



## Office of Inspector General United States Department of State

ISP-I-22-06

Office of Inspections

December 2021

# (U) Inspection of the Bureau of East Asian and Pacific Affairs

## DOMESTIC OPERATIONS

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# HIGHLIGHTS

Office of Inspector General  
United States Department of State

ISP-I-22-06

## **(U) What OIG Inspected**

(U) OIG inspected executive direction, policy and program implementation, resource management, and information management operations at the Bureau of East Asian and Pacific Affairs.

## **(U) What OIG Recommends**

(U) OIG made 7 recommendations to the Bureau of East Asian and Pacific Affairs.

(U) In its comments on the draft report, the Bureau of East Asian and Pacific Affairs concurred with all 7 recommendations. OIG considers all 7 recommendations resolved. The bureau's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The bureau's formal response is reprinted in its entirety in Appendix B.

**(U) December 2021**

**(U) OFFICE OF INSPECTIONS**

**(U) DOMESTIC OPERATIONS**

**(U) Inspection of the Bureau of East Asian and Pacific Affairs**

## **(U) What OIG Found**

- (U) The Acting Assistant Secretary and the Principal Deputy Assistant Secretary in the Bureau of East Asian and Pacific Affairs modeled the Department of State's leadership and management principles.
- (U) Stakeholders in the Department and interagency community praised the bureau's execution of foreign policy, noting staff understood their roles related to, and successfully conducted, foreign policy.
- (U) The bureau was reestablishing its role in North Korea regional diplomacy implementation.
- (U) The lack of delegated authority to manage the U.S.-Taiwan relationship impeded the bureau's policy work to coordinate the United States' relationship with Taiwan.
- (U) The bureau's geographic and regional policy offices developed effective interdepartmental and interagency relationships in support of its overseas missions.
- (U) The bureau took steps to address structural and personnel shortfalls in its Office of Chinese and Mongolian Affairs, including implementation of the "China House" proposal, China Activities Prioritization Project, Regional China Officers program, and use of the Countering Chinese Influence Fund to counter Chinese disinformation.
- (U) Inefficient organizational structures, staffing constraints, large numbers of temporary staff with associated frequent turnover, and increasing workloads hindered operations in some offices.

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## (U) CONTEXT

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(U) The Bureau of East Asian and Pacific Affairs (EAP), the Department of State's (Department) first geographic bureau,<sup>1</sup> is responsible for the conduct of foreign relations with 29 countries. Among those countries, the United States has five mutual defense treaty allies<sup>2</sup> and provides defense for three Pacific Island nations.<sup>3</sup> EAP directs 23 embassies, 21 constituent posts, and the U.S. Mission to the Association of Southeast Asian Nations (ASEAN).<sup>4</sup> The bureau also manages the United States' unofficial relationship with Taiwan and communicates with Taiwan authorities through the American Institute in Taiwan.<sup>5</sup> In addition, the bureau manages U.S. engagement with the Asia Pacific Economic Cooperation<sup>6</sup> forum and supports Department efforts to respond to the influence of the People's Republic of China around the globe.

(U) The region is home to 2.4 billion people, more than 30 percent of the world's population. It includes the world's second and third largest economies—China and Japan—as well as some of the smallest and some of the fastest growing economies, and accounts for 60 percent of global maritime trade. The region includes 6 of the 15 largest U.S. goods export markets and 5 of the 10 largest U.S. trading partners. In 2019, U.S. trade with the region was \$1.7 trillion, and total U.S. direct investment was \$900 billion, making the United States the region's second largest trading partner after China.

(U) Although the East Asia and Pacific region is the primary theater of competition between China and the United States, EAP operates in a strategic framework beyond its regional responsibility. The 2017 National Security Strategy and the 2017 U.S. Strategic Framework for the Indo-Pacific conceived of, and gave priority to, the Indo-Pacific region<sup>7</sup> as a contiguous region affecting U.S. security. The new administration's 2021 Interim National Security Strategy carried forward this concept and called for a robust U.S. presence in the Indo-Pacific region. The administration's diplomatic activity during its first months in office reflected that priority. In March 2021, the President convened virtually the first summit of the "Quad"<sup>8</sup> country leaders, after which the Secretaries of Defense and State traveled to South Korea and Japan, the

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<sup>1</sup> (U) The Department established the bureau in 1908 as the Division of Far Eastern Affairs.

<sup>2</sup> (U) Australia, Japan, Korea, the Philippines, and Thailand.

<sup>3</sup> (U) Federated States of Micronesia, Marshall Islands, and Palau.

<sup>4</sup> (U) ASEAN members are Brunei Darussalam, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam.

<sup>5</sup> (U) The American Institute in Taiwan is a private, non-profit, corporation that receives U.S. Government funding and operates similar to a U.S. embassy. The Department established the institute on January 1, 1979, after the U.S. Government changed diplomatic recognition of China from Taipei to Beijing.

<sup>6</sup> (U) The Asia Pacific Economic Cooperation forum, also known as APEC, is a regional forum of 21 member economies—including those in the EAP region, Canada, Chile, Mexico, Peru, Russia, and the United States—aimed at promoting regional economic prosperity.

<sup>7</sup> (U) The Indo-Pacific covers the EAP region and extends west into South Asia, encompassing part of the Indian Ocean region and India. Within the Indo-Pacific region, the Department's Bureau of South and Central Asian Affairs manages relations with Bangladesh, Bhutan, Maldives, Nepal, India, and Sri Lanka.

<sup>8</sup> (U) The Quad partnership is a cooperation mechanism comprised of Australia, India, Japan, and the United States.

Secretary of Defense visited India, and the Secretary of State and National Security Advisor met with their Chinese counterparts in Alaska.

(U) At the time of inspection, EAP articulated the U.S. vision for the Indo-Pacific region as that of a “free and open region comprised of nations that are independent, strong, and prosperous.” The bureau’s mission statement says that “stable and strong institutions in the Indo-Pacific are inseparably linked to American security and prosperity.” The 2018 Joint Regional Strategy of EAP and the U.S. Agency for International Development (USAID) Asia Bureau<sup>9</sup> set five objectives:

- (U) Increased political and economic pressure on the Democratic People’s Republic of Korea (North Korea) to persuade it to abandon its nuclear weapons and ballistic missile programs.
- (U) Constructive, results-oriented relationship with China that counters Beijing’s revisionist ambitions and coercive actions that threaten continued stability of a rules-based order in the region.
- (U) Enhanced security at home and abroad through strengthened U.S. ties with allies and partners in the region.
- (U) Sustained and inclusive growth and prosperity driven by open market economic policies; high-standard investment; increased connectivity; inclusive health and education systems; improved natural resources management; and free, fair, and reciprocal trading relationships.
- (U) A rules-based order in the Indo-Pacific, supported by transparent and accountable governments, that advances long-term democratic development and resolves disputes peacefully through international law and respect for national sovereignty.

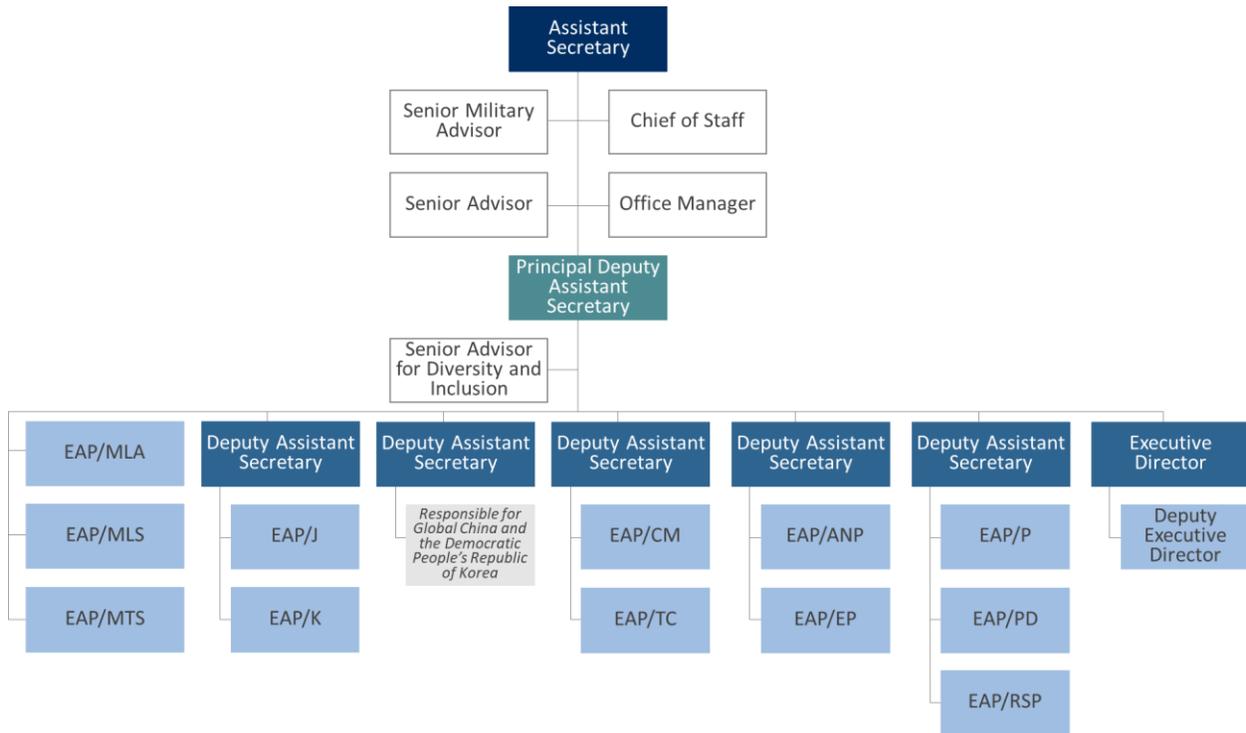
(U) At the time of the inspection, EAP’s authorized staffing consisted of 110 Civil Service and 59 Foreign Service positions. In addition, it had 27 employees serving on short-term assignments within the bureau and 29 contractors. An Acting Assistant Secretary who led EAP, along with a Principal Deputy Assistant Secretary (PDAS), six Deputy Assistant Secretaries, two Senior Advisors, and a Senior Military Advisor, comprised the Front Office senior staff. As shown in Figure 1, below, EAP has seven geographic and six functional offices, including an executive office that provides management support to the bureau and its overseas missions. In FY 2020, EAP received \$44.6 million in foreign assistance funds.

(U) Because of the COVID-19 pandemic, 78 percent of EAP’s domestic staff on average were teleworking from January to March 2021. From January through April 2020, EAP temporarily evacuated 2,647 staff and family members from its overseas missions. As of April 2021, the percentage of staff teleworking in EAP missions ranged from minimal to 80 percent.

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<sup>9</sup> (U) The Joint Regional Strategy, approved on November 20, 2018, is a 4-year strategic plan for each region that sets joint Department and USAID priorities and guides key partner bureau and mission-level planning.

**(U) Figure 1: EAP Organizational Chart**



(U) **Source:** Generated by OIG from data supplied by EAP.

(U) OIG evaluated the bureau’s executive direction, policy and program implementation, resource management, and information management operations consistent with Section 209 of the Foreign Service Act.<sup>10</sup>

**(U) EXECUTIVE DIRECTION**

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(U) OIG assessed EAP’s leadership—the Acting Assistant Secretary and the PDAS—based on interviews, questionnaires completed by bureau staff, reviews of documents, and observations of bureau events. OIG also conducted interviews with Department and interagency partners, including non-profit and private sector contacts.

**(U) Tone at the Top**

(U) On January 20, 2021, the Department named an EAP Acting Assistant Secretary following the resignation of the previous Assistant Secretary at the end of the prior administration. The Acting Assistant Secretary also continued to serve as U.S. Ambassador to Indonesia until he returned to Embassy Jakarta on June 4, 2021. The Department named a new Senior Bureau

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<sup>10</sup> (U) See Appendix A.

Official on June 15. In addition, the PDAS, who had served in EAP since July 2019, left the bureau on June 25, 2021.<sup>11</sup>

(U) OIG found that, overall, the Acting Assistant Secretary and the PDAS modeled the Department's leadership and management principles found in 3 Foreign Affairs Manual (FAM) 1214.<sup>12</sup> EAP staff responses to questionnaires and OIG's interviews with Front Office personnel reflected that the Acting Assistant Secretary and the PDAS set a positive tone in the office. For example, in his first message to the bureau, the Acting Assistant Secretary emphasized the leadership qualities of openness, diversity, and inclusion that he expected of the bureau during his tenure. Bureau employees described the Acting Assistant Secretary and the PDAS as officers who encouraged feedback, welcomed opinions, and reached out to staff through regular participation in staff meetings and virtual gatherings, and in regular written communication. The PDAS, for example, conducted a weekly meeting for all deputy office directors to maintain bureau cohesion, convey policy priorities, and encourage discussion on bureau issues.

(U) Through interviews in the bureau and elsewhere in the Department, OIG found that the EAP Front Office and bureau staff regularly worked long hours, including weekends and evenings, to advance bureau objectives. While compensatory time was available, it was of limited effect given the continuing work demands. Some staff and observers outside the bureau questioned whether current resources—including the number of personnel, lack of available office space, and scarcity of access to secure communications—would impede the bureau's efforts to build a successful response to emerging policy challenges. EAP's resource issues are discussed later in this report.

### **(U) Equal Employment Opportunity Program**

(U) Overall, OIG found that EAP leadership carried out Equal Employment Opportunity guidelines contained in 3 FAM 1511.1a.<sup>13</sup> On February 18, 2021, shortly after his arrival, the Acting Assistant Secretary issued a management notice<sup>14</sup> reiterating the standards of conduct he expected from all employees. Specifically, he reminded EAP employees to represent America with integrity and to adhere to U.S. Government laws and regulations governing Equal Employment Opportunity, harassment, and ethics. In addition, he affirmed that the bureau

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<sup>11</sup> (U) The PDAS also simultaneously served as Deputy Assistant Secretary for EAP's Offices of Multilateral Affairs, Mainland Southeast Asia, and Maritime Southeast Asia.

<sup>12</sup> (U) The Department's leadership and management principles outlined in 3 FAM 1214 include (1) model integrity, (2) plan strategically, (3) be decisive and take responsibility, (4) communicate, (5) learn and innovate constantly, (6) be self-aware, (7) collaborate, (8) value and develop people, (9) manage conflict, and (10) foster resilience.

<sup>13</sup> (U) According to 3 FAM 1511.1a, it is the policy of the Department to provide equal opportunity and fair and equitable treatment in employment to all people without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, age (40 or older), disability, or genetic information, and free from reprisal for prior Equal Employment Opportunity activity or opposition to illegal discrimination. The Department also strives to achieve equal employment opportunities in all personnel operations through continuing diversity and inclusion programs.

<sup>14</sup> (U) EAP Management Notice Number 6006, February 18, 2021, memorandum "Standards of Conduct, A Message from Acting Assistant Secretary Sung Y. Kim."

would not tolerate discrimination and harassment. OIG found that the Acting Assistant Secretary and the PDAS exhibited their commitment to Equal Employment Opportunity standards in their daily conduct and in meetings, where they reiterated these expectations.

**(U) Bureau Implemented Programs and Initiatives to Improve Diversity but Challenges Remain**

(U) Beginning in January 2020, the bureau focused on recruiting a more diverse pool of Foreign Service bidders. Notwithstanding these efforts, the Bureau of Global Talent Management’s workforce diversity data showed that, as of December 31, 2020, the number of EAP employees from diverse backgrounds was below Department averages, particularly for women and African American employees (see Figure 2, below). This also was the case in 2018 and 2019.

**(U) Figure 2: Workforce Diversity at the Bureau of East Asian and Pacific Affairs (2020)<sup>a</sup>**

EAP Rank <sup>b</sup>	Category	EAP Average	Department Average	Difference
2 <sup>nd</sup>	Asian	14.9%	7.4%	7.5%
20 <sup>th</sup>	White	73.5%	70.8%	2.7%
23 <sup>rd</sup>	Hispanic	5.4%	7.6%	-2.2%
37 <sup>th</sup>	Women	35.1%	44.3%	-9.2%
40 <sup>th</sup>	African American	5.7%	15.5%	-9.8%

<sup>a</sup> (U) Data reflects full-time permanent workforce.

<sup>b</sup> (U) Out of 43 Department bureaus.

(U) **Source:** Bureau of Global Talent Management.

(U) EAP acknowledged the challenge of creating a diverse workforce, citing impediments such as languages that require 2 years of study and the expectation for officers to spend much of their career in the bureau and region. To address the under-representation in some categories, EAP established a Diversity and Inclusion Council in January 2020 and created a Senior Advisor for Diversity and Inclusion to recruit both Foreign Service bidders and Civil Service employees. In addition, the PDAS encouraged participation in the Diversity and Inclusion Council and sought to find diverse candidates to fill vacancies. The bureau also issued newsletters and cables to the field on its diversity efforts, provided diversity statistics including gender on bidding and assignments to the Department,<sup>15</sup> and conducted outreach to Department affinity groups. EAP officials stated they would continue their efforts to increase diversity in the bureau.

**(U) Adherence to Internal Controls**

(U) OIG found the previous Assistant Secretary, in preparing the bureau’s 2020 Annual Management Controls Statement of Assurance, carried out his responsibilities under 2 FAM

<sup>15</sup> (U) EAP included its diversity statistics in cable 21 STATE 40302, “EAP Analyses its Quadrennial Bidding Data,” April 23, 2021.

024d to review the effectiveness of internal controls. For example, the process for preparing the statement included steps required under Department guidelines, such as office-level reviews of internal controls risks related to fraud, personal property, and contract management. In addition, the statement of assurance included documentation of the internal control reviews conducted by the bureau's 25 overseas missions and its domestic offices. For FY 2020, the bureau reported no significant internal deficiencies.

## **(U) Strategic Planning**

### ***(U) Bureau Did Not Conduct Regular Reviews of Its Joint Regional Strategy***

(U) OIG found that EAP did not conduct regular reviews of its Joint Regional Strategy as required. Specifically, EAP did not review the document from FY 2018 through FY 2020. The bureau conducted a partial review of the strategy's sub-objectives in April 2021. According to 18 FAM 301.2-4(D)c, senior bureau leaders must institute regular reviews and, at least annually, assess programmatic progress against bureau strategic objectives and ensure alignment of policy, planning, resources, and program decision-making. EAP staff told OIG that the implementation of the White House's U.S. Strategic Framework for the Indo-Pacific, approved in February 2018, limited the relevance of the Joint Regional Strategy. Nevertheless, failure to conduct regular reviews of strategic planning documents could affect the bureau's ability to make informed decisions, prioritize resources, and ensure the alignment of key policies.

**Recommendation 1:** (U) The Bureau of East Asian and Pacific Affairs should review its Joint Regional Strategy in accordance with Department guidelines. (Action: EAP)

### ***(U) Bureau Did Not Comply With Department Program Evaluation Guidelines***

(U) EAP did not comply with Department guidelines for evaluating its programs, projects, and processes. Specifically, EAP did not designate a bureau evaluation coordinator as required by 18 FAM 301.4-4(A) or submit a bureau evaluation plan as required by 18 FAM 301.4-4(B). In addition, EAP did not conduct an annual evaluation of bureau programs, projects, and processes for FY 2020, in accordance with 18 FAM 301.4-4a-b.<sup>16</sup> EAP staff told OIG they were unable to comply with guidelines because of long-term staffing gaps. Failure to conduct evaluations could affect EAP's ability to make informed decisions about policies, strategies, priorities, delivery of services, and in the budget and planning processes.

**Recommendation 2:** (U) The Bureau of East Asian and Pacific Affairs should conduct annual evaluations of the bureau's programs, projects, and processes in accordance with Department guidelines. (Action: EAP)

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<sup>16</sup> (U) According to 18 FAM 301.4-4b, at a minimum, all bureaus and independent offices are required to complete at least one evaluation per fiscal year to examine the performance and outcomes of their programs, projects, and processes. Also, those who receive and directly manage foreign assistance program funds must conduct evaluations of their large programs once in each program's lifetime, or once every five years for ongoing programs, projects, or processes.

## **(U) Execution of Foreign Policy Goals and Objectives**

(U) OIG found that stakeholders in the Department and the interagency community praised EAP's execution of foreign policy, noting bureau staff fully understood their roles related to, and successfully conducted, foreign policy implementation. In OIG interviews, Department officials and interagency counterparts praised the bureau's quality and responsiveness in meeting a heavy workload. EAP Front Office staff and the bureau's Deputy Assistant Secretaries all spoke highly of the skills and knowledge of their colleagues and noted the open atmosphere of collaboration. From a review of calendars, OIG determined that the Acting Assistant Secretary had regular and varied contact with foreign officials and participated in diplomatic and foreign policy events. OIG found that both the previous Assistant Secretary and the Acting Assistant Secretary carried out their responsibilities for conducting U.S. foreign relations with countries within the geographic region in accordance with 1 FAM 112 and 1 FAM 131, except as discussed below.

### ***(U) The New Administration Maintained the Indo-Pacific Region as a Key Priority***

(U) The importance of the Indo-Pacific region, established previously in U.S. Government strategic documents,<sup>17</sup> continued as a key priority for the new administration. The most significant indication of this focus was the Secretary naming the Department's Deputy Secretary as the lead coordinator for Indo-Pacific.

(U) Since January 21, 2021, EAP had experienced a significant increase in its operating tempo. For example, in the first 90 days of the administration, the bureau prepared briefing materials for, and participated in, more than 100 national security meetings on China alone. The Acting Assistant Secretary participated in the President's March 2021 meeting with the leaders of Quad<sup>18</sup> countries to discuss issues related to the Indo-Pacific region. EAP coordinated with the White House on the first official visits by heads of foreign governments in the new administration—in April 2021 by the Prime Minister of Japan and in May by the President of the Republic of Korea. In addition, with the departure of the previous Deputy Secretary of State, who served as the Special Representative for the Democratic People's Republic of Korea (North Korea), EAP resumed diplomatic coordination for that policy. The Department named an ambassador in the EAP region as the new Special Representative and assigned an EAP Deputy Assistant Secretary as Deputy Special Representative. Finally, senior EAP officials participated in the Secretary's official visits in March to Tokyo and Seoul and in the U.S.-China Ministerial in Anchorage, Alaska, on March 18, 2021.

### ***(U) China Challenge Drove Proposal for "China House"***

(U) With the recognition by previous and current administrations that China posed the greatest challenge to the rules-based world order in the 21<sup>st</sup> century, the Department and EAP took

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<sup>17</sup> (U) See the Joint Regional Strategy 2018; the U.S. Strategic Framework for the Indo-Pacific (declassified in 2021); and the National Security Strategy 2017.

<sup>18</sup> (U) The Quad members met virtually on March 12, 2021, in a Leaders' Summit to reaffirm its commitment to quadrilateral cooperation and a shared vision for a free and open Indo-Pacific region.

steps to address structural and personnel shortfalls in the bureau's Office of Chinese and Mongolian Affairs (CM). In 2020, the previous administration began the process to reorganize CM into a more coordinated and far-reaching organization with responsibilities for coordinating China policy engagement across the Department. The plan, known as "China House," expanded existing units and created a Strategic Communications Unit and an Operational Unit, the latter staffed by liaison officers detailed from other agencies. The China House proposal initially was approved in 2020, but it did not move forward until the Secretary approved an updated plan in March 2021 that formed the basis for growth in personnel, programs, and regional and global engagement. Full implementation was anticipated to take 2 years. China House is discussed in more detail later in this report.

### ***(U) Bureau Was Reestablishing Its Role in the Implementation of North Korea Regional Diplomacy***

(U) During the inspection, EAP was reestablishing its role in the implementation of North Korea regional diplomacy in accordance with 1 FAM 114.1 and 1 FAM 136.3.<sup>19</sup> EAP officials told OIG that the previous Special Representative for the Democratic People's Republic of Korea (the Deputy Secretary), who reported directly to the Secretary, had conducted all substantive diplomatic responsibilities related to North Korea. This precluded the bureau from meaningful participation in most Department activities related to North Korea and limited information flow to the bureau about these activities and their outcomes. As a result, EAP had been unprepared to discuss issues related to North Korea in diplomatic and public settings. For example, one EAP officer reported learning from a foreign diplomatic counterpart about U.S. policy decisions that the Special Representative briefed to other countries but had not shared with the bureau. Another EAP officer said that engagements with the media and think tanks had been less effective because officers lacked a full understanding of the policy and engagements on North Korea. Since mid-January 2021, EAP's Acting Assistant Secretary, Deputy Assistant Secretaries, and Office of Korea have participated in policy activities, including leading the Department's input and engagement on the new administration's interagency policy review of North Korea. In addition, EAP was collaborating with the newly appointed Special Representative including through the designation of an EAP Deputy Assistant Secretary as the Deputy Special Representative.

### ***(U) Bureau's Lack of Delegated Authority to Manage the U.S.-Taiwan Relationship Impeded Operations***

(U) EAP staff told OIG that the bureau's lack of delegated authority to manage the U.S.-Taiwan relationship as had been the previous practice,<sup>20</sup> impeded the policy and administrative work of

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<sup>19</sup> (U) 1 FAM 114.1a-b states that bureau country directors serve as the single focus of responsibility for leadership and coordination of Department and interdepartmental activities of the U.S. Government within their country of assignment. Country directors also provide general instructions and guidance for the operations of the Foreign Service establishment in their country of assignment, including the regular flow of information on U.S. Government policies, policy deliberations, and diplomatic exchanges. In addition, 1 FAM 136.3 states that the Director of the Office of Korean Affairs is responsible for U.S. Government diplomatic relations with Korea.

<sup>20</sup> (U) Executive Order 13014, "Maintaining Unofficial Relations with The People on Taiwan," (August 15, 1996) allows the Secretary to delegate his authority to manage the U.S.-Taiwan relationship to the bureau or another

the Department and interagency participants to advance the U.S. relationship with Taiwan,<sup>21</sup> an important foreign policy priority. For example, Department and interagency officials told OIG that the lack of delegated authority to the bureau led to a 1-year delay in notifying Congress of the intent to negotiate an Acquisition and Cross-Servicing Agreement with Taiwan.<sup>22</sup> In addition, EAP said there were long delays in small value arms sales to Taiwan because of the slow clearance process in getting the former Secretary's approval. The Institute's Director at the time of the inspection also did not receive the required letter of instruction from the former Secretary granting authority to run the unofficial mission.<sup>23</sup> At the time of the inspection, EAP was taking the necessary actions to bring management of the U.S.-Taiwan relationship back under EAP's oversight. These included preparing a letter of instruction from the new Secretary to the Institute's Director and requesting the Secretary to delegate authority to manage the U.S.-Taiwan relationship to the EAP Assistant Secretary. As of the close of the inspection in August 2021, the Secretary's decision on these matters was pending.

## **(U) POLICY AND PROGRAM IMPLEMENTATION**

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(U) OIG assessed EAP's policy and program implementation through a review of the bureau's policy implementation, foreign assistance, and public diplomacy programs.

### **(U) Policy Implementation**

(U) OIG assessed EAP's policy implementation through a review of its formulation, coordination, and execution of policy. As discussed below, OIG found EAP's geographic and regional policy offices advanced policy implementation efforts by developing productive interdepartmental and interagency relationships, as well as providing support to the bureau's embassies and consulates. In particular, the bureau capably supported the Department and the interagency community in the ongoing implementation of the U. S.-China strategy. Despite the bureau's policy implementation successes, OIG also noted that some offices struggled with staffing constraints, increased workloads, and overlapping responsibilities.

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Department entity. In addition, the Secretary, through Delegation of Authority 293-2 (Section 2, subsection (e)), provides Assistant Secretaries with general authority over "the functions which may be necessary and appropriate to implement the programs and activities for which they are responsible." Since the passage of the Taiwan Relations Act in 1979, it has been routine for Secretaries to delegate their authority regarding the U.S.-Taiwan relationship to EAP.

<sup>21</sup> (U) The Taiwan Relations Act provides the legal framework for the unofficial relationship with Taiwan. It authorizes this relationship to be carried out in the manner and to the extent directed by the President through the non-profit American Institute in Taiwan, and vests in the President other administrative oversight authorities with respect to the institute.

<sup>22</sup> (U) Acquisition and Cross-Servicing Agreements under 10 USC 2350 allow the Department of Defense to acquire and provide logistic support, supplies, and services directly to and from eligible countries and organizations. Specifically, the Secretary of Defense cannot enter into a cross-servicing agreement with Taiwan (a non-North Atlantic Treaty Organization) without first consulting with the Secretary of State, and then must give Congress at least 30-days' notice.

<sup>23</sup> (U) Chiefs of mission receive letters of instruction from the President addressing authorities and responsibilities as described in 1 FAM 013.2. The American Institute in Taiwan's Director receives a similar letter of instruction from the Secretary.

***(U) Geographic and Regional Policy Offices Effectively Supported Policy Implementation***

(U) Overall, OIG found that EAP’s geographic and regional policy offices developed effective interdepartmental and interagency relationships and supported the bureau’s embassies and consulates, as required by 1 FAM 114. OIG found EAP advanced strategic goals by, among other things, leading a successful effort to improve the security of telecommunications networks by encouraging the use of “trusted vendors;”<sup>24</sup> gaining diplomatic support from other countries to condemn or express concern about the February 2021 coup in Burma; and building stronger relations through the Mekong-U.S. Partnership,<sup>25</sup> including cooperation on transboundary environmental and non-traditional security issues.<sup>26</sup> In addition, EAP’s approach to cybersecurity assistance—dedicating its own funds, personnel, and diplomatic resources—led the Department’s cybersecurity experts to cite the bureau’s efforts as a model for the Department. For example, EAP provided assistance to foreign governments to establish national cybersecurity strategies, improve civilian cybersecurity, and create national incident response teams. The bureau’s April 2021 partial review of selected Joint Regional Strategy sub-objectives, as mentioned earlier in this report, showed progress in all broad goal areas. However, the review identified getting China to adhere to global norms and encouraging allies and partners to give greater emphasis to maritime security as needing more attention. Travel restrictions related to COVID-19 were among the obstacles cited as impediments to achieving a number of milestones.

(U) Most external stakeholders OIG interviewed within and outside the Department commented positively about their interactions with EAP on policy coordination, communication, and clearances. For example, stakeholders repeatedly told OIG that EAP stood out among regional bureaus for its transparency and effectiveness. In addition, stakeholders praised EAP for being able to convene interagency participants and produce timely products, such as policy papers, and organize Secretarial trips and diplomatic visits despite short timeframes and heavy workloads. Furthermore, 16 of 17 embassies that responded to an OIG survey rated the geographic and regional policy offices’ support from good to excellent. Nevertheless, some interlocutors reported a lack of communication or inclusiveness on certain security issues, which they ascribed to either policy differences or overworked staff.

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<sup>24</sup> (U) “Trusted vendors” include vendors whose equipment for things such as fifth generation mobile network (5G) or undersea cable networks are less susceptible to surveillance or interference.

<sup>25</sup> (U) The United States, Cambodia, Lao People’s Democratic Republic, Burma, Thailand, and Vietnam reaffirmed their long-standing relationship by launching the Mekong-U.S. Partnership on September 11, 2020. The United States announced plans to increase support for the autonomy, economic independence, good governance, and sustainable growth of Mekong partner countries, noting that upholding these values as important also for ASEAN unity and effectiveness.

<sup>26</sup> (U) Non-traditional security issues included collaboration on emerging threats such as health security, pandemic response, countering transnational crime, cyber security, and countering trafficking in persons, drugs, and wildlife.

***(U) Bureau Led Successful Interagency and International Effort to Promote “Trusted Vendors” Concept for Undersea Telecommunications Cables***

(SBU) (b) (5) [Redacted text block]

- (SBU) (b) (5) [Redacted bullet point]

***(U) Staffing Constraints and Increased Workload Hindered Bureau Operations***

(U) EAP managers told OIG that U.S. direct-hire staffing constraints, a large number of temporary staff and the associated turnover of these staff after 1-year assignments, and an increasing workload hindered some office operations. Managers told OIG these issues led to a lack of institutional memory and subject matter expertise, reactive operations, an inability to properly monitor foreign assistance (discussed in more detail later in this report), and difficulty managing the workload while maintaining a work-life balance.

(U) In particular, office managers cited the bureau’s reliance on 27 temporary (1-year or less) staff, 18 interns, detailees, and contractors as adversely affecting bureau operations. For example, of the nine Office of Taiwan Coordinator employees, only five were permanent employees. The remaining four consisted of one detailee, two contractors, and one 9-month temporary employee, with no assurances of replacement when they transfer. In the Office of

Multilateral Affairs, only 8 of its 17 employees were permanent employees. Among the 10 remaining staff members, 6 were on 1-year tours. Furthermore, in EAP's Office of the Executive Director (EAP/EX), significant turnover, which staff members attributed partly to higher workloads than in other bureaus, created staffing gaps that affected human resources and general services support. To address the bureau's staffing and organizational issues, EAP, in its FY 2023 Bureau Resource Request, asked for 35 new full-time positions for its domestic operations.

(U) According to 1 FAM 014.1, in order to ensure the most effective use of Government resources, an organizational structure should strive to achieve a proper balance among mission needs, efficient operations, and effective employee utilization. In addition, the Government Accountability Office's *Standards for Internal Control in the Federal Government*,<sup>27</sup> Principle 3.05, calls on management to periodically evaluate the organizational structure so that it meets the entity's objectives. In the Department, the Bureau of Global Talent Management's Office of Organization and Talent Analytics performs organizational reviews,<sup>28</sup> which could help the bureau better align its organizational structure with EAP's operational needs. EAP leadership expressed interest in learning from the Office of Organization and Talent Analytics' expertise.

**Recommendation 3:** (U) The Bureau of East Asian and Pacific Affairs, in coordination with the Bureau of Global Talent Management, should conduct an organizational assessment to align its organizational structure with bureau operational needs and Department requirements. (Action: EAP, in coordination with GTM)

***(U) Two Bureau Offices Had Overlapping Responsibilities on Some Policy Issues***

(U) OIG found that EAP's Offices of Multilateral Affairs (MLA) and Regional Security Policy (RSP) had overlapping responsibilities on some policy issues. For example, officers in both MLA and RSP worked on South China Sea issues. In addition, while RSP was responsible for law enforcement, MLA chaired EAP's working group with the Bureau of International Narcotics and Law Enforcement Affairs on some narcotics issues. According to 1 FAM 014.7e(1) and 1 FAM 014.7e(2), organizations with like functions should be grouped together and integral policy or operational fields should not be divided into separate offices. OIG found that, in general, the overlap of responsibilities occurred because MLA served as the geographic office for U.S. relations with ASEAN and as manager for the Mekong-U.S. Partnership, while RSP's responsibilities covered the entire EAP region. As a result, coordination with stakeholders in the Department and other agencies became more difficult than necessary.

**Recommendation 4:** (U) The Bureau of East Asian and Pacific Affairs should differentiate the functions of the Offices of Multilateral Affairs and Regional Security Policy in accordance with Department guidance. (Action: EAP)

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<sup>27</sup> (U) Government Accountability Office, *Standards for Internal Control in the Federal Government* 28 (GAO-14-704G, September 2014).

<sup>28</sup> (U) See 3 FAM 2617(4).

***(U) Bureau Supported Strengthening of Quad Partnership***

(U) EAP, working with the Bureau of South and Central Asian Affairs (the geographic bureau for India), supported a strengthening and elevation of activities of the Quad, including in ministerial meetings in 2019, 2020, and 2021, and at the first Leaders' Summit in March 2021.<sup>29</sup> The summit reaffirmed the commitment of the new administration and Quad partners to the partnership and to a free and open Indo-Pacific. During the summit, in addition to existing economic, democracy and governance, and security topics, the Quad established three new working groups to address COVID-19 response, climate change, and critical and emerging technologies. EAP, along with the Bureau of South and Central Asian Affairs, was instrumental in supporting these meetings. The two bureaus also supported the National Security Council and agencies and bureaus leading working groups on specific topics.

***(U) Bureau Capably Led the Department's Whole of Government Effort on Strategic Competition With China***

(U) OIG determined that EAP capably supported the Department and the interagency community as the United States confronted the challenge of competing with an increasingly assertive China on a global level as reported by the bureau. EAP led the Department's efforts to expand U.S.-China strategy from both a regional and global focus, starting with coordinating the Department's policy, outreach, and engagement with partner countries. In addition, it advised Department principals, the White House, and the interagency community on effective competition and, where appropriate, constructive engagement with China. Within EAP, CM took the lead in this effort. During the previous administration, the office launched the China Activities Prioritization Project (CAP)<sup>30</sup> and Regional China Officers (RCO) program<sup>31</sup> to increase awareness and capacity across all regional and functional bureaus in identifying and responding to Chinese activities that were contrary to U.S global interests.

(SBU) (b) (5) [REDACTED]

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<sup>29</sup> (U) On March 12, 2021, the White House issued the first Quad Leaders' Joint Statement: "The Spirit of the Quad."

<sup>30</sup> (U) The Department launched the China Activities Prioritization Project, a collaboration between CM and the Office of Management Strategy and Solutions Center for Analytics, in 2019 in an effort to organize data into a user-friendly tool to inform responses to what the Department considered China's malign activities across the globe. The project defined these as activities that were considered corrupt, coercive, covert, criminal, or that facilitated such activities.

<sup>31</sup> (U) The then-Secretary approved the Regional China Officers program in June 2018 to place an officer in each of the six geographic bureaus' overseas regions to assess China's global presence and address China's drive for global influence. The program began in September 2019 with officers assigned to six embassies (Suva, Fiji; Lima, Peru; Prague, Czech Republic; Abu Dhabi, United Arab Emirates; New Delhi, India; and Nairobi, Kenya) to coordinate reporting, assess emerging patterns in China's activity, strengthen the global China-watcher networks, and assist embassies in focusing on key China-related activities.

(b) (5) [Redacted]

(U) Almost without exception, Department and interagency officials told OIG that expanding CM was critical to meet the growing workload and coordination requirements related to the United States’ prioritization of China as the top, long-term strategic challenge. OIG found stakeholders widely viewed CM as producing the highest quality policy papers, often with short deadlines, but at the cost of long work hours and staff burnout. Since the most urgent work required access to secure communications, CM was one of few offices with many staff members physically present in the Department during the COVID-19 pandemic. Department and interagency officials told OIG that CM’s increasing workload under current staffing levels was unsustainable. China House, partly designed to improve coordination to reduce workload, included staffing changes that, if completed as planned by summer 2022, would increase CM staff from 34 to 39 personnel.<sup>32</sup> In addition, the changes would convert seven positions from temporary to permanent. The only additional staffing planned for China House beyond 2022 would be four additional interagency detailee positions for the Operational Unit. Despite these increases, EAP leadership told OIG they were concerned that resources for China House still would be insufficient to achieve EAP’s objective that China House be the Department’s interagency “war room” to meet the global China challenge.

(SBU) (b) (5) [Redacted]

***(U) Regional China Officers Program Significantly Expanded Coordination, Communication Among Geographic Bureaus on Cross-Cutting Issues***

(U) OIG found the Department’s RCO program significantly expanded coordination and communication among geographic bureaus on cross-cutting issues for countering Chinese

<sup>32</sup> (U) CM’s 34 staff members include 3 Civil Service and 15 Foreign Service full-time employees; 12 temporary positions; and 1 full-time and 3 part-time personal services contractors. If all new positions are approved, CM’s 39 staff members would include 6 Civil Service and 23 Foreign Service full-time employees, 4 temporary positions, 1 full-time personal services contractor, 3 part-time contractors, and 2 interagency detailees.

malign influence globally.<sup>33</sup> Since its inception in September 2019, the RCO program had become a key asset for pursuing U.S. strategic competition with China at the global, regional, and subregional levels. RCOs, located overseas in each regional bureau, coordinate reporting, assess emerging patterns in China's activity, and help U.S. overseas missions focus on the highest China-related U.S. priorities. In an OIG survey, the six overseas RCOs unanimously expressed satisfaction with EAP's policy guidance, support, and communication. Multiple Department bureaus and offices told OIG the RCOs brought significant added value to their regions by helping them focus on China messaging and strategies to counter Chinese influence in the region. For example, offices credited the RCO program with expanding the Taiwan footprint in Europe by organizing technology fairs promoting information technology collaborative opportunities with Taiwan. Despite travel restrictions due to COVID-19, RCOs continued extensive outreach in their regions using technology platforms.

(U) As a result of the RCO program's success, the former Secretary approved adding 13 additional RCOs. EAP officials told OIG they anticipate having 19 RCOs at overseas missions by the end of August 2021. Given its rapid growth and concomitant management challenges, EAP also added a Deputy RCO Coordinator in CM. Finally, with the addition of \$2 million in public diplomacy funding for programs in the second half of CY 2021, RCOs also were well-positioned to work with mission public affairs officers in developing public diplomacy projects and activities to support U.S. strategic competition with China.

***(U) Bureau Used the Countering Chinese Influence Fund to Support the Department***

(U) OIG found the bureau supported the Department in shifting its U.S.-China strategy to a global perspective through the use of the Countering Chinese Influence Fund (CCIF).<sup>34</sup> Specifically, as the policy lead on China, EAP played a critical role in the competitive review process of overseas and bureau proposals submitted to the Department to counter China's malign influence. For example, EAP provided a definition of what constitutes malign influence by China and weighed in on the guidelines for allocating CCIF funds and the methodology for scoring proposals. In addition, two EAP representatives participated in merit review panels and the EAP Assistant Secretary was the designee for the Under Secretary for Political Affairs on the senior panel.<sup>35</sup>

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<sup>33</sup> (U) Countering Chinese Communist Party malign influence with respect to the Chinese Communist Party or entities acting on their behalf included countering acts to (1) undermine a free and open international order; (2) advance an alternative, repressive international order that bolsters the Chinese Communist Party's hegemonic ambitions and is characterized by coercion and dependency; (3) undermine the national security or sovereignty of the United States or other countries; and (4) undermine the economic security of the United States or other countries, including by promoting corruption.

<sup>34</sup> (U) Congress earmarked \$300 million for the CCIF in the FY 2020 Department of State, Foreign Operations, Related Program Appropriations Act to fund innovative proposals from overseas missions and Washington bureaus that directly advanced the U.S. Government's objective to counter China's malign influence and compete globally in strategic regions and sectors. In FY 2021, the U.S. Congress also appropriated \$221 million for CCIF.

<sup>35</sup> (U) Merit review panels comprised of relevant stakeholders from across the Department reviewed and scored all proposals. A senior-level panel comprised of Department principals reviewed and selected the proposals.

(U) Of the \$300 million appropriated in FY 2020, the Department allocated \$98 million of existing funds to the CCIF. The Department allocated the remaining \$202 million through a competitive process in which bureaus and overseas missions submitted proposals to the CCIF review panel, chaired by the Department’s Director of Foreign Assistance.<sup>36</sup> Of the \$202 million allocated through the competitive process, \$98.5 million will benefit the EAP region.<sup>37</sup> While the impact was not yet demonstrable since all funds had yet to be obligated,<sup>38</sup> the Department required all proposals to have monitoring and evaluation plans.

~~(SBU)~~ (b) (5) [Redacted]

~~(SBU)~~ (b) (5) [Redacted]

**(U) Foreign Assistance**

(U) In FY 2020, EAP received \$44.6 million in foreign assistance funding, including \$24 million

<sup>36</sup> (U) The \$202 million is considered new money. The \$98 million is existing funding whose associated activities align closely with CCIF.

<sup>37</sup> (U) Of this \$98.6 million, EAP and its overseas posts would manage \$20.6 million while the Bureau of International Narcotics and Law Enforcement Affairs and Political-Military Affairs and USAID would manage the remaining \$78 million.

<sup>38</sup> (U) The FY 2020 Department of State, Foreign Operations, Related Program Appropriations Act mandates that all funds must be notified to the House Committees on Foreign Affairs and the Committee on Appropriations of the House of Representatives and the Senate Committees on Foreign Relations and Appropriations and be obligated by September 30, 2021.

from the Economic Support Fund and \$20.6 million from CCIF.<sup>39</sup> EAP implemented its foreign assistance programs through contracts, Federal assistance awards, interagency agreements, and memoranda of understanding with Department bureaus and other agencies.<sup>40</sup>

(U) OIG reviewed EAP's management of foreign assistance, including its administration of Federal assistance awards and interagency agreements. OIG found EAP managed its foreign assistance despite significant fluctuations in funding, expended all obligated funds, and aligned funding with EAP and Department policy priorities. However, OIG determined that EAP did not meet some monitoring, reporting and record-keeping requirements, as discussed below.

***(U) Federal Assistance Awards and Interagency Agreements Not Managed in Accordance With Department Guidelines***

(U) OIG found that EAP did not manage its Federal assistance awards and interagency agreements in accordance with the Department's Federal Assistance Directives (FAD) and EAP standard operating procedures. OIG reviewed 12 EAP-managed Federal assistance awards active from FY 2015 through FY 2020, with total value of \$32.1 million,<sup>41</sup> and found multiple issues. Specifically, none of the 12 award files contained all required grants officer representative<sup>42</sup> (GOR) assessments of recipient performance and financial reporting.<sup>43</sup> Five of

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<sup>39</sup> (U) The Economic Support Fund finances foreign assistance to advance U.S. National Security, promote U.S. economic prosperity and advance American interests by helping countries of strategic importance meet near and long-term political, economic, development, and security needs. CCIF is intended to counter China's malign influence and build ally and partner military capabilities to deter Chinese aggression globally.

<sup>40</sup> (U) Federal assistance issued by the Department includes grants, cooperative agreements, awards to individuals, and property grants as well as grants or other funding agreements with Foreign Public Entities. Interagency agreements are used to transfer funds from the Department to other agencies to implement our foreign assistance programs. Memoranda of understanding document the shared understanding of the use of funds transferred between bureaus or agencies.

<sup>41</sup> (U) OIG structured its review of Federal assistance awards to ensure that the sample included one award from each implementer with whom the bureau issued a grant of at least \$100,000 from FY 2016 through FY 2020. Awards under \$100,000 were not considered or reviewed. EAP issued 19 awards valued at more than \$100,000 during this timeframe.

<sup>42</sup> (U) FAD 3.0 and 2.3 (Chapter 2, Section P) stipulate that the grants officer must designate a GOR for all assistance awards where the U.S. share of costs is more than \$100,000. The GOR assists the grants officer in ensuring that the Department exercises prudent management and oversight of the assistance award through the programmatic and financial monitoring and evaluation of the recipient's performance.

<sup>43</sup> (U) The FAD 3.0 requires the GOR to provide the grants officer with a written assessment of the recipient's performance based on the review of program progress report within 30 days of receipt of the report. Furthermore, both FAD 3.0 and 2.3 require the GOR to document the official Federal award file to indicate that he/she reviewed and approved the program progress report and/or the Federal financial report within 30 days of receipt of the reports. In addition, FAD 2.3 requires the grants officer or GOR to document the official Federal award file to indicate they have reviewed the performance report, and the GOR must provide a written assessment of the report.

the files reviewed lacked annual risk assessments and updated monitoring plans,<sup>44</sup> while three award files were missing valid GOR designation letters.<sup>45</sup>

(U) OIG also reviewed 12 (total value \$76.9 million) out of the 19 interagency agreements (total value \$79.6 million) executed with FY 2018 and FY 2019 funding and found multiple issues.<sup>46</sup> Ten of the 12 agreement files reviewed did not have the required performance indicators and timelines and 8 were missing required reports. None of the 12 files contained GOR assessments of recipient performance and financial reporting. EAP told OIG the issues occurred because of staff turnover and insufficient guidance. In addition, some staff members told OIG they viewed their Federal assistance responsibilities as collateral assignments that took away from their primary policy duties. OIG found no indication that award funding was used improperly. However, failure to adhere to Department and bureau standards for managing Federal assistance awards and interagency agreements increases the risk of misuse or misappropriation of Department funds or an inability to achieve program objectives.

**Recommendation 5:** (U) The Bureau of East Asian and Pacific Affairs should manage its Federal assistance awards and interagency agreements in accordance with Department and bureau standards. (Action: EAP)

## **(U) Public Diplomacy**

(U) OIG found that the bureau's Offices of Public Diplomacy (PD) and Public Affairs conducted their programs in accordance with 1 FAM 114.2 and 1 FAM 136.9, respectively. Many of the stakeholders that OIG interviewed inside and outside the Department praised PD and the Office of Public Affairs for their ability to link public diplomacy work to strategic goals, program coordination, communication of public diplomacy priorities, and response to media inquiries. For example, PD drafted a comprehensive strategic paper on countering Chinese disinformation that encompassed public diplomacy exchange programs, media outreach, a messaging strategy, and expanding partnerships in the region. In addition, overseas missions that responded to OIG's survey expressed satisfaction with PD's support. For example, 15 of 17 embassies that responded to an OIG survey rated PD's support from good to excellent. Finally, as discussed in more detail below, to counter Chinese malign influence, PD initiated a reorganization of its office to identify and expose Chinese disinformation.

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<sup>44</sup> (U) The FAD 3.0 and 2.3 (Chapter 2, Section K) require a risk assessment be performed and documented annually for agreements whose period of performance is longer than 12 months, and monitoring plans be modified to reflect any changes to the level of risk for the agreement. OIG reviewed seven award files whose period of performance had passed 12 months.

<sup>45</sup> (U) The FAD 3.0 and 2.3 state that if the GOR is replaced during the period of the assistance award, the grants officer must prepare a new designation memo for the replacement GOR, verify the GOR's certification, and ensure that the Federal award recipient is notified of the change. In three of the awards reviewed, the GOR departed prior to the inspection but EAP did not formally redesignate those duties. EAP drafted the updated GOR designation letter after OIG raised the issue.

<sup>46</sup> (U) OIG selected all interagency agreements exceeding \$1 million in its review.

***(U) Office of Public Diplomacy Reorganized to Better Implement Strategy to Counter China's Malign Influence***

(U) In March 2021, EAP began reorganizing PD to enhance the office's public diplomacy capabilities and fully implement the U.S. Government's strategy to counter China's malign influence. EAP personnel told OIG the bureau had insufficient staff to develop and implement medium- and long-term programs to counter foreign public diplomacy campaigns, particularly those of China, against the United States. To address this weakness, PD staff said they planned to add seven domestic and five overseas positions to the office.<sup>47</sup> The goals of the office reorganization included: (1) providing EAP with a mechanism to conduct analysis of the communication environments in countries subject to Chinese propaganda campaigns; (2) developing and implementing public diplomacy campaigns to combat China's disinformation; (3) supporting broader priorities in the EAP region; (4) creating, curating, and distributing digital content through a variety of digital platforms for EAP and its overseas missions; and (5) improving outreach, messaging, and coordination. PD staff told OIG the bureau planned to complete the reorganization by the end of FY 2021.

***(U) Public Diplomacy Office Effectively Engaged on Countering Chinese Malign Influence***

(U) OIG found that the PD office effectively engaged on countering Chinese malign influence. PD staff told OIG the office developed a public diplomacy strategy to assist in building programs to help identify and expose Chinese disinformation. For example, PD, in coordination with CM, the Department's Global Engagement Center, and a foreign think tank, developed a database that compiled information on Chinese human rights violations and cultural destruction in Xinjiang. International organizations, foreign governments, and major news outlets used reports generated from the database to expose Chinese atrocities to their audiences. In addition, EAP coordinated with the Global Engagement Center on a center-funded study conducted by a private research institute that provided real-time monitoring of Mekong water levels. As a result, EAP and the Global Engagement Center were able to expose the harmful effect of China's dams on the lower Mekong River and the Mekong Delta. Furthermore, Embassy Bangkok used the same data in its messaging, which was lauded by Thai local leaders and generated wide-spread media reports in Thailand. The messaging campaign also helped a Mekong River commission to negotiate a reduction in the operation of one of the Chinese dams.

**(U) RESOURCE MANAGEMENT**

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(U) The EAP Office of the Executive Director provides human resources, financial management, information management, general services, and post management support to the bureau's domestic offices and overseas missions. Management officers at overseas missions who responded to OIG's survey gave high scores for most support areas, with the exception of human resources. Specifically, 27 percent of management officers rated human resources

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<sup>47</sup> (U) The Undersecretary for Public Diplomacy and Public Affairs provided public diplomacy funds for both the domestic and overseas positions.

services as “poor.” Domestic staff, in OIG’s survey and in interviews, expressed satisfaction with the office’s support, except for human resources and general services,<sup>48</sup> noting services, particularly related to personnel and procurement, declined because of long-term staffing gaps in both sections. However, as of August 2021, EAP/EX had filled all vacant human resources and general services positions.

(U) Overall, OIG determined the office delivered services in accordance with Department guidance and policies, including required internal controls, with the exception of the two issues discussed below. In addition, OIG identified one internal control issue which the office corrected during the inspection. Specifically, EAP/EX implemented a process to reappropriation and allot proceeds from mission property sales in accordance with 4 FAM 327.3a.<sup>49</sup>

***(U) Bureau Had \$2.7 Million in Unliquidated Obligations***

(U) OIG found that, as of March 31, 2021, EAP had \$2.7 million in unliquidated obligations related to procurements and contracts with no activity for more than 1 year. According to 4 FAM 225d, unliquidated obligations with no activity in more than one year must be targeted and de-obligated if they cannot be documented as valid obligations. At the time of inspection, EAP/EX staff told OIG they were in the process of reviewing and de-obligating invalid unliquidated obligations. Failure to review and de-obligate unliquidated obligations in a timely manner results in an accumulation of funds that could be put to better use.

**Recommendation 6:** (U) The Bureau of East Asian and Pacific Affairs should review and de-obligate all invalid unliquidated obligations without activity for more than 1 year, in accordance with Department guidance, so funds of up to \$2.7 million can be put to better use. (Action: EAP)

***(U) Bureau Had Backlog of Freedom of Information Act Requests***

(U) OIG found that EAP had a backlog of 56 Freedom of Information Act (FOIA)<sup>50</sup> requests, 43 of which related to CM and 13 to the Office of Mainland Southeast Asia. Of the 43 requests relating to CM, 2 were received in 2018, 7 in 2019, and the remaining in 2020. According to 5 USC § 552(a)(6)(A)(i), the Department is required to respond to a FOIA request within 20 working days of receipt. The FOIA deadline may be extended by no more than 10 working days if there are “unusual circumstances” as defined by 5 USC § 552(a)(6)(B)(iii). EAP staff told OIG that CM received a disproportionate number of FOIA requests, many of which were litigation-

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<sup>48</sup> (U) EAP/EX provides general services support only to domestic offices.

<sup>49</sup> (U) Guidance in 4 FAM 327.3a states that proceeds must be collected, reflected in the United States Disbursing Officer’s reporting to Treasury, and recorded in the financial management system before they may become available for allotment and obligation. Due to the new procedures, EAP estimated that approximately \$113,000 in proceeds of sales from FY 2020 will be returned to the bureau rather than submitted to the Department of Treasury. In contrast, in FY 2019 proceeds of sales of \$98,974 were returned to the Department of Treasury instead of being reappropriated to EAP.

<sup>50</sup> (U) See FOIA Improvement Act of 2016 (PL 114-185), section 552a(6)(A).

driven, and was insufficiently staffed to fully comply with Federal regulations concerning the timely submission of pending FOIA requests. To address this problem, in its 2023 Bureau Resource Request, EAP requested additional funding to hire re-employed annuitants to process ongoing FOIA requests.

## **(U) INFORMATION MANAGEMENT**

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(U) OIG reviewed EAP's unclassified computer network operations, emergency communication preparedness, and records management. OIG determined that information management programs and services generally met the bureau's computing and communication needs, with the exception described below.

### ***(U) Bureau Did Not Retire Records in Accordance With Department Standards***

(U) According to the Department's Records Retirement Tracker Dashboard, EAP did not retire 11 categories of records, such as files related to interagency meetings and political status negotiation issues, as required by 5 FAM 414.4a and 5 FAM 433.<sup>51</sup> OIG determined that this issue occurred because the bureau did not have standard operating procedures for life cycle management of records and information. The bureau's records coordinator told OIG he did not receive training and was unaware of the FAM requirements. Without records and information life cycle management standard operating procedures, EAP cannot determine its compliance with Federal information access laws and regulations; properly classify, protect, and declassify sensitive national security information; and meet the Department's domestic and internal copyright and other intellectual property obligations.

**Recommendation 7:** (U) The Bureau of East Asian and Pacific Affairs should develop and implement procedures to retire records in accordance with Department standards. (Action: EAP)

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<sup>51</sup> (U) According to 5 FAM 414.4a, Department bureaus and offices are responsible for implementing and administering the records policies, standards, systems, and procedures issued by the Department's records officer, beginning with those set forth in 5 FAM 400 and 5 Foreign Affairs Handbook 4. Guidance in 5 FAM 433b states that offices and posts must retire records (except official personnel records) to the Records Service Center in accordance with the records disposition schedules issued by Bureau of Administration and approved by National Archives and Records Administration, pending ultimate transfer to the National Archives or a Federal Records Center.

## (U) RECOMMENDATIONS

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(U) 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 the Bureau of East Asian and Pacific Affairs. The bureau's complete response can be found in Appendix B.<sup>1</sup>

**Recommendation 1:** (U) The Bureau of East Asian and Pacific Affairs should review its Joint Regional Strategy in accordance with Department guidelines. (Action: EAP)

**Management Response:** (U) In its November 19, 2021, response, the Bureau of East Asian and Pacific Affairs concurred with this recommendation.

**OIG Reply:** (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of East Asian and Pacific Affairs reviewed its Joint Regional Strategy in accordance with Department guidelines.

**Recommendation 2:** (U) The Bureau of East Asian and Pacific Affairs should conduct annual evaluations of the bureau's programs, projects, and processes in accordance with Department guidelines. (Action: EAP)

**Management Response:** (U) In its November 19, 2021, response, the Bureau of East Asian and Pacific Affairs concurred with this recommendation.

**OIG Reply:** (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of East Asian and Pacific Affairs conducted annual evaluations of the bureau's programs, projects, and processes in accordance with Department guidelines.

**Recommendation 3:** (U) The Bureau of East Asian and Pacific Affairs, in coordination with the Bureau of Global Talent Management, should conduct an organizational assessment to align its organizational structure with bureau operational needs and Department requirements. (Action: EAP, in coordination with GTM)

**Management Response:** (U) In its November 19, 2021, response, the Bureau of East Asian and Pacific Affairs concurred with this recommendation. The bureau noted an estimated completion date of spring 2022.

**OIG Reply:** (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of East Asian and Pacific

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<sup>1</sup> (U) OIG faced delays in completing this work because of the COVID-19 pandemic and resulting operational challenges. These challenges included the inability to conduct most in-person meetings, limitations on our presence at the workplace, difficulty accessing certain information, prohibitions on travel, and related difficulties within the agencies we oversee, which also affected their ability to respond to our requests.

Affairs conducted an organizational assessment to align its organizational structure with bureau operational needs and Department requirements.

**Recommendation 4:** (U) The Bureau of East Asian and Pacific Affairs should differentiate the functions of the Offices of Multilateral Affairs and Regional Security Policy in accordance with Department guidance. (Action: EAP)

**Management Response:** (U) In its November 19, 2021, response, the Bureau of East Asian and Pacific Affairs concurred with this recommendation.

**OIG Reply:** (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of East Asian and Pacific Affairs differentiated the functions of the Offices of Multilateral Affairs and Regional Security Policy in accordance with Department guidance.

**Recommendation 5:** (U) The Bureau of East Asian and Pacific Affairs should manage its Federal assistance awards and interagency agreements in accordance with Department and bureau standards. (Action: EAP)

**Management Response:** (U) In its November 19, 2021, response, the Bureau of East Asian and Pacific Affairs concurred with this recommendation. The bureau noted an estimated completion date of February 2022.

**OIG Reply:** (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of East Asian and Pacific Affairs managed its Federal assistance awards and interagency agreements in accordance with Department and bureau standards.

**Recommendation 6:** (U) The Bureau of East Asian and Pacific Affairs should review and de-obligate all invalid unliquidated obligations without activity for more than 1 year, in accordance with Department guidance, so funds of up to \$2.7 million can be put to better use. (Action: EAP)

**Management Response:** (U) In its November 19, 2021, response, the Bureau of East Asian and Pacific Affairs concurred with this recommendation.

**OIG Reply:** (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of East Asian and Pacific Affairs reviewed and de-obligated all invalid unliquidated obligations without activity for more than 1 year, in accordance with Department guidance, so funds of up to \$2.7 million can be put to better use.

**Recommendation 7:** (U) The Bureau of East Asian and Pacific Affairs should develop and implement procedures to retire records in accordance with Department standards. (Action: EAP)

**Management Response:** (U) In its November 19, 2021, response, the Bureau of East Asian and Pacific Affairs concurred with this recommendation.

**OIG Reply:** (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of East Asian and Pacific Affairs developed and implemented procedures to retire records in accordance with Department standards.

## (U) PRINCIPAL OFFICIALS

(U) Title	Name	Arrival Date
<b>Assistant Secretary</b>		
Acting Assistant Secretary	Sung Kim	1/2021 <sup>a</sup>
Senior Bureau Official	Kin Moy	6/2021
<b>Deputy Assistant Secretaries</b>		
Principal Deputy Assistant Secretary (Offices Mainland Southeast Asia, Maritime Southeast Asia, and Multilateral Affairs)	Atul Keshap	6/2019 <sup>b</sup>
Deputy Assistant Secretary (Offices of Public Affairs and Diplomacy)	Richard Buangan	4/2020
Deputy Assistant Secretary (Offices of Chinese and Mongolian Affairs and Taiwan Coordination)	Jonathan Fritz	6/2019
Deputy Assistant Secretary (Offices of Japan Affairs and Korea)	Marc Knapper	5/2019
Deputy Assistant Secretary (Offices of Australia, New Zealand, and Pacific and Economic Policy)	Sandra Oudkirk	5/2019 <sup>c</sup>
Deputy Assistant Secretary (Democratic People's Republic of Korea and Global China)	Jung Pak	02/2021
Executive Director	G. Kathleen Hill	9/2020

(U) **Source:** Generated by OIG from data provided by the Bureau of East Asian and Pacific Affairs.

<sup>a</sup> (U) Acting Assistant Secretary Sung Kim departed EAP on June 4, 2021. The Senior Bureau Official, Kin Moy, became Acting Assistant Secretary on June 17, 2021.

<sup>b</sup> (U) Principal Deputy Assistant Secretary Atul Keshap departed EAP on June 30, 2021.

<sup>c</sup> (U) Deputy Assistant Secretary Sandra Oudkirk departed EAP on July 11, 2021.

## (U) APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

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(U) This inspection was conducted from March 15 to August 13, 2021, 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 Inspections Handbook, as issued by the Office of Inspector General (OIG) for the Department and the U.S. Agency for Global Media (USAGM).

### **(U) Objectives and Scope**

(U) The Office of Inspections provides the Secretary of State, the Chief Executive Officer of USAGM, and Congress with systematic and independent evaluations of the operations of the Department and USAGM. Consistent with Section 209 of the Foreign Service Act of 1980, OIG's objectives were: (1) whether executive direction of the Bureau of East Asian and Pacific Affairs (EAP) was conducted consistent with leadership principles and applicable policy; (2) whether policy and program coordination and strategic planning was being conducted in accordance with applicable standards; (3) whether public diplomacy programs were being managed with maximum economy and efficiency; and (4) whether foreign assistance and operational resources were being managed with maximum economy, efficiency, and in accordance with appropriate internal controls.

(U) OIG's specific objectives for this inspection of EAP were to determine whether:

- (U) EAP's Front Office modeled the Department's leadership and management principles, including staff work-life balance.
- (U) EAP leadership complied with bureau policy formulation and execution standards.
- (U) The Principal Deputy Assistant Secretary carried out his full range of assigned duties and responsibilities.
- (U) EAP developed approaches to improve recruitment and retention of a diverse staff and ensure equal opportunities for promotion and assignments.
- (U) EAP fulfilled its responsibilities for Department and interagency coordination.
- (U) EAP followed Department guidance when determining Office of Multilateral Affairs and Office of Regional and Security Planning responsibilities, policy, and functions.
- (U) EAP policy offices fulfilled selected Joint Regional Strategy objectives contained in the EAP-U.S. Agency for International Development Joint Regional Strategy and the bureau's compliance with new policy mandates that derive from the Interim National Security Strategy.
- (U) EAP was organized and resourced to coordinate and implement U.S. policy on China.
- (U) EAP provided appropriate policy direction, oversight, and administrative support to the Regional China Officers program.
- (U) The Secretary's lack of delegation to the EAP Assistant Secretary on U.S. Taiwan policy and operations impacted EAP.
- (U) The Department and EAP had clear lines of authority and unity of command in the execution of policy on North Korea.

- (U) EAP's foreign assistance management structure complied with Department organizational guidelines.
- (U) EAP complied with the Department guidance in the management of foreign assistance and interagency agreements.
- (U) EAP provided appropriate public diplomacy policy direction, oversight, and administrative support.
- (U) EAP monitored and supported the flow of public diplomacy resources between overseas missions and the Department.
- (U) EAP followed the Department's financial management guidelines.
- (U) The Information Systems Security Officer program, dedicated internet networks, and records management complied with Department standards.

## **(U) Methodology**

(U) OIG used a risk-based approach to prepare for this inspection. Due to the COVID-19 pandemic and taking into consideration relevant guidance, OIG conducted the inspection remotely and relied on audio- and video-conferencing tools in lieu of in-person interviews with Department and other personnel. OIG also reviewed pertinent records and circulated surveys and compiled the results. Two of the surveys were designed to obtain perspectives about the quality of support provided by EAP offices to overseas posts. OIG sent one survey to management officers to assess administrative support provided by EAP's Office of the Executive Director. The other survey was sent to deputy chiefs of mission to assess the support provided by EAP's Front Office, as well as its geographic, regional policy, and functional offices. OIG received 23 responses from management officers and 17 responses from deputy chiefs of mission in the 44 overseas posts.

(U) OIG reviewed the substance of this report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG used professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop its findings, conclusions, and actionable recommendations.

## (U) APPENDIX B: MANAGEMENT RESPONSE

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United States Department of State

Washington, D.C. 20520

UNCLASSIFIED

November 19, 2021

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

FROM: Daniel Kritenbrink, Assistant Secretary EAP

SUBJECT: Response to Draft OIG Report – ISP-I-22-06

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

### **OIG Recommendation 1:**

*(U) The Bureau of East Asian and Pacific Affairs should review its Joint Regional Strategy in accordance with Department guidelines. (Action: EAP)*

**Management Response:** EAP concurs with the recommendation. As of November 2021, EAP, in coordination with USAID, is developing its 2022-2026 Joint Regional Strategy (JRS) in support of the Administration’s priorities and the Joint Strategic Plan. We expect the final JRS to be available by January 10, 2022. EAP will review the JRS on a semi-annual basis, and certain key priorities more often, to track our progress against bureau strategic objectives and to ensure continued alignment of policy priorities.

### **OIG Recommendation 2:**

*(U) The Bureau of East Asian and Pacific Affairs should conduct annual evaluations of the bureau’s programs, projects, and processes in accordance with Department guidelines. (Action: EAP)*

**Management Response:** EAP concurs with the recommendation. EAP notes that delays in hiring and the security clearance process led to a two-year vacancy for the bureau’s only monitoring and evaluation officer. EAP has already drafted a Bureau Evaluation Plan consistent with FAM requirements and is in the process of

clearing it with F and BP. EAP has developed a comprehensive bureau-level Program Design and Evaluation guidance and is refining our M&E toolkit with numerous resources and SOPs for program managers.

**OIG Recommendation 3:**

*(U) The Bureau of East Asian and Pacific Affairs, in coordination with the Bureau of Global Talent Management, should conduct an organizational assessment to align its organizational structure with bureau operational needs and Department requirements. (Action: EAP, in coordination with GTM)*

**Management Response:** EAP concurs with this recommendation. EAP has contacted GTM/OTA to discuss a timeline to review our organizational structure. This will include a request for additional FTE to allow us to meet growing workload indicated in the OIG report. Estimated time of completion Spring 2022.

**OIG Recommendation 4:**

*(U) The Bureau of East Asian and Pacific Affairs should differentiate the functions of the Offices of Multilateral Affairs and Regional Security Policy in accordance with Department guidance. (Action: EAP)*

**Management Response:** EAP concurs with the recommendation. Office Directors and respective DASes have agreed to draft and disseminate a roles and responsibilities document that more clearly delineates RSP and MLA's respective functions. Moving forward, INL and EAP/RSP will co-chair the narcotics working group cited in the report, with RSP representing the broader bureau and MLA representing the Mekong, which is a bureau priority. RSP and MLA will develop a working group consisting of MLA, CM, and RSP and others as needed to strengthen coordination on South China Sea issues.

**OIG Recommendation 5:**

*(U) The Bureau of East Asian and Pacific Affairs should manage its Federal assistance awards and interagency agreements in accordance with Department and bureau standards. (Action: EAP)*

**Management Response:** EAP concurs with the recommendation. The lack of complete files was due in part to insufficient program management staffing to manage the growing volume of EAP funding and programs. EAP needs additional

program management resources to ensure continued strong program management. EAP strengthened its performance reporting requirements for grants in 2016 and IAAs in 2020 and will review all grants and IAAs to ensure implementers are following up on performance reporting requirements. EAP will communicate Federal assistance and Interagency Agreement requirements to all program managers on a regular basis, and the bureau is refining its SOPs and developing resources. EAP offices managing foreign assistance funds will continue to be responsible for tracking that all implementer records and GOR reports are submitted in a timely manner for their respective programs. Each office will complete a review of its IAAs and grants to ensure completeness by February 2022.

**OIG Recommendation 6:**

*(U) The Bureau of East Asian and Pacific Affairs should review and de-obligate all invalid unliquidated obligations without activity for more than 1 year, in accordance with Department guidance, so funds of up to \$2.7 million can be put to better use. (Action: EAP)*

**Management Response:** EAP concurs with the recommendation. EAP has created a process to regularly review Bureau ULOs. Funds for DP are currently being used by the Department before they cancel. Unused funds in separation specific appropriations will be returned.

**OIG Recommendation 7:**

*(U) The Bureau of East Asian and Pacific Affairs should develop and implement procedures to retire records in accordance with Department standards. (Action: EAP)*

**Management Response:** EAP concurs with this recommendation. The team responsible for coordinating records management completed all necessary mandatory training, and annually retakes the training, as well as regularly reviews all the required guidance published by A/GIS/IPS/RA. EAP published an updated management notice in March 2021 and developed records SOPs based on best practices, which was then shared with all domestic offices in EAP. The record management coordinators also provide regular training classes to various office managers. EAP will have all offices review records by the end of the calendar year and will send out announcements on a regular basis instructing offices to

review/retire records. EAP has also added records retention to our check out process as staff turnover.

The point of contacts for this memorandum are Bob Ruehle, [ruehlerc@state.gov](mailto:ruehlerc@state.gov) , office: 202-647-6218, cell: 202-525-9821 and Debra Benavidez, [BenavidezDA@state.gov](mailto:BenavidezDA@state.gov), office: 202-647-6206 and cell: 571-215-8876.

## (U) ABBREVIATIONS

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ASEAN	Association of Southeast Asian Nations
CAP	China Activities Prioritization
CCIF	Countering Chinese Influence Fund
EAP	Bureau of East Asian and Pacific Affairs
EAP/EX	Office of the Executive Director
FAD	Federal Assistance Directive
FAM	Foreign Affairs Manual
FOIA	Freedom of Information Act
GOR	Grants Officer Representative
MLA	Office of Multilateral Affairs
PD	Office of Public Diplomacy
PDAS	Principal Deputy Assistant Secretary
RCO	Regional China Officers
RSP	Office of Regional Security Policy
USAID	U.S. Agency for International Development

## **(U) OIG INSPECTION TEAM MEMBERS**

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Joseph Macmanus, Team Leader

Timothy Wildy, Team Manager

David Becker

Richard Behrend

William Booth

Eric Chavera

Chelsea Cowan

Isabella Detwiler

John Fennerty

Laura Hettinger

Colette Marcelin

Thomas Mesa

### **(U) Other Contributors**

Ellen Engels

Caroline Mangelsdorf



## **HELP FIGHT**

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1-800-409-9926

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[WPEAOmbuds@stateoig.gov](mailto:WPEAOmbuds@stateoig.gov)