



**OIG**

**Office of Inspector General**

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

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ISP-I-17-40

Office of Inspections

August 2017

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# **Inspection of Embassy Skopje, Macedonia**

**BUREAU OF EUROPEAN AND EURASIAN AFFAIRS**

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# OIG HIGHLIGHTS

ISP-I-17-40

## What OIG Inspected

OIG inspected U.S. Embassy Skopje from April 19 to May 4, 2017.

## What OIG Recommended

OIG made two recommendations to Embassy Skopje to improve controls over official vehicles keys and bulk fuel operations.

In its comments on the draft report, the embassy concurred with the two recommendations. The embassy's response can be found in the Recommendations Section of this report. OIG considers both recommendations resolved. The embassy's formal written responses are reprinted in their entirety in Appendix B.

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August 2017

OFFICE OF INSPECTIONS

Bureau of European and Eurasian Affairs

Inspection of Embassy Skopje, Macedonia

## What OIG Found

- The Ambassador and Deputy Chief of Mission led Embassy Skopje in advancing strategic goals despite a complex domestic political climate.
- Embassy sections consistently aligned their operations with Integrated Country Strategy goals.
- Embassy grants management complied with the Department's Federal Assistance Policy Directives.
- Spotlights on Success: Sustained embassy engagement bolstered programs at Macedonia's five American Corners, while "Competitive College Clubs" helped disadvantaged youth access U.S. higher education.
- Spotlight on Success: The embassy Management Section leveraged technology to more efficiently process vouchers.

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## CONTEXT

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Macedonia is a nation slightly larger than Vermont located in Southeastern Europe. Two-thirds of its 2.1 million population are ethnic Macedonian, and one-quarter is Albanian. The remainder are ethnic Turkish, Roma, and Serb. Two-thirds of the country's population are Macedonian Orthodox and one-third is Muslim.

Macedonia peacefully achieved its independence from Yugoslavia in 1991. The United States established formal diplomatic relations in 1995. Macedonia became a candidate for European Union membership in 2005, and by 2008, Macedonia seemed firmly on the path to both European Union and NATO membership. However, several issues stalled Macedonia's integration into Europe. Greece objects to Macedonia's name, which it believes implies territorial ambitions toward a neighboring Greek province with the same name. Political crises, including one that has persisted since 2015 legislative and presidential elections, and anti-democratic actions cast doubt on the country's commitment to governing democratically. Ethnic Albanians chronically grieve against political and economic inequities. Meanwhile, ISIS-related terrorism and increasing Russian influence challenge Macedonia's weak institutions.

In 2016, Macedonia's per capita Gross Domestic Product was approximately \$14,500. The service sector comprises almost two-thirds of its economy. Burdensome regulations, inadequate infrastructure, and corruption hamper business and economic growth.

The United States' overarching aim is to see Macedonia integrate into Euro-Atlantic institutions as a resilient, prosperous, and multi-ethnic democracy. The Embassy Skopje FY 2015-17 Integrated Country Strategy (ICS) focuses on two goals:

- Macedonia being fully integrated into NATO and the European Union.
- Macedonia advancing peace, security, and stability, domestically and regionally.

Embassy Skopje developed its ICS in 2015 and, because of the unresolved political crisis, the migrant situation in the region, increased terrorist presence in Macedonia, and questions over the future of the Europe Union, reviewed it in early 2017. That review reaffirmed the validity of the ICS strategic goals.

At the time of the inspection, the embassy had 63 U.S. direct-hire employees, 260 locally employed (LE) staff, and 9 eligible family members and other locally hired American employees. The mission's total estimated budget for FY 2016 was \$45.3 million, of which \$27.8 million was for foreign assistance. Non-Department of State (Department) agencies at the mission are the U.S Agency for International Development, the Department of Defense, the Department of Justice, and Peace Corps. The mission moved to a new embassy compound in 2009.

OIG evaluated the embassy's policy implementation, resource management, and management controls consistent with Section 209 of the Foreign Service Act.<sup>1</sup> OIG also assessed security, which is covered in a separate classified report. The classified report contains a discussion of the conduct of the security program and issues affecting the safety of mission personnel and facilities.

## **EXECUTIVE DIRECTION**

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OIG assessed embassy leadership based on 87 on-site interviews (44 of which included comments on the Ambassador and Deputy Chief of Mission (DCM)), 73 interviews in Washington, 138 staff questionnaires, and OIG's review of documents and observations of embassy meetings and activities during the course of the on-site inspection.

### **Tone at the Top and Standards of Conduct**

The Ambassador and the DCM set a positive and professional tone for the embassy consistent with Department leadership principles in 3 Foreign Affairs Manual (FAM) 1214. American and LE staff in interviews and surveys consistently stated that the Ambassador and the DCM exemplified each of the principles, including inclusiveness, decisiveness, communication, and collaboration. Embassy staff stated that the Ambassador valued differing points of view. OIG found that the leadership characteristics the Ambassador and the DCM modeled contributed to a well-managed embassy focused on achieving mission goals and objectives.

The Ambassador and the DCM demonstrated a commitment to integrity and ethical values. For instance, upon his arrival in February 2015, the Ambassador stressed to all employees the importance of ethical behavior, accountability, and transparency. He addressed the topic again in an August 2016 town hall meeting. To ensure that his own and the embassy's actions complied with ethics regulations, the Ambassador sought guidance from the Management Officer regarding procurements, end-of-year spending, and funding for the annual July 4<sup>th</sup> celebration.

The Ambassador and the DCM communicated with embassy staff often and clearly and built relationships with all mission elements to establish and further U.S. goals. The Ambassador held 6 town hall meetings with American and LE staff in the 12 months prior to the inspection, including a town hall meeting with LE staff regarding compensation concerns. In addition, the DCM spoke monthly with the embassy's medical officer regarding community health issues. Embassy staff also praised the Ambassador and the DCM for fostering mission cohesion and demonstrating support for the mission community in a challenging political environment. In the 12 months preceding the inspection, the Ambassador and the DCM individually or jointly hosted 26 staff appreciation events. Among them were a thank-you reception for maintenance and general services employees who dug out the embassy after a record snowfall and a reception for financial management and procurement staff for their efforts in closing out the fiscal year.

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<sup>1</sup> See Appendix A.

## **Execution of Foreign Policy Goals and Objectives**

The Ambassador and the DCM pursued the United States' overarching aim of seeing Macedonia integrate into Euro-Atlantic institutions as a resilient, prosperous, and multi-ethnic democracy, as outlined in the FY 2015-2017 ICS goals. In January and February 2017, they led the mission through a mid-term ICS review, as required by 2 FAM 113.1. The exercise began with an embassy-wide town hall meeting, followed by a section-by-section review, and concluding with another town hall meeting. The mission confirmed the validity of its FY 2015-2017 ICS goals and strategy.

Department officials told OIG that the Ambassador played a critical role in brokering a 2016 agreement to help stabilize a stormy domestic political environment that had persisted since 2015. These actions exacerbated criticism from some Macedonian political and media elements alleging embassy interference in the country's internal affairs. Nonetheless, the Ambassador cultivated relationships with Macedonia's senior leaders. In the 28 months between his arrival and the inspection, the Ambassador met with Macedonia's president 17 times and with the prime minister 26 times. During the same period, he hosted 56 representational events at his residence. Ready access to the highest levels of the Macedonian Government helped the mission to advocate U.S. Government interests. Department and embassy officials also praised the Ambassador's coordination with European Union partners to further Macedonia's integration into Euro-Atlantic institutions.

The Ambassador regularly communicated and coordinated with Department and other stakeholders in Washington, and in March 2017, he participated by digital video conference in an interagency meeting regarding Macedonia. Staff at the National Security Council commended his contributions to the discussion. During a March 2017 visit to Washington, the Ambassador met with members of Congress, lobbyists, U.S. Government analysts, and representatives of the Macedonian diaspora on issues related to Macedonia.

The Ambassador also regularly employed public outreach to explain and promote U.S. interests and policies in Macedonia. He gave 14 one-on-one scheduled media interviews in the 28 months prior to this inspection, and another 37 public remarks in the 12 months prior to the inspection. To further youth outreach, the Ambassador has spoken at most public universities in the country. He routinely employed social media, including Facebook Live and Twitter. During the inspection, OIG observed him posing for "selfies" with successful visa applicants to the Summer Work Travel Program; the embassy posted the photos to its Facebook and Twitter accounts. At the time of the inspection, the Ambassador had 6,000 Twitter followers in a country with an estimated 30,000 total Twitter users. As of mid-2016, he had more Twitter followers than the embassy.

## **Adherence to Internal Controls**

The Ambassador and the DCM prepared the FY 2016 Chief of Mission Annual Management Control Statement of Assurance in accordance with 2 FAM 022.7. The Ambassador, aware of the

widespread fraud uncovered at another embassy,<sup>2</sup> mandated a thorough review and requested that section chiefs report all existing and potential vulnerabilities. Prior to signing the Statement of Assurance, the Ambassador met with each section chief to review the results of their assessments. The statement, submitted to the Department in August 2016, identified no material weaknesses or significant deficiencies. OIG determined that the embassy's evaluation, taken as a whole, reasonably assured that the embassy achieved management control objectives. OIG made two recommendations regarding control of official vehicle keys and bulk fuel inventory, as described in the Resource Management section of this report.

OIG determined that the DCM complied consistently with 9 FAM 403.9-2(D)e and 9 FAM 403.10-3(D)(1) requirements to review the Consular Section chief's visa adjudications.

## **Security of the Mission**

OIG surveys and interviews confirmed that the Ambassador and the DCM supported the embassy security program, as the President's Letter of Instruction to Bilateral Chiefs of Mission and 2 FAM 113.1c(5) require. The Ambassador and the DCM approved all embassy security directives, the embassy was up to date on all drills, and they both participated in the drills. Upon her arrival in August 2016, the DCM reviewed the embassy compound's physical security with the Regional Security Officer, and in December 2016, both the Ambassador and the DCM participated in the mission's Embassy Preparedness Week. During the inspection, the DCM convened the emergency action committee after an incident at Macedonia's parliament building. She conducted it in accordance with Department requirements, determining that no security tripwires had been crossed and that mission personnel were not at risk.

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

The Ambassador and the DCM counseled and mentored First- and Second-Tour (FAST) staff members in accordance with Department standards in 3 FAM 2242.4 and Department guidelines.<sup>3</sup> FAST employees told OIG that the DCM helped plan and attended their events, including sessions on the bidding process, drafting reporting cables, and the Hatch Act.<sup>4</sup> The DCM scheduled one-on-one meetings with them, conveyed the importance of professional staff development to section chiefs and agency heads, arranged briefings by agency and section heads, and identified opportunities for FAST staff to work outside their normally assigned duties, such as serving as election monitors and control officers for official visitors. In the 12 months prior to the inspection, the Ambassador, in addition to situational mentoring, hosted a brown bag lunch discussion on employee evaluations for FAST personnel and held a dinner at his

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<sup>2</sup> Cable 2016 Tbilisi 632, "Trust but Verify – Unfortunately We Didn't," April 22, 2016.

<sup>3</sup> FAST program goals are cited in cable 2014 State 19636, "Mentoring the Next Generation of Foreign Service Leaders," February 22, 2014. Mentoring goals are outlined in cable 2015 State 23542, "Mentoring for a Stronger Department of State," March 5, 2015.

<sup>4</sup> The Hatch Act regulates Federal employees' participation in electoral politics.

residence to introduce them to the newly arrived DCM. FAST officers also praised the mentoring received from their supervisors, a responsibility outlined in cable 2015 State 23542.

## **POLICY AND PROGRAM IMPLEMENTATION**

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OIG reviewed the Political-Economic Section's policy implementation, reporting and advocacy, commercial promotion, Leahy vetting,<sup>5</sup> and grants management. OIG also reviewed the grants administration of the embassy's rule of law program, which supports judicial training and efforts to fight corruption and counter violent extremism, and the embassy's Export Control and Related Border Security program, which builds the capacity of police and border authorities in order to bring them up to European and international standards. All operations conformed to Department requirements.

### **Advocacy and Analysis**

#### ***Political-Economic Section Worked To Fulfill ICS Goals***

The Political-Economic Section fulfilled its advocacy and reporting responsibilities in accordance with ICS goals. The section engaged with a broad range of contacts as part of its reporting and policy advocacy duties, including with the Macedonian Government and with opposition, private sector, and nongovernmental organization representatives. These outreach efforts informed embassy reporting on Macedonia's political and economic climate. Department offices and other agencies consistently described embassy reporting as effective, comprehensive, and detailed. Officials in the Bureau of Economic and Business Affairs, for instance, praised the embassy's reporting on the environment in Macedonia regarding intellectual property rights.<sup>6</sup> OIG reviewed 107 reporting cables transmitted in the 6 months prior to the inspection and found them to be well-sourced, timely, and relevant to ICS goals.

#### ***Leahy Vetting Conducted In Accordance with Department Requirements***

The embassy conducted Leahy vetting in a timely manner and in accordance with Department requirements. In the 12 months prior to the inspection, Embassy Skopje's one-person Leahy unit vetted 132 individuals or security units for potential human rights abuses.

### **Public Diplomacy**

OIG reviewed the Public Affairs Section's (PAS) leadership and management, strategic planning and reporting, grants administration, media engagement, academic and professional exchange programs, educational advising, English language programs, and American Corners.<sup>7</sup> OIG found

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<sup>5</sup> 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.

<sup>6</sup> Cable 2017 State 19636, "Kudos to Posts for Special 301 Reporting," April 14, 2017.

<sup>7</sup> American Corners are open-access facilities used to engage foreign audiences overseas.

the section met Department guidelines in these areas. OIG also found public diplomacy operations aligned well with ICS goals. The section took a leading role in implementing ICS objectives linked to improving Macedonia's democratic and civil society environment.

### Spotlight on Success: Sustained Engagement Bolsters American Corners' Outreach

Five American Corners (one in Skopje and four in interior cities) effectively extended Embassy Skopje's reach, especially to youth, with speaker programs on U.S. society and values, workshops on topics like entrepreneurship, English language activities, and educational advising. The mission successfully promoted steady travel and engagement by U.S. embassy staff and other Americans in Macedonia to keep the Corners active and visibly associated with the United States. The numbers tell the story: the Corners averaged more than one American participant daily, ranging from the Ambassador and embassy officers to Peace Corps volunteers and Fulbright English Teaching Assistants. In all, the Corners averaged 47 American visits per month (in addition to many visits by LE staff) between April 2016 and April 2017, spread evenly across the five Corners.



**Figure 1:** Members of American Corner Bitola's Competitive College Club listen to the Corner director discuss essay writing techniques. (OIG photo)

### Spotlight on Success: College Clubs Help Disadvantaged Youth Access U.S. Universities

Three of the five American Corners host *EducationUSA* advising services for Macedonians interested in studying in the United States. The three Corners have had notable success with their Competitive College Clubs, which enroll talented but economically disadvantaged Macedonian youth in a year-long preparatory program to increase their competitiveness for application to U.S. colleges. All eight members of the 2016 Club in the provincial city of Bitola

were accepted by one or more U.S. universities. All also received financial aid offers, three of which were full scholarships.

## Federal Assistance and Grants

### *Rule of Law and Export Control Assistance Complied with Department Standards*

OIG determined that the embassy's administration of its rule of law program and export control assistance program complied with the Department's Federal Assistance Policy Directive.<sup>8</sup> OIG reviewed the administration of five rule of law assistance programs funded by the Department's Bureau of International Narcotics and Law Enforcement Affairs from April 2016 to April 2017, totaling \$251,040, which support improved judicial and law enforcement institutions. OIG also reviewed the Export Control and Related Border Security Program's seven equipment donation programs totaling \$234,626, which help to raise the performance of police and border authorities to European and international standards. The embassy administered these funds on behalf of the Bureau of International Security and Nonproliferation.

### *Public Diplomacy Grants Administration Consistent with Department Guidelines*

OIG's review of PAS FY 2016 grants management found the section complied with the Federal Assistance Policy Directive. PAS administered 88 grants in FY 2016 totaling \$880,657. These include Democracy Commission grants, a small program aimed at advancing the development of a strong and responsible civil society, with projects that promote rule of law awareness and the importance of free media and activities that foster inter-ethnic cooperation and community development. OIG reviewed 10 grants totaling \$315,235, including 5 grants larger than \$25,000, and found that the files complied with Department standards. During the inspection, PAS incorporated OIG suggestions on best practices to further strengthen grants administration, including developing clearer grant evaluation criteria during the pre-award phase, improving documentation of grant monitoring, and reducing the number of administratively burdensome small travel support grants by instead funding those invitational travel costs through the Department's e-Travel application.

### *Grants Training Needed in Political-Economic Section*

The Political-Economic Section did not have its own grants officer or grants officer representative. Instead, PAS grants officers administered non-public diplomacy grants, a violation of Department policy,<sup>9</sup> which precludes public affairs sections from administering grants unless they contain "an intrinsic public diplomacy objective." OIG found that 30 of the 88 FY 2016 PAS-administered grants (totaling \$485,000) were funded with Foreign Assistance

<sup>8</sup> The March 2015 Federal Assistance Policy Directive consolidated existing Grants Policy Directives into a single document that set forth internal guidance, policies, and requirements to be complied with when administering Federal Financial Assistance awards. The Federal Assistance Directive (FAD) went into effect as of May 20, 2017. OIG assessed the process under the 2015 FAPD, which was in effect at the time of the review but has since been retired.

<sup>9</sup> Cables 2017 State 2408, "Grants Policies for Public Diplomacy Officers Remain Unchanged," January 10, 2017; 2015 State 112730, "Grants Management Overseas," September 26, 2015; and 2015 State 22048, "Message from Under Secretary Stengel Regarding New Grants Policies for Public Diplomacy Officers," March 3, 2015.

Economic Support Funds rather than with public diplomacy funds. OIG determined that PAS adhered to the Department policy by ensuring that each of the 30 grants contained a public diplomacy component. Nevertheless, without certified grants officers and grant officer representatives in other sections, the embassy risks losing funding opportunities for grants that would advance ICS goals in non-public diplomacy areas. To avoid such situations, OIG suggested the embassy expand grants officer and grants officer representative training and certification to Political-Economic Section personnel. The embassy initiated that process during the inspection.

## **Consular Affairs**

OIG reviewed implementation and oversight of 13 consular programs, including consular leadership; cashiering and fee collection; controlled equipment and supplies inventories; consular systems administration; physical space and line of sight; communication and outreach; U.S. citizens services, passport, and nationality; crisis management and the warden system; immigrant and nonimmigrant visa processing; the Visas Viper program;<sup>10</sup> Global Support Strategy<sup>11</sup> oversight; and fraud prevention. OIG found that all operations complied with Department guidelines in 7 FAM and 9 FAM and the 7 Foreign Affairs Handbook (FAH).

The Skopje Consular Chief led the section in a proactive, transparent, and inclusive manner. An example of his approach stems from the Bureau of Consular Affairs decision to begin full visa processing at Embassy Pristina for Kosovo applicants, which would lead to a substantial drop in Embassy Skopje's visa work. At the time of the inspection, 38 percent of Skopje's nonimmigrant and 50 percent of its immigrant visa workload came from Kosovo. As a result of the workload shift, Skopje was scheduled to lose one entry-level visa officer in summer 2017. Addressing LE staff concerns about how these changes would affect their positions, the Consular Chief involved the entire staff in discussions on how to deal with the coming change, taking and offering suggestions on how some workload responsibilities could be reallocated. He laid out a detailed schedule to accommodate the shift and secured agreement on the plan from Embassy Pristina and Washington bureaus.

## **RESOURCE MANAGEMENT**

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### **Management Operations**

OIG reviewed all functions of the embassy's management operations, including general services, facility management, financial management, human resources, and health services, and found that they consistently complied with Department standards, except as follows.

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<sup>10</sup> The Visas Viper program is a mechanism for overseas missions to provide information on foreign nationals with possible terrorist connections.

<sup>11</sup> The Global Support Strategy is a worldwide contract that provides a combination of information and appointment service, fee collection, document delivery, and greeters for the visa application process.

## Financial Management

### *Embassy Directly Paid Official Residence Expenses Salaries*

The embassy directly paid official residence expenses staff via electronic funds transfer. This practice violated 3 FAM 3257 (a), which requires the principal officer or the household manager to pay the official residence staff. OIG issued a Management Assistance Report in April 2014<sup>12</sup> that addressed this improper practice and recommended that the Department issue a directive that prohibits an embassy's direct payment to the official residence expenses staff. However, because the Department did not implement the recommendation in OIG's 2014 report, OIG recently conducted a compliance follow-up review that made two new recommendations to the Department to address the appropriate method of paying official residence expenses staff.<sup>13</sup> In response to OIG's new recommendations, the Department reported that direct payments to official residence expenses staff – via post cashier, electronic funds transfers, and/or in cash directly 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.

## General Services Operations

### *Inadequate Control of U.S. Government Vehicle Keys*

The embassy did not have a centralized key control system in place to ensure that official vehicles were operated only by authorized drivers, as required by 14 FAM 436.3c. Some embassy sections controlled their own vehicle keys instead of implementing a centralized key control system overseen by the motor vehicle accountable officer. OIG found that some sections logged out vehicle keys for weeks at a time with no control over the issuance and return of keys. The lack of an effective key control system increases the risk of unauthorized use of official vehicles.

**Recommendation 1:** Embassy Skopje should implement a vehicle key control system for all official vehicles. (Action: Embassy Skopje)

### *Inventories and Reconciliations of Bulk Fuel Supply Lacking*

The embassy did not perform a monthly physical inventory and records reconciliation of its official vehicle fuel supply, as required by 14 FAH-1 H-815.6, because of a misunderstanding of FAM requirements by the Management Office. The fuel, stored in a tank on the embassy compound, is for emergency use by motor pool vehicles. At the time of the inspection, the tank held approximately 3,000 gallons with an estimated value of \$10,000. While OIG did not find any evidence of theft from the fuel tank, inadequate bulk fuel inventory controls increase the risk of theft or loss of U.S. Government resources.

<sup>12</sup> OIG, *Management Assistance Report – Direct Payment of Official Residence Expenses Staff Salaries* (ISP-I-14-08, April 3, 2014).

<sup>13</sup> 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).

**Recommendation 2:** Embassy Skopje should implement monthly inventory and reconciliation procedures for the bulk fuel supply. (Action: Embassy Skopje)

### **Spotlight on Success: Leveraging Technology to Process Vouchers More Efficiently**

During FY 2016, Embassy Skopje ranked fourth among overseas missions in the Bureau of European and Eurasian Affairs in the percentage of financial vouchers processed through e-Invoicing, a Department innovation to automate and manage payments for goods and services. The embassy's ongoing initiative to expand use of e-Invoicing through outreach to users attracted interest from other embassies seeking to better leverage the system's advantages. Embassies Belgrade, Budapest, and Baghdad requested assistance from Embassy Skopje to organize their own user training and system implementation. Embassy Skopje also is contributing to the regional bureau's development of an e-Invoicing toolkit, consisting of training materials, organizational templates, and standard operating procedures, to help embassies worldwide adopt the e-Invoicing system.

## **Information Management**

OIG reviewed emergency operations, equipment inventories, records management, communications security, mobile computing, cyber security controls on unclassified and dedicated internet networks, radio and telephone systems, and classified and unclassified pouch operations. OIG validated that Information Management (IM) Section programs and services met customer needs and complied with 5 FAM 120, with the exception of the deficiencies identified below.

### ***Information Management Position Not Programmed to ICASS***

Embassy Skopje failed to convert one IM position to the International Cooperative Administrative Support Services<sup>14</sup> (ICASS) system despite being advised to do so by the Department. The IM Section had three Department-funded positions costing the Department an annual average of \$268,419 per position. Despite being fully funded by the Department, these U.S. direct-hire specialists also provide some IM support services to other agencies at the mission.

To ensure the cost of IM services are equitably shared, the Office of Management Policy, Rightsizing, and Innovation in June 2010 advised certain embassies, including Embassy Skopje, to convert one U.S. direct-hire IM position to ICASS, as soon as budgetary provisions could be made. At the time of the inspection, the embassy had yet to do so. In April 2017, OIG issued a Management Assistance Report<sup>15</sup> that recommended converting one U.S. direct-hire IM position

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<sup>14</sup> 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 ICASS, which operates a 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.

<sup>15</sup> OIG, *Management Assistance Report: Cost of Information Management Staff at Embassies Should Be Distributed to Users of Their Services* (ISP-17-23, April 27, 2017).

to ICASS in many embassies, including Embassy Skopje. As a result, OIG did not make a recommendation in this report.

***Program Property Management Discrepancies***

Property inventory reports for FY 2017 indicated a shortage of six items of information technology equipment, valued at \$20,322. This exceeded the annual one percent maximum allowable loss. The Information Management Officer reported the discrepancy to the embassy's Property Survey Board in March 2017, as required in 14 FAM 416.5-1(B). Subsequently, IM staff determined the equipment was not lost, but rather had been incorrectly entered in the Integrated Logistics Management System. During the inspection, the IM Section implemented a remediation plan to strengthen controls over the IM property management system, including creating an equipment tracking log.

## RECOMMENDATIONS

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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 Skopje. The embassy's complete response can be found in Appendix B.

**Recommendation 1:** Embassy Skopje should implement a vehicle key control system for all official vehicles. (Action: Embassy Skopje)

**Management Response:** In its August 17, 2017, response Embassy Skopje concurred with this recommendation. The embassy noted that it had ordered an electronic key cabinet management system used by other posts, which will provide a computerized and logged key control system. The embassy also noted that it changed its internal standard operating procedure to require all official drivers to return government vehicle keys to the motorpool after each official trip.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of a vehicle key control system and the new standard operating procedure at Embassy Skopje.

**Recommendation 2:** Embassy Skopje should implement monthly inventory and reconciliation procedures for the bulk fuel supply. (Action: Embassy Skopje)

**Management Response:** In its August 17, 2017, response Embassy Skopje concurred with this recommendation. The embassy noted that it began recording monthly reconciliation of on-hand fuel in June 2017 and is now in compliance with Department standards for bulk fuel management. The embassy also updated its standard operating procedure for bulk fuel management to reflect this change.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of implementation of monthly inventory and reconciliation procedures that includes completed copies of forms DS-127, DS-1914, OF-131 and DS-1913 from June 2017 to August 2017.

## PRINCIPAL OFFICERS

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Title	Name	Arrival Date
<b>Chiefs of Mission:</b>		
Ambassador	Jess Baily	2/2015
Deputy Chief of Mission	Micaela Schweitzer-Bluhm	8/2016
<b>Chiefs of Sections:</b>		
Management	Michael Konstantino	9/2016
Consular	Thomas Scott Brown	8/2016
Political/Economic	David Stephenson	7/2015
Public Affairs	Laura Brown	8/2016
Regional Security	Jared Thurman	8/2015
<b>Other Agencies:</b>		
Department of Defense	Thomas Butler	7/2014
U.S. Agency for International Development	James Stein	8/2013
Department of Justice-ICITAP	William Koertje	11/2016
Export Control and Related Border Security	George Clarke	6/2013
Peace Corps	Mark Hannafin	3/2016
Department of Justice-Legal Attaché	Jack Liao	Resident in Sofia
Foreign Commercial Service	Maria Galindo	Resident in Sofia

**Source:** Embassy Skopje

## APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

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

### 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; as appropriate, circulates, reviews, and compiles the results of survey instruments; conducts onsite interviews; 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 74 interviews in the survey phase and 124 interviews in the inspection phase (some people were interviewed more than once). The team also reviewed 138 personal questionnaires from American and LE staff and more than 1,197 other documents.

## APPENDIX B: MANAGEMENT RESPONSE

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EMBASSY OF THE  
UNITED STATES OF AMERICA

*Office of the Ambassador*


Skopje, Macedonia

August 17, 2017

**UNCLASSIFIED**  
**MEMORANDUM**

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

**THROUGH:** EUR – Acting A/S John Heffern

**FROM:** Ambassador Jess L. Baily, Embassy Skopje 

**SUBJECT:** Response to Draft OIG Report – Inspection of Skopje

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

**OIG Recommendation 1:** Embassy Skopje should implement a vehicle key control system for all official vehicles. (Action: Embassy Skopje)

**Embassy Skopje Response:** Embassy Skopje concurs with this recommendation. The General Services Office ordered a KeyWatcher system, an electronic key cabinet management system, in use by many other posts. The KeyWatcher system will allow the Embassy to have a fully computerized and logged key control system, with complete management accountability of all official vehicles keys. The Embassy placed the order in ILMS and anticipates receiving the new system within months dependent on U.S. Dispatch Agent shipping times. The Embassy has also changed its internal Standard Operating Procedure to require all official drivers to return GOV keys to the motorpool supervisor after each official trip is completed.

**OIG Recommendation 2:** Embassy Skopje should implement monthly inventory and reconciliation procedures for the bulk fuel supply. (Action: Embassy Skopje)

**Embassy Skopje Response:** Embassy Skopje concurs with this recommendation. The General Services Office implemented additional oversight of bulk fuel operations in May, 2017 and confirms that it is now in full compliance with 14 FAH-1 H-815.1 Bulk Fuel Management. Specifically, GSO began recording monthly reconciliation of on-hand fuel in June 2017. Post's Standard Operating procedure (SOP) is attached along with the most recent monthly inventory of bulk fuel.

The point of contact for this memorandum is DCM Micaela Schweitzer-Bluhm.

## APPENDIX C: FY 2016 STAFFING AND FUNDING BY AGENCY

Agency	U.S. Direct-Hire Staff	U.S. Local-Hire Staff	Locally Employed Staff	Total Staff	Funding (\$)
<b>Department of State</b>					
Diplomatic and Consular Programs	22	2	11	35	1,685,398
Consular	3	1	10	14	597,464
ICASS	5	4	83	92	5,155,273
Public Diplomacy	2	1	9	12	760,150
Diplomatic Security	4	1	109	114	4,017,818
Marine Security	8	0	3	11	171,404
Representation	0	0	0	0	19,600
Overseas Buildings Operations	1	0	0	1	1,335,148
International Narcotics and Law Enforcement Affairs (INL)	1	0	2	3	358,606
Export Control and Related Border Security (EXBS)	1	0	1	2	137,830
Subtotal	47	9	228	284	14,238,691
<b>Department of Defense</b>					
Defense Attaché Office	4	0	2	6	234,059
Office of Defense Cooperation (ODC)	2	0	6	8	667,602
Subtotal	6	0	8	14	901,661
<b>Department of Justice</b>					
International Criminal Investigative Training Assistance Program (ICITAP)	1	0	2	3	162,800
<b>USAID</b>	6	0	21	27	19,693,543
<b>Other Foreign Assistance</b>					
Peace Corps	3	0	1	4	2,200,000
Public Affairs Section					481,966
ODC					5,360,000
EXBS					595,730
INL					665,000
ICITAP					1,033,111
<b>Total</b>	<b>63</b>	<b>9</b>	<b>260</b>	<b>332</b>	<b>\$45,332,502</b>

**Source:** Generated by OIG from data provided by Embassy Skopje.

## ABBREVIATIONS

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DCM	Deputy Chief of Mission
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FAST	First- and Second-Tour
ICS	Integrated Country Strategy
IM	Information Management
LE	locally employed
PAS	Public Affairs Section

## OIG INSPECTION TEAM MEMBERS

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John Dinger, Team Leader  
Iris Rosenfeld, Deputy Team Leader  
Jefferson Brown  
Pasquale Capriglione  
Stephen Dodson  
Darren Felsburg  
Dolores Hylander  
Keith Powell  
Randy Smith  
Jack Zetkulic

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