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

# Report of Inspection

## Inspection of the American Institute in Taiwan

Report Number ISP-I-05-24A, July 2005

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## KEY JUDGMENTS

- Taiwan remains highly important to the United States. Recent political changes, tensions between Taipei and Beijing over possible independence, and continued strong trade connections with the United States demand careful and strong engagement.
- The American Institute in Taiwan (AIT) has kept Washington apprised of key developments in Taiwan and conveys American positions to local authorities. Reporting officers in Taipei and Kaohsiung provide exemplary coverage of developments.
- AIT's director has used his considerable substantive expertise to advance U.S. interests and ensure that Washington is fully aware of the nuances in the positions of the new Taiwanese government. A broader program of outreach and public diplomacy, however, would help communicate U.S. positions more widely.
- The director's success has been diminished by shortcomings in his leadership. Employees see him as dismissive of alternative views and occasionally humiliating some staff members. Some employees also see the front office as inattentive to morale.
- AIT leadership has worked hard to improve operations by promoting legislation to permit the assignment of active-duty Foreign Service and military personnel to Taiwan and the establishment of an eligible family member employment program. Both matters are long-term irritants that hindered recruitment, operations, and morale. Due to AIT leadership, some AIT housing has been upgraded.
- AIT's facilities are substandard, raising security, operational, and health concerns. For instance, there are rats in the offices. Construction of a new office building should be a top priority. AIT has taken commendable steps to improve office space in the interim.

- Consular operations are exceptional and provide quick, efficient service.
- Administrative services are generally good, particularly financial management, but there are shortcomings in the human resources office.
- AIT's branch office in Kaohsiung provides strong representation in southern Taiwan and has produced solid reporting. It is well led, with high morale. As in Taipei, the branch office needs new office space to address security and operational concerns.

The inspection took place in Washington, DC, and Taipei and Kaohsiung, Taiwan, between February 28 and March 21, 2005. Ambassador Carey Cavanaugh (team leader), Cheryl A. Martin (deputy team leader), Arne B. Baker, Keith McCormick, John A. Parker, William Urbanski, Timothy A. Wildy, and Michelle L. Wood conducted the inspection.

## CONTEXT

U.S. relations with Taiwan are governed by the 1979 Taiwan Relations Act, which followed U.S. diplomatic recognition of the Peoples Republic of China. Congress thereafter directed that U.S.-Taiwan unofficial relations be conducted through a nongovernmental organization, AIT, which is funded by a contract with the Department of State. The Institute consists of the Washington headquarters office (AIT/W), AIT, and a branch in the southern port of Kaohsiung (AIT/K).

For almost 50 years, Taiwan was governed by the Chinese Kuomintang Party, representing the mainland Chinese who fled to Taipei with the fall of the Nationalist government in 1949. In 2000, Taiwan entered a new political era with the election of Democratic Progressive Party candidate, Chen Shui-bian, to the presidency. It was Taiwan's first transfer of political power from one party to another. The Democratic Progressive Party's charter favors independence for the island, although the Chinese Kuomintang Party favors unification of Taiwan with the mainland at some indefinite future time. The Peoples Republic of China has indicated that any overt move towards independence could prompt countermoves, including military action; a March 2005 Chinese law on secession underlined that stance. The ever-present possibility of armed conflict means that reunification is again of immediate interest and concern to Asian and Pacific nations. It is also an issue for the United States, which -- in accordance with the Taiwan Relations Act -- remains a major weapons supplier to Taiwan.

Taiwan and the United States share important commercial and business ties. Even as the Peoples Republic of China has become Taiwan's top export market, and Taiwan its top direct investor, Taiwan still is the ninth largest U.S. trade partner. Taiwan produced \$28.1 billion in exports to the United States in 2004 and imported \$21.6 billion in U.S. goods over the same period. Although its exports once focused on traditional manufacturing, including clothing and basic consumer goods, Taiwan's economy is increasingly centered on high tech, capital-intensive, electronic products. Taiwan is slowly privatizing and deregulating its previously state-owned, monopoly enterprises, opening up new opportunities. The United States and Japan are Taiwan's largest foreign investors. The active American Chamber of Commerce holds regular meetings in Taipei and Kaohsiung, and around 2,200 U.S. firms have offices on the island.

AIT's total staffing is 396 employees, including 83 direct-hire employees of the Department and 269 local-hire personnel. Total U.S. government resources available to AIT's Taiwan offices include \$44.3 million in operating expenses, visa fees, and indirect cost reimbursements from other agencies. An additional \$1.6 million supports AIT/W operations.

## EXECUTIVE DIRECTION

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The director of AIT is highly respected by staff for his deep knowledge of Chinese politics, culture, and language and his broad understanding of the Asia-Pacific region. One staff member deemed him "the ultimate policy wonk." His intellectual prowess is seen as formidable and has been put to good use in conveying American viewpoints to Taiwan authorities and in generating a strong stream of reporting and substantive analysis to Washington. Given the dramatic political developments in Taiwan over the past two years, effective engagement has become a paramount concern for U.S. interests. Escalating tensions between China and Taiwan have been a frequent concern - during the course of the inspection, China passed an anti-secession law that supports the use of force, were Taiwan to seek independence. Therefore there must be sober, careful assessments of the almost daily developments. The director has worked hard to provide this, and Washington officials gave him and AIT high marks for the resulting product. At the same time, some employees questioned the reports' objectivity and said there was a need for greater balance in AIT's analysis.

The director has been a veritable workhorse in advancing the U.S. agenda. He has been active and engaged in establishing contacts across the island, personally tracking developments and maintaining communications with Washington. The latter has been particularly important, given the frequent, fast-breaking developments during his tenure. His focus has been decidedly outward and he has achieved considerable success operating in a difficult milieu. One area that requires greater attention, however, is public diplomacy. Although the media scene can be poisonous, AIT staff and the director could do more to convey U.S. policy positions directly to the Taiwanese people.



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(b) (6)(b) (6)(b) (6) There are clear signs that the director is working to obtain better housing and office space for staff. He has also participated in community events such as an annual chili cook-off, which was established during his tenure. Nevertheless, more attention must be paid to the human factor at AIT. The mission will benefit from a different leadership style, better communication regarding front office actions, and greater use of the "management by walking around" technique.

The deputy director manages the daily operations of AIT and is working hard to build greater teamwork. Like the director, he is a seasoned China hand with deep experience in the region and strong language skills. As the director has focused on the substantive agenda, the deputy has concentrated more on monitoring

the management and consular sections and on interagency coordination. He has achieved some success in this regard and is credited by staff for smoothing tensions between the sections and enhancing communication. The deputy director has also worked closely with the institute's entry-level officers. He is a frequent presence in most parts of the mission and meets with section heads in their offices. He also maintains an open door policy for staff to raise any concerns, and the AIT staff appears to be more than willing to take him up on it. This openness has helped defuse some tensions.

The deputy director's scores regarding leadership were weaker than they should be, but they were strong regarding awareness, clarity, and engagement. Among his lowest scores were those regarding allowing dissent and on attentiveness to morale.

The deputy director has sought to faithfully represent the director's views to the staff and staff views to the director. This "pivot" position is a difficult role in any mission, but the complexity of handling it effectively has been magnified by the director's leadership style. The deputy director has not shirked this duty, and the staff gave him substantial credit for effort, although he received less credit for his results. This may help explain his low scores on dissent and morale, but it is also clear that more must be done. OIG counseled him on some possible actions, and he began implementing these actions during the inspection.

There is a strong need for improved front office leadership and management to address the concerns regarding morale and dissent raised during the inspection. Although overall morale at AIT benefits from the positive aspects of living in Taiwan and the good school available to staff members' children, the workplace environment must improve. A more diplomatic touch, with some humor and charm, would be helpful. The situation regarding dissent is particularly problematic, given the rarified situation regionally. Reporting officers and staff should not be inhibited from raising alternative viewpoints by front office attitudes or actions. Although these alternative views will not necessarily merit reporting, the quality and balance of mission reporting depends on a free and open discussion of the range of positions and perspectives.



## POLICY AND PROGRAM IMPLEMENTATION

### POLITICAL AFFAIRS

AIT manages a heavy political workload through a political section headed by an experienced China hand whose language training was cut short to rush him into duty after his predecessor curtailed. The section focuses on interpreting Taiwan's complex internal politics. Although the section's reporting is sophisticated and on target, the section has insufficient staff to deal with recent increases in its workload. Three months into his first tour in Taiwan, the section head is still adjusting to the requirements of the position.

### Reporting and Analysis

AIT has stepped up its political reporting in the last two years to meet growing demand from Washington, and its work receives high praise from readers in both the policy and analytical communities. The mission has extensive contacts in government and opposition circles, and its cables show a sophisticated grasp of Taiwan's politics. Reporting on the island's new democracy has been particularly strong, as shown by insightful coverage of elections. These elections first brought an independence-minded government to power, ending years of single-party rule. They also returned to power a legislature that has acted as a check on some of the new government's policies.

The political section focuses primarily on internal issues. This approach reflects Taiwan's diplomatic isolation (which results in little multilateral reporting) and the realities of Taiwan's inward-looking focus. Indeed, many of the section's most important sources are less interested in foreign policy than in domestic, partisan maneuvering. On occasion, this combination over emphasizes the implication of developments on Taiwanese politics rather than for specific U.S. interests. OIG discussed with the section such alternative approaches as basing key portfolios on functional issues, rather than on parties. Such approaches could allow focusing on important issues between the Peoples Republic of China and Taiwan and in the political/military arena.

Reporting must also take into account the hothouse atmosphere in which both Taiwanese politicians and media speak in breathless and dramatic terms. Taiwan is often described as being in perpetual crisis. In this environment, the challenge of being political officers is as much to filter developments as to report them, distinguishing the important from the hyperbolic. The mission performs this work with skill, helping to shape debate in Washington through calm and well-sourced cables. However, political officers often must spend time batting down the latest rumors that Taiwan's hyperactive media brings to Washington's attention, leaving less time for drafting analytical reports.

The director has focused on providing Washington with quality reporting and this effort has borne fruit. Although his deputy encourages debate, the director has used public criticism and a dismissive attitude to make some officers cautious in dissenting from the director's interpretation of political events. This poses a risk to the comprehensiveness and balance of reporting on key developments, which can reduce the mission's credibility. Some officers have become "reporting machines," producing a high volume of excellent cables. This has caused mission management to call for even greater production, which may exceed what is necessary. OIG did not concur in the need for additional spot reporting, but informally recommended that the mission devote more resources to periodic cables that review and summarize developments from a longer-term perspective.

The section has corrected most of the weaknesses in records management that were identified in the last OIG inspection. During the latest inspection, it retired unused files dating back as far as 1959, consolidated others, and instituted new procedures for electronic filing. It has also carried out a recommendation from the 1999 inspection that called for expanded reporting from outside the capital. In the 2004 elections, political officers traveled to each of Taiwan's counties, making effective use of local staff and their own impressive language skills. Increased reporting by the AIT branch office in Kaohsiung, Taiwan's second-largest city, expanded the mission's coverage of the southern counties where the current government has its demographic and political base.

The political section still must increase and systematize its leadership reporting. Although local staff maintains a user-friendly file of basic biographic information, the section does not keep a record of more sensitive insights, based on first-hand contact by American officials, into the political and negotiating styles of Taiwan's leaders. Many cables contain such information, but do not include the PINR tags that would ensure their proper distribution. OIG left an informal recommendation that the section develop a systematic program for reporting leadership analysis.

Since the retirement of its most experienced Foreign Service national (FSN) employees, the political section has no local staff with adequate English to assist American officers by writing the first drafts of cables or preparing routine reports. Because of the classified nature of much of its work, however, the section believes it would be more productive to increase American staffing than to hire additional or more qualified FSNs. OIG concurs and, as discussed below, recommends creating such a position.

## Operations and Advocacy

The mission delivers a tough, consistent message to Taiwan officials, counseling restraint in the face of Chinese pressure. Restraint was especially necessary in the tense weeks of the inspection, as Beijing adopted legislation that would create a legal basis for attacking Taiwan if Taiwan makes additional moves toward independence. Led by the director, mission officers maintained a closely focused dialogue with top Taiwan officials aimed at moderating the reactions to such threats. The officers made this difficult message more persuasive by combining their empathy for Taiwan's vulnerability with a shrewd assessment of political calculations and a calm insistence that avoiding escalation was in Taiwan's best interest.

Unlike the situation at some missions, operational workloads do not interfere with AIT's reporting and advocacy. Because the United States does not recognize Taiwan, senior U.S. officials do not travel to the island, and the visitor support workload is light. Demarche work has also remained essentially stable: Taiwan has a highly professional foreign ministry, and political officers have ready access to Taiwan's executive branch. However, democracy has multiplied Taiwan's decisionmaking centers, making effective advocacy harder. Officers must work harder now to meet and influence the members of its newly relevant legislative branch.

## Political/Military Issues

Taiwan is the world's second-largest buyer of U.S. arms, with cash sales worth an estimated \$1.2 billion a year. Such sales are necessary for Taiwan's self defense, but they are a problem in U.S. relations with Beijing and require sensitive handling. The mission manages the sales through its technical section and conducts liaison with the Taiwan military through the liaison affairs section, which is staffed by contract personnel drawn largely from retired U.S. military officers. In 2005, both sections plan to expand and to shift staffing to active-duty military employees and

Department of Defense civilians. The political section is responsible for the diplomatic and political aspects of such sales.

Political/military work has changed significantly since the last inspection. President Bush approved the sale of new defensive systems to Taiwan in 2001, but Taiwan has not yet purchased several due to opposition in its legislature. Many Taiwan politicians argue that Taiwan does not need to purchase expensive weapons, such as submarines, even in the face of a dramatic military buildup, because the United States would do the fighting if Taiwan were attacked. The political section has worked hard to analyze the pro and con factions in the legislature regarding the \$20 billion special budget that would purchase the proposed new systems. This is complex, labor-intensive work, more so because Taiwan's multi-party democracy multiplies the number of sources that must be consulted.

The political section is not adequately staffed or organized to handle this increased responsibility. It needs a political/military officer to manage this portfolio, ensure its proper coordination, and relieve the section chief of primary responsibility for these issues. Doing so would allow the section chief to concentrate on managing the section, training new officers, and reporting on relations between Taiwan and the Peoples Republic of China. AIT has requested approval of this position by EAP in its last three Mission Performance Plans, and OIG supports the request.

**Recommendation 1:** The Bureau of East Asian and Pacific Affairs, in coordination with the American Institute in Taiwan, should approve the request to create a political/military affairs position in the American Institute in Taiwan's political section. (Action: EAP, in coordination with AIT)

## ECONOMIC AND COMMERCIAL AFFAIRS

Since trade relations are specifically envisioned in the Taiwan Relations Act, the mission's economic section covers a normal range of issues. (Economic and commercial relations with Taiwan are less subject to the special sensitivities of political and military work.) Led by an economist and supported by a large, experienced local staff, the section is responsible for labor and financial issues and includes one officer devoted primarily to science and technology. Economic officers work closely with AIT/W and with representatives of the Departments of

Commerce and Agriculture to manage trade disputes, which have required more work since Taiwan became a member of the World Trade Organization in 2002.

## Reporting and Analysis

Economic reporting is strong in all areas, and reports are timely, accurate, and focused. Unlike the officers of the political section, economic officers assign a significant part of their routine reporting to their local staff. However, American officers produce the most important cables, using FSNs for research but maintaining first-hand, American-officer contact with Taiwanese officials, business leaders, and financial analysts. Cable reporting is often double-tracked by e-mail because of delays in distribution of cables in Washington.

The section chief gives top priority to analyzing Taiwan's macroeconomic trends. Because the economic section is under less pressure than the political section to produce urgent spot reporting, it must produce a larger number of analytical reports that depict key changes over time. Reporting showed, for example, that the rapid growth in Taiwanese investment in the Peoples Republic of China continued even during periods of tension in cross-Straits relations. Taiwan managed the Asian financial crisis better than most countries, but its economy cooled in 2004, with real growth in gross domestic product now close to four percent. In the absence of a Treasury attaché, the section also reports on financial policy. Taiwan is the third-largest holder of U.S. dollar reserves, after China and Japan.

AIT's reports are closely tied to Washington priorities and policy concerns. All required reporting has been submitted on time, and the section skillfully integrates reporting from AIT's Kaohsiung branch regarding Taiwan's southern counties. On complex issues, such as whether to engage Taiwan in talks about a Trade and Investment Framework Agreement or whether to make changes in Taiwan's placement on an intellectual property rights-protection watch list, cables review the pros and cons dispassionately, lay out options clearly, and make reasoned recommendations.

The mission assigns a high priority to export controls. Demarches urge Taiwan not to let its high technology products reach rogue states or terrorists. The economic section also carries out Blue Lantern checks to identify the final user of controlled American exports. Based on anomalies in these checks and other information, including a 2005 Department of Commerce study, the mission found that dual-use items approved for sale to Taiwan could end up in prohibited third





Much of this work involves trade. Taiwan's accession to the World Trade Organization in 2002 did not reduce the workload of the economic section, as anticipated. Instead, bilateral trade disputes continued, and compliance work expanded into a full portfolio. Economic officers work closely with the Foreign Commercial Service office to resolve these disputes, concentrating on Taiwan's new multilateral obligations while the commercial section advocates for individual companies. As reporting makes clear, Taiwan has made significant progress in trade issues over the past year in the manufacturing and industrial sectors, but not in the agricultural sector. Economic and Department of Agriculture officers are urging Taiwan to apply objective standards to the issue, even in the face of strong domestic pressures for protectionism.

In this and other areas, democracy has made the section's work more time-consuming. Instead of dealing with a small and tight-knit government that is responsive to American requests, it must deal with an increasingly diverse array of politicians. The section has good contacts with career officials and generally can easily obtain reliable information. It has many fewer contacts in political party circles, however, and it sometimes has difficulty determining who has real power to influence a policy. This is particularly true with members of Taiwan's newly empowered legislature, many of whom have little experience dealing with foreign diplomats. OIG informally suggested that the section develop and carry out a systematic plan to expand its contacts in this area.

As noted, the section makes good use of its local staff. In addition to their research work, FSNs develop contacts, follow the Chinese-language press, and translate articles as necessary. However, the section needs to increase the flexibility of its portfolios. OIG informally recommended that the section revise position descriptions to provide sufficient backup and also ensure that FSNs can respond to needs outside of their individual specialties.

The section also does not need all six of its local staff positions. One long-vacant position was filled, in part, to accommodate the need to shift an eligible family member from another section where her husband would have otherwise been her supervisor. When she leaves in 2005, the economic section plans to use the position to hire a specialist, who will put copies of its reporting on the Internet. This is essentially an information management function, and the economic section should not try to duplicate it. Instead, the section should coordinate with the public affairs section, which maintains AIT's web site and can provide this service. It can then eliminate the position.

**Recommendation 2:** The American Institute in Taiwan should eliminate the Foreign Service national position PSA-013 in its economic section once the incumbent departs in 2005. (Action: AIT)

## Consular Affairs

AIT has well-managed and efficient consular operations in Taipei and in Kaohsiung. The front office supports these operations properly, and internal controls are functioning. Section management in Taipei is strong at all levels, combining good language skills and experience with close attention to operations. Staffing is adequate as there are four experienced officers and ten entry-level officers. Most of the entry-level officers, because of limited language training, are rated 2/1 in Chinese, which is inadequate for consular tasks. (Two entry-level officers who are native speakers are the exception.) Three eligible family member positions and one consular associate slot add experience and language skills to the section. Forty-two experienced local employees provide excellent support for consular operations.

Taipei's physical plant does not meet consular needs, despite a recent renovation of the consular section. Substantial volume, complicated by new biodata and interview requirements, stresses the aging facility to its limits. Innovative management ideas, such as outsourcing data-input and fully using Taiwan's Internet culture, help maximize use of the physical plant's limited space and configuration.

## Visa Services

The demand for consular services in Taiwan is volatile. In recent years nonimmigrant visa (NIV) demand dropped from earlier levels because of an economic downturn, the Severe Acute Respiratory Syndrome crisis, and terrorist fears, but it rebounded in 2004. In the past, increased tension with Beijing has led to sharp increases in reports of birth, requests for passports, and citizen registrations. There are about 6,000 immigrant visa (IV) applications on file that are not being pursued. AIT has taken steps to encourage timely application for these services, but a regional crisis or a sharp improvement in the world economy could swamp the strained physical infrastructure of the consular section. AIT is acting to minimize the impact of a sudden increase in consular demand.

AIT is now a low-fraud operation that has a high return rate. The latest visa validation study indicated that the nonreturn rate for those who gained B1/B2 (business and tourist) visas in Taiwan is approximately one half of one percent. Taiwan and the United States have substantial bilateral trade and high volumes of two-way international travel. Taiwan grants no-cost visa-free entry for visiting Americans for up to a one-month stay. U.S. policy is to match visa reciprocity as closely as possible to encourage international travel and business. Increasing the validity for a B1/B2 visa for Taiwan from five to ten years would be consistent with this policy, reduce demands on Taipei's consular operation, and improve AIT's capacity to respond to demand surges for consular services. Increasing visa validity would likely reduce consular staffing, yielding some savings, but would also have an enormous negative impact on AIT's operating budget. Thus, full conformance with U.S. policy on this score may have to be balanced with revenue and budget concerns.

AIT Taipei's NIV operations are well managed and efficient. Volume has varied from a 382,000 high in 1996 to a 158,000 low in 2003. (The 2004 figures showed a rebound to 188,000 NIV applications.) AIT applies the Department's name-check requirements properly and is particularly effective in applying Visas Mantis criteria in Taiwan's high-tech environment. Forward-looking management has used common sense and modern technology to improve the NIV operation. For instance, it has outsourced the data-input operation and passport pass back, reducing the number and duration of applicants' visits. AIT has also recognized Taiwan's high level of computer literacy by emphasizing on-line visa applications and scheduling. The section also conducted a one-day exercise, processing over 1,000 applicants, during the low-demand season to test and refine its procedures for handling high-volume, summer-rush days.

AIT's IV operation has fluctuated, ranging from just above 10,000 cases in 2000 to a little over 7,000 in 2004. Changes in the local and world economies, the Severe Acute Respiratory Syndrome crisis, cross-Straits tensions, and international terrorism all affected application volume. As noted, about 6,000 IV applications on file could be activated, but are not now being pursued. This puts an administrative, storage, and public relations burden on the post. In addition, the lack of a Department of Homeland Security (DHS) presence in Taipei requires the IV section to process about 1,000 resident alien surrenders, several hundred visa petitions, and other services for DHS each year.

## American Citizens Services

AIT's American citizens services section consists of two American officers, one American family member, and six Foreign Service nationals. There is substantial demand for American citizens services in Taipei and Kaohsiung, in part because of the significant numbers of children who were born in the United States while their parents studied or worked there and who now live in Taiwan. This creates a significant demand for passports and requires outreach to keep contacts and ensure that documentation is current. Increased data-entry requirements for passport issuance have also burdened Taipei, requiring regular overtime. The section has started the process to hire a data-entry clerk to address the increased workload.

## Fraud Prevention Unit

AIT's fraud prevention unit consists of one part-time officer and three very experienced FSNs. The section has excellent contacts and has been very successful in obtaining information and cooperation from the local authorities. Changed economic and political conditions have greatly reduced the number of Taiwanese who fraudulently apply for visas, but newer fraud trends have emerged, such as Peoples Republic of China citizens obtaining Taiwanese passports fraudulently and trafficking in persons. OIG informally offered a suggestion to the post about management of the fraud prevention unit.

## PUBLIC DIPLOMACY

Taiwan is in some ways a remarkably receptive environment for public diplomacy, and the public affairs section has many, if not all, of the tools and programs to press that advantage. The public affairs officer (PAO), who has been at AIT a little more than six months, is an experienced officer who has a staff of two Americans and 22 local employees. She has already forged a cooperative relationship with AIT's leadership, with whom she meets regularly, and with other AIT sections. Her section's priorities are now in line with those in AIT's Mission Performance Plan. The PAO has begun to shape the section to keep all programs and activities relevant and effective and to see that daily activities are streamlined and sharpened.

However, the emphasis on justifying and adjusting priorities and work methods has led to a realignment of staff responsibilities and the trimming, and occasionally the elimination, of long-held practices. Staff members are concerned that, by

questioning the section's programs, they may be questioning their own value to the section as well. Such anxiety is understandable and has some foundation. The 1999 OIG report cited weaknesses in the local staff and an imbalance between the press/information and cultural affairs components of the section. These judgments remain valid. The public diplomacy section's local staff has a number of dedicated and creative individuals who are comfortable with change and form the core of the section's working strength. Other staff members are more difficult to move from their old work patterns or have skills that are no longer required. However, the section could function more smoothly with a reduced staff. Although there is nothing inherently wrong with the current staff of almost 24 local employees, an office's staff fit what the work requires. Retaining those who are underemployed or who must be "worked around" exacts a high price in morale.

The PAO, the information officer, and seven local employees in press and media relations are housed in the main AIT building. The cultural affairs officer and 14 local employees are involved in information dissemination, exchanges, and public outreach programs and are in the American Cultural Center (ACC), which incorporates the information resource center (IRC) and is in the high-rise World Trade Center, several miles away in a developing business and commercial section of Taipei. The PAO holds a weekly all-hands meeting to coordinate public diplomacy efforts and apprise staff of AIT developments and directives.

## Education and Culture

The ACC uses familiar and innovative tools to foster mutual understanding. Outreach is certainly easier in Taiwan's receptive environment. In Taiwan there are many willing partners for cultural and educational programs and a sophisticated communications environment that allows IRC personnel to craft new ways to present information about political, social, and cultural life in the United States.

The ACC tool with the widest reach, and that it uses most creatively, is the Internet. The regional information resource officer, after visiting AIT, said AIT's IRC "...continues to set the pace in East Asia for the most appropriate - and most aggressive - use of the Internet." The IRC web master redesigned AIT's attractive, user-friendly public web site ([www.ait.org.tw](http://www.ait.org.tw)) and the IRC's dedicated Internet network (DIN) and web services permit outreach to the public affairs section and other AIT sections across Taiwan. It does so through the targeted, electronic distribution of everything from the daily Washington File to warden notices for the resident American community. Another web site, the American Information Web ([www.usinfo.org](http://www.usinfo.org)), is a virtual one-stop, on-line encyclopedia, offering pages and links to an array of U.S. information. Both web sites are available in Chinese and

English, and the latter site is available in versions using the complex alphabetical characters of Taiwan or the simplified alphabetical characters used in mainland China. IRCs in Hong Kong and the Peoples Republic of China use elements of the web sites in their own web pages, and residents of both jurisdictions access the sites.

The American Corner program is another major outreach effort that has a creative twist. Jointly funded by the Taichung National Library and the public affairs section, Taiwan's first American Corner will open in April 2005 in that library in central Taiwan. The dedicated space will include a core collection of books, media, and on-line resources about American society and will be the focus for lectures, film showings, and other programs. The IRC already sponsors a virtual American Corner, a web site ([www.americancorner.org.tw](http://www.americancorner.org.tw)) that allows the ACC to communicate with a growing number of academic and scholarly contacts in the fields of American Studies and English-language instruction. Using a "partner" option, these specialists can automatically electronically receive appropriate enrichment materials. The DIN also allows for periodic "web chats," which are announced on-line in advance and link questioners with the IRC and consular section personnel who can answer queries on visas and studying in the United States.

The ACC has a modest program room that hosts "American Classroom" programs for university-level students several times a month. These innovative programs are cooperative ventures between professors and IRC staff, who research the subject and provide a verbal or PowerPoint introduction to the showing of a film on an American theme. The ACC also sponsors speakers, digital videoconferencing dialogues, and film showings.

Until 2002, the IRC, which has a well-stocked library and can answer in-house and public inquiries, was in a building that allowed public access. However, when the ACC moved to the World Trade Center site, its collection was pruned to about 4,000 volumes, primarily reference volumes, books on American government, society, and culture, and a collection of classic American literature. Later, public access to the collection was ended. With so many information sources available online, very few public affairs sections today maintain a collection this large. As use of the Internet expands, the value of this collection will continue to diminish. AIT may benefit from examining how best to use the staff that maintains these books and what to do with the books themselves. As the collection has no public access, it serves as a traditional reference service and there may be some utility in retaining specialized reference works for that purpose. The general titles in the

library, however, could form the core of another American Corner or be lent or given to another institution, ensuring those volumes are more effectively used and hopefully making a greater contribution to public diplomacy efforts.

## Exchange Programs

AIT nominates about a dozen individuals yearly for the International Visitor program and has historically selected wisely. Many of those receiving International Visitor program grants have gone on to leadership positions in Taiwanese society. The Foundation for Scholarly Exchange functions as the Fulbright commission in Taiwan, working with approximately 20 American and an equal number of Taiwanese scholars yearly. Although the division of recipients is equal, funding is not. In 2004 AIT provided only one-third of the total cost of the Fulbright fellowships. Although there is general agreement that recipients must represent fields that advance direct knowledge about the United States and Taiwan, there is occasional concern that too many of the American scholars chosen have familial roots in Taiwan and are chosen mainly for that fact. Equal funding could grant the American half of the board of directors more leverage in the selection process. OIG informally recommended increasing the Fulbright funding.

## Press and Media

The Taiwanese news media are generally free from coercion. Unfortunately, they occasionally lack the professionalism of the media of more mature democracies. There are 20 major Chinese and three English-language national dailies, dozens of magazines, many international news bureaus, and some 60 local television channels, all with a healthy appetite for information. AIT has lately maintained a low media posture, in part because of its difficulty securing accurate media coverage. However, more must be done to ensure greater understanding of U.S. positions.

In the recent past, the press and media component of the public affairs section have become an inward-looking entity, producing little beyond the necessary daily press summaries and analyses for internal and Washington consumption. With the reestablishment of the information officer position and the hiring of a media specialist, the section began to return to equilibrium. This has been followed in recent months by a realignment of staff duties and a program of reengagement. The press/media section now sponsors periodic social gatherings and speaker/seminar programs involving prominent American media professionals that aim to



forge working links with the main media outlets. The press and media staff has a considerable way to go, however, to match the creative spirit of their colleagues in the ACC. Therefore, AIT's media relations remain a work in progress.

# RESOURCE MANAGEMENT

Table 1: Manpower and Financial Resources of U.S. Agencies at Post

Agency	Direct Hire American Staff	Locally Employed Staff	Resources (US \$) FY 2004
State*	83	269	26,378,252
Agriculture	3	4	1,187,003
Commerce	5	18	786,726
Office of Technical Cooperation**	3	2	2,516,554
Office of Liaison Affairs***	3	6	1,507,085
<i>Visa Fees</i>	-	-	12,003,674
<b>Totals</b>	<b>97</b>	<b>299</b>	<b>\$44,379,294</b>

\* Includes students enrolled in long-term Chinese language training

\*\* Conducts unofficial business on behalf of the Defense Security Cooperation Agency

\*\*\* Conducts unofficial business on behalf of the Department of Defense

Twenty-six years after its establishment as a private, nonprofit corporation, AIT's unique and somewhat unwieldy administrative and funding structures adversely affect many operations. However, AIT's efforts to obtain greater Department support have normalized some procedures, with positive results for its diplomatic readiness. Initiatives to streamline personnel assignments and improve financial management, for example, helped minimize chronic management problems noted in prior OIG inspections and audits. As an entity outside of the Department, AIT follows a tangled complex of regulations, conforming to Office of Management and Budget circulars in some areas and to Department and federal procurement regulations in others. This anomalous status amplifies confusion among Washington agencies not accustomed to working with such a hybrid entity. This complexity has created an organization with imperfect administrative procedures to accommodate its unique status.

## MANAGEMENT STRUCTURE

The complexities in managing AIT operations are of two principal kinds. The first set stems from a management structure required by AIT's status as a private, nonprofit corporation. AIT is incorporated in the District of Columbia and funded through a contract administered by the Department. A board of directors in Washington, DC, oversees AIT activities and financial operations. The contract calls for the appointment of two contracting officer's representatives in the Bureau of East Asian and Pacific Affairs (EAP) who provide administrative and policy guidance to AIT. Major administrative and policy changes are made by modifying the contract. Decisions made at AIT frequently must be ratified by the triad of Washington offices -- the EAP, the Bureau of Administration, and AIT/W -- that oversees AIT. The complicated approval process usually works, but sometimes actions can languish in Washington for weeks or months.

Because AIT is technically independent, the administrative services and oversight decisions customarily provided by Department bureaus do not apply to its operations. Instead, the contracting officer's representatives in EAP and the contracting officer in the Bureau of Administration share oversight for AIT, and AIT/W reviews AIT Taipei's financial operations. The result is a system of administrative controls that somewhat parallels those of a typical State Department overseas mission. However, OIG found this oversight inconsistent, particularly in the management of real property transactions.

**Recommendation 3:** The Bureau of Administration, Office of Logistics Management, in coordination with the Bureau of East Asian and Pacific Affairs and the American Institute in Taiwan, should develop and implement a travel plan to schedule regular oversight visits by designated contracting officer's representatives and Washington employees of the Institute. The plan should include a mechanism for forwarding trip reports to the contracting officer and Bureau of East Asian and Pacific Affairs management for review. (Action: A/LM, in coordination with EAP and AIT)

## RESOURCE MANAGEMENT

The second set of complexities centers on AIT's unusual funding structure. AIT receives funding from four sources. The first is the annual appropriated funds, totaling \$32.3 million in FY 2004. This core appropriation has not been

significantly increased in many years and now covers only about half of AIT operating expenses. The second funding source is visa fees, which the contract allows AIT to retain for its operations. These fees totaled \$19 million in FY 2004. The third funding source is interagency fund transfers, which underwrite direct and indirect costs such as administrative services and facilities. The fourth funding source is a "building fund" consisting of surplus visa fees. The building fund account totaled \$55 million at the time of OIG's visit and has been used to pay for acquisitions and operating expenses outside the financial plan, with the concurrence of Washington contracting officials.

AIT's funding system works against the efficient use of resources and encourages potentially wasteful spending. Although the current management team appears to have exercised caution and good sense in managing its operations, the budget system lacks some of the usual checks and balances that are standard in the rest of the Department. For example, visa fees exceed actual operating costs; nearly \$7 million in excess visa fees were collected in FY 2004 alone. This removes an incentive for AIT to operate economically and prioritize spending. The building fund has been used to finance acquisitions and pay for operating expenses that fell outside of the approved financial plan. In the past, irregular practices arose, such as leasing office space for the employee recreation association, without adequate Washington oversight.

Ideally, AIT should be funded much like any diplomatic mission. In other countries where the United States has no diplomatic relations, such as Cuba, liaison offices are staffed by direct-hire U.S. personnel but the offices funded and operated as standard diplomatic missions. However, changing AIT's funding structure, implemented subsequent to passage of the Taiwan Relations Act of 1979, would require the passage of legislation.

## ADMINISTRATIVE OPERATIONS

Under the guidance of a management officer who has made customer service a priority, AIT has addressed what had been nearly intractable real property, personnel, and facilities issues. Upgrades of dilapidated housing have helped improve the quality of life for American staff, as has elimination of the requirement that U.S. government employees resign from the government prior to assignment to AIT. Overall, the management section delivers services effectively, particularly in maintenance, financial management, and general services, the areas receiving high marks from AIT customers. (b) (6)(b) (6)(b) (6)(b) (6)(b) (6)

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## Facilities and Real Property

### Main Office Building

The main AIT office building was constructed in 1952 as offices for the U.S. military in Taiwan. Located on a former rice paddy with poor drainage, the facility is dilapidated, rat-infested, unsightly, and unsafe. The building has been repeatedly upgraded, but cannot be efficiently modified to meet operational needs and is vulnerable to earthquake damage. (Its security issues are discussed separately in a classified report.) Replacing the building is one of EAP's highest administrative priorities, as articulated in the Bureau Performance Plan and in AIT's Mission Performance Plan. OIG concurs with that view and with decisions to renovate office space, at a cost of \$3.8 million in FY 2005. The decisions make sense, given the lengthy time required for the approval, design, and construction of a new facility.

### New Office Building Site at Nei-Hu

After years of planning and negotiation, AIT signed a 99-year lease on vacant land intended for a future AIT office building. The property is an exceptionally good value for the U.S. government. Acquired at a cost of \$10.1 million, but appraised at approximately \$270 million, the 16.1 acres at the Nei-Hu site are well suited for a future office building. The site is convenient to local transportation, provides needed setback, and would underscore plans for AIT's long-term engagement in Taiwan. The site could probably also accommodate the planned Marine house and a director's residence. Next, the project must be identified as a funding priority for the Department and included in the Administration's budget submission to Congress.

### Former Director's Residence

The former residence of the director at Yangmingshan, the "Q-A" property, was vacant for most of the past year, after a newly leased director's residence was acquired in downtown Taipei. The former site is occupied under the terms of a

complicated land-exchange agreement with the Taiwan government and needs significant renovations to its living space, kitchens, and bathrooms. Its representational space is also less than ideal. AIT has suggested various alternative uses, such as conversion to a deputy director's residence, a recreational facility, or residential housing for senior American staff at AIT. Since the incoming director may wish to live in a single-family residence, and the Q-A facility could be used as an emergency evacuation site, a final decision on the property's status was not expected before the summer of 2005.

### Japanese Guesthouse and Director's Japanese Guesthouse

The U.S. government owns and/or leases two historic guesthouses in the exclusive Yangmingshan neighborhood of Taipei. Located in a national park with a view of downtown Taipei, the properties have been in the U.S. government inventory since 1949. The government attempted to dispose of them as far back as 1964 and 1983, acting in 1983 in response to an inspection by OIG's predecessor. One building has a cracked foundation and extensive termite damage that may be expensive to repair.

As historically protected structures under Taiwanese law, neither guesthouse can be converted to residential use suitable for American occupancy. The current AIT director has not used the 1,300-square foot director's Japanese guesthouse extensively. A second Japanese guesthouse, for AIT employees' use, also has been underutilized, with less than three overnight visits a month from AIT staff. Although no appraisals have been conducted of either property in at least 20 years, the sites may be worth several million dollars. Both properties should be disposed of, with the proceeds going to the fund for the construction of a new AIT facility.

**Recommendation 4:** The American Institute in Taiwan should report the director's Japanese guesthouse and the Japanese guesthouse used by institute employees to the Bureau of Overseas Buildings Operations for inclusion in the Department's list of underutilized properties. (Action: AIT, in coordination with OBO)

**Recommendation 5:** The American Institute in Taiwan should develop and implement a plan to dispose of the director's Japanese guesthouse and the Japanese guesthouse used by Institute employees. (Action: AIT)



## Financial Operations

The financial management office provides excellent support to AIT personnel. The office's scores on all financial management categories on the OIG questionnaire were very high. The office's local staff is highly motivated and technically competent. Staffing includes an American financial management officer and ten locally employed staff. A new voucher examiner position has been created to reduce the heavy workload of the voucher examiners and to handle the increased workload of supporting at least ten Department of Homeland Security (DHS) employees who are scheduled to be based in AIT Kaohsiung.

### Platinum Implementation

AIT's stand-alone accounting system, called Platinum, is scheduled for a much-needed upgrade in October 2005, which will correct deficiencies and make it more user-friendly. This is the first upgrade AIT has installed since Platinum was introduced in 1998, and that is unacceptable. AIT needs to regularly update the system as new upgrades become available.

The Platinum accounting system is a stand-alone corporate accounting system that has been modified to meet the requirements of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and to conform to Department regulations. The system was further modified to allow AIT to obligate funds and certify funds availability, functions normally performed by the Department's overseas financial management system.

### Indirect Cost Council

AIT has an indirect cost council, which functions like an International Cooperative Administrative Support Services council does at a Department mission. Over the past year the indirect cost council established a charter and formal operating procedures. During the inspection, written standards for the council's operations and its interface with the service providers were finalized and put into place.

### Cashiering

The Class B cashier has an authorized cash advance of **(b) (2)** which is reserved for official U. S. government transactions such as medical evacuations, permanent change of station travel, official visits, and American citizens services.



The cashier also oversees an AIT operating cash account of (b) (2) which is primarily for monthly operating expenses. The Bank of America provides accommodation exchange services at AIT.

## General Services

The general services office, which has two general services officers and a staff of 48 FSNs, received high marks in most service areas. Innovative procedures in the use of Internet-based property auctions have increased the proceeds from auctions. Motor pool services were highly rated by users, but AIT does not have a motor vehicle policy that conforms to 14 FAM 410. Individual employees are authorized personal use of government vehicles for any purpose, contrary to regulations. The policy also does not require users to pay for home-to-office transportation. OIG informally recommended that the motor pool policy be reissued to conform with regulations.

## Procurement and Contracting

Procurement and contracting operations received generally good marks from embassy personnel. However, OIG noted minor controls weaknesses in the technical evaluations of contract solicitation and left an informal recommendation addressing this issue. Procurement suffers from the inefficiencies and vulnerabilities that arise from AIT's status. One inefficiency arises from the need for Washington approval of contracts and leases, causing a turnaround time of sometimes a month or more. OIG identified at least seven individuals in five separate offices in Washington and Taipei who must approve larger contracts. Despite these inefficiencies, the absence of traditional management controls means that the \$100,000 limit on post-originated procurements specified in the AIT contract should remain.

The second inefficiency stems from unnecessary paperwork involved in procurement. Each travel order or payment on a contract or lease requires a separate purchase order, producing hundreds of documents, more than needed for accounting. Most posts use travel documents as obligating documents and make lease and contract payments as recurring payments without a purchase order. The procurement would also be more efficient were it linked to the Department's WebPASS electronic procurement application, particularly if WebPASS could be used by AIT's Washington, D.C., office.

**Recommendation 8:** The American Institute in Taiwan should restructure procurement and travel voucher processing to make maximum use of Department standard electronic applications. (Action: AIT)

## Procurement Policy

AIT's contract with the Department requires that it follow the Federal Acquisition Regulations and the Foreign Affairs Manual to "the maximum extent practicable." The contract also calls for development of a purchasing systems requirements document that sets the procedures for all procurement and procurement-related activity. Although the requirement existed in the 1994 contract, it had not been implemented at the time of the 1999 inspection and it still has not been implemented.

Inevitably, AIT operations must sometimes deviate from the Federal Acquisition Regulations and the Foreign Affairs Manual for valid reasons. However, the reasons for deviations are neither documented in procurement files nor approved as official AIT policy. Some types of procurements that are vulnerable to waste, fraud, and abuse (such as construction contracts) do not require Washington approval under AIT procedures, but they do require approval under the Foreign Affairs Manual. Other procurements, such those for furniture and motor vehicles, depart from the usual methods of acquiring these items through required sources. For example, 14 FAM 410 delegates to OBO the responsibility for furnishing the residences of the chief of mission and deputy chief of mission, and acquisition and disposal of these furnishings are strictly controlled by the Department. However, AIT is not subject to these restrictions, and OBO does not provide support for this function. With no clear, comprehensive policy for all procurements, particularly those vulnerable to abuse, wasteful spending could occur. AIT should have standard operating procedures for its procurements and contracting that explain any deviations and the conditions underlying them.

**Recommendation 9:** The American Institute in Taiwan should complete standard operating procedures for procurement and contracting that comply with the terms of the institute's contract and specify the circumstances under which the institute may deviate from federal procurement regulations. (Action: AIT)

## Housing

AIT's housing pool consists of 91 long- and short-term leased residences. Housing services received generally good marks from those responding to OIG's questionnaires, which reflects in part the recent renovations to dilapidated properties. The housing program runs equitably and in accordance with established assignments policies. Housing costs are considerable, with leases averaging around \$60,000 annually for properties that lack long-term leases. The pending privatization of houses under lease from a quasi-governmental bank may raise costs more as additional houses revert to the bank.

## Maintenance

The maintenance unit consists of an American direct-hire facilities maintenance specialist and a staff of 28 Foreign Service nationals. The facilities maintenance specialist, AIT's first, has established a strong track record, including the launch of multi-million-dollar office renovations and upgrades to long-term leased residences. He has also instituted effective safety and preventive maintenance programs.

## Information Management and Information Systems Security

AIT has an extensive information management and information systems security program that operates and maintains classified and OpenNet Plus networks, a radio program, and mail, pouch, and telephone operations. AIT also maintains four off-site locations and a branch office in Kaohsiung.

AIT's information management received good scores on OIG's workplace and quality of life questionnaires, but there were problems with the satellite system, the information system security officer (ISSO) responsibilities, and patch management. OIG left informal recommendations concerning cell phone policy, classified pouch procedures, the radio program, inappropriate material on the network, the dedicated Internet networks, and the systems security plan of AIT Kaohsiung.

## Information Management

### Satellite System

AIT's satellite system, the alternate route for communications, is inadequate because it is antiquated and its bandwidth is limited. The system is inoperable half of the time, and the staff spends a great deal of time on maintenance, decreasing time for other duties. The Diplomatic Telecommunications Service Program Office (DTS-PO) can only provide AIT's system with refurbished parts because of its age. The limited bandwidth for the alternate route further exacerbates the problem. The primary route for communications is 250 kilobytes and, within weeks of the inspection, AIT was scheduled to receive another primary route of 250 kilobytes. However, the alternate route's speed is only 64 kilobytes. If AIT needs to use the alternate route, only one-fourth of its traffic could be transmitted and there is a high probability the route would be unavailable anyway.

**Recommendation 10:** The American Institute in Taiwan should request, and the Diplomatic Telecommunications Service Program Office should provide, a new satellite system with increased bandwidth of at least 512 kilobytes. (Action: AIT, in coordination with DTS-PO)

### Inappropriate Material

AIT does not have procedures to ensure that Department guidance on the use of government communications equipment is followed. OIG found inappropriate material on the network servers, including sexually suggestive material and excessive personal files. Under 5 FAM 723(6)c, employees may not use government computers to view sexually explicit material. There are no written procedures, however, on the improper use of government systems at AIT. Standard operating procedures must be distributed to remind employees about the consequences of improper use of communications equipment. A disciplinary action policy should include procedures that address abuse and waste of information technology resources.

### Dedicated Internet Network

With the exception of the public affairs section, AIT has not submitted waiver requests for its DIN connections. According to 5 FAM 874.1a, the Department no longer funds or approves DIN service without a waiver. The current information management officer was not aware that AIT had not requested waivers for the remaining Internet connections. This leaves the post in violation of 5 FAM 874.1c, which requires all posts with unauthorized Internet connections to terminate the connection within 90 days after OpenNet Plus is implemented. OpenNet Plus was installed at AIT in 2003.

### Radio Program

AIT's radio program, which is run by the regional security officer in coordination with the information management officer, is ineffective because of equipment problems and because untrained personnel were initiating radio checks and employees generally are unresponsive to those checks. AIT management has created a subcommittee in 2004 to address the problems. Security notices have been sent to all personnel, providing detailed instructions on how to respond to the checks, and the deputy director has emphasized the importance of the procedure at country team meetings. Nonetheless, fewer than 30 percent of post personnel respond to the weekly radio checks.

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### Platinum

AIT operates and maintains its own financial system software, called Platinum. Once all required modifications have been made to fulfill AIT's specifications, AIT will test Platinum in a controlled environment for four months to conduct risk analysis. Information service center personnel are working diligently with the contractors and have taken all the necessary measures to ensure that the upgrade runs smoothly.





## QUALITY OF LIFE

The high scores on OIG's questionnaire regarding this topic indicate that the health unit, schools, language program, and community liaison office offer excellent services to AIT personnel. The management of the association received a low score, however.

AIT employees receive a 15-percent hardship differential, 30-percent cost-of-living allowance, and two rest and recuperation visits. These are based on the pollution and the frequent outbreaks of respiratory diseases in the city.

### HEALTH UNIT

The health unit provides excellent medical care to American citizen employees and their family members. The health unit is managed according to Department guidelines and has adequate staffing, medical supplies, and equipment. Its staff includes an American direct-hire physician and two locally employed registered nurses who have U.S. licenses. The health unit also refers employees to local U.S.-trained medical professionals for specific medical and dental needs.

### SCHOOLS

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The Department's Office of Overseas Schools and the Bureau of Diplomatic Security have provided grants to the school to fund security upgrades, purchase educational materials, and support American teachers' salaries. An elected board of directors governs the school, and one elected voting member from AIT sits on the school board. AIT has a good relationship with the school, and parents are generally very satisfied with it. A few students attend the (b)(2)(b)(6) (b)(2)(b)(6) (b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)



## COMMUNITY LIAISON OFFICE

AIT personnel rate the community liaison office (CLO) coordinator as highly effective. The office received above-average scores on all community liaison categories on the OIG questionnaire. The coordinator organizes a variety of interesting events for the staff and their families, helping to maintain morale and build unity. Interactions among staff and their families have been impeded because the office space is in four locations and housing is scattered across the city. Besides coordinating mission events and excursions outside of Taipei, the coordinator publishes a weekly, illustrated newsletter and oversees a small library.

## AMERICAN INSTITUTE IN TAIWAN EMPLOYEES ASSOCIATION

The AIT employees association provides recreation facilities and sponsored events. A small grocery store supplies packaged food, beverages, and cleaning and household specialty items that are not available locally or are too costly. Members can order merchandise not normally carried by the store.

The association lost \$120,000 from 2001 through 2004, owing to declining sales in the grocery store that were offset only slightly by the modest gains in the association's investment portfolio. Additional reasons include high local wages, very high insurance, shipping and audit costs, and the increasing availability of most imported goods locally. The opening of a new supermarket near the grocery store and of a Costco warehouse store have given the association store serious competition. In 2004, to reduce further losses, the board of directors developed a financial plan to reduce overhead and increase profits. The plan has had modest success. During the first quarter of 2005, the association had net earnings of \$60.

## MANAGEMENT CONTROLS

The Chief of Mission certification of management controls submitted on July 20, 2004, disclosed three reporting conditions that required corrective actions. There were: weaknesses in the financial accounting system and the need for an upgrade, an inadequate electrical supply and emergency power system, and the lack of a disaster-preparedness plan. Only the first problem remains.

The AIT is an incorporated nonprofit corporation that is subject to Office of Management and Budget Circular A-133, which requires an annual audit. Its independent auditor's reports for 2002 and 2003 identified minor internal control weaknesses that have since been corrected.

Although AIT demonstrated awareness of its need for management controls, OIG found the institute has not always incorporated appropriate management controls into its day-to-day work. Weaknesses in its general services are described below.

## LEASE AND PROPERTY TITLE FILES

Lease and real estate records are in disarray. Critical documents, such as property titles and leases, are not organized and it is sometimes unclear whether the U.S. government has custody of original title deeds or if valid leases are in effect. Records in the housing office do not document whether the safety and security approvals required by regulation have been conducted or whether assignments conform to space standards.

**Recommendation 13:** The American Institute in Taiwan should design and implement a filing system for retaining its required lease and real property records. (Action: AIT)

## REAL PROPERTY MANAGEMENT CONTROLS

AIT lacks important safeguards needed to protect against waste, fraud, and abuse in the management of U.S. government real property. OIG's 1999 report recommended transferring responsibility for some real estate management functions from EAP to OBO to improve the quality of real property oversight. This report repeats the recommendation, underscoring the need for better oversight of real property resources. Currently, EAP, rather than OBO, approves leases and major real estate decisions for AIT.

OBO has statutory responsibility under the Foreign Service Buildings Act of 1926 for ensuring efficient use of all civilian, U.S. government, overseas real property, but OBO has no formal role in the acquisition or disposal of real property controlled by AIT. Regulations (15 FAM 400) describe the conditions under which OBO approval is required for real estate transactions. These conditions include acquisition and disposal of real property, signing of long-term lease agreements, and issuance of waivers when residential housing leases exceed space or cost standards. AIT's contract states that AIT "shall seek guidance from...other relevant bureaus" in its transactions, but in practice consultation with OBO is voluntary. Accordingly, AIT does not benefit from OBO's expertise in systematically assessing the effectiveness of its real estate management practices.

The real estate approval process in Washington also is not managed efficiently. AIT Taipei complained to OIG that routine, noncontroversial lease waiver requests to EAP take 30 days or more for approval. OIG believes there may be untimely service, but notes that the post management officer for AIT manages a busy portfolio of five other overseas missions. Moreover, the officer's area of expertise does not include real property management. To ensure that real property decisionmaking meets Department standards, OBO should assume responsibility for approving AIT property decisions. Such oversight should prevent a recurrence of questionable real estate decisions AIT made in the past.

**Recommendation 14:** The Department, in coordination with the American Institute in Taiwan, should issue a modification to contract S-LMAQM-01-C-0075 to require Bureau of Overseas Buildings Operations approval of all real estate transactions requiring Department approval. (Action: A/LM, in coordination with AIT)

## CONSTRUCTION CONTRACTS

Construction contracts at overseas posts are more vulnerable to waste, fraud, and abuse than contracts for other goods and services. Therefore, 15 FAM 1012 prohibits overseas diplomatic posts from undertaking most types of construction projects without approval from OBO. Larger construction projects generally must pass a formal review within OBO to ensure they are technically sound, cost efficient, comply with safety and security standards, and address priority needs. AIT's construction projects do not require OBO review and approval. Moreover, projects under \$100,000 do not require EAP approval as long as total funds expended are within the approved financial plan. These unusual omissions from Department oversight do not promote prudent management of government resources, and closer coordination with OBO in this area is necessary.

**Recommendation 15:** The Department, in coordination with the American Institute in Taiwan, should modify contract S-LMAQM-01-C-0075 to require Bureau of Overseas Buildings Operations approval prior to the initiation of construction projects that require Department approval. (Action: A/LM, in coordination with OBO, EAP, and AIT)



## AMERICAN INSTITUTE IN TAIWAN/ KAOHSIUNG

### LEADERSHIP AND REPORTING

AIT/K is providing strong U.S. representation in southern Taiwan. The branch office chief is an experienced China hand who has strong language skills and has used this background effectively. He and his staff have provided extensive reporting on developments in the region, in particular during the March 2004 and December 2004 elections. The office's development of contacts proved particularly valuable when recent elections elevated Kaohsiung politicians to the positions of president, prime minister, foreign minister, and minister of the interior.

AIT/K is well led and has high morale, and its office chief has an informal and open leadership style. Communications among the small staff are strong, and links with the AIT in Taipei are effectively maintained because staff officers attend the weekly country team meeting. Officers must also travel to Taipei to prepare reports, providing further opportunities for coordination. American staff in Kaohsiung currently include representatives from the Department and the Foreign Commercial Service, but will soon be augmented by at least ten American staff from DHS, to carry out the Container Security Initiative. This will place additional demands on administrative infrastructure and space.

### MANAGEMENT ISSUES

Administrative services at the branch office depend heavily on support from AIT Taipei. Taipei-based service providers in general services, facilities, human resources, and medical services visit the post frequently and provide strong support. The post's local administrative services are satisfactory for a small office, but have some inefficiencies. For example, property management records are not current, and procurement requests are manually typed, not submitted electronically.

The office's expansion of its American direct-hire staff requires a complete reengineering of long-established procedures, which were intended for a small office. Among the needed decisions are the staffing levels of local employees at the branch office, the range of new services these employees may have to perform, budgetary estimates for the office's activities in the coming year, and whether functional space, such as a warehouse, is needed. Certain services not provided by the branch office, such as medical services and community liaison support, must also be delivered. AIT management has proposed long-term temporary duty visits from DHS and that a retired State Department management officer open the DHS office and deal with these administrative issues.

An office of 18 direct-hire employees will require at least a part-time, dedicated, American management officer; otherwise, there is a risk of mismanagement or waste.

**Recommendation 16:** The American Institute in Taiwan, in coordination with the Bureau of East Asian and Pacific Affairs, should establish an additional direct-hire position, with responsibility for management issues, for the Kaohsiung Branch Office. (Action: AIT, in coordination with EAP)

## CONSULAR SERVICES

AIT/K has a half-time consular officer and two FSNs who primarily focus on American citizen services work, which is growing. In 2004, the post handled 14 deaths, 1,500 notary related services, and nearly 1,000 passport applications. AIT/K showed exemplary devotion to duty and resourcefulness in arranging a local institution to provide mortuary services for American citizens. This permits the return of citizens' remains to the United States, despite the lack of commercial, U.S.-standard, mortuary services in southern Taiwan.

AIT/K's consular facilities offer inadequate space and security, issues addressed in a separate classified report. AIT has requested an additional officer to split administrative and consular duties, which, if approved, should provide adequate staff to handle the increased American citizens services work over the medium term.

## KAOHSIUNG CATHAY LIFE INSURANCE OFFICE BUILDING

AIT/K leases office space on the fourth floor of a commercial office building that is old and inadequately configured for consular public access. Because of consular workflow issues and the need for the significant security upgrades detailed in the classified annex to this report, AIT should survey commercial properties in Kaohsiung prior to committing to renovate the property. The office space requirements for incoming DHS employees may also impose additional, unforeseen demands on space, requiring a larger office building.

**Recommendation 17:** The American Institute in Taiwan should conduct a property survey to determine whether there is an alternative office space for the Kaohsiung branch office that better meets the office's needs. (Action: AIT)





## WASHINGTON HEADQUARTERS

AIT/W is a well-run, efficient operation that employs nine people in its Rosslyn, Virginia, office suite. The office supports AIT operations in Taiwan and maintains liaison with the Department and with the Taipei Economic and Cultural Representative Office in the United States, which was also established under the Taiwan Relations Act.

The chairman and managing director of AIT resigned in April 2004, and the position has remained vacant. This vacancy has placed additional work on the deputy managing director of AIT/W, due to its role as AIT's lead Washington-based representative. She has, however, done an effective job of managing AIT/W and has ensured that the office maintains the necessary ties with the Department and the Taipei Economic and Cultural Representative Office. She has been with AIT/W since 1996 and possesses the requisite management skills and experience. Office morale is high.

From a workload standpoint, having a chairman/managing director and a deputy managing director may not seem necessary, especially since requirements on the chairman are not onerous. The position of chairman is important for functional, symbolic, and protocol reasons. The chairman is meant to be equivalent to a high-level State Department official, managing U.S. ties with Taiwan and periodically visiting Taiwan. Taipei Economic and Cultural Representative Office representatives are expected to deal with this person on embassy-level matters or issues they would raise with an Assistant Secretary of State. When the AIT chairman position is vacant, Taiwan's representatives are inclined to engage with U.S. government officials, instead of with AIT, which is not the situation sought by the Taiwan Relations Act. In addition, senior administration officials do not typically visit Taiwan, heightening the importance of visits by the AIT chairman. The deputy managing director was last on the island in 2000, and the previous chairman/managing director was there in 2003.

### Political, Economic, and Commercial Issues

One officer at AIT/W works full-time on political/military issues, a position established to help process arms sales to Taiwan. That work has changed significantly since 2001, when the United States moved to normalize procedures for

providing defensive arms and services to Taiwan. Some of the job's functions have been transferred to the Department of Defense and the position has increasingly focused on policy. Now, AIT/W's chief responsibility in this area begins with the annual, interagency Defense Review Talks, which determine Taiwan's needs and outline U.S. plans for meeting them.

Plans to station active-duty military personnel at AIT beginning in 2005 will further shift the workload of this officer and his assistant. Until this year, those officers spent up to half of their time recruiting civilian personnel to fill positions in the technical section in Taipei and in providing these employees with the services that are usually handled by a human resources office. The assignment of active-duty military officers will shift the burden of supporting these employees to the Department of Defense, allowing more time for work on broad political/military policy.

A second officer is responsible for economic and commercial issues. His workload has increased dramatically with Taiwan's joining the World Trade Organization, and he works in close coordination with the Department's Taiwan Coordination Office and with the economic and commercial staff at AIT.

AIT/W also provides support to U.S. technical and scientific agencies seeking agreements with their counterparts in Taiwan. By law, all such agreements must be managed by AIT/W to ensure that they remain consistent with the unofficial nature of U.S. relations with Taiwan. There is no evidence this process is too burdensome for AIT or that the office is failing to carry it out. AIT is also complying with the legal requirement that AIT report all such agreements to the Congress on a timely basis. Although entirely separate from the Case Act requirement that the Department report all major international agreements to the Congress, the obligation is similar. The Office of the Legal Adviser has asked AIT to report agreements with Taiwan more frequently and to gazette them annually, a request AIT can meet without additional resources.

AIT/W's biggest need is for more guidance on how to interpret U.S. policy toward Taiwan. Guidance is often too reactive to an individual case, resulting in hasty precedents and leaving too much initiative in the hands of Taiwan rather than the United States. This is often inevitable, but the Department could assist AIT and other agencies by updating and reissuing to all relevant agencies the helpful guide to U.S. policy that was last issued in 2002. This is particularly necessary due to the changes in nomenclature and procedures since that time.

**Recommendation 18:** The Bureau of East Asian and Pacific Affairs should update and reissue to all relevant U.S. agencies the official guidance on U.S. policy toward Taiwan. (Action: EAP)

## Management and Administrative Issues

Since OIG's last visit in 1999, AIT has made significant strides in improving its internal operations in Washington. Under the leadership of a dynamic executive officer, AIT/W discharges its wide range of responsibilities diligently and effectively with an annual budget of approximately \$1.6 million. AIT/W's four-person management staff performs unusually diverse functions that are not normally found within a single Department bureau, let alone a small office. For example, AIT/W manages the \$55 million building fund, issues credentials to Taiwanese officials, tracks millions of dollars in funds transfers from agencies that support AIT's activities, and oversees personnel records for employees hired under five retirement systems. Despite its wide span of control, AIT/W conducts its operations well and observes proper management controls.

AIT/W strives, with considerable success, to balance customer-service-oriented interaction with Taipei and responsible stewardship over AIT funds. This is not easy and involves questioning, reviewing, and overseeing operations for an institute whose major activities occur 8,000 miles away. Interlocutors in Taipei and Washington praised AIT/W's responsive and helpful service on administrative issues. AIT/W was cited as an indispensable partner in working with Washington bureaucracies. Notably, AIT negotiates complex memoranda of understanding and billing agreements with Washington agencies whose personnel are detailed to AIT. However, AIT/W may wish to improve its oversight of AIT operations by more frequent direct visits to Taipei.

## Information Management and Information Security

AIT/W's information management operation supports nine users, is connected to the Department's Sensitive-But-Unclassified and classified networks, and has a dedicated Internet connection.

Both AIT/W and OIG's information technology section are in the same building in Rosslyn, Virginia, and in 2000 the former signed a memorandum of agreement with OIG to provide basic information technology support. The memorandum of agreement, which has been renewed yearly, is a cost-reimbursable

agreement that does not specify what services are to be provided, nor the systems security responsibilities or guidance to be offered. There is a need, for example, to designate an information systems security officer and an alternate. AIT/W is taking steps to address these issues.

## CHINESE LANGUAGE AND AREA STUDIES SCHOOL

The Chinese Language and Area Studies School (CLASS) operates under a contract agreement with the Department's Foreign Service Institute and functions as a section of AIT. CLASS has provided advanced Mandarin Chinese language training since 1955, but also offers instruction in other Chinese dialects as required. The Foreign Service Institute's Language School personnel regularly visit the school to assure that CLASS training is integrated into the Department's language-training program.

At present, CLASS has 13 students and 11 teachers, all under the direction of an experienced linguist who has experience at CLASS and at the Foreign Service Institute. The number of students has varied significantly over the years and, due to the need for more officers with high Chinese-language proficiency, is likely to increase in future.

Because of the varied language backgrounds and levels of the students, much instruction at CLASS is one-on-one. CLASS also offers a Chinese area studies program. Current students gave high marks to CLASS leadership and the quality of its language instruction and to the administrative services provided by AIT. Students are encouraged to participate in AIT community activities.

CLASS is located in three residential housing units on Yangmingshan Mountain, approximately 11 miles from AIT, but will move to the new AIT facility, when it is built. Recently its landlord pressed CLASS to leave the Yangmingshan property, but AIT is currently negotiating an agreement to enable CLASS to remain until the new AIT office is completed.



## RECOMMENDATIONS

- Recommendation 1:** The Bureau of East Asian and Pacific Affairs, in coordination with the American Institute in Taiwan, should approve the request to create a political/military affairs position in the American Institute in Taiwan's political section. (Action: EAP, in coordination with AIT)
- Recommendation 2:** The American Institute in Taiwan should eliminate the Foreign Service national position PSA-013 in its economic section once the incumbent departs in 2005. (Action: AIT)
- Recommendation 3:** The Bureau of Administration, Office of Logistics Management, in coordination with the Bureau of East Asian and Pacific Affairs and the American Institute in Taiwan, should develop and implement a travel plan to schedule regular oversight visits by designated contracting officer's representatives and Washington employees of the Institute. The plan should include a mechanism for forwarding trip reports to the contracting officer and Bureau of East Asian and Pacific Affairs management for review. (Action: A/LM, in coordination with EAP and AIT)
- Recommendation 4:** The American Institute in Taiwan should report the director's Japanese guesthouse and the Japanese guesthouse used by institute employees to the Bureau of Overseas Buildings Operations for inclusion in the Department's list of underutilized properties. (Action: AIT, in coordination with OBO)
- Recommendation 5:** The American Institute in Taiwan should develop and implement a plan to dispose of the director's Japanese guesthouse and the Japanese guesthouse used by Institute employees. (Action: AIT)
- Recommendation 6:** The American Institute in Taiwan should issue administrative notices outlining Department policies on employee consensual relations and other situations in which the potential for conflicts of interest or other ethical issues arise. (Action: AIT)



**Recommendation 7:** The Bureau of Human Resources, in coordination with the Washington Office of the American Institute in Taiwan and the Bureau of East Asian and Pacific Affairs, should review the actions taken regarding the conflict of interest in the human resources unit and take remedial steps, if warranted. (Action: DGHR, in coordination with AIT and EAP)

**Recommendation 8:** The American Institute in Taiwan should restructure procurement and travel voucher processing to make maximum use of Department standard electronic applications. (Action: AIT)

**Recommendation 9:** The American Institute in Taiwan should complete standard operating procedures for procurement and contracting that comply with the terms of the institute's contract and specify the circumstances under which the institute may deviate from federal procurement regulations. (Action: AIT)

**Recommendation 10:** The American Institute in Taiwan should request, and the Diplomatic Telecommunications Service Program Office should provide, a new satellite system with increased bandwidth of at least 512 kilobytes. (Action: AIT, in coordination with DTS-PO)

**Recommendation 11:** (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)

**Recommendation 12:** (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)

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**Recommendation 16:** The American Institute in Taiwan, in coordination with the Bureau of East Asian and Pacific Affairs, should establish an additional direct-hire position, with responsibility for management issues, for the Kaohsiung Branch Office. (Action: AIT, in coordination with EAP)

**Recommendation 17:** The American Institute in Taiwan should conduct a property survey to determine whether there is an alternative office space for the Kaohsiung branch office that better meets the office's needs. (Action: AIT)

**Recommendation 18:** The Bureau of East Asian and Pacific Affairs should update and reissue to all relevant U.S. agencies the official guidance on U.S. policy toward Taiwan. (Action: EAP)



## INFORMAL RECOMMENDATIONS

### Political Section

The political section's local staff maintains well-organized files of basic biographic information, but the section does not keep adequate records of Taiwanese officials' political views, negotiating styles, and reliability. Many of AIT's cables include valuable leadership analysis, but omit the PINR tags that would ensure they are distributed to end-users.

**Informal Recommendation 1:** The American Institute in Taiwan should develop and carry out a plan to strengthen and systematize its leadership reporting.

Washington consumers' need for immediate information on fast-breaking individual developments has led AIT to produce too many spot reports and not enough stand-back analyses.

**Informal Recommendation 2:** The American Institute in Taiwan should schedule and prepare a quarterly political overview, summarizing individual developments and emphasizing broader trends.

Although AIT assigns a high priority to counterterrorism, it has not established a clear division of responsibility for TerRep reporting between the political section and the regional security office.

**Informal Recommendation 3:** The American Institute in Taiwan should draw up a plan for reporting on Taiwan's counterterrorism policies and maintaining contact with its newly created office of interagency counterterrorism coordination.

### Economic Section

The talented and experienced Foreign Service nationals in the economic section are too inflexible about accepting assignments outside their individual portfolios, making it difficult for the section to ensure adequate backup and respond to shifting needs.

**Informal Recommendation 4:** The American Institute in Taiwan should revise Foreign Service national position descriptions in the economic section to clarify backup duties and provide more flexibility to respond to requests for work outside each Foreign Service national's primary area of responsibility when needed.

The economic section has extensive contacts with executive branch officials in Taiwan but has fewer contacts with members of the legislature, who are key to many issues.

**Informal Recommendation 5:** The American Institute in Taiwan should develop and carry out a program to expand its contacts with Taiwan's Legislative Yuan.

The economic section's space is configured in a manner that undermines coordination and security.

**Informal Recommendation 6:** The American Institute in Taiwan should investigate the most efficient possible use of its space and identify a better way to configure the controlled-access area space for the economic section.

### **Public Diplomacy**

The public affairs section has a large staff of local employees, some of them having responsibilities that appear duplicative or no longer necessary.

**Informal Recommendation 7:** The American Institute in Taiwan should analyze the composition of its workforce in the public affairs section to ensure that its staff matches the needs and requirements of its Mission Performance Plan-directed public diplomacy program.

The AIT web sites have inconsistent titles for public diplomacy elements.

**Informal Recommendation 8:** The public diplomacy section of the American Institute in Taiwan should ensure that all of its web sites are periodically checked for consistency.

The U.S. contribution to the Fulbright exchange program is significantly less than the usual half-share and has been static for a number of years.

**Informal Recommendation 9:** The American Institute in Taiwan should commit itself to a measured increase in the U.S. contribution to the Fulbright exchange program until the contribution equals Taiwan's.

## **General Services**

The general services office does not use a date stamp to note the time and date when contract solicitations are received, as required by FAR 15.207.

**Informal Recommendation 10:** The American Institute in Taiwan should obtain and use a date stamp to indicate the time and place of receipt of responses to contract solicitations.

AIT's motor pool policy is out of date. The current policy permits personal use of government-owned vehicles for any purpose, contrary to limitations on nonofficial use described in 14 FAM 410. Reimbursements for home-to-office use for the deputy director and new arrivals at post are not collected.

**Informal Recommendation 11:** The American Institute in Taiwan should update and reissue its motor pool policy to conform to regulations.

## **Information Management and Systems Security**

AIT does not have a cell phone policy, although 5 FAM 526.1 directs all posts to establish a policy on the personal use of government-issued cellular telephones.

**Informal Recommendation 12:** The American Institute in Taiwan should develop and maintain a cell phone policy in accordance with Department standards.

AIT's classified pouch standard operating procedures are outdated.

**Informal Recommendation 13:** The American Institute in Taiwan should update its standard operating procedures for the classified pouch.

Less than 30 percent of post personnel reply to the weekly radio checks. Since the employees initiating the radio checks are temporary duty personnel, written procedures are necessary to ensure continuity.

**Informal Recommendation 14:** The American Institute in Taiwan should require its personnel to participate in radio checks and develop written procedures for performing radio checks.

Under 5 FAM 723(6)c, government computers may not be used to view or access sexually explicit material. OIG identified inappropriate material on AIT's servers, including sexually explicit material and excessive personal files.

**Informal Recommendation 15:** The American Institute in Taiwan should develop and maintain procedures for addressing inappropriate use of government computers.

AIT has not submitted a waiver request for its DIN.

**Informal Recommendation 16:** The American Institute in Taiwan should disconnect its dedicated Internet network connections or obtain a waiver from the Bureau of Information Resource Management.

AIT/K does not have a systems security plan, although 5 FAM 826 requires one.

**Informal Recommendation 17:** The American Institute in Taiwan/Kaohsiung, in coordination with the American Institute in Taiwan in Taipei, should develop and maintain a systems security plan.

PRINCIPAL OFFICIALS

	Name	Arrival Date
AIT/Taipei		
Director	Douglas H. Paal	7/01/02
Deputy Director	David J. Keegan	8/30/03
<b>Chiefs of Section/Other Agencies</b>		
Agriculture	Scott S. Sindelar	8/9/03
Consular	Charles E. Bennett	8/8/03
Chinese Language School	Thomas E. Madden	8/8/02
Commercial	Gregory Loose	7/28/02
Economic	Daniel K. Moore	6/24/04
Liaison Affairs	Laurence W. Mitchell, III	12/27/02
Management	David F. Davison	8/01/02
Political	James L. Huskey	8/2/04
Public Affairs	Dana S. Smith	9/23/03
Security	Harry R. Smith	9/23/03
Technical	William Sung	7/31/02
Agricultural Trade Office	Hoa V. Huynh	9/22/03
AIT/Kaohsiung		
Branch Chief	Robert W. Forden	8/5/02



AIT/Washington

Chairman

Vacant

Acting Director

Barbara Schrage

Economic/Trade

Francis F. Ruzicka

Political/Military

Gregory K.S. Man

Executive Officer

Renee C. Bemish

## ABBREVIATIONS

ACC	American Cultural Center
ACS	American Citizens Services
AIT	American Institute Taiwan (Taipei Office)
AIT/W	American Institute Taiwan/Washington
AIT/K	American Institute Taiwan/Kaohsiung
CLASS	Chinese Language and Area Studies School
CLO	Community liaison office
DHS	Department of Homeland Security
DIN	Dedicated Internet network
DTS-PO	Diplomatic Telecommunications Service Program Office
EAP	Bureau of East Asian and Pacific Affairs
IRC	Information resource center
ISSO	Information systems security officer
IV	Immigrant visa
NIV	Nonimmigrant Visa
OBO	Bureau of Overseas Buildings Operations
OIG	Office of the Inspector General
PAO	Public affairs officer

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