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

Report of Inspection

Embassy Sarajevo, Bosnia,
and Herzegovina

Report Number ISP-I-09-55A, September 2009

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PURPOSE, SCOPE AND METHODOLOGY OF THE INSPECTION

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

PURPOSE

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

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

METHODOLOGY

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



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

Office of Inspector General

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

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

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

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

A handwritten signature in black ink, appearing to read "H. W. Geisel".

Harold W. Geisel
Acting Inspector General

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KEY JUDGMENTS

- Embassy Sarajevo ably advances U.S. policy toward Bosnia and Herzegovina despite accelerating local trends toward ethnic segregation and conflict. The Ambassador's forceful advocacy and access to top leaders in the country's Bosniak, Serb, and Croat communities is the United States' best asset on the ground.
- Bosnia and Herzegovina is one of a handful of countries in which the United States is actively engaged in nation-building. Various sections of the Embassy do an excellent job supporting the Ambassador and the deputy chief of mission (DCM) in intensive reporting, advocacy, and outreach.
- Embassy Sarajevo's front office procedures for decision-making and information processing are cumbersome and labor-intensive. Embassy leadership should eliminate the staff aide position, delegate more decision-making authority, and modernize the flow of information to and from the front office.
- The political section's large staffing is justified by the nature of the work, but moving a position from Sarajevo to the branch office in Banja Luka would allow the Embassy to better conduct reporting on and advocacy in Republika Srpska, one of the two entities that comprise Bosnia and Herzegovina.
- The management section provides high levels of service to its customers. The locally employed staff is exceptionally knowledgeable, displaying a cohesiveness partly forged in their shared wartime experiences from 1992 to 1995. This harmony is especially impressive given the animosities that persist in the society at large.
- The Embassy needs to engage in a new round of rightsizing as it approaches the move into its new embassy compound (NEC) in 2010 and consolidates six buildings in Sarajevo to one. The size of the local guard force will need to be cut, but other management operations may also need to be reduced.
- The inspection team recommended other changes in staffing, including eliminating a consular officer position and adding a fourth officer in the public affairs section (PAS).

The inspection took place in Washington, DC, between April 6 and 23, 2009; in Sarajevo, Bosnia and Herzegovina, between May 13 and 29, 2009; in Mostar, Bosnia and Herzegovina, on May 22, 2009; and in Banja Luka, Bosnia and Herzegovina, on May 27, 2009. (b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6)

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CONTEXT



Bosnia and Herzegovina lies in the middle of former Yugoslavia and extends a tiny foot out to the Adriatic Sea. It is the most ethnically diverse country in southeastern Europe, a fact that contributed to the vicious war from 1992 to 1995 as Yugoslavia broke up and Bosnia and Herzegovina became independent. Although no census has been done since 1991, the population is estimated at 3.8 million. The ethnic breakdown is approximately 48 percent Bosniaks (primarily Muslims);

34 percent Serbs (primarily Orthodox Christians), and 15 percent Croats (primarily Roman Catholics). All groups speak a variation on the same Slavic language.

The war brought the worst violence to Europe since the end of World War II and ended only through the intervention of the international community, especially the United States. The unity of the country remains fragile, and the United States and its European partners are heavily engaged in nation-building. The United States needs to continue to be actively involved in order to help the country move forward. The stakes are exceptionally high. Bosnia and Herzegovina risks disintegration, which would undermine regional stability, and set back efforts to build a Europe that is whole, free, and at peace.

The independent kingdom of Bosnia and Herzegovina fell in 1463 to the Ottoman Empire, which ruled the country for four centuries. During that time, a significant part of the population converted to Islam, creating a group of Muslim Slavs now called Bosniaks. In 1878, the Austro-Hungarian Empire occupied Bosnia and Herzegovina, and later, formally annexed it. Radical young Bosnians opposed to Hapsburg rule conspired to assassinate the Austro-Hungarian Crown Prince, Archduke Franz Ferdinand, in Sarajevo—the Bosnian capital—in 1914, the event that touched off World War I. For most of the 20th century, Bosnia and Herzegovina was part of Yugoslavia, which was first a kingdom after World War I, and then a Communist federation after the fascist interlude during World War II.

Bosnia and Herzegovina was traditionally famous in the Balkans for its cosmopolitan character and the fact that the complex mix of ethnic groups lived together in relative harmony. Several factors eroded that harmony during the 20th century: Croatian and Serbian politicians, who both claimed the Bosniaks as part of their ethnic groups, vied for dominance in Yugoslavia; fascists decimated the small Jewish population during World War II; and all communities committed and suffered atrocities during that war. When Bosnia and Herzegovina declared independence in 1992, Yugoslav President Slobodan Milosevic unleashed a Serbian nationalist war that killed more than 100,000 Bosnians from all communities. The international community was jolted into action by the massacre of more than 8,000 Bosniak men and boys at Srebrenica in 1995, and the United States played the key role in brokering a complex peace agreement in Dayton, Ohio, later that year.

The Dayton Peace Accords imposed, by necessity, a fractured governmental structure, asymmetric decentralization, and weak, ethnically divided institutions. Every decision in Bosnia is a delicate three-way negotiation, requiring horse-trading among the three “constituent peoples:” the Bosniaks and Croats, who are linked in uneasy alliance in Bosnia’s Federation, and the Bosnian Serbs, who operate Republika Srpska (the Serb Republic) with relative autonomy. The resulting ethnic blocking mechanisms slow progress and force the U.S. Embassy to adopt a highly politicized and labor-intensive approach to government relations. The three communities agree on the desirability of European Union (EU) accession, but frictions have prevented them from agreeing on many of the steps required for Bosnia and Herzegovina to become a candidate country.

Adding to these built-in complexities, the Bosnian Government’s authority on many issues is subject to the oversight of, and occasional reversal by, the Dayton-mandated Office of the High Representative (OHR), which itself is guided by a council comprising a dozen country representatives, including the United States. This anomalous body, together with the helpful and unhelpful actions of neighboring countries, requires Embassy Sarajevo to conduct extensive internationalized diplomacy. The post-conflict U.S.-led force of 60,000 peacekeepers has diminished over the years; it is now a European-led force of 2,000, unable to back up OHR decisions and in danger of fading away completely during 2009.

The overriding U.S. policy goal is to ensure the stability and security of Bosnia and Herzegovina, to prevent it from again becoming a source of regional instability or conflict, and to help it on its path to integration with the EU and the North Atlantic Treaty Organization (NATO). To accomplish this objective, the United States works hard on strengthening democratic institutions and the rule of law, supporting economic reform, bolstering counterterrorism cooperation, promoting intercommu-

nal tolerance, and advocating U.S. policies. The U.S. Government is still viewed positively as the most honest broker by all of Bosnia and Herzegovina's ethnic groups and political forces.

The past 3 years have seen a slowing of progress across the board in Bosnia and Herzegovina, due mainly to the rise of political tension and ethnic polarization and the reemergence of nationalism. The economy is growing, but the country remains one of the poorest in Europe with an unemployment rate that the Bosnian Government estimates at approximately 40 percent. Many Bosnians expect the United States to rescue them from post-Dayton problems that they are unable to solve themselves, but recent cuts in U.S. assistance and the withdrawal of U.S. troops have diminished U.S. influence. It is clear that an increase in assistance (which totals almost \$34 million in FY 2009) will be critical. Vice President Biden visited Sarajevo in May 2009 and gave a strong message that the United States is strengthening its engagement in Bosnia and Herzegovina.

Embassy Sarajevo's staff currently comprises 97 U.S. direct-hires, 11 contractors and eligible family members, and 511 locally employed (LE) staff members, including 217 local guards. Staff in Sarajevo work in six locations, but the Department is building a NEC that is due to be completed in FY 2010 and will consolidate all employees in one location. As part of the Embassy's outreach program, there is a branch office in Banja Luka, the seat of Government of Republika Srpska, with an American officer and 18 LE staff members. A smaller branch office in Mostar, the largest city in the part of the country heavily populated by Croats, has five LE staff members but no assigned American officer.

EXECUTIVE DIRECTION

The Ambassador and DCM are leading Embassy Sarajevo in a manner that maximizes the achievement of U.S. policy goals, as much as Bosnia and Herzegovina's exceptionally complex and difficult environment allows. After a period of progress on many fronts, the fractured, war-torn country began to slide backwards in late 2007, just when the Ambassador arrived at post. His previous service in the region and in the Department prepared him well to gauge the implications of this reversal, and he has led the Embassy in its excellent analysis and reporting of increasingly troubling local developments. The Ambassador also actively recommended more forward-leaning policies to prevent further deterioration of the political, economic, and inter-ethnic environment. Although policy makers in Washington did not always concur with the Embassy's predictions about the possibility of secession by Republika Srpska and subsequent inter-ethnic violence, the Ambassador rightly insisted on continuing a barrage of warnings and policy ideas from Sarajevo. During the inspection, Vice President Biden visited Sarajevo; this visit put the United States on record about Bosnia and Herzegovina's future in the exact way the Ambassador had been counseling.

Just before the Vice President's visit, the Ambassador and DCM directed a great deal more than reporting and recommendations. Bosnia and Herzegovina, along with Iraq, Afghanistan, and Kosovo, is one of the countries where the United States is actively engaged in nation-building and where the work remains very far from finished. Therefore, Embassy Sarajevo's leaders ensure that an exceptionally wide array of U.S. programs address the key issues of integration into the Euro-Atlantic community; the building of a tolerant, democratic society; the strengthening of the rule of law; the development of a more attractive economic climate; effective counterterrorism cooperation; and public support for U.S. policies. The DCM ably leads the coordination of the substantial U.S. assistance programs in Bosnia and Herzegovina. She chairs a series of working groups and monitors the work of political and economic officers who each oversee a basket of programs, such as law enforcement or military assistance.

The Ambassador deserves credit for several hard-won successes, including defense reform; Bosnia and Herzegovina now has a single multi-ethnic army, although Bosnian Serb members were, on the eve of the inspection, called to mutiny over exercises by NATO in Georgia. The Ambassador's forceful arguments discouraged their action and kept Republika Srpska from moving toward secession. He was

equally effective in advocating a constitutional solution to the anomalous status of Brcko, a multiethnic enclave separating Republika Srpska's halves. This achievement entailed close work with the Department and masterful persuasion of Bosnia and Herzegovina's many political factions. Among many other successes, the Ambassador's energetic work with the Department of Defense resulted in an American general once again taking command of the NATO presence in country.

These achievements take on added significance when viewed against the backdrop of U.S. responsibility for implementation of the Dayton Accords. As seen by most Bosnians, the Ambassador embodies that responsibility. He cannot possibly control the local animosities against future cohesion, so the pressure on him mounts daily. In the view of the OIG inspectors, the Ambassador's leadership of U.S. engagement with Bosnia and Herzegovina is exemplary and highly commendable.

The Ambassador and DCM preside over an embassy that delivers excellent services to its community. The DCM's regular meetings with relevant parts of the Embassy, contribute to this success. The OIG inspectors found no serious problems in embassy operations, although a few adjustments will increase improvement. The sections and agencies represented in Sarajevo expressed overall satisfaction with the work environment and living arrangements, a remarkable fact given that Bosnia and Herzegovina in most respects—and certainly in its medical sector—remains an underdeveloped country. The DCM takes the lead on internal embassy issues and thus deserves credit, along with the management counselor, for this level of success. Interagency cooperation is also excellent for the most part in Sarajevo, although the inspectors formed the view that this occurs as much because of collegial interaction at the section-head and agency-head level, than as a result of specific guidance from the Ambassador or DCM. Complex embassy-wide projects such as organizing the Vice President's visit proceeded with an impressive level of expertise and team effort. The DCM skillfully supervised planning for the visit, involving all embassy sections and the White House advance team. Additionally, the Ambassador led a sensitive interagency process resulting in the successful return to Bosnia and Herzegovina of three detainees from the Guantanamo Bay detention facility.

The Ambassador and DCM's division of labor—he focuses mainly on policy issues and advocacy with Bosnian interlocutors and she focuses mainly on embassy operations—take the typical model further than is ideal. The inspectors observed that the Ambassador is so deeply engaged in dealing with policy-related crises in Bosnia and Herzegovina, as he rightly should be, that he leaves internal operations almost exclusively to the DCM. The inspectors advised the Ambassador that, even for very brief periods of time, his oversight of the DCM's handling of operational

matters, would ensure that the Embassy is working to its full productive capacity. He agreed to add executive oversight to his already very full plate, acknowledging that embassy operations constitute an essential component of Ambassadorial leadership.

The main operational problem at Embassy Sarajevo is an exaggerated concentration of decisionmaking and paperwork in the front office. The DCM inherited and is comfortable with this methodology but the Ambassador has contributed to the present situation too. The inspectors learned from a wide cross-section of officers that an unusually large number of decisions flow to the DCM for resolution. Even very minor matters—for example, whether to loan a vehicle to a neighboring embassy for a high-level visit— reach the DCM. Similarly, the DCM clears too many documents—for example, the community newsletter—that normally fall to a lower level of executive responsibility. One result of the DCM's focus on the management of minutiae is that little time remains for exerting leadership regarding larger issues, such as keeping the embassy community moving smoothly through its ongoing transition from an unaccompanied post to a family post. (b) (2)(b) (2)

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(b) (2)(b) (2)(b) (2)(b) (2) The inspectors encouraged the DCM to delegate more authority to the Embassy's section heads and agency heads, an experienced group that the inspectors judged fully capable of conducting their normal business. (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
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The DCM pledged that in her remaining time in Sarajevo she would act on these suggestions and did so during the inspection. The Ambassador acknowledged that his supervision of the DCM had focused more on detailed tasks than on developing the leadership potential of his deputy. He agreed with the OIG team's recommendation that the front office delegate and decentralize significantly more authority. Both officers also accepted the suggestion to act as a genuine partnership, sharing candid advice and bad news as well as good.

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Recommendation 1: Embassy Sarajevo should design and implement a new system to streamline front office handling of requests, invitations, and briefing materials in a way that uses electronic communications and reduces the amount of clearances and speeds the clearance process. (Action: Embassy Sarajevo)

The front office currently comprises the Ambassador, DCM, two office management specialists, and one staff assistant. The inspectors found that the delineation of work among the office management specialists and the staff assistant is not clearly defined. Further, the Ambassador and DCM often ignore employees' work requirements and give tasks to whomever is closest at hand; some tasks, like the production of diplomatic notes, fall by default, to the wrong staff. Considerable confusion, overlapping of duties, and conflicts ensue among the front office staff. Other embassy offices find the front office procedures perplexing and off-putting, maintaining that the front office hinders more than helps their work. Regrettably, neither the Ambassador nor the DCM has addressed or resolved these problems.

The inspectors found that the size of Embassy Sarajevo does not require a staff assistant in the front office. The position was created in the aftermath of the 1992-1995 war, when the U.S. diplomatic and military presence in Bosnia and Herzegovina was considerably larger than today. In 2009, the Ambassador and DCM often task the staff assistant to be their liaison with embassy sections, act as control officer for Ambassadorial travel, or coordinate embassy-wide events like the Fourth of July reception. The inspectors believe that Embassy Sarajevo section chiefs and other officers can handle these tasks, and that their direct contact with the front office would be beneficial to all concerned. The inspectors also believe that the existence of the staff assistant position is one of the causes of confusion and complication in the front office, and that its elimination would clarify the delineation of duties among its staff. As the staff assistant position is paired with a consular officer position in a junior officer rotational program position, the Embassy would have to identify another position that would be paired with the consular position in the rotational program.

ence with public diplomacy, and to increase embassy presence at the Corners. The Ambassador takes special interest in using the Ambassadors' Fund for Cultural Preservation, initiating several valuable and symbolic projects. For example, the Ambassador secured funding to repair a 16th century mosque in a town that suffered atrocities directed against the Muslim population. Both the Ambassador and deputy chief of mission use their residences and representation allowances wisely and well with Bosnian contacts.

Embassy leadership attends carefully to security concerns, and the inspectors found Embassy Sarajevo's preparedness to be appropriate to the threat level. The DCM supported a session with the security office that introduced an improved procedural security approach that subsequently reduced security violations. The DCM ensures that entry-level officers experience work in sections other than their own, and she hosts lunches with them and mentors them individually. She also mentors certain mid-level officers, who commented very favorably on her valuable advice and counsel. The inspectors also commend the embassy leadership's attention to ethics standards, equal employment opportunity practices, the management of resources, and rightsizing. Although the inspectors recommend some small adjustments in staffing as noted in the pages below, the overall size of Embassy Sarajevo appeared adequate, given the nation-building exigencies the embassy staff will continue to face for some time.

POLICY AND PROGRAM IMPLEMENTATION

POLITICAL AND ECONOMIC AFFAIRS

The political and economic sections in Embassy Sarajevo operate under the pressure of knowing that what they do makes a significant difference to the future of Bosnia and Herzegovina. Under good leadership, the sections mirror the Ambassador in their deep involvement in Bosnia and Herzegovina's political institutions. According to Bureau of European and Eurasian Affairs (EUR) officials, Embassy Sarajevo is effectively dealing with a complex government. The OIG team agrees with that judgment. The two sections, especially the political section, are the heart of the U.S. mission in Sarajevo.

Following the Ambassador's lead, the political and economic officers and the LE staff directly lobby individual elected officials in settings as exclusive as parliamentary mark-up sessions. The Embassy's influence on the Bosnian Government is truly exceptional, but the complexity of the situation provides Embassy Sarajevo political and economic officers with fascinating and rewarding tours in a country where the stakes for peace are extremely high. Many reporting officers extend for a third year in this 2-year posting.

Embassy Sarajevo navigates in a climate that includes a multi-layered and largely malfunctioning Bosnian Government. Friction continues among ethnic groups and people do not travel much across the lines that segregate communities. Even parliamentarians spend as little time in the capital as possible. Separate educational systems exacerbate the lack of nationhood and threaten to perpetuate the problem into the future.

The political and economic officers repeatedly comment that the LE staff are among the best anywhere in the world. LE staff members use their personal and professional connections across the political and economic spectrum of the country to promote the foreign policy and nation-building goals of the United States in Bosnia and Herzegovina. Despite the assets that the LE staff brings to the job, the mission would benefit from more training for them. For example, in Banja Luka the economic LE staff member has never taken the commercial services course and the political LE staff member has not had political training apart from five or six fast-

track courses. Despite the unusually prominent role that LE staff plays in advancing U.S. foreign policy priorities in Bosnia and Herzegovina, most of them have never personally lived in or experienced the kind of society that they are pushing their leaders to accept.

The political and economic LE staff in the Embassy and branch offices consists of ten employees. Providing every political and economic LE staff member with basic and advanced political or economic training is essential; still it is not enough in a country where reversion to ethnic conflict or war is highly possible.

Given the high cost of sending LE staff to Washington, the Department could seek out, by subject matter, experts already in Europe who could give courses to LE staff in the region. For example, experienced officers or contract employees from NATO or the U.S. Mission to the European Union could serve as instructors. Additional relevant topics for training could include democratic governance, negotiation, the U.S. foreign policy making process, the NATO and EU accession processes, public presentation, diversity, human rights, or refugee returns. To maximize benefits and cost effectiveness, the training should be planned to include employees with shared interests from other embassies in countries of former Yugoslavia.

Recommendation 3: Embassy Sarajevo, in coordination with the Foreign Service Institute, should prepare and implement a plan provide training for locally employed staff lacking basic and advanced political or economic training. (Embassy Sarajevo, in coordination with FSI)

Recommendation 4: Embassy Sarajevo, in coordination with the Foreign Service Institute, should prepare and implement a plan to provide training for locally employed staff in Bosnia and Herzegovina on topics that are specifically relevant to the region. (Action: Embassy Sarajevo, in coordination with FSI)

Political Affairs

In the midst of this complex and fragile situation, Embassy Sarajevo maintains a political section larger than usual for a country of this size. The officers have exceptional responsibilities to guide Bosnian politicians from all three ethnic groups toward democracy and unity. Political figures rely on the Embassy to help them reach agreements between various parties. Attaining positive results requires massive atten-

tion and personnel and financial resources, and the Embassy uses its excellent access to orchestrate and advance goals. The Embassy is in the thick of civic and legislative activities, such as promoting a constitutional amendment to clarify the status of Brcko, a self-governing unit, that divides Republika Srpska into two halves and that is held in condominium by both entities. It is also pushing for the passage of legislation for corporate income tax reform, and trying to unblock the logjam to ease pharmaceutical regulations.

The political counselor exerts excellent leadership over nine political officers and six LE staff in Sarajevo plus additional staff in the two branch offices in Banja Luka and Mostar (see the separate sections elsewhere in the report on those two offices.) The political section lacks reporting plan, but produces analyses and spot reports on what happens, why it matters, and what the Embassy and the Department need to do. Reporting spikes when there is a crisis. Positive feedback from EUR and the intelligence community indicates a high level of satisfaction with reporting by end-users. Cables of record follow e-mail correspondence on all important political developments.

Among political section officers and LE staff there is high regard for the leadership of the counselor, and the staff gravitates to his strong management style. One officer noted that he would serve with the political counselor no matter how difficult the post. While the system seems to work well, supervision of the officers in the section is not distributed evenly at levels below the counselor. Morale in the political section is high and most, but not all, of the officers and the OMS say that they enjoy the unusual open bull pen environment that ten people share. Only the political counselor has a separate office. There is general agreement that the opportunity to exchange ideas and to bond compensates for the complete lack of privacy. This situation will change, of course, when the NEC is completed.

Embassy Sarajevo has two morning press briefings with different audiences. The PAS and the political section believe that the two briefings serve very different functions and both are needed. The Ambassador's briefing, organized by the PAS, is attended by section heads and covers global events and Bosnian topics of interest to the front office. The Ambassador, DCM, and other staff use the briefing to discuss the news items and whether the Embassy needs to respond to inaccurate coverage. A political section daily press briefing for officers and LE staff is held simultaneously. Coverage of issues in the political section press briefing tends to focus on local events and specific developments in Bosnia that fall within political officers' portfolios such as the return of a refugee family or a demining incident. This briefing is informal and less structured than the Ambassador's briefing and encourages dialogue

and an exchange of ideas between officers and LE staff. The OIG team agrees that while two briefings might seem redundant at first, the briefings serve different functions and should be continued.

Economic Affairs

The economic section is small, with three officers, three LE staff, and an eligible family member (EFM) working as the Office Management Specialist (OMS). Section management has the flexibility to be more proactive, but economic coverage has been understandably disadvantaged by back-to-back medical evacuations of two officers for 4 months each. This effectively reduced the section to two officers for much of the past year.

The section lacks an economic reporting plan, but sets priorities according to events and a series of recurring themes that drive economic developments in Bosnia and Herzegovina. The themes include World Trade Organization issues, EU accession, privatization problems, differences between the Federation and Republika Srpska, energy, Russia, and the world economic crisis. Officers' portfolios cover the conflicting economic interests of the three major ethnic groups, as well as commercial advocacy for U.S. companies. The relevant Department of the Treasury and Department of Commerce offices report that they read and appreciate the economic reporting. The economic section works hard to encourage foreign investment in Bosnia and Herzegovina. Particularly noteworthy, is its successful effort to promote foreign investment in Srebrenica.

With the help of experienced LE staff, the section has met the needs of users in Washington. One LE staff member covers economic and commercial affairs and a second follows macroeconomic issues. Another LE staff member works for the Department of Agriculture and reports to a supervisor at Embassy Rome, but is considered a vital part of the economic section.

Foreign Assistance

Most U.S. foreign assistance to Bosnia and Herzegovina flows through the Support for East European Democracy (SEED) program, which totals almost \$30 million in FY 2009. More than \$10 million is administered by the Department directly, although the Embassy's advice is essential to how the money is divided among programs. Most of the rest is channeled through U.S. Agency for International Development (USAID) and the Bureau of International Narcotics and Law Enforcement Affairs. Important components of SEED funding are law enforcement, narcotics af-

fairs, and rule of law. Two major Mission Strategic Plan (MSP) goals support strong state-level law enforcement and judicial institutions, and effectively counter terrorism at home and abroad.

The DCM oversees the embassy assistance work and each mid-level officer in the political and economic sections has responsibility for tracking a particular set of programs, including those implemented by the USAID and the U.S. military. The OIG team commends the Embassy's management of foreign assistance programs, which was instrumental in the Department's decision to make the Embassy a pilot post in implementing a major new planning system. Although the inspectors only observed one assistance program in action, they were satisfied from other evidence that the programs are effective, well-run, and thus advance U.S. interests.

In 1996, the International Criminal Investigation and Training Assistance Program (ICITAP) began its first post-conflict mission in Bosnia and Herzegovina. The goal of this program is to help the country's law enforcement entities transition from a mandate to protect the state, to a responsibility to protect its citizens. The mechanism of training and equipment donation will prepare Bosnia and Herzegovina's law enforcement entities for partnership with the EU. As of January 2009, ICITAP trained 15,387 police officers in Bosnia and Herzegovina. By all accounts, relations are excellent between ICITAP and the front office, the political section, the PAS, and the other law enforcement agencies at the Embassy.

PUBLIC AFFAIRS

Embassy Sarajevo is carrying out an ambitious, creative, and wide-ranging public diplomacy (PD) program that includes seven American Corners, a country-wide civic education program, Democracy Commission grants, English teaching, and cultural programs, in addition to Fulbright, Hubert Humphrey, and International Visitor grants, Youth Exchange and speaker programs, and media outreach. The inspectors believe that this mix of PD programs reaches the right audiences with well-targeted messages. The OIG team concluded, however, that an increase in officer staffing would allow further outreach to advance U.S. policy objectives. Additionally, the OIG team informally recommended that the outstanding work of the PAS could be even better if the PAS established clear lines of authority to prevent confusion for the staff.

The section is staffed for three American officers but the information officer (IO) position has had a staffing gap of several months due to a curtailment. The only two officers in the section at the time of the inspection were the public affairs officer (PAO) and the cultural affairs officer (CAO), who also acts as the IO. A new IO will arrive in the summer of 2009.

The PAO acknowledged that her tendency to give instructions directly to the LE staff working in the cultural and information offices, which are under the direct supervision of the CAO/Acting IO, sometimes creates confusion and misunderstandings. The OIG team counseled the PAO on the need to define clearly the chain of command and her own responsibilities, and to ensure that both American and LE staff understand them. The PAO is already working on ways to respond to this need. In consultation with the DCM, she will revise and define her work requirements and responsibilities more clearly and establish clear lines of authority for the PAS.

The PAS also includes an EFM who is the academic exchange coordinator and 12 LE staff handling cultural, media and exchange programs, grants, the information resource center, and American Corners. The LE staff includes one staff member at the branch office in Mostar and one at the branch office in Banja Luka. The PAS further comprises five full-time contract employees who handle the civic education or “Civitas” program under the supervision of a senior LE staff member.

The PAS works out of the USAID annex building, which is about 15 minutes by car from the chancery. While the PAS facilities are spacious and appropriate, the physical separation from most of the rest of the Embassy makes close coordination difficult, contributes to a sense of isolation, and adds to the PAO’s management challenges. Both American officers usually participate in the Ambassador’s press briefing at the chancery every morning, followed by a staff meeting or country team meeting. This leads to extensive absences by the officers from the section during the morning. The move to the NEC will alleviate that problem, but in the meantime, the OIG team made an informal recommendation that only one of the officers, perhaps on a rotating basis, attend the morning press briefings and meetings in the chancery.

Information Programs

The PAS’s active media outreach program counters widespread misunderstandings about U.S. policies and objectives. It targets Bosnia and Herzegovina’s extensive media, including 40 television stations, 142 radio stations (both government and private), and 90 print media outlets. The PAS arranges frequent interactions for the Ambassador and other officers with the press, including interviews and press conferences. In FY 2008, the PAS carried out approximately 100 media events; it also

works regularly with Radio Free Europe/Radio Liberty to cover assistance and other embassy activities. The PAS gives a media briefing for the Ambassador, the DCM, and other senior staff every morning that includes input from the branch offices in Banja Luka and Mostar.

Educational and Cultural Exchange Programs

Embassy Sarajevo participates effectively in exchange programs, which typically improve participants' views of the respective host countries. Bosnia and Herzegovina runs a two-way Fulbright exchange program, a small Hubert Humphrey program, a high-school program for students from all ethnic groups, and an English-teaching program that targets three madrassas (religious schools). All elements of the mission work together to identify approximately 20 international visitor grantees who wish to go to the United States each year. The PAS has also established a university linkage program in the field of comparative religion between the University of Sarajevo and Arizona State University.

The PAS has carried out several outstanding speaker programs addressing U.S. foreign policy, Islam in the United States, and multi-ethnic tolerance, among other topics. To commemorate the 55th anniversary of *Brown v. the Board of Education*, the PAS held a digital video conference with Justice Stephen Breyer. It also brought Martin Luther King III to Bosnia and Herzegovina for a series of programs focusing on the value of a multi-ethnic society and desegregation, drawing on the U.S. model. Audiences reacted positively to his remarks and media coverage was extensive and favorable. The PAS held an American cultural festival, which featured a series of films, talks, and exhibits on diversity and human rights in the United States.

The Embassy makes extensive and productive use of its seven American Corners, which are strategically placed to reach all the major ethnic groups. The DCM encouraged each entry-level officer (ELO) to "adopt" an American Corner, visit it frequently, and give talks commemorating significant American holidays. Speakers from the Embassy, including the Ambassador and the DCM, as well as American exchange grantees, visit the Corners. The PAS arranges a conference for American Corner directors each year and provides each corner with books, periodicals, and Internet access.

The PAS uses its SEED funding for three programs supporting MSP goals. The first is the Democracy Commission small grants program, in which nongovernment organizations (NGO) throughout the country compete for grants from the \$280,000 allocated in SEED funds annually. The PAS also received \$302,000 in SEED funds in FY 2008 to support a grant to "Civitas," the NGO handling an innovative civic

education program that is the only course curriculum used in every high school in all parts of Bosnia and Herzegovina. The program's aim is to promote understanding of democracy, diversity, human rights, and the role of the citizen in promoting these values. The PAS also provides a SEED grant of \$20,000 for student advising to a local NGO. The PAS grants coordinator ably monitors all grants, ensuring that grantee organizations submit the required reports.

Embassy Sarajevo faces the challenge of increasing ethnic polarization and mistrust, particularly among Bosnian youth, who are growing up in a largely segregated society. Failure to bridge the ethnic divides will increase the potential for future conflict and lessen the chances for Bosnia and Herzegovina to be sustainable. Despite the committed and imaginative efforts of both American and LE staff, the PAS lacks the resources necessary to reach all ethnic communities in the country. This will be true even after the PAS regains its full complement of three American officers. In its 2011 MSP, the Embassy requested an assistant CAO for programs to enable the PAS to proactively engage all three ethnic communities in Bosnia and Herzegovina, to help build a nation that values diversity, and to increase Muslim outreach programs. Adding the assistant CAO position, as well as another full-time LE staff member position, would also work to improve the image of the United States, conducting more outreach activities at the American Corners and branch offices, more alumni programs, and a more proactive oversight of the "Civitas" program.

Recommendation 5: Embassy Sarajevo, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should establish and fill a position of Assistant Cultural Affairs Officer for programs, with specific responsibility for outreach to Bosnia and Herzegovina's three ethnic communities. (Action: Embassy Sarajevo, in coordination with EUR and HR)

Recommendation 6: Embassy Sarajevo, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should establish and fill an additional locally employed staff position to support the civic education program. (Action: Embassy Sarajevo, in coordination with EUR and HR.)

BRANCH OFFICES BANJA LUKA AND MOSTAR

The political section holds digital video conferences twice monthly with the branch offices in Banja Luka and Mostar, which were successful and both officers and LE staff say that joining the weekly staff meeting is an excellent way of making them part of the embassy team. In addition to information sharing, the sessions create opportunities to ask and answer questions, share tasks, and clarify instructions. Participants agree that the video conferences increase efficiency and understanding between the branch offices and the Embassy.

Branch Office Banja Luka:

The branch office in Banja Luka has one mid-level American officer who reports to the political section in Sarajevo. The officer is supported by seven LE staff, including assistants who cover political affairs, economic affairs, public diplomacy affairs, administrative affairs, and information technology. A receptionist and driver complete the group.

The OIG team believes that a single American officer is inadequate to cover such a large and important part of the country. A second officer at the entry level would increase the mission's ability to reach out to the Serb population in Republika Srpska. The position would also be an ideal way for an ELO to gain supervisory experience with the administrative and technical staff, while the FS-02 officer continues to directly manage the political, economic, and public diplomacy staff and the ELO.

Recommendation 7: Embassy Sarajevo, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should create and fill an entry-level officer position in the Branch Office in Banja Luka. (Action: Embassy Sarajevo, in coordination with EUR and HR)

The American officer currently assigned to Banja Luka is supervised by the political counselor in Banja Luka, but her supervising duties cover a much wider range of mission activities including public affairs and management. This creates crossed lines of authority. For example, the public affairs employee in Banja Luka reports directly to the PAO in Sarajevo, yet the American officer in Banja Luka is supposed to engage in public diplomacy activities herself. The Embassy needs to change the supervisory lines of authority so that the American officer will report directly to the DCM.

Recommendation 8: Embassy Sarajevo should establish a new work requirements statement for the American officer in charge of the Branch Office in Banja Luka to reflect the fact that that individual will report directly to the deputy chief of mission. (Action: Embassy Sarajevo)

The LE staff in Banja Luka has a strong sense of isolation from the rest of the mission. They would welcome more visits from officers in the Embassy, especially from the management section.

Recommendation 9: Embassy Sarajevo should create and implement a travel plan in which management officers visit the branch office in Banja Luka on a regular basis at an interval that is mutually agreed upon between Sarajevo and Banja Luka. (Action: Embassy Sarajevo)

The LE staff is also eager to volunteer to assist the Embassy on special visits such as the recent one by the Vice President but they sense the Embassy preferred to get volunteers from neighboring posts than from Banja Luka. The OIG team made an informal recommendation to address this issue.

Branch Office Mostar

The branch office in Mostar is an important post for outreach to the Croat population of Bosnia and Herzegovina. The United States is interested in keeping a finger on the pulse of this region, where some ethnic Croats agitate to form a separate entity for themselves that could further destabilize this already fragile nation. The U.S. presence demonstrates that Croats, as part of Bosnia and Herzegovina, matter to the international community. Divisions between the majority Croat and minority Bosniak population in Herzegovina are stark. The two ethnic groups maintain separate primary, secondary and tertiary schools, hospitals, and utility companies. For example, the recent visit of Martin Luther King III brought together Croat and Bosniak school officials who usually do not converse. Two dedicated LE staff members run a new and attractive office near the Mostar Bridge, a famous landmark that was built in 1566, completely destroyed by artillery in 1993, and rebuilt in 2004. Mostar is the headquarters for all Croat political parties in Bosnia and Herzegovina.

The political/economic LE staff member represents U.S. interests to political parties, the city council, municipal and canton officials, and other civic leaders in the Herzegovina region. She reports to the Embassy on political developments, elec-

tions, and the influence of personalities on governance of the region. The economic section in Embassy Sarajevo indicates that it would like to have more economic reporting from Mostar.

Recommendation 10: Embassy Sarajevo should provide a reporting plan with clear instructions, guidance, and feedback to the political and economic locally employed staff member in Mostar on what information is needed and a timetable for providing it. (Action: Embassy Sarajevo)

The public affairs LE staff member in Mostar reports to the PAS. She is in regular contact by phone and e-mail with the Acting IO and the PAO. She participates in twice monthly public affairs staff meetings by conference call and visits Embassy Sarajevo for special meetings or programs. Her primary responsibility is for press activities. She reviews the Mostar-based media on a daily basis and sends input to the information specialist for the Ambassador's morning press briefing and for special media reports, as needed. She arranges media interviews for the Ambassador in Mostar, as well as other public programs for the Ambassador, DCM, political counselor and other embassy officers' participation, including speeches and meetings with students. She contributes to other public affairs programming by providing information about Fulbright, Hubert Humphrey, and democracy commission grants and soliciting applications. She nominates potential international visitor grantees for review by the Embassy's international visitor committee and helps arrange public affairs programs in the Mostar area, such as the recent visit by Martin Luther King III. She also visits the American Corner in Mostar on a regular basis and maintains close relations with cultural and educational institutions in Mostar.

An officer from the Embassy visits Mostar approximately once a week to attend a function, meet with local officials, or participate in a public affairs program. Political and economic LE staff travel from Mostar to Embassy Sarajevo about once a month. The biweekly video conference staff meeting with Embassy Sarajevo is an important and much appreciated tool that keeps the branch office connected to the embassy political section.

Some local officials were initially disappointed when the Embassy eliminated the American position in Mostar in 2004, but there has been no recent pressure from local leaders to assign an American officer. Unlike Banja Luka, Mostar is not a seat of government per se, rather, it is part of the Federation which has its seat in Sarajevo. The OIG team supports the current staffing level in Mostar.

CONSULAR AFFAIRS

The consular section in Embassy Sarajevo is performing well under the leadership of an FS-02 section chief. The section is small, with three officers, one EFM, and six LE staff members. The workload is not particularly heavy and the staff is able to provide courteous and efficient services to its customers without any backlog in appointments. In fact, the section is slightly overstaffed, an issue that is addressed below.

Morale is high among all consular section employees, who exude a strong sense of support for each other. One employee said she was proud of her working environment and said she was “happy to come to work.” The OIG team surmised that it is partly a result of the high unemployment rate in Bosnia and Herzegovina, but the testimonies from LE staff members about working at Embassy Sarajevo were unusually positive and vivid. Several employees noted that Embassy Sarajevo has had good consular officers serving there for many years.

Workload and Staffing

The nonimmigrant visa workload has been steady for the past several years. In FY 2008 the officers adjudicated 8,122 nonimmigrant visa applications, with an adjusted refusal rate of approximately 20 percent. In the last 2 years, Embassy Sarajevo started processing immigrant visa applications. Previously Bosnian immigrant visa applicants mostly applied at the Embassy in Zagreb, Croatia. The immigrant visa workload is relatively light, however, at 323 adjudications in FY 2008. The section easily absorbed this extra work with the addition of one LE staff member. American Citizens Services work is also relatively light, with 220 passport applications in FY 2008. With three consular officer positions, the section is overstaffed for its current and projected workload.

Recommendation 11: Embassy Sarajevo, in coordination with the Bureau of Consular Affairs and the Bureau of Human Resources, should eliminate one of the entry-level officer positions in the consular section. (Action: Embassy Sarajevo, in coordination with CA and HR)

Recommendation 12: Embassy Sarajevo, in coordination with the Bureau of Consular Affairs and the Bureau of Human Resources, should change the grade level of the consular section chief position from FS-02 to FS-03. (Action: Embassy Sarajevo, in coordination with CA and HR)

Recommendation 13: Embassy Sarajevo, in coordination with the Bureau of Consular Affairs, should add the consular section to the regional consular officer program once the section chief position has been downgraded. (Action: Embassy Sarajevo, in coordination with CA)

Visa Validity

The U.S. visa-validity period for tourist and business visas for Bosnian citizens is 1 year. This validity was established in 1995 when the Embassy was first opened and when Bosnia and Herzegovina was still in the midst of war. The 1-year validity period is an irritant to Bosnians. They note that Serbian and Montenegrin citizens receive validities of 3 years, and that the validity for Croatians just increased to 10 years. Bosnia and Herzegovina is quite liberal in its visa policy towards American citizens. Those who come on short visits can enter the country visa-free. In addition to the reciprocity issue, increasing the validity of visas for Bosnians would eliminate extra work required in processing visa applications every year from Bosnians who travel frequently.

A good case can be made that the visa-validity period for Bosnian citizens for tourist and business visas should be increased. To the knowledge of those in Sarajevo, the Embassy had not made such a request to the Department; it is working on such a request now.

Recommendation 14: Embassy Sarajevo, in coordination with the Bureau of Consular Affairs, should review the validity period for tourist and business non-immigrant visas for citizens of Bosnia and Herzegovina to determine whether the current 1-year validity periods can be increased. (Action: Embassy Sarajevo, in coordination with CA)

Procedure for Passing Back Passports

The consular section uses most of the management practices recommended by the Department to maximize efficiency and to provide the best customer service. For example, the Embassy uses a call center in Belgrade for making visa appointments and answering visa inquiries. The service seems to work well with no backlog in visa appointment requests.

One practice not used by the consular section is returning passports with issued visas through the mail or by courier service. In Sarajevo the applicants must return in person or designate someone else to pick up their passports. In other posts, the use of a courier or mail service is preferable because it saves time for LE staff, prevents crowd control problems, and prevents the customer from returning to the Embassy a second time.

The OIG team explored with the consular section staff whether a courier or mail service option could be implemented in Sarajevo. Unfortunately, the mail system in Bosnia and Herzegovina is as divided as much else is in the country, and no courier service reaches all parts of the country. In the end, the inspectors could not identify an alternative system for returning passports that would be preferable to the current one.

Direct Deposit for Federal Benefits Checks

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A much better system exists in other posts: a direct deposit system in which payments are electronically transferred into the individuals' accounts. Embassy Sarajevo has been inquiring about this for the past few years. The federal benefits employee in the consular section in Embassy Zagreb is trying to help set up such an arrangement for federal benefits recipients in Bosnia and Herzegovina. To be successful, the system requires a bank to seek enrollment in the program. According to the consular staff in Sarajevo, the banking system in Bosnia and Herzegovina "is one of the few

things that works right.” The OIG team strongly encourages the consular managers in Sarajevo to continue their efforts to establish a program for direct deposit of federal benefits payments with a bank.

The Consular Section in the New Embassy

The consular section in the NEC will be spacious and generally well laid out. It will be far preferable to the cramped and dark space at the chancery. The consular section will be located on the ground floor of the NEC with high ceilings, large windows, a generous amount of workspace, and an adequate number of windows to serve the public.

There are two main problems with the consular section space in the new building. One is that a large load-bearing pillar sits directly in the line of sight between the consular section chief’s office and the interview windows. Nothing can be done to remedy that problem, but it is yet another lesson to be learned about what to avoid in designing future consular sections. The other problem is that the public waiting room is small. The overflow of consular clientele will have to wait in a small covered area outside in front of the consular entrance. That covered area is very small, however, and it appears that the snow and rain will still fall on customers while they wait outside. Inside, the waiting room is so small that visa applicants will be able to hear everything discussed during other’s interviews. This precludes any privacy during the interviews and may give applicants tips on how to answer questions to get desired results.

The OIG team intends to discuss these design problems, which keep appearing in most NECs, in separate correspondence with the Bureau of Overseas Buildings Operations (OBO).

RESOURCE MANAGEMENT

Agency	U.S. Direct- Hire Staff	U.S. Local- Hire Staff	Foreign National Staff	Total Staff	Total Funding FY 2009
State – Diplomatic and Consular Programs	53	4	27	84	2,944,400
State – Machine Readable Visa Fee		1	1	2	81,550
State – ICASS	7	3	216	226	7,984,500
State – Public Diplomacy	3	1	12	16	1,038,000
State – Diplomatic Security	1	0	123	124	4,324,350
State – Marine Security Guards	6	0	4	10	173,420
State – Representation	0	0	0	0	44,400
State – OSCE	1	0	0	1	0
State – PD (SEED)	0	0	0	0	612,000
State – OHR (SEED)	0	0	12	12	600,000
State – OBO	6	1	38	45	3,336,360
Federal Bureau of Investigation – LEGATT	3	0	1	4	367,000
Defense Attaché Office	5	0	1	6	299,400
EUCOM – Military	1	0	2	3	144,800
Office of Defense Cooperation	1	0	3	4	228,500
GPOI	1	0	0	1	1,000,000
Partnership for Peace	0	0	1	1	158,670
FMF	0	0	0	0	3,300,000
IMET	0	0	0	0	1,000,000
Foreign Agricultural Service	0	0	1	1	57,400
USAID – OE	7	0	26	33	2,900,000
USAID – ASP			13	13	392,970
USAID – SEED			27	27	15,077,000
DOJ – Criminal Division	1	1	2	4	262,400
DOJ – ICITAP (SEED)	1		1	2	3,500,000
Totals	97	11	511	619	\$49,827,120

Note: Total SEED funding for Bosnia is \$29,444. Only \$19,789 is accounted for by USAID and the embassy financial management office. The rest is administered directly by the Department in consultation with the Embassy.

MANAGEMENT

The management section functions in an effective manner to provide high levels of service to its customers. The LE staff members are exceptionally knowledgeable in their respective specialties. At the same time, they display keen awareness of the functional interdependencies that exist within the management office and where each element intersects and interacts with the other. Expertise, situational awareness, and relationships developed during very difficult wartime conditions combine to forge a close-knit and capable LE staff. The close collaboration and cooperation between all management section elements are exemplary and result in consistently high International Cooperative Administrative Support Services (ICASS) customer service survey scores. Some of the success is due to the office's excellent use of technology, particularly Microsoft Excel and Access, to collect, synthesize, and share information. The Embassy plans to implement Microsoft Office SharePoint services, which should further improve collaboration. The OIG assessments conducted during the survey phase of the inspection indicated general satisfaction with management services, as did interviews during the on-site phase.

The management office faces some challenges related to the upcoming move to the NEC, consolidation of redundant services, and development of a business case to construct a warehouse facility on the NEC. The Embassy plans to begin in earnest at the end of May to address these major projects. The possible resource implications, especially for personnel and potential reductions in force, make it imperative that planning activities begin as soon as possible.

FINANCIAL MANAGEMENT

Embassy Sarajevo's financial management unit does an outstanding job providing services to its ICASS customers. An American financial management/human resources (FM/HR) officer, on his fourth tour but his first in finance, supervises eight LE staff in the financial management unit. The LE staff is responsible for annual Department allotments of approximately \$21 million, including \$1,212 in SEED funding and includes a Foreign Service national certifying officer. The financial management unit also provides financial services to the Foreign Agricultural Service and the Defense attaché office.

During the inspection, the financial management unit was in the midst of obtaining workload counts for the FY 2010 ICASS budget process. To its credit, the unit established ICASS workload teams in each of the cost centers, devolving ownership from the financial management unit to the various cost centers for the collection of workload data.

HUMAN RESOURCES

Embassy Sarajevo's human resources unit provides excellent services to its ICASS customers and its ICASS scores were higher in the 2009 survey than in previous years, even moderately outperforming bureau and worldwide embassies. The human resources unit consists of four LE staff. The senior human resources assistant reports to the American FM/HR officer, on his fourth tour in human resources. Both the senior human resources assistant and FM/HR officer are certified to perform computer-aided job evaluations, but report that the Regional Support Center Frankfurt currently performs these evaluations.

The LE staff is knowledgeable and adequately trained. Notwithstanding its ICASS scores, the FM/HR officer recognizes that the human resources unit tends to be rule-bound and lacks the necessary customer service focus necessitated by ICASS — areas that have improved under his leadership, but are still ongoing.

The evaluation process is well-managed. The FM/HR officer received the last American employee evaluation reports during our inspection, meeting Washington's deadline. Work requirement statements for American staff are now being finalized and all LE employee performance reviews were completed as required. The awards program functions appropriately, with 67 incentive awards given in Sarajevo's first FY 2009 awards ceremony. During the OIG inspection, awards nominations were received in the human resources unit for the second awards ceremony of the FY. Awards are agency-wide and to ensure fairness, award amounts have been standardized.

Except for the political/economic affairs section, embassy training dovetails with MSP priorities and is adequately funded, both for American and LE staff.

During the OIG team's meeting with the LE staff committee several members bemoaned the fact that the LE Staff Handbook has not been translated into the local languages. The handbook was revised in March 2005 and was undergoing another revision. The OIG team informally recommended that the handbook be translated into the local languages once the revisions are finalized.

Bosnia and Herzegovina actually has three official languages: Bosnian and Croatian, which are written in the Latin alphabet; and Serbian, which is written in the Cyrillic alphabet. The spoken languages are all similar to each other, but each ethnic group takes pride in identifying their languages separately. Job announcements for positions at the branch offices in Mostar and Banja Luka require language proficiency in English, as well as one of the official languages. Job announcements for positions at Embassy Sarajevo, however, require language proficiency in English and Bosnian, which is the language spoken by Bosniaks. The Croats and Serbs perceive this requirement as discriminatory.

Recommendation 15: Embassy Sarajevo should implement a policy that all job announcements for the entire mission require proficiency in any one of the three official languages of Bosnia and Herzegovina as well as English. (Action: Embassy Sarajevo)

Locally Employed Staff Retirement

In December 2000, the Department waived LE staff participation in the Bosnia and Herzegovina Local Social Security System (LSSS). Over the ensuing years, the Embassy contributed instead, to two alternative plans: the Temporary Basic (LSSS Replacement) Retirement Plan and the Temporary Supplemental Retirement Plan. In August 2004, all LE staff members were enrolled in the Foreign Service National Defined Contributions Plan and the Temporary Basic and Temporary Supplemental Retirement Plans were terminated.

Upon separation from the Embassy, an employee will receive a lump sum payment equal to 12 percent of salary earned since the date of employment. Employees with creditable service from May 29, 1994, to February 10, 2001, or February 11, 2001, to August 22, 2004, received lump sum payments of 0.6 percent and 3.8 percent of salary earned, respectively, when enrolled in the FSN Defined Contribution Plan due to the difference in contributions.

Individual LE staff and the LE staff committee voiced concern about receiving a lump sum payment rather than an annuity upon retirement—as would have been received if enrolled in the LSSS. As there may be LE staff nearing retirement, the OIG team informally recommended that embassy management and the LE staff committee create a retirement working group to survey the market, to determine if options exist for employees to invest their lump sum retirement payment, so that they could receive a retirement annuity.

LE staff also expressed an interest in contributing to the Voluntary Retirement System Plan once implemented by the Department.

Locally Employed Staff Committee

The OIG team met with the LE staff committee. The committee is currently selected based on location within Sarajevo, but also includes a representative from the branch office in Banja Luka. Even though they all have different viewpoints, they stressed that the committee has good communications with embassy management, and at times, has lunch or coffee with the Ambassador or the DCM.

The OIG team was impressed with the group's grasp of the issues impacting LE staff in both the near- and far-term. These included Department/USAID consolidation, the move to the NEC, a potential reduction-in-force, taxation, health insurance coverage upon retirement, lump sum retirement payment versus annuity, and funeral benefits.

The first three issues are much on the mind of embassy management with working groups soon to be established.

Taxation is one of the issues that affects the LE staff from not being enrolled in the LSSS. Effective January 1, 2009, employers in Bosnia were required to remit employee taxes monthly. Being exempt from LSSS participation, however, neither the Embassy nor the LE staff has taxpayer identification numbers allowing them to contribute. Affecting not only the Embassy's LE staff but also other diplomatic and international organizations, this issue is now pending in the Bosnian Council of Ministers for its guidance and subsequent legislation. In the interim, the LE staff has been advised to set aside their estimated monthly tax liability. The OIG team informally recommended that embassy management pursue the issuance of taxpayer identification numbers at the highest level.

A health insurance company provides medical benefits to locally employed staff and retirees can retain coverage for an additional 6 months provided they pay the Embassy's share. This insurance differs from the LSSS medical benefits, which are for life. After 6 months, the embassy retiree no longer qualifies to contribute at the group rate. The Embassy has initiated discussions with the Bureau of Human Resources' Office of Overseas Employment to explore the possibility of continued coverage funded by both U.S. Government and retiree contributions.

In their discussion of retirement, the LE staff committee alluded to the LE staff's preference to receive a retirement annuity in lieu of the current lump sum payment. This issue is discussed in more detail in the LE staff retirement section of the report.

A recent LE staff death highlighted the fact that the Embassy's local compensation plan does not include a funeral benefit. With the recent receipt of the annual compensation questionnaire, the OIG team informally recommended that embassy management seek the LE staff committee's input in the preparation of the Embassy's response so that transparency can be achieved.

GENERAL SERVICES OPERATIONS

The general services office comprises very knowledgeable, technically proficient personnel. Across the board, consistently high ICASS customer satisfaction survey scores testify to the high quality of services they deliver. The subunits apply technology and expertise within clearly defined processes to link the components of supply chain management into a seamless, smooth-running system of systems. Employing Web Post Administrative Software Suite (WebPASS) applications in textbook fashion not only automates most tasks, but also improves vertical and horizontal visibility and enhances internal controls. Customers use eServices to request some services, but the Embassy is moving toward fuller implementation of this automated system to provide an interface with WebPASS applications. The office also maintains an internal Web site that is excellent in terms of organization and content.

Procurement

The six-person procurement unit employs the full array of available means to acquire goods and services to the satisfaction of its users. In fact, the latest ICASS customer satisfaction survey indicated a score of 4.33, which compares very favorably to the bureau average score of 4.03 and the worldwide average of 3.89. The section maintains a small number of contracts that apply to shipping, various types of insurance and cell phone services, as well as almost 50 blanket purchase agreements. There are enough vendors for each type of blanket purchase agreement to ensure sufficient competition and availability. The section also processes purchase orders, and has at its disposal five purchase card holders and a subcashier to make purchases. The financial management section provides bulk funding for blanket purchase agreements, which speeds up the process, and plans are underway to do the same with purchase cards.

The procurement process is fully automated from requests to close-out, which reflect good coordination between end-users, financial management, and procurement. Customers submit requests using eServices, which interfaces and transfers the data to the WebPASS procurement application. The procurement section chief routes the request through the proper channels for processing and eventual payment by financial management. Financial management personnel input payment data into WebPASS, which allows proper close-out of procurement files. One tech-savvy staff member developed Excel spreadsheets to augment WebPASS and to adequately track transactions. Unauthorized commitments are very rare but, when they occur, the section properly documents and ratifies them.

Unit personnel are adequately trained and cross-trained, in large part due to the efforts of their supervisor, who ensures that funds are set aside for this purpose and/or that personnel take advantage of distance learning opportunities. Staff members have taken basic courses such as simplified acquisitions and the supervisor completed the 4-week acquisitions module at the Foreign Service Institute (FSI). Various section employees also completed purchase card and contracting officer's representative training. Between training and experience, the section has sufficient expertise and applies it well.

Property Management

The property management unit is well-run and well-organized and enjoys high levels of customer satisfaction for supply services. The leased warehouse facility is suboptimal in terms of distance, time, and cost. Original NEC plans included a warehouse and maintenance building, but OBO eliminated it due to insufficient funding.

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The facility is adequate for warehousing, with sufficient shelving, space, and configuration. The staff maintains property in a neat and organized manner, storing it in an orderly fashion so that items are easily located and retrieved. The receiving clerks are linked to the procurement process via WebPASS, which allows them to closely monitor the goods and services ordered by end users. Those items that are not delivered to the central receiving point, are received by one of 47 designated receiving officers, who notify receiving clerks by e-mail when delivery occurs. Effective communications allow the clerks to verify and document receipt of goods and services so that financial management can make timely payments. Receiving clerks demonstrated excellent knowledge of the entire supply chain management system.

The process of issuing and turning in property is managed and well-documented using the WebPASS nonexpendable property application. The section supervisor and the clerk coordinate closely between themselves and with their customers, to fulfill timely requests and account for all warehouse items.

The property management unit receives materials from various sections of the Embassy with no disposition instructions. The OIG inspector noted paint, flammables, a forklift, a Bobcat vehicle, and some unidentifiable materials that have been on-hand in some cases for years. The information management (IM) office stores equipment, some of which appeared to be fit for disposal, in a segregated cage in the warehouse. The security office stores emergency rations in a similar cage, some of which date back to 1998. Responsible offices have not determined the proper disposition of these materials.

Recommendation 16: Embassy Sarajevo should review its warehouse holdings and dispose of items that are unsalvageable or unneeded. (Action: Embassy Sarajevo)

The nonexpendable property clerk tries to maintain residential inventory records in accordance with regulations, but is hindered by employees' failure to sign their inventories, and thereby, establish a baseline from which to move forward with subsequent issues and turn-ins. Approximately 20 percent of inventories are not signed. The clerk sends e-mail reminders, the second of which explains that noncompliance is construed as tacit acceptance of the inventory. However, 14 FAM 416.3 f.-g. requires employees to sign residential inventories.

Recommendation 17: Embassy Sarajevo should develop and implement a plan that requires housing occupants to sign their residential inventories, thereby establishing proper responsibility and accountability. (Action: Embassy Sarajevo)

The property management unit conducted its annual inventory and submitted results to the Department as required. Missing property totaled \$25,816 or 0.36 percent of the total nonexpendable inventory. While the monetary amount was well below the 1 percent threshold required for special action by the Embassy, it is noteworthy that 28 of the items were information technology equipment with an acquisition value of \$17,500, including one laptop computer. Moreover, some of the items were located in controlled access areas. This underscores the need for information technology staff to coordinate closely with property management personnel when

items are moved, cannibalized, or disposed. The Embassy followed up the annual inventory with action to remove the missing items from its inventory and document the action using DS Form 132 (Property Disposal Authorization and Survey Report). Proper signatures were on the form, but information such as circumstances resulting in loss, actions taken to locate missing items, and recommendations for correcting procedures or holding anyone responsible, were lacking.

Recommendation 18: Embassy Sarajevo should develop and implement a plan to track and document the disposition of information technology equipment to maintain property accountability and to facilitate inventory controls. (Action: Embassy Sarajevo)

Recommendation 19: Embassy Sarajevo should develop and implement procedures to authorize disposal of and survey missing property, including describing circumstances, recommendations, and actions taken and accurately document the entire process using DS Form 132. (Action: Embassy Sarajevo)

Motor Pool

Motor pool operations run smoothly on a day-to-day basis and under extraordinary conditions such as the Vice Presidential visit that occurred during the OIG inspection. The section manages routine programs such as maintenance of records and fuel management very well, with proper documentation and controls. Drivers routinely use Optional Form 108 to record their trips, time, mileage, daily operator maintenance checks, and refueling. Drivers refuel at one of two stations within the city and with which the Embassy has arranged specific controls. Drivers top off their tanks, sign a log sheet, and receive a computer-generated receipt, which they turn over to the motor pool clerk. The clerk receives copies of the monthly invoice and the fuel station log sheets, reconciles them with the individual receipts he receives from each driver, and prepares a receiving report that is forwarded for eventual payment by the financial management section. The triple documentation helps to establish adequate internal controls for the process.

The motor pool has one trainer responsible for motor vehicle safety and defensive driving training programs. He attended the basic course and refresher training; his certification is current. The trainer has certified all drivers but they require individual recertification every 3 years, which is a considerable workload with approximately 180 drivers requiring evaluation. The OIG inspector informally recom-

mended that the Embassy consider training a second driver to sustain its driver safety program. The Embassy augments its driver training with off-site inclement and special road condition training offered by a commercial firm in Zagreb, Croatia. The fog, snow, road, and traffic conditions in Bosnia warrant this training, which is conducted using classroom, simulator, and test track instruction. One half of the motor pool drivers attended in FY 2008 and the other half should attend in 2009.

The administrative clerk's records are uniformly neat, orderly, and complete. He maintains vehicle data online using the Integrated Logistics Management System (ILMS) and submits timely corrections to the Bureau of Administration's Office of Logistics Management. Subsequent corrections to the ILMS database are not always as timely, and the Embassy on occasion, receives requests for information already submitted to the Department. For example, the number of vehicles on hand at the time of the inspection totaled 84, while the total shown in ILMS was 91. The amount of time and work needed to correct the database is a source of some frustration.

An OIG inspector reconciled vehicles on hand with the ILMS inventory dated December 10, 2008, which was sent by pouch to the Department on February 8, 2009. The inspector checked vehicle identification numbers against the inventory, noting only one instance in which digits had been transposed. He accounted for discrepancies by reference to disposal, transfer, and acquisition documentation. The OIG inspectors who visited the branch office in Banja Luka verified the identification numbers of the three vehicles located there. Besides the transposition discrepancy, the on-hand vehicles and the inventory report agreed.

Customs and Shipping

The customs and shipping unit effectively provides a full range of services dealing with shipments, vehicle registration and insurance, and value added tax refund processing. It earned a customer satisfaction score of 4.32 out of a possible 5 compared with a regional bureau average score of 4.09 and worldwide average score of 3.98. The unit chief conducts customer outreach, such as information briefings on new programs. For example, when the Embassy changed its shipping mode to international through bill of lading, he eased the transition by giving presentations, posting information to his section's Web site, and soliciting feedback to improve the process. This is exemplary of his customer orientation.

The unit also has played an important role in ensuring that materials for the NEC arrive in a timely manner. Prior to the surge in shipping activity, however, the unit chief worked with his contacts in local government ministries to expedite the

process, reaching agreement on an exception to allow customs clearance of shipments prior to arrival in-country. This is exemplary of the excellent working relationships the unit chief has established with local officials, developed and maintained over time and based on mutual understanding and respect, which facilitate delivery of services. During the period of May 2008 to April 2009, the unit cleared 390 shipments consigned to the NEC project.

As with other units of the management section, customs and shipping has automated many of its functions to improve efficiency and effectiveness. It uses one Access database to track key information on each employee and another to help process value added tax refunds. In the latter case, refunds normally are processed completely in less than a month. These tech-savvy, customer- and process-oriented solutions appear representative of LE staff initiative and their innovative approach to problem solving.

Facilities and Housing

The NEC is centrally located and in close proximity to public transportation points. At the time of the inspection, it was on track to be completed in March 2010 with move-in scheduled for the June-July timeframe. The warehouse facility was descoped from the original plans, as mentioned earlier in the report, resulting in retention of a facility with annual lease costs of about \$230,000 and recurring costs of time, fuel, and personnel costs related to warehouse and maintenance operations being located off-compound. The Embassy estimates that construction of a warehouse/maintenance facility on the NEC would cost approximately \$1.5 million with costs recouped in 4.5 years and internal controls improved by colocation. The Embassy could work with OBO to construct the facility in the interest of cost savings and more efficient operations.

Recommendation 20: Embassy Sarajevo, in coordination with the Bureau of Overseas Buildings Operations, should develop and implement a plan to construct a logistical and maintenance support facility on the new embassy compound. (Action: Embassy Sarajevo, in coordination with OBO)

The housing program recovered after some staffing issues that were resolved in 2008. The LE staff member who now manages the program is very knowledgeable, meticulously maintains the records on almost 100 leased properties, and has shepherded the Embassy into OBO's rental benchmark initiative and kept it in "green" status since admission. Hardcopy files on each property are neat and organized, as

are the files that document housing board meetings. The LE staff member almost completed electronic files on properties, including floor plans in the computer assisted design application AutoCAD, photo slideshow, location on mapping software, and a narrative description written by an employee who has lived in the unit. He also maintains various Excel spreadsheets depicting geographic distribution and lease costs by neighborhood, employee arrival/departure dates, housing board assignments, make ready plans and schedules that are coordinated with maintenance and property control sections, and lease payment schedules. The organization and IM aspects of the housing program are impressive.

USAID is a member of the Interagency Housing Board, but maintains its own housing in contravention of 05 State 44737 guidance on transition to a single, unified housing pool. The embassy management office and the USAID mission implemented a memorandum of understanding allowing the USAID LE staff member to assist the ICASS housing employee during peak season. This represents one step toward integration, cost savings and conformance with policy, but more progress is possible, necessary, and required. On March 14, 2005, the Department issued guidance on this matter to all diplomatic and consular posts via telegram (05 State 44737).

Recommendation 21: Embassy Sarajevo should develop and implement a plan to transition to a single, unified housing pool. (Action: Embassy Sarajevo)

Embassy housing consists of short-term lease units with the exception of the officer posted to the branch office in Banja Luka, whose housing is leased under a living quarters allowance (LQA). The Embassy's unwritten policy is to limit LQA to Banja Luka, but the policy is not formal and OBO has not approved the Embassy's LQA program as required by 15 FAM 312.3.

Recommendation 22: Embassy Sarajevo, in coordination with the Bureau of Overseas Buildings Operations, should obtain formal approval for its living quarters allowance program. (Action: Embassy Sarajevo, in coordination with OBO)

The facilities maintenance unit provides timely and effective support to its customers, attaining high ICASS customer satisfaction scores, particularly on the residential side. The section processes and responds to work requests quickly, often rendering same day service. The section chief closely monitors requests using Web-

PASS and enters time, materials, and labor costs to close out work orders. He has not made full use of the preventive maintenance module, a shortcoming that could become even more serious with complex systems found in NECs. The locally employed maintenance unit chief expressed concern regarding his team's preparation to operate and maintain these complex systems.

The NEC process provides for the construction contractor to give operations and maintenance training to the LE staff. It will be important for the Embassy to have the right employees on staff and to be prepared to take the training at the proper time.

Many embassy short-term lease residences have grilles in windows and doors to deter crime. Padlocks secure some of the grilles, but this poses a fire and life safety problem as occupants should be able, in certain cases, to disengage the locking device to facilitate escape. The Embassy is fixing the problem by arranging with landlords to retrofit proper locking devices or by installing different entry doors to meet security requirements. As grilles that preclude two means of escape from bedrooms or residences pose a fire and life safety danger, the OIG team expressed concern that the Embassy solves the problem as soon as possible.

INFORMATION MANAGEMENT

The IM unit in Sarajevo provides a wide range of support services to the chancery and its satellite offices in Sarajevo, as well as to the branch offices in Banja Luka and Mostar. The OIG team found that the IM unit is well-managed and does a particularly good job in systems and contingency planning documentation. The Embassy needs to make some minor adjustments, however, related to the performance of system duties and the utilization of the proper forms for managing the IM staff's training. Additionally, the Embassy is requesting an entry-level information management specialist position. The OIG inspection team would like to see that hiring decision postponed until a rightsizing review can be conducted.

The existing embassy compound is spread out over several old buildings and is very cramped, but the move into the NEC will consolidate almost all mission elements into one building, and should improve communications and coordination among sections and agencies. It will also provide much-needed space to enable the IM unit to conduct user classroom training for embassy personnel.

IM operations consist of the information systems center and the information program center. The information systems center is responsible for the maintenance,

security, and operation of all the Embassy's unclassified networks, including the Department's Sensitive But Unclassified OpenNet Plus network, and various unclassified dedicated internet networks. The Embassy's OpenNet Plus network supports approximately 350 customers with 255 workstations and 17 servers. The five dedicated unclassified Internet networks are used by the PAS, systems staff, the travel office, the consular section, and the language training lab. All five dedicated Internet networks have the required waivers for operation as required by 5 FAM 874. The information program center is responsible for the operations, security, and maintenance of the Embassy's classified network, telephone and radio communications, the switchboard operations, the classified and unclassified pouch, and local mail service. The classified network has 31 workstations and two servers.

The IM unit's direct-hire American staff includes an information management officer (IMO), an information systems officer, two IM specialists, and a part-time, cleared American pouch officer. In addition to the current staff, the IM unit also includes 11 LE staff members who serve as network system administrators, telephone technicians, mailroom clerks, and telephone operators.

The OIG inspection team was very impressed with the quality and quantity of the systems documentation. Documentation included logical and physical network diagrams, system backup procedures, and procedures to save and clear the systems logs.

Staffing

The Embassy asked for an additional IM position in its 2011 MSP, and EUR gave preliminary approval for the position. The Embassy believes that the additional position is needed to support more complex IM needs when all mission personnel are consolidated in the NEC. The OIG inspection team is not fully convinced, however, that an additional IM staff member is justified, and believes the Embassy and the Department need to conduct a further analysis of IM staffing and workload before a final decision is made.

Recommendation 23: Embassy Sarajevo, in coordination with the Bureau of European and Eurasian Affairs, should conduct a further analysis of projected workload needs at the new embassy compound to determine whether an additional information management position is warranted. (Action: Embassy Sarajevo, in coordination with EUR)

Training

While the IMO has a method for managing the training of the IM staff, she is not using the Department individual development plan form. Per 5 FAM 121.3c (3) (d), the IMO is required to work with her subordinates to develop individual development plans to that meet their training and development needs. The OIG team informally recommended that the IMO use the proper forms to manage her staff's training needs.

System Security

To manage and perform the Embassy's system security duties, the Embassy designated in a September 2008 memorandum, a primary and alternate information systems security officer (ISSO). At the time of the inspection the primary ISSO was on leave but the alternate ISSO was available. The OIG inspector requested that the alternate ISSO perform the weekly ISSO duties on the unclassified systems while the OIG inspector observed. The alternate ISSO seemed unfamiliar with steps required to perform the general ISSO duties, and asked if he could perform the weekly ISSO duties later when the senior LE system administrator was there to assist him. Although the Embassy scored well in systems security, as measured by iPost, the OIG informally recommends that more attention be focused on procedural ISSO duties, which typically include checking for inappropriate material, logon failures, and elevated access privileges.

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QUALITY OF LIFE

EQUAL EMPLOYMENT OPPORTUNITY

The equal employment opportunity (EEO) program at Embassy Sarajevo is proactive and innovative, going beyond what is required. The program is reflective of the strong commitment to EEO principles of the EEO Counselor, who served in this position at several previous posts. She has had both initial and refresher training.

The EEO Counselor, who is the IMO, set up an EEO bulletin board in the management annex of the Embassy. The bulletin board includes the EEO counselor's name and contact information and EEO announcements from the Department. It also includes information about the Federal Women's Program Coordinator. The counselor set up an EEO window in the chancery, which is in the same compound as the annex. She arranged a special display in the window for African-American history month. On her own initiative, she gave a presentation on EEO for all American staff at the Embassy. She sends out EEO announcements by e-mail to all members of staff. She gave a PowerPoint presentation on EEO to the LE staff and has selected an LE staff EEO liaison to facilitate coordination on EEO issues with the LE staff. Also, she reviewed the Embassy's EEO files and found no EEO complaints at Embassy Sarajevo for at least the past 2 years.

Both management counselor and the EEO counselor disseminated the notice on mandatory No FEAR Act training to all embassy staff after the Embassy received it from the Department. The EEO Counselor also sent it out again a few days prior to the May 1 deadline. The counselor and her three IMO subordinates all completed the training. She does not know how many others at the Embassy completed the training.

The Embassy's LE staff includes representatives of all three of Bosnia and Herzegovina's three major ethnic groups. The EEO counselor has described the LE staff as "incredibly tolerant" and the LE staff members confirmed that they work well together and support each other. This harmony is a significant achievement given the animosities that persist in the society at large.

COMMUNITY LIAISON OFFICE

The community liaison office (CLO) carries out an active program of orientation, sponsorship of new employees, and cultural and social activities for the embassy community. A full-time community liaison officer manages the office, with the help of a part-time EFM assistant. A third EFM edits the embassy newsletter. All three employees of the office report directly to the management counselor and meet with her frequently. They meet with the DCM once a month. The CLO carries out an annual orientation of new embassy staff and families in the fall. The CLO is planning a “hail and farewell” for the early summer and is considering holding one or two additional hails and farewells later in the year to ensure that everyone is able to participate. Having both a full-time CLO and a part-time assistant works well at this post of 97 American employees, approximately half of whom have families with them.

In the past, under different management, some members of the community criticized the sponsorship program. The CLO is making an effort to match new employees with sponsors with similar interests and needs (for example, matching families with young children with employees who have similar family structures). The CLO also provides guidelines for sponsors.

There are concerns as well that CLO activities focus on employees with families. The CLO is making an effort to offer activities that appeal to all types of employees: single employees, couples without children, and families with children. For example, the CLO arranges monthly evening outings to area restaurants, monthly morning coffees for spouses, and exhibits by local artists at the Embassy. The CLO also arranges events for families with children such as the spring egg hunt and a Halloween party. The CLO arranges day or overnight trips to places of interest such as Mostar and a national park. The CLO noted that it is challenging to arrange trips in Bosnia and Herzegovina as the tourism industry is not well developed. The Assistant CLO is a native of Croatia and speaks the local language, which facilitates arranging trips and other activities. The CLO maintains a library of books and videos, mainly donated by embassy staff, and a file with information about household help, restaurants, and shopping.

The CLO is part of the embassy employment committee and tries to promote family member employment as one of her goals. The Embassy has a bilateral agreement with the government of Bosnia and Herzegovina; however, the unemployment rate in Bosnia and Herzegovina is very high and local wages are low. No EFMs currently work on the local economy and there is virtually no outside job availability.

Fourteen EFMs work full or part time inside the Embassy and two EFMs work outside the Embassy as telecommuters. There are 44 spouses at the Embassy and there is demand for more employment. A number of EFMs help the CLO as volunteers.

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(b) (2) To help ensure that EFMs get information about the CLO and other embassy activities, the CLO sends all embassy notices to EFMs by e-mail. The CLO has an open door policy and EFMs and employees frequently drop by to talk or get information.

HEALTH UNIT

A first-tour Foreign Service health practitioner (FSHP), a full-time Norwegian-trained LE nurse, a part-time Canadian-trained LE nurse, and a secretary staff the embassy health unit. The health unit receives regional support from a regional medical officer (RMO) and a RMO psychiatrist based in Embassy Belgrade and Vienna, respectively. The regional medical technologist based in American Consulate Frankfurt last visited in October 2008, and the regional medical manager based in Embassy Brussels, serves as a resource as needed. The Embassy lacks a medical advisor, but a new local clinic has been in contact with the health unit and the FSHP is exploring options. The unit provides primary care to American staff and families as well as LE staff suffering from work-related injuries or illnesses. Local medical care providers do not offer adequate secondary care and are only used in emergencies. Patients are routinely evacuated to London or Washington.

The current health unit offices are barely adequate; they offer little privacy, are too small and cramped, lack adequate storage space, and are not child-friendly—a big negative in an embassy with approximately 80 children. These problems will be alleviated next summer with the opening of the NEC. The new health unit will be spacious, with a waiting room, two offices, two examination rooms, a laboratory, and a storage area.

All medications are properly tagged and reviewed for expiration dates, and controlled substances are properly secured. Mindful of pandemic influenza concerns, the health unit is stocked with a supply of gowns, goggles, masks, gloves for caretakers, and an adequate supply of Tamiflu in pill form.

The health unit placed 12 automated external defibrillators throughout the Embassy, to include the chancery, annexes, USAID, and the Ambassador's vehicle. All local guards and regional affairs office personnel received first aid training, and the FSHP plans to offer such training to at least one employee in each of the Embassy's units.

The Office of Medical Services plans to replace the FSHP with a RMO upon the FSHP's departure in 2010. This decision was motivated in part by a need to place a second RMO in the region to assist the RMO at Embassy Belgrade. Embassy Sarajevo and Embassy Belgrade are the two largest posts in the region, along with Embassy Belgrade, so it made sense to place the additional RMO in Sarajevo. The embassy community, (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2) may not fully understand the implications of having an RMO. Unlike the FSHP, the RMO will have responsibilities to travel to other posts and will not always be present in Sarajevo. Embassy leaders, including the new RMO, will need to conduct town hall meetings, to reassure the community that their health needs will continue to be met, even when the RMO is away from post.

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(b)(2)(b)(6) An advisory board composed of four to six members, rather than a school board, assists the school in its operations. The Ambassador's representative on the advisory board is the management counselor. There is an active parent-teacher organization.

The school offers an outcome-based educational program with a curriculum similar to that of U.S. public and private schools. In addition, the school offers advanced placement courses in a variety of subject areas, as well as three foreign languages (French, German, and Bosnian). The school's curriculum includes physical educa-

tion, but extracurricular activities for high school students are limited because of the small size of the secondary school population. (b)(2)(b)(6) cannot accommodate special needs children. (b)(2)(b)(6) is fully accredited by the Middle States Association of Colleges and Schools, and just went through its mid-year accreditation.

The embassy community is generally satisfied with the quality of the school in the primary grades. The main concern with the high school is that it is small and therefore cannot offer many extracurricular activities. The Office of Overseas Schools maintains a supportive relationship with (b)(2)(b)(6) providing grants for both educational and security enhancements. Its regional education officer last visited the school in November 2008.

MANAGEMENT CONTROLS

MANAGEMENT

The management section employs effective internal controls to avoid waste, fraud, and mismanagement. Its adoption of automation, such as eServices and WebPASS to request and manage administrative services, helps to increase involvement, documentation, and visibility throughout the electronic processes. The textbook use of WebPASS applications, including input of payment information by financial management personnel, is commendable. Processes designed and implemented by the Embassy, exemplified by the fuel management program for motor pool vehicles, highlight the staff's awareness of internal controls and their implementation.

All three of the financial management units' voucher examiners also serve as E2 Solutions travel arrangers, which practice negate a major tenet of good internal controls, which is separation of duties. The Embassy's FM/HR officer and the financial management unit's LE staff brought this to the OIG team's attention. The OIG team informally recommended that training be provided to travelers and/or their surrogates, so that the duties of travel arrangers are devolved from the voucher examiners.

CONSULAR

The consular section maintains excellent management controls. One area needing correction involves the DCM not reviewing the visa adjudications of the consular section chief. As the latter assists the other two officers frequently in adjudicating visas, the number of cases that should be reviewed by the DCM is significant. The OIG team made an informal recommendation that this be corrected.

LIST OF RECOMMENDATIONS

- Recommendation 1:** Embassy Sarajevo should design and implement a new system to streamline front office handling of requests, invitations, and briefing materials in a way that uses electronic communications and reduces the amount of clearances and speeds the clearance process. (Action: Embassy Sarajevo)
- Recommendation 2:** Embassy Sarajevo, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should eliminate the position of staff assistant in the front office. (Action: Embassy Sarajevo, in coordination with EUR and HR)
- Recommendation 3:** Embassy Sarajevo, in coordination with the Foreign Service Institute, should prepare and implement a plan provide training for locally employed staff lacking basic and advanced political or economic training. (Embassy Sarajevo, in coordination with FSI)
- Recommendation 4:** Embassy Sarajevo, in coordination with the Foreign Service Institute, should prepare and implement a plan to provide training for locally employed staff in Bosnia and Herzegovina on topics that are specifically relevant to the region. (Action: Embassy Sarajevo, in coordination with FSI)
- Recommendation 5:** Embassy Sarajevo, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should establish and fill a position of Assistant Cultural Affairs Officer for programs, with specific responsibility for outreach to Bosnia and Herzegovina's three ethnic communities. (Action: Embassy Sarajevo, in coordination with EUR and HR)
- Recommendation 6:** Embassy Sarajevo, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should establish and fill an additional locally employed staff position to support the civic education program. (Action: Embassy Sarajevo, in coordination with EUR and HR.)
- Recommendation 7:** Embassy Sarajevo, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should create and fill an entry-level officer position in the Branch Office in Banja Luka. (Action: Embassy Sarajevo, in coordination with EUR and HR)

Recommendation 8: Embassy Sarajevo should establish a new work requirements statement for the American officer in charge of the Branch Office in Banja Luka to reflect the fact that that individual will report directly to the deputy chief of mission. (Action: Embassy Sarajevo)

Recommendation 9: Embassy Sarajevo should create and implement a travel plan in which management officers visit the Branch Office in Banja Luka on a regular basis at an interval that is mutually agreed upon between Sarajevo and Banja Luka. (Action: Embassy Sarajevo)

Recommendation 10: Embassy Sarajevo should provide a reporting plan with clear instructions, guidance, and feedback to the political and economic locally employed staff member in Mostar on what information is needed and a timetable for providing it. (Action: Embassy Sarajevo)

Recommendation 11: Embassy Sarajevo, in coordination with the Bureau of Consular Affairs and the Bureau of Human Resources, should eliminate one of the entry-level officer positions in the consular section. (Action: Embassy Sarajevo, in coordination with CA and HR)

Recommendation 12: Embassy Sarajevo, in coordination with the Bureau of Consular Affairs and the Bureau of Human Resources, should change the grade level of the consular section chief position from FS-02 to FS-03. (Action: Embassy Sarajevo, in coordination with CA and HR)

Recommendation 13: Embassy Sarajevo, in coordination with the Bureau of Consular Affairs, should add the consular section to the regional consular officer program once the section chief position has been downgraded. (Action: Embassy Sarajevo, in coordination with CA)

Recommendation 14: Embassy Sarajevo, in coordination with the Bureau of Consular Affairs, should review the validity period for tourist and business nonimmigrant visas for citizens of Bosnia and Herzegovina to determine whether the current 1-year validity periods can be increased. (Action: Embassy Sarajevo, in coordination with CA)

Recommendation 15: Embassy Sarajevo should implement a policy that all job announcements for the entire mission require proficiency in any one of the three official languages of Bosnia and Herzegovina as well as English. (Action: Embassy Sarajevo)

Recommendation 16: Embassy Sarajevo should review its warehouse holdings and dispose of items that are unsalvageable or unneeded. (Action: Embassy Sarajevo)

Recommendation 17: Embassy Sarajevo should develop and implement a plan that requires housing occupants to sign their residential inventories, thereby establishing proper responsibility and accountability. (Action: Embassy Sarajevo)

Recommendation 18: Embassy Sarajevo should develop and implement a plan to track and document the disposition of information technology equipment to maintain property accountability and to facilitate inventory controls. (Action: Embassy Sarajevo)

Recommendation 19: Embassy Sarajevo should develop and implement procedures to authorize disposal of and survey missing property, including describing circumstances, recommendations, and actions taken and accurately document the entire process using DS Form 132. (Action: Embassy Sarajevo)

Recommendation 20: Embassy Sarajevo, in coordination with the Bureau of Overseas Buildings Operations, should develop and implement a plan to construct a logistical and maintenance support facility on the new embassy compound. (Action: Embassy Sarajevo, in coordination with OBO)

Recommendation 21: Embassy Sarajevo should develop and implement a plan to transition to a single, unified housing pool. (Action: Embassy Sarajevo)

Recommendation 22: Embassy Sarajevo, in coordination with the Bureau of Overseas Buildings Operations, should obtain formal approval for its living quarters allowance program. (Action: Embassy Sarajevo, in coordination with OBO)

Recommendation 23: Embassy Sarajevo, in coordination with the Bureau of European and Eurasian Affairs, should conduct a further analysis of projected workload needs at the new embassy compound to determine whether an additional information management position is warranted. (Action: Embassy Sarajevo, in coordination with EUR)

INFORMAL RECOMMENDATIONS

Informal recommendations cover operational matters not requiring action by organizations outside the inspected unit and/or the parent regional bureau. Informal recommendations will not be subject to the OIG compliance process. However, any subsequent OIG inspection or on-site compliance review will assess the mission's progress in implementing the informal recommendations.

PUBLIC AFFAIRS

Both American officers in the PAS usually attend the morning press briefings and staff meetings in the chancery, meaning no American officer is present in the PAS until mid-morning. This is not a good utilization of resources.

Informal Recommendation 1: Embassy Sarajevo should establish a schedule in which the PAO and the CAO attend the press briefings and staff meetings in the chancery on an alternating basis.

BRANCH OFFICE BANJA LUKA

The LE staff at the branch office in Banja Luka perceives that the Embassy solicits volunteers from other American embassies in the region for special events, such as the recent visit by the Vice President, before turning to them for help. This contributes to a sense of isolation from the Embassy on the part of members of the LE staff in Banja Luka.

Informal Recommendation 2: Embassy Sarajevo should establish and implement a standard operating procedure in which the locally employed staff at the branch offices in Banja Luka and Mostar are offered the opportunity to volunteer for special visits before the Embassy solicits help from other embassies in the region.

CONSULAR AFFAIRS

The DCM has not been reviewing the visa adjudications of the consular section chief, a management control that is required by regulation.

Informal Recommendation 3: Embassy Sarajevo should establish and implement a standard operating procedure in which the DCM will review, on a regular basis, the visa adjudications of the consular section chief.

MANAGEMENT SECTION

The ICASS council has not provided input to the management counselor's annual performance evaluation, as required by 6 FAH-5 H-161 a.

Informal Recommendation 4: Embassy Sarajevo should require the ICASS council chair to provide input to the management counselor's annual performance evaluation report.

Embassy Sarajevo's LE Staff Handbook is only printed in English.

Informal Recommendation 5: Embassy Sarajevo should translate the LE Staff Handbook into the local languages after its current revision is completed.

At retirement, the LE staff receives a lump sum payment rather than an annuity from the Defined Contribution Plan.

Informal Recommendation 6: Embassy Sarajevo should form a working group to survey the market to determine if options exist for employees to invest their lump sum payment and receive a monthly annuity.

LE staff employees are unable to pay their monthly income taxes using their personal identification number as was the case when taxes were paid yearly.

Informal Recommendation 7: Embassy Sarajevo should pursue the issuance of taxpayer identification numbers with their high-level government of Bosnia and Herzegovina interlocutors.

The LE staff committee voiced concern about the lack of benefits, in particular a funeral benefit, provided in the local compensation plan.

Informal Recommendation 8: Embassy Sarajevo should seek the LE staff committee's input in the preparation of the annual compensation questionnaire.

Embassy Sarajevo has almost 180 employees who operate motor vehicles, but only one trainer for the Department-wide program who trains drivers in safety and defensive driving skills. Training a second driver would help balance the workload and ensure assets are available to evaluate drivers in a timely manner.

Informal Recommendation 9: Embassy Sarajevo should consider developing and training a second driver to increase its capability of training and evaluating drivers.

INFORMATION MANAGEMENT

The IMO is not using the proper form for ensuring that the IM staff's training and development needs are being met.

Informal Recommendation 10: Embassy Sarajevo should ensure that the IMO is using the appropriate form for the individual development plans for the staff in the Information Management Office.

The alternate ISSO was not familiar with the steps required to perform general ISSO duties.

Informal Recommendation 11: Embassy Sarajevo should ensure that the alternate ISSO is familiar with the general duties required of an ISSO.

The financial management unit's voucher examiners also serve as E2 Solutions travel arrangers, which does not adequately separate duties.

Informal Recommendation 12: Embassy Sarajevo should provide training to travelers or their surrogates in preparing travel vouchers in E2 Solutions.

PRINCIPAL OFFICIALS

Officer	Name	Arrival Date
Ambassador	Charles L. English	09/07
Deputy Chief of Mission	Judith B. Cefkin	07/06
Chiefs of Sections:		
Consular	Daniel H. Gershator	08/08
Economic	Frank W. Ostrander	08/06
Management	Helen H. Hahn	08/07
Political	Michael J. Murphy	07/06
Regional Affairs Office	Mark A. Post	07/08
Public Affairs	Janet Miller	07/08
Regional Security	Karen R. Schaefer	07/08
Other Agencies:		
Defense Attaché	Michael V. Schleicher	08/08
Department of Justice	Barbara M. Carlin	08/07
International Criminal Investigative Training Assistance Program	James Tillman	08/98
Legal Attaché Office	Stephen P. Rees	03/08
Office of Defense Cooperation	Mark Jeffris	08/08
U.S. Agency for International Development	Diana Swain	02/09
U.S. Treasury	George Gianaris	11/05

ABBREVIATIONS

CA	Bureau of Consular Affairs
CAO	cultural affairs officer
CLO	community liaison office
DCM	deputy chief of mission
Department	U.S. Department of State
EEO	Equal Employment Opportunity
EFM	eligible family member
ELO	entry-level officer
EU	European Union
EUR	Bureau of European and Eurasian Affairs
FM/HR	financial management/human resources
FSHP	Foreign Service Health Practitioner
FSI	Foreign Service Institute
HR	Bureau of Human Resources
ICASS	International Cooperative Administrative Support Services
ICITAP	International Criminal Investigation and Training Assistance Program
ILMS	Integrated Logistics Management System
IM	information management
IMO	information management office(r)
IO	information officer
LE	locally employed
LQA	living quarters allowance
LSSS	local Social Security System
MSP	Mission Strategic Plan
NATO	North Atlantic Treaty Organization

NEC	new embassy compound
NGO	Nongovernmental organization
OBO	Bureau of Overseas Buildings Operations
OHR	Office of the High Representative
OIG	Office of Inspector General
OMS	Office management specialist
PAO	public affairs officer
PAS	public affairs section
PD	public diplomacy
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RMO	regional medical officer
SEED	Support for East European Democracy
USAID	U.S. Agency for International Development
WebPASS	Web Post Administrative Software Suite

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