



# Office of Inspector General United States Department of State

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ISP-I-19-06

Office of Inspections

February 2019

## **Inspection of Embassy Koror, Republic of Palau**

BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

ISP-I-19-06

## What OIG Inspected

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

## What OIG Recommended

OIG made 21 recommendations to improve Embassy Koror's consular, management, and information management operations.

In its comments on the draft report, the Department concurred with all 21 recommendations. OIG considers all 21 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.

UNCLASSIFIED

February 2019

OFFICE OF INSPECTIONS

BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS

## Inspection of Embassy Koror, Republic of Palau

### What OIG Found

- Although it is one of the smallest U.S. missions in the world, Embassy Koror faces significant challenges because it is charged with coordinating the work of more than 40 U.S. agencies that regularly visit Palau.
- Despite embassy leadership's laudable efforts, Embassy Koror remained understaffed with just two U.S. direct hire personnel—the Ambassador and Mission Deputy. Accordingly, the embassy was unable to adequately implement many Department of State mandated internal controls to properly manage the security program, classified IT system, or management operations.
- The Office of Management Policy, Rightsizing, and Innovation conducted a rightsizing review in which it supported the need for an additional position at Embassy Koror. Based on its observations and findings, OIG supports Embassy Koror's request.
- Embassy Manila generally provided adequate support for Embassy Koror's security, information technology, and management operations.
- The Ambassador did not conduct reviews of the non-immigrant visa adjudications done by the Mission Deputy, a mandatory consular management control.
- Embassy Koror did not follow Department of State requirements to monitor unliquidated obligations, resulting in up to \$823,547 that could be put to better use.
- The embassy did not proactively plan and rehearse for emergencies.

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## CONTEXT

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The Republic of Palau, with only 21,431 inhabitants, is a group of islands in the North Pacific Ocean and is located southeast of the Philippines. Palau's economy is dominated by tourism, fishing, and subsistence agriculture. The country's per capita income was \$16,200 in 2017, roughly double that of the Philippines and much of Micronesia. Palau became a part of the United Nations Trust Territory<sup>1</sup> of the Pacific Islands under U.S. administration in 1947 and gained its independence in 1994.

The United States provides economic development, health, education, disaster preparedness, and law enforcement support to Palau under the provisions of the Compact of Free Association (COFA).<sup>2</sup> In return, the United States has exclusive military rights in Palau, including third country military access denial and defense site and operating privileges, and is responsible for Palau's defense. The treaty reinforces an important element of U.S. Pacific strategy for defense of U.S. territories and possessions and allows the United States to guard its long-term defense interests in the region.

The United States cumulatively provided Palau with roughly \$600 million in aid following the treaty's commencement in 1994; this aid typically amounted to \$30 to \$40 million each year. However, beginning in 2024, major portions of COFA funding will shift from direct U.S. assistance to revenue from a trust fund. Following a 2010 congressionally mandated review of the trust fund arrangement, the United States and Palau agreed to a \$229 million economic assistance package to move Palau to greater economic self-sufficiency. Congress appropriated those funds in the Omnibus Budget Bill signed by the President in March 2018.

Embassy Koror's FY 2015-2017 Integrated Country Strategy (ICS) focuses on:

- Promoting economic policies that protect Palau's environment.
- Improving U.S. military engagement to maintain Palau's security.
- Increasing public diplomacy outreach to civil society and youth.

Embassy Koror faces significant challenges as one of the smallest U.S. missions in the world that is nonetheless charged with coordinating the work of more than 40 U.S. agencies and components that regularly visit Palau. These include the U.S. Agency for International Development, the Drug Enforcement Administration, and the Department of Defense. Notwithstanding these obligations, at the time of the inspection, Embassy Koror was authorized 2 U.S. direct-hire personnel—the Ambassador and the Mission Deputy—and 16 locally employed (LE) staff members. The U.S. Department of Agriculture is the only other agency represented at the embassy.

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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 Palau. The COFA was signed into law in 1986 and became effective in 1994 when Palau gained independence.

Embassy Koror depends heavily on regional support because of its small staffing footprint. 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 support via telephone, email, and temporary duty (TDY) staff, although the amount of TDY support varies according to the function. For example, the IT personnel visit post approximately twice per year. An Embassy Manila-based Assistant Regional Security Officer visits each quarter, whereas general services, financial management, human resources, and facilities management visits are conducted quarterly or as needed.

The memorandum of understanding between Embassy Manila and Embassy Koror does not specify the amount of TDY support to be provided. Embassy Koror staff told OIG that while they were pleased with the support Embassy Manila provided, they would benefit from more frequent TDY support visits. However, a lack of funding prevented this. An April 2018 Embassy Manila study estimated annual travel and per diem costs for support visits at more than \$137,000. Embassy Koror, which is responsible for paying all support visit travel costs, accordingly requested \$95,000 in FY 2018 to fund management support travel, but the Bureau of East Asian and Pacific Affairs reduced the amount to \$34,066. At the time of the inspection, a new memorandum of understanding that would clarify the amount and frequency of Embassy Manila's support was in the approval process.

OIG conducted this inspection of Embassy Koror 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 including 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 Koror'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 on-site portion of the inspection.

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

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

The Ambassador, a career Foreign Service officer, arrived in January 2015. She previously served as the Management Counselor at Embassy Cairo. The Mission Deputy<sup>4</sup> arrived in August 2017 after serving as an Economic Officer at Embassy Guatemala City.

OIG found that the Ambassador set a positive and professional tone for the embassy, consistent with Department leadership principles in 3 Foreign Affairs Manual (FAM) 1214. Embassy staff told OIG the Ambassador and the Mission Deputy genuinely cared about the employees and had a good working relationship. They stated that the Ambassador effectively served as the public face of the embassy, and the Mission Deputy handled internal operations.

Embassy staff told OIG that the Ambassador frequently discussed the importance of observing Department standards of conduct at weekly staff meetings and emphasized the importance of ensuring that Government resources were used effectively. For example, when embassy staff needed to make the 30-minute drive into town, the Ambassador and Mission Deputy encouraged employees to inquire via email if anyone had a task to perform at that time. In addition, the Mission Deputy also ensured the staff abided by ethical standards. When an article in the paper seemed to suggest, incorrectly, that she showed favoritism to a visa applicant, she used it as a teachable moment for the staff, explaining how even unintentional actions can create the appearance of impropriety. She then discussed ways such a conflict could develop in their own work areas. All personnel attended anti-harassment training in early 2018, and the Front Office issued management directives regarding leave, official travel, and standards of conduct prior to the OIG inspection.

### ***Embassy Lacked Sufficient Staff to Adequately Implement Internal Controls***

As the only officer responsible for embassy operations, the Mission Deputy also is responsible for implementing internal controls in management, consular, information management, and security operations. Upon her arrival, the Mission Deputy immediately began making improvements to internal controls. She published 23 management notices establishing new policies and processes. She terminated one employee and hired and trained five new staff members. She updated position descriptions for LE staff. As a result of her efforts, the embassy also cut fuel consumption in half, paid outstanding vendor invoices, properly tracked time and attendance, and collected outstanding employee debts. The Mission Deputy also took steps to improve the security of the mission by issuing 18 security directives and holding emergency drills.

Despite the Mission Deputy's laudable efforts in her first 9 months (August 2017 to May 2018), Embassy Koror remained understaffed and, as such, was unable to adequately implement many Department of State (Department) mandated internal controls. The Ambassador and the

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<sup>4</sup> The Mission Deputy—position 10003051—is formally designated as a Foreign Service international relations officer generalist. However, the person holding this position functions by default as the second in command, and, in practice, is unofficially referred to as the Mission Deputy. The person holding this position supervises only LE staff.

Mission Deputy agreed with this assessment and told OIG that two U.S. direct-hire Department positions were insufficient to accomplish all duties an embassy is required to perform. OIG found that the duties that were not fully addressed included procurement oversight, which resulted in approximately \$824,000 in unliquidated obligations; consular services, which the embassy suspended when the Mission Deputy was away; management of the post security program; and support for the embassy's classified information management system. In addition, mandatory reporting remains a significant burden as the embassy is required to submit the same number of reports as larger missions but with only the Ambassador and Mission Deputy to produce them. Moreover, OIG found that the Ambassador and Mission Deputy lacked the time or expertise to manage some of the embassy's operations discussed in this report.

In February 2016, the Office of Management Policy, Rightsizing, and Innovation conducted a rightsizing review in which it concurred with Embassy Koror's projection for an additional U.S. direct hire position. In March 2016, Embassy Koror requested one additional U.S. direct-hire position—a hybrid information management and general services officer—in its Mission Resource Request. Officials in the Bureau of East Asian and Pacific Affairs told OIG that they had added the position to the FY 2020 Bureau Resource Request, dated May 2018. Based on its observations and findings, OIG supports the request for the information management-general services position. OIG also acknowledges that many of the internal control findings identified in this report resulted from the embassy's lack of sufficient staff. Consequently, OIG understands that Embassy Koror will need to prioritize its implementation of recommendations made in this report until its staffing challenges are addressed.

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

OIG found that the embassy's Equal Employment Opportunity (EEO) program did not comply with 3 FAM 1514.2a and d. Although the embassy posted EEO notices and references on a bulletin board next to the communal kitchen, they did not contain contact information for the EEO counselors at Embassy Manila. In addition, the embassy did not appoint an LE staff liaison for EEO issues. Furthermore, OIG found during interviews that some embassy staff members did not understand the purpose of the EEO program, a situation that may have occurred because the embassy did not have an LE liaison. The embassy began to take action to correct these deficiencies during the inspection, including appointing an LE staff liaison. OIG advised the Ambassador, the Mission Deputy, and the LE staff liaison to provide an EEO presentation to the LE staff, which they agreed to do. As a result, OIG did not make a recommendation to address these issues.

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

The previous Ambassador developed Embassy Koror's most recent ICS, which covers the period 2015-2017; the Department approved it in August 2013. The current Ambassador submitted a new ICS in January and March 2017, however, the Department put the ICS process on hold in April 2017. This hold was reiterated by the Bureau of East Asian and Pacific Affairs in December

2017, and the embassy received guidance to launch the ICS process in April 2018.<sup>5</sup> The Ambassador told OIG that as soon as the inspection was concluded, the Ambassador would involve the Mission Deputy in the process of developing the ICS for her professional development.

The United States provides roughly \$30 million to \$40 million in financial assistance to Palau each year, and one of the Ambassador's priorities was to ensure that Palauan citizens were aware of U.S. contributions to Palau's development. The Ambassador articulated this message through representational events and in meetings with senior Palauan officials, including one with the Palauan President and two with the Vice President during the 6 months prior to the inspection.

The Ambassador took advantage of additional resources, such as the Embassy Science Fellows program and the Department of Agriculture Natural Resource Conservationist, to further ICS goals. The embassy also was actively engaged in efforts to maintain public support for U.S. Department of Defense activities in Palau, an ICS objective. The Ambassador worked closely with the Palau-based Department of Defense Civic Action team of engineers carrying out humanitarian operations.

## **Adherence to Internal Controls**

The embassy prepared the FY 2017 Annual Chief of Mission Management Control Statement of Assurance, submitted to the Department in August 2017, in accordance with 2 FAM 024. The former Mission Deputy prepared the Statement in consultation with the LE staff, after which the Ambassador reviewed and signed it. Although the Statement identified no significant deficiencies, OIG found weaknesses in consular, resource management, and IT operations, as outlined throughout this report and in the companion classified report.

### ***Ambassador Did Not Conduct Nonimmigrant Visa Adjudication Reviews***

The embassy had not conducted required reviews of nonimmigrant visa adjudications since at least October 2016. OIG reviewed all 64 visa issuances between October 1, 2017, and March 2018, and found that none had been reviewed by the adjudicating officer's direct supervisor. Department guidance<sup>6</sup> requires a consular officer's direct supervisor to review nonimmigrant visa adjudications even if the reviewer does not have a consular commission or title. The Ambassador told OIG she did not believe it was her responsibility to perform the reviews because she lacked consular experience. In addition, she did not have the appropriate electronic access to perform the reviews. During the inspection, however, the Mission Deputy provided the Ambassador with the required access. Regular, systematic review

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<sup>5</sup> Criteria for the updated Strategic Planning Process are contained in Department cable 17 STATE 96320, "Update of the Strategic Planning Process for the Joint Strategic Plan, Bureau and Country Strategies," September 20, 2017. The Department announced the 2018 ICS program in cable 18 STATE 17760, "Launch of Bureau and Mission Strategic Planning," February 27, 2018. See also cable 18 STATE 32608, "Launch of the Integrated Country Strategy Process," April 10, 2018.

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

of nonimmigrant visa adjudications is an important management control to ensure the highest professional standards of adjudication and correct application of visa law and regulations.

**Recommendation 1:** Embassy Koror should implement a standard operating procedure for conducting supervisory reviews of nonimmigrant visa adjudications in accordance with Department standards. (Action: Embassy Koror)

## **Security and Emergency Planning**

The Ambassador conducted her security responsibilities regarding drills and security directives in accordance with 12 FAH 1 H-721. However, OIG found deficiencies in Embassy Koror's physical and residential security, local guard force, and emergency preparedness, which are detailed in the companion classified report.

OIG found that Embassy Koror had an excellent working relationship with Embassy Manila's Regional Security Office, which provides regional support. However, the Ambassador delegated responsibility for on-site security to the Mission Deputy, who never received Post Security Officer training. Coupled with her many other responsibilities, this lack of experience impeded the Mission Deputy from effectively managing all aspects of the embassy's security program. The Bureau of Diplomatic Security's February 2018 post security program review also found several deficiencies. To address them, the embassy made improvements to its security program. For example, the embassy began conducting drills and exercises in which the Ambassador and Mission Deputy participated, and updated security directives. The Ambassador also 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>

## **CONSULAR AFFAIRS**

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The Mission Deputy and one LE staff member were responsible for all consular duties at Embassy Koror. The volume of consular work was relatively low; under the COFA, most Palauan citizens do not need visas to visit, study, or work in the United States. Embassy Manila processes immigrant visas for Palauan citizens, and most nonimmigrant visas applicants are third-country nationals. The embassy processed 64 nonimmigrant visas in the first half of FY 2018 and approximately 30 U.S. passport applications annually. The embassy estimated that more than 1,500 American citizens reside in Palau, and there are more than 2,000 visitors annually.

OIG reviewed the Consular Section's leadership and management, nonimmigrant visa operations, American citizen services, anti-fraud programs, Visas Viper (a program to identify terrorist threats), cashiering operations, facilities, and crisis preparedness. At the beginning of the inspection, the embassy's consular management controls did not meet Department

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<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.

standards, particularly regarding accounting for consular fees and controlled consular items. During the inspection, the embassy improved its implementation of management controls. It reconciled consular fees, began conducting unannounced cash counts of the consular cashier, issued guidance to staff on gifts and recusals, and briefed staff on maintaining integrity in consular processes. OIG concluded that the embassy was implementing consular management controls in most areas in accordance with regulations and Department standards. However, OIG noted some areas, discussed below, where the embassy still needed to improve.

***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 embassy's Emergency Action Plan had basic information on who to contact in different crisis scenarios but no embassy-specific action plans for such situations. Furthermore, 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. In addition, the embassy did not have a disaster assistance kit to use if employees had to travel outside Koror to manage a crisis. Failure to prepare for a crisis could put embassy personnel and American citizens at risk.

**Recommendation 2:** Embassy Koror should take actions to prepare for a consular crisis according to Department guidance. (Action: Embassy Koror)

***Embassy Had Not Assessed or Tested its Warden System***

The embassy did not meet Department standards outlined in 7 FAM 075 and 7 FAM 076 for maintaining and testing its warden system.<sup>8</sup> The embassy had a network of four wardens but had not assessed whether it was adequate to ensure the safety and security of U.S. citizens living in Palau. In addition, the embassy had not held a meeting with the wardens since 2015. The embassy did not meet these requirements due to other priorities. Without a periodically assessed and tested warden system, the embassy endangers its ability to protect American citizens during a crisis.

**Recommendation 3:** Embassy Koror should assess and test its warden system in accordance with Department standards. (Action: Embassy Koror)

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

The embassy did not have the capability to issue U.S. passports in emergency situations, and it had not requested Department authorization to issue travel letters under such circumstances. Embassy Koror accepts passport applications from U.S. citizens and sends them to the U.S. Passport Agency in Honolulu, Hawaii, for adjudication and issuance, a process that takes several weeks. Guidance in 8 FAM 1304.3-7b grants latitude to U.S. embassies to help American

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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 not yet been codified in the FAM at the time of the inspection, OIG continued to use the term "warden system" in this report.

citizens in emergencies when the nearest U.S. embassy that issues passports is in another country, as is the case in Palau. In such cases, embassies may issue a travel letter to facilitate a U.S. citizen's travel to the passport-issuing embassy. This is only permissible, however, if the Department previously has given the embassy a general authorization to do so. Embassy Koror did not request this authorization because officials were unaware of the October 2017 update to the FAM. If unaddressed, the embassy might not be able to assist a U.S. citizen effectively in an emergency situation.

**Recommendation 4:** Embassy Koror, in coordination with the Bureau of Consular Affairs, should obtain general authorization from the Bureau of Consular Affairs to issue travel letters to U.S. citizens in emergency situations. (Action: Embassy Koror, in coordination with CA)

### ***Embassy Had Not Developed a Consular Fraud Prevention Strategy***

The embassy did not develop a strategy—including goals, objectives, and activities—for a consular fraud prevention program. Although the embassy established one written operating procedure on this subject during the inspection, its fraud prevention program had no defined structure, had produced no reporting on fraud issues or trends, and had no planned activities for combating fraud. According to 7 Foreign Affairs Handbook (FAH)-1 H-941, however, embassies must have written consular fraud prevention strategies that address these and related issues. The lack of such a strategy weakens the embassy's ability to protect U.S. border security.

**Recommendation 5:** Embassy Koror should develop a consular fraud prevention strategy in accordance with Department guidelines. (Action: Embassy Koror)

## **RESOURCE MANAGEMENT**

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OIG reviewed Embassy Koror's General Services, Financial Management, Human Resources, and Facilities Management Sections. As described previously, the Mission Deputy had made necessary improvements to the embassy's management platform since her August 2017 arrival. However, numerous significant internal control deficiencies remained. Specifically, OIG determined that the embassy did not have a formal duty officer program. OIG also identified weaknesses in property accountability, fleet management, procurement, and cashiering, which are described in more detail below.

### ***Embassy Did Not Have a Formal Duty Officer Program***

The embassy lacked a formal duty officer program to ensure an officer was available on call at all times outside regular office hours. The Mission Deputy was the only officer who was routinely available after hours, and the embassy lacked a formal system to ensure such after-hours coverage when the Deputy was away from the embassy. In addition, the embassy had no manual with procedures and guidance to enable duty officers to respond to after-hours emergencies or a log to document inquiries received and actions taken. This is inconsistent with guidance in 2 FAM 115.3-1, which requires embassies to have personnel available for after-

hours duty, and 2 FAM 113.8-5 and 7 FAM 113.8-1, which requires that they maintain a current duty officer guide and duty log. Without a formal duty officer program, the embassy risks being unresponsive to issues requiring immediate action after normal business hours, which could endanger the health and safety of American citizens and employees.

**Recommendation 6:** Embassy Koror should establish a duty officer program in accordance with Department standards. (Action: Embassy Koror)

## **General Services**

### ***Poor Procurement Procedures Resulted in Excessive Stock***

The embassy procured property in excess of what it needed and stored that property in a separate garage at the Chief of Mission's residence and in several shipping containers on the embassy compound. For example, the embassy procured and stored 53 new automobile tires intended as replacements for the fleet of official vehicles, all of which had serviceable tires at the time of the inspection. Because automobile tires typically have a usable shelf-life of 6 years, the embassy may need to dispose of many of these excess tires for safety reasons before they can be used. Guidance in 14 FAM 412 states that property acquisition should be limited to the quantity necessary for efficient U.S. Government business. This and other issues occurred before the arrival of the current Mission Deputy, who took steps to improve procurement management. Nonetheless, this concern should be addressed systematically, as retaining property without an identified requirement creates a vulnerability to loss and can be an unnecessary expenditure of U.S. Government funds.

**Recommendation 7:** Embassy Koror, in coordination with Embassy Manila, should implement a procurement process to avoid excessive acquisitions, in accordance with Department standards. (Action Embassy Koror, in coordination with Embassy Manila)

### ***Embassy Did Not Dispose of Property on a Timely Basis***

The embassy failed to dispose of replaced property on a timely basis. Guidance in 14 FAM 124.5a-b states there is an inherent responsibility to remove property that is no longer useful, efficient, contemporary, or desirable. However, OIG found at least 15 residential lamps as well as additional furniture the embassy had marked for disposal in a storeroom in the Chief of Mission residence. The embassy did not dispose of this property due to competing priorities. By not disposing of property in a timely manner, the embassy may have reduced its ability to obtain the best price for these items by selling them before they deteriorated further. In addition, the space being used for storing property destined for disposal could be better used for other purposes.

**Recommendation 8:** Embassy Koror should dispose of excess property in accordance with Department standards. (Action: Embassy Koror)

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

Embassy Koror committed official funds without a valid contract, contrary to Department guidance. A \$2,000 unauthorized commitment occurred when the embassy did not renew a contract for gardening services at the Chief of Mission residence, which expired on September 1, 2017, but continued to receive the services. The Mission Deputy, who serves as the contracting officer, became aware of the situation and signed a new contract in January 2018. The four month gap, however, raises concerns pursuant to Department guidance in 14 FAM 215, which requires a valid contract approved by a contracting officer before committing official funds. Unauthorized commitments may result in an Anti-Deficiency Act violation, may lead to personal liability for the individual who made the commitment, and put vendors at risk of not receiving payment for services performed and goods delivered. After OIG identified the unauthorized commitment during the inspection, the Department's Office of the Procurement Executive ratified the expenditure. As a result, OIG did not make a recommendation to address this issue.

### ***Embassy Vehicle Inventory Did Not Comply with Department Standards***

OIG found that Embassy Koror retained more official vehicles than it was authorized. Although a Department analysis of the embassy's fleet operations established a target of five motor vehicles, the embassy had eight vehicles at the time of the inspection and did not plan to dispose of any of them. According to 14 FAM 432.2b(1), fleet size and composition must be tied to the Mission Strategic Plan. The Front Office told OIG they wanted to expand the size of their fleet to allow TDY visitors to drive U.S. Government vehicles in order to minimize rental costs, but this was not factored into the Department's analysis. Retaining excess vehicles increases insurance and maintenance costs and deprives the U.S. Government of the proceeds of vehicle sales.

**Recommendation 9:** Embassy Koror, in coordination with the Bureau of Administration, should request authorization to maintain the additional vehicles or dispose of three vehicles according to Department guidelines and put proceeds of sale to better use. (Action: Embassy Koror, in coordination with A)

### ***Embassy Vehicle Usage Was Not Recorded in Accordance with Department Standards***

The embassy did not properly record vehicle usage data in the Department's Integrated Logistics Management System. This is inconsistent with guidance in 14 FAM 437.1a, which requires that use and maintenance records, including records of fuels and lubricants used, be kept on file for all official vehicles. OIG found that one vehicle was improperly categorized, another had no inventory number, and the data for the other vehicles was recorded inconsistently. OIG determined that embassy staff did not have sufficient training on or familiarity with the system. Incomplete or inaccurate recording of vehicle information, including use and maintenance, in the Integrated Logistics Management System hinders effective fleet management and management controls.

**Recommendation 10:** Embassy Koror should record information on embassy vehicles in the Integrated Logistics Management System, as required by Department standards. (Action: Embassy Koror)

## **Financial Management**

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

OIG found that Embassy Koror did not routinely review unliquidated obligations. As of November 2017, the embassy had 677 open obligations worth \$823,547. Of these, 325 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. Competing priorities and inadequate local vendor accounting systems kept the embassy from complying with these requirements and reviewing balances and deobligating excess funds from completed procurements. This issue should be addressed, as failure to review unliquidated obligations prevents any potentially available funds from being used for other valid needs.

**Recommendation 11:** Embassy Koror, in coordination with Embassy Manila, should review all unliquidated obligations, deobligate any funds that are no longer needed, and put up to \$823,547 to better use. (Action: Embassy Koror, in coordination with Embassy Manila)

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

The Mission Deputy generally conducted monthly cash verifications of the embassy's main cashier, but they almost always occurred during the last week of the month. According to the Cashier User Guide Chapter 3.6(6), cash counts must be unannounced, random, and unpredictable. The Mission Deputy told OIG she conducted cash verifications late in the month out of habit. This predictability diminished the effectiveness of cash counts, which ensure proper care and control of funds and records.

**Recommendation 12:** Embassy Koror should conduct monthly unannounced cash counts at unpredictable times during each month in accordance with Department standards. (Action: Embassy Koror)

## **INFORMATION MANAGEMENT**

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OIG reviewed classified, unclassified, and dedicated internet network operations; physical protection of IT assets; classified communication security; emergency communication preparedness; radio and telephone programs; and mail and pouch services. The Mission Deputy and one LE Computer Management Assistant were responsible for all aspects of information management operations. Embassy Manila and its Regional Information Management Center provided guidance and temporary staff support, contingent on the availability of personnel and Embassy Koror funding.

OIG determined that the Ambassador and the Mission Deputy did not have the technical skills or the time to maintain the classified system. In addition, Embassy Koror personnel told OIG that although they appreciated the regional support visits, those visits were insufficient to manage all aspects of the information management program. As a result, 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 Koror did not annually update and test the IT contingency plan for its unclassified and classified computer networks as required by 12 FAH-10 H-232.1 and H-232.3-1b(1-3). The Mission Deputy was aware of these issues but did not have the time, training, and technical expertise to provide oversight in all of these areas. A March 2018 Bureau of Diplomatic Security Computer Security Assessment also identified this deficiency. An outdated and untested contingency plan increases the risk of ineffective responses to or loss of critical information during an emergency or crisis.

**Recommendation 13:** Embassy Koror, in coordination with Embassy Manila, should update and conduct annual information technology contingency plan testing of the unclassified and classified networks in accordance with Department standards. (Action: Embassy Koror, in coordination with Embassy Manila)

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

Embassy Koror did not establish a local IT Configuration Control Board to govern all systems equipment operated on the embassy's network. However, guidance in 5 FAM 862.1 states that an embassy which maintains its own IT systems must establish a local board to ensure that the hardware, software, or network components installed on the local area networks do not adversely affect the existing local IT infrastructure. Embassy personnel were aware of this issue but told OIG they did not have the time to create a local board or develop its charter. The lack of a local IT Configuration Control Board can put Department computer systems at risk of outages, loss of information, and damage to computer equipment.

**Recommendation 14:** Embassy Koror, in coordination with Embassy Manila, should establish a local Information Technology Configuration Control Board in accordance with Department standards. (Action: Embassy Koror, in coordination with Embassy Manila)

***Dedicated Internet Network Not Registered***

Embassy Koror did not register its dedicated internet network, even though guidance in 5 FAM 872.1b requires it to do so with the Department's Enterprise IT Configuration Board and update that registration annually with complete technical information. Embassy personnel overlooked this requirement. The Bureau of Diplomatic Security's March 2018 Computer Security Assessment also identified this deficiency. Failure to register dedicated internet networks and update the technical information increases the risk of outages, loss of data, and wasted resources as duplicate networks perform similar tasks.

**Recommendation 15:** Embassy Koror, in coordination with Embassy Manila, should register its dedicated internet network in accordance with Department standards. (Action: Embassy Koror, in coordination with Embassy Manila)

***Laptops Were Not Encrypted in Accordance with Department Requirements***

OIG reviewed the embassy mobile computing program, including random, spot checks of devices, and found three unencrypted laptops. The Computer Management Assistant was aware of the requirement in 5 FAM 469.4c(2) to encrypt all laptops but had not completed the installation at the time of the inspection. Unencrypted laptop computers can put sensitive Department information at risk for unauthorized access or loss.

**Recommendation 16:** Embassy Koror should encrypt all laptops in accordance with Department standards. (Action: Embassy Koror)

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

Embassy Manila's Regional Information Systems Security Officer (ISSO) rarely completed information system audits reviews, did not properly record the completed audits reviews, and did not 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 audit 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<sup>9</sup> in May 2017 that identified the need to enforce the performance of ISSO duties by overseas information management personnel in accordance with Department standards. In a subsequent Department cable,<sup>10</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 17:** Embassy Manila should complete and document Information Systems Security Officer reviews as required by Department standards. (Action: Embassy Manila)

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<sup>9</sup> OIG, *Management Assistance Report: Non-Performance of Information Systems Security Officer Duties by Overseas Personnel* (ISP-17-24, May 2017).

<sup>10</sup> Cable 17 STATE 104970, "Documenting Information Systems Security Officer (ISSO) Duties," October 18, 2017.

***Embassy Server Room Included Unlabeled Electrical Panel***

Embassy Koror's server room electrical panel labels did not identify which breaker served which receptacle, contrary to guidance in 12 FAH 10 H-272.7-2(1). LE staff were aware of the issue but lacked the time to label the electrical panel and network cables. Without labeled power distribution panels, the embassy may not be able to adequately protect against accidental or malicious interruption of power to the unclassified server room.

**Recommendation 18:** Embassy Koror should apply labels on the electrical panels according to Department standards. (Action: Embassy Koror)

***Server Room Did Not Have an Environmental Sensor***

Embassy Koror's unclassified server room did not have an 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. Embassy staff members told OIG they were unaware of this issue, although the March 2018 Computer Security Assessment also identified this deficiency. The lack of a sensor prevents staff from effectively monitoring the room and, when necessary, making adjustments to the cooling mechanism to protect the information system equipment.

**Recommendation 19:** Embassy Koror should install a temperature monitoring device in its unclassified server room in accordance with Department standards. (Action: Embassy Koror)

***Embassy Records Management Program Did Not Comply with Department Standards***

Embassy Koror did not have an effective records management program. Guidance in 5 FAM 414.5a requires the principal officer at each embassy to implement and administer records policies, standards, systems, and procedures issued by the Department's Records Officer. In addition, 5 FAM 414.8(1) 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 because it lacked 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 20:** Embassy Koror, in coordination with Embassy Manila, should establish a records management program in accordance with Department standards. (Action: Embassy Koror, in coordination with Embassy Manila)

***Unclassified Computer Operations Lacked Standard Operating Procedures***

Embassy Koror did not prepare standard operating procedures for all aspects of unclassified computer operations to ensure operational continuity and consistency, as required by 5 FAM 867. OIG found instances where the Computer Management Assistant, who completed training shortly before the inspection, did not systematically perform and document routine systems

administration tasks and was unable to readily access backup and restoration file procedures. These problems occurred because the Computer Management Assistant had been unaware of this requirement prior to completing training. Without documented procedures to manage its unclassified network, the embassy was at risk of not completing systems administration tasks essential to operational continuity.

**Recommendation 21:** Embassy Koror, in coordination with Embassy Manila, should implement standard operating procedures for managing its unclassified networks. (Action: Embassy Koror, 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 Koror and Embassy Manila. Embassy Koror's complete response, which was coordinated with Embassy Manila, can be found in Appendix B.<sup>11</sup> The Department also provided technical comments that were incorporated into the report, as appropriate.

**Recommendation 1:** Embassy Koror should implement a standard operating procedure for conducting supervisory reviews of nonimmigrant visa adjudications in accordance with Department standards. (Action: Embassy Koror)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Koror implements a standard operating procedure for conducting a supervisory review of nonimmigrant visa adjudications in accordance with Department standards.

**Recommendation 2:** Embassy Koror should take actions to prepare for a consular crisis according to Department guidance. (Action: Embassy Koror)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Koror's preparations for a consular crisis comply with Department guidance.

**Recommendation 3:** Embassy Koror should assess and test its warden system in accordance with Department standards. (Action: Embassy Koror)

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

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

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<sup>11</sup> The issuance of this report was delayed due to a 25-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.

**Recommendation 4:** Embassy Koror, in coordination with the Bureau of Consular Affairs, should obtain general authorization from the Bureau of Consular Affairs to issue travel letters to U.S. citizens in emergency situations. (Action: Embassy Koror, in coordination with CA)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of Embassy Koror's general authorization to issue travel letters to U.S. citizens in emergency situations.

**Recommendation 5:** Embassy Koror should develop a consular fraud prevention strategy in accordance with Department guidelines. (Action: Embassy Koror)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of Embassy Koror's consular fraud prevention strategy.

**Recommendation 6:** Embassy Koror should establish a duty officer program in accordance with Department standards. (Action: Embassy Koror)

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

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

**Recommendation 7:** Embassy Koror, in coordination with Embassy Manila, should implement a procurement process to avoid excessive acquisitions, in accordance with Department standards. (Action Embassy Koror, in coordination with Embassy Manila)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Koror implemented a procurement process to avoid excessive acquisitions.

**Recommendation 8:** Embassy Koror should dispose of excess property in accordance with Department standards. (Action: Embassy Koror)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the excess property disposal.

**Recommendation 9:** Embassy Koror, in coordination with the Bureau of Administration, should request authorization to maintain the additional vehicles or dispose of three vehicles according to Department guidelines and put proceeds of sale to better use. (Action: Embassy Koror, in coordination with A)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Koror requested authorization to either maintain or dispose of the additional vehicles.

**Recommendation 10:** Embassy Koror should record information on embassy vehicles in the Integrated Logistics Management System, as required by Department standards. (Action: Embassy Koror)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Koror recorded embassy vehicle information in the Integrated Logistics Management System.

**Recommendation 11:** Embassy Koror, in coordination with Embassy Manila, should review all unliquidated obligations, deobligate any funds that are no longer needed, and put up to \$823,547 to better use. (Action: Embassy Koror, in coordination with Embassy Manila)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Koror reviewed all unliquidated obligations and put any deobligated funds to better use.

**Recommendation 12:** Embassy Koror should conduct monthly unannounced cash counts at unpredictable times during each month in accordance with Department standards. (Action: Embassy Koror)

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

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

**Recommendation 13:** Embassy Koror, in coordination with Embassy Manila, should update and conduct annual information technology contingency plan testing of the unclassified and classified networks in accordance with Department standards. (Action: Embassy Koror, in coordination with Embassy Manila)

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

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

**Recommendation 14:** Embassy Koror, in coordination with Embassy Manila, should establish a local Information Technology Configuration Control Board in accordance with Department standards. (Action: Embassy Koror, in coordination with Embassy Manila)

**Management Response:** In its December 20, 2018, response, Embassy Koror concurred with this recommendation. The embassy noted that Embassy Manila will perform all testing and approvals on its behalf.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that a local Information Technology Configuration Control Board has been established in accordance with Department standards.

**Recommendation 15:** Embassy Koror, in coordination with Embassy Manila, should register its dedicated internet network in accordance with Department standards. (Action: Embassy Koror, in coordination with Embassy Manila)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Koror's dedicated internet network is registered in accordance with Department standards.

**Recommendation 16:** Embassy Koror should encrypt all laptops in accordance with Department standards. (Action: Embassy Koror)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Koror encrypted all laptops.

**Recommendation 17:** Embassy Manila should complete and document Information Systems Security Officer reviews as required by Department standards. (Action: Embassy Manila)

**Management Response:** In its December 20, 2018, response coordinated with Embassy Manila, both Embassy Koror 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 comply with Department standards.

**Recommendation 18:** Embassy Koror should apply labels on the electrical panels according to Department standards. (Action: Embassy Koror)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the electrical panels have been labeled according to Department standards.

**Recommendation 19:** Embassy Koror should install a temperature monitoring device in its unclassified server room in accordance with Department standards. (Action: Embassy Koror)

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

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

**Recommendation 20:** Embassy Koror, in coordination with Embassy Manila, should establish a records management program in accordance with Department standards. (Action: Embassy Koror, in coordination with Embassy Manila)

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

**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 standards.

**Recommendation 21:** Embassy Koror, in coordination with Embassy Manila, should implement standard operating procedures for managing its unclassified networks. (Action: Embassy Koror, in coordination with Embassy Manila)

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

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of standard operating procedures for managing Embassy Koror's unclassified networks.

## PRINCIPAL OFFICIALS

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<b>Title</b>	<b>Name</b>	<b>Arrival Date</b>
<b>Chiefs of Mission:</b>		
Ambassador	Amy J. Hyatt	3/2015
Mission Deputy	Jennifer J. Nehez	8/2017
<b>Other Agencies:</b>		
U.S. Department of Agriculture	Paul Lake	3/2016

**Source:** Embassy Koror

## APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

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This inspection was conducted from March 19 to September 11, 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 the Office of Inspector General (OIG) for the Department of State (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 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 Koror 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 71 interviews and reviewed 37 questionnaires. OIG also traveled to Embassy Manila to conduct interviews on the regional support it provides to Embassy Koror.

## APPENDIX B: MANAGEMENT RESPONSE

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*U. S. Embassy Koror*

December 20, 2018

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**THROUGH:** EAP – W. Patrick Murphy, Senior Bureau Official

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

**FROM:** Embassy Koror – Amy Hyatt, Ambassador

**SUBJECT:** Response to Draft OIG Report – Inspection of Embassy Koror, Republic of Palau

(U) Embassy Koror 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 Koror should implement a standard operating procedure for conducting supervisory reviews of nonimmigrant visa adjudications in accordance with Department standards. (Action: Embassy Koror)

(U) **Management Response:** Agree. Embassy Koror concurs that reviews should take place. Post will work with CA-RCO and Embassy Manila to ensure that appropriate CA computer applications and equipment are installed as needed, funding is provided, and necessary training takes place so that an SOP is created that best meets Department standards given the circumstances at this two-officer post.

(U) **OIG Recommendation 2:** Embassy Koror should take actions to prepare for a consular crisis according to Department guidance. (Action: Embassy Koror)

(U) **Management Response:** Agree. Done. Embassy Koror created a flyaway kit and a Consular Duty Officer Book.

(U) **OIG Recommendation 3:** Embassy Koror should assess and test its warden system in accordance with Department standards. (Action: Embassy Koror)

(U) **Management Response:** Agree. Done.

(U) **OIG Recommendation 4:** Embassy Koror, in coordination with the Bureau of Consular Affairs, should obtain general authorization from the Bureau of Consular Affairs to issue travel letters to U.S. citizens in emergency situations. (Action: Embassy Koror, in coordination with CA)

(U) **Management Response:** Agree. Done. [18 KOROR 242](#)

(U) **OIG Recommendation 5:** Embassy Koror should develop a consular fraud prevention strategy in accordance with Department guidelines. (Action: Embassy Koror)

(U) **Management Response:** Agree. Done. [18 KOROR 202](#)

(U) **OIG Recommendation 6:** Embassy Koror should establish a duty officer program in accordance with Department standards. (Action: Embassy Koror)

(U) **Management Response:** Agree. Done. Post created a Consular Duty Officer Book with rotation of all cleared American USDH.

(U) **OIG Recommendation 7:** Embassy Koror, in coordination with Embassy Manila, should implement a procurement process to avoid excessive acquisitions, in accordance with Department standards. (Action Embassy Koror, in coordination with Embassy Manila)

(U) **Management Response:** Agree. Ongoing. Post recently hired a new LE Supervisory GSO Assistant and a Procurement Specialist. Post will work with Embassy Manila and EAP/EX to arrange the necessary training and develop SOPS.

(U) **OIG Recommendation 8:** Embassy Koror should dispose of excess property in accordance with Department standards. (Action: Embassy Koror)

(U) **Management Response:** Agree. Done. Post held an auction on December 4, 2018.

(U) **OIG Recommendation 9:** Embassy Koror, in coordination with the Bureau of Administration, should request authorization to maintain the additional vehicles or dispose of three vehicles according to Department guidelines and put proceeds of sale to better use. (Action: Embassy Koror, in coordination with A)

(U) **Management Response:** Agree. Ongoing. Post requested authorization to maintain additional vehicles to utilize them with official TDYers instead of rental cars to save funds.

(U) **OIG Recommendation 10:** Embassy Koror should record information on embassy vehicles in the Integrated Logistics Management System, as required by Department standards. (Action: Embassy Koror)

(U) **Management Response:** Agree. Ongoing.

(U) **OIG Recommendation 11:** Embassy Koror, in coordination with Embassy Manila, should review all unliquidated obligations, deobligate any funds that are no longer needed, and put up to \$823,547 to better use. (Action: Embassy Koror, in coordination with Embassy Manila)

(U) **Management Response:** Agree. Ongoing. ULOs have already been reduced by almost 2/3 and Post reviews ULOs monthly to further deobligate as appropriate.

(U) **OIG Recommendation 12:** Embassy Koror should conduct monthly unannounced cash counts at unpredictable times during each month in accordance with Department standards. (Action: Embassy Koror)

(U) **Management Response:** Agree. Done.

(U) **OIG Recommendation 13:** Embassy Koror, in coordination with Embassy Manila, should update and conduct annual information technology contingency plan testing of the unclassified and classified networks in accordance with Department standards. (Action: Embassy Koror, in coordination with Embassy Manila)

(U) **Management Response:** Agree. Embassy Manila IMS is scheduled to visit post in January 2019 to complete the IT Contingency Plan.

(U) **OIG Recommendation 14:** Embassy Koror, in coordination with Embassy Manila, should establish a Local Information Technology Configuration Control Board in accordance with Department standards. (Action: Embassy Koror, in coordination with Embassy Manila)

(U) **Management Response:** Agree. Embassy Manila RISSO recognized that Embassy Koror does not have the appropriate technical staffing required to conduct software testing and approving in a manner that is in accordance to Department standard. As such he included in the Embassy Manila LCCB Charter that Manila will perform all testing and approving on Koror's behalf.

(U) **OIG Recommendation 15:** Embassy Koror, in coordination with Embassy Manila, should register its dedicated internet network in accordance with Department standards. (Action: Embassy Koror, in coordination with Embassy Manila)

(U) **Management Response:** Agree. Ongoing. As soon as certain technical changes are completed, Embassy Manila will register the DIN.

(U) **OIG Recommendation 16:** Embassy Koror should encrypt all laptops in accordance with Department standards. (Action: Embassy Koror)

(U) **Management Response:** Agree. According to Embassy Manila RISSO, 50% of Koror's laptops have been encrypted. The remaining three laptops have some technical issues which need to be navigated before complete encryption of Koror's laptop inventory is finalized. At least one of those laptops is unable to be encrypted and will be replaced.

(U) **OIG Recommendation 17:** Embassy Manila should complete and document Information Systems Security Officer reviews as required by Department standards. (Action: Embassy Manila)

(U) **Management Response:** Agree. Action is with Embassy Manila.

(U) **OIG Recommendation 18:** Embassy Koror should apply labels on the electrical panels according to Department standards. (Action: Embassy Koror)

(U) **Management Response:** Agree. Embassy Koror will need to rely on Embassy Manila for assistance as the requisite expertise does not exist in Koror.

(U) **OIG Recommendation 19:** Embassy Koror should install a temperature monitoring device in its unclassified server room in accordance with Department standards. (Action: Embassy Koror)

(U) **Management Response:** Agree. Done.

(U) **OIG Recommendation 20:** Embassy Koror, in coordination with Embassy Manila, should establish a records management program in accordance with Department standards. (Action: Embassy Koror, in coordination with Embassy Manila)

(U) **Management Response:** Agree. Embassy Koror requests assistance from Embassy Manila as the requisite expertise to implement the Recommendation does not exist in Koror.

(U) **OIG Recommendation 21:** Embassy Koror, in coordination with Embassy Manila, should implement standard operating procedures for managing its unclassified networks. (Action: Embassy Koror, in coordination with Embassy Manila)

(U) **Management Response:** Agree. Embassy Koror will need to rely on Embassy Manila for assistance as the requisite expertise to implement the Recommendation does not exist in Koror.

(U) The point of contact for this memorandum is Mission Deputy Jennifer Nehez.

Approved: EAP: W. Patrick Murphy, SBO

Drafted: KOROR: Jennifer Nehez, Mission Deputy

Cleared:	EAP/EX: Kevin Blackstone, Executive Director	OK
	EAP/EX: Denver Herren, SPMO	OK
	EAP/EX: Ana Chiaventone, PMO	OK
	Manila: Amy Vrampas, Management Counselor	OK

## ABBREVIATIONS

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COFA	Compact of Free Association
EEO	Equal Employment Opportunity
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
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

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