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Office of Inspector General
United States Department of State

ISP-I-24-07

Office of Inspections

November 2023

Inspection of the American Institute in Taiwan-Taipei and Kaohsiung

BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS

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HIGHLIGHTS

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What OIG Inspected

OIG inspected the executive direction, policy and program implementation, resource management, and information management operations of the American Institute in Taiwan-Taipei. The inspection included the Kaohsiung Branch Office.

What OIG Recommends

OIG made 18 recommendations: 16 to the American Institute in Taiwan-Taipei, 1 to the American Institute in Taiwan, Washington Headquarters, and 1 to the Bureau of East Asian and Pacific Affairs. In its comments on the draft report, the Department concurred with 17 recommendations and partially concurred with 1 recommendation. OIG considers all 18 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal response is reprinted in its entirety in Appendix B.

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OFFICE OF INSPECTIONS

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What OIG Found

- The Director and Deputy Director led the American Institute in Taiwan-Taipei and the Kaohsiung Branch Office in a professional and collaborative manner consistent with Department of State leadership and management principles.
- The American Center in the American Institute in Taiwan-Taipei did not meet standards for the number of required programs per month.
- American Institute in Taiwan-Taipei used an inefficient payroll process that produced inaccurate data despite a 2022 action memo from the Under Secretary for Management approving a streamlined process.
- Spotlight on Success: American Institute in Taiwan-Taipei's Information Management staff developed a Front Office task tracker, accessible from a desktop or mobile device, to assign and monitor tasks in real time.

CONTENTS

EXECUTIVE DIRECTION	3
Tone at the Top and Standards of Conduct	3
Execution of Foreign Policy Goals and Objectives	4
Adherence to Internal Controls	5
Security and Emergency Planning.....	5
Equal Employment Opportunity and Diversity, Equity, Inclusion, and Accessibility	5
Developing and Mentoring Foreign Service Professionals.....	6
POLICY AND PROGRAM IMPLEMENTATION	6
Political and Economic Sections	6
Public Diplomacy	7
Consular Operations.....	10
RESOURCE MANAGEMENT	12
General Management	13
General Services	14
Facilities Management	15
Financial Management	18
Human Resources.....	20
INFORMATION MANAGEMENT	20
RECOMMENDATIONS.....	22
PRINCIPAL OFFICIALS	28
APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY.....	29
APPENDIX B: MANAGEMENT RESPONSE.....	30
ABBREVIATIONS	36
OIG INSPECTION TEAM MEMBERS.....	37

CONTEXT

From 1949 until 1979, the Republic of China on Taiwan and the United States maintained normal diplomatic relations. In 1979, the United States and the People's Republic of China (PRC) signed the U.S.-PRC Joint Communiqué on the Establishment of Diplomatic Relations that ended U.S. diplomatic relations with the Republic of China and established diplomatic relations with the PRC. The United States recognized the government of the PRC as China's sole legal government and acknowledged the Chinese position that there is one China, and that Taiwan is part of China. However, the Joint Communiqué also stated, "the people of the United States will maintain cultural, commercial, and other unofficial relations with the people on Taiwan." To achieve these goals, Congress passed the Taiwan Relations Act of 1979 (TRA), which defined the unofficial relationship between the United States and Taiwan. In addition to preserving and promoting commercial, cultural, and other relations with the people on Taiwan, Congress designed the Act to protect ongoing U.S. interests in peace and stability in the area and enshrine the U.S. commitment to assist Taiwan in maintaining its self-defense capability.

Framework for U.S.-Taiwan Relations and The American Institute in Taiwan

The TRA created the American Institute in Taiwan (AIT) as a nonprofit corporation through which the people of the United States and the people on Taiwan maintain "extensive, close, and friendly commercial, cultural, and other relations."¹ AIT and its counterpart, the Taipei Economic and Cultural Representative Office in the United States, serve as the designated organizations for bilateral cooperation and engagement. Neither the United States nor Taiwan maintains an embassy on the other's territory, their representatives are not considered to be diplomats, and written agreements between the two are not treaties. Nevertheless, the United States and Taiwan engage in a wide range of activities that otherwise would be part of a regular bilateral relationship.

In 1996, under Executive Order 13014,² President Clinton delegated the authority of certain functions under the TRA to the Secretary of State, including authority over AIT. Subsequently, as practiced in previous administrations, the Secretary delegated authority for AIT to the Assistant Secretary of State for East Asian and Pacific Affairs.

The 1979 AIT bylaws, as amended, outline the institute's basic responsibilities and structure, including the provision for a Board of Trustees, which governs AIT and are appointed by the Secretary of State. The board, in turn, appoints a chairman and a managing director to conduct AIT's business and affairs in accordance with the bylaws. The board has five voting members: a chairman, two members from the private sector, and as ex-officio members with voting rights, the Deputy Assistant Secretary of State responsible for Taiwan coordination, and the Bureau of East Asian and Pacific Affairs (EAP) Executive Director. The AIT bylaws also define the duties of

¹ See 22 U.S.C. §3301(a)(2), (b).

² Executive Order 13014, Maintaining Unofficial Relations With the People of Taiwan, August 15, 1996.

the Director of AIT Taiwan-Taipei (AIT/T) as well as those of the Managing Director of AIT, Washington Headquarters (AIT/W).³

AIT is not a policy-making organization but represents the U.S. government by facilitating and concluding agreements between Taiwan entities and the U.S. executive branch. Under the TRA, AIT performs several functions. First, the institute conducts and carries out all programs, transactions, and other relations by any agency of the U.S. government with respect to Taiwan. Second, AIT enters, performs, and enforces any agreement or transaction of any federal agency relative to Taiwan. Finally, AIT provides services to federal agencies and undertakes consular activities that have the same validity and effect as if performed under existing consular law and authorities.

Contract With the Department of State

AIT carries out its responsibilities pursuant to a contract with the Department of State (Department) that requires the institute to represent the United States and carry out functions on its behalf in accordance with policy guidance provided by the EAP Assistant Secretary. EAP provides its program and policy oversight of AIT through the Director of the Office of Taiwan Coordination, who also serves as one of the two contracting officer's representatives responsible for administering the contract. The contract requires AIT to follow Department direction and to adhere to Department procedures and policies for administrative, consular, and security operations, including the Foreign Affairs Manual (FAM).⁴ AIT must seek specific written guidance for any exceptions to this requirement. The second contracting officer representative, located in EAP's Executive Office, is responsible for financial and administrative oversight of AIT's operations.⁵

The American Institute in Taiwan-Taipei

AIT/T is staffed by U.S. government employees and locally employed (LE) staff.⁶ It carries out a range of embassy-like activities, including political and economic reporting, commercial advocacy and promotion, consular services, security assistance, and public diplomacy. AIT/T's top strategic objectives, as outlined in its FY 2022 Integrated Country Strategy (ICS), are to:

³ OIG inspected AIT Washington in 2022. See *OIG, Inspection of the American Institute in Taiwan, Washington Headquarters* (ISP-I-22-22, August 2022).

⁴ Other policies and procedures include the Foreign Affairs Handbook, the Federal Acquisition Regulation, and relevant Office of Management and Budget circulars regarding nonprofit organizations.

⁵ Other Department bureaus with oversight or coordinating roles regarding AIT include the Bureaus of Consular Affairs, Budget and Planning, the Comptroller and Global Financial Services, Information Resource Management, Diplomatic Security, and Medical Services and the Office of the Legal Adviser.

⁶ Section 326 of the Foreign Relations Authorization Act, Fiscal Year 2003 (Public Law 107-228) amended Section 503 of the Foreign Service Act to allow U.S. government employees to be directly assigned or detailed to AIT without separating from government service. Previously, U.S. government employees assigned to work in AIT were formally separated from U.S. government service for the duration of their assignments.

- Strengthen Taiwan’s role as a regional security partner by bolstering Taiwan’s ability to deter and defend itself against PRC aggression.
- Promote global supply chain resilience by facilitating high tech investment in the United States and bolstering Taiwan’s cybersecurity.
- Support Taiwan’s efforts to preserve and expand its international space by enabling Taiwan to share its expertise in multilateral fora and engage with other countries.
- Deepen economic and people-to-people ties and increase interchange between the United States and Taiwan as a source of mutual strength and security.

In addition to AIT/T, there is a Kaohsiung Branch Office (AIT/K) which reports to AIT/T. At the time of the inspection, AIT/T had 176 authorized U.S. direct-hire positions. Of these, 84 were Department positions. The remaining 92 positions were filled by other U.S. government agency employees, including staff from the Departments of Agriculture, Commerce, Defense, Homeland Security, and Justice. AIT/T also had 325 LE staff members and 14 eligible family member employees. AIT/K had 9 U.S direct-hire positions. Of these, 5 were Department positions. The remaining 4 positions were filled by the Departments of Commerce and Homeland Security. AIT/K also had 27 LE staff members.

OIG evaluated AIT/T and AIT/K’s executive direction, policy and program implementation, resource management, and information management consistent with Section 209 of the Foreign Service Act of 1980.⁷ A related classified inspection report includes discussion of AIT/T and AIT/K’s security program, issues affecting the safety of personnel and facilities, and certain aspects of the information management program.

EXECUTIVE DIRECTION

OIG assessed AIT/T and AIT/K leadership based on interviews, staff questionnaires, and OIG’s review of documents and observations of meetings and activities during the on-site portion of the inspection.

Tone at the Top and Standards of Conduct

The Director, a career member of the Senior Foreign Service, assumed leadership of AIT/T and AIT/K in July 2021. Prior to arriving in Taiwan, she served concurrently as the U.S. Senior Official for Asia-Pacific Cooperation and Deputy Assistant Secretary for Australia, New Zealand, and the Pacific Islands in EAP. The Deputy Director, a career member of the Senior Foreign Service, also arrived in July 2021 after serving as Consular Section chief at the U.S. Consulate General in Guangzhou, China. The AIT/K Branch Chief arrived in Kaohsiung in August 2022 after previously serving in AIT/T.

OIG found the Director and Deputy Director led AIT/T and AIT/K in a professional and collaborative manner consistent with the leadership and management principles set forth in 3

⁷ See Appendix A.

FAM 1214b.⁸ During the inspection, OIG observed how the Director encouraged broad and candid staff participation at Island Team meetings⁹ and during a crisis management exercise. Based on interviews and surveys, OIG found the Director established clear goals, focused on strategic planning, and provided policy direction. For example, the Director directed staff in the formulation of an engagement strategy for Taiwan's 2024 presidential election. Staff stated the Director demonstrated support for work-life balance and took steps to prevent staff burnout in the face of a heavy visitor workload. Additionally, staff described the Director and Deputy Director as an accessible team and said they communicated well with each other and issued consistent guidance and instructions. Representatives from other agencies described their relationship with the Front Office as excellent and that the Director and Deputy Director supported their programs, particularly in expanding their agencies' relationships with Taiwan authorities. OIG found the Director promoted high ethical standards consistent with the Secretary's Letter of Instructions. AIT/T and AIT/K also maintained gift registries consistent with Department's standards.

The AIT/T Director and Deputy Director coordinated with the AIT/K Branch Chief weekly through the Island Team meeting, which the Branch Chief or a designated AIT/K representative attended in person. Additionally, the Deputy Director made quarterly visits to Kaohsiung, and between March and May 2023, the Director visited Kaohsiung twice.

OIG determined that the Branch Chief traveled within his district. OIG's review of his calendar showed meetings with a range of local authorities, consistent with Department guidance in 2 FAM 113.9(2) and (3).

Execution of Foreign Policy Goals and Objectives

OIG found that the Director effectively led the Island Team in accordance with guidance in 2 FAM 113.1c(1) to represent the interests of the United States and to manage all Executive Branch resources. Washington interlocutors commented favorably on the Director's knowledge of Taiwan and advocacy of U.S. interests with Taiwan authorities, particularly during the period surrounding the Taiwan visit of the U.S. Speaker of the House in August 2022, which heightened tensions between the PRC and the United States and Taiwan. Between March and May 2023, the Director met with various Taiwan representatives including the President, Vice President, and Minister of Foreign Affairs in accordance with her responsibilities to carry out extensive unofficial relations between the United States and the people of Taiwan.

OIG found that under the Director's leadership, the Island Team achieved some foreign policy objectives in 2022 and 2023, consistent with the Department guidance in 2 FAM 113.1c(1) and (7) to expand U.S. export markets and secure support for U.S. policies. These included

⁸ The Department's leadership and management principles outlined in 3 FAM 1214 are (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.

⁹ Island Team is a weekly meeting led by the Director. Participants include Department and interagency section chiefs.

successful efforts to sell U.S. commercial aircraft to Taiwan and streamlined procedures for Taiwan investment in the United States.

The Department approved AIT's FY 2022 ICS in March 2022, in accordance with instructions in 21 STATE 107242,¹⁰ requiring overseas missions to complete a new 4-year ICS. During the inspection, AIT/T began to assess progress toward achieving those ICS goals and objectives and to reevaluate the ICS due to changes in U.S-Taiwan-PRC relations consistent with Department guidance in 18 FAM 301.2-4(d).

Adherence to Internal Controls

OIG found that the Director and Deputy Director generally oversaw the preparation of the Annual Chief of Mission Management Control Statement of Assurance for FY 2022 in accordance with 2 FAM 022.7(1), which requires chiefs of mission to develop and maintain appropriate systems of management control of their organizations. The Statement of Assurance affirmed AIT/T and AIT/K complied with requirements related to information systems security officer duties. However, as detailed in the related classified report OIG found AIT/T and AIT/K did not carry out these duties, which should have been reported as an AIT/T significant deficiency in the Statement of Assurance. Additionally, OIG found other internal control issues, as discussed later in this report.

OIG confirmed the Deputy Director carried out regular reviews of the Consular Section chief's nonimmigrant visa adjudications, as required by 9 FAM 403.12-1 and 9 FAM 403.12-2a and b.

Security and Emergency Planning

The Director and Deputy Director's leadership of the security and emergency preparedness programs was consistent with the Department's guidelines in 12 Foreign Affairs Handbook (FAH)-1 H-721a. AIT/T and AIT/K emergency action plans were up to date. During the inspection, inspectors observed crisis management desktop exercises at AIT/T and AIT/K in response to a natural disaster that included observers from Taiwan authorities and the American community. The related classified report contains additional discussion of security and emergency planning.

Equal Employment Opportunity and Diversity, Equity, Inclusion, and Accessibility

OIG found that AIT/T and AIT/K's Equal Employment Opportunity practices were consistent with 3 FAM 1514¹¹, the Department's leadership principles in 3 FAM 1214b(6), and 21 STATE 60514.¹² AIT/T staff told OIG the Director and Deputy Director emphasized the importance of

¹⁰ Cable 21 STATE 107242 "Launch of Misson Strategic Planning," October 21, 2021.

¹¹ This section of the FAM was removed in July 2023, after fieldwork for this inspection concluded. These principles are still incorporated in other Department guidance, including 2 FAM 1510.

¹² 21 STATE 60514, "Policy Statements on Diversity and inclusion and Equal Employment Opportunity and Harassment," June 11, 2021.

diversity and inclusion in town halls. AIT/T posted Equal Employment Opportunity information on its bulletin boards and on its SharePoint site.

Through interviews, OIG found the Director and Deputy Director supported the Diversity, Equity, Inclusion, and Accessibility (DEIA) Council by conducting two surveys to determine staff attitudes toward DEIA issues and by encouraging greater participation in council activities. The Deputy Director, assisted by the council, used data from the first survey to develop a mandatory anti-bullying training program for LE staff. In addition, the Director facilitated the DEIA Council's contacts with the local U.S. business community to share best practices on DEIA issues.

Developing and Mentoring Foreign Service Professionals

OIG concluded the Front Office's efforts to mentor 19 First- and Second-Tour Foreign Service professionals were consistent with 3 FAM 2713b and the Department's leadership principles in 3 FAM 1214b(8), which require leaders to value and develop employees through mentoring, coaching, and other opportunities. The Deputy Director oversaw the program, implemented by a First- and Second-Tour Council, that included events at the Deputy Director's residence, discussions on career issues, and meetings with visitors to AIT/T. First- and second-tour personnel told inspectors the Deputy Director was available to answer their questions on multiple subjects and did so with candor. Employees also told OIG they appreciated the Deputy Director's efforts to provide them with speaking opportunities and the chance to represent AIT/T at outside events.

POLICY AND PROGRAM IMPLEMENTATION

OIG assessed AIT/T and AIT/K's policy and program implementation through a review of the advocacy and analysis work of the Political, Economic, and Public Diplomacy Sections, and the U.S. citizen and visa services delivered by the Consular Sections.

Political and Economic Sections

OIG reviewed AIT/T Political and Economic Sections' leadership and management, policy implementation, reporting, grants management, and Leahy vetting.¹³ OIG found both sections generally operated in accordance with Department standards.¹⁴ Stakeholders from the Department and AIT Washington gave both sections strong marks for competence and cooperation. The sections coordinated their work with other AIT/T sections and agencies. Office morale in both sections was positive, with employees generally expressing satisfaction with

¹³ The Leahy Amendment to the Foreign Assistance Act of 1961 prohibits the United States from furnishing certain assistance to a unit of a foreign security force if the Department has credible information that the unit has committed a gross violation of human rights. See 22 U.S.C. § 2378d and 9 FAM 303.8-5(B).

¹⁴ Although AIT updated its standard operating procedures for Leahy vetting in 2020, as required under 9 FAM 303.8-5(B), the Office of Security and Human Rights in the Bureau of Democracy, Human Rights, and Labor had no record of this update. The Political Section's Leahy Vetting Coordinator submitted the updated procedures to the bureau during the inspection.

their work responsibilities and with section leadership. However, many employees voiced concern about the ongoing workload burden and the potential for burnout, noting their support of a large portion of AIT/T's many official visitors was particularly time consuming.

OIG found the Political and Economic Section employees were familiar with the ICS and how it generally guided their work. OIG reviewed the sections' 214 reporting cables transmitted between October 2022 and April 2023, and found they were timely, aligned with ICS goals, and AIT and Department priorities. The sections generally met reporting deadlines on demarches and annual reports. Both sections kept the Department and other Washington stakeholders well informed of Taiwan political and economic developments through daily update emails and cables, which were supplemented by frequent, analytical cables. AIT/K coordinated its limited political and economic work¹⁵ with the Political and Economic Sections at AIT/T; AIT/T and AIT/K at times drafted cables jointly, and AIT/K occasionally produced its own reporting.

Required Documentation Added to Incomplete Grant Files

OIG examined all six of the AIT/T Political Section's grants from FY 2021 and FY 2022, totaling \$369,313, and found the files did not contain all documentation required by the Department's Federal Assistance Policy Directive. For example, many of the files lacked evidence of competition or sole source justification as well as written assessments of grant recipient performance. During the inspection, Political Section staff located and added the missing documentation to the grants files. As a result, OIG did not make a recommendation to address this issue.

Public Diplomacy

OIG reviewed the Public Diplomacy Section's leadership, strategic planning, reporting, resource and knowledge management, federal assistance awards, educational and cultural programs, and media engagement.¹⁶ OIG determined that the section's efforts supported AIT's ICS goals, and public diplomacy efforts were integrated AIT/T-wide. AIT/T's website and social media platforms hosted appropriate and up-to-date content, much of it locally generated, and the content complied with Department standards. OIG determined the section actively engaged with local and international media, including in support of congressional delegations. The section also made good use of Bureau of Educational and Cultural Affairs programs, including Fulbright exchanges, academic advising, English-language teaching, and American Spaces.¹⁷

¹⁵ AIT/K did not have its own Political or Economic Sections, but the Branch Chief provided political reporting on a part-time basis and the Deputy Branch Chief undertook occasional economic reporting, in addition to his consular and security responsibilities.

¹⁶ OIG's review of public diplomacy included both AIT/T and AIT/K. There is one public diplomacy U.S. direct-hire and two LE staff in AIT/K who support AIT/T.

¹⁷ American spaces are Department of State-operated or -supported public diplomacy facilities that host programs and use digital tools to engage foreign audiences in support of U.S. foreign policy objectives. American Spaces owned, leased, and operated by the U.S. government are defined as American Centers. These are differentiated by their location on and off embassy or consulate compounds, and their level of public access. AIT has one American Center at the new office building in Taipei.

These programs enjoyed broad support from Taiwan authorities at both the island-wide and local levels. Overall, OIG found the section met Department standards and guidance, with the following exceptions.

Public Diplomacy Staffing Initiative Was Not Fully Implemented

OIG determined that while the Public Diplomacy Section carried out a reorganization under the FY 2014 Public Diplomacy Staffing Initiative,¹⁸ the section did not fully adhere to the initiative. In August 2018, AIT/T, working with the Office of Policy, Planning and Resources of the Under Secretary for Public Diplomacy and Public Affairs, reorganized the section, creating teams defined by the audiences they sought to influence. However, OIG found not all teams were operating in accordance with the reorganization. For example, staff told OIG some team members performed their duties as if the reorganization had not taken place. In addition, OIG found not all section teams collaborated and communicated with each other despite this being one of the initiative's main goals. Staff told OIG the rotation of AIT/T public diplomacy officers, the concurrent move to new office space, and the learning curve of the coaches from the Office of Planning, Policy, and Resources contributed to these issues. Failure to fully implement the initiative risks not achieving the goal of creating a new public diplomacy organizational structure focused on audiences, content, and resources.

Recommendation 1: The American Institute in Taiwan-Taipei, in coordination with the Office of Policy, Planning and Resources of the Under Secretary for Public Diplomacy and Public Affairs, should require the Public Diplomacy Section to fully implement the Public Diplomacy Staffing Initiative. (Action: AIT/T in coordination with R/PPR)

Several Public Diplomacy Grant Files Lacked Evidence of Competition, Merit Review, Monitoring, or Section Review at Closeout

OIG reviewed 20 grant files (total value \$785,708) out of a universe of 82 grants (total value \$1,979,878) and found they generally complied with Department standards.¹⁹ However, 19 of the grants surveyed lacked evidence of competition, a merit review, monitoring, or final section

¹⁸ The Public Diplomacy Staffing Initiative is the Department's holistic review and realignment of the organizational structure of Public Diplomacy Sections. The initiative's goal was to enhance the ability of public diplomacy LE staff worldwide to carry out more audience-focused, result-driven programs. The initiative was intended to promote four key priorities: (1) new public diplomacy organizational structure organized around audiences, content, and resources; (2) accurate LE staff position descriptions to serve as the foundation of the new public diplomacy organizational structure; (3) improved structural ability to collaborate, both within a mission's Public Diplomacy Section and with other sections across a mission; and (4) restructured Public Diplomacy Sections that engage employees around targeted audience and strategic results.

¹⁹ OIG reviewed a selection of 20 grants out of a universe of 82 grants awarded from January 1, 2021, to March 15, 2023. The sample included grants and cooperative agreements greater than \$25,000, with some exceptions made to include grants from the Kaohsiung Branch Office's Public Diplomacy Section, as well as grants directed to different public diplomacy areas and with different grants officers and grants officers' representatives.

review. The Department's Federal Assistance Directive²⁰ requires federal assistance awards generally be competed in a full and open competition; evaluated by a review panel; and monitored to ensure adherence to programmatic and financial management performance objectives as well as the accomplishment of the intended activities, goals, and objectives. Furthermore, the official federal awards file is to be documented with a written program assessment.²¹ Staff told OIG the lack of documentation for competition, merit review, monitoring, and a written assessment occurred because grants officer representatives were unfamiliar with grants management standards. Failure to perform grants administration functions impairs the ability of grants officers to identify and mitigate risk, monitor program implementation, evaluate program results, and ensure accountability for public diplomacy resources.

Recommendation 2: The American Institute in Taiwan-Taipei should require all grants officers and grants officer representatives to follow existing grants administration standard operating procedures. (Action: AIT/T)

American Center Did Not Meet Bureau of Educational and Cultural Affairs Standards

OIG determined the AIT/T American Center did not meet Bureau of Educational and Cultural Affairs standards for programming. Specifically, the center hosted an average of 1.42 programs per month in the 12 months ending in May 2023, below the required minimum of four programs per month specified in the standards for American Spaces.²² Staff told OIG this was due to the American Center's location in AIT/T's new office building,²³ which had poor accessibility by public transportation, limited capacity to accommodate visitors, a dated book collection, and old computers. Maintaining an underused American Center requires staff and financial resources that might be better employed at other AIT/T American Spaces that meet standards for programming.

Recommendation 3: The American Institute in Taiwan-Taipei, in coordination with the Bureau of Educational and Cultural Affairs, should implement a plan for the American Center to conform to the bureau's American Spaces standards. (Action: AIT/T, in coordination with ECA)

²⁰ The Department's Federal Assistance Directive establishes internal guidance, policies, and procedures for all domestic and overseas grant-making bureaus, offices, and posts within the Department when administering Federal financial assistance. See 1 FAM 212.2.1(C)

²¹ Standards relevant to this finding were Federal Assistance Directive, October 2021, Chapter 2 F1-4 (Pre-Federal Award Requirements: Conduct an Open Competition to Select a Recipient; Chapter 2 H1-2 (Pre-Federal Award Requirements: Conduct a Merit Review of Proposals and Recipient Selection; Chapter 4.D, para 1 (Post Federal Award Requirements: Monitoring and Reporting); and Chapter 5C (Closeout: Grants Officer Responsibilities).

²² Cable 23 STATE 8850, "Introducing Updated American Spaces Standards," January 27, 2023.

²³ AIT/T began occupying its current office space in 2019.

Consular Operations

OIG reviewed consular operations at AIT/T and AIT/K, including section leadership, U.S. Citizen Services crisis preparedness, management controls, visa services and processing, outreach, and fraud prevention programs. At the time of the inspection, demand for both visas and U.S. Citizen Services was growing at AIT/T, which strained both staff time and existing processes. The increase in the complex and time-consuming Trader (E-1)/Investor (E-2) visa²⁴ workload, driven by Taiwan-owned semiconductor companies making investments in U.S. manufacturing facilities, challenged AIT/T's Nonimmigrant Visa Unit. Furthermore, passport demand from April 2022 to April 2023 increased by 15 percent at AIT/T compared to a similar period from 2018 to 2019²⁵. Passport demand at AIT/K increased by 65 percent over the same period. Although AIT/K was able to maintain service standards, processing time for passports at AIT/T increased from 4 weeks to 8 weeks. Additionally, staff reported because of the increased passport and visa workloads, they were unable to devote sufficient time to crisis preparedness.

During the inspection, AIT/T corrected two issues identified by OIG. Specifically:

- The section addressed a backlog of approximately 190 IDENT²⁶ system messages in the nonimmigrant and immigrant visa processing systems (9 FAM 303.7-6(C(1) and (2))).
- The Accountable Consular Officer for U.S. Citizen Services destroyed paper accountability records from 2014 to 2018 to comply with the 5-year retention requirement (7 FAH-1 H-746.1).

OIG determined AIT/T and AIT/K's consular operations complied with guidance contained in 7 FAM, 9 FAM, 7 FAH, applicable statutes, and other Department policies, with the exceptions noted below.

Passport Adjudication Procedures Did Not Comply With Department Guidelines

OIG found AIT/T passport adjudicators did not comply with Department guidelines. Specifically, adjudicators marked paper passport applications as approved before uploading them into the consular system and checking the applicant's name in consular databases for potentially derogatory information. Guidance in 8 FAM 701.1-1(d) requires adjudication of the paper and electronic passport applications at the same time to ensure all appropriate names are cleared and namecheck issues are resolved or referred, as appropriate, before the application is approved. Staff told OIG they devised this workflow to speed applicant intake and minimize the time customers spent in the overcrowded waiting room. However, inspectors observed that failure to adjudicate the paper and electronic passport applications at the same time also was inefficient for consular staff who had to handle each application several times during the

²⁴ E-1 and E-2 visas are issued to executives, managers, and essential workers of qualified companies to conduct trade or investment in the United States.

²⁵ The most recent corresponding time period not impacted by COVID-19.

²⁶ The Department of Homeland Security's Automated Biometric Identification System (IDENT) is a fingerprint matching system for rapid biometric identification of subjects.

process. It also risked creating conflicting adjudication records where the paper application was first marked as approved and then later denied in the consular system due to derogatory information.

Recommendation 4: The American Institute in Taiwan-Taipei should comply with Department guidance on passport adjudication. (Action: AIT/T)

U.S. Citizen Services Unit Failed to Deny Passport Applications That Were Pending for 90 Days

AIT/T did not routinely deny passport services when applicants failed to submit additional necessary information within the required timeframe. According to 8 FAM 801.1-2(d), if passport applications are not readily approvable, applicants may provide additional evidence to the consular officer. However, if this additional evidence is not submitted within 90 days of application, and the applicant has not requested additional time to submit such evidence, the application must be denied. Staff told OIG they sometimes refrained from denying the applications to provide better customer service. However, failure to deny applications pending for more than 90 days resulted in incomplete adjudications of citizenship products and poor internal records control.

Recommendation 5: The American Institute in Taiwan-Taipei should resolve passport services in accordance with Department guidance. (Action: AIT/T)

Section Did Not Manage or Destroy Immigrant Visa Files as Required

The AIT/T Immigrant Visa Unit did not properly manage or destroy refused immigrant visa case files. Specifically, the unit did not file cases consistently, initiate termination processing for cases in a timely fashion, or destroy cases in refused or terminated status on schedule. Guidance in 9 FAM 601.6-3 contains instructions for storing and tracking refused immigrant visa files and for destroying files considered terminated or no longer active. Visa staff told OIG this issue occurred because they did not have an established procedure for maintaining, initiating termination, or destroying files, and performed these actions sporadically when they had time. Failing to maintain and destroy immigrant visa records according to the published guidance resulted in the consular section storing unnecessary amounts of personally identifiable information.

Recommendation 6: The American Institute in Taiwan-Taipei should manage its immigrant visa records in accordance with Department guidance. (Action: AIT/T)

Required Visa Validation Study Not Submitted

The AIT/T Consular Section did not submit one of two required visa validation studies²⁷ in FY 2022. Guidance in 7 FAH-1 H-943.6-2 requires consular sections to conduct two validation

²⁷ A validation study is an analysis of entry and exit data for visa holders to track travel patterns and help determine how they used their U.S. visas.

studies per year, one on visas issued as the result of referrals²⁸ and one on another visa category of the section's choosing. AIT/T submitted the required referral validation study, but not the study on the other category. Fraud Prevention Unit staff, who are responsible for completing these studies, said they did not undertake the second validation study because of a lack of time to complete the study and other required work. Validation studies are an important tool for consular sections to review and refine their visa adjudication standards. Failure to perform these studies can negatively affect adjudication quality.

Recommendation 7: The American Institute in Taiwan-Taipei should complete required visa validation studies, in accordance with Department guidelines. (Action: AIT/T)

RESOURCE MANAGEMENT

OIG reviewed AIT/T's and AIT/K's operations and internal controls in general management, general services, facility management, financial management, and human resources. OIG determined AIT's unique structure, as described earlier in this report, created confusion about roles and responsibilities among both AIT/T staff and agency partners. AIT/T Management Section staff told OIG they operated in a space between being a federal entity and a non-profit organization, adhering to some Department requirements, but not others. Section staff also told OIG they continuously were educating the Department and other government agency interlocutors about AIT's unique status and management processes.

OIG noted AIT/T staff tried to navigate both Department regulations and federal guidelines for nonprofit organizations but it often was unclear which Department systems AIT/T should have access to and which administrative processes and practices it should be following. For example, due to its status as a non-profit organization under contract to the Department, AIT's funding comes directly from the Department's appropriation and, as such, AIT/T does not use fiscal data. Thus, AIT/T's locally developed financial system was not integrated with the Department's Regional Financial Management System (RFMS).²⁹ However, AIT/T had access to some of the Department's other systems, such as Regional Financial Management System/Cashiering, the Department's cashiering system, as well as the Department's global eTravel system (E2), the Integrated Logistics Management System (ILMS)³⁰, and the procurement system (Ariba).³¹ In addition, because AIT is not considered a diplomatic mission, the Office of the Procurement Executive, which has authority over the Department's overseas contracting operations, provided limited support to AIT. For example, the office did not ratify AIT/T's unauthorized commitments, provide contracting officer warrants to AIT/T's two contracting officers, or

²⁸ A referral is a request by an authorized U.S. government official for a priority appointment, other courtesies, and issuance of a visa.

²⁹ The Regional Financial Management System is the Department's core overseas accounting system.

³⁰ The Integrated Logistics Management System (ILMS) is an integrated web-based system that encompasses all Department supply chain functions in one system. ILMS is designed to upgrade Department supply chain management by improving operations in areas such as purchasing, procurement, warehousing, transportation, property management, personal effects, and diplomatic pouch and mail.

³¹ Ariba is a module within ILMS that deals with the Department's procurement of goods and services.

certify its contracting officer's representatives. Staff told OIG this lack of clarity created uncertainty among the AIT/T and AIT/K Management Sections' staff, which resulted in some of the issues discussed later in this section.

During the inspection, AIT/T corrected several internal control issues OIG identified. Specifically, AIT/T:

- Updated all medical certifications and safety training documentation for Department chauffeurs and incidental drivers (14 FAM 433.4, 14 FAM 433.5).
- Reviewed its residential properties and updated documentation in the Department's system of record related to missing fire mitigation actions and notifications advising residents of fire risks in their building (15 FAM 813.7(e)).
- Obtained and received missing approvals from the Office of the Procurement Executive's contracting officer for AIT for contracts over \$150,000 as required in clause B.9 of the contract.³²

OIG determined AIT/T and AIT/K's resource management operations generally complied with required guidance and standards. However, OIG found some internal control issues in general management, general services, facilities management, financial management, and human resources, as described below.

General Management

Institute Lacked a Mechanism to Request and Document Exceptions to Department Guidelines and Policies

OIG found that AIT/T did not have a mechanism to document written requests and approvals for exceptions to Department guidelines and policies. Section C.2 of the AIT contract requires AIT to follow Department direction and to adhere to Department procedures, policies, and practices for administrative operations. AIT/T must seek specific written guidance from the Department for any necessary exceptions to this requirement. For example, OIG found AIT/T did not use the Contractor Performance Assessment Reporting System³³ for its contractor performance evaluations. In addition, AIT/T did not use the eFiling³⁴ or eInvoicing³⁵ modules in

³² Contract SAQMMA17DOO75 - United States Government with the American Institute in Taiwan (AIT), July 19, 2017.

³³ The Contractor Performance Assessment Reporting System, or CPARS, is the government-wide evaluation reporting tool for all past performance reports on contracts and orders. A performance assessment must be done in the system, annually, for each contract over the simplified acquisition threshold of \$250,000.

³⁴ The eFiling process standardizes the procurement process with all procurement documents centralized in ILMS and allows posts to electronically compile all of the required documentation for simplified acquisitions. The process reduces paper consumption and increases visibility into contract documentation. eFiling is integrated within existing ILMS modules including Ariba Buyer (Procurement), Document Management, Final Receipt (Receiving) and Vendor Payment to simplify the filing system for posts.

³⁵ According to 4 FAM 422.3-4, eInvoicing is an electronic vendor invoices submission system the Department has implemented to handle electronically submitted or digitally imaged vendor invoices. Electronic invoices, files, or

ILMS, as is Department practice. AIT/T had not documented these exceptions, and any others, and should inform the contracting officer. OIG found that AIT/T staff were unaware of this requirement to request exceptions to Department procedures. Failure to request and document approval for exceptions to Department guidelines and policies raises risks of waste, fraud, and confusion in AIT/T's operations.

Recommendation 8: The American Institute in Taiwan-Taipei, in coordination with the American Institute in Taiwan, Washington Headquarters, should implement a process to formally request and document approvals for exceptions to Department policy, as required by the contract. (Action: AIT/T, in coordination with AIT/W)

General Services

Motor Vehicle Policy Did Not Adhere to Department Requirements for Other Authorized Use of Official Vehicles

AIT/T's motor vehicle policy, dated February 2023, did not comply with Department standards regarding other authorized use of its official vehicles. Specifically, OIG found that AIT/T's motor vehicle policy provided home-to-work shuttle services for staff in the Da'an and Tianmu residential areas. Guidance in 14 FAM 432.3c states the chief of mission may approve other authorized use where such use is advantageous to the U.S. government or where public transportation is unsafe or unavailable. However, AIT/T did not have any documented approval justifying the shuttle services.

Furthermore, OIG found that AIT/T's \$2.70 per ride calculation for the home-to-work shuttle service charge was incorrect. According to 14 FAM 432.9(a), charges for all other authorized use must be based on the current Internal Revenue Service mileage rate³⁶ for reimbursement and be charged on actual mileage driven, up to a maximum of \$3.70 per ride. OIG determined the distances from AIT/T's facility to the Da'an and Tianmu residential areas were approximately 6.2 and 7.2 miles respectively. At the IRS mileage rate, the cost of the shuttles would exceed the maximum of \$3.70 per ride, thus \$3.70 per ride should be charged for the service.

AIT/T staff told OIG they overlooked the justification for home-to-work shuttle service and that the lack of required documentation resulted from staff turnover in both the General Services Office and on the employee association board. Without a motor vehicle policy that reflects Department guidance for other authorized use of official vehicles, AIT/T risks providing unauthorized services and improperly using and charging for official vehicles.

pdf documents submitted by vendors are converted into a compatible digital record and attached to the electronic payment voucher for processing.

³⁶ The IRS mileage rate in 2023 is 65.5 cents per mile.

Recommendation 9: The American Institute in Taiwan-Taipei should revise its motor vehicle policy to comply with Department standards on other authorized use of official vehicles. (Action: AIT/T)

Motor Vehicle Safety Requirements Not Enforced for All Federal Agencies on Taiwan

AIT/T did not enforce Department motor vehicle safety requirements for all U.S. federal agencies on Taiwan. Although OIG found AIT/T tracked and enforced medical certifications and safe driving training for the Department’s professional drivers and incidental (self-drive) operators, it did not track or enforce these requirements for all non-Department agencies. Guidance in 14 FAM 431-5.3(a) states all agencies must comply with the chief of mission’s motor vehicle policy, which 14 FAM 431.6-1(c) states applies to all personnel under chief of mission authority. Furthermore, guidance in 14 FAM 433.4 and 14 FAM 433.5 states all chauffeurs and incidental operators are to be medically certified for driving official vehicles and mandates that safe-driver training be completed for all official vehicle operators upon initial assignment and at least every 2 years thereafter. AIT/T staff told OIG it did not enforce motor vehicle safety requirements for other agencies, noting historically poor communication between AIT/T’s General Services Office and some of the agencies. In addition, recent growth in other federal agencies at AIT/T made it difficult to know how many drivers and incidental operators the other agencies employed. Failure to enforce driver safety requirements for all staff under chief of mission authority increases the risk of injury to drivers, passengers, and the public, as well as damage to U.S. government property.

Recommendation 10: The American Institute in Taiwan-Taipei should enforce driver safety requirements for all chauffeurs and incidental operators under chief of mission authority in accordance with Department guidelines. (Action: AIT/T)

Facilities Management

Institute Did Not Conduct Seismic Safety Evaluations for All Residences

OIG found that AIT/T and AIT/K did not evaluate residential properties for seismic risk, as required by 15 FAM 252.6f(3). The Bureau of Overseas Buildings Operations (OBO) rates the frequency of earthquakes in Taipei and Kaohsiung as Zone 4 (“very high”) and, as such, AIT/T and AIT/K are required to evaluate the seismic safety of residential buildings using one or more approved methods. AIT/T and AIT/K staff told OIG seismic assessments were performed as part of the host government’s requirement to obtain building occupancy certifications for residential buildings, and they believed this satisfied Department requirements. However, AIT/T and AIT/K did not have documentation of the seismic assessments or occupancy certificates for its residential properties. Failure to conduct seismic evaluations and mitigate identified deficiencies risks the life and safety of residential occupants and could result in fatalities or serious injuries in the event of an earthquake.

Recommendation 11: The American Institute in Taiwan-Taipei, in coordination with the Bureau of Overseas Buildings Operations, should evaluate all residential properties for

seismic risk in accordance with Department standards. (Action: AIT/T, in coordination with OBO)

Annual Review of the Use of its Government-Owned Recreational Facility Not Conducted

AIT/T did not perform an annual review of the use of its government-owned Japanese Guesthouse property.³⁷ In accordance with 15 FAM 512.1a, AIT/T must annually review its U.S. government-owned properties to identify any excess properties and properties that are either not fully utilized or uneconomical to retain. Any properties identified must be reported to OBO with recommendations for disposal. OIG could not find evidence that AIT/T ever conducted the required annual review. In previous inspections in 2005 and 2012, OIG recommended AIT/T dispose of the guesthouse.³⁸ However, AIT/T has yet to do so.

OIG found OBO rated the facility as “poor” in its annual Facility Condition Index,³⁹ an assessment OIG confirmed during a walkthrough of the property. In addition, OIG found that from May 2021 through April 2023, the guesthouse was used an average of 5 days per month. At the time of the inspection, AIT/T was considering whether to retain the facility and develop it for alternative use, such as representational space, or sell the property, but no decision had been made.

AIT/T Management Section staff showed OIG a due diligence report they produced in 2022, which they provided to OBO to seek funding for repairs and renovations. According to both the Facility Manager and OBO area management, the guesthouse appeared structurally sound but needed a comprehensive structural investigation and repairs to address issues with the roof, termite damage, and water damage. Additional repairs and upgrades, estimated between \$250,000 and \$1 million, would be needed to fully restore the property. Management Section staff told OIG that AIT/T did not have funding to pay for the comprehensive structural investigation or the required repairs and improvements. Furthermore, they said that although OBO’s Cultural Heritage staff expressed interest in preserving the guesthouse, OBO did not provide any funding to preserve the property. Without a comprehensive assessment of the property, AIT/T will not have the information needed to determine the optimal use of the property and the effective use of U.S. government funds.

Recommendation 12: The American Institute in Taiwan-Taipei, in coordination with the Bureau of Overseas Buildings Operations, should conduct the required annual review of the Japanese Guesthouse property to determine whether the property is economical to retain

³⁷ The Japanese Guesthouse is a culturally significant property located within the Yangmingshan National Park. The 0.3-acre property consists of a guesthouse with an adjacent garden and is used as a rental cottage for AIT/T employees. AIT/T’s employee association is responsible for day-to-day management of the property and AIT/T’s Facility Management staff is responsible for routine maintenance and repairs.

³⁸ OIG, *Inspection of the American Institute in Taiwan*, (ISP-I-05-24A, July 2005); OIG, *Inspection of the American Institute in Taiwan*, (ISP-I-12-12A, February 2012).

³⁹ The Facility Condition Index, calculated by OBO using data provided by overseas missions, is a critical industry-standard mechanism for measuring overall facility condition and performance.

and if continued U.S. government ownership of the property is justified considering its current use. (Action: AIT/T, in coordination with OBO)

Fire Protection Program Did Not Comply With Department Standards

OIG found AIT/T's fire protection program did not comply with Department standards. Specifically, OIG found that occupants of residential properties did not conduct monthly fire extinguisher inspections as required. According to 15 FAM 843d, residents must conduct a monthly visual inspection of their fire extinguishers to verify they are operable and report any deficiencies to the facilities manager or general services officer. In addition, OIG found no evidence residents conducted monthly smoke detector inspections as required by 15 FAM 842b. Staff told OIG that AIT/T recently transitioned to an online QR code system for residents to report deficiencies with residential fire safety equipment and record inspection dates, instead of using an inspection tag system. However, AIT/T staff acknowledged resident participation was low, and Facility Maintenance staff did not run monthly reports in the online system to verify whether residents conducted the required monthly equipment inspections. The lack of monthly fire extinguisher and smoke detector inspections increases the likelihood that equipment will not work when needed, thereby increasing the risk of injury and loss of life.

Recommendation 13: The American Institute in Taiwan-Taipei should bring its fire protection program into compliance with Department standards. (Action: AIT/T)

Facility Management Expendable Supplies Not Managed in Accordance With Department Standards

OIG found that AIT/T did not manage facility management expendable supplies in accordance with Department standards. Specifically, AIT/T did not track all its facility management expendable supplies (spare parts, building materials, and tools) in the ILMS Expendable Management System.⁴⁰ According to 14 FAM 414.1, accountable property records must be maintained for all expendable stock inventory. Staff told OIG they had implemented access controls and tracked expendable supplies inventory but had not used the ILMS Expendable Management System due to insufficient staff to enter items into the system. Failure to account for expendable property in the Department-approved property record system increases the risk of mismanagement and theft of AIT/T property.

Recommendation 14: The American Institute in Taiwan-Taipei should administer its facility management expendable supplies in accordance with Department standards. (Action: AIT/T)

⁴⁰ The ILMS expendable management system is the Department's approved system for recording all operating materials and supplies in storage. See 14 FAM 414.2-1a(2).

Financial Management

Payroll Process for American Staff Was Cumbersome and Inefficient

OIG found that the Department's payroll process for U.S. direct-hire staff at AIT/T and AIT/K was cumbersome and inefficient. At the time of the inspection, the Bureau of the Comptroller and Global Financial Services, Global Compensation Directorate (CGFS/GC) provided payroll services directly for Department-funded U.S. direct-hire employees at AIT/T and AIT/K through a suspense account.⁴¹ AIT/W then reimburses CGFS/GC on a biweekly basis through a wire transfer from its operating fund and subsequently bills the Department monthly for the payroll expenses through the AIT appropriation under its contract with the Department.⁴² As part of this complex process, AIT/T finance staff perform time-consuming reconciliations of the list of payees to ensure it would only reimburse CGFS/GC for the American staff actually at AIT.⁴³

The Department recognized both the inefficiency and inherent vulnerability in the AIT payroll process in a 2022 action memo from the Under Secretary for Management.⁴⁴ The memo approved a streamlined AIT payroll process and recommended the use of appropriate fiscal data to direct charge compensation, which would simplify the process and align it more closely with standard Department practices.

OIG found that, despite the Under Secretary for Management's action memo, there had been little progress among the stakeholders—specifically AIT/T, CGFS/GC, EAP's Executive Office, and the Bureau of Global Talent Management's Executive Office—on streamlining the payroll process. Furthermore, OIG determined that, even if using fiscal data to direct charge compensation, problems in the AIT payroll process would persist until the Department also developed an automated way to notify payroll of the change in duty station when U.S. staff transfer out of Taiwan. Without both streamlining the compensation process and addressing the non-standard employee transfer mechanism, the Department is at risk of continuing to use a complex and time-consuming manual payroll process.

Recommendation 15: The Bureau of East Asian and Pacific Affairs, in coordination with the American Institute in Taiwan-Taipei, the American Institute in Taiwan, Washington Headquarters, the Bureau of the Comptroller and Global Financial Services, and the Bureau

⁴¹ A suspense account is a type of clearing account used to temporarily hold unidentifiable funds that belong to the Federal Government, until proper classification of the funds can be determined.

⁴² EAP's Executive Office used the AIT appropriation line to pay the charges for state-funded American AIT employees by transferring the funds to an AIT/W bank account set up for payroll.

⁴³ Because AIT/T and AIT/K staff salaries are paid through the AIT appropriation and are not centrally funded, the Department does not automatically generate fiscal data when employees transfer from AIT to new assignments. The finance staff's cumbersome manual reconciliation process ensures that AIT/T did not reimburse CGFS/GC for employees no longer in Taiwan. For example, in 2022, there was an unresolved difference of \$1.84 million between what CGFS/GC paid out in payroll for AIT and what AIT reimbursed to CGFS/GC after performing its reconciliations. This amount remains an unresolved difference in the suspense account.

⁴⁴ Action Memo for Under Secretary Bass (M), dated October 28, 2022, regarding streamlining payroll for the American Institute in Taiwan–Taipei and Kaohsiung.

of Global Talent Management, should establish a working group to develop streamlined payroll processes that also automate the change in duty station of U.S. direct-hire staff when they transfer out of Taiwan. (Action EAP, in coordination with AIT/T, AIT/W, CGFS, and GTM)

Institute's Memoranda of Agreement With Federal Agencies Were Expired or Lacking

OIG found that memoranda of agreement between AIT and federal agencies on Taiwan were either expired or nonexistent. As the primary contracting agency, the Department exercises oversight of AIT activities involving other agencies to ensure coordination and consistency with the principal contract. Clause H.1. of the contract states AIT may perform services for other federal departments or agencies through separate contracts or agreements between the requiring agency and AIT.⁴⁵ AIT/W, as the administrative arm of AIT, is responsible for negotiating and administering these agreements.

OIG found several memoranda of agreement, including ones with the Security Cooperation Office, the Federal Bureau of Investigation, and the Foreign Agricultural Service, had expired and needed to be renewed and signed by both parties. OIG also found AIT never established memoranda of agreement with other federal agencies operating on Taiwan, such as the U.S. Navy. In addition, according to AIT/T, while U.S. Customs and Border Protection had an existing agreement with AIT, that agency did not recognize it and wanted to create a new one. OIG also found some agencies used the lack of an updated agreement to withhold monthly invoice payments for both direct and indirect costs owed to AIT for the support and services they provided. For example, the Department of Defense agencies, U.S. Customs and Border Protection, and the Foreign Agricultural Service accounted for \$5.5 million of the \$6.4 million in total accounts receivable outstanding for more than 90 days and owed to AIT.

AIT/W staff told OIG updating the memoranda of agreement was an ongoing process and that AIT/W was working with the Office of the Legal Adviser and some of the federal agencies to standardize the agreements, which had delayed the process. As a nonprofit organization, AIT does not have the overhead cash to pay for providing administrative support services and must receive payment from debtors in a timely manner. Federal agencies that withhold payments impair AIT's ability to fund its operations and carry out its mission under the TRA.

Recommendation 16: The American Institute in Taiwan, Washington Headquarters should update or negotiate new memoranda of agreement with all federal agencies on Taiwan in accordance with the contract. (Action: AIT/W)

⁴⁵ Such agreements are used to provide the framework for the administrative support and services provided by AIT to all other agencies on Taiwan, including a definition of the work to be performed, whether the requiring agency will pay employee's salaries and benefits directly or will reimburse AIT for such salaries and benefits, an appropriation of funds obligated, and any special billing instructions.

Human Resources

Local Compensation Plan Did Not Comply With Local Labor Laws or Reflect Prevailing Practice

AIT/T's local compensation plan for LE staff did not comply with local labor laws or reflect prevailing practice, as required by 3 FAM 7224.2-1a. Specifically, OIG found that AIT/T did not update its local compensation plan to reflect the requirement to join Taiwan's local social security system. In 2020, AIT/T sought the opinion of a local labor attorney concerning AIT/T's participation in the local social security system. According to the attorney's December 2020 response, AIT/T was not compliant with several local labor laws. For example, the attorney determined AIT/T was not exempt from participation in National Health Insurance, Employment Insurance, Gender Equality in Employment, or Labor Accident Insurance. Although AIT/T was exempt from the Labor Insurance Act and the Labor Pension Act, the attorney recommended AIT/T's participation in those two programs based on prevailing practice. At the time of the inspection, AIT/T and the Bureau of Global Talent Management, Office of Overseas Employment, acknowledged the need to change the existing local compensation plan to include participation in the local social security system. However, AIT/T staff told OIG they had yet to implement the change because the Office of Overseas Employment needed additional time to consult with Department legal experts and devise a way forward. Without an accurate local compensation plan, AIT/T risks being out of compliance with local labor laws, and LE staff may not receive all the benefits to which they are entitled.

Recommendation 17: The American Institute in Taiwan-Taipei, in coordination with the Bureau of Global Talent Management, should bring its local compensation plan into compliance with Taiwan labor laws. (Action: AIT/T, in coordination with GTM)

INFORMATION MANAGEMENT

OIG reviewed Information Management (IM) operations at AIT/T and AIT/K, including classified, unclassified, and dedicated internet network (DIN)⁴⁶ computer operations; physical protection of IT resources; classified communications security; emergency communications preparedness; telephone program; and pouch and mail services.⁴⁷ AIT/T IM staff provided onsite and remote operational support and mentoring to AIT/K's sole IM LE staff member. OIG found the AIT/T IM staff implemented innovative solutions to support both offices. For example, using Department approved enterprise technologies, staff created training and telework request and tracking applications for the Human Resources Office. Another innovative solution entailed a Front Office task tracker that was accessible from a desktop or mobile device, as discussed below in a Spotlight on Success.

⁴⁶ A dedicated internet network is dedicated internet access from an internet service provider on a Department-owned and -operated discrete non-sensitive unclassified local area network that is not connected to any other Department system.

⁴⁷ AIT/K did not have classified computer and pouch operations.

OIG determined the IM operations generally complied with Department standards. However, OIG identified one issue, as described below. Other IM deficiencies are discussed in the related classified report.

Records Management Program Did Not Comply With Department Standards

OIG found AIT/T and AIT/K's records management programs did not comply with Department standards in 5 FAH-4 H-312.1b and 5 FAH-4 H-312.2 for records oversight and retirement. According to data from the Department Records Management Office and OIG's onsite review, AIT/T and AIT/K did not consistently retire program and principal officers' records on schedule, with some records retained since 2015 at AIT/K. Also, according to the Department's Records Management Office, AIT/K archived electronic principal officers' records only in 2022. OIG determined this occurred because the designated Records Coordinator did not regularly review records for timely disposition and provide sufficient guidance to the sections' coordinators at AIT/T and AIT/K.

OIG issued management assistance reports in September 2020 and June 2022⁴⁸ that highlighted deficiencies in records management, including records retirement, across the Department. Without a records management program that complies with Department standards, AIT/T and AIT/K are vulnerable to inefficient information retrieval and potential loss of critical documentation.

Recommendation 18: The American Institute in Taiwan-Taipei should implement a records management program that complies with Department standards. (Action: AIT/T)

Spotlight on Success: Front Office Task Tracker Streamlined Task Approval Process and Record Keeping

American Institute in Taiwan-Taipei Information Management staff collaborated with the AIT/T Front Office and other sections to develop a Front Office task tracker that is accessible from a desktop or mobile device. The Front Office used the tracker to assign tasks, such as requesting briefing materials, planning bilateral meetings, and drafting cables. The tracker provides a portal for users to create and track tasks at various review and approval stages. It also creates a centralized record repository for the tasks and supplemental documents. The staff developed this innovative solution using approved enterprise applications to solve a problem common to posts around the world, such as delays in task approval timelines due to accessibility and version control issues. Since its implementation, multiple posts have emulated AIT/T's tracker, and the Bureau of Information Resource Management highlighted the innovative tracker as a best practice.

⁴⁸ OIG, *Management Assistance Report: Deficiencies in Overseas Records Management* (ISP-20-25, September 2020); and OIG, *Management Assistance Report: The Department of State's Records Retirement Process* (ISP-22-20, June 2022).

RECOMMENDATIONS

OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to the American Institute in Taiwan-Taipei, the Bureau of East Asian and Pacific Affairs, and the American Institute in Taiwan, Washington Headquarters. The Department's complete responses can be found in Appendix B.

Recommendation 1: The American Institute in Taiwan-Taipei, in coordination with the Office of Policy, Planning and Resources of the Under Secretary for Public Diplomacy and Public Affairs, should require the Public Diplomacy Section to fully implement the Public Diplomacy Staffing Initiative. (Action: AIT/T in coordination with R/PPR)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei required the Public Diplomacy Section to fully implement the Public Diplomacy Staffing Initiative.

Recommendation 2: The American Institute in Taiwan-Taipei should require all grants officers and grants officer representatives to follow existing grants administration standard operating procedures. (Action: AIT/T)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei partially concurred with this recommendation. The institute noted it is committed to properly training all grants officers and grants officer representatives and ensuring that they follow grant management best practices. However, it also noted that it has received conflicting information about its ability to participate in formal Department grants processes, including processes to issue and monitor large grants using institute funds. The institute stated it will work with its contracting officer, contracting officer's representative, and the American Institute in Taiwan, Washington Headquarters to determine whether a formal, documented exclusion from Department policy on this matter is appropriate, as authorized by its contract with the Department.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei required all grants officers and grants officer representatives to follow existing grants administration standard operating procedures or obtained exceptions to these procedures.

Recommendation 3: The American Institute in Taiwan-Taipei, in coordination with the Bureau of Educational and Cultural Affairs, should implement a plan for the American Center to conform to the bureau's American Spaces standards. (Action: AIT/T, in coordination with ECA)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei implemented a plan for the American Center to conform to the Bureau of Educational and Cultural Affairs' American Spaces standards.

Recommendation 4: The American Institute in Taiwan-Taipei should comply with Department guidance on passport adjudication. (Action: AIT/T)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei complied with Department guidance on passport adjudication.

Recommendation 5: The American Institute in Taiwan-Taipei should resolve passport services in accordance with Department guidance. (Action: AIT/T)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei resolved passport services in accordance with Department guidance.

Recommendation 6: The American Institute in Taiwan-Taipei should manage its immigrant visa records in accordance with Department guidance. (Action: AIT/T)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei managed its immigrant visa records in accordance with Department guidance.

Recommendation 7: The American Institute in Taiwan-Taipei should complete required visa validation studies, in accordance with Department guidelines. (Action: AIT/T)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei completed required visa validation studies, in accordance with Department guidelines.

Recommendation 8: The American Institute in Taiwan-Taipei, in coordination with the American Institute in Taiwan, Washington Headquarters, should implement a process to formally request and document approvals for exceptions to Department policy, as required by the contract. (Action: AIT/T, in coordination with AIT/W)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation. The institute noted an estimated completion date of December 2023.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei implemented a process to formally request and document approvals for exceptions to Department policy, as required by the contract.

Recommendation 9: The American Institute in Taiwan-Taipei should revise its motor vehicle policy to comply with Department standards on other authorized use of official vehicles. (Action: AIT/T)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei revised its motor vehicle policy to comply with Department standards on other authorized use of official vehicles.

Recommendation 10: The American Institute in Taiwan-Taipei should enforce driver safety requirements for all chauffeurs and incidental operators under chief of mission authority in accordance with Department guidelines. (Action: AIT/T)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation. The institute noted an estimated completion date of January 2024.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei enforced driver safety requirements for all chauffeurs and incidental operators under chief of mission authority in accordance with Department guidelines.

Recommendation 11: The American Institute in Taiwan-Taipei, in coordination with the Bureau of Overseas Buildings Operations, should evaluate all residential properties for seismic risk in accordance with Department standards. (Action: AIT/T, in coordination with OBO)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei evaluated all residential properties for seismic risk in accordance with Department standards.

Recommendation 12: The American Institute in Taiwan-Taipei, in coordination with the Bureau of Overseas Buildings Operations, should conduct the required annual review of the Japanese Guesthouse property to determine whether the property is economical to retain and if continued U.S. government ownership of the property is justified considering its current use. (Action: AIT/T, in coordination with OBO)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation. The institute estimated completion in FY 2024.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei conducted the required annual review of the Japanese Guesthouse property to determine whether the property was economical to retain and if continued U.S. government ownership of the property is justified considering its current use.

Recommendation 13: The American Institute in Taiwan-Taipei should bring its fire protection program into compliance with Department standards. (Action: AIT/T)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei's fire protection program complied with Department standards.

Recommendation 14: The American Institute in Taiwan-Taipei should administer its facility management expendable supplies in accordance with Department standards. (Action: AIT/T)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation. The institute noted an estimated completion date of April 2024.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei

administered its facility management expendable supplies in accordance with Department standards.

Recommendation 15: The Bureau of East Asian and Pacific Affairs, in coordination with the American Institute in Taiwan-Taipei, the American Institute in Taiwan, Washington Headquarters, the Bureau of the Comptroller and Global Financial Services, and the Bureau of Global Talent Management, should establish a working group to develop streamlined payroll processes that also automate the change in duty station of U.S. direct-hire staff when they transfer out of Taiwan. (Action EAP, in coordination with AIT/T, AIT/W, CGFS, and GTM)

Management Response: In its October 26, 2023, response,¹ the Bureau of East Asian and Pacific Affairs concurred with this recommendation.

OIG Reply: 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 established a working group to develop streamlined payroll processes that also automate the change in duty station of U.S. direct-hire staff when they transfer out of Taiwan.

Recommendation 16: The American Institute in Taiwan, Washington Headquarters should update or negotiate new memoranda of agreement with all federal agencies on Taiwan in accordance with the contract. (Action: AIT/W)

Management Response: In its October 26, 2023, response,² the American Institute in Taiwan, Washington Headquarters concurred with this recommendation. The institute noted an estimated completion date of February 2024.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan, Washington Headquarters updated or negotiated new memoranda of agreement with all federal agencies on Taiwan in accordance with the contract.

Recommendation 17: The American Institute in Taiwan-Taipei, in coordination with the Bureau of Global Talent Management, should bring its local compensation plan into compliance with Taiwan labor laws. (Action: AIT/T, in coordination with GTM)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation.

¹ In a November 7, 2023, email to OIG, the Bureau of East Asian and Pacific Affairs concurred with the American Institute in Taiwan-Taipei's response to recommendation 15.

² In a November 6, 2023, email to OIG, the American Institute in Taiwan, Washington Headquarters concurred with the American Institute in Taiwan-Taipei's response to recommendation 16.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei's local compensation plan complied with Taiwan labor laws.

Recommendation 18: The American Institute in Taiwan-Taipei should implement a records management program that complies with Department standards. (Action: AIT/T)

Management Response: In its October 26, 2023, response, the American Institute in Taiwan-Taipei concurred with this recommendation. The institute noted an estimated completion date of November 2023.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the American Institute in Taiwan-Taipei implemented a records management program that complies with Department standards.

PRINCIPAL OFFICIALS

Agency/Section/Title	Name	Arrival Date
Leadership		
Director	Sandra Oudkirk	7/2021
Deputy Director	Jeremy Cornforth	7/2021
Kaohsiung Branch Office		
Principal Officer	Thomas T. Wong	8/2022
Chiefs of Sections		
Consular	Deena J. Parker	8/2018
Economic	Rashad Jones	7/2021
Management	Matthew C. Meadows	7/2021
Political	Richard C. Jao	9/2021
Public Affairs	Diane L. Sovereign	7/2020
Regional Security	Brandon Halm	8/2022
Other Agency Representatives		
Agricultural Section	Erich Kuss	7/2021
Commercial Section	Brent E. Omdahl	8/2020
Department of Homeland Security	Benjamin Sinkwitz	1/2022
Drug Enforcement Administration	Tony Chien	7/2019
Federal Bureau of Investigation	Ty Cook	1/2022
Liaison Affairs Section	Kyle Marcum	7/2022
Security Cooperation Office	Brady A. Crosier	5/2020

Source: Generated by OIG from data provided by the American Institute in Taiwan-Taipei.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted from March 13 to July 18, 2023, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2020 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).

Objectives and Scope

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. 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 and U.S. interests are 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; and whether instances of fraud, waste, or abuse exist and whether adequate steps for detection, correction, and prevention have been taken.

Methodology

OIG used a risk-based approach to prepare for this inspection. OIG conducted portions of the inspection remotely and relied on audio- and video-conferencing tools in addition to in-person interviews with Department and other personnel. OIG also reviewed pertinent records; circulated surveys and compiled the results; and reviewed the substance of this report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG used professional judgment and analyzed physical, documentary, and testimonial evidence to develop its findings, conclusions, and actionable recommendations.

APPENDIX B: MANAGEMENT RESPONSE

October 26, 2023

UNCLASSIFIED

THRU: Bureau of East Asian and Pacific Affairs – Daniel Kritenbrink, Assistant Secretary
Bureau of the Comptroller and Global Financial Services – James Walsh, Comptroller
Bureau of Educational and Cultural Affairs – Lee Satterfield, Assistant Secretary
Bureau of Global Talent Management – Marcia Bernicat, Director General of the Foreign Service and Director of Global Talent
Bureau of Overseas Buildings Operations – William Moser, Director
Office of Policy, Planning, and Resources – Paul Kruchoski, Director

TO: OIG – Arne Baker, Acting Assistant Inspector General for Inspections

FROM: American Institute in Taiwan – Taipei - Sandra Oudkirk, Director

SUBJECT: Response to Draft OIG Report – Inspection of the American Institute in Taiwan-Taipei and Kaohsiung

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

OIG Recommendation 1: The American Institute in Taiwan-Taipei, in coordination with the Office of Policy, Planning and Resources of the Under Secretary for Public Diplomacy and Public Affairs, should require the Public Diplomacy Section to fully implement the Public Diplomacy Staffing Initiative. (Action: AIT/T in coordination with R/PPR)

Management Response: AIT/T concurs with the recommendation and will work to fully implement the remaining portions of the Public Diplomacy Staffing Initiative.

OIG Recommendation 2: The American Institute in Taiwan-Taipei should require all grants officers and grants officer representatives to follow existing grants administration standard operating procedures. (Action: AIT/T)

Management Response: AIT/T partially concurs with the recommendation. AIT's grants team has drafted and revised SOPs for grants officers (GOs) and grants officer representatives (GORs) involved with grants selection, monitoring, and evaluation. GOs and GORs follow the U.S. Department of State Award File Checklist to ensure proper documentation of grants at all phases of the pre-award, awards, post-award, and closeout phases. The grants team has a monthly grants selection and review committee that relies on a revised scoring rubric to ensure

a standardized merit review. AIT also crafted an Annual Program Statement which provides public information on potential funding opportunities to ensure open competition. AIT PDS staff members no longer serve as Grants Officers for POL-section grants. To ensure proper implementation of grants administration standard operating procedures, AIT hired one new joint Economic-Political Section LES to serve as GOR for Global Cooperation Training Framework (GCTF) programs in June, and in October the Political Section trained an additional Political Section LES as a GOR to support non-GCTF, Political Section-related grants. AIT's Political Section will utilize these additional staff resources to continue to ensure all required documentation is added to grant files.

AIT/T is committed to properly training all GOs and GORs and ensuring that they follow grant management best practices. The reason for the partial concurrence, however, is that AIT/T has received conflicting information about its ability to participate in formal State Department grants processes. While AIT/T GOs and GORs currently receive State Department grant certification, AIT is a contractor, not a State Department office. For this reason, we understand A/OPE is unable to manage large grants using AIT funds, which places AIT/T in an impossible situation. We require the ability to responsibly issue and/or monitor large grants to support GCTF and the nascent Taiwan Fellowship Program, but we currently lack a path forward. Accordingly, AIT/T will work with the Contracting Officer, Contracting Officer's Representative, and AIT/W to determine whether a formal, documented exclusion from Department policy on this matter is appropriate, as authorized by the AIT contract with the Department of State. In any case, AIT/T will ensure that funds are managed with the utmost attention.

OIG Recommendation 3: The American Institute in Taiwan-Taipei, in coordination with the Bureau of Educational and Cultural Affairs, should implement a plan for the American Center to conform to the bureau's American Spaces standards. (Action: AIT/T, in coordination with ECA)

Management Response: AIT/T concurs with the recommendation. The AIT American Spaces team, in conjunction with the Regional Engagement Specialist (REPS), has crafted an American Spaces Taiwan Network Strategic Plan for FY2024 what will be submitted in November 2023. The REPS visited AIT in September for several days of meetings with American Spaces staff and partner organizations across the island to provide training and strategic planning opportunities. The American Center, one of AIT's six American Spaces on Taiwan that is housed in AIT's main office building in Taipei, still faces challenges relating to access and location. However, a comprehensive and strategic plan is being drafted that incorporates engagement with the local community in Neihu, Mission Speaker Programs, and alumni engagement activities that will allow the American Center to conform to American Spaces event statistics and standards.

OIG Recommendation 4: The American Institute in Taiwan-Taipei should comply with Department guidance on passport adjudication. (Action: AIT/T)

Management Response: AIT/T concurs with the recommendation. Starting in May 2023, AIT/T implemented the recommendation by having passport adjudicators approve applications simultaneously electronically and on paper.

OIG Recommendation 5: The American Institute in Taiwan-Taipei should resolve passport services in accordance with Department guidance. (Action: AIT/T)

Management Response: AIT/T concurs with the recommendation. Starting in May 2023, AIT/T implemented the recommendation by ensuring that a consular LE staff member is assigned responsibility for reviewing open passport cases in ACS+ and initiating action to close cases older than 90 days. Another staff member is assigned secondary responsibility to ensure coverage.

OIG Recommendation 6: The American Institute in Taiwan-Taipei should manage its immigrant visa records in accordance with Department guidance. (Action: AIT/T)

Management Response: AIT/T concurs with the recommendation. In May 2023, AIT/T destroyed the backlog of refused immigrant visa files and has established a review mechanism to ensure timely termination processing and file destruction.

OIG Recommendation 7: The American Institute in Taiwan-Taipei should complete required visa validation studies, in accordance with Department guidelines. (Action: AIT/T)

Management Response: AIT/T concurs with the recommendation. AIT/T implemented the recommendation by completing the required validation study, 23 TAIPEI 1164, in October 2023.

OIG Recommendation 8: The American Institute in Taiwan-Taipei, in coordination with the American Institute in Taiwan, Washington Headquarters, should implement a process to formally request and document approvals for exceptions to Department policy, as required by the contract. (Action: AIT/T, in coordination with AIT/W)

Management Response: AIT/T concurs with the recommendation. AIT/T will work with the Contracting Officer, Contracting Officer's Representative, AIT/W, and EAP/EX to establish and implement a framework for addressing this recommendation and identifying past examples that require documentation. We aim to complete this process by December 2023.

OIG Recommendation 9: The American Institute in Taiwan-Taipei should revise its motor vehicle policy to comply with Department standards on other authorized use of official vehicles. (Action: AIT/T)

Management Response: AIT/T concurs with the recommendation. AIT/T updated the policy and circulated it on June 9, 2023.

OIG Recommendation 10: The American Institute in Taiwan-Taipei should enforce driver safety requirements for all chauffeurs and incidental operators under chief of mission authority in accordance with Department guidelines. (Action: AIT/T)

Management Response: AIT/T concurs with the recommendation. AIT/T has already implemented most of this recommendation and is working to ensure consistent compliance to complete this recommendation. We aim to finalize this process by January 2024.

OIG Recommendation 11: The American Institute in Taiwan-Taipei, in coordination with the Bureau of Overseas Buildings Operations, should evaluate all residential properties for seismic risk in accordance with Department standards. (Action: AIT/T, in coordination with OBO)

Management Response: AIT/T concurs with the recommendation. AIT/MGT/FAC engaged with all property owners from which we lease residences and acquired copies of the occupancy permits for each property. Said permits serve as evidence that each property has met all structural and seismic requirements. Those permits have been uploaded into the RPA system, and AIT will upload such permits for all properties for which GSO establishes leases in the future. This process was completed on October 12, 2023.

OIG Recommendation 12: The American Institute in Taiwan-Taipei, in coordination with the Bureau of Overseas Buildings Operations, should conduct the required annual review of the Japanese Guesthouse property to determine whether the property is economical to retain and if continued U.S. government ownership of the property is justified considering its current use. (Action: AIT/T, in coordination with OBO)

Management Response: AIT/T concurs with the recommendation. AIT/T will work with OBO to gain disposal approval and subsequently engage with local professionals to place the property on the market. We aim to complete this process during FY2024.

OIG Recommendation 13: The American Institute in Taiwan-Taipei should bring its fire protection program into compliance with Department standards. (Action: AIT/T)

Management Response: AIT/T concurs with the recommendation. AIT/MGT/FAC implemented a self-reporting portal to record required inspections of fire safety equipment and provides training to every newcomer during their onboarding to advise them of their responsibilities. While participation in the system has historically been low, FAC will continue to engage with staff to remind them of their responsibilities. In addition, FAC directly inspects the equipment semiannually to verify the equipment is in good working condition. This process was completed in August 2023.

OIG Recommendation 14: The American Institute in Taiwan-Taipei should administer its facility management expendable supplies in accordance with Department standards. (Action: AIT/T)

Management Response: AIT/T concurs with the recommendation. FAC will work with GSO to consolidate its inventory into the ARIBA system by April 2024.

OIG Recommendation 15: The Bureau of East Asian and Pacific Affairs, in coordination with the American Institute in Taiwan-Taipei, the American Institute in Taiwan, Washington Headquarters, the Bureau of the Comptroller and Global Financial Services, and the Bureau of Global Talent Management, should establish a working group to develop streamlined payroll processes that also automate the change in duty station of U.S. direct-hire staff when they transfer out of Taiwan. (Action EAP, in coordination with AIT/T, AIT/W, CGFS, and GTM)

Management Response: AIT/T concurs with the recommendation. Effective October 8, 2023, in coordination with EAP, AIT/W, CGFS, and GTM, AIT/T implemented direct charge of payroll to appropriate fiscal data for U.S. direct-hire and eligible family member employees assigned to AIT/T, AIT/CLASS, and AIT/Kaohsiung. Since AIT payroll issues will persist until the Department develops a global system to automate the change of duty station notification process for departures, AIT/T looks forward to participating in any CGFS and/or GTM pilot programs or working groups to roll out automation transfer mechanisms.

OIG Recommendation 16: The American Institute in Taiwan, Washington Headquarters should update or negotiate new memoranda of agreement with all federal agencies on Taiwan in accordance with the contract. (Action: AIT/W)

Management Response: AIT concurs with the recommendation. The American Institute in Taiwan, Washington, has updated its Memorandum of Agreement template to implement a five-year agreement term for most subscribing agencies. Only four agencies remain to be updated; they have the agreements and are obtaining final internal approvals and signatures. All other subscribing agencies at AIT are operating with signed MOAs. AIT anticipates that all MOAs will be in place by February 2024.

OIG Recommendation 17: The American Institute in Taiwan-Taipei, in coordination with the Bureau of Global Talent Management, should bring its local compensation plan into compliance with Taiwan labor laws. (Action: AIT/T, in coordination with GTM)

Management Response: AIT concurs with the recommendation. AIT/T has briefed AIT/W, EAP/EX, GTM/OE on its intention to develop a comprehensive update that brings its local compensation plan into alignment with current Taiwan labor laws, including full participation in the Local Social Security System (LSSS). This complex process requires (1) sunseting the existing private defined-benefit pension plan to transition employees to the local government defined-contribution pension plan; (2) beginning to make contributions to the National Health Insurance Plan; (3) and adapting the compensation plan to comply with the Unemployment Insurance and Gender Equality in Employment Act (including parental leave and other new leave updates). AIT has obtained a legal assessment of its current state of non-compliance and will contract a consultant to assist with implementation of the requirements. Given the complexity of this project and its significant impact on our workforce, AIT aims to implement the transition by Q3 FY2025, pending GTM/OE clearances and funding availability.

OIG Recommendation 18: The American Institute in Taiwan-Taipei should implement a records management program that complies with Department standards. (Action: AIT/T)

Management Response: AIT concurs with the recommendation. AIT/T Management has implemented most of the recommendation already by formalizing delegation of authority in April 2023. AIT/T will ensure that sections' records coordinators at AIT/T and AIT/K are formally trained. AIT/T will also establish and circulate an AIT Records Management Policy with clear guidelines on disposition schedule and managing eMessages. AIT aims to complete this recommendation by November 2023.

ABBREVIATIONS

AIT	American Institute in Taiwan
AIT/K	American Institute in Taiwan, Kaohsiung Branch Office
AIT/T	AIT Taiwan-Taipei
AIT/W	AIT Washington Headquarters
CGFS/GC	Bureau of the Comptroller and Global Financial Services, Global Compensation Directorate
DEIA	Diversity, Equity, Inclusion, and Accessibility
EAP	Bureau of East Asian and Pacific Affairs
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
ICS	Integrated Country Strategy
ILMS	Integrated Logistics Management System
LE	Locally Employed
OBO	Bureau of Overseas Buildings Operations
PRC	People's Republic of China
RFMS	Regional Financial Management System
TRA	Taiwan Relations Act

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