



OIG

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May 2018

Inspection of Embassy Riyadh and Constituent Posts, Saudi Arabia

BUREAU OF NEAR EASTERN AFFAIRS



OIG HIGHLIGHTS

ISP-I-18-17

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OFFICE OF INSPECTIONS
Bureau of Near Eastern Affairs

Inspection of Embassy Riyadh and Constituent Posts, Saudi Arabia

What OIG Found

- The Chargé d'Affaires and the acting Deputy Chief of Mission worked as a team, leading the embassy's country team in pursuing the administration's priorities for a key bilateral relationship. However, staff reported the Chargé limited his communications to a small group of employees and did not always include all relevant offices in meetings he chaired.
- Embassy Riyadh lacked procedures to review sensitive threat information related to the safety of both official and nonofficial Americans living and working in Saudi Arabia.
- Embassy reporting met policy makers' needs and supported the mission's Integrated Country Strategy goals.
- Public diplomacy programming promoted strategic goals in a challenging environment that limited mixed-gender social interaction and required host government approval for most outreach activities.
- During the inspection, the embassy began to address weaknesses in passport audits, the visa referral program, fraud prevention, and crisis preparedness.
- Spotlight on Success: Public diplomacy programming promoting study in the United States reached 80 percent of local social media users.
- Spotlight on Success: Innovations in the Facilities Management Section improved oversight and could save the U.S. Government more than \$3 million.
- Spotlight on Success: An embassy-developed procedure for monitoring unclassified equipment and network performance improved customer service and productivity.

What OIG Inspected

OIG inspected the executive direction, program and policy implementation, management controls, and resource management operations of Embassy Riyadh. The inspection included Consulates General Dhahran and Jeddah.

What OIG Recommended

This report includes 29 recommendations. OIG made 27 recommendations to Embassy Riyadh to improve embassy operations; one to the Bureau of Consular Affairs regarding handling of security threat information; and one to the Bureau of Educational and Cultural Affairs regarding the educational advising center in Dhahran.

In its comments on the draft report, the Department concurred with 28 recommendations and disagreed with 1. OIG considers all recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

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CONTEXT

Saudi Arabia's unique role in the Arab and Islamic worlds, its significant oil reserves, and its strategic location astride the Arabian Peninsula with coasts on the Persian Gulf and Red Sea are factors in its long-standing and close bilateral relationship with the United States. It is the birthplace of Islam and home to Mecca and Medina, the locations of Islam's two holiest shrines. Saudi Arabia ranks as the world's largest petroleum exporter, with approximately 16 percent of global proven petroleum reserves.

The United States is Saudi Arabia's largest trading partner and Saudi Arabia is the second leading source of imported oil for the United States, providing more than one million barrels per day. Saudi Arabia is the United States' largest foreign military sales customer, with nearly \$100 billion in active military sales. The United States and Saudi Arabia established the bilateral Office of Program Management-Ministry of Interior—the U.S. side of which is overseen by Embassy Riyadh—to implement a 2008 technical cooperation agreement. It is funded by Saudi Arabia to support bilateral programs in critical infrastructure protection and public security.

The embassy's Integrated Country Strategy (ICS) goals, revised in July 2017, are to:

- Partner with Saudi Arabia to confront and defeat violent extremism.
- Deepen the bilateral security partnership to enhance Saudi Arabia's defense capabilities and reduce the burden on the United States to defend the region.
- Encourage Saudi Arabia to be a constructive partner in prevention and resolution of regional conflicts.
- Strengthen the U.S.-Saudi economic and commercial relationship by promoting trade and investment to create jobs for Americans and ensure a level playing field for U.S. companies.

In addition, nearly 45 percent of the Saudi population of 28.5 million is under 25, and more than 83,000 Saudis study in the United States, making youth outreach an important part of U.S. public diplomacy.

Mission Saudi Arabia consists of the embassy in Riyadh, with 209 American and 335 locally employed (LE) staff; a consulate general in Jeddah, with 79 American and 163 LE staff; and a consulate general in Dhahran, with 42 American and 104 LE staff. Most LE staff members are third-country nationals rather than -Saudi citizens. The mission's staff size has been relatively stable for the last several years. Eight agencies in addition to the Department are represented in the mission, including the Departments of Defense, Homeland Security, Justice, and Energy. The mission's total budget for FY 2016 was \$99 million.¹ The Department of State (Department) requested a total of \$10,000 in foreign assistance for Saudi Arabia in FY 2017, all of it for International Military and Educational Training programming.

¹ More recent figures were unavailable at the time of the inspection.

At the time of the inspection, the Bureau of Overseas Buildings Operations (OBO) planned to replace all Government-owned facilities in Saudi Arabia. As of November 2017, OBO had allocated \$649 million to fund construction projects at the embassy and both consulates. This included \$284 million for a new consulate compound in Jeddah, a project that has experienced significant delays due to contractual and design issues but was scheduled to be completed in August 2018; more than \$300 million for a new compound in Dhahran, slated for completion in 2020; and \$51 million to acquire land for a new embassy compound in Riyadh, scheduled to begin construction in 2022.

OIG evaluated the embassy's policy implementation, resource management, and management controls consistent with Section 209 of the Foreign Service Act.² The companion classified inspection report discusses the mission's security program and issues affecting the safety of mission personnel and facilities.

EXECUTIVE DIRECTION

OIG assessed Mission Saudi Arabia's leadership on the basis of 149 on-site interviews in Riyadh, Jeddah, and Dhahran and 29 interviews in Washington that addressed questions on mission leadership; 380 questionnaires completed by U.S. and LE staff; and OIG's review of documents and observations of embassy and consulates general meetings and activities during the course of the on-site inspection.

Tone at the Top and Standards of Conduct

The Chargé d'Affaires, ad interim, arrived in Riyadh as Deputy Chief of Mission (DCM) in August 2016 and became Chargé upon the departure of the Ambassador in January 2017.³ The Political Counselor, who arrived in July 2015, became acting DCM in January 2017. The Consul General in Jeddah arrived in August 2016, and the Consul General in Dhahran began her assignment in August 2017.

The Chargé set a professional tone consistent with many of the leadership and management principles in 3 Foreign Affairs Manual (FAM) 1214. Staff told OIG they appreciated the Chargé's calm and cautious demeanor, and senior staff and the heads of most agencies reported that he was accessible when needed. Other embassy staff told OIG the Chargé set a good ethical example by making clear his commitment to Department standards of conduct. A review of his travel, official residence expenses, and representation vouchers showed no anomalies. The Chargé discussed ethics in country team meetings, and the embassy updated its management notices on ethics-related issues prior to the inspection. The embassy's Equal Employment Opportunity program met Department requirements. The Chargé met regularly with the

² See Appendix A.

³ When an ambassador leaves an embassy permanently or temporarily, the position of chief of mission is filled by a Chargé d'Affaires, ad interim, until the ambassador returns or is replaced.

embassy's program counselors, and the embassy prominently displayed contact information for the counselors and liaisons, in accordance with 3 FAM 1514.2.

Embassy staff told OIG the Chargé-led weekly country team meetings were focused, crisp and informative. Agency and section heads reported the country team was collegial and cooperative and the Front Office worked as a team. The consulates general attended via video conference, a change instituted in response to the last OIG inspection,⁴ but participation was limited to only the two Consuls General. OIG advised the Chargé to allow the Consuls General to include others in the meetings so that staff would have greater familiarity with mission-wide issues.

Despite the positive comments regarding professionalism and ethics, the Chargé did not always model all of the leadership principles in 3 FAM 1214. Many embassy staff members said he limited his communication to a small circle of employees and did not always include all relevant offices in the meetings he chaired. OIG encouraged him to seek opportunities to engage staff in informal settings and to solicit the views of all relevant offices.

Embassy staff described the acting DCM as energetic, approachable, visible around the embassy, and knowledgeable about the region. Staff told OIG he was engaged in embassy operations, and held several weekly meetings with staff, including occasionally in their offices.

Execution of Foreign Policy Goals and Objectives

The President's visit to Riyadh in May 2017 demonstrated Saudi Arabia's key role in the administration's regional policy. The embassy managed numerous other high-level visits in the 10 months preceding the inspection, including three congressional delegations, five Cabinet members, 24 senior U.S. civilian officials, and 41 U.S. military flag officers. Washington officials praised the embassy's preparation and management of such visits, and OIG observed first-hand the embassy's smooth management of two Cabinet-level visits during the inspection.

The Chargé actively engaged a wide range of interlocutors in Saudi Arabia and Washington to strengthen the bilateral relationship. He met with Saudi officials, foreign diplomats, and business representatives and participated in public diplomacy and representational activities. He participated in 49 secure video teleconference sessions with Washington officials or military commanders in various locations in 2017. In addition, he regularly engaged with Department officials, National Security Council staff, and regional ambassadors on bilateral developments and regional issues. Washington stakeholders said they valued the Chargé's views and embassy reporting. For example, the National Security Council praised the Chargé's engagement and contributions to the interagency policy process.

In early 2017, the Chargé led the country team in reviewing and updating the mission's ICS goals to ensure they were consistent with the new administration's priorities. The embassy issued the

⁴ OIG, *Inspection of Embassy Riyadh and Constituent Posts, Saudi Arabia* (ISP-I-10-19A, March 2010).

result as a management notice to staff on July 31, 2017, and distributed the list of priorities on laminated pocket-sized cards to American and LE staff members.

Although the Chargé's generally strong engagement on foreign policy implementation led to the embassy advancing some of its ICS objectives, OIG identified several areas where the Front Office could improve. These included coordination among mission agencies and sections at the embassy and between the embassy and its constituent posts. OIG advised the Chargé to delegate discretionary authority to the DCM, section heads, and Consuls General to clear and approve reports in order to shorten the time it took for the mission send them to the Department.

No Planning to Allocate Resources to Strategic Priorities

OIG found that the embassy did not allocate its reporting, travel, and representation resources according to its strategic priorities. There was no integrated mission reporting plan to link priorities to reporting or to monitor performance and progress; likewise, the embassy had no systematic effort to assign, capture, and incorporate reporting from the consulates general. Similarly, the embassy and the consulates general did not prepare travel and representation budgets linked to the mission's strategic priorities and instead apportioned funds based on past experience and current, sometimes ad hoc, requests. The Department, however, established the ICS as the basis for resource requests and mission planning and to provide a tool to coordinate activities throughout a mission. In 18 FAM 301.2-1(a), the Department specifies that strategic planning is required to prioritize resources, ensure project activities are aligned with priorities, and to monitor project implementation. Finally, guidance in 3 FAM 1214b (2) requires leadership to develop and promote attainable goals and establish expectations, give direction, and monitor results. The lack of reporting, representation, and travel plans is inconsistent with these Department standards and impaired the Front Office's ability to ensure the mission used its limited resources to meet priority objectives.

Recommendation 1: Embassy Riyadh should implement strategic plans to allocate mission-wide reporting, travel, and representation resources according to Integrated Country Strategy priorities. (Action: Embassy Riyadh)

Department of Energy Position Was Not Integrated Into Embassy Operations

Embassy Riyadh did not integrate a new Department of Energy Office Director position into the work of the mission, despite committing to do so when it approved the position in 2015.⁵ The position—to provide support and technical expertise on energy issues—is the Department of Energy's only U.S. direct-hire representative in the mission. However, OIG found the embassy effectively marginalized the Office Director by locating him outside the controlled access area, requiring him to report to the Economic Counselor, excluding him from the country team meeting—unlike the heads of all other embassy agencies—and delaying approval of his position description. The Economic Counselor in fact told OIG the position was unnecessary because the

⁵ National Security Decision Directive 38 (NSDD-38) Case Number DOE DNA3-0003-2014.

section already had an officer covering energy issues. According to 18 FAM 001.1-1(a), however, embassies must engage their full country teams across all U.S. Government agencies to implement U.S. economic statecraft, and 2 FAM 113.1 requires chiefs of mission to manage all Executive Branch resources at overseas missions. By failing to integrate this position, the embassy risked using economic officer resources on areas outside the section's responsibility and missing opportunities to engage with the Saudi Arabian Government on energy issues.

Recommendation 2: Embassy Riyadh should implement the commitments made in its approval for the Department of Energy Office Director position. (Action: Embassy Riyadh)

Responsibilities of a New Defense Position Overlapped Those of Existing Positions

A newly established Department of Defense position overlapped with and duplicated core functions of the Political/Military Affairs Section. During the inspection, the embassy submitted accreditation to the Saudi Arabian Government for a Senior Defense Official/Defense Attaché position to be filled initially by a U.S. Army Major General who also served as the commander of the U.S. Military Training Mission, one of three separate Department of Defense security cooperation organizations in Saudi Arabia. The embassy also approved five new uniformed military positions to support the Senior Defense Official position.

The new position's responsibilities, according to Department of Defense Directive 5205.75 (updated May 22, 2017) and the National Security Decision Directive-38 decision⁶ that established the position, overlapped with and duplicated two core functions of the Political/Military Affairs Section: (1) to coordinate among the three U.S. security cooperation organizations and resolve issues between these commands and the Government of Saudi Arabia, and (2) to plan and manage visits of senior U.S. military officials. The Senior Defense Official's responsibilities also duplicated the authority of the Program Director of the Office of Program Management-Ministry of Interior (OPM-MOI) to oversee the U.S. Army Security Assistance Command's Ministry of Interior-Military Assistance Group, one of the three security cooperation organizations.

The embassy did not address these issues when it approved the new position. Guidance in 2 FAM 112.1 stresses that a mission is an integrated structure that includes all agencies, and 2 FAM 113.1a requires chiefs of mission to manage all Executive Branch resources at overseas missions. Failure to do so risks duplication of effort and waste of government resources.

Recommendation 3: Embassy Riyadh should implement a plan to eliminate duplication of the existing responsibilities of the Political/Military and Office of Program Management-Ministry of Interior Sections with the new Senior Defense Official/Defense Attaché position. (Action: Embassy Riyadh)

⁶ National Security Decision Directive 38 (NSDD-38) Case Number DOD-DDF3-0010-2017.

Adherence to Internal Controls

The Front Office directed the Management Counselor to take the lead in developing Mission Saudi Arabia's 2017 Annual Chief of Mission Management Control Statement of Assurance. All embassy sections participated in the process, which resulted in a Statement of Assurance that identified several current and potential material weaknesses. However, it did not identify two problems related to the embassy's accounting procedures for fuel, as detailed in the Resource Management section of this report. In addition, although individual embassy sections tracked progress towards meeting ICS goals in their areas of responsibility, the consulates general did not do so; moreover, the mission did not conduct a formal review of its own overall progress. OIG reminded the Front Office that 18 FAM 101.4-3 requires an embassy to institute regular country team reviews to assess progress in meeting ICS goals and advised it to use such reviews when preparing the next ICS. The Chargé told OIG he would plan to do so.

Security and Emergency Planning

Saudi Arabia is a challenging security environment for U.S. officials and entities. Riyadh, Jeddah, and the Dhahran area have experienced terrorist attacks, some of them directed at U.S. officials and facilities. Embassy staff told OIG the Chargé was attentive to his security responsibilities, consistent with 1 FAM 013.2(b) and 2 FAM 113.1(c)(5). The embassy convened 13 emergency action committee (EAC) meetings between January and November 2017. Most of the mission's security issues are discussed in the companion classified report; however, OIG found two unclassified deficiencies, discussed below, that require attention by the Front Office.

Emergency Action Committee Meetings Lacked Standard Operating Procedures

Embassy Riyadh did not have standard operating procedures for EAC meetings. As a result, the embassy sometimes excluded key embassy and consulate general personnel from those meetings. For example, in interviews and observations, OIG found that the embassy did not always include in EAC meetings the supervisory consular officers at the embassy or consulates general, as required by 12 Foreign Affairs Handbook (FAH)-1 H-231(b). Further, OIG found that according to mission practice, only the embassy—not consulates general—could convene EAC meetings on issues of mission-wide concern. Mission staff told OIG they did not fully understand the centrally managed approach to these meetings or know which consulate general personnel were permitted to attend. The lack of standard operating procedures for EAC meetings could affect the group's relevance and put mission staff or resident Americans at risk.

Recommendation 4: Embassy Riyadh should implement standard operating procedures for convening Emergency Action Committee meetings that provide for attendance as required by Department standards. (Action: Embassy Riyadh)

No Process for Assessing Sensitive Security Threat Information to Comply with No Double Standard Policy

The Bureau of Consular Affairs, which is responsible for ensuring the safety and security of American citizens overseas, lacked a process for assessing sensitive security threat information to ensure the embassy could comply with the Department's "no double standard" policy. According to 7 FAM 052.1, "if the Department shares information with the official U.S. community, it should also make the same or similar information available to the nonofficial U.S. community if the underlying threat applies to both official and nonofficial U.S. citizens/nationals."

In mid-2017, in response to sensitive information, the embassy took actions that may have allowed official U.S. personnel to avoid a potentially dangerous situation. However, the embassy did not determine whether it was required to take similar actions regarding nonofficial U.S. citizens. Indeed, OIG could not identify a mechanism within the Department for relevant bureaus and offices to quickly review sensitive classified information related to a potential threat and provide posts with timely guidance related to the no double standard policy. Failing to comply with 7 FAM 052.1, and the no double standard policy articulated in that provision, prevents nonofficial U.S. citizens from accessing information that would allow them to evaluate their security and to take precautionary measures to ensure their safety and well-being.

Recommendation 5: The Bureau of Consular Affairs, in coordination with Embassy Riyadh and the Bureaus of Diplomatic Security, Intelligence and Research, and Near Eastern Affairs, should establish a process for assessing sensitive security threat information that appropriately addresses the requirements of the no double standard policy in Saudi Arabia. (Action: CA, in coordination with Embassy Riyadh, DS, INR and NEA)

Developing and Mentoring Future Foreign Service Professionals

The embassy and its constituent posts had an active professional development program for its 39 First- and Second-Tour (FAST) Foreign Service generalists and specialists. The embassy started its FAST program in 2010 and formalized it in an August 2017 mission-wide management notice, which it amended in September 2017. The Chargé met regularly with the embassy FAST program coordinators and hosted lunches at his residence with FAST employees. The acting DCM also met with the embassy FAST group, as did other senior embassy officers when requested by the group. The Chargé and acting DCM met with FAST officers when they visited the constituent posts. OIG advised embassy and consulate general Front Offices and FAST program coordinators to establish group pages on their posts' internal websites and include on them the management notice outlining the mission's FAST program and updates on the groups' activities. OIG also suggested to FAST officers that they reach out to their counterparts within the mission and at other regional posts to share ideas and explore opportunities for joint programming.

No Embassy Orientation for First- and Second-Tour Staff at Constituent Posts

The embassy did not have a policy to bring FAST employees from the constituent posts to Riyadh for orientation and functional training even though Consulates General Jeddah and Dhahran had a total of 20 FAST employees, or 51 percent of the mission's total. Interviews with FAST staff and supervisors in the constituent posts indicated the staff would benefit from early orientation with their counterpart sections in the embassy. Some FAST staff traveled to Riyadh to support visits by senior U.S. Government officials, but these trips provided little opportunity to do more than work on visit-related tasks. Consular FAST officers had opportunities to visit the Riyadh Consular Section, but OIG found no systematic effort to expose FAST staff to operations in Riyadh, or FAST staff in Riyadh to the work and different context in the constituent posts. Guidance in Department cable 2004 State 26345⁷ encourages rotating FAST employees between constituent posts and embassies. OIG suggested that the embassy make such rotations part of its FAST employee orientation program.

Consulate General Jeddah

OIG observation and interviews with Consulate General Jeddah staff found that the Consul General set a professional tone consistent with many of the principles in 3 FAM 1214. He was accessible to staff through twice-weekly group staff meetings, weekly meetings with section chiefs, and ad hoc office meetings. A review of his calendar showed the Consul General maintained an active schedule, which included meetings with government officials and businesspeople, participation in public diplomacy events and press interviews, and visits to other locations in the consular district to promote the mission's ICS objectives. Staff told OIG the Consul General prioritized the post's security. He met regularly with the Regional Security Officer and occasionally with Marine Security Guards. The Consul General engaged periodically with the post's active FAST group, including arranging meetings for them with visiting embassy senior staff at his residence.

However, OIG found two areas in which the Consul General's adherence to 3 FAM 1214 principles could improve. He did not regularly participate in mandatory emergency radio checks. OIG advised him to do so in order to set an example for the post. In addition, OIG found that the Consul General questioned Consular Section staff about the status of pending visa cases, as discussed in the Consular Affairs section of this report. Standards in 9 FAM 601.8-1(A) prohibit this practice, and OIG reminded him that all consulate general staff should limit communication about visa cases to that permitted by the visa referral policy.⁸

⁷ Cable 2004 State 26345, "Mentoring and Professional Development of Entry-Level Foreign Service Employees" February 6, 2004.

⁸ A visa referral is a request for an expedited appointment, other courtesies, and issuance of a visa and is permitted only when it furthers a U.S. national interest or compelling mission priority.

Consulate General Dhahran

The Consul General in Dhahran arrived 2 months prior to the start of the on-site inspection. OIG observation and interviews with consulate general staff indicated that in her short time at post, she established an open and inclusive tone. Staff told OIG she was approachable and open to alternative viewpoints. She met with employees in weekly staff meetings, regular meetings with section chiefs and agency heads, and weekly open-door office hours, during which any staff member could see her without an appointment. Representatives of other agencies told OIG that the Consul General understood and supported their work and ensured coordination with Department counterparts. A review of the Consul General's calendar indicated she met with a variety of government officials, businesspeople, and civil society leaders and held or attended public diplomacy events to promote the mission's ICS objectives. Staff told OIG the Consul General supported the post's security program and was attentive to the security of the estimated 20,000 American citizens in the consular district. She participated in a town hall meeting for American citizens that Consulate General Dhahran held during the inspection. She also supported the post's active FAST program by meeting with staff at her residence, connecting them with mentors, and helping them arrange video conference sessions with Department employees to discuss crisis planning and control officer functions.

POLICY AND PROGRAM IMPLEMENTATION

Political, Political/Military, and Economic Sections

OIG reviewed the leadership, management, policy implementation, reporting and advocacy, and commercial promotion of the embassy's Political, Political/Military, and Economic Sections, and of the Political/Economic Sections at the consulates general. OIG also reviewed the embassy's Leahy vetting⁹ and end-use monitoring efforts. OIG found that these sections met Department requirements and that the mission aligned its political and economic reporting with ICS goals. In particular, policymakers in the Department and other agencies told OIG they found the mission's reporting useful and noted it was routinely briefed to the President.

Office of Program Management-Ministry of Interior

OPM-MOI is a bilateral program established through a Technical Cooperation Agreement signed in 2008 by the then-Secretary of State and the Saudi Minister of Interior. It was renewed at the Secretary and Minister level in 2013. The program, a key tool for implementing the mission's ICS goals, facilitates the transfer of technical knowledge, advice, skills, and resources from the United States to Saudi Arabia in the areas of critical infrastructure protection and public security. Saudi Arabia funds the cost of the program and all subsidiary projects. OPM-

⁹ The Leahy Amendment to the Foreign Assistance Act of 1961 prohibits the Department of State from furnishing assistance to foreign security forces if the Department receives credible information that such forces have committed gross violations of human rights. See 22 USC 2378d.

MOI includes U.S. direct hire and contract staff and Saudi employees of the Ministry of Interior. At the time of the inspection, OPM-MOI's U.S. component had 187 employees under the direction of a Foreign Service officer Program Director and Deputy Director. OPM-MOI's portfolio consisted of 15 on-going projects,¹⁰ as well as other projects in various stages of development, in addition to the U.S. component's headquarters element and a Washington-based support unit. OIG reviewed the program management and its integration into Mission Saudi Arabia and found that leadership challenges discussed below impeded project implementation.

Program Director's Failure to Manage Conflict Impeded Program Implementation

OIG found the OPM-MOI Program Director's failure to manage conflicts with and between subordinates impeded management operations. OPM-MOI's largest component was a U.S. Army Military Assistance Group, staffed by 120 uniformed and civilian Army personnel. At the time of the inspection, the 3-year salary and support project that funded this component, and provided a foundation for eight other U.S. Army military project agreements, had expired and was operating under a limited extension. Unresolved disagreements between the former Army project director and the Program Director delayed the project's renewal for more than 1 year, even though it was supported by both Saudi Arabia and the United States. This in turn delayed initiation of a follow-on agreement with the Ministry of Interior.

Staff widely reported to OIG that the Program Director's temper and contentious style of communication hindered internal meetings and negatively affected some interactions with Saudi counterparts. OIG observed the Program Director interrupting or speaking over staff members in meetings. OIG advised him regarding "toxic behaviors" as defined by the Department in cable 2015 State 45178¹¹ and recommended he review the leadership and management principles in 3 FAM 1214. The director acknowledged these problems and told OIG he intended to address them.

Director's Personal Use of Ministry Self-Drive Vehicle Not Vetted with Embassy, Department

OPM-MOI's Saudi component provided a dedicated self-drive vehicle to the U.S. Program Director for both business and nonofficial use. OPM-MOI's Project Specific Agreement stated that the Saudi component would provide "driven transportation for all U.S. component personnel and their eligible family members for official and other authorized purposes." OPM-MOI's motor vehicle policy specified that "other authorized purposes" included transportation for other than business purposes, including home-to-office transportation. Guidance in 11 FAM 613.1(a), however, prohibits employees from accepting gifts given because of the employee's official position. Moreover, although Department regulations permit acceptance of gifts of up to

¹⁰ In particular, these projects consisted of the following: nine U.S. Army projects, two U.S. Coast Guard projects, and single projects with the Federal Bureau of Investigation, the Drug Enforcement Administration, and the Department's Bureaus of Diplomatic Security and Near Eastern Affairs.

¹¹ Cable 2015 State 45178, "Toxic Behaviors at Work: Where to Turn for Help," April 21, 2015.

\$375 (market value) from a foreign government, 5 U.S.C. § 7342 forbids the acceptance of a gift from any unit of a foreign government absent congressional approval or in accordance with Departmental regulations. Notwithstanding these provisions, the Program Director and OPM-MOI staff did not consult with either the Chief of Mission or the Department regarding the ethics of accepting a self-drive vehicle. The OPM-MOI Program Director's acceptance of a Saudi Ministry of Interior self-drive vehicle pursuant to the Project Specific Agreement, including home-to-office transportation, could be considered, or have the appearance of, a gift from a foreign government.

Recommendation 6: Embassy Riyadh should seek a legal review and opinion from the Office of the Legal Adviser about whether the Office of Program Management-Ministry of Interior's U.S. Program Director may use a dedicated Ministry of Interior self-drive vehicle for business and non-official purposes. (Action: Embassy Riyadh)

Public Diplomacy

OIG's review of public diplomacy operations in the areas of strategic planning and reporting, resource management, Federal assistance, media engagement, exchanges, and cultural affairs conducted at Embassy Riyadh and Consulates General Jeddah and Dhahran found them focused on ICS goals while also supporting a high tempo of Washington visitors. The embassy-based Public Affairs Counselor effectively managed mission-wide public diplomacy resources and promoted collaboration among embassy and consulate general officers and LE staff. The sections operated in a conservative social environment that limited opportunities for events attended by men and women and required Saudi Arabian Government approval for most outreach activities. The sections nevertheless engaged actively with the public, particularly regarding entrepreneurship, women's rights, and youth outreach to counter violent extremism. The sections leveraged Saudis' interest in social media and study in the United States to advance mission goals. OIG found the mission's public diplomacy activities met Department standards and guidance, with the exceptions noted below.

No Planning and Coordination in Consulate General Jeddah Public Affairs Section

OIG found that Consulate General Jeddah's Public Affairs Section did not engage in strategic planning or use internal meetings to coordinate and prioritize tasks, as required by 18 FAM 101.1 and 3 FAM 1214(b)(2). The Public Affairs Officer did not provide focus and direction to the section's two first-tour American officers or to the LE staff. This led to missed deadlines, what staff described to OIG as a perpetually reactive and crisis atmosphere, and low morale that sapped productivity. OIG advised the Public Affairs Officer on ways to apply the Department's leadership and management principles to address these concerns. OIG also advised the Consul General in Jeddah and the embassy's Public Affairs Counselor to provide additional guidance and oversight to the section.

Dhahran Public Affairs Officer Lacked Direct Access to the Consul General

Consulate General Dhahran grouped its political, economic, and public diplomacy portfolios into a single combined section, a structure that limited the Public Affairs Officer's direct access to the Consul General to coordinate public diplomacy activities. The combined section included three officers and five LE staff members, supervised by a mid-level political officer section chief. (The previous consul general created the combined section chief position to serve as de facto deputy principal officer, although no such position officially existed.) The Public Affairs Officer did not manage a separate public affairs section, have a scheduled weekly meeting with the Consul General, nor routinely attend the weekly chiefs of section meeting. This structure is inconsistent with Department guidance. In particular, the Department's Public Diplomacy position classification guidance¹² states that the public affairs officer should report to the principal officer when there is no deputy principal officer. As outlined in 1 FAM 014.5a, the addition of nonessential supervisory layers may hinder the clear delegation of responsibility and authority, transmission of information, work flow, clearances, operational costs, and morale.

Recommendation 7: Embassy Riyadh should require that Consulate General Dhahran's Public Affairs Officer report directly to the Consul General and manage a separate Public Affairs Section (Action: Embassy Riyadh)

Dhahran EducationUSA Advising Center Not Properly Certified

The Dhahran EducationUSA¹³ Advising Center's service level was not properly certified. The Bureau of Educational and Cultural Affairs certified the center at the "comprehensive," or highest, level for its educational advising services prior to 2010. After the center moved within the consulate general compound to a new location in 2011, the bureau recertified the center at the same level without an on-site evaluation visit by the Regional Educational Advising Coordinator, as required by bureau guidelines.¹⁴ Competing priorities prevented the Regional Educational Advising Coordinator's visit. The lack of an accurate designation and certification creates the risk that the mission cannot fulfill its education objectives.

Recommendation 8: The Bureau of Educational and Cultural Affairs should require that a Regional Educational Advising Coordinator visit the Dhahran EducationUSA Advising Center to evaluate and certify its level of service. (Action: ECA)

¹² "Position Classification Criteria, Public Diplomacy Officer, Skill Codes 4440, 4410, and 4420," May 2010.

¹³ EducationUSA is a Department-funded network of international student advising centers that promote U.S. higher education opportunities by offering accurate, comprehensive, and current information about opportunities to study at accredited post-secondary institutions in the United States.

¹⁴ "EducationUSA Center Levels Key," June 16, 2015.

Federal Assistance

The embassy, through the Public Affairs Section, managed \$2.47 million in grants and cooperative agreements awarded in FY 2017. OIG reviewed 18 of the 56 award files (total value \$2.41 million), including all those above \$10,000. OIG found the embassy met Department federal awards requirements,¹⁵ with the exceptions noted below.

Section Did Not Enter Award Information into Department Management System

OIG found the embassy did not fully enter required Federal assistance records into the State Assistance Management System-Overseas following its deployment to Riyadh in January 2017, as mandated by Federal assistance guidance.¹⁶ The embassy had not prioritized entering documentation it maintained in internal files into the system, which impaired its intended purpose to serve as a Department-wide Federal assistance accountability and management tool.

Recommendation 9: Embassy Riyadh should maintain complete State Assistance Management System-Overseas records of its Federal assistance activity in accordance with Department standards and guidance. (Action: Embassy Riyadh)

Grants Officer Representative Designation Letters Missing

Eleven of the 18 grant files OIG reviewed lacked Grants Officer Representative designation letters. Although the embassy's Grants Officers effectively delegated responsibility for programmatic and financial monitoring to the embassy's full-time grants administrator, they did not designate Grants Officer Representatives in writing for awards above \$100,000, as required in the Department's Federal Assistance Directive. Without proper designation letters, which formally outline program monitoring and evaluation responsibilities, the embassy risked weakened accountability over its Federal assistance awards.

Recommendation 10: Embassy Riyadh should include Grants Officer Representative designation letters in official Federal award files in accordance with Department standards. (Action: Embassy Riyadh)

¹⁵ Depending on the date of issue, the grants reviewed by OIG were subject to the Department's Federal Assistance Policy Directive (issued March 2015, revised January 2016); the Procedural Guide for Grants and Cooperative Agreements to Non-Federal Entities Not Recognized as Foreign Public Entities (December 2015); or the updated Federal Assistance Directive (May 2017).

¹⁶ Office of the Procurement Executive, Federal Assistance Directive, Chapter 1 (May 2017) and cable 2016 State 127862, "Deployment and Mandatory Use of the Overseas State Assistance Management System (SAMS Overseas) for Federal Financial Assistance," November 30, 2016.

Consulate General Dhahran Public Affairs Officer Lacked Grants Officer Warrant

Consulate General Dhahran's Public Affairs Officer did not have a grants officer warrant.¹⁷ In fact, he did not receive the training required to obtain a warrant, as described in the Department's Federal Assistance Directive, before arriving at post in September 2017, even though his work responsibilities specified he would serve as a Grants Officer with oversight and management responsibility for grants. Serving as a Grants Officer without the required warrant risked improper management and oversight of Federal assistance awards. Under the Federal Assistance Directive, Chapter D.2, grants officers—and only grants officers— can commit the Department to a Federal award. Awards made by an officer without a warrant, however, are unauthorized commitments and can potentially subject the responsible official to disciplinary actions and personal liability for the unauthorized amounts in accordance with Federal Assistance Directive Chapter 2.L. Further, unauthorized commitments risk violations of the Antideficiency Act.

Recommendation 11: Embassy Riyadh should require that the Consulate General Dhahran Public Affairs Officer obtain a grants officer warrant and refer the matter to the Office of Legal Counsel if warranted. (Action: Embassy Riyadh)

Spotlight on Success: Educational Advising YouTube Series Reaches 80 Percent of Saudi Arabia's Social Media Users

With more than 7.3 million views, Amreeka 101 ("America 101") is one of the most watched Department video products in the world. Recognizing the popularity of social media with youth in Saudi Arabia, the embassy created this animated YouTube video series to promote study in the United States using EducationUSA "Innovation Funds." Saudis spend \$7 billion a



Source: Embassy Riyadh
Mission Activity Tracker
Report, 2017

year for educational programs at U.S. colleges and universities. Amreeka 101's format and characters appeal to Saudi youth, who spend about six hours each day engaged in social media. Viewed by 80 percent of Saudi Arabia's social media users, the Amreeka 101 animated characters have broad brand recognition and feature in the mission's EducationUSA outreach materials.

Consular Affairs

OIG reviewed consular operations at Embassy Riyadh and Consulates General Jeddah and Dhahran, including American citizen services, immigrant and nonimmigrant visas, training, management controls, communications and outreach, crisis preparedness, and fraud prevention programs. The embassy processes immigrant visas for the entire country. OIG also assessed coordination among the three Consular Sections and with other sections and agencies within the mission. The Minister Counselor for Consular Affairs, a senior Foreign Service officer who

¹⁷ Federal Assistance Directive, Chapter 1.05. A grants officer warrant is the certificate of appointment issued by the Bureau of Administration authorizing officials to commit the U.S. Government to a Federal award.

arrived in August 2017, directs and coordinates consular operations mission-wide. OIG found that the mission generally carried out its consular responsibilities in compliance with applicable law and Department guidance. However, OIG found problems in passport adjudication audits, visa referrals, fraud prevention coordination, and crisis management planning, as detailed below.

Mission Did Not Perform Passport Audits Consistently

The mission did not perform required audits of adjudicated U.S. passport applications consistently. Neither the embassy nor the consulates general audited the minimum of 4 percent of passport applications issued per officer per month as required by 7 FAM 1368.1(a). In addition, the embassy's senior consular manager did not audit any passport adjudications made by consular managers at constituent posts, as required, until November 2017. The embassy also did not develop standard operating procedures for performing passport audits when the Department launched the overseas passport audit program in 2015. Without a systematic, random, and regular review, the embassy could not give officers the timely feedback on their adjudications that is necessary to ensure uniform and correct application of relevant law and standards.

Recommendation 12: Embassy Riyadh should conduct required audits of adjudicated passport applications in accordance with Department guidance. (Action: Embassy Riyadh)

Visa Referral Practices Were Inconsistent With Department Policy

Embassy Riyadh and Consulate General Jeddah did not have nonimmigrant visa referral procedures to ensure staff followed Department policy. That policy, as stated in 9 FAM 601.8-1(A)(b)(1), prohibits embassy staff from advocating for issuance of a visa in any way, except in limited circumstances. However, OIG found that the Embassy Riyadh and Consulate General Jeddah protocol offices assisted visa applicants by bringing their cases to the attention of embassy and consulate officials. In addition, Consulate General Jeddah staff in other sections asked Consular Section officers about the status of pending visa applications. This occurred because the embassy did not enforce the requirements of the Department's referral policy. Advocating for visas outside of the visa referral process could put undue pressure on adjudicating officers to issue visas and puts the integrity of the visa adjudication process at risk.

Recommendation 13: Embassy Riyadh should implement nonimmigrant visa referral procedures that conform to Department standards. (Action: Embassy Riyadh)

Mission Did Not Have a Fraud Prevention Strategy

Neither the embassy nor the consulates general developed written strategies to establish the goals, objectives, and activities of their fraud prevention programs. Consequently, none of the three Fraud Prevention Units had a defined structure, written operating procedures, or planned activities for combating fraud. According to 7 FAH-1 H-941, embassies must have written fraud prevention strategies that specifically address staff training, adjudicator support, case investigation and analysis, and public outreach; all of these strategies must deter efforts to

subvert or circumvent the visa and citizenship process. The embassy had not prioritized fraud prevention and, therefore, none of the sections established a functional fraud prevention program or incorporated fraud prevention as an integral part of passport and visa processing. This weakened the mission's ability to detect and counter fraud.

OIG advised the embassy to develop a strategy to coordinate fraud prevention activities mission-wide. During the inspection, the Minister Counselor for Consular Affairs designated the mission's Deputy Consul General as the countrywide fraud coordinator. In November 2017, the fraud prevention managers from the three posts met to develop a mission-wide written fraud prevention strategy. As a result, OIG did not make a formal recommendation in this report.

Consular Crisis Planning Improved During Inspection

The mission improved its crisis readiness during the inspection. OIG's review of consular readiness found the mission had not systematically prepared for crises, as called for in 7 FAM 1811. For example, the embassy and consulates general had not updated their respective Crisis Preparedness Scorecards in more than 2 years. In addition, Consulate General Jeddah acquired satellite phones for communicating in a crisis but did not test them or train staff on their use. Finally, the embassy did not meet with representatives of other foreign missions to learn what resources they could provide in an emergency.

During the inspection, the mission took action to address these deficiencies. The embassy conducted a crisis management exercise at a quarterly meeting with wardens¹⁸ and invited representatives of foreign missions to observe the exercise. Consulate General Jeddah activated and tested its satellite phones and trained staff to use them, and Consulate General Dhahran conducted crisis management training for consular personnel. OIG suggested that consular managers conduct a consular risk assessment, as the Bureau of Consular Affairs recommends, to identify specific crisis vulnerabilities and prioritize mitigation actions.

RESOURCE MANAGEMENT

OIG reviewed internal control systems in the Financial Management, Human Resources, General Services, Facilities Management, and Information Management Sections, and in the health unit and employee association. OIG found that the Management Section generally implemented required processes and procedures in accordance with applicable laws and Department guidance, except as noted below.

¹⁸ A warden system is managed by the Consular Section and consists of private volunteers, usually U.S. citizens, to facilitate communication between the mission and the private U.S. citizen community in order to carry out its primary function of protecting U.S. citizens in times of crisis, as described in 7 FAM 070.

Financial Management

Telecommunications Policy Did Not Comply with Department Standards

Mission Saudi Arabia's official telephone and mobile device policies and procedures did not comply with Department standards. The mission policy did not restrict staff from making personal local and long distance calls on U.S. Government equipment. This resulted in additional transaction costs to the embassy, as it had to collect reimbursement for those personal calls. The embassy in FY 2017 issued 1,679 bills for personal calls, totaling \$235,618—each bill cost the embassy \$8, or a total of \$13,432, to process. Moreover, embassy staff told OIG that the collection of personal calls was a labor- and time-intensive process. These practices do not comply with Department policy. Guidance in 5 FAM 511(c) states that all telecommunications equipment and services are for official U.S. Government use and permits only limited, local personal use by employees when it involves no additional or only negligible expense. The Department does not authorize employees to make long distance calls, even if they intend to later reimburse the U.S. Government. To the contrary, according to 5 FAM 523.1(a)(c), employees must use personal calling cards to make long-distance personal calls. Compliance with Department standards could save the embassy \$40,296 over the next 3 years that could be put to better use.

Recommendation 14: Embassy Riyadh should implement procedures that conform to Department standards on the use of U.S. Government telecommunications equipment for personal use, and put \$40,296 to better use. (Action: Embassy Riyadh)

Supervisors Did Not Consistently Approve Overtime in Advance

Embassy supervisors did not consistently approve overtime in advance and in writing, although 4 FAH-3 H-523.2 imposes such a requirement for all premium pay, including overtime, night, holiday, and Sunday work. In a spot-check of FY 2017 time and attendance records, OIG found that, in one section, supervisors gave verbal approval for 27 out of 34 requests for overtime in one 2-week pay period. Failure to obtain advanced written approval for overtime risks abuse of premium pay.

Recommendation 15: Embassy Riyadh should require supervisors to approve overtime in advance and in writing. (Action: Embassy Riyadh)

Embassy Did Not Suspend Hardship Differential Pay as Required

The embassy did not routinely suspend hardship differential pay when staff traveled to the United States. The Department's U.S. direct-hire employees assigned to the mission receive a 25 percent hardship differential¹⁹ when overseas, but, pursuant to Department of State Standard

¹⁹ Post hardship differential compensates employees for service in foreign areas where environmental conditions differ substantially from those in the continental United States and warrant additional compensation as a recruitment

Regulation 532(a)(2), that difference “shall terminate” when an employee commences travel to the United States. OIG reviewed the 23 official travel records from FY 2017 that included trips in the United States and found that staff did not notify the mission to terminate the differential on 14 occasions. Accordingly, the staff continued to receive their hardship differential because they did not complete required paperwork to interrupt the differential payments. This, in turn, resulted in overpayment to employees.

Recommendation 16: Embassy Riyadh, in coordination with the Bureau of the Comptroller and Global Financial Services, should implement procedures to require U.S. direct-hire employees to comply with Department of State Standard Regulation 532(a)(2) and collect overpayments made in cases of non-compliance. (Action: Embassy Riyadh, in coordination with CGFS)

Frequent Use of Cash Payments for Routine Purchases

The embassy’s Procurement Section made excessive use of cash payments for routine purchases. In FY 2017, Embassy Riyadh processed 368 cash transactions totaling \$26,316. The embassy routinely used cash payments, although other vendors could supply the needed supplies through non-cash methods, such as a purchase card or a blanket purchase agreement. The Department’s Cashier Users Guide Section 3.2 requires payments be made only by check or electronic funds transfer and not by the use of a petty cash fund when possible. Routine reliance on cash payment increases the risk of fraud and transaction costs to the U.S. Government.

Recommendation 17: Embassy Riyadh should implement procedures for the use of cash payments, in accordance with Department guidelines. (Action: Embassy Riyadh)

Information Management Position Not Programmed to International Cooperative Administrative Support Services

OIG found that the International Cooperative Administrative Support Services²⁰ (ICASS) funded only one of the mission’s nine Information Management (IM) U.S. direct-hire positions, even though the section provided support for other agencies at post. At the time of the inspection the Department paid for eight positions—one Information Management Officer, three Information Program Officers, and four Information Management Specialists—while ICASS paid for one Information Management Specialist position. Cumulatively, however, the mission estimated that IM staff allocated up to 51 percent of their time on ICASS services.

and retention incentive. The differential is paid as a percentage of basic compensation and can range from 5 to 35 percent.

²⁰ ICASS, established in 1997, is the principal means by which U.S. Government agencies share the cost of common administrative support services at more than 250 diplomatic and consular posts overseas. Through the ICASS working capital fund, service providers recover the cost of delivering administrative support services to other agencies at overseas missions, in accordance with 6 FAM 911 and 6 FAH-5 H-013.2.

This recurring problem has its roots in the fact that ICASS originally did not capture the cost of Department-funded IM positions. Over time, though, IM functions evolved, and, rather than providing support primarily for core Department offices, U.S. direct-hire IM staff now deliver more support to other agencies. To ensure the equitable sharing of IM services, the Office of Management Policy, Rightsizing, and Innovation in June 2010 advised some embassies—which did not include Riyadh—to convert at least one of their U.S. direct-hire IM positions to ICASS as soon as budgetary provisions could be made to do so. In April 2017, OIG issued a Management Assistance Report²¹ that recommended converting 52 U.S. direct-hire IM positions worldwide to ICASS, although, again, Riyadh was not among the embassies listed in the report.

Department standards, however, support additional conversions of Department funded IM positions, including the identified positions at Riyadh, to ensure that costs are proportionately shared. Pursuant to 6 FAH-5 H-341.9, ICASS costs should include salaries and benefits of all U.S. direct-hire and LE staff who deliver services to other agencies, the overhead associated with those staff, and the equipment required to provide services. According to 6 FAH-5 H-013.2, agencies pay their share of post administrative costs based on usage. As noted, under the current arrangement, the Department funded the total cost of \$1,127,360 for the eight IM positions. By converting these positions to ICASS, the Department's allocation of these costs would be \$973,880 and the other agencies' share would be \$153,480 based on actual costs and time allocations. The conversion would also redistribute \$566,178 of the \$973,882 costs from the Department's Diplomatic and Consular Program budget to the Bureaus of Consular Affairs, Diplomatic Security, and Overseas Buildings Operations. Reprogramming the position to ICASS would allow these funds to be put to better use.

Recommendation 18: Embassy Riyadh, in coordination with the Bureau of Near Eastern Affairs, and the Bureau of the Comptroller and Global Financial Services, should reprogram at least one program-funded information management position to an International Cooperative Administrative Support Services-funded position to realize funds put to better use of up to \$153,480. (Action: Embassy Riyadh, in coordination with NEA and CGFS)

Human Resources

Embassy Directly Paid Official Residence Expense Salaries

The embassy paid official residence expenses staff salaries via government electronic funds transfer. This practice violated 3 FAM 3257(a), which requires the principal representative or the household manager to pay the official residence staff directly, i.e., from his or her own funds. OIG in August 2017 issued a report that included two recommendations to the Department to address official residence staff payments.²² In response to OIG's recommendations, the Department reported that direct payments to official residence expenses staff—via post cashier,

²¹ OIG, *Management Assistance Report: Cost of Information Management Staff at Embassies Should be Distributed to Users of Their Services* (ISP-17-23, April 2017).

²² OIG, *Compliance Follow-up Review: Department of State Has Not Implemented Recommendations Pertaining to Official Residence Expense Staff Salaries* (ISP-C-17-32, August 2017).

electronic funds transfers, or in cash from a post cashier—will be discontinued and the Department will update its policy guidance accordingly. As a result, OIG did not make a recommendation in this report.

Mission Retail Price Survey Outdated

Embassy Riyadh last submitted its retail price surveys for Riyadh, Jeddah and Dhahran—used to set the mission’s cost of living allowance as well as the lodging, meals, and incidental expenses rates for temporary duty employees—in June 2015. A new survey should have been submitted in June 2017. Per Department of State Standardized Regulation 228.2, the cost of living allowance level is based on living costs in the foreign location relative to that of Washington, D.C. To ensure that the rates accurately reflect local costs, the Bureau of Administration’s Office of Allowances requires the embassy to submit a retail price survey in June of odd-numbered years.²³ The embassy told OIG it was unable to complete the survey because of staffing shortages and other priorities. The lack of updated allowance reports increases the risk of inaccurate allowance and travel payments.

Recommendation 19: Embassy Riyadh should submit the Retail Price Schedule and Hotel and Restaurant Survey to the Bureau of Administration Office of Allowances. (Action: Embassy Riyadh)

Mission Post Reports Were Outdated

The embassy last updated its post reports for Riyadh, Jeddah, and Dhahran in 2013. Department employees use post reports as a basic reference when deciding whether to bid on a position at that mission. According to 2 FAM 172.1a, every post must comprehensively review its post report annually. The embassy overlooked this requirement in previous years and cited staffing shortages, the Department’s hiring freeze,²⁴ and other priorities as the cause for this omission in FY 2017. Notwithstanding these challenges, an accurate post report is crucial to ensure that those bidding on mission positions will have sufficient and accurate information about local conditions to determine their choice of assignments and orient themselves and their families before arrival.

²³ OIG’s recent report (*Audit of Select Cost-of-Living Allowances for American Employees Stationed in Foreign Areas* (AUD-FM-17-51, August 2017)) recommended eliminating the location-specific survey data process for individual posts. Notwithstanding this recommendation, since the current process is still in place, the Department should ensure that it is followed correctly, which is why OIG is making a specific recommendation to address the problem at Embassy Riyadh.

²⁴ A government-wide hiring freeze was first announced by the Office of Management in Budget on January 23, 2017. While most positions were frozen and could not be filled if vacant, the Secretary approved specific exemptions to the hiring freeze to ensure the Department was able to meet critical needs. During the inspection, the Secretary announced that beginning in January 2018, he would give greater authority to the bureaus to strategically manage the exemption process and fill vacant positions through lateral reassignments and internal promotions. In addition, he stated he would authorize each of the regional bureaus to fill 1,500 priority eligible family member positions abroad in FY 2018, to meet the Department’s security, health, and safety requirements.

Recommendation 20: Embassy Riyadh should update its embassy and consulates general post reports. (Action: Embassy Riyadh)

Embassy Did Not Update the Locally Employed Staff Handbook

The embassy had not comprehensively reviewed its Locally Employed Staff Performance Management Policy Guidebook²⁵ since 2010. The embassy acknowledged that several handbook sections provided incorrect or outdated information that deviated from local or U.S. law. Guidance in 3 FAM 7224.2-1(a), however, requires Foreign Service national personnel programs to conform as closely as feasible to local law and customs but to be based on and administered in accordance with U.S. laws and standards. The embassy told OIG that staffing shortages and other priorities contributed to the delay in updating the handbook. Nonetheless, without accurate policies and procedures, LE staff could rely on incorrect information and might not receive the benefits to which they are entitled.

Recommendation 21: Embassy Riyadh should update its Locally Employed Staff Performance Management Policy Guidebook. (Action: Embassy Riyadh)

Not All Locally Employed Staff Performance Evaluations Completed On Time

Despite reminders, some supervisors did not complete LE staff performance evaluations by the due date. These evaluations are the basis for determining eligibility for promotion and salary increases. As of November 2017, the embassy reported 16 late LE staff performance evaluations and 12 overdue within-grade salary increases. As stated in 3 FAH-2 H-135.5a(2), supervisors are required to submit LE staff evaluations by the date established in the embassy's annual rating cycle. Embassy Riyadh did not hold managers to this requirement. Delays in preparing, submitting, and processing performance evaluations could have financial repercussions, affect promotion prospects, and cause morale problems for the LE staff; such delays moreover place an administrative burden on the Department's payroll office.

Recommendation 22: Embassy Riyadh should require supervisors to complete locally employed staff performance evaluations on time and hold supervisors accountable for non-compliance. (Action: Embassy Riyadh)

²⁵ LE staff handbooks are written rules and regulations governing recruitment and employment at diplomatic missions. They should reference but not unnecessarily repeat the mission's local compensation plan and contain policy on other relevant human resources issues such as promotions, discipline, probation, and evaluation procedures and policies, and ethical conduct codes.

Mission's Homeward Passage Benefit Process Costly, Labor Intensive

The mission's process for providing the homeward passage benefit²⁶ to its LE staff was labor intensive and costly. The embassy used a 22-step process to determine the annual eligibility for 500 LE staff members from 27 countries and up to three of their dependents. The mission's process committed it to purchase 1,400 airline tickets and obtain 3,000 entry and exit visas requiring 3,500 staff hours, at a cost of \$120,591 annually. Determining the cost of this benefit for each employee and distributing it through the payroll system as an annual allowance would reduce the current process to five steps, relieve the burden of determining eligibility and procuring tickets and visas, and reduce costs. Distributing the benefit through the payroll system would allow Embassy Riyadh to put \$361,773, over 3 years, to better use.

Recommendation 23: Embassy Riyadh, in coordination with the Bureau of Human Resources, should determine the per employee cost of the homeward passage benefit and pay it to eligible employees through the payroll system to realize funds put to better use of \$361,773. (Action: Embassy Riyadh, in coordination with DGHR)

General Services

Not All Mission Drivers Received Required Safety Training

Neither Embassy Riyadh nor Consulate General Dhahran ensured that all professional drivers and incidental (self-drive) operators under chief of mission authority received driver safety training. Although the embassy and the consulate general enforced this requirement for LE staff and for Department U.S. direct-hire employees, neither post enforced it for U.S. direct-hire drivers of other agencies. According to 14 FAM 432.4c(2), embassies must provide safety training to all drivers under chief of mission authority of official vehicles upon assignment and every 2 years thereafter. Failure to enforce this requirement erodes awareness of safe driving procedures, thereby increasing the possibility of accidents and resultant risks of death, injury, and property damage.

Recommendation 24: Embassy Riyadh should require all professional and incidental drivers under chief of mission authority to comply with applicable Department motor vehicle safety training requirements. (Action: Embassy Riyadh)

Mission Lacked Sufficient Controls for Fuel Coupons

The embassy and Consulate General Dhahran did not follow Department guidance for the inventory and control of coupons used to purchase motor pool fuel. Coupon control officers did not maintain accountability logs, sign for receipt of coupons, record issuance, or perform and

²⁶ The homeward passage benefit is designed to recruit and retain foreign workers in Saudi Arabia. The benefit, based on local labor law and prevailing practice, is an employer-paid annual trip to a foreign worker's home country or alternate destination that is earned after every 12 months of service. It is included in the LE staff handbook and local compensation plan.

reconcile coupon inventories as required by 14 FAH-1 H-814.3-2b-c. This internal control weakness occurred because of inadequate management supervision. Failure to observe required management control procedures increases the vulnerability for misappropriation of Government-purchased fuel coupons.

Recommendation 25: Embassy Riyadh should follow required management control procedures for fuel coupons. (Action: Embassy Riyadh)

Bulk Fuel Accountability Procedures Were Inadequate

The embassy did not follow required management control procedures for its motor pool bulk fuel operations. Staff did not record daily fuel issuance, conduct monthly inventories, or reconcile bulk fuel balances as required in 14 FAH-1 H-815.3-6. This internal control weakness occurred because of inadequate management supervision. Failure to follow management control procedures for bulk fuel supplies increases the risk of theft.

Recommendation 26: Embassy Riyadh should conduct its bulk fuel operations in accordance with Department guidelines. (Action: Embassy Riyadh)

Embassy Did Not Have a Mission-Wide Acquisition Plan

Despite incurring \$9.8 million in FY 2017 procurement costs, the embassy did not use a mission-wide acquisition plan as part of its annual budget planning process. For example, the embassy awarded 219 purchase orders for building supplies, totaling \$331,260, rather than using a single contract or blanket purchase agreement. This approach is inconsistent with Federal Acquisition Regulation 7.102(a), which requires agencies to perform acquisition planning and conduct market research for all acquisitions. Without an annual acquisition plan, the mission risked being unable to determine optimal contracting methods, consolidate services, increase competition, or provide cost savings.

Recommendation 27: Embassy Riyadh should complete an annual mission-wide acquisition plan. (Action: Embassy Riyadh)

Embassy Did Not Complete an Annual Personal Property Utilization Survey

The embassy did not conduct an annual utilization survey to limit the acquisition of personal property²⁷ in FY 2016 or FY 2017. Moreover, in November 2017, the embassy valued its warehouse inventory at \$4.39 million; items were stored in the warehouse for an average of three years. Guidance in 14 FAM 411.2-2b(8) requires embassies to conduct an annual utilization survey to ensure that property is correctly assigned and cared for, and to identify unneeded items for reassignment or return to stock. According to 14 FAM 412, personal property

²⁷ As defined in 14 FAM 411.4, personal property is U.S. Government-owned or -leased items such as vehicles, furniture, equipment, supplies, appliances, and machinery. It refers to all property not otherwise classified as land, land improvement, buildings, and structures that are normally referred to as real property.

acquisition should be limited to the quantity and quality necessary for cost-effective and efficient Government business. The embassy told OIG it overlooked these requirements. Failure to perform required annual utilization surveys undercuts effective management of personal property resources.

Recommendation 28: Embassy Riyadh should conduct an annual utilization survey of its personal property inventory. (Action: Embassy Riyadh)

Spotlight on Success: Punch List for New Consulate General Jeddah Facility Could Save \$3 Million

Before the contractor turned over the new consulate general facility in Jeddah and the Department accepted it, the consulate general Facilities Management staff developed its own punch list,²⁸ independent of those created by contractor and OBO staffs. The consulate general's punch list identified 340 items that neither the contractor nor OBO included as part of their quality assurance processes. The embassy estimated the punch list items would cost \$3.07 million to correct. The consulate general's punch list allowed the Department and embassy to hold the contractor responsible for properly completing all required items, saving the U.S. Government the cost of correcting the items itself.

Information Management

OIG reviewed emergency operations, records management, equipment inventories, cyber security controls on unclassified and dedicated internet networks, communications security, radio and telephone systems, and classified and unclassified pouch operations at all three posts. OIG found that the IM programs and services largely met customer needs and complied with 5 FAM 120, with the exception of the deficiency cited below. OIG suggested ways to correct this deficiency, as well as to update designations and other administrative requirements. OIG also discussed ways the section could use its capacity for innovation to support the mission by developing SharePoint content, supporting high-level visitors, and expediting document clearances.

Mission Did Not Perform Cyber Security Duties

None of the Information Systems Security Officers (ISSO) at the three posts performed cyber security reviews using the Department's ISSO checklists, and none documented the reviews they did perform as required by 12 FAM 623.2. The mission did not have standard operating procedures to ensure continuous monitoring and recording of information systems, as required by 12 FAM 613.4. OIG issued a Management Assistance Report²⁹ in May 2017 that highlighted

²⁸ A punch list is a document prepared near the end of a construction project listing work not conforming to contract specifications that the contractor must complete prior to final payment. The work may include incomplete or incorrect installations or incidental damage to existing finishes, material, and structures.

²⁹ OIG, *Management Assistance Report: Non-Performance of Information Systems Security Officer Duties by Overseas Personnel* (ISP-17-24, May 2017),

widespread failures to perform ISSO duties. In a subsequent Department cable,³⁰ the Bureau of Information Resource Management requested embassy management work with ISSOs to ensure performance of their duties by prioritizing resources to ensure that cyber-security needs were met and documented. OIG found, however, that notwithstanding these reports, mission ISSOs had not conducted monthly reviews of users' accounts, libraries, and folders at Consulates General Jeddah and Dhahran due to competing priorities. Without a systematic approach to monitoring networks and recording findings, Department networks could be breached and information security compromised.

Recommendation 29: Embassy Riyadh should require that Information Systems Security Officers perform information security duties in accordance with Department guidance.
(Action: Embassy Riyadh)

Spotlight on Success: Beginning of Day Report

Embassy Riyadh developed a standard operating procedure to monitor all systems and provide a quick assessment of the unclassified equipment and network performance. The beginning of day report alerted the Information Management Office to any system back-up failures, required restarts, and server status and produced a variety of logs, including event logs. The report enabled the section to prioritize tasks, provided transparency, and enabled cross-training and rotation of staff. As a result, the IM team addressed issues proactively and rapidly, enhancing customer service and productivity.

³⁰ Cable 2017 State 104970, "Documenting Information Systems Security Officer (ISSO) Duties," October 18, 2017.

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 recommendations to Embassy Riyadh and the Bureaus of Consular Affairs and Educational and Cultural Affairs. The Department's complete responses can be found in Appendix B.

Recommendation 1: Embassy Riyadh should implement strategic plans to allocate mission-wide reporting, travel, and representation resources according to Integrated Country Strategy priorities. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the updated strategic plans.

Recommendation 2: Embassy Riyadh should implement the commitments made in its approval for the Department of Energy Office Director position. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that commitments made in the approval of the Department of Energy Office Director position were implemented.

Recommendation 3: Embassy Riyadh should implement a plan to eliminate duplication of the existing responsibilities of the Political/Military and Office of Program Management-Ministry of Interior Sections with the new Senior Defense Official/Defense Attaché position. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that duplication of responsibilities of the Political/Military and Office of Program Management- Ministry of Interior Sections and Senior Defense Official/Defense Attaché position are eliminated.

Recommendation 4: Embassy Riyadh should implement standard operating procedures for convening Emergency Action Committee meetings that provide for attendance as required by Department standards. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of standard operating procedures for convening Emergency Action Committee meetings.

Recommendation 5: The Bureau of Consular Affairs, in coordination with Embassy Riyadh and the Bureaus of Diplomatic Security, Intelligence and Research, and Near Eastern Affairs, should establish a process for assessing sensitive security threat information that appropriately addresses the requirements of the no double standard policy in Saudi Arabia. (Action: CA, in coordination with Embassy Riyadh, DS, INR, and NEA)

Management Response: In its April 12, 2018, response, the Bureau of Consular Affairs concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the process for assessing security threat information to address the no double standard policy in Saudi Arabia.

Recommendation 6: Embassy Riyadh should seek a legal review and opinion from the Office of the Legal Adviser about whether the Office of Program Management-Ministry of Interior's U.S. Program Director may use a dedicated Ministry of Interior self-drive vehicle for business and nonofficial purposes. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the legal review and opinion from the Office of the Legal Adviser.

Recommendation 7: Embassy Riyadh should require that Consulate General Dhahran's Public Affairs Officer report directly to the Consul General and manage a separate Public Affairs Section. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation. The embassy noted a target compliance date of May 20, 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Consulate General Dhahran's Public Affairs Officer reports directly to the Consul General and manages a separate Public Affairs Section.

Recommendation 8: The Bureau of Educational and Cultural Affairs should require that a Regional Educational Advising Coordinator visit the Dhahran EducationUSA Advising Center to evaluate and certify its level of service. (Action: ECA)

Management Response: In its April 16, 2018, response, the Bureau of Educational and Cultural Affairs concurred with this recommendation. The bureau established a target compliance date of May 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the evaluation of the Dhahran EducationUSA Advising Center.

Recommendation 9: Embassy Riyadh should maintain complete State Assistance Management System-Overseas records of its Federal assistance activity in accordance with Department standards and guidance. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation. The embassy noted a target compliance date of June 30, 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that State Assistance Management System-Overseas records regarding Federal assistance activity are complete and maintained in accordance with Department standards and guidance.

Recommendation 10: Embassy Riyadh should include Grants Officer Representative designation letters in official Federal award files in accordance with Department standards. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation. The embassy noted a target compliance date of June 30, 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Grant Officer Representative designation letters are included in the Federal award files.

Recommendation 11: Embassy Riyadh should require that the Consulate General Dhahran Public Affairs Officer obtain a grants officer warrant and refer the matter to the Office of Legal Counsel if warranted. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Public Affairs Officer obtained a grants officer warrant and referred the matter to the Office of Legal Counsel, if warranted.

Recommendation 12: Embassy Riyadh should conduct required audits of adjudicated passport applications in accordance with Department guidance. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the adjudicated passport applications audits.

Recommendation 13: Embassy Riyadh should implement nonimmigrant visa referral procedures that conform to Department standards. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the embassy's nonimmigrant visa referral procedures that conform to Department standards.

Recommendation 14: Embassy Riyadh should implement procedures that conform to Department standards on the use of U.S. Government telecommunications equipment for personal use, and put \$40,296 to better use. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the embassy's procedures for U.S. Government telecommunications equipment for personal use.

Recommendation 15: Embassy Riyadh should require supervisors to approve overtime in advance and in writing. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of supervisors approving overtime in advance and in writing.

Recommendation 16: Embassy Riyadh, in coordination with the Bureau of the Comptroller and Global Financial Services, should implement procedures to require U.S. direct-hire employees to comply with Department of State Standard Regulation 532(a)(2) and collect overpayments made in cases of non-compliance. (Action: Embassy Riyadh, in coordination with CGFS)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the procedures requiring U.S. direct-hires to comply with Department of State Standard Regulation 532(a)(2) and collection of overpayments in cases of non-compliance.

Recommendation 17: Embassy Riyadh should implement procedures for the use of cash payments, in accordance with Department guidelines. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the embassy's procedures for cash payments.

Recommendation 18: Embassy Riyadh, in coordination with the Bureau of Near Eastern Affairs, and the Bureau of the Comptroller and Global Financial Services, should reprogram at least one program-funded information management position to an International Cooperative Administrative Support Services-funded position to realize funds put to better use of up to \$153,480. (Action: Embassy Riyadh, in coordination with NEA and CGFS)

Management Response: In its May 3, 2018, response, Embassy Riyadh disagreed with OIG's original recommendation to reprogram all program-funded information management positions to ICASS-funded positions. The embassy noted, that although it agreed in principle with the recommendation, it would coordinate with CGFS and NEA to determine the appropriate mix of program and ICASS-funded positions in accordance with 6 FAH-5 H-341.4.

OIG's Reply: During the inspection, OIG found that all eight program-funded information management positions spent a high percentage of their time providing ICASS services to the Department and other agencies. OIG identified a potential cost impact of having all eight program-funded information management positions that subsidized outside agencies. OIG based its finding and recommendation on 6 FAH-5 H-013.2, which states that agencies pay their share of post administrative costs based on usage. Moreover, ICASS embodies the concept that all agencies should pay the true cost of their presence overseas. However, OIG considers the recommendation resolved given the Department's position and guidance in 6 FAH-5 H-341.4. In addition, OIG revised the recommendation in the report to reflect the Department's position.

The recommendation can be closed when OIG receives and accepts documentation that at least one of the program-funded information management-funded positions was converted to ICASS.

Recommendation 19: Embassy Riyadh should submit the Retail Price Schedule and Hotel and Restaurant Survey to the Bureau of Administration Office of Allowances. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy submitted the Retail Price Schedule and Hotel and Restaurant Survey to the Bureau of Administration Office of Allowances.

Recommendation 20: Embassy Riyadh should update its embassy and consulates general post reports. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation. The embassy noted a target compliance date of May 31, 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the post reports were updated.

Recommendation 21: Embassy Riyadh should update its Locally Employed Staff Performance Management Policy Guidebook. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the updated Locally Employed Staff Performance Management Policy Guidebook.

Recommendation 22: Embassy Riyadh should require supervisors to complete locally employed staff performance evaluations on time and hold supervisors accountable for non-compliance. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that supervisors completed locally employed staff performance evaluations on time and non-compliant supervisors were held accountable.

Recommendation 23: Embassy Riyadh, in coordination with the Bureau of Human Resources, should determine the per employee cost of the homeward passage benefit and pay it to eligible employees through the payroll system to realize funds put to better use of \$361,773. (Action: Embassy Riyadh, in coordination with DGHR)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that homeward passage benefits are paid to eligible employees through the payroll system.

Recommendation 24: Embassy Riyadh should require all professional and incidental drivers under chief of mission authority to comply with applicable Department motor vehicle safety training requirements. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that all applicable drivers comply with Department motor vehicle safety training requirements.

Recommendation 25: Embassy Riyadh should follow required management control procedures for fuel coupons. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation. The embassy noted a target compliance date of May 31, 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of management control procedures for fuel coupons.

Recommendation 26: Embassy Riyadh should conduct its bulk fuel operations in accordance with Department guidelines. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation. The embassy noted a target compliance date of May 31, 2018.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the embassy's conducts its bulk fuel operations in accordance with Department guidelines.

Recommendation 27: Embassy Riyadh should complete an annual mission-wide acquisition plan. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the mission-wide acquisition plan.

Recommendation 28: Embassy Riyadh should conduct an annual utilization survey of its personal property inventory. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the embassy's annual utilization survey of its personal property inventory.

Recommendation 29: Embassy Riyadh should require that Information Systems Security Officers perform information security duties in accordance with Department guidance. (Action: Embassy Riyadh)

Management Response: In its May 3, 2018, response, Embassy Riyadh concurred with this recommendation.

OIG's Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Information Systems Security Officers perform information security duties in accordance with Department guidance.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Chiefs of Mission:		
Charge d'Affaires, a.i.	Christopher Henzel	8/2016
Acting Deputy Chief of Mission	John Godfrey	7/2015
Constituent Posts:		
Consulate Dhahran, Principal Officer	Rachna Korhonen	8/2017
Consulate Jeddah, Principal Officer	Matthias Mitman	8/2016
Chiefs of Sections:		
Management	Debra Smoker-Ali	8/2014
Consular	Sean Murphy	8/2017
Political (Acting)	Abram Paley	6/2016
Economic	Doug Apostol	8/2014
Public Affairs	Jennifer Hall Godfrey	6/2016
Regional Security	Timothy Laas	10/2016
Office of Program Management-Ministry of Interior	Al Magleby	9/2016
Other Agencies:		
Department of Defense	Ulises Calvo	7/2017
Department of Energy	Scott Hutchins	10/2016
Department of Homeland Security	George Guzman	8/2016
Federal Bureau of Investigation	Terry Parrish	7/2017
Foreign Agricultural Service	Alan Hallman	8/2016
U.S. Commercial Service	Nasir Abbasi	7/2017

Source: Embassy Riyadh

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted between September 5, 2017, and February 2, 2018, 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 of State and the Broadcasting Board of Governors.

Objectives and Scope

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. 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 inspections, OIG uses a risk-based approach to prepare for each inspection; reviews pertinent records, circulates, and compiles the results of survey instruments, as appropriate; conducts interviews with Department and on-site personnel; observes daily operations; and reviews the substance of the report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG uses professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop findings, conclusions, and actionable recommendations.

For this inspection, OIG conducted approximately 480 interviews, including 178 that included comments on embassy leadership and performance, and reviewed 380 questionnaires.

APPENDIX B: MANAGEMENT RESPONSES



*Embassy of the United States of America
Riyadh, Saudi Arabia*

UNCLASSIFIED

May 3, 2018

THRU: NEA - David M. Satterfield, Acting Assistant Secretary

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

FROM: Riyadh – Christopher Henzel, Chargé

SUBJECT: Response to Draft OIG Report – Inspection of Embassy Riyadh

OIG Recommendation 1: Embassy Riyadh should implement strategic plans to allocate mission-wide reporting, travel, and representation resources according to Integrated Country Strategy priorities. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. In accordance with Department-wide instructions, we are in the process of updating our Integrated Country Strategy (ICS) goals and objectives, with final submissions due June 18. We will key off those revised goals/objectives and the updated Mission Resource Request (MRR) submitted on March 13 in allocating mission-wide reporting, travel and representation resources.

OIG Recommendation 2: Embassy Riyadh should implement the commitments made in its approval for the Department of Energy Office Director position. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation and established the Department of Energy (DOE) as a separate office, has clarified reporting and contact work coordination between DOE and ECON, and has incorporated the DOE Attaché as a member of the Country Team.

OIG Recommendation 3: Embassy Riyadh should implement a plan to eliminate duplication of the existing responsibilities of the Political/Military and Office of Program Management-Ministry of Interior Sections with the new Senior Defense Official/Defense Attaché position. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. Once SDO/DATT and the five NSDD-38 military positions that were concurrently created to support the SDO/DATT have full-time and fully-functional classified and unclassified office space – a process keyed to the Embassy space reallocation effort currently underway -- we will clarify

which offices are responsible for which pieces of political-military lines of effort to minimize any duplication.

OIG Recommendation 4: Embassy Riyadh should implement standard operating procedures for convening Emergency Action Committee meetings that provide for attendance as required by Department standards. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. On October 30, 2017, the Chief of Mission provided A/DCM, SRSO and CG's Dhahran and Jeddah guidance on attendance at Mission-wide and Post-specific EAC meetings, which comports with Department standards. Participation lists for regular and core EACs were updated as part of the annual update to Post's Emergency Action Plan, which was submitted on April 23, 2018

OIG Recommendation 5: The Bureau of Consular Affairs, in coordination with Embassy Riyadh and the Bureaus of Diplomatic Security, Intelligence and Research, and Near Eastern Affairs, should establish a process for assessing sensitive security threat information that appropriately addresses the requirements of the no double standard policy in Saudi Arabia. (Action: CA, in coordination with Embassy Riyadh, DS, INR and NEA)

OIG Recommendation 6: Embassy Riyadh should seek a legal review and opinion from the Office of the Legal Adviser about whether the Office of Program Management-Ministry of Interior's U.S. Program Director may use a dedicated Ministry of Interior self-drive vehicle for business and nonofficial purposes. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. We contacted the Office of the Legal Adviser (OLA) on April 15 for a legal review and opinion, and are awaiting guidance from OLA.

OIG Recommendation 7: Embassy Riyadh should require that Consulate General Dhahran's Public Affairs Officer report directly to the Consul General and manage a separate Public Affairs Section. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. As of May 30 (when renovation of office space is complete), the PAO will report directly to the Consul General, and the Public Diplomacy Office will be physically separated from the POL/ECON Office.

OIG Recommendation 8: The Bureau of Educational and Cultural Affairs should require that a Regional Educational Advising Coordinator visit the Dhahran Education USA Advising Center to evaluate and certify its level of service. (Action: ECA)

Management Response: Embassy Riyadh agrees with the recommendation. The Regional Educational Advising Coordinator visited Dhahran April 24-25, and certified the level of service of the Dhahran Education USA Advising Center during that visit.

OIG Recommendation 9: Embassy Riyadh should maintain complete State Assistance

Management System-Overseas records of its Federal assistance activity in accordance with Department standards and guidance. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. PAS has completed uploading missing grant files into SAMS for 90% of the grants we have administered through SAMS, and anticipates completing uploading any files missing from SAMS for the remaining 10% by June 30, 2018. The FMC will work with PD to ensure all documents are properly maintained.

OIG Recommendation 10: Embassy Riyadh should include Grants Officer Representative designation letters in official Federal award files in accordance with Department standards. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. All active grants over \$100,000 have GORs designated by letter. PAS now documents GOR designation letters for all new awards, and has begun documenting GOR designation letters for all previously-awarded and still active grants. PAS anticipates completing the documentation of GOR designation letters for all previously-awarded and still active grants by June 30, 2018.

OIG Recommendation 11: Embassy Riyadh should require that the Consulate General Dhahran Public Affairs Officer obtain a grants officer warrant. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. PAO Dhahran completed the grants training and obtained a grants officer warrant in December 2017.

OIG Recommendation 12: Embassy Riyadh should conduct required audits of adjudicated passport applications in accordance with Department guidance. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. Audits of adjudicated passport applications are now being audited in accordance with Department guidance.

OIG Recommendation 13: Embassy Riyadh should implement nonimmigrant visa referral procedures that conform to Department standards. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh accepts the recommendation and is in the process of formulating and implementing a visa referral system that conforms with Department standards and reflects local operating conditions.

OIG Recommendation 14: Embassy Riyadh should implement procedures that conform to Department standards on the use of U.S. Government telecommunications equipment for personal use, and put \$40,296 to better use. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. The Mission will modify its telecommunication policy to require staff to purchase calling cards for personal long distance calls on their USG issued phones.

OIG Recommendation 15: Embassy Riyadh should require supervisors to approve overtime in advance and in writing. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. The embassy will issue a Mission directive reminding all supervisors to approve overtime in advance, except for unplanned or emergency situations.

OIG Recommendation 16: Embassy Riyadh, in coordination with the Bureau of the Comptroller and Global Financial Services, should implement procedures to require U.S. direct-hire employees to comply with Department of State Standard Regulation 532(a) (2), and collect overpayments made in cases of non-compliance. (Action: Embassy Riyadh, in coordination with CGFS)

Management Response: Embassy Riyadh agrees with the recommendation. Post has developed a tracking plan to ensure compliance with DSSR 532 (a) (2). Post contacted the Bureau of the Comptroller April 25 and requested further guidance on procedures to prevent overpayments in the future.

OIG Recommendation 17: Embassy Riyadh should implement procedures for the use of cash payments, in accordance with Department guidelines. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. FMC will work with sub-cashiers to ensure cash payment requests are reviewed appropriately and require that the requestor's supervisor certifies that use of purchase cards, EFT payments, and/or blanket purchase agreement are not possible under the circumstances.

OIG Recommendation 18: Embassy Riyadh, in coordination with the Bureau of Near Eastern Affairs, and the Bureau of the Comptroller and Global Financial Services, should reprogram all program-funded information management positions to International Cooperative Administrative Support Services-funded positions to realize funds put to better use of \$153,480. (Action: Embassy Riyadh, in coordination with NEA and CGFS)

Management Response: Embassy Riyadh, CGFS/ICASS, and NEA disagree that all program-funded information management positions move to ICASS funded positions as outlined in this recommendation. Post, in coordination with CGFS/ICASS, NEA, and the Mission ICASS Council, will determine the appropriate mix of program and ICASS funded positions in accordance with 6 FAH-5 H-341.4.

OIG Recommendation 19: Embassy Riyadh should submit the Retail Price Schedule and Hotel and Restaurant Survey to the Bureau of Administration Office of Allowances. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. As the OIG acknowledged, post was unable to hire LE or EFM staff to conduct the Retail Price Schedule and Hotel and Restaurant Survey due to the Department-wide hiring freeze. We have, however,

hired a family member via the Department's Spring Overseas Student Hire Program (OSHP) and anticipate completing and submitting our Retail Price Schedule as well as the Hotel and Restaurant Survey by the end of April.

Recommendation 20: Embassy Riyadh should update its embassy and consulates general post reports. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. We completed the Embassy post report update on March 4, 2018. The consulates general are in the process of updating theirs and anticipate having them completed by May 31st.

Recommendation 21: Embassy Riyadh should update its Locally Employed Staff Performance Management Policy Guidebook. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. The Locally Engaged Staff Performance Policy Guidebook update was completed in April 2018 and has been shared on the Embassy SharePoint site.

Recommendation 22: Embassy Riyadh should require supervisors to complete locally employed staff performance evaluations on time and hold supervisors accountable for non-compliance. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. Human Resources has established a more efficient internal controls system and the EPR tracker report to ensure that raters and rated employees are notified eight weeks prior to due date of upcoming Employee's Performance Report (EPR), with follow-up notifications. The Front Office is informed of all EPRs that are considered officially late (submitted 30 days after the end of the rating period) for follow up with rating officers and their section heads.

Recommendation 23: Embassy Riyadh, in coordination with the Bureau of Human Resources, should determine the per employee cost of the homeward passage benefit and pay it to eligible employees through the payroll system to realize funds put to better use of \$361,773. (Embassy Riyadh, in coordination with DGHR)

Management Response: Embassy Riyadh agrees with the recommendation. Discussions have been initiated with HR/OE on how best to implement the recommendation.

Recommendation 24: Embassy Riyadh should require all professional and incidental drivers under chief of mission authority to comply with applicable Department motor vehicle safety training requirements. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. The POSHO is enforcing the post safe driver training requirement for all incidental drivers.

Recommendation 25: Embassy Riyadh should follow required management control procedures for fuel coupons. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. Post is working to establish and implement management controls, which are expected to be in place by May 31, 2018.

Recommendation 26: Embassy Riyadh should conduct its bulk fuel operations in accordance with Department guidelines. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. Post is updating its bulk fuel operations SOPs accordingly, and expects to complete implementation by May 31.

Recommendation 27: Embassy Riyadh should complete an annual mission-wide acquisition plan. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. Post will issue a mission-wide notice instituting acquisition planning at the beginning of each fiscal year. GSOs at each post will then be responsible for following up at the beginning of each fiscal year with Front Offices and Management Officers to formulate acquisition plans for each post.

Recommendation 28: Embassy Riyadh should conduct an annual utilization survey of its personal property inventory. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. Going forward, we will complete and file the Annual Personal Property Utilization Survey as required by 14 FAM 411.2-2.

Recommendation 29: Embassy Riyadh should require that Information Systems Security Officers perform information security duties in accordance with Department guidance. (Action: Embassy Riyadh)

Management Response: Embassy Riyadh agrees with the recommendation. Post has begun implementing the new ISSO checklist version 4.0, and is implementing checks and standardizing Embassy Riyadh ISSO policies in accordance with the new checklist.

The point of contact for this memorandum is Suzanne Inzerillo.



United States Department of State

*Bureau of Consular Affairs
Washington, D.C. 20520*

April 12, 2018

UNCLASSIFIED

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

FROM: CA – Carl C. Risch, Assistant Secretary

SUBJECT: Response to Draft OIG Report – Inspection of Embassy Riyadh and Constituent Posts

CA has reviewed the draft OIG Inspection report. We provide the following comments in response to the recommendations provided by OIG:

OIG Recommendation 5: The Bureau of Consular Affairs, in coordination with Embassy Riyadh and the Bureaus of Diplomatic Security, Intelligence and Research, and Near Eastern Affairs, should establish a process for assessing sensitive security threat information that appropriately addresses the requirements of the no double standard policy in Saudi Arabia. (Action: CA, in coordination with Embassy Riyadh, DS, INR and NEA)

Management Response: CA accepts the recommendation and has taken the following actions:

RSO and consular officers will evaluate pertinent security and threat information as they become aware of such information via open source channels or when DS and INR counterparts flag pertinent information.

Post is reminded to follow the guidance in 2 FAH-1 H-231 b, “The Department requires the supervisory consular officer to be a full, active member of the post's EAC (and "core" EAC where such exists) to assess the need for public messaging and/or assistance to private U.S. citizens.” The supervisory consular officer should be present at all EACs in order to determine if public messaging to U.S. citizens is warranted.

Additionally, 2 FAH-1 H-231 c notes that, “as situations develop rapidly, it may not be prudent at times to call for a meeting of all EAC members. When discussions are held concerning crisis issues without all members present, the chair of the EAC ensures that absent members are informed of the content of those discussions as soon as practicable.” The supervisory consular officer should be immediately informed of any discussions concerning sensitive security threat information and decisions regarding public messaging.

The OCS Country Officer in Washington, D.C. should be made aware of decisions made at post regarding public messaging on security or threat information.

The point of contact for this memorandum is Chris W. Marsh.

Approved: Carl C. Risch (CCR)

Drafted: CA/OCS/ACS: Chris Marsh
CA/EX/PAS: Gary Dewey

Cleared: CA: KChristensen (ok)
CA: PMarigliano (ok)
CA/EX: MMcEvoy (ok)
CA/EX/PAS: STsiros (ok)
CA/OCS: PMayer (ok)
CA/OCS/ACS/NESCA:VMLopatkiewicz (ok)

CA Tracking Number: T0820-18



United States Department of State

Bureau of Educational and Cultural Affairs

Washington, D.C. 20522

www.state.gov

April 16, 2018

UNCLASSIFIED

THRU: ECA – Marie Royce, Assistant Secretary

A handwritten signature in blue ink that reads "Marie Royce".

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

FROM: Anthony Koliha, Director, ECA Office of Global Educational Programs

SUBJECT: Response to Draft OIG Report – Inspection of Embassy Riyadh

The Bureau of Educational and Cultural Affairs (ECA) has reviewed the draft OIG Inspection report. We provide the following comments in response to the recommendation provided by OIG:

OIG Recommendation 8: The Bureau of Educational and Cultural Affairs should require that a Regional Educational Advising Coordinator visit the Dhahran EducationUSA Advising Center to evaluate and certify its level of service. (Action: ECA)

Management Response: ECA accepts the recommendation. EducationUSA Regional Educational Advising Coordinator (REAC) Karen Bauer will travel to Saudi Arabia from April 18 – 26, 2018 and will assess all three centers' operations. The REAC will visit Dhahran specifically from April 24 – 25. Per the REAC Handbook, the REAC will submit a Site Visit Report to ECA's Office of Global Educational Programs, Embassy Riyadh Public Affairs Section officers, the advising center, and the Institute of International Education supervisor within two weeks of her return. ECA will submit the Site Visit Report and findings to OIG promptly upon receipt.

The point of contact for this memorandum is Beth Dennis, DennisEA@state.gov.

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APPENDIX C: FY 2016 STAFFING AND FUNDING BY AGENCY

Agency	U.S. Direct- Hire Staff	U.S. Locally Employed Staff	Locally Employed Staff	Total Staff	Funding (\$)
Department of State					
Diplomatic & Consular Programs	98	3	38	139	8,689,801
Consular	29	6	43	78	4,281,771
ICASS	15	34	391	440	53,272,325
Public Diplomacy	11	3	20	34	3,504,653
Diplomatic Security	22	1	46	69	3,833,379
Marine Security	27	0	8	35	525,152
Representation	0	0	0	0	116,512
Overseas Buildings Operations	6	0	9	15	11,920,739
Office of Program Management – Ministry of Interior (OPM-MOI)	28	6	16	50	7,200,000 ^a
Subtotal	236	53	571	860	93,344,332
Department of Agriculture					
Foreign Agriculture Service	1	0	2	3	366,042
Subtotal	1	0	2	3	366,042
Department of Commerce					
U.S. Commercial Service	5	0	16	21	2,487,576
Subtotal	5	0	16	21	2,487,576
Department of Defense					
Defense Attaché Office	15	1	5	21	816,635
Mission Resources and Realignment Activity	2	0	0	2	382,186
Subtotal	17	1	5	23	1,198,821
Department of Justice					
Federal Bureau of Investigation	9	0	0	9	544,816
Subtotal	9	0	0	9	544,816
Department of Homeland Security					
Immigration and Customs Enforcement	5	0	5	10	Unavailable
Subtotal	5	0	5	10	0
Department of Energy	1	0	0	1	480,607
Centers for Disease Control and Prevention	1	0	0	1	80,850
Department of the Treasury	1	0	1	2	156,000
Subtotal	3	0	1	4	717,457
Total	276	54	600	930	98,659,044

^a OPM-MOI funding is fully reimbursed by the Saudi Arabian Government.

Source: Generated by OIG from data provided by the Department.

ABBREVIATIONS

DCM	Deputy Chief of Mission
EAC	Emergency Action Committee
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FAST	First- and Second-Tour
ICASS	International Cooperative Administrative Support Services
ICS	Integrated Country Strategy
IM	Information Management
ISSO	Information Systems Security Officer
LE	Locally Employed
OBO	Bureau of Overseas Buildings Operations
OPM-MOI	Office of Program Management-Ministry of Interior

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