coordination with USOECD)

## MEMORANDUM OF UNDERSTANDING

USOECD has a signed, not dated, memorandum of understanding with USUNESCO to provide services to USUNESCO. The memorandum does not meet the provisions of the Economy Act of 1932 (31 U.S.C. 1535 and 1536) that requires agencies entering into agreements with other agencies to reimburse the performing agency for the actual cost of services. In this case, the cost for services has not been identified.

The memorandum states USUNESCO will compensate relevant services in staff and equipment and will also need to participate in the full range of ICASS services. Last year, USUNESCO paid about \$1.6 million for ICASS. USOECD provides primarily information technology services that would be available under ICASS when USOECD's information technology staff is transferred to ICASS. OIG believes the memorandum should be terminated.

**Recommendation 5:** U.S. Mission to the Organization for Economic Cooperation and Development, in coordination with U.S. Mission to the United Nations Educational, Scientific, and Cultural Organization, should terminate their Memorandum of Understanding. (Action: USOECD, in coordination with USUNESCO)

## REAL PROPERTY

USOECD and USUNESCO share a recently renovated, five-level, short-term leased office building known as the Raphael Building that is still not complete. A controlled access area for classified operations is under construction. The annual lease cost is about \$1.4 million with USOECD paying about 70 percent of costs

and USUNESCO paying about 30 percent. Office space is not allocated fairly. USUNESCO is primarily located in the basement area while USOECD is located throughout all the building levels. OIG believes ICASS will be able to allocate space in the Raphael Building more equitably after changes to the mission's administrative structure, as recommended, are implemented.

The DCM's residence, a gift to the U.S. government along with its valuable contents, and the Ambassador's residence are U.S. government-owned properties. The embassy's general services and interior design offices keep both residences in excellent condition.

## QUALITY OF LIFE

The Ambassador focuses on morale and family issues. Morale is reasonably high. The elements that generally contribute to quality of life are found, primarily, at Embassy Paris' chancery. The commissary, recreational facility, occupational health unit, and community liaison office are all located at the chancery. Schools and housing, also under the embassy's purview, received high marks on OIG's questionnaires.

A few staff members were surprised to learn that the occupational health unit, meeting its requirements, does not provide routine medical care. Instead, the nurses provide names of medical professionals for specific medical problems and concerns.



## MANAGEMENT CONTROLS

The June 2004 Chief of Mission Management Controls' Statement noted that, taken as a whole, the systems of management controls was effective and provided reasonable assurance that management control objectives were achieved. OIG found weaknesses in separation of duties in the information management section, overtime requests, and use of the credit card.

## INFORMATION MANAGEMENT

Although security controls for USOECD's and USUNESCO's information systems are generally effective, inadequate separation of duties between monitoring systems and providing an operational system creates an internal control weakness. OIG questions why the other locally employed American cannot perform the information security duties. Alternatively, however, someone from Embassy Paris' regional security office or information management office could assist with the information security duties to remedy the control weakness. Regardless, the appropriate controls must be implemented to ensure that separation of duties is proper and prevents the risk of inappropriate access and use of U.S. government equipment. When Embassy Paris' information management office provides supervision and oversight of information resource management functions, this separation of duties will likely be corrected.

**Recommendation 6:** The U.S. Mission to the Organization for Economic Cooperation and Development, in coordination with Embassy Paris, should provide appropriate staff to ensure required separation of duties necessary for information systems security oversight. (Action: USOECD, in coordination with Embassy Paris)

## HUMAN RESOURCES

### Overtime

LES charged about 1380 hours for overtime and 380 for compensatory time during the last six months. Overtime and compensatory time were not usually approved in advance, as required by 4 FAH-3 H523.2 and .3. OIG discussed with the mission that overtime and compensatory time must be approved in advance, and the mission agreed to meet the requirement.

## GENERAL SERVICES

### Procurement

Embassy Paris' procurement office and warranted contracting officer provide most of USOECD's purchasing and procurement requirements. However, four of six of USOECD's LES purchase small dollar value supplies and services. Three of these LES have the Department's impact (credit) cards. The embassy provides access to expendable and nonexpendable supplies through inventories and procurement and purchasing vehicles. Six and twelve month reviews show that these cards have had very limited usage. Therefore, OIG questioned the need for three USOECD staff members to have impact cards, and the mission agreed to reduce the number of cards.

## FORMAL RECOMMENDATIONS

**Recommendation 1:** The U.S. Mission to the Organization for Economic Cooperation and Development, in coordination with Embassy Paris, should discontinue its duplicative administrative structure and participate fully in the International Cooperative Administrative Support Services system. (USOECD, in coordination with Embassy Paris)

**Recommendation 2:** Embassy Paris, in coordination with the U.S. Mission to the Organization for Economic Cooperation and Development, should assign supervisory responsibility for the locally employed information management staff at the Raphael Building to the embassy's information management officer. (Action: Embassy Paris, in coordination with USOECD)

**Recommendation 3:** Embassy Paris, in coordination with the U.S. Mission to the Organization for Economic Cooperation and Development, should complete and implement the information system documentation requirements and provide copies of the plans to the Bureau of Information Resource Management. (Action: Embassy Paris, in coordination with USOECD)

**Recommendation 4:** The U.S. Mission to the Organization for Economic Cooperation and Development should rewrite the position description for the locally employed information systems administrator to determine its accuracy, identify necessary revisions, and assign supervisory responsibility to the information management officer using the computer assisted job evaluation system. (Action: Embassy Paris, in coordination with USOECD)

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**Recommendation 6:** The U.S. Mission to the Organization for Economic Cooperation and Development, in coordination with Embassy Paris, should provide appropriate staff to ensure required separation of duties necessary for information systems security oversight. (Action: USOECD, in coordination with Embassy Paris)





## 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.

Despite improvement, the Department notes USOECD's requests for policy guidance often arrive too late to allow the Department to respond to them.

**Informal Recommendation 1:** When the U.S. Mission to the Organization for Economic Cooperation and Development conveys the Department draft agendas for the Executive Committee meetings, the mission should also include the mission's considered policy recommendations.

With some frequency, USOECD receives inadequate or conflicting strategic guidance from the Department, hampering the mission's effectiveness at advancing policy.

**Informal Recommendation 2:** Senior officials in the Bureau of European and Eurasian Affairs should direct more frequent high-level discussions, including Department and other agency principals as appropriate, focused on strategic planning at the U.S. Organization for Economic Cooperation and Development.

Individual OMS procedures for processing visitors, though effective, are inefficient.

**Informal Recommendation 3:** The U.S. Mission to the Organization for Economic Cooperation and Development should examine office management specialists' procedures for processing visitors with a view toward improving formal coordination among the specialists, streamlining and computerizing procedures, and exploring providing all specialists with access to the Webgram cable resource.

Supervision of the locally employed information assistant, although improved, is still not sufficient to permit her to support effectively the mission's public outreach goals.

**Informal Recommendation 4:** The U.S. Mission to the Organization for Economic Cooperation and Development should properly supervise the locally employed information assistant.

## PRINCIPAL OFFICIALS

Ambassador	Constance A. Morella	10/03
Deputy Chief of Mission	Robert J. Smolik	08/02
<b>Chiefs of Sections:</b>		
Economics and Finance	John L. Weeks	08/96
Economics, Environment, Science, and Technology Management	Morton Holbrook Matthew B. Dever	08/04 09/04
<b>Other Agencies:</b>		
U.S. Agency for International Development	George Carner	09/03
U.S. Department of Agriculture Animal and Plant Health Inspection Service	Alex Thiermann	08/01
Environmental Protection Agency	Sarita Hoyt	11/01
U.S. Department of Energy	Elizabeth G. Lisann	04/00
U.S. Department of Commerce	Steve Morrison	01/02
U.S. Department of Treasury	John L. Weeks	08/96



## ABBREVIATIONS

DAC	Development Assistance Committee
DCM	Deputy chief of mission
Department	Department of State
EB	Bureau of Economic and Business Affairs
EEST	Economics, Environment, Science, and Technology Section
EUR	Bureau of European and Eurasian Affairs
EUR/ERA	Bureau of European and Eurasian Affairs/ Office of Economic and Regional Affairs
ICASS	International Cooperative Administrative Support Services
IO	Bureau of International Organizations
LES	Locally employed staff
MINEF	Economic and Financial Section
MPP	Mission Performance Plan
OECD	Organization for Economic Cooperation and Development
OECD Council	OECD Council of Permanent Representatives
OIG	Office of Inspector General
OMS	Office management specialist
USUNESCO	U.S. Mission to the United Nations Educational, Scientific, and Cultural Organization
USOECD	U.S. Mission to the Organization for Economic Cooperation and Development