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

Report of Inspection

Embassy Belgrade,
Serbia

Report Number ISP-I-10-09A, November 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 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 instances 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

TABLE OF CONTENTS

KEY JUDGMENTS	1
CONTEXT	3
EXECUTIVE DIRECTION	7
POLICY AND PROGRAM IMPLEMENTATION.....	13
Political and Economic Overview	13
Political Section	15
Economic Section	16
Foreign Assistance	17
Public Affairs	18
Consular Affairs.....	22
RESOURCE MANAGEMENT.....	27
Management.....	28
Financial Management.....	29
International Cooperative Administrative Support Services	30
Human Resources	31
General Services Operations.....	34
Information Management.....	39
Dedicated Internet Network.....	40
QUALITY OF LIFE	45
Community Liaison Office	45
Health Unit	46
Equal Employment Opportunity	47
Employee Association.....	48
(b)(2)(b)(6)(b)(2)(b)(6)	49
MANAGEMENT CONTROLS	51
Management Section	51
Consular Section	51

LIST OF RECOMMENDATIONS 55
INFORMAL RECOMMENDATIONS 57
PRINCIPAL OFFICIALS 61
ABBREVIATIONS 63

KEY JUDGMENTS

The Ambassador and deputy chief of mission (DCM) have recalibrated U.S.-Serbian relations and achieved significantly more cooperation on U.S. objectives. This improvement is especially notable because it occurred in the aftermath of U.S. recognition of Kosovo's independence, which incited the Serbian Government to act with hostility toward the United States.

The Ambassador's leadership during a 2008 attack on the Embassy was outstanding. He and his team foresaw impending danger and prepared for it carefully. When assailants penetrated the Embassy, no employees suffered injury, and no protected materials were compromised.

After the attack, the ordered departure and subsequent return of U.S. personnel proceeded smoothly, as did rebuilding the chancery. Consequently, there was minimal disruption to embassy operations and surprisingly few negative aftereffects.

The front office needs to oversee the consular section more closely. The section suffers from weak leadership and poor internal communication. It needs to tighten management controls and instill discipline in some of the locally employed (LE) staff.

The political and economic sections work well together, despite the disadvantage of being housed in different buildings of the Embassy. Both sections also benefit from colocation with their LE staff, which enhances useful collaboration and benefits morale and information exchange.

The Embassy has done an exceptional job of establishing goal implementation groups, a system the DCM designed to make every section an active player in supporting Mission Strategic Plan (MSP) goals.

The Embassy's innovative and nationwide public diplomacy program, which involves all sections of the Embassy and eight American Corners, has moved Serbian perceptions of the United States in a positive direction.

CONTEXT

Serbia, once Yugoslavia's industrial and geographic heartland, is now the largest and most populous of the western Balkan countries — and the most ambivalent



about cooperation with the United States. Deep-seated nationalism and an ancient sense of victimization compound Serbia's problems by retarding its progress toward European integration and renewed international respect. Serbia wants to be the Balkan leader, but fails to accept that its aggressions in the 1990s earned it widespread animosity.

Eighty-three percent of Serbia's 7.5 million people are Orthodox Christian Slavs, proud of the legacy of their ancient association with the Byzantine Empire and their fierce resistance to 500 years of Turkish rule. Serbia long lay on the fault line

between the Ottoman and Austro-Hungarian Empires, but saw itself as part of neither. Today the country bestrides major transit routes between Europe, Asia Minor, and the Middle East, yet still does not interact with its neighbors well.

Serbia's golden age occurred in the Middle Ages when its national identity took shape. Its defeat by the Turks in 1389, an emotionally charged event in Serbian history, marked the start of a long decline that was reversed only in the nineteenth century with rebellions and eventual independence. Serbia entangled itself in the Balkan Wars of 1912 and 1913 and emerged from World War I on the Allied side but with devastating losses after early defeats by Austria, Hungary, and Germany. During the inter-war period, the unifying call of Communism appealed to many Serbs, who joined Josip Broz Tito's partisans and eventually resisted the Nazis during World War II. One-tenth of Yugoslavia's people—1.7 million people—perished.

In 1948, Tito broke with the Soviet Union and formed a unique brand of Communism characterized by autonomy for Yugoslavia's regions, reduction of inter-ethnic tension, nonalignment in foreign affairs, and more democracy than the Soviets allowed. However, economic troubles following Tito's death in 1980 sowed the seeds of secession. Slobodan Milošević, a nationalistic demagogue, came to power in the late 1980s and was able to rally a majority of Serbs throughout Yugoslavia to attempt to expand Serbia's territory at the expense of Yugoslavia's other republics. His campaigns led Yugoslavia to bloodshed and ruin: first Slovenia declared independence then Croatia, Bosnia and Herzegovina, Macedonia, and Kosovo broke away, with thousands dying in inter-ethnic fighting during each of those fractures. Only Montenegro seceded peacefully after a referendum on independence in 2006.

Massive protests in Belgrade in 2000 finally rid Serbia of Milošević. However, Milošević had censored the news during his reign, and many Serbs still do not believe that his wars caused the death and displacement of hundreds of thousands of people throughout the former Yugoslavia. Most Serbs see the North Atlantic Treaty Organization (NATO) bombing in 1999, which stopped the massacre of the Kosovar population, as an unprovoked and unfair attack that victimized the Serbs. President Tadić, a European-oriented reformer who first came to power in 2004, has begun to move public opinion to a more realistic view of recent history, but widespread anti-American and anti-NATO sentiment persists. When Kosovo declared independence in 2008 and the United States recognized its sovereignty, mobs attacked the U.S. Embassy in Belgrade and set it afire. Today, Serbia and Russia work actively to persuade other countries to deny Kosovo recognition.

President Tadić's new, pro-European government set its sights on accession into the European Union (EU). Despite the economic downturn and the distraction over Kosovo's independence, Serbia has embarked on this track. Thus the post-Milošević era is over, but challenges such as the financial crisis, Kosovo, and lingering nationalism in some parts of the population sometimes make a European future seem uncertain. U.S. objectives are to sustain Serbia's institutional reform, democratic governance, and economic growth so that it can move closer to the EU and ultimately other key institutions, such as NATO, while transcending an overriding focus on Kosovo. The United States also works to help Serbia become more stable and secure so that it can be a strategic partner in the region and globally. The international community awaits Serbia's full cooperation with the International Criminal Tribunal for the Former Yugoslavia in The Hague, the Netherlands, specifically that it arrest and extradite war criminal Ratko Mladić. U.S. assistance programs target key elements of the tasks facing Serbia as it reluctantly moves beyond the break-up of Yugoslavia: parliamentary efficiency; improved local governance; small business growth; judicial reform; and police and military training.

The Embassy has been closed or evacuated four times in the last 15 years and still operates in the compound that was trashed and burned in 1999 and 2008. Employees must cope with residual trauma from those events, plus cramped, inefficiently arranged, often window-less offices and highly inconvenient access to secure communications. The next management challenge is construction of the new embassy compound (NEC), which is now expected to be complete in 2013. Staffing and resources appear adequate to present U.S. objectives.

Embassy Belgrade's staff currently comprises 73 U.S. direct-hires, 11 contract and eligible family members (EFMs), and 295 LE staff, including 96 local guards. The Department's FY 2009 budget for Belgrade is \$16.28 million, U.S. Agency for International Development (USAID) funding is \$44.5 million, and military training funding totals \$1.7 million.

EXECUTIVE DIRECTION

The Ambassador and DCM have overcome enormous obstacles in making Embassy Belgrade a productive, successful engine of U.S. foreign policy. They have transformed Serbia's interactions with the United States, while ably guiding the embassy community during a traumatic mob attack on the chancery, closure of the Embassy, ordered departure, and eventual return of American staff. The 2008-2009 period tested the Ambassador and DCM far more than is typical and they deserve great credit for inspiring their colleagues to produce impressive results and keep their spirits intact during this prolonged crisis.

The Ambassador recalibrated U.S.-Serbian relations, a formidable undertaking given that the Serbian Government refused to talk to him or any U.S. official during the run-up to, and immediate aftermath of, Kosovo's declaration of independence. During this nadir, he reached out to the Serbian public and initiated a controversial but successful campaign to engage the influential Serbian business community. He also chipped away at Serbian Government intransigence by meeting with even the most junior officials to keep communication open. He gradually brought the public and government around to the point that attitudes today are significantly more positive about the United States, and Serbia is cooperating officially in many areas of interest to our country. The Ambassador now has outstanding access to Serbia's power structure, as evidenced by his farewell call on President Tadić during the inspection.

In addition to changing the views of a hostile host government, the Ambassador also worked hard to help a more Westward-leaning government take shape after a crucial recent election. He rightly perceived that the government stability depended upon forming a coalition with certain politicians with unsavory histories but present-day democratic aspirations. Behind the scenes, the Ambassador cajoled this coalition into being, and for all its faults it probably represents the best government Serbia has ever had, including in Yugoslav times. The Ambassador took real risks in this effort, not least vis-à-vis Serb-averse colleagues in Washington. Now, however, Washington officials widely recognize that the coalition, which President Tadić leads, is inching forward towards fuller integration with the EU, with the Ambassador's encouragement. He has, for example, led USAID to set up, monitor, and push for progress on a list of actions that are required for Serbia to join the World Trade Organization, an EU prerequisite. He also orchestrated a positive visit to Belgrade by Vice President Biden, which was surprising because many Serbs previously saw the Vice President

Biden as a proponent of the hated 1999 NATO bombing of Belgrade. The Ambassador's careful choice of timing, interlocutors, and messages resulted in a very public admission throughout Serbia that the visit put bilateral relations on a new, much more promising footing, a fitting capstone to the Ambassador's 2-year effort to accomplish exactly that result.

The Ambassador's success derives from his own considerable skills but also from the DCM's counsel. From being a student through several postings in the region, she has developed unparalleled expertise in Balkan affairs. Her guidance enabled the Ambassador to make his messages resonate effectively in the Serbian psyche; indeed, the turn-around in public opinion about the United States has far more to do with messaging style than any change in U.S. policies. Furthermore, the DCM's stature as a Balkan expert establishes her own entrée with the Serbian Government and elites, which enables her to act very effectively as chargé d'affaires in the Ambassador's absence. The Ambassador expressed full confidence in the DCM's abilities, and the inspectors concurred with his assessment.

The teamwork forged between the Ambassador and DCM and their complementary skills and personalities impressed the inspectors. As is typical, the Ambassador takes the lead in contacts with senior Serbian officials and other figures, and the DCM manages the Embassy, liberating the Ambassador to attend to the many crises in U.S.-Serbian relations. Their partnership goes beyond the typical, however, especially because the Ambassador trusts and draws so much from his colleagues, and because the DCM has so much substantive expertise to offer. Their frank, frequent exchanges also result from the Ambassador's openness to hearing criticism, advice, and bad news as well as good, and the DCM's ability to deliver it. She is able, in turn, to speak for the Ambassador without anyone in the embassy community doubting her authority. Additionally, the inspectors noted with approval the informal, collegial atmosphere prevailing during country team and other embassy meetings.

The Ambassador's leadership style mirrors textbook models: he sets the strategic direction for the Embassy, building consensus among the staff; he then allows them to develop the best tactics for achieving their goals, free of micromanagement. He has the confidence to surround himself with strong people and adjust his thinking when warranted, based on their views; his openness motivates initiative and creative thinking from staff. The DCM develops operational plans that knit together efforts across embassy sections and agencies in a commendable manner.

The laudable practice of delegating authority depends on staff meriting the trust invested in them and the inspectors found two instances where the Ambassador and DCM had trusted senior staff but had not adequately verified their performances. In one case, the Ambassador and DCM adjusted their management style because the

head of an important agency in the Embassy had difficulty cooperating with another agency and following the guidance of embassy leadership. The inspectors found, however, that the oversight mechanisms they put in place had not succeeded and needed further tightening. The inspectors counseled the Ambassador and DCM accordingly; they accepted this advice, and implementation will fall to the DCM in her role as chargé after the Ambassador's departure. The Ambassador and DCM were also unaware that the management of the consular section was unacceptably weak, and they agreed they should have supervised the officer more closely. The inspectors do not wish to imply that the Ambassador and DCM should not have delegated authority as they did; their leadership methods are ideal for most employees. Rather, the inspectors advised the Ambassador and DCM that the cases of the two underperformers demonstrate that leaders must be alert to the need to engage and adjust where necessary because variations in performance can be substantial.

The Ambassador chairs two off-sites annually to brainstorm and access the perspectives of senior local staff. The inspectors applaud the Ambassador's and DCM's use of professional team-building techniques, which fostered the cohesive spirit imbuing Embassy Belgrade. The DCM designed an unusually effective system of Goal Implementation Groups (GIG) for each of the five MSP goals, so that planning, implementation, and assessment of progress and of U.S. assistance programs can benefit from interagency collaboration. The inspectors found the MSP accurately defined U.S. objectives and surpassed the norm in measuring the Embassy's fulfillment of them.

Best Practice: Embassy Belgrade has done an exceptional job of implementing goal implementation groups (GIG), a system that makes every section an active player in supporting Mission Strategic Plan (MSP) goals.

Issue: Before the arrival of the current executive team, Embassy Belgrade approached the Mission Strategic Plan with a process called the rolling policy agenda. By all accounts it was time-consuming and labor-intensive, and generally disliked by sections and agencies alike.

Response: With the Ambassador's support, the DCM created GIGs and ensured that the MSP became a useful tool to monitor progress throughout the year.

Once the Ambassador presents his clearly defined vision, agencies and sections decide consensually how to organize the GIGs. Embassy sections with a link to MSP goals have ownership in a GIG that is relevant to their work. GIGs are scheduled to meet once every 5 weeks but can assemble more frequently when appropriate. They are a net gain rather than a burden for participants because they do not require inordinate amounts of preparation time.

MSP GIG topics are: A Democratic Serbia; A Prosperous Serbia; Serbia as a Partner; A Stable Serbia; and An Efficient, Effective U.S. Mission. Groups are co-chaired by two section or agency chiefs and ‘owners’ come from every office that has a strategic interest in the topic. There are usually five to seven sections/owners in each GIG. The “Serbia as a Partner” GIG, for example, is co-chaired by the economic counselor and a political officer. Its owners represent the political and economic sections, USAID, the Foreign Commercial Service, and the Defense attaché’s office.

Result: Regularly scheduled GIG sessions mean that each embassy section maintains a sense of ownership of MSP goals. Meetings ensure that the MSP remains on track and that no important part of policy or its implementation falls between the cracks during the year. Report card sessions measure progress. GIG owners have regular opportunities to exchange ideas, share solutions to problems, marry assistance to diplomacy, and monitor how achieving goals will affect the next mission strategic plan.

The Ambassador and DCM earned praise for their stewardship of the Embassy during crises. As noted, the 2008 attack on the Embassy put the community through extreme stress, and the inspectors were surprised to note that so few residual effects remained—an extraordinary result. The Ambassador and DCM foresaw the possibility of violence against Americans over U.S. recognition of Kosovo’s independence, so they developed careful plans for a possible attack, closure of the Embassy, and departure of American staff. They even sought a crisis-management exercise based on the likeliest scenario, and they proved so prescient about all aspects of the danger that the Embassy was ready when the mob arrived. Although one of the assailants died in the fire that ensued, no embassy personnel suffered injury and protected information was not compromised. Preplanning enabled Embassy Zagreb to provide housing, offices, and schooling for the Belgrade evacuees, and the Embassy’s security office and general services team quickly repaired the chancery. The Ambassador kept the Department well informed as the crisis unfolded. Some staff complained about the front office’s decisions regarding which staff departed and about the steel plates put up over windows to protect street-side offices, but the inspectors reviewed these decisions carefully and found them sensible.

The inspectors found that the Ambassador and DCM have given thoughtful attention to the morale and well-being of the embassy community, especially in the aftermath of the attack. The Ambassador showed particular concern for the LE staff, whose relations with their compatriots inevitably suffer during periods of heightened anti-Americanism. His heartfelt outreach to these employees after the attack added to their respect for him, and several told the inspectors that he was the best ambassa-

The DCM has designed an excellent program for entry-level officers (ELO), giving them opportunities to widen their portfolios, learn more about the region, undergo training, participate in representational events and assistance programs, and act as control officers, note takers, speech writers, and speakers. The ELOs receive ample mentoring so that they can succeed at these tasks, and as a result, many of them have earned promotions.

Embassy Belgrade has adequate staffing and resources to accomplish its work, demonstrating that the leadership is attentive to rightsizing responsibilities. Embassy leadership maintains high ethical standards, actively respects diversity, and stands up for minorities, setting the right tone for the staff. The inspectors note with praise that the DCM counseled one employee to stop making unacceptable derogatory comments about the sexual preferences of another employee.

The inspectors found that Embassy Belgrade controls its resources wisely and that the International Cooperative Administrative Support Services (ICASS) process works quite well, although the ICASS council meets infrequently. The Embassy uses representational funds effectively and distributes them fairly. With only a few exceptions, a combination of strong, experienced American and local staff makes the operations of the Embassy work smoothly under the supervision of the DCM.

POLICY AND PROGRAM IMPLEMENTATION

POLITICAL AND ECONOMIC OVERVIEW

Political and economic officers frequently mention how well the two sections work together despite the disadvantage of being housed in different buildings. The inspectors concurred with widespread agreement in the Embassy that political and economic officers coordinate their work well with other sections and agencies to promote mission goals and objectives. With front office encouragement, the political and economic section chiefs contribute to smooth working relations through their professional and collegial interaction.

The difficulties associated with the physical location of particular computer systems present a unique challenge for the political and economic sections that affects efficiency and timeliness. Despite these challenges, working in unclassified areas allows the political and economic officers to be colocated with their LE staff. Both Americans and LE staff say that this enhances collaboration and benefits morale and information exchange. Overall, employees agree that the physical proximity and ease of communication helps the Americans better understand the Serbian perspective on political and economic matters. The LE staff have extensive knowledge of important people in Serbian Government and civil society; this helps officers understand how to navigate in a society that depends upon personal relationships and years of history among political players. The benefits of the arrangement were particularly clear during the lead-up to the February 2008 Kosovo declaration of independence and the ensuing attack on the Embassy. Americans and Serbs worked exceptionally well together to confront the crisis as a cohesive team. Once the NEC is completed, however, officers and LE staff will work in separate areas as they do in most embassies. The OIG team will prepare a memorandum to the Bureau of Overseas Buildings Operations (OBO) recommending that NECs be configured so that political and economic officers and LE staff work in close proximity to each other.

Recognizing the highly sensitive nature of Kosovo's declaration of independence, the Bureau of European and Eurasian Affairs (EUR) holds a weekly video conference with the front offices and political and economic sections of Embassy

Belgrade and Embassy Pristina. The video conferences are an excellent tool to synchronize the Embassies' implementation of Department policies with host governments that are still recovering from a bitter separation.

The 2003 OIG inspection report recommended the combined political and economic sections be separated into two sections. The Embassy agreed, partly because of concern that economic issues would be lost in the shuffle of the complex political situation, and partly because the sections were located in different buildings. In 2013 the sections will be colocated in the NEC. At that time, the Embassy will need to decide whether to recombine the sections, taking into consideration the political relationship at that time. If the relationship has stabilized sufficiently to ensure that economic issues would not be pushed aside by demands for reporting on Kosovo or other political flash points, it would be desirable to combine the sections under the leadership of an experienced political or economic counselor.

Training

Political and economic LE staff at Embassy Belgrade report their training opportunities at the Foreign Service Institute have been adequate to perform their responsibilities. However, officers and LE staff agree they could do a better job if there were opportunities for regional training directed toward issues that embassies in the former Yugoslavia have in common. The goal of focusing U.S. diplomacy on regional progress is a recurring theme among Ambassadors in the Balkans. Regional training for officers and LE staff would enhance U.S. efforts to advance shared goals regarding European integration, NATO membership, economic advancement, and cross border law enforcement. Interaction between LE staff from the region would contribute to building a firm foundation for support of MSP goals to ensure constructive and continued participation in international economic, political, military, and environmental relationships not only for Serbia but for the entire region.

Recommendation 1: Embassy Belgrade should coordinate with other embassies in the region to hold training sessions for officers and locally employed staff on regional political and economic issues such as European integration, membership in the North Atlantic Treaty Organization, and cross-border law enforcement. (Action: Embassy Belgrade)

POLITICAL SECTION

The political section has a strong and competent counselor who is highly regarded by Washington and by her colleagues. The political section is fully staffed with six officers, two LE staff, one political assistant, and an office management specialist. The section meets daily to go over news and planned activities. As noted previously, officers and LE staff share the same office, which creates an exceptionally collegial relationship between American and Serbian employees. Despite the significant physical impediments to working with classified material at Embassy Belgrade, good political section management ensures that information is adequately shared, and there have been no serious instances of missed communications.

The counselor sets a good example of coordinating with all embassy sections and agencies. The EUR front office and the Ambassador gave her high marks for working with the Serbian Government and U.S. law enforcement agencies to resolve a highly contentious case involving a Serbian fugitive from U.S. justice. The counselor demonstrated a creative approach to solving the problem that satisfied the Departments of State and Justice, the New York Attorney General, and both Senators from New York.

Political reporting is comprehensive. Recent reports include updates on war crimes trials, municipal government, the role of the Orthodox Christian church in Serbian politics, and separate reports on Serbia's relationships with Kosovo, Albania, and Russia. A scene setter for the May 2009 Vice Presidential visit to Serbia was a well-crafted account of the role that the United States plays in Serbia and how U.S. interests can be promoted.

The political section is doing well in its role as co-chair of two MSP GIGs: Serbia as a Partner and A Democratic Serbia.

Refugee Affairs

The refugee affairs office has been disadvantaged by a succession of four section chiefs in the last 6 years. All curtailed voluntarily for various personal reasons. The refugee affairs LE staff member, supported by the political section, tries to maintain contacts and reporting, but the disjointed leadership takes a toll. A new refugee affairs coordinator will arrive at Embassy Belgrade in the summer of 2009 for 1 year. In 2010, she will become the cultural affairs officer and the refugee affairs office will be folded into the political section. This is appropriate, since refugee numbers in Serbia and neighboring countries are slowly decreasing, and a stand-alone office is no longer needed. While it would be preferable to immediately fold refugee affairs

into the political section, the imminent arrival of a refugee affairs coordinator makes it necessary to postpone this action for 1 year. The delay could be advantageous as it would allow time to train a political officer to manage the funding attached to the refugee affairs program.

ECONOMIC SECTION

The economic section is well-managed. The section chief has strong management credentials and has been tapped to be acting DCM on several occasions. He will serve in that role from June 2009 until a new ambassador arrives.

The highest MSP priority is Building Prosperity for a Stable Future and the economic counselor co-chairs that GIG. Serbia is at or above target on the key indicators, as jobs and prospects for a better life begin to eclipse contentious topics like Kosovo for the average Serb. Economic policy advocacy and reporting reflect the section's close collaboration with USAID, the Foreign Commercial Service, and the Foreign Agricultural Service. The mission's activities advance U.S. goals by weaving together information gathered from assistance programs and commercial support activities throughout Serbia. The Foreign Commercial Service's representative at Embassy Belgrade shares responsibility with the economic section for promoting a better business climate in Serbia and supporting the American Chamber of Commerce. The economic section's cooperation with USAID emphasizes economic programs, technical issues, and assistance to the Finance Ministry, and the Central Bank.

The Embassy has made the best of a difficult situation as the economic section struggled with a 2-year vacancy in the third economic officer position. Short staffing was mitigated by the political section assuming coverage of some science and technology issues, including nonproliferation, thereby lightening the workload of the two economic officers. Two LE staff have significantly complex portfolios that help the section function at a high level of productivity. As the relationship with Serbia evolves and becomes more focused on national and regional development, the economic section must be fully staffed. The current vacancy is expected to be filled in August or September 2009.

The economic section's reporting keeps up with developments in Serbia and is well-received in Washington despite the staffing problems. A recent cable on the sharp downturn in Serbia's economy provided an excellent status report on economic activity in the country. Reports on Serbia and the International Monetary

Fund, energy issues and Russia, and Belgrade's economic agenda offer a varied look at the economic direction that Serbia is taking in light of the current international economic crisis.

Economic opportunities are growing in Serbia. Among countries of the former Yugoslavia, Serbia benefits most from economies of scale and Belgrade remains the regional hub for business. As the Kosovo issue fades in importance, and steps toward European integration quicken, Serbia's relationship with the United States and the world will become more balanced between political and economic interests.

FOREIGN ASSISTANCE

As in the best cases, foreign assistance funding requests at Embassy Belgrade operate through the MSP process as a mission-wide exercise. The OIG team found good cooperation between each embassy agency and section with a role in making funding requests and in eventual implementation. The front office and all relevant sections and agencies hold coordination meetings to discuss past performance and plans for the future. Planning meetings include discussions among USAID, the political and economic sections, the Defense attaché, the Foreign Commercial Service, and officers handling the Overseas Prosecutorial Development, Assistance and Training (OPDAT) program, the International Criminal Investigative Training and Assistance (ICITAP) program, and others. Using the GIG structure, project requests are designed, discussed, cleared, and approved mission-wide before funding levels are requested for the next fiscal years. Regular GIG meetings ensure coordination among sections.

Foreign assistance to Serbia has been declining approximately 15 percent a year over the past 8 years. In FY 2008, U.S. foreign assistant to Serbia totaled \$53.56 million in Support for East European Democracy (SEED) funding. USAID distributed approximately 80 percent of that funding and transferred the remaining 20 percent to other programs. In addition to SEED funds, the Export and Border Security Program, programs for nonproliferation, counterterrorism, demining and related programs, and International Military Education and Training make up an additional \$3 million of the total assistance package.

Under the Director of U.S. Foreign Assistance framework, USAID goals for Serbia are to promote just and democratic governance and economic growth. Assistance focuses on keeping Serbia's progress toward Euro-Atlantic integration on track,

particularly in the wake of Kosovo's declaration of independence. Given Serbia's developing democracy, funding is used to strengthen the rule of law and civil society and support the reform of Serbia's agricultural and financial sectors.

Law Enforcement Assistance

The Department of Justice's OPDAT office is an important part of Embassy Belgrade. Focusing on war crimes, general criminal justice reform, organized crime, and corruption, OPDAT provides support to judges and prosecutors who want to change criminal procedures in Serbia and redraft the criminal procedure code from scratch. War crimes prosecutions continue to be a very sensitive issue in Serbia and the influence of OPDAT sometimes provides needed support for the brave prosecutors and judges who try war criminals. OPDAT reports good cooperation with all agencies and sections at Embassy Belgrade, but interagency cooperation and understanding could be improved with a more formal orientation for new arrivals on overlapping responsibilities between OPDAT and the political section.

The Department of Justice who leads the ICITAP office is highly experienced in the Balkans. ICITAP strongly supports one of the mission's long-term policy objectives of strengthening regional institutional cooperation. Building a relationship with Serbian officials who understand the need for regional approaches to law enforcement and prosecutorial capacity will ultimately benefit U.S. efforts to reduce volatility in the region.

Under new leadership since November 2008, the ICITAP office has successfully increased interaction with the political section. ICITAP experience and knowledge of law enforcement activities in Serbia provide high value contributions to the annual human rights and trafficking-in-persons reports. It is mutually beneficial that ICITAP and the political section co-chair the GIG on A Stable and Secure Serbia.

PUBLIC AFFAIRS

Embassy Belgrade's public affairs section (PAS) manages an innovative, diverse and highly effective public diplomacy program focused on MSP goals, with particular emphasis on building a democratic, stable, and prosperous Serbia, improving Serbian perceptions of the United States, and securing Serbia as a strategic partner. While reactions to the 1999 NATO bombing and U.S. recognition of Kosovo's independence continue to be strongly negative, the Embassy's outstanding public diplomacy

outreach, favorable views of the new U.S. administration, and the successful visit of Vice President Biden are moving Serbian perceptions of the United States in a positive direction. A recent poll confirmed the upturn in Serbian views of the United States.

The public affairs officer (PAO) capably leads a staff of three American officers and nine LE staff and directs a program that includes extensive media outreach and training, educational exchanges at the high school, undergraduate and post-graduate levels, eight American Corners, strategically focused democracy commission grants, American speakers, and English Language Fellows. PAS manages over \$5 million in SEED funds, \$3.7 million of which are implemented jointly with USAID.

PAS has a close and collegial relationship with the front office and with other sections of the Embassy. The PAS media specialist presents a media briefing to the Ambassador and section heads every morning, followed by a discussion of major issues and activities for the day. PAS and the political section collaborate on a daily written media summary for Embassy and Department consumers. PAS works productively with USAID on SEED grants and with all sections of the Embassy on the democracy commission and international visitors program. The Ambassador, DCM, and other embassy staff are actively involved in outreach. PAS participates in many of the GIGs.

Media Activities

The PAS media office's close relationship with the Ambassador has been critically important in improving Serbian perceptions of the United States. The information officer (IO) and two media assistants took the lead in developing a media plan for the Ambassador and preparing him for media events. The Ambassador has given at least one interview every week with media throughout Serbia, from small, inexperienced local media outlets to the highly critical national media. The DCM, the IO, and other PAS officers have also engaged in extensive interviews in Serbian, and participated in talk shows. PAS maintains the Embassy's Web site and Facebook page, organizes media events for other sections of the Embassy, and clears all embassy interviews and press guidance, including releases prepared by the USAID press office.

PAS is strengthening Serbian media professionalism and fostering good relations with the media through an extensive media training program, which includes annual in-country seminars for 100 regional and national media that are arranged in collaboration with two local media associations. PAS uses SEED funds to pay for two U.S. study tours for Serbian journalists each year. The two media assistants alternate in

accompanying the groups, enabling them to build invaluable contacts with key journalists. PAS sends six broadcast and print journalists for a year of study at American journalism schools. As part of an effort to promote media freedom and responsibility in a country where journalists face pressure from political and business interests, and self-censorship is common, PAS presents annual awards for print and broadcast investigative reporting.

American Corners and Outreach

PAS supports eight American Corners located in Belgrade and seven regional centers. The information resource officer in Vienna called the Serbia American Corners program “one of the strongest in the world...a model for programs in other countries.” The extraordinarily active Belgrade American Corner is located in the major youth center in the capital and is under the direction of a dynamic coordinator from the national library. It has a library of books and periodicals and a Web site, and it offers well attended daily programs, including activities for children, English language conversation, film programs, web chats, exhibits, and talks by the Ambassador, other embassy staff, and visiting speakers. The PAO plans to acquire digital video conferencing equipment for the Belgrade American Corner to expand its program potential. PAS opened its most recent American Corner in Novi Pazar, a city with a significant Muslim population.

Under the PAO’s leadership, the information resource center (IRC), which focused in the past on electronic dissemination of information and reference assistance, is becoming increasingly active in outreach. The IRC staff, both professional librarians, visit libraries and schools throughout the country, arrange outreach visits for embassy staff and American speakers, and invite student groups to visit the Embassy. The IRC is also responsible for support and oversight of the American Corners.

Exchange Programs

PAS effectively manages a mix of exchange programs, including two-way Fulbright exchanges and international visitor grants. It programs approximately 15 American speakers and five Fulbright specialists per year, addressing MSP-focused topics such as civic responsibility and Muslims in the United States. The Fulbright commission was abolished in the wake of the NATO bombing in 1999.

SEED funding supports a wide variety of other valuable exchange programs, including a month-long exchange for Serbian youth and a year-long program in the U.S. for Serbian high school students. PAS also uses SEED funds to support a 1-year

program on an American campus for Serbian undergraduate students. SEED supports a civic education program, which is now mandatory at middle and high schools throughout Serbia, and democracy commission grants. Embassy Belgrade's democracy commission targets its grants on nongovernmental organization projects that promote MSP goals, focusing a significant amount of its 2009 funding on projects supporting Euro-Atlantic integration and the environment. PAS uses SEED funding and grants from its operating funds to support English teaching and regional outreach to Kosovo, including cross-border youth exchanges. To ensure more efficient management and closer monitoring of the large grants program and to facilitate long-term planning, PAS has requested an additional LE staff position, which the OIG team supports.

Recommendation 2: Embassy Belgrade, in coordination with the Bureau of European and Eurasian Affairs, should establish, fund, and fill an additional locally employed staff position in the public affairs section to support grants programs. (Action: Embassy Belgrade, in coordination with EUR)

Alumni Activities

PAS Belgrade carries out imaginative and effective programs with exchange alumni, creating a significant multiplier effect from its exchange activities. PAS meets with exchange alumni on a regular basis and has worked with them on special projects. The PAO keeps in touch with alumni through his Facebook page.

Best Practice: Outreach to Exchanges Alumni

Issue: With more than \$5 million annually in SEED funds that are used primarily for exchange activities, in addition to Fulbright, International Visitor and other exchange programs, Embassy Belgrade's public affairs section has close to 1000 exchange alumni dating from the Embassy's reopening in 2001. These alumni constitute a tremendous potential resource for promoting understanding and appreciation of the United States among the larger Serbian public, many of whom are ignorant about, or hostile to, the United States.

Response: The public affairs section has developed a highly effective alumni outreach program, debriefing alumni on their return and inviting them regularly to public affairs programs. PAS also works with them on special projects, such

as an environmental clean-up program initiated by high school exchange alumni. An alumni coordinator maintains regular contact with the alumni, and the section employs state-of-the-art communications technology to do so.

Result: PAS activities have created a network of alumni who share ideas and experiences with each other, as well as with embassy personnel, reinforcing their exchange experiences. They participate actively in programs to promote the Embassy's strategic goals, such as protecting the environment and promoting economic development.

The PAS staff includes an alumni coordinator, hired as a temporary employee using FY 2009 general operating funds. PAS would like to create a permanent LE position to handle the alumni program. OIG agrees such a position is needed to maintain this important alumni outreach.

Recommendation 3: Embassy Belgrade, in coordination with the Bureau of European and Eurasian Affairs, should establish and fill an additional locally employed staff position in the public affairs section to continue and strengthen outreach to exchanges alumni. (Action: Embassy Belgrade, in coordination with EUR)

CONSULAR AFFAIRS

The consular section in Embassy Belgrade is largely fulfilling its responsibilities to provide American citizen services (ACS) and visa services courteously and efficiently, but leadership is weak. The two consular managers need to focus on certain areas for improvement. Most importantly, they should improve communications within the section and with the front office; they should instill more discipline in the LE staff in the nonimmigrant visa (NIV) unit; and they need to tighten management controls, especially in the visa referral process. The front office also needs to be more involved in monitoring the operations of the consular section.

Relations with Front Office and Embassy Team

By her own choice, the consular section chief has been sitting in the back of the room against the wall at country team meetings. This sends the wrong signal to everyone about the importance of the consular section and its integral role in the country team. The OIG inspectors counseled the consular section chief that she needs to sit at the country team table, even if that means squeezing another chair in, and made an informal recommendation to that effect. During the inspection, the consular section chief started sitting at the country team table.

The consular section chief and the DCM have not been holding regularly scheduled meetings, yet the DCM holds weekly meetings with the other section chiefs. It is not clear how this problem evolved, since the consular section chief said she had asked for such meetings but apparently did not pursue the issue to conclusion. The lack of meetings is even more difficult to understand given that the DCM had counseled the consular section chief on leadership issues. During the inspection, the DCM readily agreed to start having weekly meetings with the consular section chief.

Staffing

The section consists of four American officers, two EFMs, and nine LE staff. The American officer staffing is double what it was in 2003, when the last OIG inspection reported that the consular section was unable to keep up with the demand for NIVs and had chronic backlogs in NIV appointment requests of more than 1 month. The NIV workload has remained stable in the intervening years, and the Department added two more consular officer positions. In the opinion of this OIG team, the staffing is now correct for the consular workload in Embassy Belgrade.

Physical Setup

The physical setup for the consular section is a serious problem, but there is no ready solution until the Embassy moves into the NEC. In the meantime, consular managers will continue to be challenged by the physical environment in which the staff works. The NIV unit and all the windows for serving the public are physically separated from the rest of the consular section. Employees have to go up and down a flight of stairs to move between the two parts of the section, and there have been times when employees have hurt themselves by hurrying on the stairs.

The physical separation is a special problem for the LE staff who work in the ACS unit. Their offices are in the half of the section down the flight of stairs from the public windows, so they have to rely on the NIV unit to inform them that a customer is waiting for assistance. This system does not always work well. Several employees recounted instances in which a customer for ACS was in the waiting room for hours because the ACS unit had not been notified that someone had come in for a service. Consular managers had established a program in which the receptionist in the NIV unit would use a computer program to notify her colleagues that someone had arrived for ACS assistance. That system does not appear to work all the time, and part of the problem appears to be lax discipline in the NIV unit, which is discussed below.

Employees in the NIV unit complained that the air was “bad” in their work area, stating that the area was so tightly sealed that no “fresh air” could get in and the conditions were oppressive. There is no question that the area is small and cramped, with no room for individual desks for the four LE staff in the NIV unit. In response to the complaints, the OIG team observed the facilities management staff conducting tests to determine the oxygen levels in the NIV work area at different times of the day. The tests all indicated that the oxygen levels were within the acceptable ranges and the facilities management staff showed the inspectors the vents that pump air into the work area. The inspectors were satisfied that the facts did not support the employees’ complaints.

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Nonimmigrant Visa Services

The consular managers need to instill more discipline in the LE staff of the NIV unit. As discussed earlier in the report, many employees reported that the NIV unit sometimes fails to notify other parts of the consular section that a customer is waiting for a service. Employees also said that many callers to other parts of the consular section complain they cannot get anyone to answer their phone calls to the NIV unit.

While the OIG team has no capability to verify the validity of these complaints, the consular managers need to be aware of them and identify what the issues are. Enough employees discussed these problems to lead the inspectors to conclude that there has to be some substance to the complaints. In addition, the management control problems the OIG team discovered, which are discussed in the Management Controls section of this report, were partly the responsibility of LE staff in the NIV unit. That lends credence to the complaints. The OIG team counseled the consular managers on the need to address these performance issues. The consular section chief said she had been aware of the problems and had addressed them successfully. If so, many staff members do not seem to share her perception of the current state of affairs.

Backlogs for NIV appointments usually are no more than 1 week. A few years ago, the Embassy established a call center in Belgrade that serves many of the Balkan posts. The call center makes NIV appointments and answers general NIV inquiries. This works because the languages spoken in many of the former Yugoslav countries are called different names (a reflection of heightened nationalism in the region) but are mutually intelligible.

One sound management practice that Embassy Belgrade lacks is a courier service or mail service for returning passports with issued visas to applicants. The consular managers said that Serbia's mail service is unreliable, and no courier service exists that has country-wide coverage. In addition, Embassy Belgrade continues to be the primary processing post for NIV applicants from Montenegro, which attained its independence from Serbia in 2006. Using a local courier service for deliveries to a neighboring country would be complicated. The result is that LE staff still return passports to applicants the day after the visa interview. This is not the best use of LE staff resources and requires applicants to return to the Embassy a second time.

The inspectors agree that, for the reasons cited above, a mandatory use of courier services would not be appropriate. Nevertheless, consular sections elsewhere have systems in which applicants use courier services on an optional basis.

Recommendation 5: Embassy Belgrade should contract with a local courier service to give nonimmigrant visa applicants the option of having their passports returned via courier service. (Action: Embassy Belgrade)

Fraud Prevention

The refusal rate for NIV applicants has declined from a high of 26 percent in FY 2004 to a low of 10 percent in FY 2008. The reasons for the decline are unclear, and there is no indication that the current refusal rate is inappropriate. The visa chief regularly reviews the adjudications of the ELOs; he also does a significant number of adjudications himself. The OIG team did a spot check of adjudications and saw no reason to question the decisions of the officers who conducted the interviews. The consular section has done several validation studies for the Department that indicate the current refusal rate is appropriate.

RESOURCE MANAGEMENT

Agency	U.S. Direct-Hire Staff	U.S. Local-Hire Staff	Foreign National Staff	Total Staff	Total Funding FY 2009
State – D&CP	29	4	23	56	\$2,518,000
State – ICASS	6	7	97	110	\$7,574,216
State – Public Diplomacy	3	0	9	12	\$1,071,000
State SEED FY-08/09	0	0	0	0	\$1,404,270
State – Diplomatic Security	3	0	98	101	\$2,076,000
State – Marine Security	10	0	6	16	\$248,450
State – Representation	0	0	0	0	\$33,100
State – OBO	1	0	0	1	\$1,351,770
Foreign Commercial Service	1	0	3	4	\$234,691
Defense Attaché Office	5	0	2	7	\$376,626
Office of Defense Cooperation	1	0	3	4	\$77,300
Foreign Agricultural Service	0	0	4	4	\$108,270
USAID	14	0	50	64	\$47,590,961
Totals	73	11	295	379	\$64,664,654

MANAGEMENT

The management section has faced significant challenges since the Embassy reopened in 2001, but is returning to normalcy. The assault upon the chancery building in early 2008 and ensuing ordered departure disrupted and, indeed, reversed some of the progress, but the section has managed nonetheless to provide quality services to its customers. In fact, the latest ICASS customer satisfaction survey scores are consistently above bureau and worldwide averages with very few exceptions, and OIG questionnaire results reflected similar customer satisfaction levels.

The management officer understood the need to assemble a solid and capable team to define processes and return to normal operations. He therefore accepted staffing gaps in key positions in the interest of getting the right person with the right training for the right position. This meant shouldering a heavier load in the short term, but he did so willingly and with an eye toward longer term development and continuity. The supervisory general services officer and the information management officer positions in particular are filled now with personnel who are prepared to execute the rebuilding plan.

The management section has made considerable progress in implementing key components of the Department's Collaborative Management Initiative. Most sections have begun mapping their primary processes, which is a step toward implementing a larger, formal system of continuous improvement. Subunits also have begun using eServices, a customer request system that interfaces with the Web Post Administrative Software Suite (WebPASS) applications. Progress on this front, however, has been uneven. Some sections have found aspects of eServices and WebPASS to be unwieldy or incapable of meeting their needs. On the other hand, the management section has taken advantage of Microsoft Office SharePoint Services to automate and standardize processes. For example, it designed a multifunctional site to gather and share information on incoming and departing personnel among several sections. Management staff input information into data fields that are compiled and then displayed in views that are filtered and based on the business needs of individual sections. It represents effective use of SharePoint's collaboration capabilities to improve operations.

A NEC promises to provide a much improved platform from which to operate and deliver management services. About eight thousand of the fifteen thousand square meters of office space on the current compound are of limited or no use due to security setback requirements. Many offices work out of structures that were originally designed for use as apartments, so the floor plans and general building layouts are at odds with their function, creating a labyrinth that is difficult to negotiate.

Embassy Belgrade is facing projected budget cuts of approximately 20 percent due to exchange rate gains. The Embassy is working closely with both EUR and the Bureau of Resource Management to ensure that the exchange rate gain withdrawal is not excessive. The Regional Support Center Frankfurt, in its recent visit to Belgrade, highlighted this issue in its report, a copy of which was forwarded to EUR.

INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES

The Embassy's ICASS council includes representatives from USAID and the Departments of Agriculture, Commerce, Defense, Justice, and State. The Foreign Agricultural Service's representative is resident in Sofia. The Department of Commerce representative chairs the council, having been elected to the position in November 2008 to succeed the defense attaché. The council does not meet on a regular basis as recommended by the ICASS service center, so the inspectors informally recommended it do so.

The council did not fulfill its responsibility to provide input to the management counselor's employee evaluation report. The OIG team made an informal recommendation to correct that oversight.

Per guidance from the Department, Embassy Belgrade has limited membership on its ICASS council to reflect that of the Department's ICASS executive board but has not established a post budget committee. The OIG team made an informal recommendation that Embassy Belgrade establish a post budget committee. Due to the size of the Embassy, the council and budget committee can be identical or can elect to meet concurrently.

Embassy Belgrade prepares its ICASS budget using ICASS Lite, but now may be the time for it to switch to ICASS Standard to take advantage of the increased capabilities of the latter. The OIG team informally recommended Belgrade's financial management unit prepare a "what if" scenario that would highlight the differences between Lite and Standard, and present it to the ICASS council.

Shortly before the OIG inspection, a team from the ICASS service center visited Belgrade to provide post-specific ICASS training. Both Belgrade's service providers and subscribers assessed the training as limited in value.

HUMAN RESOURCES

Embassy Belgrade's HR unit provides adequate services to its customers, although its ICASS scores are uneven; from 2008 to 2009 there was a decrease in scores for American personnel services and an increase in scores for LE staff services. Despite its decrease in score, American personnel services slightly outperformed bureau and worldwide averages; with its increase in score, LE staff services just equaled bureau and worldwide averages. In separate meetings with the inspectors, the management counselor, the FM/HR officer, and the LE staff all agreed that the HR unit needed to increase its outreach efforts and improve customer service.

The HR unit consists of four LE staff and one EFM. The HR specialist reports to the FM/HR officer and is a member of the Foreign Service National Executive Corps. From March to September 2008, he served in Baghdad as a HR specialist and also traveled to Embassy Stockholm in January 2009 to provide training to new LE staff and EFM HR clerks. Although extremely knowledgeable, the HR specialist lacks the necessary management skills to supervise the HR unit effectively. The FM/HR officer recognizes this shortcoming and is working with the HR specialist. He also hired a senior HR assistant to fill a position that had been empty for a year. Both the HR specialist and FM/HR officer are certified to perform computer-aided job evaluations, but report that the Regional Support Center Frankfurt does them.

The American evaluation process is well-managed. The FM/HR officer received all American evaluation reports on time and met Department deadlines. At the country team meeting attended by the OIG team, the management counselor highlighted the need for immediate completion of work requirement statements for American staff. LE employee performance reviews have been another matter. Despite a tracking system and reminders to both LE staff and American supervisors, many employee performance reviews are overdue. The HR clerk has taken on this issue and scrupulously monitors compliance. The awards program functions appropriately with 112 incentive awards given in Embassy Belgrade's first FY 2009 awards ceremony. During the OIG inspection, the Embassy held its second awards ceremony of the fiscal year. Awards are agency-wide and, to ensure fairness, the Embassy standardized award amounts. During an interview with a non-Department agency head, however, the OIG inspector was told that standardized award amounts were anathema to him. The inspectors judged this complaint to be isolated and thus recommended no change.

Language Training Program

Among political and economic officers there is dissatisfaction with language training at the Foreign Service Institute (FSI) and at Embassy Belgrade. Most officers and LE staff agree too many officers arrive at post with limited language skills that hamper performance. There is a general belief students at FSI are disadvantaged by the separation of classes into Serbian, Croatian, and Bosnian, as all those languages are mutually intelligible. One officer said of the language training: “How did the State Department allow itself to become so Balkanized?” Many officers also state the embassy language program is not flexible enough to adjust the curriculum to meet students’ needs. According to embassy leaders and LE staff members, American officers would be more effective if their Serbian language skills were better. One officer admitted that his language abilities are not good enough to capture the nuances in discussions with Serbs, and another observed that reporting officers lose a lot by limiting their conversations to Serbs who speak English. The inspectors will address the issues surrounding the teaching of Serbian, Croatian, and Bosnian as separate languages in a memorandum to FSI.

Embassy Belgrade’s language instructor was hired in 2003 under a personal services agreement (PSA) and is funded out of the program allotment. A political officer has been designated as the post language officer and supervises the instructor. The Embassy also has a contract language instructor whose services are funded by each agency based on use. OIG questionnaire results indicated employees were extremely dissatisfied with the PSA language instructor and the quality of her instruction, but satisfied with the contract language instructor. While earlier performance evaluation reports rated the PSA instructor positively, the latest one appraised two key elements as needing improvement. The OIG inspectors deduced the last employee performance report validates the dissatisfaction evidenced in the OIG questionnaires. The OIG team informally recommended the PSA language instructor be provided feedback and counseling in order to improve her performance and quality of instruction.

Dual Tax Liabilities

There are currently 22 dual U.S.-Serbian citizens employed by Embassy Belgrade. Per the instructions of the Bureau of Human Resources, the Financial Services Center Charleston deducts local social security system (LSSS) contributions from the employee’s basic salary through the payroll system and pays it to the LSSS. The contributions amount to approximately 30 percent of employees’ salaries. If the employee is also a U.S. citizen or U.S. permanent resident alien, U.S. Federal and state taxes are also withheld. Until a bilateral tax treaty is in effect, dual national LE staff

will continue to be subject to both Serbian and U.S. taxes. If a dual national receives a cash award, U.S. taxes are automatically withheld. The Embassy awards committee has steadily raised the monetary amounts for awards to help offset the issue of tax liability. The Embassy issues periodic management notices advising all employees under the local compensation plan of their tax obligations to the Serbian Government.

Locally Employed Staff Retirement

The LSSS, which includes retirement, health insurance and unemployment, covers all LE staff. They contribute 30.3 percent of their basic salary to the LSSS and the U.S. Government contributes 19.8 percent. LE staff do not participate in the U.S. Civil Service Retirement System. LE staff who are U.S. citizens or U.S. permanent resident aliens are required to participate in the U.S. Social Security system.

The Department authorized the Embassy to implement a LSSS effective January 8, 2006. The goal of the plan was to correct the Embassy's past underreporting of salary to the LSSS by recompensing LE employees who entered on duty prior to June 30, 2003. This plan expired at the end of pay period 26 of 2008 but was extended for an additional 3 years. Under the plan, an actuarially determined lump sum payment will be made to each eligible retiree or survivor at the time of the employee's retirement or death. The payment provides each affected retiree or survivor with a one-time lump sum amount that makes up for the Embassy's under-reporting of salaries to the LSSS.

Changes in Serbian law and regulations that reduce or eliminate any gap between actual and theoretical LSSS retirement and survivor's benefits, such as raising the minimum retirement age, increasing the required minimum years of covered service, or revising the salary basis on which pension calculations are made, must be reported to the Department for due consideration.

Locally Employed Staff Committee

The OIG team members met with the LE staff committee. The relations between the committee and embassy management seemed strained, and it appeared to the inspectors that the committee focuses more on issues pertaining to the committee members rather than issues pertaining to the general membership. The committee also seemed to view itself as somewhat of a collective bargaining agent or union, which should not be the case. Some issues the committee raised, such as wholesale revamping of the computer-aided job evaluation system and conversion of the LE staff personnel system from rank-in-position to rank-in-person, are currently un-

realistic. Another issue raised, payment of lump sum retirement benefits prior to retirement, is not practical due to the volatile nature of the LSSS and difficulty in predicting the final amount due. In any case, embassy management and the committee would benefit from open and regular dialogue on issues of mutual interest. Currently, management and the committee meet on an as-needed basis, thereby almost guaranteeing that meetings are held in response to problems rather than as a forum for broader discussion and communication. The OIG team informally recommended embassy management meet with the LE staff committee on a regular basis.

GENERAL SERVICES OPERATIONS

Procurement

The procurement unit uses various means to acquire goods and services in a timely manner, earning ICASS scores higher than regional and worldwide averages. The procurement unit could improve its management controls and workload, however, by closing out purchase orders in a timely manner and making wider use of purchase cards.

The unit, consisting of a supervisor and three purchasing agents, produces a high volume of contracts, blanket purchase agreements and purchase orders. While all procurement unit members and one health unit employee hold government purchase cards, the Embassy could make wider use of this mode of procurement.

Another issue relating to purchase cards is relief from value-added tax for local purchases. According to the procurement unit chief, many local vendors are reluctant to accept purchase cards because of unfamiliarity with procedures and paperwork, and fear that mistakes will lead to problems with the tax authorities. As a result, the procurement unit generates many more purchase orders than necessary and does not achieve the time and labor savings that should accrue from the purchase card program. Increased use of blanket purchase agreements is another means by which the Embassy could streamline procurement. The OIG team informally recommended the Embassy expand its use of government purchase cards, blanket purchase agreements, and bulk funding to reduce workload and expedite procurement.

The large number of purchase orders, the manual means by which the procurement section receives notification of final payment, and the limited staff contribute to tardy closeout of purchase orders. The section estimates that 95 percent of the purchase orders from FY 2009 remain to be closed out, as do 40 to 50 percent

of the purchase orders from FY 2008. The Embassy should be able to close out purchase orders in a timelier manner and thereby strengthen its management controls. The OIG inspectors also noted receiving officers had not been designated for services and often circumvented the central receiving point and receiving clerk, which caused a gap in the processing of approvals for payment. The OIG inspectors informally recommended the Embassy designate these officers and disseminate the information appropriately.

Recommendation 6: Embassy Belgrade should develop and implement a plan to close out purchase orders. (Action: Embassy Belgrade)

Customs and Shipping

The three-person unit functions well and provides a normal range of services to the Embassy, such as customs clearances, shipment of personal and official goods, and vehicle registration, inspection and insurance. The unit's ICASS customer satisfaction score of 4.51 compares very favorably with the Bureau average of 4.09 and the worldwide average of 3.98. The unit works well with its customs agent to facilitate its processes and reduce costs. For example, the Embassy is allowed to combine multiple shipments into one consolidated shipment and pay only one fee, rather than a fee for each shipment. Also, shipments are cleared on the truck rather than off-loaded, so the Embassy normally incurs no storage fees as shipments are expedited to the final destination.

The customs and shipping unit will play an important role in clearing shipments for the construction of the NEC and has good contacts with local customs officials to do so. The expeditious clearance of 350 containers of equipment and materiel in 2001 for the reopening of the Embassy exemplifies this capability.

Property Management

The property management unit maintains adequate controls and accountability on the receipt, storage, issue, and turn-in of nonexpendable property. The unit exercises the same level of control over expendable and automotive supplies.

In 2005, the Embassy leased a building that was formerly part of a shipyard, but with the potential to serve as a facility for property management operations. Over time, however, stock levels grew to overcrowd the warehouse and the shelf spacing

was too narrow to allow safe mechanical and manhandling of items. In order to correct these deficiencies, the Embassy held several sales during the 12 months prior to the inspection and pared down its stock by 20 percent. It also hired a space planning firm to redesign and reconfigure the space and shelving. The main warehouse space is now laid out well with shelving and cages to store a more appropriate stock level of furniture, furnishings, and equipment. Moreover, the aisles are wide enough for a forklift to maneuver, which facilitates the safe storage and retrieval of items. The section also is relocating and reconfiguring its receiving point so it will be closer to the loading dock and have a lockable cage to segregate items that are being processed. The lease on the facility will expire in June 2010, and the Embassy is aware it must take action very soon if it seeks to retain the facility.

Nonexpendable property accountability is in accordance with regulations and sound practices. The unit's files and records are neat, organized, and complete. Inventories and results are submitted in a timely manner. The latest annual inventory showed a shortage of \$31,150, which represented 0.52 percent of total inventory and was well below the 1 percent threshold for property survey board action. The Embassy adjusted its inventory using the Property Disposal Authorization and Survey Report, DS-132. All signatures appeared on the form, but there was no information on circumstances, recommendations, or other pertinent data such as steps taken to locate missing items. The OIG inspectors informally recommended all relevant information be entered into the form in the future. Residential property files are also well kept and the vast majority of employees had signed their inventories. A spot check turned up two exceptions that were corrected during the course of the inspection.

The expendable supplies storekeeper manages her program well, maintaining stocks in good order on shelving that is well marked and organized. She normally delivers supplies on a weekly basis to the chancery compound and small stocks of commonly used items are kept there to meet short-notice demand. Points of contact in each section coordinate with the storekeeper for issue of in-stock items and ordering of those items not normally stocked. ICASS customer satisfaction scores for this service far exceeded bureau and worldwide averages.

Motor Pool Operations

The motor pool manages its program well and provides adequate services to its customers, notwithstanding the dip in its 2008 and 2009 ICASS customer satisfaction survey scores. Scores prior to 2008 were significantly higher and the drop can be attributed to dissatisfaction among USAID employees over the consolidation in 2007 of ICASS and USAID motor pools. In fact, an analysis of the scores by agency bears

this out, as USAID employees rated direct vehicle support at 3.2 compared to other categories of employees, who rated the same service at 4.0 and above. Moreover, it appears that the dissatisfaction is not based on failure to meet ICASS standards, but on less defined factors. The general services office continues to reach out to its customers and manage expectations in the context of service standards rather than less objective criteria.

The unit properly emphasizes safety and participates in the Department-standard Smith System driver safety program. The trainer is certified by the Department and keeps good records of the training and testing he conducts. He also tracks medical examinations and other data related to the safety program. The section conducts regular safety meetings that focus on subjects such as preventive maintenance and the 10-hour limitation on a driver's duty day.

The OIG inspectors verified the Embassy's vehicle inventory against the Integrated Logistics Management System's Inventory of On Hand Vehicles Report dated May 29, 2009, which showed 43 vehicles on hand. All vehicles were accounted for, but two discrepancies were noted on vehicle identification numbers. The motor pool supervisor corrected the data during the inspection.

One driver has collateral duties as an administrative clerk and manages the fuel program, which uses two means to procure gasoline and diesel. Refueling in the city of Belgrade is relatively straightforward and simple. Drivers use one filling station, receive a receipt for the fuel, and turn it in to the clerk. The clerk receives a consolidated bill from the fuel company, reconciles receipts with the invoice, approves the invoice for payment, and sends it to the financial management center for processing. The second means, which is necessary primarily for trips outside the city, is cumbersome and time-consuming to manage. It entails use of coupons that are denominated in liters and that must be redeemed at a government office when there is a significant change in oil price or currency exchange rates. This occurs about twice monthly. The management problem is compounded by the need to track each coupon based on the purchase order and source of funding to ensure proper billing. The motor pool clerk uses several Excel spreadsheets to manage the coupon program, but it is inherently complicated. Unfortunately, other fuel companies cannot provide the countrywide coverage or the value-added tax reimbursement that the current company provides. Prospects for a system based on credit cards instead of coupons remain possible, though not in the near future. Otherwise, the fuel program appears to have adequate internal controls based on accounting for receipts, proper approval for payment, and separation of duties.

The motor pool has reduced its staff by five drivers over time and in conjunction with consolidation of services with USAID, so it has implemented a program for using taxis to make up for the loss in personnel. Passengers can use vouchers to pay for the service and, more recently, the Embassy piloted a program that uses a swipe card that could streamline the program. A study conducted by the Embassy in February 2009 indicates a driver utilization rate of 81.24 percent, which is extremely high and is indicative of the need to augment use of embassy drivers with other services such as taxis. Maintenance is transitioning from out- to in-sourcing with the recent hiring of a mechanic and ongoing development of a business case and plan to provide facilities and equipment. Current NEC plans include a vehicle maintenance facility.

The Embassy's vehicle policy memorandum is current and authorizes home-to-office transportation for the DCM, but the basis for the authorization does not comply with the provisions of the 14 FAM 432.5 with regard to collecting a charge for "other authorized use."

Recommendation 7: Embassy Belgrade should revise the portion of its vehicle policy memorandum that pertains to home-to-office transportation of the deputy chief of mission so that it complies with the 14 FAM 432.5 requirements regarding "other authorized use" of motor vehicles. (Action: Embassy Belgrade)

The Embassy has experienced some problems with the maintenance and delivery of fully armored vehicles. The first case involved a Cadillac that arrived in February 2008. The inspection receipt revealed that one passenger door could not be opened, rendering the vehicle unusable until the door was repaired. Final repair was not done until June 1, 2009, so the car was in effect inoperable for almost 16 months. The second case is ongoing and involves two vehicles that the Embassy ordered in August 2007. The latest information was that they would be delivered in May 2009, but, as of the inspection, they were still not on hand. The Embassy was following up.

Facilities and Housing

The dysfunctional nature of the current embassy compound, described earlier in this report, is well-known and documented. With the NEC scheduled to be completed in 2013, the facilities management section must exercise prudence in determining the level of investment to make in maintenance, repair and improvements to the current complex. The section makes the best of a suboptimal situation. Offices are located in former apartments and meet basic safety requirements despite odd layouts.

Mail Screening

OBO and the Embassy have been working together to set up a structure, at a location away from the chancery, to screen incoming mail safely for explosives and biological agents. The Embassy experienced a white powder incident in December 2008 that fortunately turned out to be a hoax. While the white powder in the envelope was harmless and was detected at the Serbian post office, this incident underscores the need for a mail screening facility that would fulfill Department requirements.

After a more thorough review by the Bureau of Diplomatic Security and OBO, the Embassy revised a statement of work for the mail screen facility. (b) (2)
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(b) (2) The project is funded and in the acquisition phase, with completion projected for November 2009.

Pouch Mail Theft

Embassy Belgrade does not have an Army or Fleet post office and hence must use the Department pouch service for regular mail. Between November 2008 and February 2009 Embassy Belgrade noted 11 incidents of possible tampering or theft of pouched regular mail. Given that the current IMO did not start tracking this problem until November 2008, similar incidents that reportedly happened prior to that time are not referenced due to the absence of available data. Review of the IMO's database revealed that seven of the 11 reported incidents involved the loss of packages that Dulles pouch facility personnel signed for but were never placed in a pouch bound for Belgrade. When questioned, the RSO revealed that he reported this problem to the Bureau of Diplomatic Security in early 2009. In response to inquiries from OIG, the Bureau of Diplomatic Security replied it was aware of the problem, but had not opened an investigation because responsibility for a case of this nature is not clear.

Recommendation 9: The Bureau of Diplomatic Security, in coordination with Embassy Belgrade, should conduct or facilitate a thorough investigation of alleged tampering and theft of United States mail involving the mail pouch facility in Dulles, Virginia. (Action: DS, in coordination with Embassy Belgrade)

Emergency Destruction Plan

The successful execution in February 2008 of Embassy Belgrade's emergency destruction plan underscored the importance of anticipation, preparation, and situational awareness on the part of the IM staff. Prior to the actual embassy breach, the Embassy believed that U.S. recognition of Kosovo would increase security risks. Working with the regional security officer, the IM staff increased the frequency of emergency destruction drills in the weeks prior to the attack, and the information program officer (IPO) renewed his efforts to minimize the classified equipment and classified paper documents that require destruction.

In February 2008 several rioters breached the Embassy's compound and the Ambassador ordered the activation of the emergency destruction plan. (b) (2)

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Embassy Podgorica IM Support

For the past several years, Embassy Podgorica has relied heavily on the cleared American staff at Embassy Belgrade to provide IM expertise and assistance. While Embassy Podgorica fulfills the day-to-day operational IM needs with two full-time LE staff members and utilizes regional support to accomplish specific tasks, it frequently needs support from a cleared American IM expert.

Embassy Belgrade's American IM staff have assisted Podgorica as needed. The OIG inspection of Embassy Belgrade revealed both the IMO and information systems security officer have been strong advocates of training Podgorica's LE IM staff and championing their causes. Embassy Belgrade's IM management have also worked with the front offices of both embassies to allow Podgorica and Belgrade LE IM staff to visit and swap positions. Embassy Belgrade's IM staff have also provided Embassy Podgorica's American staff with assistance and expertise on a variety of IM-related projects. Specifically, along with the systems staff of EUR and Embassy Zagreb IM staff, Embassy Belgrade's IM staff have lent their expertise and assistance in attempting to troubleshoot the WebPASS applications.

Embassy Podgorica was originally envisioned to operate differently from other embassies and be what EUR termed a "model embassy." It was to be physically smaller, requiring fewer American personnel on site, and receiving some portion of its IM and management support remotely. The Department's enterprise software would enable embassy personnel in Podgorica to perform functions remotely, such as submitting general services work orders and IM trouble tickets using WebPass. While the operational duties and data entry would occur mostly in Podgorica, it was envisioned that back office support would be located elsewhere. Thus far, the WebPASS software has not been able to operate remotely and Embassy Belgrade and EUR's IM staff are seeking a workable solution to give Embassy Podgorica the capability it needs to support its mission.

QUALITY OF LIFE

COMMUNITY LIAISON OFFICE

Two co-coordinators in the community liaison office (CLO), each employed for 20 hours per week, manage Embassy Belgrade's CLO. The co-coordinators work effectively together in providing the full range of CLO services, including orientation and sponsorship for new employees and their families, arranging embassy community activities, serving as school liaisons and as members of the post employment and emergency action committees, preparing the weekly embassy newsletter, and maintaining the CLO Web site. The office maintains a library of books and files with information for the embassy community. Neither co-coordinator believes that it is possible to accomplish the work of the office in 20 hours per week, however, and both work additional hours without compensation.

One of the co-coordinators began working in July 2007, sharing the job with a co-coordinator for part of the time but also working 40 hours per week as the only community liaison officer for a period of approximately 7 months. During the second half of 2007, the co-coordinator also included a LE CLO assistant working twenty hours a week. The second co-coordinator, who began working in February 2009, has been CLO at four previous posts. Both co-coordinators have had CLO training. They both stressed the value of the co-CLO coordinator model, which ensures the office is always covered and assists them in reaching out to different elements of the embassy community. They sponsor a variety of activities, including morning coffee hours for spouses, a book group, monthly wine and cheese parties, an Easter party at the international school, and weekend cultural trips.

One co-coordinator works an average of 6 hours per day. The other co-coordinator usually works 8 hours or more per day. The Embassy has experienced a significant cut in funding and is not able to increase the employment hours of the co-coordinators or hire an additional staff member at the present time. Instead, the management counselor has asked the co-coordinators to look at ways in which they might be able to streamline their operations. He has asked them to reduce the size of the newsletter and disseminate it once every other week, instead of weekly, at least over the summer. He also suggested that they explore the possibility of disseminat-

ing a blog or e-mail with links to relevant Web sites and announcements, instead of a newsletter. The inspectors counseled both co-coordinators to look at ways to streamline their operations, including the newsletter, to avoid working additional hours without pay.

The co-coordinators find morale to be generally good in Belgrade and embassy employees are pleased with the housing, the health unit, and employment opportunities. In addition to 12 EFMs working at the Embassy, a few dependents work as USAID contractors or on the local economy, including at the school.

The management officer supervises the co-coordinators and schedules a weekly meeting with them. The meeting sometimes does not take place because of a holiday or a conflict in the management officer's schedule. Although one of the co-coordinators attends the weekly management section meeting, the co-coordinators would also like to have a regular meeting with the management officer to discuss CLO-specific issues; they noted that he was willing to meet with them when necessary. The OIG team informally recommended the management officer meet at least every 2 weeks with the co-coordinators to discuss, among other subjects, CLO priorities and ways to adjust the CLO operations to eliminate the need for unpaid overtime.

HEALTH UNIT

A regional medical officer (RMO), a Canadian-trained LE registered nurse (RN) and an administrative assistant staff the well-run health unit. The health unit receives support from a regional medical officer psychiatrist based in Embassy Vienna. The regional medical technologist based at the American Consulate General in Frankfurt last visited in February 2009. The RMO departed Belgrade for an assignment in the Office of Medical Services during the inspection, and his replacement, currently the RMO in Embassy Cairo, will arrive in August 2009. In addition to Belgrade, the RMO has direct medical responsibility for Pristina, Podgorica, Sarajevo, Skopje, and Sofia. The Belgrade RMO also backs up RMO Athens. The Embassy's local medical advisor is an internal medicine/cardiology specialist. The unit provides primary care to American staff and families as well as LE staff suffering from work-related injuries. Local medical care providers offer adequate secondary care; the Embassy refers adults to the Military Medical Academy and children to the Institute for Mother and Child. For more serious conditions patients are sent to London, Vienna, or the United States. The health unit works well with a local laboratory.

The current health unit consists of two exam rooms, the RMO office, a vaccine storage/pharmacy, a waiting room, and an office shared by the nurse and medical secretary. The health unit also uses a former apartment as a storage room, laboratory, and physical therapy room, as well as an office for visiting American medical officers. The health unit in the NEC will have more than adequate space.

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, and gloves for caretakers, and an adequate supply of Tamiflu in pill form.

The health unit has placed three semiautomatic defibrillators throughout the Embassy and a fourth is located in the health unit. Cardiopulmonary resuscitation, basic life support and first aid training, has been given to the Marine security guards, floor wardens, other embassy employees, and American EFMs. At the time of the inspection, a summer hire was conducting an inventory of the Embassy's medical supplies.

EQUAL EMPLOYMENT OPPORTUNITY

Embassy Belgrade has an effective Equal Employment Opportunity (EEO) program, which the Ambassador and DCM strongly support. There are no EEO cases pending in Belgrade.

The EEO counselor in Belgrade, who is the Ambassador's office management specialist, received EEO training and certification prior to her arrival in Belgrade in August 2007. She went through refresher training and recertification in Frankfurt earlier this year. She served as the Federal Women's Program Manager at her last post. She is interested in EEO issues and volunteered for the EEO counselor position when she arrived in Belgrade. The Ambassador supported her interest in serving as the EEO counselor, including taking the time for EEO training.

The EEO bulletin board located at the entrance of the Embassy's management annex publicizes the names of the EEO counselor and the Federal women's Program Manager. The EEO counselor posts all EEO announcements on the bulletin board. All embassy employment announcements include the EEO statement.

The EEO counselor received one complaint from an LE staff member of possible harassment by her supervisor. The EEO counselor discussed it with her, but the LE staff member decided not to file a complaint. The EEO counselor also received an anonymous inquiry about a possible EEO issue, but the individual who raised it did not pursue the matter.

The EEO counselor publicized the announcement of the mandatory No Fear Act training, but does not have information about the percentage of embassy employees who have completed it. She conducted sexual harassment training attended by 75 percent of the American staff. Several EFM's and the Embassy's LE EEO liaison also attended.

Both the Ambassador and DCM support employees with same sex partners.

EMPLOYEE ASSOCIATION

The American Embassy Employee Recreation Association (AEERA) provides its members a wide range of services, including commissary sales and management of transient quarters, a cafeteria, and a fitness center. It meets its financial reporting obligations to the Department and has maintained its solvency while making a small net operating profit for the past 3 years. Its latest financial audit by an independent firm indicated no material weaknesses.

In addition to regular membership available to American employees, AEERA offers affiliate membership to LE staff; they are allowed to buy single-unit items from the commissary, excluding liquor or other packaged goods, and to use facilities such as the pool at the Ambassador's residence and the gym. (b)(2)(b)(6) (b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6) (b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6) (b)(2)(b)(6)(b)(2)(b)(6) Business is based in large part on commissary sales and the cafeteria, though the latter presents a challenge in terms of being the most labor-intensive and difficult to meet expectations. AEERA took direct control over the cafeteria operation in July 2007 after a concessionaire was unable to earn enough profit to justify continued effort.

AEERA faces possible challenges in complying with local labor laws and is working to define its options and obligations. First, there is a question regarding how its eight employees will make payments into the LSSS. As it stands, employees must be self-employed or employed by a company that is registered with the local government in order to do so. Neither AEERA nor its employees fall into these categories. AEERA considered establishing itself as a local nonprofit entity, but this option required at least 15 Serbian citizens as associates, which is almost double the current number of AEERA employees. Moreover, the Department recommended against this approach. As a stopgap measure, AEERA supplements employees' monthly salaries so that they can contribute to the LSSS. AEERA also faces a problem regarding severance pay set-aside. Currently, the association is not setting aside funds for

severance of its employees. Its understanding from consultations with a local labor attorney is that an employer is liable for the cumulative severance pay of its employees based on total years of employment with all previous employers. If this is the case, the association's liability could be considerable. AEERA has been in consultations with the Embassy's human resources section to determine possible courses of action.

Stock control was disrupted in April 2009 with the crash of the computer hard drive on which inventory records were stored. The data had not been backed up, so all data were lost. In order to reestablish a baseline inventory, the association undertook a full inventory during the inspection. Inventory data is now backed up on a daily basis onto a flash memory drive to preclude another incident of data loss.

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(b)(2)(b)(6) came through tough times in 2008, including the evacuation of American students and a fire in the elementary school. Despite the challenges, the school is flourishing under a highly regarded director, who arrived in the fall of 2007, and a new board of directors. (b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)
(b)(2)(b)(6) School officials expected the 2008-2009 academic year enrolment to drop due to the evacuation and the international financial situation. Instead, the number of students increased. There is no indication that the evacuation in February 2008 had a lasting negative effect on students.

The (b)(2)(b)(6) continues to have an "inadequate" rating from the Office of Overseas Schools. As of 2009, the high school had had only four graduating classes, so the rating could change once the high school establishes a track record of success. (b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)
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(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6) The parent-teacher association recently raised \$14,300 for educational items that included pianos, playground equipment, and library books. (b)(2)(b)(6) works hard to accommodate special needs children and has been able to work with some students who are autistic or have other handicaps.

One of Embassy Belgrade's co-CLO coordinators liaises with the school. In addition, three school board members are appointed by the Ambassador and one American parent is an elected member of the board and the current vice chair.

MANAGEMENT CONTROLS

MANAGEMENT SECTION

Management controls are generally in place in the management section and effective in preventing waste, fraud and mismanagement. Duties are sufficiently separated to avoid conflict of interest and personnel are cognizant of the need for checks and balances, such as those that are in place to control the motor pool's vehicle fuel program. The OIG inspectors identified the need to close out purchase orders, which is the final step in the procurement component of the supply chain process and an important internal control. The OIG team also made an informal recommendation to designate receiving officers to improve management controls.

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INFORMAL RECOMMENDATIONS

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

EXECUTIVE DIRECTION

The DCM has not been holding regularly scheduled meetings with the consular section chief.

Informal Recommendation 1: Embassy Belgrade should require that the deputy chief of mission hold weekly meetings with the consular section chief.

CONSULAR SECTION

The consular section chief has been sitting in the back of the room instead of at the main table during country team meetings. This sends a wrong signal about the integral nature of the work of the consular section to the goals of the rest of the mission.

Informal Recommendation 2: Embassy Belgrade should require the consular section chief sit at the main table in country team meetings along with the rest of the mission section chiefs and agency heads.

MANAGEMENT SECTION

The ICASS council does not meet on a regular basis as recommended by the ICASS Service Center.

Informal Recommendation 3: Embassy Belgrade should require the International Cooperative Administrative Support Services council meet on a regular, rather than ad hoc, basis.

The ICASS council did not fulfill its responsibility to provide input to the management counselor's employee evaluation report.

Informal Recommendation 4: Embassy Belgrade should require the International Cooperative Administrative Support Services council provide input to the management counselor's employee evaluation report.

The ICASS council has not established a post budget committee, which can be identical to the council membership and meet concurrently or can comprise different membership and meet separately, at the council's discretion.

Informal Recommendation 5: Embassy Belgrade should require the International Cooperative Administrative Support Services council establish a budget committee.

Embassy Belgrade prepares its ICASS budget using ICASS Lite but, given the enhanced capabilities of the standard system, it may be advantageous to switch to ICASS Standard.

Informal Recommendation 6: Embassy Belgrade should require the financial management unit compare ICASS Lite to ICASS Standard and make a decision to convert to ICASS Standard or maintain ICASS Lite.

Many employees are dissatisfied with the quality of instruction provided by the Embassy's LE staff language instructor. At the same time, the language proficiency of officers in language designated positions is uneven, which may correlate to some extent with this dissatisfaction.

Informal Recommendation 7: Embassy Belgrade should provide feedback and counseling to its locally employed staff language instructor in order to improve her performance and quality of instruction.

Currently, management and the LE staff committee meet on an as-needed basis, so that meetings are normally held in response to problems rather than as a forum for broader discussion and communication.

Informal Recommendation 8: Embassy Belgrade should require the management officers meet with the locally employed staff committee on a regularly scheduled basis.

The procurement unit does not make full use of the purchase card program and bulk funding. Instead, it uses purchase orders that are more labor-intensive and costly in terms of workload. This is especially true with regard to the public diplomacy section, but also could be applicable to other sections. Increased use of purchase cards could also expedite procurement for those sections that use them.

Informal Recommendation 9: Embassy Belgrade should expand its use of government purchase cards and bulk funding to reduce procurement section workload and expedite procurement for its customers.

Receiving officers are not designated for services, which can cause circumvention of the central receiving point and receiving clerk and a gap in the processing of approvals for payment.

Informal Recommendation 10: Embassy Belgrade should designate receiving officers and disseminate the information appropriately.

The Embassy adjusted its annual inventory using the Property Disposal Authorization and Survey Report, DS-132. All signatures appeared on the form, but information on circumstances, recommendations and other pertinent data, e.g., steps taken to locate missing items, was missing.

Informal Recommendation 11: Embassy Belgrade should require all fields of the Property Disposal Authorization and Survey Report, DS-132 are completed accurately..

The orientation process for new arrivals does not adequately address how responsibilities among sections can overlap. One agency section chief who was new to the Embassy explained that it took him some time to figure out how his section's responsibilities intersected with those of the political section.

Informal Recommendation 12: Embassy Belgrade should require the orientation program for new arrivals clarifies the functions of each office and how they overlap.

Embassy Belgrade officers and LE staff would be more effective as agents of regional cooperation if they had more contact with colleagues from embassies in the region.

Informal Recommendation 13: J Embassy Belgrade should require joint regional training for officers and locally employed staff enhances U.S. efforts to advance shared goals toward European integration, North Atlantic Treaty Organization membership, economic advancement, and law enforcement.

INFORMATION MANAGEMENT UNIT

Information management employees at Embassy Belgrade do not have individual development plans as required in 5 FAM 121.

Informal Recommendation 14: Embassy Belgrade should require the information management officer draft individual development plans for all American and locally employed information management employees.

COMMUNITY LIAISON OFFICE

The co-coordinators in the community liaison office have a weekly meeting scheduled with their supervisor, the management officer, to discuss priorities and activities, but the meetings have been somewhat irregular because of scheduling conflicts. In addition, both co-coordinators work more than the 20 paid hours per week and believe it is not possible to fulfill their current responsibilities within their regular work hours.

Informal Recommendation 15: Embassy Belgrade should require the management officer schedule and keep meetings that occur at least every 2 weeks with the community liaison office staff to discuss, among other subjects, priorities and ways to adjust operations to eliminate the need for unpaid overtime.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Ambassador	Cameron Munter	08/07
Deputy Chief of Mission	Jennifer L. Brush	09/07
Chiefs of Sections:		
Consular	Carolyn Gorman	09/06
Economic	Troy E. Pederson	07/07
Management	Norman Thatcher Scharpf	08/06
Political	Deborah R. Mennuti	05/08
Public Affairs	Conrad W. Turner	08/08
Regional Security	Timothy J. Riley	08/07
Other Agencies:		
Defense Attaché Office	Eric J. Von Tersch	07/07
Department of Justice Regional Legal Advisor	Eli Richardson	03/09
Department of Justice ICITAP	Robert E. Norris	11/08
Office of Defense Cooperation	Devin A. Braun	10/08
U.S. Agency for International Development	Michael T. Harvey	07/07
Foreign Commercial Service	Cameron S. Werker	06/07

ABBREVIATIONS

ACS	American citizen services
AEERA	American Embassy Employee Recreation Association
CLO	community liaison office
DCM	deputy chief of mission
EEO	Equal Employment Opportunity
EFM	eligible family member
ELO	entry-level officer
EU	European Union
EUR	Bureau of European and Eurasian Affairs
FCS	Foreign Commercial Service
FM/HR	financial management/human resources
FSI	Foreign Service Institute
GIG	Goal Implementation Group
ICASS	International Cooperative Administrative Support Services
ICITAP	International Criminal Investigative Training and Assistance
IM	information management
IMO	information management officer
IPO	information program officer
IO	information officer
IRC	information resource center
(b)(2)(b)(6) (b)(2)(b)(6) (b)(2)(b)(6)	(b)(2)(b)(6)(b)(2)(b)(6)
LE	locally employed
LSSS	local social security system
MSP	Mission Strategic Plan

NATO	North Atlantic Treaty Organization
NEC	new embassy compound
NIV	nonimmigrant visa
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
OPDAT	Overseas Prosecutorial Development, Assistance and Training
PAO	public affairs officer
PAS	public affairs section
PSA	personal services agreement
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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