



# Office of Inspector General United States Department of State

ISP-I-19-05

Office of Inspections

February 2019

## **Inspection of Embassy Kolonia, Federated States of Micronesia**

BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

ISP-I-19-05

## What OIG Inspected

OIG inspected the executive direction, consular, resource management, and information management operations of Embassy Kolonia.

## What OIG Recommended

OIG made 16 recommendations to improve Embassy Kolonia's consular, resource management, and information management operations.

In its comments on the draft report, the Department concurred with all 16 recommendations. OIG considers all 16 recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written response is reprinted in its entirety in Appendix B.

February 2019

OFFICE OF INSPECTIONS

Bureau of East Asian and Pacific Affairs

## Inspection of Embassy Kolonia, Federated States of Micronesia

## What OIG Found

- Staffing gaps, curtailments, collateral duty assignments, and a lack of training contributed to management control deficiencies throughout the embassy—including in management, security, information management, and consular operations.
- The embassy did not meet Department of State guidance for consular crisis preparation.
- The embassy met day-to-day computing and communications needs; however, OIG found significant deficiencies in the implementation of effective information management and information security.
- Embassy Kolonia generally received good support from Embassy Manila in security, information management, and management operations.

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## CONTEXT

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The Federated States of Micronesia (FSM) is one of the most remote countries in the world. Its 607 islands in the Western Pacific Ocean are spread over an area just two-fifths the size of the continental United States but have a land mass of only 271 square miles. From Hawaii, the FSM is located approximately three-quarters of the way to Indonesia. Economic activity consists largely of subsistence farming and fishing, and the government employs two-thirds of the population. The potential for tourism is limited by isolation, lack of adequate facilities, and limited air and water transportation. The FSM became part of a United Nations Trust Territory<sup>1</sup> under U.S. administration following World War II. The FSM's eastern four island groups adopted a constitution in 1979 and became independent in 1986 under the Compact of Free Association (COFA)<sup>2</sup> with the United States.

Under the terms of the original COFA, the United States provided \$1.3 billion in grants and aid from 1986 to 2001. The United States and the FSM amended the COFA in 2003 to strengthen financial accountability. The amended COFA obligates the United States to provide roughly \$2.1 billion to the FSM. Direct U.S. financial assistance—approximately \$75 million in FY 2018—provides education, health, infrastructure, private sector development, public sector capacity building, and environmental support. The amended COFA also develops a trust fund for the FSM that is intended to provide a comparable income stream beyond 2023 when COFA grants end. However, when direct financial assistance is replaced by the trust fund, overall COFA funding is projected to fall by approximately 50 percent. Developing and implementing a strategy to mitigate the financial instability that likely will result is one of Embassy Kolonia's highest priorities. In addition to fostering budgetary self-reliance, Embassy Kolonia's other Integrated Country Strategy (ICS) goals are protecting the United States by remaining the partner of choice for the FSM, expanding security cooperation, and fostering the FSM's economic development and sustainable growth.

In accordance with the COFA, the United States protects the FSM as it protects its own territory. Micronesians volunteer for and serve in the U.S. military at a higher per capita rate than U.S. citizens. The FSM has regular elections and an excellent record on human rights and religious freedom. FSM citizens may live, work, and study in the United States without a visa, and migration to the United States has been significant; an estimated 50,000 FSM citizens currently live in the United States, while 102,000 live in the FSM.

At the time of the inspection, Embassy Kolonia was authorized 4 U.S. direct-hire Department of State (Department) personnel and 62 locally employed (LE) staff. Other agencies represented at the embassy were the Departments of Interior and Agriculture, each with one direct-hire American employee, and a three-person Peace Corps contingent.

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<sup>1</sup>A trust territory is a colony or territory placed under the administration of one or more countries by commission of the United Nations.

<sup>2</sup> The COFA is a treaty that establishes free association between the United States and the Federated States of Micronesia. The original COFA was signed into law at the time the FSM gained its independence in 1986. The two governments signed the amended COFA on April 30, 2003; it entered into force on May 1, 2004.

Embassy Kolonia relies heavily on regional support. The Regional Consular Officer provides consular support twice a year from Embassy Bangkok, and Embassy Manila provides security, information technology (IT), general services, financial management, human resources, facilities management, and medical support through a March 2015 memorandum of understanding. Embassy Manila provides its support via telephone, email, and temporary duty (TDY) staff, but the amount of TDY support varies according to the function. IT staff, for example, visits Embassy Kolonia approximately twice a year. In contrast, an Embassy Manila-based Assistant Regional Security Officer visits each quarter, while general services, financial management, human resources, and facilities management visits occur quarterly or as needed.

The memorandum of understanding between Embassy Manila and Embassy Kolonia does not specifically state the amount of TDY support to be provided. Embassy Kolonia staff told OIG that although they were pleased with the support Embassy Manila provided, they would benefit from more frequent TDY visits. However, a lack of funding prevented this. An April 2018 Embassy Manila study estimated the annual travel and per diem costs for the support visits at \$137,000. Embassy Kolonia, which is responsible for paying all support visit travel costs, requested \$130,261 in FY 2018 to fund management support travel, but the Bureau of East Asian and Pacific Affairs reduced the amount to \$35,850. The two embassies have developed a new memorandum of understanding, which was in the approval process at the time of the OIG inspection.

OIG conducted this inspection of Embassy Kolonia consistent with Section 209 of the Foreign Service Act.<sup>3</sup> Using its risk-based approach to inspections, OIG inspected executive direction, consular operations, management operations, management controls, and information management. The companion classified inspection report discusses the embassy's security program and issues affecting the safety of mission personnel and facilities.

## **EXECUTIVE DIRECTION**

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OIG assessed Embassy Kolonia's leadership on the basis of on-site interviews that included comments on Front Office performance; staff questionnaires; and OIG's review of documents and observations of embassy meetings and activities during the course of the on-site inspection.

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

The Ambassador, a career Foreign Service Officer, arrived in August 2016. He previously served as the Management Counselor at the U.S. Embassy in Jakarta and the U.S. Embassy in Manila. As the Management Counselor in Manila, he provided extensive support to Embassy Kolonia. The Deputy Chief of Mission (DCM) arrived in July 2016. She spent two years teaching at the U.S. Air Force Academy in Colorado Springs, CO, before beginning her service as DCM.

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<sup>3</sup> See Appendix A.

The Ambassador and the DCM demonstrated the Department's leadership and management principles outlined in 3 Foreign Affairs Manual (FAM) 1214. OIG questionnaires described the Ambassador as collaborating well with personnel throughout the embassy and demonstrating that he valued the employees. In interviews with OIG, staff members stated that the Ambassador and the DCM had a cordial working relationship and that their personalities complemented each other. The Ambassador held monthly country team meetings with the heads of all U.S. Government agencies represented at post. Additionally, the Ambassador or the DCM chaired a weekly management meeting with all embassy sections to coordinate work and activities.

The Ambassador and the DCM encouraged adherence to Department policies, including those related to fraud, waste, and abuse, and set the example in that regard. Embassy personnel told OIG that the Ambassador frequently discussed at weekly staff meetings the importance of observing Department standards of conduct and emphasized the importance of ensuring that Government resources were not wasted or otherwise put at risk.

### ***Equal Employment Opportunity***

The Embassy's Equal Employment Opportunity (EEO) program did not meet the requirements of 3 FAM 1500. The embassy posted EEO notices and references on a communal bulletin board, but they did not list the contact information for the EEO counselors at Embassy Manila. In addition, the embassy had not appointed its own EEO counselor to replace the previous counselor, who curtailed in April 2017. Furthermore, OIG found that some LE staff members did not understand the program's purpose, a situation that may have occurred because the embassy did not have a LE liaison. OIG notes that guidance in 3 FAM 1514.2d, however, encourages the presence of at least one non-American LE staff liaison for EEO issues at posts abroad. OIG advised the Ambassador and the DCM to have the counselor and LE staff liaison, when appointed, provide an EEO presentation to the LE staff. During the inspection, the embassy posted Embassy Manila's EEO contact information on its bulletin board. Without an active EEO program, employees who believe they may be discriminated against lack the information and assistance to which they are entitled according to Department guidance.

**Recommendation 1:** Embassy Kolonia should implement an Equal Employment Opportunity program that is in accordance with Department standards. (Action: Embassy Kolonia)

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

The previous Ambassador developed Embassy Kolonia's most recent ICS, which covers the period 2015-2017; the Department approved it in December 2013. The current Ambassador began drafting a new ICS in January 2017 but halted the process in June 2017 while awaiting updated guidance from the new administration.<sup>4</sup> Upon receiving the guidance in September 2017, the embassy developed a draft ICS but did not submit it to Washington. The Ambassador

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<sup>4</sup> Criteria for the updated Strategic Planning Process are contained in cable 17 STATE 96320, "Update of the Strategic Planning Process for the Joint Strategic Plan, Bureau and Country Strategies," dated September 20, 2017.

told OIG that staffing gaps and a lack of experience in writing an ICS delayed its completion. At the time of the inspection, the embassy was continuing to work on a new ICS. The Ambassador also was seeking assistance with the ICS action plans from the Department's ICS office.

The U.S. Government provided more than \$100 million in annual assistance and access to U.S. Federal programs and grants to FSM, making coordination of interagency activities a vital part of the Ambassador's mission. He met these obligations, as he regularly coordinated with many of the more than 50 U.S. Government agencies and components who work with the FSM,<sup>5</sup> specifically the U.S. Agency for International Development based in Manila, the Department of Defense, and law enforcement agencies, such as the U.S. Coast Guard. The Ambassador attended meetings and events with FSM Government officials, including two with the FSM President and one with the FSM Congress in a 6-month period.

The Ambassador and the DCM spent significant time monitoring the U.S. agencies' programs by visiting project sites and program offices throughout the FSM. This required extensive travel in a country with limited air transportation. The Ambassador frequently discussed the need to safeguard U.S. Government assets in the FSM with these program offices. For example, the Ambassador and the DCM worked successfully with the U.S. Department of the Interior to suspend funding for a Hawaiian company suspected of fraud. The contract for the company—which had been recruited by the FSM Government to allocate COFA infrastructure funding at the national level—was terminated and replaced by another firm.

### **Adherence to Internal Controls**

Embassy Kolonia prepared the FY 2017 Annual Chief of Mission Management Control Statement of Assurance and submitted the document to the Department in August 2017, as required by 2 FAM 024. The embassy did not report any significant deficiencies. However, OIG found several management control deficiencies in consular, management, IT, and security operations that are outlined throughout this report and in the companion classified report.

A number of factors contributed to the lack of management controls. The embassy suffered from a 50 percent staffing gap in 2017. The Consular Officer curtailed unexpectedly in April 2017, leaving a year-long gap before the new officer arrived in April 2018. The DCM and the Management Officer obtained consular commissions so that consular operations could continue. The previous Management Officer curtailed in January 2017, and the new officer arrived in August 2017. The new officer, a general services specialist in his first management officer position, lacked sufficient training and required guidance and mentoring from the Ambassador and DCM. Opportunities to do so were limited, however, as both the Ambassador and the DCM traveled frequently, with the Ambassador away from post 35 percent of the time on official business. OIG advised the Ambassador that the arrival of a new DCM, scheduled for August 2018, would be an opportunity to realign Front Office responsibilities so that more

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<sup>5</sup> Most of these agencies are domestic and managed out of U.S. offices in Guam, Hawaii, San Francisco, Atlanta, and Washington, DC.

attention could be given, especially by the DCM, to embassy oversight and management. At the time of the inspection, all four Department direct-hire positions were filled.

### ***Embassy Did Not Conduct Reviews of Nonimmigrant Visa Adjudications***

OIG reviewed nonimmigrant visa records for FY 2017 and FY 2018 and found that the adjudicating officer's direct supervisor had not reviewed visa issuances or refusals as required by Department guidance.<sup>6</sup> On the day before OIG left Kolonia, the DCM conducted all adjudication reviews for the previous 2 years. Department guidance, however, states that a consular officer's direct supervisor should review nonimmigrant visa adjudications on the same day as the adjudication occurred and must review them within 3 business days. The DCM told OIG she had not performed these reviews because she lacked familiarity with the Department's adjudication computer system. Regular, systematic review of nonimmigrant visa adjudications is an important management control to ensure the highest professional standards of adjudication and to protect border security through uniform, correct application of visa law and regulations.

**Recommendation 2:** Embassy Kolonia should review nonimmigrant visa adjudications according to Department standards. (Action: Embassy Kolonia)

### **Security and Emergency Planning**

OIG found deficiencies in Embassy Kolonia's physical and residential security, local guard, and emergency and crisis preparedness programs, which are detailed below and in the companion classified report.

OIG found that Embassy Kolonia had an excellent working relationship with the Regional Security Office in Manila, which provides regional support. The Management Officer, who served as the Post Security Officer, also was the Information Systems Officer and backup Consular Officer. OIG found that the Management Officer's many duties prevented him from effectively managing all aspects of post's security program. This observation was consistent with the February 2018 Bureau of Diplomatic Security post security program review, which found several deficiencies. The embassy made several improvements to its security program to address many of the review's findings. For example, Embassy Kolonia began conducting drills and exercises in which the Ambassador and the DCM participated. In addition, the embassy updated all security directives, and the Ambassador conducted an annual review of the Memorandum of Agreement on Security of Department of Defense Elements and Personnel between Chiefs of Mission and Geographic Combatant Commanders.<sup>7</sup> The remaining deficiencies are discussed in more detail in the companion classified report.

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<sup>6</sup> The Department updated and moved the guidance to 9 FAM 403.12-1d in July 2018.

<sup>7</sup> Cable 18 STATE 16195, "Security Responsibility for DoD Personnel Overseas – Mandatory Annual Review of MOA Between COMs and GCCs on Security of DoD Elements and Personnel," April 6, 2018.



## CONSULAR AFFAIRS

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Embassy Kolonia's Economic/Consular Officer heads the Consular Section, spending approximately one-fourth of his time on consular work. He is assisted by one LE staff member. The volume of consular work is low; the embassy processed only 559 nonimmigrant visas and 120 U.S. passport applications in FY 2017. (Under the COFA, most FSM citizens do not need visas to visit, study, or work in the United States; as a result, most nonimmigrant visa applicants are third-country nationals.) The embassy estimated that more than 1,000 American citizens reside in the FSM, and there are more than 2,000 visitors annually. Embassy Manila processes immigrant visas for FSM citizens.

OIG reviewed the Consular Section's leadership and management, nonimmigrant visa operations, American citizens' services, anti-fraud programs, Visas Viper (a program to identify terrorist threats), cashiering operations, facilities, and crisis preparedness. At the beginning of the inspection, many of the consular management controls did not meet Department standards, particularly regarding accounting for consular fees and controlled consular items. The embassy improved its implementation of management controls during the inspection. For example, it reconciled consular fees, began conducting unannounced cash counts of the consular cashier, conducted a validation study on issued visas, and established procedures for sending passport applications to the Department monthly. As a result, OIG concluded that the embassy implemented consular management controls in most areas in accordance with regulations and Department standards. However, OIG found several areas where the embassy needed to improve consular operations, as discussed below.

### ***Consular Crisis Preparedness Did Not Comply with Department Guidance***

The embassy did not meet Department guidance for consular crisis preparation, as detailed in 7 FAM 1812 and 7 FAM 1814. For example, the consular portion of the emergency action plan included basic contact information for different crisis scenarios but did not incorporate post-specific plans about actions that would be required in such situations. In addition, basic equipment, such as a satellite phone and a laptop computer that would be used in a crisis, had not been tested within the year preceding the inspection. Furthermore, the embassy did not have a disaster assistance kit to use if employees had to travel outside Kolonia to manage a crisis. Failure to properly prepare for a crisis could put embassy personnel and American citizens at risk.

**Recommendation 3:** Embassy Kolonia should take the actions to prepare for a consular crisis according to Department guidance. (Action: Embassy Kolonia)

### ***Embassy Had Not Tested its Warden System***

The embassy did not meet Department standards for maintaining and testing its warden system.<sup>8</sup> The embassy had not assessed the adequacy of its warden system or tested it since 2016. Guidance in 7 FAM 075a and b, however, requires an embassy to periodically assess and test its warden system. The embassy had not met these requirements due to competing priorities and staffing gaps. This issue should be addressed, as, without an updated and tested warden system, the embassy would be hampered in protecting American citizens during a crisis.

**Recommendation 4:** Embassy Kolonia should assess and test its warden system in accordance with Department standards. (Action: Embassy Kolonia)

### ***Embassy Lacked Authority to Issue Travel Letters to U.S. Citizens in Emergencies***

Embassy Kolonia lacked authority to issue travel letters<sup>9</sup> to assist U.S. citizens located in distant areas of the FSM who need to travel in an emergency but do not have valid passports and so would find it difficult to travel to Kolonia to apply for passports. Guidance in 8 FAM1304.3-7b grants latitude to embassies to issue travel letters to help U.S. citizens in emergencies. However, an October 31, 2017, FAM update requires that the Bureau of Consular Affairs first issue to the embassy a general authorization. The embassy had not requested this general authorization because officials were unaware of the updated guidance. If unaddressed, the embassy might not be able to assist a U.S. citizen effectively in an emergency situation.

**Recommendation 5:** Embassy Kolonia, in coordination with the Bureau of Consular Affairs, should obtain a general authorization from the Bureau of Consular Affairs to issue travel letters to U.S. citizens in emergency situations. (Action: Embassy Kolonia, in coordination with CA)

## **RESOURCE MANAGEMENT**

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OIG reviewed Embassy Kolonia's General Services, Financial Management, Human Resources and Facilities Management Sections and determined they generally complied with Department standards and policies, with the exceptions discussed below.

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<sup>8</sup> During the inspection, the Department announced a new system to improve the warden system's ability to promote the safety and security of U.S. citizens overseas and to make the system more relevant in an age of social media. Because the new American Liaison Network had yet to be codified in the FAM at the time of the inspection, OIG continued to use the term "warden system" in this report.

<sup>9</sup> Travel letters can be issued in lieu of a passport in certain limited circumstances to facilitate a U.S. citizen to travel either to the United States or to another country to apply for a passport.

## General Services

### ***Embassy Did Not Conduct Purchase Card Reviews***

Although 4 FAM 455 requires annual reviews of purchase card activities, the purchase card holder and the Management Officer told OIG that no such review had not been conducted in more than 2 years. Because of competing priorities, embassy management had not scheduled these reviews or insisted that they be carried out. Without periodic reviews of the purchase card program, the risk of waste, fraud and mismanagement increases.

**Recommendation 6:** Embassy Kolonia should conduct purchase card procurement reviews in accordance with Department standards. (Embassy Kolonia)

### ***Employees Were Not Reimbursing Embassy for Home to Office Transportation Expenses***

Employees did not reimburse the embassy for “other authorized use” of official vehicles, and the embassy did not attempt to collect these debts. One U.S. direct-hire employee used official vehicles for home-to-office transportation until his private vehicle arrived. Although such use of official vehicles is allowed, 14 FAM 433.4 requires employees to reimburse the U.S. Government for those expenses. The embassy had not prioritized accounting for debts to the U.S. Government. Using official vehicles for personal purposes without reimbursement increases mission expenses, which instead could be used for other requirements, and creates an impression that Government property is available for personal use.

**Recommendation 7:** Embassy Kolonia should collect all outstanding charges for personal use of official vehicles. (Action: Embassy Kolonia)

### ***Unauthorized Commitment of Funds***

Embassy Kolonia committed official funds without a valid contract, contrary to Department standards in 14 FAM 215. The unauthorized commitment occurred when the embassy did not renew its internet contract, which expired in June 2017, but continued to receive the service. This lack of oversight on contract renewals occurred during an extended absence in the Management Officer position. In January 2018, the new Management Officer became aware of the situation and signed a new contract. However, the unauthorized commitment of U.S. Government funds remained unratified. OIG estimated the value of the unauthorized service was at least \$40,000. According to 14 FAM 215e, only the Department’s Office of the Procurement Executive can ratify unauthorized commitments above \$1,000 if certain conditions are met. OIG notes that, if funds were not available at the time of the unauthorized commitment, a violation of the Anti-Deficiency Act may have occurred, which would require reporting to the Office of Management and Budget and Congress. Unauthorized commitments may result in personal criminal and administrative liability for the individual who made the commitment and moreover puts vendors at risk of not receiving payment for services performed and goods delivered.

**Recommendation 8:** Embassy Kolonia, in coordination with Embassy Manila and the Bureau of Administration, should seek to ratify its unauthorized commitment in accordance with Department standards. (Action: Embassy Kolonia, in coordination with Embassy Manila and A).

## **Financial Management**

### ***No Review of Unliquidated Obligations***

The embassy did not routinely review unliquidated obligations. At the time of the inspection, the embassy had 606 open obligations worth \$707,000. Of these, 301 were from FY 2016 or earlier. Department standards in 4 FAM 087.2a(4), however, require the financial management staff to review procurements at least monthly to ensure that unliquidated obligation balances and disbursements are valid. The embassy did not ensure that excess funds were deobligated from completed procurements due to competing priorities. This issue should be addressed, as failure to review unliquidated obligations prevents funds from being available for other valid needs.

**Recommendation 9:** Embassy Kolonia, in coordination with Embassy Manila, should review \$707,000 in unliquidated obligations and deobligate any funds that are no longer needed. (Action: Embassy Kolonia, in coordination with Embassy Manila)

### ***Embassy Did Not Perform Random, Unannounced Cash Verifications***

The Management Officer conducted monthly cash verifications of the embassy's main cashier, but they always occurred in the last 5 working days of the month. According to the Department's Cashier User Guide Chapter 3.6(6), cash counts must be unannounced, random, and unpredictable. The Management Officer conducted cash verifications at the end of the month through force of habit. This predictability diminished the effectiveness of cash counts, which ensure proper care and control of funds and records.

**Recommendation 10:** Embassy Kolonia should conduct monthly unannounced cash counts at unpredictable times in accordance with Department standards. (Action: Embassy Kolonia)

## **Human Resources**

### ***Not All Supervisors Completed Locally Employed Staff Performance Evaluations***

Some embassy supervisors did not meet the deadlines for completing LE staff performance evaluation reports. For example, at the time of the inspection, 9 out of the 11 non-security guard LE staff members had yet to receive their 2017 performance evaluation reports. Department standards in 3 FAH-2 H-135.5, however, require annual performance evaluations for each LE staff member. The supervisors neglected these evaluation reports because of competing priorities. Delays in preparing, submitting, and processing performance evaluations could have financial repercussions, affect promotion prospects, and cause morale problems for the LE staff; such delays also place an administrative burden on the Department's payroll office.

**Recommendation 11:** Embassy Kolonia should complete all overdue employee performance reports in accordance with Department standards. (Action: Embassy Kolonia)

## INFORMATION MANAGEMENT

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OIG reviewed classified, unclassified, and dedicated internet network operations; physical protection of information technology assets; classified communication security; emergency communication preparedness; radio and telephone programs; and mail and pouch services. One cleared U.S. locally hired Computer Management Assistant is responsible for all aspects of information management operations. Embassy Manila and its Regional Information Management Center provide guidance and temporary staff support, contingent on availability of personnel and Embassy Kolonia funding.

The Computer Management Assistant met the day-to-day computing and communications needs of the embassy with a focus on customer service. However, OIG found significant deficiencies in the implementation of effective information management and information security, as detailed below and in the companion classified inspection report.

### ***Information Technology Contingency Plans Were Outdated and Untested***

Embassy Kolonia did not annually update and test the IT contingency plan for the unclassified and classified computer networks, although this is required pursuant to 12 FAH-10 H-232.1 and H-232.3-1b(1-3). The Bureau of Diplomatic Security Computer Security Assessment of March 2018 also identified this deficiency. The embassy was aware of these issues but had not given priority to resolving them. An outdated and untested IT contingency plan increases the risk of ineffective responses to or loss of critical information during an emergency or crisis.

**Recommendation 12:** Embassy Kolonia, in coordination with Embassy Manila, should update and test the annual information technology contingency plan for its unclassified and classified networks in accordance with Department standards. (Action: Embassy Kolonia, in coordination with Embassy Manila)

### ***Embassy Did Not Establish Local Information Technology Configuration Control Board***

Embassy Kolonia did not establish a local IT Configuration Control Board to govern all systems equipment operated on the embassy's network. Department standards in 5 FAM 862.1 state that an embassy which maintains its own IT systems must establish a local IT board to ensure that the hardware, software, and network components installed on the local area networks do not adversely affect its existing infrastructure. The Bureau of Diplomatic Security's March 2018 Computer Security Assessment also identified this deficiency. Embassy Kolonia and Embassy Manila's Information Management Section were aware of this issue but had not given priority to establishing a control board. The lack of a local IT Configuration Control Board can put Department computer systems at risk for outages, loss of information, and damage to computer equipment.

**Recommendation 13:** Embassy Kolonia, in coordination with Embassy Manila, should establish a local Information Technology Configuration Control Board in accordance with Department standards. (Action: Embassy Kolonia, in coordination with Embassy Manila)

***Information Systems Security Officer Reviews Not Documented in Accordance with Department Standards***

Embassy Manila's Regional Information Systems Security Officer (ISSO) did not record information system audits or complete the Department's ISSO checklist, as required by Department standards. Guidance in 12 FAM 623.2 requires the Department to create, protect, and retain information system audit records, which should include weekly vulnerability scanning, monthly random email reviews, and monthly random user data reviews. Additional guidance in 12 FAH-10 H-122.5-2 requires the Regional ISSO to conduct monthly reviews of audits records for indications of inappropriate activity. The newly arrived Regional ISSO had, however, performed only limited monitoring in the 2 months before the inspection.

OIG has addressed this issue before and issued a management assistance report in May 2017 that identified the need to enforce the performance of information systems security officer duties by overseas information management personnel in accordance with Department standards.<sup>10</sup> In a subsequent Department cable,<sup>11</sup> the Bureau of Information Resource Management requested that embassy management work with ISSOs to ensure performance of their duties by prioritizing resources to make sure that cybersecurity needs were met and documented. Without regularly scheduled reviews and documented records, Department networks are vulnerable to potential unauthorized access and malicious activity.

**Recommendation 14:** Embassy Manila should complete and document Information Systems Security Officer reviews at Embassy Kolonia as required by Department standards. (Action: Embassy Manila)

***Embassy Server Room Lacked an Environmental Sensor***

Embassy Kolonia's unclassified server room did not have a remote environmental monitoring system. This is inconsistent with 12 FAH-10 H-272.12, which requires the information system server room to be equipped with a temperature sensor. The Computer Management Assistant was unaware of the issue, although the March 2018 Bureau of Diplomatic Security Computer Security Assessment identified this deficiency. The lack of a sensor prevents staff from effectively monitoring the room and when necessary make adjustments to the cooling mechanism to protect the information system equipment.

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<sup>10</sup> OIG, *Management Assistance Report: Non-Performance of Information Systems Security Officer Duties by Overseas Personnel* (ISP-17-24, May 2017).

<sup>11</sup> Cable 17 STATE 104970, "Documenting Information Systems Security Officer (ISSO) Duties," October 18, 2017.

**Recommendation 15:** Embassy Kolonia should install a temperature monitoring device in the unclassified server room in accordance with Department standards. (Action: Embassy Kolonia)

***Embassy Did Not Have an Effective Records Management Program***

Embassy Kolonia did not have an effective records management program. Guidance in 5 FAM 414.5 requires the principal officer at each mission to implement and administer records policies, standards, systems, and procedures issued by the Department's Records Officer. In addition, 5 FAM 414.8 requires that all Department employees preserve documentary materials meeting the definition of a record under the Federal Records Act. OIG found that the embassy did not properly store Department documents. This failure was caused by the lack of an effective embassy records management program that included training for embassy staff. The lack of an effective records management program can result in the loss of important data for historical insight into policy analysis, decision-making, and archival research.

**Recommendation 16:** Embassy Kolonia, in coordination with Embassy Manila, should establish a records management program in accordance with Department guidelines. (Action: Embassy Kolonia, in coordination with Embassy Manila)

## RECOMMENDATIONS

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OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to Embassy Kolonia and Embassy Manila. Embassy Kolonia's complete response, which was coordinated with Embassy Manila, can be found in Appendix B.<sup>12</sup> The Department also provided technical comments that were incorporated into the report, as appropriate.

**Recommendation 1:** Embassy Kolonia should implement an Equal Employment Opportunity program that is in accordance with Department standards. (Action: Embassy Kolonia)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Kolonia's Equal Employment Opportunity program complies with Department standards.

**Recommendation 2:** Embassy Kolonia should review nonimmigrant visa adjudications according to Department standards. (Action: Embassy Kolonia)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Kolonia reviews nonimmigrant visa adjudications according to Department standards.

**Recommendation 3:** Embassy Kolonia should take the actions to prepare for a consular crisis according to Department guidance. (Action: Embassy Kolonia)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Kolonia's consular crisis preparedness complies with Department guidance.

**Recommendation 4:** Embassy Kolonia should assess and test its warden system in accordance with Department standards. (Action: Embassy Kolonia)

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<sup>12</sup> The issuance of this report was delayed due to a 46-day Department-requested extension to provide its written comments, and the lapse in OIG's appropriations that occurred from 11:59 p.m. December 21, 2018, through January 25, 2019.



**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation. The embassy noted a target compliance date of January 31, 2019.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Kolonia assessed and tested its warden system.

**Recommendation 5:** Embassy Kolonia, in coordination with the Bureau of Consular Affairs, should obtain a general authorization from the Bureau of Consular Affairs to issue travel letters to U.S. citizens in emergency situations. (Action: Embassy Kolonia, in coordination with CA)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation. According to Embassy Kolonia the Bureau of Consular Affairs will not issue a general authorization.

**OIG Reply:** OIG considers the recommendation resolved. Although the embassy noted the Bureau of Consular Affairs would not issue a general authorization, OIG did not request and the bureau did not provide a formal response to the recommendation. The recommendation can be closed when OIG receives and accepts documentation of Embassy Kolonia's request for a general authorization to issue travel letters to U.S. citizens in emergency situations and the Bureau of Consular Affairs' response.

**Recommendation 6:** Embassy Kolonia should conduct purchase card procurement reviews in accordance with Department standards. (Embassy Kolonia)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Kolonia reviews purchase card procurement in accordance with Department standards.

**Recommendation 7:** Embassy Kolonia should collect all outstanding charges for personal use of official vehicles. (Action: Embassy Kolonia)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Kolonia collected all outstanding charges for personal use of official vehicles.

**Recommendation 8:** Embassy Kolonia, in coordination with Embassy Manila and the Bureau of Administration, should seek to ratify its unauthorized commitment in accordance with Department standards. (Action: Embassy Kolonia, in coordination with Embassy Manila and A).

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the unauthorized commitment has been ratified in accordance with Department standards.

**Recommendation 9:** Embassy Kolonia, in coordination with Embassy Manila, should review \$707,000 in unliquidated obligations and deobligate any funds that are no longer needed. (Action: Embassy Kolonia, in coordination with Embassy Manila)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation. The embassy noted a target compliance date of March 31, 2019.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Kolonia reviewed its unliquidated obligations and deobligated funds that are no longer needed.

**Recommendation 10:** Embassy Kolonia should conduct monthly unannounced cash counts at unpredictable times in accordance with Department standards. (Action: Embassy Kolonia)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of monthly unannounced cash counts conducted at unpredictable times.

**Recommendation 11:** Embassy Kolonia should complete all overdue employee performance reports in accordance with Department standards. (Action: Embassy Kolonia)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Kolonia completed all overdue employee performance reports.

**Recommendation 12:** Embassy Kolonia, in coordination with Embassy Manila, should update and test the annual information technology contingency plan for its unclassified and classified networks in accordance with Department standards. (Action: Embassy Kolonia, in coordination with Embassy Manila)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation. The embassy noted the first test will occur within the second quarter of fiscal year 2019, and subsequent tests will occur annually thereafter.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Kolonia updated and tested its annual information technology contingency plan in accordance with Department standards.

**Recommendation 13:** Embassy Kolonia, in coordination with Embassy Manila, should establish a local Information Technology Configuration Control Board in accordance with Department standards. (Action: Embassy Kolonia, in coordination with Embassy Manila)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the embassy's local Information Technology Configuration Control Board.

**Recommendation 14:** Embassy Manila should complete and document Information Systems Security Officer reviews at Embassy Kolonia as required by Department standards. (Action: Embassy Manila)

**Management Response:** In its December 20, 2018, response coordinated with Embassy Manila, both Embassy Kolonia and Embassy Manila concurred with this recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Information Systems Security Officer reviews at Embassy Kolonia comply with Department standards.

**Recommendation 15:** Embassy Kolonia should install a temperature monitoring device in the unclassified server room in accordance with Department standards. (Action: Embassy Kolonia)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation. The embassy noted a target compliance date of June 30, 2019.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of a temperature monitoring device in the unclassified server room.

**Recommendation 16:** Embassy Kolonia, in coordination with Embassy Manila, should establish a records management program in accordance with Department guidelines. (Action: Embassy Kolonia, in coordination with Embassy Manila)

**Management Response:** In its December 20, 2018, response, Embassy Kolonia concurred with this recommendation. The embassy noted a target compliance date of March 31, 2019.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of a records management program that complies with Department guidelines.

## PRINCIPAL OFFICIALS

Title	Name	Arrival Date
<b>Chiefs of Mission:</b>		
Ambassador	Robert A. Riley	8/2016
Deputy Chief of Mission	Joanne H. Cummings	7/2016
<b>Chiefs of Sections:</b>		
Management/Security	Kevin J. Harris	8/2017
Economic/Consular	Anthony W. Alexander	4/2018
<b>Other Agencies:</b>		
Department of Agriculture	Gary Bloom	Resident
Department of Interior	Cheryl B. Burkindine	3/2004

## APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

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This inspection was conducted between March 19 and September 14, 2018, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department of State and the 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 whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

In conducting inspections, OIG uses a risk-based approach to focus its inspection resources on areas of greatest impact. Consequently, OIG identified Embassy Kolonia as a relatively small, lower risk mission and therefore limited the scope of this inspection to executive direction, consular operations, management operations, information management, and management controls.

### Methodology

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

For this inspection, OIG conducted approximately 66 interviews and reviewed approximately 69 questionnaires. OIG also traveled to Embassy Manila to conduct interviews on the regional support provided to Embassy Kolonia.

## APPENDIX B: MANAGEMENT RESPONSE

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U. S. Embassy Kolonia

December 20, 2018

UNCLASSIFIED

THRU: EAP Acting Principal Deputy Assistant Secretary – Matt Matthews

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

FROM: Embassy Kolonia, Robert A. Riley III, Ambassador

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

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

(U) **OIG Recommendation 1**: Embassy Kolonia should implement an Equal Employment Opportunity program that is in accordance with Department standards. (Action: Embassy Kolonia)

(U) **Management Response**: Post agrees with the recommendation and has sent a request to the Department's Office of Civil Rights for training documents. Additionally, Post's Economic/Consular officer is the EEO officer and will receive training while on home leave in January 2019.

(U) **OIG Recommendation 2**: Embassy Kolonia should review nonimmigrant visa adjudications according to Department standards. (Action: Embassy Kolonia)

(U) **Management Response**: Post agrees with the recommendation and will comply with Department guidance on nonimmigrant visa adjudication reviews.

(U) **OIG Recommendation 3**: Embassy Kolonia should take the actions to prepare for a consular crisis according to Department guidance. (Action: Embassy Kolonia)

(U) **Management Response**: Post agrees with the recommendation and has updated the Emergency Action Plan and secured telecommunications equipment for emergency use. Post will



continue to improve the ability to respond to a consular crisis throughout the Federated States of Micronesia.

(U) **OIG Recommendation 4**: Embassy Kolonia should assess and test its warden system in accordance with Department standards. (Action: Embassy Kolonia)

(U) **Management Response**: Post agrees with the recommendation and will test the warden system in accordance with Department standards by January 31, 2019. Prior to the conversion to Citizen Liaison volunteers, Post contacted all wardens in the FSM and five individuals confirmed their continued participation in the program.

(U) **OIG Recommendation 5**: Embassy Kolonia, in coordination with the Bureau of Consular Affairs, should obtain a general authorization from the Bureau of Consular Affairs to issue travel letters to U.S. citizens in emergency situations. (Action: Embassy Kolonia, in coordination with CA)

(U) **Management Response**: Post agrees with the recommendation but CA will not issue a general authorization.

(U) **OIG Recommendation 6**: Embassy Kolonia should conduct purchase card procurement reviews in accordance with Department standards. (Embassy Kolonia)

(U) **Management Response**: Post agrees with the recommendation and will complete a purchase card procurement review by December 21, 2018.

(U) **OIG Recommendation 7**: Embassy Kolonia should collect all outstanding charges for personal use of official vehicles. (Action: Embassy Kolonia)

(U) **Management Response**: Post agrees with the recommendation and is writing this process into the new Motor Vehicle Management Notice to be issued prior to the end of the second quarter in fiscal year 2019. Employee has paid the charge for use of vehicle.

(U) **OIG Recommendation 8**: Embassy Kolonia, in coordination with Embassy Manila and the Bureau of Administration, should seek to ratify its unauthorized commitment in accordance with Department standards. (Action: Embassy Kolonia, in coordination with Embassy Manila and A).

(U) **Management Response**: Post agrees with the recommendation. Working with Embassy Manila and the EAP Bureau, post completed the ratification through the Acting Procurement Executive in July 2018.

(U) **OIG Recommendation 9**: Embassy Kolonia, in coordination with Embassy Manila, should review \$707,000 in unliquidated obligations and deobligate any funds that are no longer needed. (Action: Embassy Kolonia, in coordination with Embassy Manila)

(U) **Management Response**: Post agrees with the recommendation and is continuing to thoroughly review the remaining unliquidated obligations. Working directly with the Manila Financial Management Officer in December 2018, post will substantially reduce the remaining obligations by the end of the second quarter of fiscal year 2019.

(U) **OIG Recommendation 10:** Embassy Kolonia should conduct monthly unannounced cash counts at unpredictable times in accordance with Department standards. (Action: Embassy Kolonia)

(U) **Management Response:** Post agrees with the recommendation and has implemented unannounced cash counts throughout the month.

(U) **OIG Recommendation 11:** Embassy Kolonia should complete all overdue employee performance reports in accordance with Department standards. (Action: Embassy Kolonia)

(U) **Management Response:** Post agrees with the recommendation and will have all overdue employee performance reports completed by the end of the first quarter in fiscal year 2019.

(U) **OIG Recommendation 12:** Embassy Kolonia, in coordination with Embassy Manila, should update and test the annual information technology contingency plan for its unclassified and classified networks in accordance with Department standards. (Action: Embassy Kolonia, in coordination with Embassy Manila)

(U) **Management Response:** Post agrees with the recommendation. Embassy Kolonia brought its Information Technology Contingency Plan current as of February 2018. Post will seek guidance from Embassy Manila on how to properly test this plan and how to document the results of such tests. The first test will occur within the second quarter of fiscal year 2019. Subsequent tests and updates to the plan will occur annually thereafter.

(U) **OIG Recommendation 13:** Embassy Kolonia, in coordination with Embassy Manila, should establish a Local Information Technology Configuration Control Board in accordance with Department standards. (Action: Embassy Kolonia, in coordination with Embassy Manila)

(U) **Management Response:** Post agrees with the recommendation. Embassy Kolonia has prepared a local IT CCB charter. Post stakeholders are currently reviewing this document. It will be submitted to the central IT CCB management in the second quarter of fiscal year 2019.

(U) **OIG Recommendation 14:** Embassy Manila should complete and document Information Systems Security Officer reviews at Embassy Kolonia as required by Department standards. (Action: Embassy Manila)

(U) **Management Response:** Post agrees with the recommendation. The Regional Information Systems Security Officer in Manila visited Embassy Kolonia in July 2018 and performed a review. In addition, Embassy Kolonia has coordinated with Embassy Manila to designate the Regional ISSO in Manila as the primary ISSO for all Embassy Kolonia networks.

(U) **OIG Recommendation 15:** Embassy Kolonia should install a temperature monitoring device in the unclassified server room in accordance with Department standards. (Action: Embassy Kolonia)

(U) **Management Response:** Post agrees with this recommendation and will consult with Embassy Manila to identify, procure, and install an appropriate environmental sensor. This deficiency should be resolved within the third quarter of fiscal year 2019.

(U) **OIG Recommendation 16:** Embassy Kolonia, in coordination with Embassy Manila, should establish a records management program in accordance with Department guidelines. (Action: Embassy Kolonia, in coordination with Embassy Manila)

(U) **Management Response:** Post agrees with the recommendation. Post will submit a records management program standard operating procedure to Manila for their review and approval by the end of the second quarter in fiscal year 2019. Post notes the Embassy warehouse will have space to receive records once the annual sale occurs December 2018.

(U) The point of contact for this memorandum is Heather Coble, Deputy Chief of Mission.

Approved:	EAP: Matt Matthews, A/PDAS	MM
Drafted:	FSM: Kevin Harris, Management Officer	
Cleared:	EAP/EX: Kevin Blackstone, Executive Director	OK
	EAP/EX: Denver Herren, SPMO	OK
	EAP/EX: Ana Chiaventone, PMO	OK
	Manila: Ryan Smith, ARSO	OK
	Manila: Nathan Lindsey, GSO	OK
Info:	Manila: Amy Vrampas, Management Counselor	OK

## ABBREVIATIONS

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COFA	Compact of Free Association
DCM	Deputy Chief of Mission
EEO	Equal Employment Opportunity
FAM	Foreign Affairs Manual
FSM	Federal States of Micronesia
ICS	Integrated Country Strategy
ISSO	Information Systems Security Officer
LE	Locally Employed
TDY	Temporary Duty

## OIG INSPECTION TEAM MEMBERS

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Jeannine Juhnke, Team Leader

Thomas Furey, Deputy Team Leader

John Bush

Dolores Hylander

Kevin Milas



## **HELP FIGHT**

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