



**OIG**

**Office of Inspector General**

U.S. Department of State • Broadcasting Board of Governors

---

ISP-17-38

Office of Inspections

July 2017

---

**Management Assistance Report:  
Department Can Take Steps Toward  
More Effective Executive Direction of  
Overseas Missions**

**MANAGEMENT ASSISTANCE REPORT**

---

## Summary of Review

Chiefs of Mission (COM) of 34 overseas posts inspected by the Office of Inspector General (OIG) generally set clear goals, modeled adherence to high ethical standards, and established constructive relationships with host governments. However, 38 percent of OIG inspections found deficiencies in the COMs' oversight of embassy internal controls and in their annual Management Control Statement of Assurance (SOA) processes. More than 70 percent of the COMs inspected by OIG received high marks for enhancing security for mission personnel and the broader American community, but nearly 30 percent of the missions were not fully prepared to manage potential crises. While nearly 70 percent of First- and Second-Tour (FAST) employees were satisfied with their posts' development programs, FAST employees at 32 percent of the inspected posts were dissatisfied with the opportunities to improve their professional skills. Overall, OIG found deficiencies in at least one area of COM performance in 62 percent of the inspected missions.

During its overseas inspections, OIG provides direct feedback to COMs. OIG typically inspects overseas missions, at most, once every five years. In order to determine common areas of strength or weakness in the performance of COMs and to identify common factors that underlie those areas, OIG analyzed inspection reports for the past three years. OIG made three recommendations to the Department of State (Department) to provide more regular feedback to COMs on their performance, improve internal controls, and enhance FAST programs. In its responses to the draft report the Department concurred with one recommendation. The Department's responses to the recommendations and OIG's reply can be found in the Recommendations Section of this report. OIG considers two of three recommendations unresolved. The Department's formal written responses are reprinted in their entirety in Appendix B.

## BACKGROUND

---

OIG reviewed executive direction in the 34 inspection reports on overseas missions issued from December 2014 through January 2017. The executive direction sections of these inspections focused on the COM and the deputy chief of mission (DCM) performance in five areas:

- Tone at the top and standards of conduct.
- Execution of foreign policy goals and objectives.
- Adherence to internal controls.
- Security of the mission.
- Developing and mentoring of future Foreign Service leadership.

OIG assessed performance in these areas using criteria from the Foreign Affairs Manual (FAM), principally 2 FAM (General), 3 FAM (Personnel), and 18 FAM (Strategic Direction and Management: Policies, Principles, and Practices); the Foreign Affairs Handbook (FAH), mainly 2 FAH (General) and 12 FAH (Diplomatic Security); the President's Letter of Instruction to Bilateral Chiefs of Mission, which is sent to each COM upon assumption of office and sets forth the President's expectations for how

COMs are to carry out their responsibilities; and the Government Accountability Office's *Standards for Internal Control in the Federal Government*.<sup>1</sup> The Department supplemented these criteria in cables sent to all diplomatic and consular posts.<sup>2</sup>

## FINDINGS

---

### Tone at the Top and Standards of Conduct

OIG found that COMs, in more than 80 percent of the missions inspected, set a tone consistent with Department guidance and the President's letter of instruction. OIG also found almost no anomalies in reporting by COMs and DCMs of their representational and official residence expenses. However, embassies—rather than the COM or DCM—frequently paid official residence employees directly, a practice contrary to guidance in 3 FAM 3257. OIG issued a Management Assistance Report in April 2014 that addressed this improper practice.<sup>3</sup> Although this report was issued more than three years ago, the Department had not implemented OIG's recommendations at the time of this review and has provided no information as to when it may take action.

Overall, OIG found deficiencies in at least one area of the COMs' exercise of their responsibilities in 62 percent of recent inspections, as described in this report. The leadership and management principles for Department employees enumerated in 3 FAM 1214 b.(4)-(5) state that all employees, including COMs, should offer and solicit constructive feedback, acknowledge shortcomings, and work continuously to improve skills and substantive knowledge. During its inspections, OIG provides feedback to COMs on their performance, but OIG typically only inspects embassies, at most, once every five years. OIG recommended in 2010 and again in 2012<sup>4</sup> that the Department conduct annual surveys to provide feedback to COMs on their performance. However, the Department has conducted only one such survey, in 2014. Without such surveys, most COMs lack regular feedback necessary to help improve their performance.

**Recommendation 1:** The Director General of the Foreign Service and Director of Human Resources should institute annual surveys of American and locally employed staff to provide feedback on Chief of Mission performance. (Action: DGHR)

---

<sup>1</sup> Government Accountability Office's *Standards for Internal Control in the Federal Government*, (GAO-14-704G, September 2014), pages 22-24, provide criteria for setting the tone at the top and standards of conduct.

<sup>2</sup> Department cables 16 State 21482, "Top Ten Crisis Preparedness Best Practices," March 1, 2016; 15 State 23542, "Mentoring for a Stronger Department of State," March 5, 2015; 15 State 137452, "Your Role in Assuring Strong Management Controls and Oversight Over Mission Operations," December 7, 2015; and 14 State 19636 "Mentoring the Next Generation – Take Charge!" February 22, 2014.

<sup>3</sup> OIG, *Management Assistance Report – Direct Payment of Official Residence Expenses Staff Salaries* (ISP-I-14-08, April 2014).

<sup>4</sup> OIG, *Implementation of a Process to Assess and Improve Leadership and Management of Department of State Posts and Bureaus* (ISP-I-10-68, June 29, 2010); OIG, *Memorandum Report, Improving Leadership at Posts and Bureaus* (ISP-I-12-48, September 19, 2012).

## Execution of Foreign Policy Goals and Objectives

OIG found that COMs established productive contacts with their host government and used them to pursue U.S. foreign policy goals and objectives in more than 90 percent of the missions inspected. The Department instructs all embassies to prepare an Integrated Country Strategy (ICS), which is a “single multi-year overarching strategy that encapsulates U.S. government policy priorities, objectives, and the means by which diplomatic engagement, foreign assistance, and other tools will be used to achieve them.”<sup>5</sup> More than 80 percent of COMs effectively pursued the foreign policy goals in their ICS. OIG found several commonalities among these successful COMs. Specifically:

- The COMs developed the ICS through a mission-wide process, often beginning with an offsite session or sessions that brought together all agencies in the embassy.
- The COMs regularly reviewed the ICS to measure the embassy’s progress against the goals and to adjust strategy and resource allocations as necessary.
- Regular reviews of the ICS familiarized mission personnel with the goals and their own roles in fulfilling them.

Some COMs found particularly effective ways to familiarize all personnel—American and locally employed staff alike—with the ICS goals. For example, Embassy Montevideo prepared a presentation in English and Spanish entitled “Why We Are Here” and highlighted it in a town hall meeting and on the embassy’s website.<sup>6</sup> OIG also found that some embassies had difficulty keeping track of all U.S. assistance programs in their countries and ensuring that they supported ICS goals. To counter this, Embassy Rangoon formed an interagency Assistance Working Group, supported in Washington by the Bureau of East Asian and Pacific Affairs and the U. S. Agency for International Development, to screen all assistance proposals and manage a coherent foreign assistance portfolio.<sup>7</sup> These practices offer models for other posts to consider emulating.

## Adherence to Internal Controls

OIG found the involvement of the COM and the DCM was crucial in establishing effective internal controls at overseas missions. However, OIG found deficiencies in COMs’ and DCMs’ oversight of internal controls in 38 percent (thirteen of thirty-four) of the embassies inspected. This lack of oversight by COMs and DCMs resulted in lapses in internal controls and, in five of those embassies, SOAs that certified that management control objectives had been achieved when in fact the embassies had vulnerabilities that had not been identified and addressed. OIG inspections found these deficiencies despite the Department’s acceptance of eight recommendations that were made in OIG’s September 2015 review of the SOA process. All of these recommendations were designed to enhance internal controls.<sup>8</sup>

---

<sup>5</sup> Diplopedia, *Integrated Country Strategy Guidance and Instructions* 2016, page 3.

<sup>6</sup> OIG, *Inspection of Embassy Montevideo, Uruguay* (ISP-I-16-22A, September 2016), page 2.

<sup>7</sup> OIG, *Inspection of Embassy Rangoon, Burma* (ISP-I-17-05A, December 2016), pages 9-10.

<sup>8</sup> OIG, *Review of the Statements of Assurance Process* (ISP-I-15-37, September 2015).

Effective internal controls provide reasonable assurance that an embassy's objectives will be achieved while providing the first line of defense in safeguarding U.S. Government assets. Department guidance in the FAM and in All Diplomatic and Consular Posts cables describes the COM's role and responsibilities in the SOA process. For example, guidance in 2 FAM 021.1a notes the Department must maintain effective systems of management controls, and COMs are responsible for submitting their annual SOA to the Secretary in accordance with 2 FAM 022.7(5). Additional guidance in Department cable 15 State 137452<sup>9</sup> requires COMs to identify management control vulnerabilities and take corrective action. The guidance also requires COMs to report significant vulnerabilities in their SOAs.

As noted above, notwithstanding this guidance, OIG's September 2015 review of the SOA process identified flaws, and one of its recommendations was that the Foreign Service Institute (FSI) develop and implement training for senior managers on their management control and SOA responsibilities. As of November 2016, the institute reported limited progress toward implementing the recommendation. OIG decided to close the recommendation but requested that FSI provide a copy of its analysis of the need for such additional training and its final report, including a timeline for implementation and the content framework for the training module. FSI's final report, dated April 20, 2017, recommended that FSI address the need for improved guidance on internal controls, including the SOA process, through a SharePoint portal rather than a training module. Because OIG continues to identify and report on deficiencies in COMs' oversight of internal controls during its embassy inspections, improved training for COMs and DCMs in the SOA process is still needed. A SharePoint portal may be useful to store and maintain reference materials but alone will be inadequate to address these ongoing concerns. As OIG has noted in various inspections, including in its September 2015 review, it is vital to address this issue, as COMs and DCMs who sign off on inaccurate SOAs or who otherwise do not oversee effective internal controls increase the risk of waste, fraud, or abuse of U.S. government resources.

**Recommendation 2:** The Foreign Service Institute should develop and include training on management control responsibilities in its classes for Chief of Mission candidates and Deputy Chief of Missions. (Action: FSI)

## **Security of the Mission**

In 73 percent of the missions inspected, OIG found that Front Office leadership was engaged on security issues and supported the regional security officer and other mission elements that contributed to an effective security posture. While nearly 30 percent of the missions were not fully prepared to manage potential crises, 86 percent of the COMs who provided effective security oversight also led effective embassy preparations for potential crises. That is, OIG found a very strong correlation between overall security oversight and embassies that were well prepared for crisis. COMs of posts in active seismic zones generally paid the most attention to crisis preparation. For example, Embassy Ashgabat, located in an active seismic zone, encouraged

---

<sup>9</sup> Department cable 15 State 137452, "Your Role in Assuring Strong Management Controls and Oversight Over Mission Operations," December 7, 2015.

embassy children to participate in weekly radio checks to ensure to the greatest degree that employees will receive timely assistance if adults in the home are injured and cannot call for help. No costs are associated with the practice, and mission children reportedly greatly enjoyed participating in the program.<sup>10</sup>

COMs also are responsible under 2 FAM 113.1 c (14) to advise, protect, and assist U.S. citizens abroad. Some missions developed innovative ways to reach out to the broader American community. Embassy Zagreb, for example, adopted a lesson learned from the 2010 earthquake in Haiti and paired its U.S. citizen wardens with local amateur radio operators to provide an alternate communications network in case of a crisis.<sup>11</sup>

## **Developing and Mentoring of Future Foreign Service Leadership**

In its inspections, OIG found that FAST employees at 32 percent of inspected embassies expressed dissatisfaction with the embassy's program for their professional development. Although this is a minority of programs, OIG notes that, in all cases in which there was such dissatisfaction, the embassies had only informal FAST programs. In contrast, all inspected posts with formal programs received favorable evaluations from their FAST personnel. OIG found that FAST employees at posts with active, formal programs said they had good opportunities to develop skills that would serve them during their careers and that they had good access to mentors.

DCMs are responsible for managing FAST programs, which vary depending on the size of the post and number of entry-level employees. More specifically, 3 FAM 2242.4 assigns DCMs the responsibility for ensuring entry-level officers are well-trained, counseled, and evaluated, but does not include guidance on how to structure an effective FAST program. Department cable 14 State 19636 urged DCMs to create FAST committees at their posts to provide formal and informal activities to network, learn more about the Department, and create opportunities for greater professional development. Department cable 15 State 23542<sup>12</sup> provided additional FAST program guidance and examples of best practices. These cables, however, did not provide sufficient information to compensate for the lack of detailed guidance in the FAM and FAH regarding FAST program organization. Such guidance would be particularly helpful given that OIG found that unsuccessful programs were characterized by a lack of Front Office attention as well as a lack of a formal program developed by embassy leadership in conjunction with a FAST committee.

The Department's FAST programs would benefit from further exchanges of best practices. Embassy Tashkent, for example, established 10 activities in which all FAST employees must participate during their assignment.<sup>13</sup> COMs and DCMs also would benefit from further guidance from the Department in the FAM and the FAH on how to put into place structured

---

<sup>10</sup> OIG, *Inspection of Embassy Ashgabat, Turkmenistan* (ISP-I-16-13A, March 2016), page 5.

<sup>11</sup> OIG, *Inspection of Embassy Zagreb, Croatia* (ISP-I-17-02A, October 2016), page 7.

<sup>12</sup> Department cable 15 State 23542, "Mentoring for a Stronger Department of State," March 5, 2015.

<sup>13</sup> OIG, *Inspection of Embassy Tashkent, Uzbekistan* (ISP-I-16-12A, March 2016).

programs designed in collaboration with the FAST employees at their mission. Failure to provide this guidance increases the risk that FAST employees will not receive professional development opportunities to develop the competencies necessary for a successful career.

**Recommendation 3:** The Director General of the Foreign Service and Director of Human Resources should issue additional Foreign Affairs Manual and Foreign Affairs Handbook guidance requiring all chiefs of mission and deputy chiefs of mission to implement structured First- and Second-Tour employee programs in collaboration with First- and Second-Tour employees at their posts. (Action: DGHR)

## RECOMMENDATIONS

---

OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendation to the Director General of the Foreign Service and Director of Human Resources and the Foreign Service Institute. The Department's response can be found in Appendix B.

**Recommendation 1:** The Director General of the Foreign Service and Director of Human Resources should institute annual surveys of American and locally employed staff to provide feedback on Chief of Mission performance. (Action: DGHR)

**Management Response:** In its July 24, 2017, response, the Director General of the Foreign Service and Director of Human Resources noted that it would review OIG's recommendations as part of the Department's redesign of its structures and process.

**OIG Reply:** OIG considers the recommendation unresolved. The recommendation can be closed when OIG receives and accepts documentation of annual surveys that provide feedback on Chief of Mission performance.

**Recommendation 2:** The Foreign Service Institute should develop and include training on management control responsibilities in its classes for Chief of Mission candidates and Deputy Chiefs of Mission. (Action: FSI)

**Management Response:** In its July 17, 2017, response, the Foreign Service Institute (FSI) concurred with this recommendation. FSI noted that it would collaborate with the Bureau of Comptroller and Global Financial Services (CGFS) to review and update the content of the management controls session in the *Deputy Chiefs of Mission/Principal Officers Seminar* and *Ambassadorial Seminar*. FSI would incorporate content from the Government Accountability Office Green Book standards and Statement of Assurance process. Additionally, CGFS would develop an online management controls resource portal that would provide a comprehensive set of documents.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the management control responsibilities training for Chief of Mission candidates and Deputy Chiefs of Mission.

**Recommendation 3:** The Director General of the Foreign Service and Director of Human Resources should issue additional Foreign Affairs Manual and Foreign Affairs Handbook guidance requiring all chiefs of mission and deputy chiefs of mission to implement structured First- and Second-Tour employee programs in collaboration with First- and Second-Tour employees at their posts. (Action: DGHR)

**Management Response:** In its July 24, 2017, response, the Director General of the Foreign Service and Director of Human Resources noted that it would review OIG's recommendations as part of the Department's redesign of its structures and process.

**OIG Reply:** OIG considers the recommendation unresolved. The recommendation can be closed when OIG receives and accepts documentation of additional guidance in the Foreign Affairs Manual and Foreign Affairs Handbook for First- and Second-Tour employee programs.

## APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

---

This management assistance review was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department and the Broadcasting Board of Governors.

The Office of Inspections provides the Secretary of State, the Chairman of the Broadcasting Board of Governors, and Congress with systematic and independent evaluations of the operations of the Department and the Broadcasting Board of Governors. Consistent with Section 209 of the Foreign Service Act of 1980, this inspection focused on:

- Policy Implementation: whether policy goals are being effectively achieved and U.S. interests are effectively represented.
- Resource Management: whether resources are used with maximum efficiency and effectiveness and whether financial transactions and accounts are properly conducted, maintained, and reported.
- Management Controls: whether operations meet the requirements of applicable laws and regulations; whether internal management controls are enforced; whether instances of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

OIG's specific inspection objectives were to: (1) determine common areas of strength or weakness in the performance of chiefs of mission as identified in OIG inspection reports; and (2) identify common factors that underlie the areas of strength or weakness.

Ambassador Jonathan Farrar conducted this review.

## APPENDIX B: MANAGEMENT RESPONSES

---



**United States Department of State**

*Foreign Service Institute*

*George P. Shultz National Foreign Affairs Training Center  
Washington, D.C. 20522-4201*

July 17, 2017

UNCLASSIFIED

TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: FSI – Charles Staton, Chief of Staff *CAS*

SUBJECT: Response to Management Assistance Report (ISP-17-38)

The Foreign Service Institute (FSI) has reviewed the draft OIG Management Assistance Report. We provide the following comments in response to the recommendations provided by OIG:

**OIG Recommendation 2:** The Foreign Service Institute should develop and include training on management control responsibilities in its classes for COM candidates and DCMs. (Action: FSI)

**Management Response:** Currently, as part of Leadership and Management School's (LMS) course *Deputy Chiefs of Mission/Principal Officers Seminar* (PT102), there is a one-hour session on management controls presented by the Management Tradecraft Training Division from the School of Professional and Area Studies (SPAS/MTT). FSI and CGFS will collaborate to review and update the content of this session to address OIG concerns, such as incorporating content from the GAO Green Book standards and the Statement of Assurance process. In addition, OIG is provided a one-hour session to address the participants on inspections, during which the responsibilities for management controls can be addressed.

As part of the *Ambassadorial Seminar* (PT120), OIG has a 90-minute session to address future Chiefs of Mission on OIG issues, during which the responsibilities for management controls can be addressed. Additionally, FSI and CGFS will collaborate to review the management controls content of this session and update the content as necessary to address OIG concerns, such as incorporating content from the GAO Green Book standards and the Statement of Assurance process.

In addition to the training noted above, as previously proposed by FSI, CGFS/MC will develop a management controls resource portal – available online – that will provide a comprehensive set of documents regarding policies, procedures, regulations, checklists, and other related material. The portal will include the "Green Book" and other OMB reference material.

CGFS will undertake these additional actions to enhance the provision of information regarding management controls to students at FSI. FSI's School of Professional and Area Studies (SPAS) will disseminate information regarding this portal in any appropriate courses, as part of its students' preparation prior to and during the course(s).

The point of contact for this memorandum is Elizabeth G. Hamly ([hamlyeg@state.gov](mailto:hamlyeg@state.gov); 703-302-6731).

**UNCLASSIFIED**



United States Department of State

Washington, D.C. 20520

JUL 24 2017

UNCLASSIFIED

**MEMORANDUM**

TO: OIG/ISP – Ms. Sandra Lewis  
FROM: DGHR – William Todd, Acting *William Todd*  
SUBJECT: Response to Draft OIG Report – Management Assistance Report:  
Department Can Take Steps Toward More Effective Executive Direction of  
Overseas Missions

The Department is reviewing issues related to the OIG recommendations, as well as other issues related to the operation of our missions overseas, as part of the overall process to redesign Department structures and process. We appreciate OIG's recommendations and will factor them in as the redesign process goes forward but have no other response at this time. It makes sense to review these two recommendation in coordination with the Human Capital Workstream of the Redesign but we do not expect to take this approach with other OIG recommendations.

**OIG Recommendation 1**

The Director General of the Foreign Service and the Director of Human Resources should institute annual surveys of American and locally employed staff to provide feedback on Chief of Mission performance. (Action: DGHR)

**OIG Recommendation 3**

The Director General of the Foreign Service and Director of Human Resources should issue additional Foreign Affairs Manual and Foreign Affairs Handbook guidance requiring all chiefs of mission and deputy chiefs of mission to implement structured First- and Second-Tour employee programs in collaboration with First- and Second-Tour employees at their posts. (Action: DGHR).

Thank you for your understanding.

UNCLASSIFIED



# HELP FIGHT

## FRAUD. WASTE. ABUSE.

1-800-409-9926

**[HOTLINE@stateOIG.gov](mailto:HOTLINE@stateOIG.gov)**

If you fear reprisal, contact the  
OIG Whistleblower Ombudsman to learn more about your rights:

**[WPEAOmbuds@stateOIG.gov](mailto:WPEAOmbuds@stateOIG.gov)**