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

Report of Inspection

Embassy Guatemala City,
Guatemala

Report Number ISP-I-09-11A, December 2008

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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 instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

METHODOLOGY

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



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

Office of Inspector General

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, Section 209 of the Foreign Service Act of 1980, the Arms Control and Disarmament Amendments Act of 1987, and the Department of State and Related Agencies Appropriations Act, FY 1996. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its oversight responsibility with respect to the Department of State and the Broadcasting Board of Governors to identify and prevent fraud, waste, abuse, and mismanagement.

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 have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

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

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

Harold W. Geisel
Acting Inspector General

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- The Embassy gears its security program to Guatemala’s critical crime threat environment and extracts maximum value from limited resources through creative leadership and efficient resource allocation.

The inspection took place in Washington, DC, between April 14 and May 6, 2008, and in Guatemala City, Guatemala, between June 9 and 26, 2008. (b) (6)
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CONTEXT

Guatemala, with 42,000 square miles and 13 million people, is similar in size and population to Pennsylvania. The most populated country in Central America, its rich history dates back to the Mayan civilization, which collapsed around 900 A.D. Like



its Central American neighbors, Guatemala has suffered prolonged misrule, first by the Spanish for three centuries and then by autocratic rulers, military, and otherwise. As an outgrowth of this, the Guatemala of 2008 has an immense, largely indigenous underclass that lives below the poverty line. Though classified as a lower-middle income country, Guatemala is better described as a poor country with a modest middle class and a spectacularly rich upper class, including narco-oligarchs. Corruption plagues the police and judicial system. Money buys impunity. Crime is violent, rampant, and random.

Over the past half century, the U.S. relationship with Guatemala has ebbed and flowed between strong engagement and arms-length coolness. Guatemala's movement towards the first pro-communist government in the hemisphere led to U.S. intervention in 1954, and 30 years of conservative military-led rule thereafter. During that period, the guerillas arose, an American Ambassador was gunned down, and the Embassy was regularly attacked. Since 1985, when military rulers gave way to an elected government, and especially since the 1996 Peace Accords that ended internal armed conflict, cordial bilateral relations have been the norm. In 2007, President Bush visited Guatemala. Since then, other high-level visitors have visited including the Deputy Secretary of State on the eve of the Office of Inspector General (OIG) inspection in June 2008.

The United States is Guatemala's largest trade partner, foreign investor, assistance donor, and source of remittances. Trade and investment have increased substantially since the Central American Free Trade Agreement came into force in 2006. Assistance, of about \$80 million annually, centers on the overarching U.S. objectives in Guatemala—to promote a more secure, prosperous, and democratic society where rule of law prevails and human rights are respected. The more than one million

Guatemalans who live in the United States, most illegally, remit over \$4 billion back to Guatemala each year, an eighth of the country's gross domestic product. The United States annually deports 20,000 illegal Guatemalan immigrants and works with the Guatemalan Government to staunch flows of illegal immigrants and narcotics heading north for the United States through Guatemala. The Embassy also actively supports American citizens including prospective parents in the approximately 6,000 adoption cases each year—an adoption workload second only to that of the U.S. mission in China.

The U.S. Embassy, which operates out of a sprawling, aging complex of buildings, is appropriately sized for 140 American officers and staff—not including one of the largest Peace Corps contingents worldwide. The OIG team finds that the mission is effective in promoting U.S. interests.

EXECUTIVE DIRECTION

The Ambassador and DCM collectively have more than a half century of Central and South American experience, with the DCM alone having spent 20 years in Guatemala and the Ambassador being one of the most seasoned managers in the Bureau of Western Hemisphere Affairs (WHA). Both came to Embassy Guatemala City directly from relevant senior Washington positions; the Ambassador as a principal deputy assistant secretary and the DCM as country director for Central American affairs. Both, especially the DCM, have a profound understanding of the leading families and social structure that is invaluable given the paramountcy of personal ties in Guatemala. The Ambassador speaks very good Spanish; the DCM often passes for a native speaker.

Intensely knowledgeable about Guatemalan issues, the region, and the Washington policy context, the Ambassador and DCM are assertive in advancing U.S. policy objectives and do so with appropriate coordination in Washington. Both know how to remind host-country interlocutors of the downsides of uncooperative relations with the United States—without alienating them or creating exaggerated expectations of the results of supporting U.S. interests. Theirs is an action focus with a sharp sense of priorities, rather than the accumulation of unfocused reporting cables and activity. The Ambassador and DCM got the Guatemalan Congress to approve long-delayed adoption reform legislation and to ratify an agreement with the United Nations to establish an international mission to investigate and prosecute organized crime. On numerous occasions, the front office weighed in with success on behalf of U.S. commercial entities, including airlines and telecommunications companies.

Both the Ambassador and DCM are skilled at leading staff meetings, conveying a sense of mission goals, and clearing cables and other papers in record time. When get-togethers, such as the monthly rule-of-law meeting, have only minimal agenda items, the front office cancels the session and addresses the issues in a smaller format. Staff meetings are focused, crisp, and almost laconic in tone. Subordinates do not have to interpret the commander's will.

Agency chiefs view the Ambassador as informed and highly supportive of their programs. They commend the front office for never micromanaging while always being willing to offer advice on the best strategies to achieve longer term goals. Several heads of agencies noted the Ambassador's great willingness to visit their projects upcountry, even in less than safe areas.

Interagency relations are also outstanding. The key agencies involved with counternarcotics—the Drug Enforcement Administration (DEA), the Defense attaché office, the military group (MILGRP), and the Department's NAS—have exemplary working relations. Similarly, the major assistance players—United States Agency for International Development (USAID), MILGRP, the Department of Agriculture's Foreign Agricultural Service and Animal and Plant Health Inspection Service, Peace Corps, and the NAS—work collaboratively under excellent front office direction. Further, the Department of Commerce's Foreign Commercial Service, USAID, and the economic section cooperate well on economic and trade development issues.

The Ambassador and DCM divide their executive duties in classic fashion, with the DCM serving as chief operating officer, albeit one somewhat in the shadow of an Ambassador whose intent does not readily invite alternative opinions. They differ markedly in personalities, management styles, and the way they interact with embassy staff. These differences at times create friction and communication gaps. Messages from the front office are sometimes interpreted differently by subordinates.

While the chiefs of other agencies laud executive direction, the OIG team found that it has not succeeded as well with the Department contingent.

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Executive direction for the political and economic sections produces an excellent product that is commended by Washington. However, the front office could inject itself more into the management, as opposed to the substantive work, of this combined political-economic section whose supervisor does not routinely pass along guidance or input from the front office. Also, the section head is the same rank as several of the officers he supervises and had been the designated rater prior to the OIG inspection. The OIG team noted to embassy management that it is an inherent conflict of interest for an FS-02 political cone officer to rate another political or economic officer of the same rank as they will be reviewed by the same promotion board. It is in the supervising FS-02's interest to downplay the efforts and achievements of an officer of equal rank, especially a subordinate considered by others to be highly competent. When the OIG team pointed out these problems to the Ambassador and DCM, they agreed to assume rating and reviewing responsibilities for the section's three subordinate FS-O2 officers respectively.

Mission Strategic Plan

Embassy Guatemala City's 2010 mission strategic plan is a concise, highly readable blueprint for U.S. policy, with realistic benchmarks and metrics related chiefly to assistance programs that collectively provide \$80 million in aid to Guatemala. The document stands out for its architecture, and the OIG team concurs with the Department's informal review that commended the chief of mission's statement in particular. This preamble to the full plan outlines key U.S. interests in Guatemala and lays out appropriate strategies for achieving key goals. Justifications of requests for additional resources and personnel are cogent.

The 2010 mission strategic plan usefully refines its predecessor in making "governing justly and democratically" its first objective and "achieving security through disruption of criminal organizations" the second of five objectives. Absent credible rule of law and fully effective democracy, U.S. investments in counternarcotics and other law enforcement activity will not likely be cost effective. Institutional strengthening, above all in the rule-of-law and justice sectors, is the necessary foundation for

an adequately secure and stable Guatemala. One omission from the strategic plan is the need for the Federal Bureau of Investigation to be represented in Guatemala, given its relevance to the Embassy's key goals.

The OIG team commends Embassy Guatemala City for its intramission procedures in preparing the strategic plan. A talented mid-level economic officer volunteered to be the overall organizer and then fashioned a team that included USAID's financial management officer, who could work well with all agencies and otherwise pull together the process. In so doing, the economic officer and mission management scrutinized each goal both for its own internal feasibility and for its coherence with the activities of other agencies. The Embassy also cooperated with the Bureau of International Narcotics and Law Enforcement Affairs (INL), WHA, and USAID/LAC through the process of developing the strategic plan. The Embassy, in effect, unofficially precleared its resource requests with the responsible Washington funding agencies prior to the drafting of the plan.

The OIG team notes that mission strategic plan performance indicators merit further refinement to be fully useful as evaluation tools. Current Department guidelines require them to be quantitative and based primarily on external monitoring agencies. These agencies, however, use longer timelines and typically compile figures 18 months or more after the events themselves. Ideally, embassies would have greater flexibility in the use of qualitative indicators. Also, while the mission strategic plan is a handy vehicle for keeping the many agencies within a mission pulling in the same direction, continual changes in the format work against full participation by the Department of Defense and other agencies. Keeping the same form for three or four years could promote more strategic participation from outside agencies.

Security

The Ambassador and DCM have worked through an outstanding and empowered regional security officer to instill a culture of security at Embassy Guatemala City consonant with the needs of a post operating in a critical crime threat environment. Both accord the regional security officer and his assistants round-the-clock access to discuss incidents or make immediate adjustments in the mission's security posture. (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

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The Ambassador and DCM publicize security issues at various venues such as the American Chamber of Commerce. Security also factors prominently in the Embassy's annual town hall meetings with residents throughout Guatemala. (There are six separate town hall sessions in different regions of Guatemala.)

Within the Embassy, there is however, a thirst for more details on security events that argues for front office recalibration of the balance between over-reporting and under-reporting security events. Those outside the mission security loop, for example, argue for more information about incidents that do not affect embassy members, per se, but occur near embassy residences or spots frequented by mission members. The OIG team concurs and left an informal recommendation that the regional security officer and the front office increase the frequency of their all-hands security meetings and provide more frequent security notices.

Entry-Level Program

Embassy Guatemala City has a formal entry-level program, but mission leadership has implemented it less than systematically. While the DCM has invited entry-level officers to accompany him on field visits and to take notes at meetings with Guatemalan officials, the OIG team found that recipients of such invitations are few in number. Entry-level officers do not attend country team meetings save for an initial introduction, and the front office has not ensured that the consul general, the supervisor of most entry-level employees in the Embassy, provides feedback on country team meetings. Thus, while entry-level officers view the DCM as highly approachable, this is not enough to overcome a sense of being cut off from the front office. An Ambassador or DCM sighting in the consular section is a rare event.

In a potential best practice, the DCM mandated a program wherein entry-level officers in the consular section spend one month during their tour in the section of the Embassy that conforms with their individual cone. If the entry-level officer is consular cone, that person still can work in another section for a month. While the intent of this was admirable in terms of long-term professional development, it has added to the staffing pressures that already existed in the consular section. The continuance of the program could lead the Bureau of Consular Affairs to take away an officer position from the consular section. There are other ways to ensure that entry-level officers have professional development opportunities without rotating them formally. The inspection team offered examples to the DCM of how other missions are achieving that goal.

Recommendation 2: Embassy Guatemala City should cease the program in which entry-level officers in the consular section are rotated to other sections in the Embassy for one month during their tour. (Action: Embassy Guatemala City)

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POLICY AND PROGRAM IMPLEMENTATION

Embassy Guatemala City excels in assertive, creative policy and program implementation. This, necessarily, in a country where personal ties are paramount, relies heavily on the Ambassador's and DCM's interventions with senior Guatemalan officials. U.S. diplomacy induced Guatemala's Congress to approve long-delayed adoption reform legislation and to ratify an agreement with the United Nations to investigate and prosecute organized crime. An ambassadorial phone call dissuaded the government from shutting down a U.S. airline over a tax dispute. In all its advocacy, the Embassy's watchword is realism as it presses for a more secure, prosperous, and democratic Guatemala where the law and the international norms of human rights hold sway. Embassy Guatemala City recognizes that, as elsewhere in Central America, core problems are intractable—and can only be worked on over the long term, rather than solved conclusively in the mid-term.

The 1996 Peace Accords ended Guatemala's 36-year civil war but did not eliminate the root social, political and economic conditions behind this strife. The haves still have a lot; the have-nots rank among the poorest peoples of the Western Hemisphere. Society is polarized. Crime is rampant, punishment is not—only one murderer in 50 is caught—an invitation to return to authoritarianism. The PAS focuses heavily on the Mayans (more than half the population) in programmatic terms but does not contribute much to mission reporting, at best modest, on this segment of society.

Poor governance in general and weak police/judicial infrastructure in particular impede U.S. programs across the board—from the effort to interdict drugs and illegal migrants to broader U.S. economic and commercial concerns. The mission has recognized this and paid appropriately high attention to rule of law themes writ large. Cooperation among the many agencies and sections involved is especially good. When an OIG team finds officers as disparate as those in the Foreign Commercial Service and NAS working closely together, this is news.

ASSISTANCE

Shared interests in economic growth, poverty alleviation, and better rule of law define ever more the U.S.-Guatemalan bilateral agenda. Recently elected President Alvaro Colom has himself articulated a vision for Guatemala that dovetails with U.S. foreign assistance priorities. U.S. assistance increased markedly from FY 2007 to FY 2008. USAID's programs to further rule of law went from \$1.4 million to \$11.8 million. INL assistance jumped to \$11.6 million, including \$10 million for four helicopters to be used for counternarcotics purposes. The subtext of this INL program is also rule of law enhancement, given that the government has weak police and judicial control over the remote areas where opium is grown and drug traffickers hold sway.

Much the largest bilateral donor, the United States provided Guatemala with over \$124 million in FY 2008 assistance, even with no Millennium Challenge Corporation component in the U.S. aid package, unlike neighboring Honduras, Nicaragua, and El Salvador. USAID funding alone—chiefly for health, food, security, rule of law, education, and rural agricultural development—was \$58.5 million. The Department of Agriculture's three major activities provided \$44.5 million in assistance, with the Food for Progress and the McGovern-Dole Food for Education Programs accounting for \$24.5 million. Guatemala also receives annually approximately \$20 million to combat the Mediterranean fruit fly, with the Department of Agriculture's Animal and Plant Health Inspection Service employing some 1,500 Guatemalans in rural areas. This program has succeeded in protecting U.S. farmers from this pest and allowed many Guatemalan agricultural products to be safely exported to the United States.

Other substantial programs include the approximately \$3 million Peace Corps program that funds approximately 180 volunteers, one of the largest contingents worldwide. The Center for Disease Control draws on a \$1 million budget chiefly for AIDS-related programs. The MILGRP has a \$4 million budget and public affairs programs are budgeted at \$1.45 million for FY 2008.

The OIG team's review of programs finds their overall mix and the mission's oversight appropriate. A host of measures to lessen the possibility of corruption by receiving ministries are in place. USAID and other implementing agencies routinely sidestep corrupt or poorly performing local officials. Agencies and sections administering the programs uniformly credit the Ambassador and DCM for their exceptionally strong support for assistance programs whether by interventions with the Government of Guatemala, by design suggestions, or by visiting projects in the field. Agency chiefs view the Ambassador as exceptionally effective in working official

Washington. The DCM, who grew up in Guatemala, is viewed as the consummate master of the local context and the art of engaging the Guatemalan bureaucracy. When a USAID-funded, Centers for Disease Control-implemented maternal and infant health survey bogged down in the bureaucracy, the DCM intervened with the Vice President to jump start this key program.

The effective delivery of assistance is no easy matter in Guatemala. At times, the Guatemalan Government has accepted an offer of assistance from the United States and professed eagerness to get relevant programs implemented. Yet, nothing happens—chiefly because of bureaucratic sloth or a failure of receiving government agencies to coordinate among themselves. The absence of a career civil service and bureaucratic malaise has otherwise thwarted Guatemala's transition from finite assistance programs to sustained systemic reform in public institutions and policy. The bureaucracy is also unduly politicized. Again and again, key USAID partners have lost their jobs with the change of administrations. More broadly, with Guatemalan political parties lacking ideology and cohesion, it is hard for the U.S. and Guatemalan Governments to drive an agenda.

A further problem is the general lack of follow through and leadership by the central Guatemalan Government. For example, it does not effectively supervise or monitor regional officers who are actually implementing programs. Instead, the central government contents itself with sending these officers a general template, along with boilerplate instructions.

Whatever these many constraints, the OIG team views U.S. assistance as cost-effective in Guatemala—a country which suffered through 36 years of civil war before gaining a measure of democratic stability and sustained economic progress.

NARCOTICS AFFAIRS

Guatemala is a major transit country for cocaine flowing north from South America towards the United States. It also grows opium, albeit not on a major scale. The Embassy's 27-person NAS implements an ambitious program whose funding, after hovering around \$3 million annually in previous fiscal years, soared to \$11.6 million in FY 2008. This reflects the expenditure of \$10 million for four helicopters to be deployed for counternarcotics purposes. The program stresses capacity building through developing Guatemala's law enforcement, judicial and corrections institutions via improved laws, procedures, and organization. It dovetails well with DEA Guatemala's enforcement strategies which emphasize smart confrontation with

the drug traffickers, surgical rather than blunt instrument tactics. DEA, for example, makes increasing use of provisional arrest warrants to bring major traffickers and money launderers before U.S. courts. They have also put in place a vetted financial unit of 15 Guatemalans, including a prosecutor, banking authorities, customs and police officers, and government officials with specialized counternarcotics-related skills.

The OIG team found exemplary cooperation between the NAS and other law enforcement agencies, MILGRP, and the Defense attaché office. This cohesion ensures that training and support activities complement the active interdiction efforts of DEA. An added synergy is that DEA Guatemala is itself involved both in training activities and in supplying police equipment ranging from radios to bulletproof vests. Coordination with USAID, whose offices are less proximate to the main embassy complex, is less effective. Nonetheless, the NAS is diligent in seeking to mesh its programs with USAID's broader rule-of-law programs funded at \$11.8 million in FY 2008.

The NAS's program embodies four major components. A police training program offers technical assistance and training to the National Civilian Police. It includes the establishment of a successful and well-publicized "model precinct," which the NAS intends to replicate throughout the country. A narcotics program provides training, infrastructure support, and vetting to Guatemalan counternarcotics forces. It is expanding with the addition of four INL-funded helicopters that will provide mobility to these counternarcotics units. The NAS's work with Guatemalan prosecutors provides legal and technical assistance that has resulted in several laws on organized crime and extradition. Finally, a relatively modest program embodies a range of demand-reduction activities. It mainly partners with Guatemalan organizations that specialize in training.

The NAS director in Guatemala faces considerable managerial challenges and the incumbent is managing them with evident skill and tact. Somewhat fortuitously, he has a background in financial management, law enforcement, and forensic accounting—a mix of skills that few if any Foreign Service generalists can offer. While the Department no longer maintains narcotics affairs as a specialty, the multiple, specialized demands of narcotics advisor positions lead the OIG team to question this decision. The heads of the four subsections managed by this polymath director have distinctly different backgrounds—FBI, DEA, foreign assistance, and local legal training—and there are several different funding streams for each of the director's programs. Given all these complexities, Embassy Guatemala City requested and received visits by INL management survey teams in November 2007 and June 2008.

The narcotics affairs program also places significant demands on the management section of the Embassy on a range of issues from vehicles to tax concerns to fuel purchases. Coordinating these issues has not always gone as smoothly as wished. In light of the sheer complexity of the funding and more detailed management controls related to the new helicopter unit, the OIG team recommends that OIG's audit unit conduct an audit.

The NAS's programs have enjoyed considerable success and the unit works closely and effectively with the PAS in gaining appropriate media coverage of their activities. The NAS has also provided advice and assistance to the Foreign Commercial Service on several sensitive commercial disputes involving U.S. companies.

The NAS has been effective in achieving many of its program goals, but it has not reported as effectively on these achievements and on the local drug scene. The OIG team made an informal recommendation that the NAS seek to increase reporting on both program and policy issues.

POLICY AND ADVOCACY

The Political and Economic Section

The combined political-economic section with two economic officers, three political officers, one consular/political rotational officer, a Foreign Service office management specialist, and three local employees, produces quality reporting and carries out effective advocacy. Washington consumers were satisfied with the mission's reporting but would be pleased to receive longer think piece on the indigenous peoples who dominate Guatemala's large, rural underclass. There is also the perception in Washington that the front office has opted for a minimalist approach to classic political and economic reporting.

The Embassy folded the two sections into one following the mid-tour resignation of the economic counselor in 2006. Reshuffling the section and recruiting for vacant positions left the section playing short-handed for many months; during one four-month period a mid-level officer and an entry-level rotational officer constituted the entire section. The full team came on board in the fall of 2007. Since then, the volume and pace of reporting has picked up. The section maintains both six-month reporting and travel plans. Representational and travel expenses, while not generous, are adequate to enable the section to fulfill its reporting requirements.

A key reporting effort has resulted in well-regarded coverage of the Guatemalan election and analysis of the new government's policies and players. The political and economic section also has excellent working relationships across agency boundaries in the mission. The political-military officer works closely and effectively with several Department of Defense agencies in the mission. The section has also reached across national boundaries, working with Embassy Mexico City to produce a joint cable on crime, migration, and trafficking in the Guatemalan/Mexican border region. A biweekly economic meeting attended by both Foreign Service officers and locally employed (LE) staff from the economic section, USAID, the Foreign Commercial Service and the Foreign Agricultural Service ensures both coordination and information sharing. This is mirrored by a similar, small law enforcement meeting.

Many of the sections' mandated reports fall on the talented labor/human rights officer who, with the rotational officer, produced seven required reports during a busy six-month season. Besides mandated reports, the section delivers between five and ten demarches each week. The OIG team has noted in this and other inspections that while the burden of advocating policy positions with the host country government is not overly burdensome, the mission is often forced to prepare translations of lengthy background material and non-papers. This requires a considerable expenditure of officer and local staff time and can delay implementation of Washington instructions. Given that Spanish is the common language of a large number of posts required to address a given issue, there would be cost savings to the U.S. Government if translations could be centralized.

The political and economic section has frequently and often very successfully engaged simultaneously in traditional and public advocacy. Working with the PAS, a combination of media outreach, public remarks, and background briefings for journalists has been melded into traditional diplomacy with good results. An example was the mission-wide effort to apprise the Guatemalan Government and its people of the U.S. position on Venezuela's Petrocaribe initiative. Similarly, close cooperation with the Foreign Commercial Service led to an intervention designed to resolve a commercial dispute in the area of telecommunications.

As noted above, the consolidation of the previously independent political and economic sections into a single unit had its growing pains. One consequence was an unusual flattening of the grade structure of the officers in this section. An FS-02 in a stretch assignment supervises three other officers of equal rank (one of whom is in a down-stretch). As this temporary situation seemed destined to continue until at least

the next rating cycle, the OIG team suggested that the front office take measures to minimize any inherent conflicts of interest that occur when officers of the same grade rate each other. This was done, leaving the section to continue to perform quite well despite the absence of an FS-O1 section chief.

PUBLIC DIPLOMACY

The PAS consists of four Foreign Service officers and LE staff of eight. In 2008, their public diplomacy program budget came to \$652,000, excluding Washington-originated programs funded by the Bureaus of Educational and Cultural Affairs, and International Information Programs.

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Outreach to the indigenous peoples of Guatemala is a key component of Embassy Guatemala City’s mission strategic plan. Indeed, the measure of effectiveness for the plan’s mutual understanding goal is the “number of indigenous Guatemalans, women, university students, residents of outlying provinces, and identified future leaders who participate in U.S.-sponsored exchanges and programs annually.” Fulfilling this goal consumes a large proportion of the PAS’s human and program resources. Recognizing the importance of outreach to this group, the Department provided Embassy Guatemala City with a one-time Foreign Service position under the Diplomatic Readiness Initiative to serve as outreach coordinator. The section has conducted a variety of successful programs including cultural presentations, summer institutes, and expanded English-teaching activities which enable the mission to fulfill its stated goal.

While both the PAS’s strategic plan and the mission strategic plan articulate the need “to deepen mutual understanding and broaden support for American values and policies...through the use of public diplomacy exchanges and information programs...” in practice, a number of grants and programs lack a U.S. component—neither U.S. participation nor exchange—and are more properly development assistance programs that fall under the mandate of USAID. The Congress clearly intended that these programs be funded with foreign assistance monies rather than public diplomacy programs funded under the Smith-Mundt and Fulbright-Hayes Acts.

Examples of this class of grants include three grants totaling almost \$50,000 to a Guatemalan university to fund two-year scholarships for Guatemalan students to attend this university's technological institute to study tourism and agro-forestry; a grant of \$36,200 to Save the Children, supplementing an already existing USAID project on primary education; and a grant of \$5,000 to a local nongovernmental organization to provide training in basic keyboarding and word processing. Although these projects are all worthy, the OIG team believes that they do not fall within the framework of public diplomacy or the language of the authorizing legislation. In any case, the PAS awarded these grants ad hoc rather than as part of a carefully considered strategy that includes resource allocation.

Recommendation 3: Embassy Guatemala City should establish and implement procedures that ensure that there is a clear American component in all of its activities that meets the objectives of public diplomacy as stated in the Smith-Mundt and Fulbright Hayes Acts as opposed to providing development assistance authorized under the Foreign Assistance Act. (Action: Embassy Guatemala City)

Recommendation 4: Embassy Guatemala City should develop a clear, comprehensive outreach strategy for engaging indigenous peoples articulating the goals, messages, program tools, and measures of effectiveness, link this plan to staff and funding requirements and implement the plan. (Action: Embassy Guatemala City)

Under the leadership of an active and energetic public affairs officer, the PAS has labored hard, often with great effect, to advance outreach goals. These achievements, however, have come at the cost of other core programs and pose unreasonable demands on staff. Both Foreign Service officers and LE staff report that they are often being tasked with special projects that prevent them from completing many other key elements of their job. Several members of the staff shared their concerns in this regard with both the DCM and the regional human resources officer.

Local employees, in particular, are being asked to perform tasks that fall outside their job description and their training. The Information Resource Center director's position description shows this employee as a computer systems manager. She does continue to perform these duties but as a minor adjunct to primary work as direc-

tor. For eight years, this employee's position description has not been updated. The PAS recently created a new position to support the embassy's outreach coordinator, but this "new" position is a minor modification of an existing cultural assistant local employee slot. The incumbent has had her duties entirely rewritten, in effect moving this employee into a different slot without her participation and consent, while the mission uses its new position to fill in behind her. The OIG team views this as unfair to the employee concerned and made two informal recommendations to remedy this situation.

The OIG team also notes that the PAS has a dedicated driver—at least, according to the latest position description, which refers to USIS, an appellation that ceased to have currency in 1999. It is not entirely clear as to what this individual does. At one point the public affairs officer informed the driver that he would be terminated and receive full severance pay. There was no coordination with the human resources office. In the end, the driver continued to work.

Recommendation 5: Embassy Guatemala City should reevaluate the work load and actual work requirements of public affairs section employees, write position descriptions that reflect the tasks performed, and establish termination and new hiring procedures to ensure the rights of incumbents. (Action: Embassy Guatemala City)

As noted above, the PAS has been imaginative and creative in seeking to expand outreach to their target audience. At times, however, "thinking outside the box" has become thinking that may fall outside the framework of applicable government regulations and policies. The PAS has sought to pursue its outreach goals by expanding the Voluntary Visitor program. In so doing, it has regularly paid for international travel for grantees. Several Foreign Affairs Manual (FAM) provisions (10 FAM 216.4(2), 8-4 and 9-4) and a subsequent ALDAC, State 239913, dated November 9, 2004, prohibit the Bureau of Educational and Cultural Affairs (ECA) funding of international travel for participants in the Voluntary Visitors program, but the PAS paid for this travel with public diplomacy appropriated funds.

Although ECA-designated funds cannot be used to pay Voluntary Visitors' international airfare, there is ambiguity as to whether it is appropriate to use non-ECA funds for these expenses (and there have been suggestions that other posts also are paying international airfare using non-ECA funds). The PAS section expended approximately \$40,000 to pay for the international airfare of 40 Guatemalan participants in the program during one year. The OIG team believes that clarification is crucial to ensure that funds are being appropriately expended.

Recommendation 6: The Bureau of Educational and Cultural Affairs, in coordination with the Office of the Legal Adviser, should determine whether using non-Bureau of Educational and Cultural Affairs-designated funds to fund international travel for Voluntary Visitors is allowable. (Action: ECA, in coordination with L)

In implementing a number of awards to individuals and institutions, the PAS requested and approved, while the management section disbursed, public diplomacy program funds as “grants” without executing the required grant documents specified inter alia in the Office of the Procurement Executives Grants Policy Directive Number 31. In several cases the entire grant file consists of a single memorandum from the public affairs officer (PAO) to the financial management officer (FMO) asking that tickets be processed for individual grantees. In a different case, the PAO requested that the FMO issue a check to an Foreign Service national to pay the costs of a U.S. speaker directly to the “grantee” without any grant document signed by the grantee. In another case, a grant was issued to an exchange program alumnus to set up a Web site; the only documentation was a letter thanking the mission for the money. This issue and appropriate recommendations are addressed in the management controls section of this report.

Recommendation 7: Embassy Guatemala City should cease disbursing funds for “grants” without supporting grant documents. (Action: Guatemala City)

Recommendation 8: Embassy Guatemala City should submit the improper grants and agreements to the Bureau of Administration’s Office of the Procurement Executive and request ratification of the unauthorized commitments. (Action: Guatemala City)

However, the OIG team also believes that training in grants management needs to be provided to LE staff engaged in managing these programs.

Recommendation 9: Embassy Guatemala City should provide grants management training for the local employees in the public affairs section who are involved in the grants process. (Action: Embassy Guatemala City)

Although the increased program demands on the PAS had an impact on the morale of the staff, the section adequately maintains its core programs. The information section works closely and effectively with the large NAS to gain appropriate coverage of that section's partnership with Guatemalans in counternarcotics efforts. Similarly, the information section has partnered with the economics and political sections to develop a concerted public diplomacy effort of media backgrounders and statements by the Ambassador. These supplement, with good effect, traditional government-to-government diplomacy.

Embassy Guatemala City does not have a public access Information Resource Center. For that reason, outreach to target audiences to apprise them of the reference services of the Information Resource Center is essential. This has been a repeated request of the regional information resource officer and OIG made an informal recommendation that action be taken.

The PAS maintains the Embassy's Web site, which draws on the Bureau of International Information Program's content management system. It is in compliance with all of that bureau's standards and is updated periodically. Two years ago, the Embassy created a virtual presence post but very little is being done with it. No officer has overall responsibility for this virtual presence post, and the site is not being maintained. On June 21, 2008, the most recent posting was from mid-April; all other postings were from 2007. Given that the target audience is disadvantaged people in the highlands, Internet programming may not be cost effective.

Recommendation 10: Embassy Guatemala City should either terminate their virtual presence post or take active measures to develop an effective plan for this program, designate a single individual as virtual principal officer, and provide the staff and program resources to make it an effective tool. (Action: Embassy Guatemala City)

Program reporting is recorded and entered in the Mission Activity Tracker and a summer intern is updating it. The PAS needs to ensure this effort continues after the summer and needs to develop methods for ensuring that this Department-wide reporting tool is kept current. The OIG team made an informal recommendation to this effect.

English teaching is an essential tool, given the mission's goal of reaching out to nontraditional audiences whose level of English is weak. The mission currently hosts an English Language Fellow who is working with local universities to improve

Adoption Issues

In 2007, the consular section issued nearly 5,000 immigrant visas for orphans adopted by American citizens, roughly one-fourth of all such visa issuances worldwide. The increase in adoption cases drove the increase in immigrant visa applications, which rose by 45 percent from 2004 to over 10,000 cases in 2007. This strained the resources of the immigrant visa staff and became a consuming fact of life for the consul general. Parents adopting children generate many congressional inquiries, e-mails, letters, and phone calls. The consul general has been the primary interface with the adopting families and their advocates. He invests ample time in monitoring the status of the cases, answering inquiries, and engaging with the Guatemalan Government towards the prompt resolution of cases. The consul general also featured prominently in the Embassy's success in persuading the Guatemalan Government to adopt legislation in December 2007 that creates a central authority to process adoptions in compliance with the Hague Convention on the Protection of Children and Cooperation in Respect of Inter-Country Adoption (otherwise known as the Hague Adoption Convention). The convention provides safeguards for protecting children and families involved in inter-country adoptions.

In 2008, the volume of adoption cases will lessen, at least temporarily, while the Guatemalan Government is meeting its other Hague Adoption Convention obligations. Specifically, the government must draft new regulations and implement the new central authority for the adoption process to be Hague-compliant. The convention entered into force for the United States on April 1, 2008, and no new adoption cases will be accepted from Guatemala until the Guatemalan Government's adoption processes comply with the Hague convention. Approximately 3,000 cases pending before April 1, 2008, will be processed to conclusion. By late 2008, however, the number of adoptions by American citizens from Guatemala will likely plummet.

Absorbed with adoption issues, the consul general has neglected general consular management issues. Ideally, this officer should have delegated some of the casework to others while continuing to be the main interlocutor with the Guatemalan authorities. With the consul general leaving in the summer of 2008, it will fall on the deputy and the incoming consul general to find a better management balance.

American Citizens Services

Apart from the adoptions, the consular section faces a daunting task in serving the 18,000 Americans, many retirees, who live in Guatemala, and 370,000 tourists who visit each year. Crime and Guatemala are synonymous. Highway robberies and assaults are particular dangers. The police and judicial systems are weak, and the con-

sular section is working with the Guatemalan Government on numerous cold cases involving the murders of American citizens. A new local employee position was created and a Guatemalan lawyer hired to be the primary liaison with the Guatemalan authorities on these issues and other legal matters such as extraditions. Sometimes, though, this local employee has had to devote up to 90 percent of his time on adoption issues. As the adoption workload diminishes in the latter half of 2008, the local employee should be able to devote more time to the duties for which he was hired.

Passport workload in Guatemala is complicated by the fact that Americans do not require passports to enter Guatemala but need them if they are to fly back to the United States. Many people arrive at the Embassy with little or no proof of citizenship and identity, and are trying to return immediately to the U.S. In addition, child smuggling from Guatemala to the United States is a serious problem. Consular officers have to be especially careful in adjudicating passport applications for children.

Immigrant Visas

Over the past few years, the immigrant visa workload has increased dramatically in parallel with the increase in adoption work. This immigrant load, while falling off somewhat as the Embassy works through the adoption cases grandfathered in before April 1, 2008, will remain considerable. Entry-level officers who rotate through the unit every six months manage the immigrant visa unit. While the quality of the officers has been very high, this arrangement rules out continuity in managing the unit. Until 2007, one officer handled the immigrant visa unit, but the workload justifies two officers. At present, three entry-level officers are laboring to work off a backlog in immigrant visa appointments. That means that the nonimmigrant visa unit staffing has been cut. The consular managers plan to reallocate one of the officers back to the nonimmigrant visa unit in the near future as the immigrant visa backlog is reduced. The OIG team agreed with that decision.

The Embassy proposed creating a new mid-level unit chief position to manage the immigrant visa unit. The OIG inspection team does not support that idea. It recommends an alternative solution in the discussion of consular management issues below.

The consular section has not been complying with the requirements in 9 FAM 42.83 for terminating inactive immigrant visa files. As a result, there are file cabinets full of cases, some dating from the 1970s. This is exacerbating severe space constraints. The section faces a large burden and probably many years before it will be able to complete the process of terminating these old files, but it has to be done.

Recommendation 12: Embassy Guatemala City should establish and implement a plan to terminate all inactive immigrant visa files in compliance with the regulations in the Foreign Affairs Manual. (Action: Embassy Guatemala City)

Nonimmigrant Visas

The greatest challenge facing the nonimmigrant visa unit is the extremely poor space configuration, a topic addressed under consular management. The unit processed 67,833 nonimmigrant visa cases in 2007, with a refusal rate of 48 percent. The workload has been relatively stable over the past few years, although prior to 2001, more than 110,000 Guatemalans were applying each year for nonimmigrant visas. It is unclear exactly why the drop in demand has been so sharp, but if the workload began to rise again to its pre-9/11 levels the consular section could not cope in its current space.

An FS-02 officer leads the nonimmigrant visa unit which has four or five entry-level officers when the operation is fully staffed. Lately, however, officers have been dispatched to the immigrant visa unit to help work off a backlog in cases there.

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Recommendation 13: Embassy Guatemala City should hire contract employees from the call center to direct consular clientele in the public areas (b) (2)
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The poor space configuration creates inefficiencies for the staff. For example, there are no windows for taking in nonimmigrant visa applications. The local employee discussed above takes passports, applications, and documents from applicants and hands them in. The employees do data entry at cramped work stations and the documents are then deposited through a mail chute.

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Fraud Prevention Management

The fraud prevention unit warrants strengthening, given that Guatemala is a high-fraud environment for both visas and American passports. The consul general has made the unit's work harder by mandating several projects that were unnecessary. For example, he instructed them to reconcile in detail, nonimmigrant visa fees collected by the bank with, nonimmigrant visa adjudications. He required that this cumbersome operation cover all transactions back to 2006. The level of detail, and staff time involved, greatly exceeded the Department's accountability requirements. In any case, the consul general should not have required fraud prevention staffers to assume the duties of an accountable consular officer. Almost beyond comprehension, the consul general demanded a detailed analysis involving different exchange rates based on the fact that the bank exchange rate changed periodically. The consul general pursued this over the objections of several employees.

Some inefficiencies predate the current consul general. The OIG team found the fraud prevention and nonimmigrant visa units burdened by the "showback" program, an initiative that began innocently, but later turned into the perfect storm. In the 1990s, the consular section started requiring 10 percent of all applicants issued temporary agricultural worker visas (H2B visas) to report back to the embassy to prove their return to Guatemala. This was not a burden in 1997 when only 254 such visas were issued, but became a serious problem in the early 2000s when H2B visa issuances had risen ten-fold. Consular management made matters worse by broadening the "showback" procedure to all H2B applicants.

In 2003, the Department instructed the Embassy to cease this "showback" requirement. Rather than following this guidance, the embassy "suggested" this procedure to the employing agencies, which in effect was the same thing. In 2006, the embassy issued 5,070 H2B visas, and the system was out of control. Each day, some 150 returned Guatemalans were coming to the embassy as part of this program. Each had to be processed by the employees, including entering data into the computer system. There was neither waiting room space nor time for the employees to do this work. In 2008, the incoming deputy consular chief put a stop to it. In the OIG team's view, the consul general should have put a stop to it long ago.

The fraud prevention unit is currently headed by an entry-level officer who rotates through that duty every twelve months. That officer is stretched between duties as a fraud prevention manager and the need to help adjudicate nonimmigrant visas. Once an officer position is reallocated from immigrant visas to nonimmigrant visas, the fraud prevention manager should devote less time to nonimmigrant visa adjudication.

Staffing Issues

The chain of command in the consular section is not correctly aligned. The deputy consular section chief (whose position is graded as FS-01) supervises the nonimmigrant visa unit chief (an FS-02 position) but not the American citizens services unit chief (also an FS-02 position). The deputy section chief lacks direct authority over one of the most important components of the section. This complicates management of section-wide issues such as the allocation of resources. It also invites problems when there are performance issues with employees in the American citizens services unit.

Recommendation 19: Embassy Guatemala City should rewrite the position description for the deputy consular section chief to accord that individual supervisory authority over the chief of the American citizens services unit. (Action: Embassy Guatemala City)

As noted above, the Embassy has asked for another mid-level position to supervise the immigrant visa unit. The inspection team believes that five mid-level positions in a section of 13 officers would not be justified. At present, the immigrant visa chief, an entry-level position, reports directly to the deputy consular section chief. The latter does not have the time to supervise in a detailed manner the immigrant visa unit. It would be more logical if the FS-02 nonimmigrant visa chief were to supervise both the immigrant visa and nonimmigrant visa units.

Recommendation 20: Embassy Guatemala City, in coordination with the Bureau of Consular Affairs, should redesignate the nonimmigrant visa chief position in Guatemala City as visa chief. (Action: Embassy Guatemala City, in coordination with CA)

Physical Space Issues

The physical space in the consular section is woeful. Employees work in cramped conditions, especially in the nonimmigrant visa unit. Entry-level officers in the nonimmigrant visa unit make do with work cubicles that are on the opposite side of the consular section due to lack of space elsewhere. The public areas are similarly cramped.

In 2006, the Bureau of Overseas Buildings Operations (OBO) planned to rehabilitate the ground floor of the chancery to include expanded, better designed space for the consular section. At some point, however, the project, slated for 2009, was dropped—apparently because Guatemala City was going to get a new embassy chancery in the coming decade. The new chancery is now being talked about for 2018.

Since learning of the 2018 projected date for the new chancery, the Embassy has not pursued the original plan to relocate the Foreign Commercial Service (FCS) offices that are contiguous to the consular section. The plan would involve the Department paying for FCS to move to the new USAID building at a cost of approximately \$52,000. The Embassy dropped the plan when no funding was found for the move. Even without major structural changes, moving FCS would free up a significant amount of work space that could easily be connected to the rest of the consular section.

Recommendation 21: Embassy Guatemala City, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Western Hemisphere Affairs, should move the offices of the Foreign Commercial Service out of the chancery and into the United States Agency for International Development building. (Action: Embassy Guatemala City, in coordination with OBO and WHA)

Recommendation 22: Embassy Guatemala City, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Western Hemisphere Affairs, should modify the vacated offices of the Foreign Commercial Service for work space for the consular section. (Action: Embassy Guatemala City, in coordination with OBO and WHA)

As an interim measure, the Embassy is freeing up some space across a hall from the FCS offices that is currently occupied by the Class B cashier. Without some modifications to the floor layout, this office will remain physically separate from but contiguous to the consular section. The best use for this space would be as a file room. At present, the files occupy a large area in the middle of the consular section that could easily be converted into more work space.

Recommendation 23: Embassy Guatemala City should move the files currently stored in the file area of the consular section to the office that is being vacated by the Class B cashier. (Action: Embassy Guatemala City)

The public area of the consular section is a confusing tangle. Immediately next to the consular entrance is a public street that Guatemala City has converted into a covered pedestrian zone. Because it is public property, the Embassy cannot control its use. The area is crowded with family members who accompany visa applicants but cannot go inside the Embassy. Two contract employees from the call center stand outside and verify the appointments of visa applicants. They have a tiny desk on rollers but no place to sit and they have to stand there for hours. These contract employees perform an important service for the embassy and should be provided with more humane working conditions.

Recommendation 24: Embassy Guatemala City should provide a portable work station with chairs for the contract employees of the call center who check appointments at the entrance to the consular section. (Action: Embassy Guatemala City)

There is no signage at the consular entrance or at the next staging area in the controlled access compound. Visa applicants must guess where to go or query someone who may or may not know. American citizens are in the same boat. They can walk up to the guard through the sea of people and ask to go inside but those who are not bold may stand around for a long time. The same confusion holds true in the controlled access compound. Nonimmigrant visa applicants must wait there while a local employee collects documents and takes them inside for data entry. There is no sign giving applicants information on the process. The inspection team witnessed several bewildered applicants buttonholing anyone who looked like an authority figure to ask what they are supposed to do.

A few clear signs would lessen stress for both the applicants and the employees. A consular management advisory team visited in 2006 and suggested that signs be added. Consular managers, however, did not follow through. Given the confusing layout of the consular entrance, the signs should be color-coded to help direct applicants for different services. Green, for example, would be for immigrant visa services.

Recommendation 25: Embassy Guatemala City should immediately install clear, color-coded, professional-quality signage giving directions and instructions to visa applicants and American citizens entering the consular section. (Action: Embassy Guatemala City)

A consular section with Embassy Guatemala City's volume of visa work conventionally has an electronic queue management system. However, the poor physical layout would limit its utility in Guatemala City. Nonimmigrant visa applicants have to wait in the compound access control building until their passports and documents are returned to them after data entry. Applicants must then go inside and queue to be fingerprinted. Thereafter, they queue again for visa interviews. The tiny waiting area for nonimmigrant visas precludes the installation of seating. Unless the major rehabilitation project previously envisioned by OBO is revived, the consular section has no realistic way to get around the fact that there are not enough windows and not enough waiting area for an efficient flow of people through the nonimmigrant visa application process.

RESOURCE MANAGEMENT

Agency	U.S. Direct-Hire Staff	U.S. Local-Hire Staff	Foreign National Staff	Total Staff	Total Funding FY 2008 (\$)
State – D&CP	38	1	29	68	\$1,813
State – ICASS	4	4	76	84	3,666
State – Public Diplomacy	4	0	9	13	652
State – Diplomatic Security	5	0	5	10	822
State – Marine Security	6	0	4	10	167
State – Representation	0	0	0	0	28
PD - Representation	0	0	0	0	6
State – OBO	1	0	0	1	1,453
State - MRV	0	3	6	9	473
Defense attaché	4	1	2	7	118
Agriculture - FAS	2	0	5	7	378
Agriculture - APHIS	3	0	10	13	20,000
USAID	10	14	76	100	2,806
Department of Justice	9	1	3	13	165
Peace Corps ##	2	0	8	10	3,475
MILGRP-DSCA	1	0	2	3	646
Department of Homeland Security	6	0	5	11	346
State INL (PD&S)	1	4	20	25	464
State INL (Projects)	0	0	0	0	13,344
Army-FAO	2	0	0	2	39
DEF (O&M, TAT)	6	0	2	8	*
DEF - NGA	2	0	3	5	110
Army (USARSO, FPD)	3	0	3	6	*
HHS-CDC	5	0	6	11	606
Dept of Commerce-FCS	1	0	4	5	28
Totals	115	28	278	521	\$51,605

* Funding data not available

USAID – operating expenses \$2.8 million; program costs - \$65.5 million

Peace Corps – 168 volunteers and 32 trainees

MANAGEMENT

The overall performance of the various units of the management section was mixed, with facilities maintenance, the motor pool, and information management units doing well, financial management and human resources less so, and the procurement and contracting functions of general services operations weak. These latter units scored low on the OIG Workplace and Quality of Life questionnaires, as did the section's customer service orientation.

HUMAN RESOURCES

Embassy Guatemala designated its management counselor, a busy officer without sufficient time to do justice to any additional portfolios, as its human resources officer on site. Moreover, the four full-time local employees, although experienced, already have more work than they can successfully handle without additional staff. The support provided by the regional human resources officer assigned to San Salvador has been less than needed. Effective the summer of 2008, the Florida Regional Support Center in Fort Lauderdale will replace San Salvador in providing outside assistance. The Embassy will need a considerable amount of support.

Several human resource issues need additional management attention. A valid pension plan for LE needs to be put in place. A determination should be made as to whether Guatemalan National Police officers assigned to guard the Embassy under a memorandum of agreement meet the criteria of embassy employees, thereby creating possible contingent liabilities. The Embassy needs to refine its employee evaluation program to permit evaluations to cover entire rating periods.

Local Employee Pension Plan

The Embassy does not participate in the Guatemalan Social Security system. Instead, the Embassy in 1991 contracted with an insurance company for a life insurance policy with defined annuity features. The many problems with this plan are discussed in the management controls section of this report. The Embassy for a considerable period of time has been working with the Bureau of Human Resources/Overseas Employment (HR/OE) to obtain a defined contribution plan to replace the policy procured in 1991. In February 2008, HR/OE authorized the Embassy to "...solicit competitive bids from local insurance companies on a new supplemental (underlining added) retirement plan for LE."

A supplemental retirement plan will not meet the needs of local employees because, as mentioned, the embassy does not participate in the Guatemalan Social Security system. Instead, an all-encompassing defined contribution plan is needed.

Recommendation 26: Embassy Guatemala, in coordination with the Bureau of Human Resources, should solicit and obtain a defined contribution plan for the locally employed staff that will provide a level of benefits to include those that would be available under the Guatemalan Social Security system. (Action: Embassy Guatemala, in coordination with DG/HR)

The National Police Officer Guard Force

Sixty-two national police officers provide protective services to the Embassy based on a memorandum of agreement between the embassy and the National Civil Police of Guatemala. These officers augment the contract local guard force. According to the memorandum of agreement, the national police provide 24 hours a day, 365 days a year, protective services to the U.S. Embassy in Guatemala. These protective services consist of five components:

1. A protective detail to the U.S. Ambassador to Guatemala, while the Ambassador is in Guatemala;
2. A protective detail to the DCM, while the DCM is in Guatemala;
3. Three roving patrols, to safeguard official U.S. mission members, families, and residences and to provide an emergency response capability in the event of criminal or terrorist activity;
4. A static police presence around the chancery, in order to enforce Guatemalan law regarding the protection of diplomatic facilities outlined in Article 22 of the Vienna Convention; and
5. A headquarters U.S. Embassy National Civil Police element consisting of a unit commander, shift supervisors, training officer, and an English-speaking dispatcher.

The compensation agreement includes provisions for the Embassy to pay a monthly stipend to the assigned officers based on grade and years of service. (The definition of stipend is a regular fixed payment, salary, or an allowance). These employees also get a Christmas bonus, a 14th month bonus, overtime, as well as uniforms, equipment, and training.

The OIG team believes that the officers may well meet Guatemalan labor law criteria as part-time employees of the Embassy. As such, there may be some contingent liabilities such as social security that could impact embassy resources.

Recommendation 27: Embassy Guatemala City, in coordination with the Office of the Legal Adviser, should obtain a legal opinion about the employment status of the National Police officers employed under the memorandum of agreement. (Action: Embassy Guatemala, in coordination with L)

Local Employee Evaluation System

The Embassy's highly developed evaluation system for local employees places considerable emphasis on notifying employees' supervisors months in advance of the dates evaluation reports are due. Timely completion, submission and review of the evaluation reports virtually rules out delays in the processing of within-grade increases in salary. The procedures, however, warrant correction in that the human resources unit is insisting upon completion of these evaluations weeks before the end of the rating period.

Recommendation 28: Embassy Guatemala City should revise the evaluation system for locally employed staff to provide for completion of evaluations for the full rating period. (Action: Embassy Guatemala City)

GENERAL SERVICES

The overall management of general service operations scored low on the International Cooperative Administrative Support Services (ICASS) 2008 Customer Services Survey as well as on the OIG Workplace and Quality of Life Questionnaire. The OIG team, however, found that the general service officer (GSO) is doing a generally satisfactory job given the absence of an assistant GSO and understaffing in the customs/shipping and procurement units. General services have been plagued with major problems ranging from unauthorized commitments, inadequate cooperation from the Guatemalan Ministry of Foreign Affairs, (b) (2)(b) (2)(b) (2) (b) (2) Management should address the myriad problems in the procurement office and the procurement process. The procurement unit has not been fully staffed

for at least a year and is struggling with an old-fashioned procurement system and an increased workload. The OIG team informally recommended that the Ambassador, either the outgoing incumbent or his successor, raise this lack of cooperation directly with Guatemala's Foreign Minister or Vice President.

Procurement

The procurement office received low scores on the 2008 ICASS Customers Services Survey as well as on the OIG's Workplace and Quality of Life Questionnaire. The office is not meeting the needs of its clients who complain above all about delays and staff nonresponsiveness. A further problem is inadequate communication between the GSO and the procurement staff. This accounts, in part, for low morale within the procurement office. A prolonged staffing shortage, one position in the procurement office is vacant because a national employee is serving in Iraq on a long-term, one-year, temporary assignment, and the continued use of an ineffective and antiquated procurement system to procure services and supplies are contributors to the unit's poor performance. Several customers severely criticized the procurement office and the complete lack of feedback on the status of requested items. Comments received included, "the procurement office is a black hole and provides no feedback on most procurement requests, one never knows if the procurement office received the request or whether it has been approved, ordered, or the expected delivery date." The procurement office has also misplaced procurement requests that often resulted in customers receiving their orders after a delay of several weeks.

The procurement unit is currently using an Excel application as a procurement tracking system rather than the Department-preferred WebPass or Integrated Logistics Management System. The OIG team notes that the Department is moving towards a common set of procurement systems for worldwide use that will most likely be integrated into the Integrated Logistics Management System. WebPASS, which tracks procurements of all sizes as well as automates the process, is another option allowing offices to streamline procurement of services and supplies. The Department has also encouraged embassies to use the WebPASS procurement system on an interim basis while the Integrated Logistics Management System is being deployed overseas. Several embassies in WHA are currently using either the Integrated Logistics Management System or WebPASS.

Recommendation 29: Embassy Guatemala City should fill the vacant position in the procurement office until the deployed national employee returns. (Action: Embassy Guatemala City)

Recommendation 30: Embassy Guatemala City, in coordination with the Bureau of Administration, should implement either the WebPASS or Integrated Logistics Management procurement systems. (Action: Embassy Guatemala City, in coordination with A)

FINANCIAL MANAGEMENT

Financial operations were satisfactory, with some functions such as cashier oversight performed well. Experienced local staffers maintain excellent records. However, additional emphasis on management controls could have, in all probability, prevented the apparent unauthorized commitments and possible fiscal irregularities discussed in the management controls section of this report.

INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES

Overall general services operations, human resources, housing programs, and procurement scored low on Embassy Guatemala City's 2008 ICASS system Customer Services Survey and on the OIG Workplace and Quality of Life Questionnaire. At present, 14 agencies subscribe to procurement services and five to leasing services. The service providers are unable to meet performance standards established in 2006 because of increases in U.S. direct-hire staff and non-management section LE and because of the decrease in the number of support personnel. The OIG team perceives a need for additional staff in procurement, shipping and customs, and human resources. In addition, as discussed in the real property section, the council approved a housing coordinator position, which WHA/EX has offered to fund. Embassy Guatemala City, if funding permits, would increase staffing in the shipping and customs unit and fill a position in procurement which is vacant because an LE is serving in Iraq on a long-term, one-year, temporary assignment.

The Embassy has not updated its service standards. The service providers have the right to renegotiate service standards if the budget upon which the standards are based is materially different than the amount of money subsequently allotted. The providers also have the right to renegotiate service standards if there are significant changes in the size of the population being served (6 FAH-5 H-031. e).

The latest ICASS council meeting took place on July 26, 2007, when participants discussed a possible salary increase for local employees. Embassy Guatemala City's latest published ICASS Standards of Service for U.S. Embassy Guatemala City date from December, 2006. This outdated guide does not reflect the new agencies or the increase in U.S. direct-hire staff and decrease of ICASS LE positions.

Recommendation 31: Embassy Guatemala City should hold an International Cooperative Administrative Support Services council meeting to address customer dissatisfaction with the delivery of services, the service provider's capacity to provide certain levels of service, and appropriate staffing requirements. (Action: Embassy Guatemala City)

Recommendation 32: Embassy Guatemala City should evaluate and update its International Cooperative Administrative Support Services standards of services guide to include the additional agencies and mission population that have subscribed to the International Cooperative Administrative Support Services since December 2006. (Action: Embassy Guatemala City)

REAL PROPERTY

Embassy Guatemala City is currently on the top 80 list of missions slated for a new embassy compound. The new compound is projected for FY 2018, a date that could slip. The chancery roof is cracked and leaks badly. A project request to replace the roof was approved by OBO. The chancery is overcrowded and, as a result, at least one agency is seeking to lease commercial office space.

The Department has long designated Embassy Guatemala City as a living quarters allowance post. In December 2007, Embassy Guatemala City officially requested conversion to U.S. Government-provided, short-term lease, furnished residences. The Embassy believed there was sufficient dissatisfaction with the living quarters allowance system to warrant consideration of a change. As a result, the embassy requested an additional 22 LE positions; one U.S. direct-hire, assistant GSO position; and budget increases of approximately \$1.3 million (one-time cost) and \$640,000 on an annual recurring basis to administer the program. WHA disapproved the request, citing budget constraints.

The lack of support and assistance in obtaining housing (b) (2)(b) (2) (b) (2)(b) (2)(b) (2)(b) (2)(b) (2) Newcomers understandably lack adequate knowledge of the city or insights into the niceties of Guatemalan leases. Many are also still struggling to learn Spanish, if they got any training at all. Single officers are pinned down in the office, mastering new duties. This is a situation tailor-made to frustrate. There is no guidance provided to mission staff in negotiating a lease or obtaining utilities in Guatemala City. One staff member complains that the lack of support resulted in extra expenses and extra time in temporary quarters while the family tried to figure things out for themselves. Another staff member points out that someone at the Embassy with more experience should be available to aid or guide employees through the process of obtaining a house in a new place in a different culture. The residential housing handbook offers no help. It states that under the living quarters allowance program employees are responsible for finding and leasing their own house. Embassy Guatemala provides limited assistance and is neither staffed nor funded to offer comprehensive house-hunting or leasing services.

The community liaison office is the primary point of contact for incoming direct-hire and U.S. personal services contract employees seeking privately leased housing at Embassy Guatemala City. The community liaison office provides limited housing search information to all agencies that participate in the ICASS system, including information about the authorized residential zones in the city, local schools, a partial list of real estate agents who can assist with the employee's house hunting, and a checklist for newly arrived employees to follow when seeking approval of leases.

In April 2007, the ICASS council approved a position for a housing coordinator. This position was advertised in April 2007, and again in June and July of 2007, but the job was limited to U.S. citizen eligible family members. The Embassy, however, did not receive any applications from U.S. citizen eligible family members. Even though there were no eligible family member applicants and the position was deemed essential, the Embassy did not expand the search for a housing coordinator.

WHA continued to believe that the position was necessary and in a March 26, 2008, memorandum suggested that the Embassy consider hiring a full-time or part-time housing coordinator to facilitate the in-bound process and noted that WHA would work with the Embassy in identifying funds for the position.

Recommendation 33: Embassy Guatemala City should immediately readvertise the housing coordinator position and open up the announcement to all. (Action: Embassy Guatemala City)

Recommendation 34: Embassy Guatemala City, in coordination with the Bureau of Western Hemisphere Affairs, should identify funds for the housing coordinator position. (Action: Embassy Guatemala City, in coordination with WHA)

INFORMATION MANAGEMENT

Embassy Guatemala's information management section is one of the mission's best run operations. Staff stand out for dedication, customer service and technical competence. The section scored very well in the OIG's Workplace and Quality of Life questionnaire and the OIG team's inspection itself provided further evidence of a well managed section, with a professional and competent staff. Only minor modifications, as follows, are needed to bring the section into compliance with the Department's best practices for information management.

Dedicated Internet Networks

In July 2004, the Department's information management change control board authorized Embassy Guatemala City to operate eight dedicated internet networks, including those operated by the general services offices (including customs & shipping, and procurement), the regional security office, the consular section, the information management center, community liaison office, the Drug Enforcement Agency, and the regional affairs office. At present, however, some of the embassy sections listed in the July 2004 authorization memo are no longer using their dedicated internet networks.

More broadly, per 5 FAM 874.2, State 0016637, and State 052197, the Department has imposed significantly more stringent requirements for operating dedicated internet networks. The updated guidance requires the information management officer and the section requesting the dedicated internet network computer(s) to provide a detailed, written justification to the Department's information technology change

control board, explaining why OpenNet cannot meet their requirements. The current rules also require the information management officer and the embassy section with the dedicated internet network to have a service level agreement in place outlining the roles and responsibilities for managing and funding the dedicated internet. The service level agreement also must be reviewed annually and updated as needed.

The OIG team confirmed that Embassy Guatemala City is currently operating dedicated internet network computer(s) in the following sections: general services (customs & shipping and procurement), community liaison, regional security, information management and the Drug Enforcement Agency. All should update their justification documents to explain more explicitly why OpenNet will not suffice. The consular section and the regional affairs office pay for internet service even though they no longer have dedicated internet network computers.

Recommendation 35: Embassy Guatemala City should review each dedicated internet network computer and resubmit the dedicated internet justifications to the Department’s information technology change control board for review and reauthorization where necessary. (Action: Embassy Guatemala City)

Recommendation 36: Embassy Guatemala City should establish service level agreements to outline roles, responsibilities and funding for dedicated internet network computers and discontinue charges to sections that are no long using their dedicated internet networks. (Action: Embassy Guatemala City)

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Help Desk

Embassy Guatemala City lacks an automated system to enter and manage computer help-desk calls. Both the unclassified (OpenNet) and the classified systems help-desk calls require the computer user to either place a telephone call or send an email with a description of their computer problem or question to the information management section. The information management staff then uses Outlook public folders and the e-mail trouble request to task a specialist to track the help-desk service request. Although the OIG inspection team found no evidence that help-desk calls were being missed or not being followed-up upon, an automated help-desk application would reduce staff time. Also, an automated help-desk system would allow

information management staff to better determine the status of all help-desk tickets, identify patterns, determine the average length of time it takes to resolve help-desk calls, and use the application's built-in reporting capabilities. Such information could then be used to provide information on workload balances and to demonstrate to post management as well as the ICASS council the effectiveness of the information management section. The OIG inspection team informally recommended that Embassy Guatemala City acquire and implement an automated help-desk tracking application to improve its management of help-desk calls.

QUALITY OF LIFE

EQUAL EMPLOYMENT OPPORTUNITY

Embassy Guatemala City has not adequately addressed serious racial discriminatory issues, including problems within the community that constrain the availability of housing, problems within the embassy itself, (b)(2)(b)(6)(b)(2)(b)(6) (b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)

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Recommendation 39: Embassy Guatemala City should immediately conduct mandatory cross-cultural sensitivity training sessions for all staff. (Action: Embassy Guatemala City)

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In a memorandum dated January 2, 2008, to the Office of Allowances, the Embassy said:

Guatemalans widely acknowledge that their society discriminates against indigenous persons, and that same racism is extended to African American mission members. African American employees and their children, at school and other public places, are at times mocked, laughed at, stared at, poked and prodded, insulted with racial epithets...

The Embassy made some effort to effect change and had contacted the school about earlier instances of discrimination, harassment, and the hostile environment. It appears, however, that the school did not correct the problems—and that the Embassy's follow-up was not assertive enough and dependents of other employees continue to experience problems. (b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6)

Recipients of grants from the U.S. Government are required by statute to provide a setting free of discrimination, harassment, and unequal treatment.

Recommendation 40: Embassy Guatemala City, in coordination with the Bureau of Administration, should withhold all grant funds from the (b)(2)(b)(6) until the school can guarantee an environment free of discrimination, harassment, and unequal treatment. (Action: Embassy Guatemala City, in coordination with A)

As discussed earlier, housing for mission personnel is provided through a living quarters allowance program for which the Embassy provides little, if any, advice or assistance. African-American employees also experienced hostility from some landlords.

Recommendation 41: Embassy Guatemala City should develop, maintain, and distribute to newcomers a listing of those landlords hostile to minorities so that properties will not be leased from these landlords. (Action: Embassy Guatemala City)

Information provided by the Family Liaison Office, the Overseas Briefing Center and the embassy's community liaison office to personnel newly assigned to Guatemala contains no warnings of the potential hostile environment that exists for minorities in Guatemala.

Recommendation 42: Embassy Guatemala City should provide information to the Department describing the discriminatory atmosphere that assigned personnel may experience for inclusion in briefing materials. (Action: Embassy Guatemala City)

The incumbent Equal Employment Opportunity (EEO) counselor was assigned responsibility in April 2008 just before the start of the inspection. She has received required training and will soon be joined by another officer who will also be designated as a second EEO counselor. One of her first tasks was to add an EEO supplement to the LE handbook. The supplement needs additional work as it does not describe any formal procedures for local employees to follow in the EEO process. In addition, although the supplement discusses LE liaisons, none has been appointed.

Recommendation 43: Embassy Guatemala City should establish formal procedures for locally employed staff to follow in the Equal Employment Opportunity process. (Action: Embassy Guatemala City)

MEDICAL UNIT

The health unit is located on the second floor of the chancery building within the safe-haven area. This location has the advantage of being a protected area and also assures that all medical supplies and devices would be readily available within the safe haven in an emergency requiring the locking down of the safe haven. The disadvantage of this arrangement is that the overall safe-haven area is limited in size, and there is no room for expansion and little possibility for flexibility. The senior LE registered nurse believes, however, that the present facilities, although a bit cramped, are adequate.

The medical unit is headed by a senior LE registered nurse with U.S. training and work experience. She has been working for the Embassy for 22 months and previously worked at New York University hospital. She is normally assisted by a part-time registered nurse but this position was vacant at the time of the inspection.

The medical unit treats all embassy staff for emergencies and illnesses on the job and provides a full range of nursing services for all direct-hire Americans and their families. The nurse maintains a stock of common medicines and can prescribe medications for common conditions that match pre-determined protocols approved by the regional medical officer. For other conditions the nurse refers to the regional medical officer who will authorize the prescription by e-mail.

The health unit presently does not store any controlled substances but is in the process of setting up secure storage to do so. They eventually will stock small amounts of Vicodin, Xanax, and morphine.

The unit averages one medical evacuation and one local hospitalization per month. Local hospital facilities are adequate for common injuries and illnesses. There is a local doctor serving as the post medical advisor and there is a reference list of approved local specialists. All are U.S.-trained and speak English.

Gastrointestinal and respiratory ailments are the most common complaints for embassy staff. There are also stress and anxiety and “family” issues. The water coolers in the Embassy are new and the water is potable. The first aid kits in the Embassy and in the motor pool vehicles were renewed in April 2008, and are recycled yearly.

The nurse receives excellent support from embassy management and the security office and is a member of the Embassy’s emergency action committee.

The regional medical officers in Mexico and San Salvador support Guatemala with quarterly visits. The regional mental health officer visits Guatemala twice a year or as required by medical necessity.

The nurse pointed out that although she and the community liaison office coordinator plan and organize activities, included health and fitness ones, there is minimal community interest or participation.

COMMUNITY LIAISON OFFICE

A coordinator, appointed in February 2008, and a newsletter editor staff the community liaison office. The office scored quite well on the ICASS Customer Services Survey and received an above average score on the OIG Workplace and Quality Of Life Questionnaire. With Embassy Guatemala City designated as a living quarters allowance post and lacking LE staff to assist officers directly in real estate matters, the coordinator has stepped into the breach. She usefully maintains a list of real

estate agents and available housing as well as a roster of homes previously occupied by mission personnel. The coordinator has presented several ideas to increase community involvement to the management officer and is awaiting approval.

AMERICAN EMBASSY ASSOCIATION

The American Embassy Association (AEA) primarily operates a small commissary and a laundromat. It also buys gasoline and sells duty-free gas coupons for personal use. It is located in a U.S. Government short-term leased property across the street from the embassy compound.

Prior to 2008, oversight of AEA operations and management was minimal. In 2008, the AEA board conducted the first serious review of operations in years, including a detailed audit. Its findings call into serious question whether AEA can or should continue to exist. At a meeting with the board on June 3, 2008, the independent auditor noted a number of serious problems with AEA's operations and asked that the board decide if AEA should exist at all.

The OIG team believes that there is no real need for the AEA to function. Sixty percent of the mission members have chosen not to be members of the AEA. The commissary store offers little in the way of product or price that is not available on the economy. Its fiscal position is unsound and likely to deteriorate further. It faces major contingent liabilities. To pay these debts would bankrupt AEA.

AEA has not paid any amount of rent for the space it occupies. As a result, the Office of Commissary and Recreation Affairs has not approved a license agreement with AEA. The space could be better used by agencies presently located in the overcrowded chancery that are looking for rental space.

Prior to 2008, Guatemalan social security was not being withheld from AEA employees. AEA owes payments dating back about 11 years.

Recommendation 44: Embassy Guatemala City, in coordination with the Bureau of Administration, should dissolve the operations of the American Embassy Association. (Action: Embassy Guatemala City, in coordination with A)

MANAGEMENT CONTROLS

The OIG team found serious management control weaknesses while reviewing several operational areas, which have existed for several years. However, the chief of mission annual certification of management controls fails to report any weaknesses. Accordingly, the OIG team recommends that the embassy prepare a corrected certification, report fiscal irregularities, and request ratification of improperly executed procurement and contracting actions. The certification for FY 2008 should not only describe the weaknesses enumerated in this report, it should also enumerate corrective actions, planned or taken.

CHIEF OF MISSION CERTIFICATION

As required, Embassy Guatemala City prepared, signed, and forwarded to the Department the annual chief of mission certification on July 25, 2007. The mission also cabled an abbreviated statement, on July 16, 2007 (Guatemala 001411). The OIG team, however, detected several major reportable weaknesses that existed during the period for which the certification was prepared. In accordance with 2 FAM 023.2, Reporting Accomplishments or Violations Relating to Management Controls, a revised certification and report should be prepared and forwarded to the Department. The report in the form of a memorandum should set forth the following:

- (1) if appropriate, the name and position of the officer(s) or employee(s) responsible for the violation(s);
- (2) all pertinent facts, including the type of violation, the primary reason or cause of violations, and any statement of the responsible officer(s) or employee(s) with respect to circumstances believed to be extenuating; and
- (3) a statement of the administrative action taken to discipline violators of management controls including, if applicable, an explanation as to why no administrative action was taken.

Recommendation 45: Embassy Guatemala City should prepare and submit a corrected certification of management controls. (Action: Embassy Guatemala City)

Recommendation 46: Embassy Guatemala City should prepare a comprehensive certification of management controls for FY 2008, describing the weaknesses discussed in this report and corrective actions planned or initiated. (Action: Embassy Guatemala City)

FINANCIAL, CONTRACTUAL, AND PROCUREMENT IRREGULARITIES

Embassy Guatemala City has been making payments to a contractor for a life insurance plan that was seemingly used as a vehicle to provide the semblance of a pension or retirement plan for local employees. The contract was executed October 1, 1991, and was to remain in effect for the period of one year, expiring September 30, 1992. The contract has never been renewed. Yet, the embassy has made and continues to make payments, totaling roughly \$10 million in aggregate, by payroll deduction to the contractor for almost 16 years. In effect, the continuation of the payments has resulted in unauthorized commitments. These transactions will have to be ratified by the Office of the Procurement Executive. The process for ratification is described in 6 FAM 215.

The contract file that exists is woefully incomplete and was maintained by the human resources unit rather than the general services office's procurement unit. Both the contract language itself and the file of related documents are incomplete. Although payments to the insurance company consisted of the employees' share of 1.5 percent and the U.S. Government's contribution of 19.95 percent, the contributions and the rates were not specified in the contract. In addition, although the contract specifies life insurance for the employees, employees are required to sign a document transferring any payment for loss of life to the U.S. Government rather than their estates. As discussed previously, the contract was used as a vehicle to provide some sort of pension plan.

For over one year, the Embassy has worked with the Bureau of Human Resources to put a viable, well-defined contribution plan in place in lieu of the inadequate plan in question. The conversion is still in process. To restore a semblance of fiscal responsibility to the current situation and continue to provide pension coverage, the Embassy asked the Bureau of Human Resources for guidance on June 17, 2008.

Recommendation 47: The Bureau of Human Resources should provide Embassy Guatemala City with specific instructions detailing the mechanisms to put in place to continue with the current pension plan until a new plan can be put in place. (Action: DG/HR)

Certifying officers failed to follow prescribed procedures for voucher review before processing payments. GAO Title 7, chapter 20.2, requires the prepayment examination and approval of vouchers by an authorized officer before being certified for payment. Prepayment examination consists of checking for proper, legal, and correct payment, and for proper supporting documentation. Proper supporting documentation did not exist for the purchase of gasoline and the provision of travel funds for voluntary visitors.

Gasoline purchases

The Embassy maintains a gasoline pump to provide fuel for the mission's vehicles. Gasoline is provided by one vendor who is authorized to sell gasoline tax free to diplomatic entities. Between October 1, 2007, and April 29, 2008, gasoline purchases totaled \$86,426. The gasoline was obtained by employees in the procurement unit who contacted the vendor and placed the order by telephone. Required purchase orders were not used.

Voluntary visitors

Documentation used to support the payments of international airfare of voluntary visitors to the United States, which may be contrary to 10 FAM 216.8-4 a., only consisted of a memo from the public affairs officer to the GSO requesting purchase of tickets. The GSO contacted the financial management office to provide fiscal data. Upon receipt of the fiscal data, tickets were purchased. Between October 1, 2007, and April 30, 2008, over \$21,000 was improperly expended.

Failure to Execute Grant Agreements

In addition, the OIG team found a repeated pattern wherein the PAS made payments to individuals without providing the requisite supporting documentation specified in several sections of 10 FAM and Grants Policy Directive 31 issued by the Office of the Procurement Executive. These included:

- payments to a Guatemalan organization for the creation of a Fulbright Alumni Association without any grant agreement being signed delineating the conditions of the grant; and
- payment by check to a LE staff member of the PAS with the understanding that this local employee would provided direct payment to a U.S. speaker for per diem and other expenses. In this instance, there was neither a DS 1909 grant agreement nor a receipt from the U.S. speaker for the money provided.

Certification

Criteria for certification of vouchers for payments are to be made based upon documentary evidence for obligations (4 FAM 082.6). This citation, in part, states that “The Supplemental Appropriations Act of 1955 (31 U.S.C. 1501) as amended, Section 1311 of Public Law 83-663, provides that obligations of the Government of the United States be supported by documentary evidence of: (1) A binding agreement in writing between the parties, including government agencies, in a manner and form and for a purpose authorized by law, executed before the expiration of the period of availability for obligation of the appropriation or fund concerned for specific goods to be delivered, real property to be purchased or leased, or work or services to be performed.”

Fiscal irregularities are defined as an occurrence wherein there is: illegal disbursement(s) resulting from fraud, forgery, alteration of vouchers, improper certification, or other improper practices (4 FAM 371.3(2)).

Recommendation 48: Embassy Guatemala City, in coordination with the Bureau of Administration, should ratify the transactions involved in the procurement of retirement insurance and gasoline in accordance with 6 FAM 215. (Action: Embassy Guatemala City, in coordination with A)

Recommendation 49: Embassy Guatemala City, in coordination with the Bureau of Resource Management and the Bureau of Administration, should determine the potential fiscal irregularities involved in the certification of payments made to the insurance carrier, voluntary visitors and the fuel supply vendor when a valid obligating document did not exist. (Action: Embassy Guatemala City, in coordination with RM and A)

Recommendation 50: Embassy Guatemala City should establish procedures to require proper supporting documentation for all transactions prior to certification of payments. (Action: Embassy Guatemala City)

WAREHOUSE/INVENTORY CONTROLS

Inventory controls and storage procedures for both expendable and nonexpendable property need to be strengthened. The Embassy has allowed no-longer-required expendable property to accumulate for several years. The resultant clutter is needlessly taking up limited storage space. In accordance with 14 FAH-1 H-112.2 f., the property should be screened as to condition and serviceability to determine if items should be disposed of or reconditioned and returned to stock.

Recommendation 51: Embassy Guatemala City should conduct a physical inventory of the expendable property that is being kept in the warehouse and dispose the items that have expired and are unserviceable. (Action: Embassy Guatemala City)

Procedures in place for the internal requisitioning and issuing of non expendable property, such as appliances, are ineffective. Requests for issuance of property were incomplete as were receipts for property issued. According to 14 FAM 414.5(3), the residence occupant must sign requests for residential personal property and the occupant or occupant's designee must sign for receipt of such property. Form DS-584, Nonexpendable Property Transaction is used for both requesting and receiving nonexpendable property.

The receiving clerk with on-the-job training has followed procedures in taking delivery of supplies, but has not been provided detailed, written guidance on the proper procedures for receiving and inspecting expendables and nonexpendables, such as ensuring there is a completed DS-584 on file. According to 14 FAH-1 H-311 b., an employee shall be designated, in writing, to serve as receiving clerk, and detailed written procedures covering the receiving and inspection function must be established by the accountable property officer and provided to the receiving clerk.

The physical inventory and reconciliation of residential furniture and appliances are not being compared to the residential custodial file. The warehouse staff are not updating records and residential custodial files in a timely manner. The OIG team spot-checked the quantities on hand of selected nonexpendable items and compared the results to quantities recorded on the inventory report. Quantities on hand for three of the selected items were greater than the recorded quantities. Control is lost if quantities on hand are not recorded and are vulnerable to misappropriation. Paragraph 14 FAM 416.1 a. states that a physical inventory of residence furniture, furnishings, and equipment in use must be taken at the time of change of occupancy. This inventory must then be reconciled immediately with the residential custodial file.

Recommendation 52: Embassy Guatemala City should enforce procedures that require recipients to sign for residential personal property at time of receipt. (Action: Embassy Guatemala City)

Recommendation 53: Embassy Guatemala City should establish standard operating procedures for issuing, receiving, inspecting, and updating nonexpendable property in prescribed time frames. (Action: Embassy Guatemala City)

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Recommendation 17: Embassy Guatemala City should make space available in the consular section for a work area for the assistant regional security officer/investigator. (Action: Embassy Guatemala City)

Recommendation 18: Embassy Guatemala City should hold regular staff meetings between managers and locally employed staff members and entry-level officers in the different units of the consular section. (Action: Embassy Guatemala City)

Recommendation 19: Embassy Guatemala City should rewrite the position description for the deputy consular section chief to accord that individual supervisory authority over the chief of the American citizens services unit. (Action: Embassy Guatemala City)

Recommendation 20: Embassy Guatemala City, in coordination with the Bureau of Consular Affairs, should redesignate the nonimmigrant visa chief position in Guatemala City as visa chief. (Action: Embassy Guatemala City, in coordination with CA)

Recommendation 21: Embassy Guatemala City, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Western Hemisphere Affairs, should move the offices of the Foreign Commercial Service out of the chancery and into the United States Agency for International Development building. (Action: Embassy Guatemala City, in coordination with OBO and WHA)

Recommendation 22: Embassy Guatemala City, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Western Hemisphere Affairs, should modify the vacated offices of the Foreign Commercial Service for work space for the consular section. (Action: Embassy Guatemala City, in coordination with OBO and WHA)

Recommendation 23: Embassy Guatemala City should move the files currently stored in the file area of the consular section to the office that is being vacated by the Class B cashier. (Action: Embassy Guatemala City)

Recommendation 24: Embassy Guatemala City should provide a portable work station with chairs for the contract employees of the call center who check appointments at the entrance to the consular section. (Action: Embassy Guatemala City)

Recommendation 25: Embassy Guatemala City should immediately install clear, color-coded, professional-quality signage giving directions and instructions to visa applicants and American citizens entering the consular section. (Action: Embassy Guatemala City)

Recommendation 26: Embassy Guatemala, in coordination with the Bureau of Human Resources, should solicit and obtain a defined contribution plan for the locally employed staff that will provide a level of benefits to include those that would be available under the Guatemalan Social Security system.

(Action: Embassy Guatemala, in coordination with DG/HR)

Recommendation 27: Embassy Guatemala City, in coordination with the Office of the Legal Adviser, should obtain a legal opinion about the employment status of the National Police officers employed under the memorandum of agreement.

(Action: Embassy Guatemala, in coordination with L)

Recommendation 28: Embassy Guatemala City should revise the evaluation system for locally employed staff to provide for completion of evaluations for the full rating period. (Action: Embassy Guatemala City)

Recommendation 29: Embassy Guatemala City should fill the vacant position in the procurement office until the deployed national employee returns. (Action: Embassy Guatemala City)

Recommendation 30: Embassy Guatemala City, in coordination with the Bureau of Administration, should implement either the WebPASS or Integrated Logistics Management procurement systems. (Action: Embassy Guatemala City, in coordination with A)

Recommendation 31: Embassy Guatemala City should hold an International Cooperative Administrative Support Services council meeting to address customer dissatisfaction with the delivery of services, the service provider's capacity to provide certain levels of service, and appropriate staffing requirements. (Action: Embassy Guatemala City)

Recommendation 32: Embassy Guatemala City should evaluate and update its International Cooperative Administrative Support Services standards of services guide to include the additional agencies and mission population that have subscribed to the International Cooperative Administrative Support Services since December 2006. (Action: Embassy Guatemala City)

Recommendation 33: Embassy Guatemala City should immediately readvertise the housing coordinator position and open up the announcement to all. (Action: Embassy Guatemala City)

Recommendation 43: Embassy Guatemala City should establish formal procedures for locally employed staff to follow in the Equal Employment Opportunity process. (Action: Embassy Guatemala City)

Recommendation 44: Embassy Guatemala City, in coordination with the Bureau of Administration, should dissolve the operations of the American Embassy Association. (Action: Embassy Guatemala City, in coordination with A)

Recommendation 45: Embassy Guatemala City should prepare and submit a corrected certification of management controls. (Action: Embassy Guatemala City)

Recommendation 46: Embassy Guatemala City should prepare a comprehensive certification of management controls for FY 2008, describing the weaknesses discussed in this report and corrective actions planned or initiated. (Action: Embassy Guatemala City)

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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

Mission employees want more information from the regional security office about crime incidents near the embassy or in the areas of the city that they frequent so that they do not have to rely on rumors.

Informal Recommendation 1: Embassy Guatemala City should hold regularly scheduled all-hands meetings to brief employees about security incidents and should provide more frequent security notices.

Narcotics Affairs

Although the NAS has been effective in achieving many of its program goals, it has not reported as effectively on these achievements and on the local drug scene.

Informal Recommendation 2: Embassy Guatemala City should increase reporting on both policy issues and program effectiveness of the narcotics affairs section.

Public Affairs

At the time of the inspection, recording mission activities and programming effectiveness into the Department-wide Mission Activity Tracker was being undertaken by a summer fellow. No individual officer was designated as having overall responsibility for program reporting.

Informal Recommendation 3: Embassy Guatemala City should create a structure to ensure accurate and timely reporting of public diplomacy program activity.

Several reports by the regional information resource officer in Mexico City stress the need for increased outreach to target audiences to inform key audiences of information resources available to them. Until now, this has not been undertaken in a systematic way with appropriate budget allocations.

Informal Recommendation 4: Embassy Guatemala City should expand the outreach efforts of the Information Resource Center.

Human Resources

Embassy Guatemala City does not have sufficient controls to prevent managers from juggling positions and reassigning duties and responsibilities, including the shifting of incumbents without following proper procedures.

Informal Recommendation 5: Embassy Guatemala City should establish management controls to ensure appropriate assignment of duties and correction position descriptions.

A public diplomacy position has been advertised (vacancy announcement 08-023) to perform the duties presently being performed by the incumbent, while a new position entitled “Cultural Assistant, (Education)” is being created that has not been evaluated by human resources personnel as to duties, responsibilities, and grade.

Informal Recommendation 6: Embassy Guatemala City should withdraw vacancy announcement 08-023 for a “Cultural Assistant (Education)” and properly prepare and evaluate a job description and announcement for a “Cultural Assistant, (Outreach).”

General Services

General services have been plagued with major problems stemming from inadequate cooperation from the Guatemalan Ministry of Foreign Affairs.

Informal Recommendation 7: Embassy Guatemala City’s outgoing incumbent or successor Ambassador should raise this lack of cooperation directly with Guatemala’s Foreign Minister or Vice President.

Help Desk

Embassy Guatemala City lacks an automated system to enter and manage computer help-desk calls. Both the unclassified (OpenNet) and the classified systems help-desk calls require the computer user to either place a telephone call or send an email with a description of their computer problem or question to the information management section.

Informal Recommendation 8: Embassy Guatemala City should acquire and implement an automated help-desk tracking application to improve its management of help-desk calls.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Ambassador	James M. Derham	8/2005
Deputy Chief of Mission	David E. Lindwall	7/2006

Chiefs of Sections:

Management	Leo J. Hession, Jr.	8/2007
Consular	John A. Lowell	8/2005
Political-Economic	Drew G. Blakeney	8/2007
Public Affairs	David J. Young	8/2005
Regional Security	John M. Eustace	8/2005
Narcotics Affairs	Brian Alistair Cooke	8/2007

Other Agencies:

Defense Attaché Office	Col. Humberto Rodriguez	8/2006
U.S. Military Group	Col. Linda Gould	8/2006
Foreign Agricultural Service	Robert Hoff	8/2007
Foreign Commercial Service	Patricia Wagner	8/2006
U.S. Agency for International Development	Wayne Nilsestuen	8/2006
Drug Enforcement Administration	Michael P. O'Brien	8/2003
Peace Corps	James Adriance	3/2004
Center for Disease Control	Isabella Danel	8/2006
Animal and Plant Health Inspection Service	Gary Greene	8/2007

National Geospatial-Intelligence Agency	Ronald Bowers	8/2003
Department of Homeland Security		
Immigration and Customs		
Enforcement	Lupe Sepulveda	1/2007
Department of Homeland Security		
Citizenship and Immigration Services	Paul Mitchell	9/2003

ABBREVIATIONS

AEA	American Embassy Association
Department	Department of State
DCM	Deputy chief of mission
DEA	Drug Enforcement Administration
ECA	Bureau of Educational and Cultural Affairs
EEO	Equal Employment Opportunity
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FCS	Foreign Commercial Service
FMO	financial management officer
GSO	general services officer
ICASS	International Cooperative Administrative Support Services
INL	Bureau of International Narcotics and Law Enforcement Affairs
LE	locally employed staff
MILGRP	military group
NAS	narcotics affairs section
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
PAO	public affairs officer
PAS	public affairs section
USAID	United States Agency for International Development
WHA	Bureau of Western Hemisphere Affairs

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and resources hurts everyone.

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to ensure confidentiality.