



# OIG HIGHLIGHTS

February 2016  
OFFICE OF INSPECTIONS  
Domestic Operations

## Inspection of the Bureau of Energy Resources

View Report: [ISP-I-16-06](#)

### What OIG Inspected

OIG inspected the Bureau of Energy Resources from April 20 to June 24, 2015.

### What OIG Recommended

The OIG team made 14 recommendations to the Bureau of Energy Resources to address leadership, communications, structural, staffing, and security issues. The majority of OIG's recommendations focus on the need to improve internal management procedures and the bureau's organization.

### What OIG Found

- Since its establishment in late 2011, the Bureau of Energy Resources has made itself the center for energy diplomacy and the action office for energy security issues in the Department. It has contributed to important U.S. policy deliberations and initiatives.
- The Special Envoy's substantive knowledge, tactical skills and advocacy have strengthened the bureau's leadership role in energy diplomacy.
- Extended absences of senior officials for official travel, leave, and telework have been detrimental to ENR's operational effectiveness.
- Weak institutional procedures, in particular information sharing and communication, as well as the bureau's organizational structure hamper internal operations and coordination with bureau partners.
- The strategic planning process is not inclusive and lacks rigorous prioritization of objectives.
- The Bureau of Energy Resources is building a cadre of experienced and knowledgeable energy officers through its training programs and seminars.
- The Bureau of Energy Resources lacks an effective security program to ensure the protection of sensitive information.

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



# OIG

## Office of Inspector General

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ISP-I-16-06

Office of Inspections

February 2016

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# Inspection of the Bureau of Energy Resources

## DOMESTIC OPERATIONS AND SPECIAL REPORTS

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## KEY FINDINGS

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- Since its establishment in late 2011, the Bureau of Energy Resources has made itself the center for energy diplomacy and the action office for energy security issues in the Department. It has contributed to important U.S. policy deliberations and initiatives.
- The Special Envoy's substantive knowledge, tactical skills, and advocacy have strengthened the bureau's leadership role in energy diplomacy.
- Extended absences of senior officials for official travel, leave, and telework have been detrimental to the bureau's operational effectiveness.
- Weak institutional processes, in particular information sharing and communication, as well as the bureau's organizational structure hamper internal operations and coordination with bureau partners.
- The strategic planning process is not inclusive and lacks rigorous prioritization of objectives.
- The Bureau of Energy Resources is building a cadre of experienced and knowledgeable energy officers through its training programs and seminars.
- The Bureau of Energy Resources lacks an effective security program to ensure the protection of sensitive information.

## CONTEXT

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The Bureau of Energy Resources (ENR) was established in October 2011, following a recommendation in the 2010 Quadrennial Diplomacy and Development Review calling on the Department to create a bureau uniting diplomatic and programmatic efforts in the global production and use of energy. The new bureau combined personnel and assets previously assigned to existing energy-related offices in the Department, primarily from what is now the Bureau of Economic and Business Affairs. The Secretary of State appointed a Special Envoy and Coordinator, rather than a Senate-confirmed Assistant Secretary, to head ENR.

The bureau divides its core objectives into three “pillars” or divisions:<sup>1</sup>

- Energy Diplomacy: ensures that U.S. foreign policy choices reflect energy considerations and engages with producers and consumers to manage the geopolitics of the world’s energy economy.
- Energy Transformation: stimulates market forces and develops policies to promote more efficient, economically viable, and green energy.
- Governance and Access: increases access to energy in developing countries and improves governance and transparency in their energy sectors.

The structure of the bureau reflects the core objectives. A Deputy Assistant Secretary heads activities in two of the three divisions; the Principal Deputy Assistant Secretary (PDAS) heads a third, in addition to managing the bureau. The Energy Diplomacy division is organized geographically, and the other two divisions divide responsibilities among functional lines. Each division consists of two offices, each supervised by a director and deputy director. A Joint Executive Office supports both ENR and the Bureau of Economic and Business Affairs. The current Special Envoy served as the Deputy Assistant Secretary for the Energy Diplomacy division before becoming the acting Special Envoy in August 2014. He received the full title in December 2014. The PDAS has served since August 2014.

The bureau manages three foreign assistance programs with a total FY 2014 budget of \$11.8 million in economic support funds. ENR relies heavily on interagency agreements with the Departments of Interior, Commerce, and the Treasury, as well as on contracted private-sector firms, to implement technical assistance.

The bureau currently has 91 personnel on staff; a third of its 67 full-time positions are Foreign Service and the rest are Civil Service. Ten full-time positions are currently vacant. To meet its expanding workload, the bureau requested an additional 22 positions in its most recent resource request and has established 30 non-permanent positions, including a mix of centrally funded Presidential Fellows, detailees, Foreign Service officer Y tours,<sup>2</sup> contractors, interns, and temporary full-time Civil Servants. The FY 2014 bureau budget was \$16.35 million.

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<sup>1</sup> An organizational chart depicting ENR structure is provided in Appendix B to this report.

<sup>2</sup> Y Tours are temporary positions that Foreign Service employees can bid on and occupy for limited timeframes, such as a year.

## LEADERSHIP

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ENR has made significant progress fulfilling its mandate to serve as the center of energy security issues in the Department, ensuring that energy interests are integrated into U.S. foreign policy decision making. Senior leaders and working-level staff in the Department, other agencies, and overseas missions told OIG inspectors they look to ENR for advice and expertise in managing the growing number of international security, economic, and environmental issues that have an energy component.

Under the leadership of two successive Special Envoys, ENR has advanced U.S. policy goals in regions of top administration concern. Stakeholders in the Department and the interagency community praised ENR's contributions in such initiatives as reducing Ukraine's energy vulnerability, promoting alternative energy sources for Europe, and diminishing Europe's reliance on a single source of fossil fuel energy. They also noted the role ENR played in efforts to access energy reserves in the Eastern Mediterranean, cut oil revenues to the Islamic State of Iraq and the Levant, and sanction Iranian oil exports. In the Western Hemisphere, senior officials cited positively ENR's work to promote electricity cooperation in Central America and to introduce alternative energy sources in the Caribbean, as well as ENR's activities in Africa to develop more power generation.

As a new actor in the energy community, ENR faced the challenge to define a role, establish its credibility, and demonstrate its value to U.S. policy makers. Observers in the U.S. Government, the energy industry, and think tanks told OIG inspectors that the Special Envoy's substantive knowledge of energy matters has served the bureau well in this regard, as have his connections to leaders in the global energy sector and foreign governments. Senior U.S. officials in Washington and in U.S. embassies said the Special Envoy had been creative and responsive in proposing options and tactics to use energy diplomacy to achieve U.S. foreign policy objectives. The PDAS is a senior Foreign Service officer and a former Chief of Mission. In addition to running the bureau's day-to-day affairs, she heads the Energy Governance and Access division. She has begun to give needed attention to standardizing the bureau's institutional processes and business procedures.

In the opinion of almost all of ENR's partners in the Department and other agencies the OIG team questioned, the bureau has largely put to rest initial concerns regarding its viability, utility, and relevance to the U.S. Government. ENR meets its core mandate to formulate and implement international policies aimed at protecting and advancing U.S. energy security interests. The main challenge its leadership must now address is internal management and operations: clearly defining roles and responsibilities—ensuring information is shared both internally and externally—and structuring the bureau to maximize efficiency and coordination.

## Leadership Absences

Frequent and extended absences of its leadership team—for extensive official travel, leave, and telework—have hampered the bureau’s performance. For 20 percent of work days during the past 10 months, only one of ENR’s four senior leaders was physically in the office; for more than 30 percent of the time, only two were available. The Special Envoy, in particular, travels a great deal and is frequently away from the Department. The official records for his travel and time and attendance indicate that he has not been physically present in ENR for almost two-thirds of regular working days between August 2014 and the beginning of the OIG on-site inspection in May 2015. Additionally, the PDAS was out of the office on official travel for more than a third of working days during the same period.

Almost a third of ENR employees interviewed or surveyed by OIG noted concerns with this issue, reporting that the absences slowed the decision-making and clearance processes, inhibited effective coordination internally and externally, and made it difficult for the leadership to focus collectively on bureau business. Officials elsewhere in the Department and in the energy community also said the ENR leadership’s travel absences sometimes slowed the flow of business. Although electronic communications make it easier for out-of-town leaders to stay in touch with staff members and contacts at home, ENR employees need more consistent hands-on guidance and leadership, as laid out in 3 Foreign Affairs Manual (FAM) 1214.

**Recommendation 1:** The Bureau of Energy Resources should institute a travel and leave plan for front office principal officers to ensure appropriate oversight and direction of the bureau. (Action: ENR)

## Principal Deputy Assistant Secretary’s Portfolio Should be Revised

The responsibilities of the PDAS are too broad to allow her to focus on the bureau management and policy issues that demand her full attention. In addition to her bureau-wide duties, she supervises the two offices in the Energy Governance and Access group, a total of 24 personnel, or about a third of the bureau’s full-time staff. Department regulation 1 FAM 014.7c(1) notes that “a deputy or assistant is expected to participate with the principal in carrying out the full range of management responsibilities, and to act with full authority over the total work of the organization during the principal’s unavailability or absence.”

**Recommendation 2:** The Bureau of Energy Resources should adjust the size of the Principal Deputy Assistant Secretary’s supervisory portfolio for improved focus on bureau organizational management and oversight. (Action: ENR)

## Morale Issues

The OIG pre-inspection survey showed ENR employees rank their personal morale lower than the averages derived from OIG’s last 25 inspections of domestic bureaus. OIG’s survey results in spring 2015 are consistent with a Federal Employee Viewpoint Survey taken in May 2014, which showed ENR staff members rated their satisfaction with their work experience below



Department averages in 12 of 15 areas<sup>3</sup>. In response to the 2014 survey results, the Special Envoy convened employees and asked for feedback and suggestions in early 2015. The ENR leadership had not evaluated staff responses to the Special Envoy's request at the time of the on-site inspection. Department leadership and management principles stress the need for leadership to be cognizant of morale (3 FAM 1214b). The OIG team advised the Special Envoy that the effort to improve morale needs more consistent front office attention and sustained communication with the ENR staff.

## **Inadequate Communication**

An OIG survey completed by 82 percent of the bureau's workforce showed that ENR staff members want more communication with the Special Envoy. Employees rated the Special Envoy in 13 leadership characteristics. OIG has compared these results to the ratings that leaders equivalent to assistant secretary received in 17 previous domestic inspections since 2010. ENR employees placed the Special Envoy within the average parameters in most leadership categories but ranked him below the averages OIG normally sees in four categories covering his interaction with employees: communication, feedback, tolerating dissent, and coordination.

## **Insufficient Official Reporting**

Although some of the Special Envoy's senior-level Department and interagency contacts told OIG they are satisfied with his information sharing, others disagreed. Specifically, ENR staff, partner bureaus, embassies and agencies that work with the bureau criticized ENR leadership in OIG surveys and interviews for failing to provide the formal reporting called for in multiple Department regulations.<sup>4</sup> The Special Envoy typically reports by informal e-mail or telephone to individual contacts in and outside the bureau. He provides oral briefings to ENR colleagues and at Department senior staff meetings. However, 25 percent of ENR staff members with substantive portfolios interviewed by OIG consider the Special Envoy's reporting on his meetings and activities—particularly when these take place outside of Washington—to be inadequate. Officials in five of seven geographic bureaus and six of eight embassies contacted by OIG also expressed concerns about the frequency, timeliness, and mechanism of the Special Envoy's reporting and information sharing.

From August 2014 through May 2015, the Special Envoy made 21 overseas trips, with substantive visits to 29 capitals. Yet embassies in these capitals generated 13 telegrams and 1 record email reporting on these visits, almost all with a delivery lag of more than 3 weeks. ENR also does not track or report on the Special Envoy's diplomatic engagements while he is overseas. During this same 9-month period, more than two dozen such meetings with national and international leaders occurred without any record or report. This approach leaves action officers in Washington and in overseas missions uninformed, thereby impeding informed collaboration with counterparts in other bureaus and agencies. ENR's leadership expressed

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<sup>3</sup> The results of this survey were provided to all bureau executive directors from DGHR in an action memo dated February 9, 2015, Subject: Strengthening Employee Engagement.

<sup>4</sup> Department regulations 5 FAM 1214.2, 5 FAM 1214.3, and 1 FAM 014.2 define ENR's reporting responsibilities.

concerns about sharing information on sensitive discussions, but this can be addressed through the use of special caption cables to restrict distribution.

**Recommendation 3:** The Bureau of Energy Resources should comply with Department guidelines for formal reporting by cables or State Messaging and Archive Retrieval Toolset archive record emails on activities and meetings of the Special Envoy and other bureau staff members. (Action: ENR)

## **Need for Greater Focus on Document Clearances**

The OIG team reviewed a sampling of 60 information and decision memoranda—dated between November 2014 and May 2015—and found 12 examples in which ENR did not coordinate documents appropriately with the geographic and functional bureaus that had a substantial interest in the topic. This was consistent with 11 testimonials provided by employees inside and outside ENR about the bureau’s failure to obtain timely or necessary clearances from Department entities and other agencies. The problem is exacerbated by the inflow of short-term, temporary duty, and contract staff members who are not adequately trained in the Department clearance procedures outlined in 2 FAM 1214.1. By neglecting to consult with all the stakeholders on an issue, ENR risks conveying incomplete or inaccurate information. The bureau also loses the chance to educate and attract allies and advocates, an essential part of successful institution building.

**Recommendation 4:** The Bureau of Energy Resources should include all pertinent regional and functional bureaus in its clearance practices, consistent with Department guidelines. (Action: ENR)

## **Policy Direction: The Bureau Needs to Define and Discuss Priorities**

Many bureau personnel are dissatisfied with the way ENR defines, discusses, or communicates its priorities. More than a third of the bureau staff members interviewed or surveyed by OIG said that the bureau had too many priorities, was unclear about its main objectives, or needed to be more disciplined about matching bureau goals to available resources. Officials in a number of bureaus who work regularly with ENR, as well as bureau partners in other agencies and in the private sector, echoed the concerns of ENR employees in OIG interviews, recommending that the bureau clarify its top goals and focus its efforts more strategically.

ENR has taken on additional responsibilities and tasks, often as a consequence of international crises or at the specific request of U.S. leaders. As the number and complexity of missions have increased, so has staff confusion about bureau priorities. A 2014 attempt to develop a consolidated list of bureau priorities produced a list of more than 60. ENR’s formal strategic plan sets ambitious and demanding goals for a relatively small bureau whose staff complains that they cannot keep up with the increasing workload, although requests for additional full-time personnel have largely remained unmet by the Department.

ENR develops its strategic priorities in a top-down process that does not include bureau-wide discussion and review. Prior to the inspection, no bureau-wide discussion of objectives and resources had occurred in at least 15 months. Big picture policy planning in ENR is concentrated in the front office under a contractor “bureau strategist” who works primarily with material provided by the bureau’s senior officers to produce the functional bureau strategy. This approach inhibits employee awareness, feedback, and buy in.

In 3 FAM 1214b, the Department emphasizes the value of shared strategic planning, open communication within units, and collaboration. By failing to involve employees in the process of setting priorities and allocating resources, the bureau loses an opportunity to build consensus and cohesion. This exclusion also affects morale and job satisfaction.

**Recommendation 5:** The Bureau of Energy Resources should conduct annual reviews of bureau priorities and objectives and align them with available resources (Action: ENR)

## Interagency Coordination

Personnel in ENR and other agencies concur that the bureau maintains good relations with the interagency community, with the exception of the Department of Energy. ENR contacts in the Department and the interagency community told OIG inspectors that relations between the Department of Energy and ENR have been strained since ENR’s establishment in 2011—at which time adjustments to the roles and authorities of existing interlocutors in the energy policy field were necessary. Half of ENR’s staff with substantive portfolios reported problems in the bureau’s relationship with the Department of Energy, including competing or overlapping missions, inadequate communication and coordination, and tense interpersonal relationships. Personnel in some U.S. embassies told OIG inspectors that inconsistent coordination between ENR and the Department of Energy has on occasion generated problems overseas for missions trying to promulgate a single U.S. energy message to foreign governments.

The current leadership in ENR has taken useful steps to improve information exchanges and engagement with Department of Energy officials, and the relationship is slowly improving. A weekly interagency conference call among ENR, the Department of Energy, and the National Security Staff at the Special Envoy level, for example, has helped to build collegiality and de-conflict activities. The OIG team advised ENR leadership to continue to build institutional and personal linkages with the Department of Energy as a way to deal with persistent tensions.

## POLICY AND PROGRAM IMPLEMENTATION

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The Energy Diplomacy division has several successes in energy diplomacy, including bolstering Ukraine and broader European energy security, supporting energy development and cooperation in the eastern Mediterranean, and countering financing for the Islamic State in Iraq

and the Levant.<sup>5</sup> Given the immediacy of these high-profile challenges, the division's activities have been focused on energy security issues mainly related to traditional fossil fuels.

Technical experts in the Energy Governance and Access division work on development projects, energy exploration, and governance. The Energy Transformation division staff focuses on directing the attention of foreign governments to alternative and renewable energy sources and on reforming regulations to promote energy efficiency and regional cooperation. The direct result of these efforts has been progress in Central America and the Caribbean, important priority areas for the President and the Secretary. An independent evaluation of the impact of the Connecting the Americas 2022 Initiative, which seeks to improve the business climate and the regional electricity market in Central America, praised the bureau's contributions.

### **Bureau Structure Impedes Internal Coordination**

Despite bureau successes, the rigid design of the ENR's three-division structure, which dates from the bureau's creation, has increasingly hindered rather than promoted the work of the bureau. In interviews and OIG's pre-inspection survey questionnaires, half the personnel in the bureau expressed concern that ENR's organizational structure impeded collaboration and the flow of information among offices. Staff members cited stove-piping of information within the individual divisions and a lack of visibility into the work of colleagues in other divisions. In addition, a number of issues the bureau now must manage do not fit into the operations of a single division. To address these cross-division issues, the bureau created more than a dozen multi-office teams. Although a few of these teams have developed good internal communication and coordination, for instance those that work on power grids in the Caribbean/Central America and U.S. Agency for International Development's Power Africa program, other teams have been less successful, according to staff members and bureau leadership.

ENR's personnel configuration further complicates efficient cross-division coordination. The bureau's staff consists of a large contingent of senior personnel, with more than a third of the direct-hire positions ranked at the FS-01/GS-15 level or higher and another third that are temporary and short-time staff. In the expectation that ENR would more than double its staffing levels within the first 3 years of its existence, the Bureau of Human Resources and the Under Secretary for Management approved a waiver of 1 FAM requirements that offices have a minimum of 12 full-time equivalent employees. Each of ENR's six small offices has two management levels—directors and deputy directors—reducing further the number of available action officers. Although managers have been resourceful in recruiting detailees from other agencies—contractors, temporary Foreign Service positions, and Franklin and American Association for the Advancement of Science Fellows—such temporary measures do not allow for long-term planning. These staff members also sometimes lack technical knowledge or government experience. The result: more than 40 percent of Department employees outside

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<sup>5</sup> ENR has a three-division structure with two offices in each division.

ENR interviewed by OIG said that ENR generates good ideas but is overworked, suffers from too much turnover, or does not have the capacity to follow through appropriately.<sup>6</sup>

The Special Envoy and the PDAS agree that the bureau's structure needs to be reviewed. Language in 1 FAM 014.1a and b directs that organizational planning should achieve a proper balance among mission needs, efficiency of operations, and effective employee use. Organizational stove-piping and a lack of communication and coordination create inefficiencies through duplication, overlapping, conflicting or unclear responsibilities, and interoffice rivalries.

**Recommendation 6:** The Bureau of Energy Resources, in coordination with the Under Secretary for Management and the Bureau of Human Resources, should conduct a comprehensive review of the bureau's organizational structure and manpower needs and reallocate resources and responsibilities to achieve operational efficiencies. (Action: ENR, in coordination with M and DGHR)

### **Confusion about Staff Roles and Responsibilities**

Bureau employees often do not have a clear understanding of their responsibilities. In the 2014 Federal Employee Viewpoint Survey, only 52 percent of ENR employees responded positively to the statement, "I know what is expected of me on the job." The overall Department response to this question was 80-percent positive. A quarter of ENR employees interviewed by the OIG team said their portfolios are unclear or overlap those of other staff members. The bureau's own phone list on the Department's intranet page does not provide a primary functional or geographic portfolio for a quarter of working-level employees. The turnover caused by the many short-term assignments in ENR also increases the uncertainty about each employee's responsibilities. This condition has led to duplication of work, frustration on the part of non-ENR colleagues trying to find the appropriate officer to work with, and missed opportunities when a work product is not coordinated appropriately. According to 3 FAM 1214b (7), leaders and managers are responsible for eliminating redundancies, which in turn reduces costs.

**Recommendation 7:** The Bureau of Energy Resources should define and publish, according to current work commitments, the responsibilities of each of its employees, in accordance with Department regulations. (Action: ENR)

### **Public Diplomacy Work Understaffed**

Only 2 of 12 staff members in the ENR Policy Analysis and Public Diplomacy office are assigned to public diplomacy work. ENR lacks sufficient staff to conduct the social media activities identified in its public diplomacy plan or in the Department's 2015 Quadrennial Diplomacy and Development Review. This calls for greater efforts to inform and engage with the American people. The office has not been able to develop new content for blogs, use its Facebook page to communicate with the public on global energy issues, or more actively engage in video and

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<sup>6</sup> Those interviewed included Department employees at multiple levels – from desk officers to assistant secretaries -- across several functional and geographic bureaus.

television production. This office has supported an active outreach effort by the bureau, especially the Special Envoy, and produces a comprehensive daily press review that includes press reports on the activities of the bureau's leadership. However, limited staffing has not allowed the bureau to take useful steps such as establishing and supporting public advisory committees, as the Bureau of Economic and Business Affairs and the Bureau of Oceans and International Environmental and Scientific Affairs have done.<sup>7</sup> The OIG team advised ENR leadership to consider increasing public diplomacy staffing when the bureau adds personnel.

## Foreign Assistance Management

The Energy Program Office manages three existing foreign assistance programs: the Energy Governance and Capacity Initiative, the Unconventional Gas Technical Engagement Program, and the Power Sector Program. All use Economic Support Funds.<sup>8</sup> Total funding for the three programs was \$11.8 million in FY 2014.

In May 2015, the Brookhaven National Laboratory completed an independent evaluation of the Unconventional Gas Technical Engagement Program, consistent with Department evaluation requirements. The evaluation report commended the program for bringing together nine interagency partners and three universities to share best practices with countries that are pursuing development of unconventional energy sources. At the time of the inspection, ENR was arranging for an independent evaluation of its power sector program.

## Grants Management

The OIG team reviewed ENR's four active grants, which have a total value of \$1.9 million, and found the grant files in compliance with applicable Office of Management and Budget requirements and Department policies. Employees of the Bureau of Budget and Programs serve as grants officers in managing the four grants, three of which are sole source awards. The OIG team reviewed applicable justifications and determined that the grants met sole source requirements. The ENR grants officer representatives and contracting officer's representatives—located in the ENR energy programs office and the executive office—have active certifications from the Bureau of Administration's Office of Quality Management.

## Building an Energy Cadre

As the "home bureau" for Department employees who work on energy issues, ENR provides subject matter experts from its own staff to support Foreign Service Institute training on energy policy, global markets, and energy/environment issues. Between October 2012 and the on-site inspection in June 2015, the number of U.S. Government employees trained by ENR and the Foreign Service Institute grew by a total of 40 percent (from 159 to 223 students). ENR has also

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<sup>7</sup> State Department Advisory Committees serve the U.S. Government in a sole advisory capacity by providing a forum for discussion of issues and problems concerning international economic policy. The Committees include distinguished representatives from business, industry, trade, academic, and other institutions.

<sup>8</sup> The majority of ENR's financial assistance funding is allocated through contracts and interagency assistance agreements which are managed by two contracting officer representatives employed by the bureau.

initiated a series of well-received<sup>9</sup> overseas regional seminars to facilitate access to training, including seminars in London, Ankara, and Doha. The bureau plans to hold seminars in Africa and the Americas subject to funding availability.

### **Lack of a Bureau-Wide Contact Database**

ENR does not have an effective system to identify contacts and manage lists to arrange events, appointments, correspondence, and outreach. The bureau maintains at least five databases of contacts, which are all formatted differently and are not compatible. Only one of these databases is available bureau-wide. In late 2014, ENR established a contact database in SharePoint for bureau employees, but it is underused because employees are not aware of its existence or find it has limited functionality for filtering data by categories. Staff turnover in the bureau further complicates the bureau's task of retaining knowledge of its key contacts. This problem conflicts with 1 FAM 014.1, which establishes efficiency of operations as a general organizational objective, and could result in lost contact information.

**Recommendation 8:** The Bureau of Energy Resources should establish a policy for use of a common contact database. (Action ENR)

## **RESOURCE MANAGEMENT**

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A 17-person Joint Executive Office supports a total of 302 people in ENR and the Bureau of Economic and Business Affairs. The executive office received three new positions when ENR was created to handle the additional responsibilities of supporting another bureau and its personnel. The bureau hired a new support services specialist, human resources specialist, and financial analyst.

Overall, ENR employees are satisfied with executive office services. The scores they give for such services in the OIG-administered survey are consistent with other domestic executive offices inspected by OIG. Comments in OIG questionnaires reflected particular satisfaction with the Joint Executive Office's human resources services.

### **Contract for Legal Advice May Be Unnecessary**

ENR contracts for policy advice in the specialized area of petroleum contracts and international arbitrations under contract SAQMMA14F2914. This contract attorney also provides advice on maritime boundary disputes. These areas all relate to international law. Bureau leadership believes that the expertise the attorney provides is not available within the Department. Federal Acquisitions Regulation 37.203 (c) (5) directs that contracts for advisory services shall not be used to obtain professional or technical advice that is available within the agency. The Office of the Legal Adviser, as established in 1 FAM 241.1, represents and advises the Department in all legal and legal policy issues arising in connection with U.S. foreign policy. Within the Office of the Legal Adviser, attorney-advisors assigned to the Office of International Claims and Disputes,

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<sup>9</sup> Student evaluations expressed satisfaction with the course content and delivery.



Office of Economic and Business Affairs, Office of Treaty Affairs, and Office of Oceans, International Environmental and Scientific Affairs provide advice on the same subjects as the contracted attorney.

**Recommendation 9:** The Bureau of Energy Resources, in coordination with the Office of the Legal Adviser, should determine if the services provided under contract SAQMMA14F2914 should be terminated. (Action: ENR, in coordination with L)

### **Unused and Duplicative Subscriptions**

ENR spends in excess of \$200,000 annually on newspapers and magazines, many of which are not fully used or are available through Department subscriptions or other open sources. The OIG team noted that many newspapers and magazines were not used during the course of the inspection and that office support specialists had recently recycled 2 weeks' worth of newspapers that were never picked up from the mail room. ENR's Joint Executive Office has not determined the most cost-effective means to supply the bureau's subscription needs. Subscribing to widely available magazines and newspapers conflicts with 4 FAM 052.2 and is wasteful.

**Recommendation 10:** The Bureau of Energy Resources should review all bureau magazine and newspaper subscriptions and cancel those that are available from other sources in the Department. (Action: ENR)

### **Untrained Equal Employment Opportunity Counselors**

ENR currently does not have trained Equal Employment Opportunity counselors. Two employees have been approved for the position by the Office of Civil Rights, but neither has taken the training required for certification. Pursuant to 3 FAM 1514.1b (4), the Assistant Secretary of Civil Rights designates Equal Employment Opportunity counselors to assist in carrying out the Equal Employment Opportunity Program. Bureau staff members highlight competing priorities as the reason these employees have not yet received training. This lack of trained counselors reduces employee awareness of rights and options in cases of potential discrimination.

**Recommendation 11:** The Bureau of Energy Resources, in coordination with the Office of Civil Rights, should facilitate the training and certification of its designated Equal Employment Opportunity counselors. (Action: ENR, in coordination with S/OCR)



**Table 1: FY 2015 ENR Bureau Staffing**

	Foreign Service	Civil Service	Detailees	Temporary Foreign Service Assignments	Interns	Contractors	Total
U.S. Staff Domestic	19	44	5	6	4	12	90
U.S. Staff Overseas	1	0	0	0	0	0	1
<b>Total</b>	<b>20</b>	<b>44</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>12</b>	<b>91</b>

Source: Generated by OIG from data provided by ENR.

**Table 2: FY 2015 ENR Bureau Funding**

Funding Description	Amount
Traditional Overseas Program Funding	\$4,515,000
Public Diplomacy Representation	\$28,000
Economic Support Funds	\$16,000
<b>Total</b>	<b>\$11,800,000</b>
	<b>\$16,359,000</b>

Source: Generated by OIG from data provided by ENR.

## SECURITY PROGRAM

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### Substandard Security Management

ENR does not have an effective domestic bureau security program. With the exception of the front office and the Office of Energy Programs, the OIG inspector observed the following signs of ENR security program deficiencies:

- Office suites lack end-of-day security check procedures. Security forms (Standard Form-701 Activity Security Checklist) are not used or displayed at main suite doors in the bureau. This condition conflicts with 12 FAM 534.2-1b and 12 FAM 539.1d.
- Security containers are not checked daily—using security container check sheet Standard Form-702—to ensure combination locks are properly secured, a shortcoming that conflicts with 12 FAM 539.1e.
- Department policy on electronic devices is not being observed in office suites where classified material is discussed, stored, and processed. As stipulated in 12 Foreign Affairs Handbook-10 H-164.2 (1) and (3) and 12 Foreign Affairs Handbook-10 H-165.1 (2) a and b, Department-owned, non-enterprise, and personally owned electronic devices must maintain a minimum of 10 feet of separation between devices and classified processing equipment. Additionally, devices equipped with a camera must have the lens covered at all times.

- The bureau has no policy on escorting personnel who do not have security clearances, a situation that is out of compliance with 12 FAM 534.1b.

The competing responsibilities of the principal unit security officer—who also serves as the GSO for two bureaus—and a lack of knowledge and training for recently assigned unit security officers are the likely causes for this condition. Although training for unit security officers is scheduled for late July 2015, greater emphasis on the program is needed to ensure the integrity of national security information being stored, handled, and processed in ENR.

**Recommendation 12:** The Bureau of Energy Resources, in coordination with the Bureau of Diplomatic Security, should implement a domestic security program that meets Department standards. (Action: ENR, in coordination with DS)

To further solidify ENR's security program, the OIG team advised the Joint Executive Office on security assets available in the Department that are not formally used by ENR. OIG highlighted the benefits of the Bureau of Diplomatic Security's Bureau Security Officer program, which includes the assignment of a trained and tenured security officer to functional or geographic bureaus to provide advice and assistance on security matters.

### Uncertified Bureau Emergency Action Plan

The Department's Office of Emergency Management has never received a properly signed or certified Bureau Emergency Action Plan from ENR. A certified emergency plan was submitted in 2013, but this plan was signed by the Principal Deputy Assistant Secretary instead of the bureau's Special Envoy. This is contrary to 6 FAM 416.1 (4), which requires the Assistant Secretary or equivalent to review, update, and certify the Bureau Emergency Action Plan on an annual basis. Confusion about Department requirements and a lack of enforcement by the Office of Emergency Management served to perpetuate this shortcoming. The bureau's readiness to respond effectively in an emergency depends on regular updates and leadership certification of the emergency plan.

**Recommendation 13:** The Bureau of Energy Resources should certify its Bureau Emergency Action Plan and provide a copy of the signed certification page of the plan to the Department's Office of Emergency Management. (Action: ENR)

## INFORMATION MANAGEMENT

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ENR receives information management and information security support from the Joint Executive Office in addition to the Bureau of Information Resource Management. Two information technology specialists provide a variety of services to the staff, including frequent support to digital video conferences, mobile device management, and SharePoint administration. The Bureau of Information Resource Management provides primary desktop computer and network support. ENR staff feedback to the OIG team confirmed OIG survey results that reported above-average scoring for the performance of the information

management staff. The OIG team identified minor areas for improvement, which were addressed during the inspection.

## Substandard Records Management Program

The ENR records management program is not in compliance with Department regulations. Only two offices in ENR have approved disposition instructions for the management of official records. As a result, file repositories are not properly titled and files are currently maintained in several ways, including saving files on individual and network drives, in addition to the bureau's SharePoint site.

The proper management of official records, as specified in 5 FAM 400 and 5 Foreign Affairs Handbook-4, is the responsibility of all Department employees. Particularly, records from the Department's senior leadership are acknowledged as the most important and retain a higher historical value<sup>10</sup>. ENR's executive office recognizes the importance of maintaining official records and has created a standard operating procedure for employees to follow. This is a good first step, but senior leadership must give their full support for a records management plan that includes comprehensive disposition instructions, approved by the National Archives and Records Administration, followed by the production of standardized records repositories and proper management of the bureau's official records.

**Recommendation 14:** The Bureau of Energy Resources should bring its records management program, including the retention and storage of electronic and hard-copy files, into compliance with Department standards. (Action: ENR)

## Absence of Record Emails

ENR employees are not using the record email function of the State Messaging and Archive Retrieval Toolset software system. Record email is designed to archive email in a searchable format for historical reference, for policy and decision makers, and for operational continuity. Failure to use record email properly results in the loss of historical insight into decisions and policies and inhibits smooth and efficient transitions from an incumbent employee to a successor. Lax oversight and direction has allowed this issue to go unaddressed. Following proper email records management procedures ensures that historical data are available in the future. Department regulation 5 FAM 443.1 and 14 State 128030 stipulate the requirement of all government employees to preserve official email correspondence.

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<sup>10</sup> Under Secretary for Management Patrick F. Kennedy - Memorandum - Senior Officials' Records Management Responsibilities - September 5, 2014.

## RECOMMENDATIONS

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**Recommendation 1:** The Bureau of Energy Resources should institute a travel and leave plan for front office principal officers to ensure appropriate oversight and direction of the bureau. (Action: ENR)

**Recommendation 2:** The Bureau of Energy Resources should adjust the size of the Principal Deputy Assistant Secretary's supervisory portfolio for improved focus on bureau organizational management and oversight. (Action: ENR)

**Recommendation 3:** The Bureau of Energy Resources should comply with Department guidelines for formal reporting by cables or State Messaging and Archive Retrieval Toolset archive record emails on activities and meetings of the Special Envoy and other bureau staff members. (Action: ENR)

**Recommendation 4:** The Bureau of Energy Resources should include all pertinent regional and functional bureaus in its clearance practices, consistent with Department guidelines. (Action: ENR)

**Recommendation 5:** The Bureau of Energy Resources should conduct annual reviews of bureau priorities and objectives and align them with available resources (Action: ENR)

**Recommendation 6:** The Bureau of Energy Resources, in coordination with the Under Secretary for Management and the Bureau of Human Resources, should conduct a comprehensive review of the bureau's organizational structure and manpower needs and reallocate resources and responsibilities to achieve operational efficiencies. (Action: ENR, in coordination with M and DGHR)

**Recommendation 7:** The Bureau of Energy Resources should define and publish, according to current work commitments, the responsibilities of each of its employees, in accordance with Department regulations. (Action: ENR)

**Recommendation 8:** The Bureau of Energy Resources should establish a policy for use of a common contact database. (Action: ENR)

**Recommendation 9:** The Bureau of Energy Resources, in coordination with the Office of the Legal Adviser, should determine if the services provided under contract SAQMMA14F2914 should be terminated. (Action: ENR, in coordination with L)

**Recommendation 10:** The Bureau of Energy Resources should review all bureau magazine and newspaper subscriptions and cancel those that are available from other sources in the Department. (Action: ENR)

**Recommendation 11:** The Bureau of Energy Resources, in coordination with the Office of Civil Rights, should facilitate the training and certification of its designated Equal Employment Opportunity counselors. (Action: ENR, in coordination with S/OCR)

**Recommendation 12:** The Bureau of Energy Resources, in coordination with the Bureau of Diplomatic Security, should implement a domestic security program that meets Department standards. (Action: ENR, in coordination with DS)

**Recommendation 13:** The Bureau of Energy Resources should certify its Bureau Emergency Action Plan and provide a copy of the signed certification page of the plan to the Department's Office of Emergency Management. (Action: ENR)

**Recommendation 14:** The Bureau of Energy Resources should bring its records management program, including the retention and storage of electronic and hard-copy files, into compliance with Department standards. (Action: ENR)

## PRINCIPAL OFFICIALS

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<b>Title</b>	<b>Name</b>	<b>Arrival Date</b>
Special Envoy and Coordinator for International Energy Affairs	Amos J. Hochstein	08/2014
Principal Deputy Assistant Secretary	Mary B. Warlick	08/2014
Deputy Assistant Secretary	Robin L. Dunnigan	07/2014
Deputy Assistant Secretary	Robert F. Ichord	07/2011

## APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

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

### **Purpose and Scope**

The Office of Inspections provides the Secretary of State, the Chairman of BBG, and Congress with systematic and independent evaluations of the operations of the Department and BBG. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

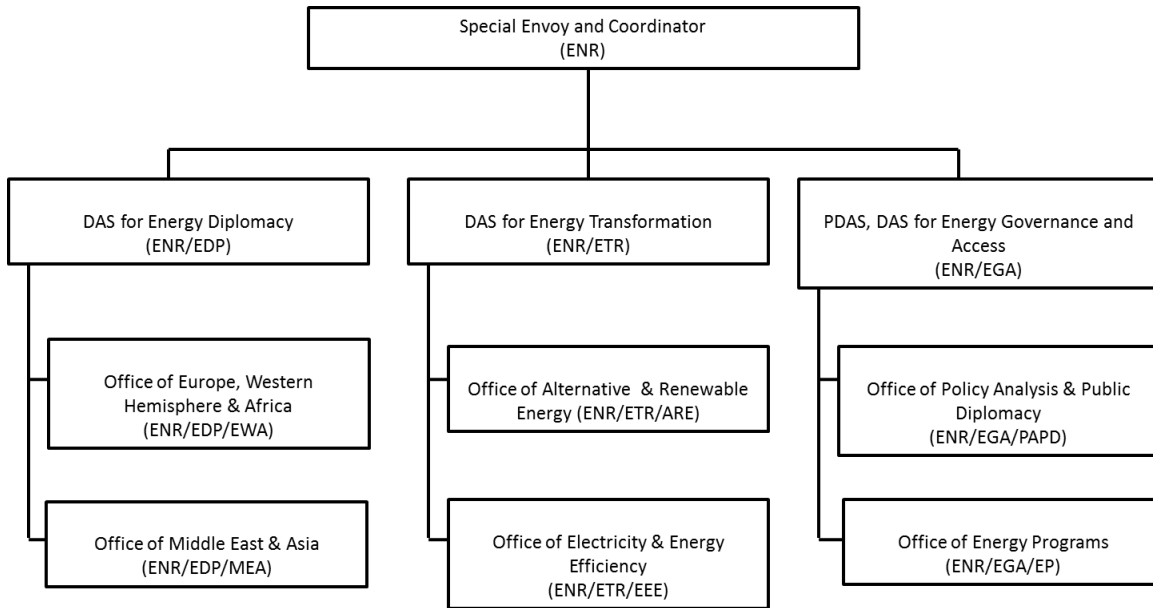
### **Methodology**

In conducting inspections, the inspectors review pertinent records; as appropriate, circulate, review, and compile the results of survey instruments; conduct on-site interviews; and review the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.

For this inspection, the OIG team reviewed 66 personal questionnaires and interviewed 88 ENR full-time and contract employees. The team also reviewed several functional questionnaires and interviewed 101 employees from other Department bureaus, the interagency, and private industry.

## APPENDIX B

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## ABBREVIATIONS

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ENR	Bureau of Energy Resources
FAM	Foreign Affairs Manual
PDAS	Principal Deputy Assistant Secretary

## OIG INSPECTION TEAM MEMBERS

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Carol van Voorst	Team Leader
Barry Langevin	Deputy Team Leader
Ken Hillas	
Laura Faux-Gable	
Jack Zetkulic	
Mira Piplani	
Shawn O'Reilly	
Eric Chavera	



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