

Inspection of Embassy Cairo, Egypt

What OIG Found

- Washington credits the Ambassador and the Deputy Chief of Mission with providing clear and effective leadership to an embassy that performs well in challenging circumstances. The Ambassador has helped shape Washington's evolving policy for U.S.-Egyptian relations.
- Embassy Cairo had not fully coordinated and integrated its crisis planning nor ensured crisis training tests cross-functional aspects of its crisis plans.
- The Public Affairs Section, one of the world's 10 largest, was rebuilding after several years of disruption but has not focused on strategic planning and direction.
- The embassy was spending public diplomacy funds on events without clearly branding them as U.S. Government-sponsored activities.
- After years of limited staffing, the Consular Section had made substantial progress in re-establishing internal controls and standardizing staff training but did not devote adequate attention to ensuring efficient American citizens service delivery.
- The Management Section had made progress on strengthening oversight of internal controls, but senior managers paid insufficient attention to management controls for the purchase card program and contracts.
- Embassy Cairo information management operations lacked standard procedures and internal control to ensure effective and efficient IT and communication services.
- OIG identified \$133,200 in funds that could be put to better use by terminating leases for vacant residences in Alexandria.



OIG HIGHLIGHTS

View Report: [ISP-I-16-15A](#).

What OIG Inspected

OIG inspected the U.S. Embassy in Cairo from October 13 to November 18, 2015. Members of the team inspected the U.S. Consulate General in Alexandria on November 1 and 2, 2015.

What OIG Recommended

OIG made 20 recommendations to improve Embassy Cairo's operations and procedures. The report addresses management of foreign assistance, integration of crisis preparation across the agencies and offices, and the need for a more strategic approach to public diplomacy. The report also recommends strengthening management controls and oversight of IT operations.



OIG

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BUREAU OF NEAR EASTERN AFFAIRS

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CONTEXT

The Arab Republic of Egypt is the most populous nation in the Middle East, with nearly 88.5 million persons. Gross national income per capita is approximately \$3,000, which qualifies Egypt as a lower-middle-income country. More than 25 percent of the population lives below the poverty line and unemployment is estimated at 13 percent. Political and security turmoil since 2011 have depressed economic growth and the Egyptian Government is dependent on borrowing and assistance from Gulf countries to cover public financing and imports. Former president Hosni Mubarak was ousted in 2011, following months of demonstrations and strikes. The Egyptian Armed Forces in 2013 removed Mohammed Morsi, elected in 2011, and replaced him with an interim president after massive protests. Abdel Fattah Sisi, the former head of Egypt's Armed Forces, was elected president in May 2014. In recent years, terrorist groups have conducted attacks throughout Egypt, focusing primarily on government and security targets.

Egypt is a key U.S. partner in promoting regional stability, including a comprehensive peace between Israel and the Palestinians, and in regional counterterrorism efforts. Since the signing of the 1979 Egypt-Israel peace treaty, the United States has provided Egypt with almost \$64 billion in assistance, including approximately \$40 billion in security assistance and \$24 billion in economic assistance. However, because of political instability from 2011 until President Sisi's election in 2014, delivery of military equipment was suspended for nearly 2 years. In addition, the embassy went without an ambassador for 16 months. Embassy Cairo is now focused on rebuilding the relationship, but a media environment that routinely portrays U.S. policies and activities as hostile to Egyptian interests complicates operations and interactions. Embassy Cairo's policy priorities include enhancing regional security; supporting sustainable economic growth; promoting a democratic, stable, and unified state; protecting U.S. citizens and interests; and fostering positive perceptions of the United States.

Egypt presents work and quality of life challenges for the embassy staff. Political turbulence led to two ordered departures in the last 4 years, a change in 2013 from 3- to 2-year assignments, and curtailments by U.S. direct-hire staff. These events degraded oversight and management of internal operations, which was compounded by resignations/retirements by senior locally employed (LE) staff members. Furthermore, security conditions require that travel and outreach, including in and near Cairo, be closely scrutinized and controlled. Cairo's traffic is notoriously congested, which affects commutes to and from the embassy, as well as movements between embassy compounds during the work day. Pollution is becoming increasingly severe.

In December 2013, the Department directed that Consulate General Alexandria's operations be significantly modified. American staff members were re-located to the embassy in Cairo, from which they make periodic visits to Alexandria and other cities in the consular district. The LE staff remains in Alexandria and works on a flexible schedule to minimize security risk. Senior LE staff members make monthly visits to the embassy for work and consultations. The Bureau of Overseas Buildings Operations (OBO) is developing new temporary office space for the

consulate general in Alexandria and the American staff will return to the city when that is completed, which is currently scheduled for mid-2016.

Embassy Cairo has 2,100 total staff members, which includes staffing for the consulate general in Alexandria, and an authorized 384 U.S. direct-hire positions. Staffing has been reduced from 455 U.S. direct-hire positions over the past 2 years—with many regional positions, including those from other agencies, relocated. At the time of the inspection, approximately 280 U.S. direct-hire positions were filled.

Embassy Cairo staff members operate from a multi-building chancery compound constructed in 1989 and three other compounds some distance from the chancery. OBO has begun to look for sites in both Cairo and Alexandria to build new embassy and consulate general offices.

OIG also conducted an assessment of security, which is covered in a classified annex to this inspection report. The annex contains a comprehensive discussion of the conduct of the security program and issues affecting the safety of mission personnel and facilities.

EXECUTIVE DIRECTION

OIG based the following assessments of the embassy's leadership on the results of 171 interviews and meetings in Washington and Cairo, 328 questionnaires completed by the American and LE staff that included comments on Front Office performance, and OIG's review of documents and observations of embassy meetings and activities during the course of the on-site inspection.

The Ambassador and the Deputy Chief of Mission (DCM) have worked together at Embassy Cairo since December 2014. Each has considerable experience in the region, with the Ambassador having previously served as Chief of Mission in Jordan and Iraq. Egypt receives attention at senior levels in Washington. President Obama has met with Egyptian President Sisi. Secretary Kerry made 7 visits in the last 2 years; in the last year, the post has hosted 8 congressional delegations, 2 visits by military service secretaries, and 17 visits by senior U.S. military officers.

Tone at the Top and Standards of Conduct

The Ambassador and the DCM set a positive, inclusive, and professional tone for the embassy, consistent with Department leadership principles in 3 Foreign Affairs Manual (FAM) 1214. Embassy staff members report the Ambassador and the DCM work as a team and promote collaboration and teamwork across sections and agencies at post. They engage frequently with staff members in formal and informal meetings in the embassy, at their residences, and at an American community center. The DCM periodically goes to the American community center to engage any employee or family member who wants to meet with him. The Ambassador and the DCM visit the three embassy compounds that are home to the embassy's warehouses, the U.S. Agency for International Development (USAID) offices and the Naval Medical Research Unit to

meet with the staff and review their operations. Embassy staff members report the Ambassador leaves his office to visit others in theirs.

American and LE staff members report they are well informed of the embassy's mission. In meetings, the Ambassador frequently outlines his priorities, underscores the importance of the embassy's work in regional and bilateral contexts, and notes that every member of the embassy's staff contributes to the embassy's priorities and success. The result—as demonstrated in interviews, questionnaires, and observation—is an American and LE embassy staff that holds its leadership in high regard and has a sense of purpose about its work.

Before the inspection, the embassy issued management notices on ethics and gifts. The Front Office has a procedure for handling and tracking gifts given to either the Ambassador or the DCM. A review of Front Office travel, representation, official residence employee vouchers, and gift records produced no anomalies and reflected a commitment to integrity and ethical values consistent with the principles of internal control in 2 FAM 022.7.

Execution of Foreign Policy Goals and Objectives

Washington credits the Ambassador and the Deputy Chief of Mission with providing clear and effective leadership to an embassy that performs well in challenging circumstances. On the basis of interviews with Washington officials and a review of cables and emails, the Ambassador has helped work through competing policymaker viewpoints and shape Washington's evolving policy for U.S.-Egyptian relations, including with regard to foreign assistance and senior-level interactions.

The Ambassador and the DCM take an active role in foreign assistance issues. They meet regularly with the embassy's Senior Defense Official, who oversees the office managing the bilateral security assistance program. According to Washington- and Cairo-based officials, the Ambassador made a pivotal presentation on bilateral security assistance to a meeting of senior U.S. officials. The USAID Mission Director meets regularly with the Front Office, often in meetings that also include the heads of the Economic and Political Sections. The USAID Mission Director leads—and reports to the Ambassador on—the interagency review at post of foreign assistance programs for Egypt. The DCM reviews and the Ambassador approves foreign assistance projects funded by the Bureau of Near Eastern Affairs. (See the Policy and Program Implementation section of this report for more discussion of, and a recommendation related to, foreign assistance.)

Two Cairo Initiatives Worthy Of Emulation

- The Ambassador is systematically meeting at his residence with the embassy's LE staff, organized in groups by section or agency, for tea and discussion about his priorities for the embassy, the bilateral relationship, and other topics they may wish to raise. The positive effect of these meetings was noted in interviews with LE and American staff members.
- The Ambassador has periodic meetings via secure video conference with Washington-based analysts who follow Egyptian developments and members of the embassy staff. These topically focused exchanges benefit both sides of the discussion.

Interagency Communication and Coordination

Interviews and observation indicate the Ambassador and the DCM are well informed of the work of embassy sections and other agencies and use their regular Country Team and other meetings to keep up to date, provide guidance and feedback, and make decisions. Members report the Country Team is collaborative and collegial, following the tone set by the Ambassador and the DCM. Country Team members agree the Ambassador seeks their views, has offered any assistance they need in either Cairo or Washington, and has been helpful when asked.

Strategic Planning

The Ambassador's policy priorities are reflected in the embassy's Integrated Country Strategy (ICS), which was developed through an inclusive interagency process at post and reviewed by Washington. The USAID Mission will use the ICS to shape development of its upcoming 5-year planning exercise. The embassy's FY 2017 Mission Resource Request is linked to the ICS, as is the Post Reporting Plan. The DCM chairs several interagency functional working groups related to ICS priorities. Observation and interviews indicate the working groups need more structure to address effectively the goals of the ICS. In response to OIG's suggestion, the Ambassador

launched a process to assess, and if necessary update, the ICS as it approaches its first anniversary and the DCM agreed the functional working groups would develop sub-strategies to guide their work as part of that process. At the suggestion of inspectors, the DCM began a representation budget process that will base allocations on how sections plan to use representational funds to advance ICS priorities.

Internal Control

Resources and Human Capital

The Ambassador and the DCM are involved with management controls. On arrival at post in September 2014 as Chargé d'affaires, ad interim, the DCM and the then-management chief revised and re-submitted the Annual Management Control Statement of Assurances for 2014 to take account of unaddressed areas of vulnerability. The Ambassador's 2015 Annual Management Control Statement of Assurances was produced by a review process involving the management chief, his staff, and the DCM and the Ambassador. It identified deficiencies and the corrective actions needed to address them. The embassy's FY 2017 Mission Resource Request notes the embassy has established goals and objectives to address systemic problems identified

in the 2014 Annual Chief of Mission's Management Statement of Assurances. Embassy staff members report management and internal control matters are discussed occasionally at Country Team meetings. Nonetheless, OIG found internal control issues, which are discussed in more detail in the Management Controls Section of this report. The Ambassador and the DCM began to address these issues during the inspection.

According to interviews, the Ambassador has noted at Country Team meetings the importance of the embassy being free of discrimination and harassment. The DCM has met twice in the past year with Equal Employment Opportunity (EEO) counselors and liaisons. The Ambassador and the DCM also meet regularly with the Community Liaison Officer. (Additional discussion of the embassy's EEO program is in the Management Section of this report.)

Developing and Mentoring Future Foreign Service Leadership

The mission has 48 participants in its First- and Second-Tour (FAST) employees program, drawn from a variety of agencies at post. The DCM oversees the program, which is led by two generalist officer coordinators and correctly includes specialist and generalist officers. According to FAST officers, the Ambassador takes an interest in the FAST program and has had two meetings with them at his residence. The DCM has provided ideas for the program and hosted FAST events at his residence. The management chief has also supported the FAST program by identifying opportunities for FAST officers to take on mission-wide roles. FAST officers noted the pace of work in their sections makes it difficult to participate fully in FAST program activities. The DCM agreed with an OIG suggestion that he remind section chiefs of their responsibility for the professional development of their FAST staff members and encourage them to have their FAST staff members participate in FAST program events whenever possible.

Security of the Mission

Embassy Cairo has been the subject of two Vital Presence Validation Process reviews, and the Security Environment Threat List review recently identified it as a post facing a critical-level threat of terrorism. Officials interviewed in Washington and Cairo reported the Ambassador and the DCM pay considerable attention to security issues, meet regularly with the embassy's Regional Security Officer, and raise the need for security awareness in their formal and informal meetings with American and LE staff members. The Ambassador also occasionally observes Marine Security Guard drills. The DCM chairs the embassy's Emergency Action Committee, which meets in response to security-related developments and to review post travel and other security-related policies. Despite having an Emergency Action Committee-approved travel policy and Emergency Action Committee consideration of the issue, the embassy does not yet have a formalized in-country travel approval process. The classified annex contains more information and a recommendation regarding this issue.

Crisis Planning

2010–2014 were years of significant political turbulence and violence in Cairo and around the embassy. Much of the experience dealing with crisis situations resides with the LE staff, because many current American staff members arrived after the crises had abated. OIG discussed with

embassy leaders the importance of soliciting input from LE staff members when formulating crisis plans, conveying to them information about crisis plans, and including them in training exercises.

Integrating Crisis Management and Response Preparations

In addition to including LE staff, effective crisis preparation requires the involvement and integration of non-Department agencies represented at the embassy, as well as all embassy sections. OIG found examples of where sections and agencies did not coordinate their crisis planning with other sections and agencies with which they would likely work closely in a crisis. OIG discussed with embassy leadership the importance of integrating all elements of the mission into crisis planning and ensuring that crisis training tests cross-functional crisis plans.

OIG also found that although some sections, such as the Regional Security Office, Consular Section, and Information Resources Management Section, were actively working to improve their crisis readiness, they could take action in some key areas. Those concerns are addressed in the relevant sections of this report.

POLICY AND PROGRAM IMPLEMENTATION

Foreign Assistance

Department-managed foreign assistance in Egypt comprises approximately 69 activities valued at about \$62.7 million dollars¹, approximately 4 percent of total U.S. Government assistance to Egypt in FY 2014. This figure includes \$60.9 million in Washington-based grants, cooperative agreements, interagency agreements and transfers to international organizations for activities in Egypt, and \$1,764,068 in regionally and locally awarded grants

The Egyptian Government has placed restrictions on the United States and other donors, which has complicated the delivery of foreign assistance to the Egyptian people. Egyptian restrictions prevented the Rabat-based Middle East Partnership Initiative Grants Officer from negotiating new FY 2015 grants and resulted in reallocation of those funds elsewhere in the region. The embassy's efforts to negotiate a process with the Egyptian Government to permit programs to continue are ongoing.

¹This figure excludes security assistance and all USAID-managed Economic Support Funds and may not include all regional activities where Egypt is among several places of performance. Total U.S. assistance to Egypt in FY 2015 was approximately \$1.45 billion.

Embassy Needs More Trained Grants Personnel

At the start of the inspection, the embassy did not have any certified Grants Officers and Grants Officer Representatives outside the Public Affairs Section. Public Affairs Grants Officers have been issuing all local non-public diplomacy grants, but that authority expired on January 1, 2016.² OIG found that the Bureau of Administration Office of the Procurement Executive had not certified the designated Grants Officer Representative for Democracy Working Group grants, as Foreign Assistance Policy Directive Section 1.05C requires. During the inspection, this officer received Grants Officer Representative certification. The Grants Officer Representative for Middle East Partnership Initiative grants is located in Rabat, Morocco. OIG found that most officers designated as “points of contact” or monitors to assist Grants Officer Representatives in functional bureaus for Washington-based grants carried out their role informally without clear guidelines.³ To address these problems, the embassy has identified a new employee who will arrive in mid-2016 to become a Grants Officer for non-public diplomacy grants. The DCM also initiated an embassy assessment of whether it had enough trained staff to award and monitor grants should currently suspended programs restart, as well as facilitate funding if other opportunities arise.

Embassy Cairo Has Not Codified Procedures to Approve all Foreign Assistance Activities and Coordinate with the Department to Ensure Compliance

The Department is implementing some foreign assistance activities in Egypt without written Embassy Cairo approval. No written procedure exists for obtaining Front Office approval of all foreign assistance activities taking place in Egypt. USAID activities and programs the Political Section manages have received written approvals from the Ambassador, but other sections and agencies responsible for developing and monitoring programs are generally unaware of a standard procedure for obtaining written Front Office approval.

OIG found two examples where assistance activities were carried out over the Ambassador’s objections and a Department of Labor program where the embassy officer assigned to monitor the program was unaware of its activities. In one instance, the Ambassador’s approval was sought only after a program was funded and could not be modified to meet his concerns. The Political Section stated it had little knowledge of specific grant awards and local grantees the Bureau of Democracy, Human Rights, and Labor funds until after that bureau had awarded the grants. Programs the Bureau of Democracy, Human Rights, and Labor funds do not have a designated monitor in the embassy, although the embassy Human Rights Officer occasionally serves as the conduit for proposals from the bureau.

²ALDAC State 112204 (State 112204, September 24, 2015).

³The exceptions were the Middle East Partnership Initiative Administrator and the International Narcotics and Law Enforcement Unit Chief.

Language in 1 FAM 013.2g(6) and the President's Letter of Instruction to the Chief of Mission gives the Ambassador authority to direct and supervise all programs authorized under the Foreign Assistance Act. Section 1.05F of the Department's Federal Assistance Policy Directives requires that both the regional bureau approve and the embassy be consulted on programs implemented in-country. Unless the embassy has an accurate accounting of activities occurring in-country and a written procedure for obtaining Front Office approval, the Chief of Mission may not be aware of all U.S. Government foreign assistance implemented in Egypt. Foreign assistance programs that the Ambassador does not approve risk duplication, waste, lack of support to ICS goals, unintended effects on the bilateral relationship, and imposition of a monitoring burden the embassy cannot meet.

Recommendation 1: Embassy Cairo, in coordination with the Bureau of Near Eastern Affairs, should disseminate Department-wide a written procedure for ambassadorial review and approval of all foreign assistance activities where Egypt is a place of performance. (Action: Embassy Cairo, in coordination with NEA).

Law Enforcement Assistance

Over the past year, the reestablished International Narcotics and Law Enforcement Unit of the Political Section has initiated or restored important working relationships with the Egyptian Ministry of Interior, Public Prosecutors' Office, and Ministry of Justice. It also expanded its outreach to Egyptian non-government organizations engaged in efforts to improve the rule of law, the process of law, and human rights.

Coordination among U.S. Government law enforcement agencies centers on the Regional Security Officer-chaired Law Enforcement Working Group, but no consistent practice is in place regarding stakeholder review of proposals and programs and Front Office approval of the embassy's various law enforcement assistance activities. OIG made several suggestions to strengthen coordination and oversight of law enforcement assistance.

An Accurate Database of Foreign Assistance Activities Does Not Exist

The Department's foreign assistance databases are inadequate to permit an accurate accounting of how much assistance is going to or for the benefit of Egypt or any other specific country. For example, OIG could not reconcile data among the Grants Database Management System, the State Assistance Management System (which contains files for only domestic grants), and what Washington bureaus and post files indicate are active grants. In addition, no central database contains interagency agreements and contributions to international organizations. The spreadsheet prepared by OIG relied on custom databases, spreadsheets, and informal "cuff records" from more than 50 different data sources. This is a Department-wide problem and was the subject of OIG's Management Assistance Report: Department Financial Systems Are Insufficient to Track and Report on Foreign Assistance Funds (ISP-I-15-14).

Advocacy and Analysis

OIG's Washington interviews revealed widespread appreciation for the embassy's reporting overall, especially in light of security constraints and a difficult bilateral relationship, coupled with the observation that reporting had increased recently. Washington interviewees stated that reporting seemed to rely on long-time sources that might not reflect contemporary Egyptian society; embassy officers agreed but pointed to security constraints as limiting contact development. OIG found embassy leadership to be aware of these concerns and working to overcome them.

The Political Section received high marks from Washington-based analysts and policymakers for its overall reporting, although they noted certain gaps—including emerging political forces, developments outside Cairo, and political-military topics. OIG's review of reporting since the arrival of the new political chief and his deputy in July 2015 reached the same conclusion. Overall, the reporting was high in quality and covered a broad range of issues, centering on ICS goals, but 94 percent of the reporting cables sent during July–November 2015 were focused on Cairo-based events or depended upon Cairo-based sources. Although travel to other regions of the country is difficult because of security constraints, OIG reviewed with section leadership means of taking better advantage of opportunities that do exist. Also, despite the centrality of political-military issues in the bilateral relationship, the section only sent eight substantive cables on political-military affairs in the most recent 4-month period. OIG discussed with section leadership and the Front Office approaches to identify priorities, ensure reporting officer access, and encourage collaboration with all mission elements involved in analytic and other reporting on political-military issues.

New Economic Section leadership set goals for reporting officer output—in terms of quality and quantity—with positive productivity gains. Economic growth and development are key goals of Egyptian President Sisi, and the Cabinet installed in early October 2015 brought new leadership to key economic ministries. These developments provided the section rich opportunities for

reporting and advancing goals in the ICS. Strong interagency cooperation with the Treasury Attaché, USAID, the Foreign Agricultural Service, and the Foreign Commercial Service bolster the section's performance. The embassy was able to get talks on renewing the Trade and Investment Framework Agreement back on track and advocate effectively for U.S. business interests. The section's contacts and responsiveness were demonstrated when a Russian airliner crashed in the Sinai desert in October; the section was able to gather information, coordinate the embassy response, and keep Washington informed without calling staff into the embassy—especially useful given the security and logistical constraints on movement for embassy staff in Cairo. The section also is responsible for environment, science and technology, and health issues—an especially busy portfolio in Egypt. The renewal of the U.S.-Egypt Science and Technology Cooperation Agreement on August 31, 2015, will make \$34 million available for scientific cooperation and exchange, restoring access to Egyptian ministries to pursue key concerns like intellectual property rights.

Countering ISIL

Strains in the security relationship related to the suspension of security assistance in 2013 affected bilateral cooperation on counter-ISIL issues. Since that assistance resumed in March 2015, relevant embassy sections have re-engaged with the Government of Egypt on this topic and others related to countering terrorism. A key aspect of the renewed security assistance relationship is bolstering Egypt's counterterrorism capabilities and its response to ISIL in the Sinai Peninsula. Egypt has participated in ISIL-related bilateral and multilateral discussions, and it hosted a meeting of the Global Coalition's Communications Working Group in Cairo in May 2015. The embassy's counter-ISIL effort is reflected in the ICS; the Political and Public Affairs Sections of the embassy work with the Egyptian Government and civil society as opportunities arise.

Leahy Vetting Process

The embassy's Leahy vetting process complies with recently modified regulations, and all relevant embassy sections—specifically the Office of Military Cooperation, Department of Justice, International Narcotics and Law Enforcement Unit, and Regional Security Office—support congressional direction. The volume of Leahy submissions is significant—from January 1 to November 9, 2015, the embassy submitted 692 cases, almost all of which involve training for the Egyptian Armed Forces (93 percent, or 643, of the 692 cases submitted). The refusal rate for this timeframe was zero, although 59 cases were recorded as "canceled" without further explanation and 82 cases were still being processed.

Both the Leahy supervisor and Leahy coordinator are well-versed in the program, have comprehensively updated the embassy's Leahy standard operating procedures, and involve all relevant parts of the embassy in a monthly Leahy Coordinating Committee meeting. The Leahy supervisor has also encouraged all participating officers to take the relevant on-line Leahy courses offered by the Foreign Service Institute.

Record Email Use on the Rise

The embassy circulated a management notice regarding the use of record emails just prior to OIG's arrival. Although it is premature to evaluate it in practice, OIG noted an increase in usage of record email for reporting and provided coaching on both policy and process to reporting sections.

Language Designation for Some Positions May Not be Necessary

Language designation of some positions affects recruitment. Officers from the Political and Economic Sections told OIG that the language designation of their positions negatively affected their own interest—or that of possible replacements—in serving in Cairo. Arabic-language capability varies widely between the reporting sections. In the Political Section, five positions are designated as requiring Arabic, and all but one incumbent meet the designated level: in the Economic Section four positions are language-designated, but the officers have had no Arabic training. Economic officers told OIG that Arabic was unnecessary to work their portfolios. In light of Bureau of Near Eastern Affairs and embassy concerns about recruitment, OIG suggested embassy management consider whether language designation was serving as an impediment to meeting its staffing needs.

Public Diplomacy

The Public Affairs Section, among the 10 largest in the world, is returning to more normal operations after several years of political turmoil and civil unrest in Egypt that led to interruptions of mission operations and staffing gaps due to curtailments of American officers and LE staff retirements and resignations. Despite these challenges, the section has been able to draw on an experienced LE staff to build an active program consistent with ICS objectives. For example, the exchange program sends 300 to 400 grantees in 22 programs from all over Egypt to the United States every year. The Press Section uses the media to highlight the Ambassador's public appearances and showcase mission events. Its media reporting and analysis are highly regarded within the mission and among Washington stakeholders. The Information Resource Center's public events are usually oversubscribed and have waiting lists.

Strategic Planning and Direction is Minimal

OIG reviewed the embassy's public diplomacy program and found the Public Affairs Section lacks a strategy for planning its wide-ranging activities. OIG advised the section to follow Department guidance for completing the 2016 Public Diplomacy Implementation Plan:

- Integrate public diplomacy as part of action plans throughout the ICS, not just as a stand-alone goal.
- Focus the Public Diplomacy Implementation Plan on clearly advancing ICS goals and objectives.
- Use the planning process to build collaboration with other agencies and sections.
- Create press and social media strategies with annual goals and action plans.
- Consistently place the American brand on public diplomacy programs.

Embassy Cairo's FY 2015 Public Diplomacy Implementation Plan is not a forward-looking planning tool for the coming fiscal year. OIG advised the section to use the new FY 2016 Public Diplomacy Implementation Plan exercise as an opportunity to re-energize the section's planning process by including all American and LE professional staff at the outset. During the course of the inspection, the Public Affairs Officer used the ongoing embassy assessment of the ICS to bring his staff together with other embassy elements to highlight opportunities to work together in support of mission goals. The group also focused on specifying more concrete indicators of success, based on measurable outcomes.

Indicator of Success: Exchange Alumni Help Sponsor Job Fair Attracting 10,000 Egyptians

Public Affairs Exchange programs proved their impact when exchange alumni helped the embassy organize and sponsor a job fair, matching 10,000 recent university graduates with representatives from Egyptian, U.S., and multinational firms.

No Long-Term Media Strategy

The mission does not have a long-term strategy for media engagement. The Press Section, under the leadership of a newly arrived Information Officer, is preparing such a strategy for the Ambassador's approval. After an extended period without an ambassador, the embassy is carefully rebuilding its public profile in a hostile press environment and widespread public suspicion of the United States. Meanwhile, the Public Affairs Section is making judicious use of events to showcase American support for mutual interests in such fields as education, culture, economic growth, public health, combatting terrorism, and military cooperation, reflecting ICS goals.

Using Social Media for a Higher Level of Engagement

The Information Officer and his team are formulating a strategy using social media analytical tools to reach a higher level of engagement and conversation with the Egyptian public. The Public Affairs Section has an active social media program with 850,000 Facebook followers. Recognizing that the number of "Likes" and comments does not necessarily indicate serious engagement, the American and LE staff have been devising a new approach to test which topics inspire the most discussion and foster conversations. To make the visuals more eye-catching, they recast an existing LE position to hire a professional photographer/videographer. The result is that Egyptian TV and print media are increasingly drawing on material from embassy social media sites.

A Labor-Intensive Application Process Hampers a Robust Exchange Program

The application screening process for exchange programs is labor-intensive because no standardized online application form exists for at least 15 programs, such as the Study of the U.S. Institutes and the American Council of Young Political Leaders. The Cultural Section manages 22 different exchange programs, sending 300 to 400 student and professional

participants to the United States every year. For some large programs, the selection process can be contracted out to partner organizations and the Cultural Section staff must evaluate several thousand paper applications annually to select the finalists for other programs, a process that is both time-consuming and inefficient. Language in 44 U.S.C. Section 3506 h(3) (Paperwork Reduction Act) specifies that agencies should use IT to improve the productivity, efficiency, and effectiveness of programs.

Recommendation 2: The Bureau of Educational and Cultural Affairs, in coordination with the Office of the Under Secretary for Public Diplomacy and Public Affairs, should develop and implement a standardized, on-line application form for its exchange programs. (Action: ECA, in coordination with R/PPR)

No Consistent Policy for Branding Public Diplomacy Events

The Public Affairs Section and Consulate General Alexandria spend time and resources on events that are not publicly identified as either embassy-, consulate general-, or American-sponsored because of security constraints. The embassy is wary of advertising its official events in advance or publicly branding them for concern they could become a target for a terrorist attack. Because the security situation for public events is complex and may be subject to sudden change, the Public Affairs Section deals with branding event by event, rather than having an overall strategy and process for consistent branding that has been reviewed by the embassy's Emergency Action Committee. It has been difficult to find the right balance between reasonable caution and identifying American-sponsored events, leading to such situations as:

- An embassy-sponsored American band's only public performance in Egypt was an unannounced pop-up concert in a local shopping mall, with no American logo or official American officer presence.
- An American jazz group was featured at the annual Cairo Jazz Festival, but no American logo was on the advertising posters, though the group was partially sponsored by the National Endowment for the Arts as well as by some embassy funds.

ICS objective 5.2 is to "present positive aspects of the American brand—such as innovation, social and religious tolerance, freedoms, equal opportunity, pop culture, education, business, science and technology, and English." Promoting positive aspects of the American brand requires identifying events as embassy- and consulate general-sponsored, as stated in 12 STATE 028558. Not branding public diplomacy events causes the embassy and consulate general to miss specific opportunities to achieve ICS goals and hampers building relationships with target audiences.

Recommendation 3: Embassy Cairo should develop and implement a policy for consistent branding of U.S-sponsored public events that takes into consideration the complex security situation in Egypt. (Action: Embassy Cairo).

English-language Programs Seek to Counter Violent Extremism

The Regional English Language Officer manages a \$2-million budget for English-language instruction. More than half that amount is for the English Access Microscholarship Program, English-language training for Egyptian teachers, and classes for disadvantaged youth that are designed to reach underserved segments of the population. The Bureau of Educational and Cultural Affairs intended the English Access Microscholarship Program program, in part, to counter violent extremism at a fundamental level, helping youth to become productive members of society and providing essential English skills to find good jobs. The Public Affairs Section uses the balance of the funds to sponsor other programs such as English-language learning for religious leaders, enabling them to participate in a U.S. exchange program focused on religious tolerance.

Information Resource Center: Demand Exceeds Available Space

The Information Resource Center is located inside the embassy compound and conducts programs that are in such demand that they are usually oversubscribed and participants are accepted on a first come, first served basis. Attracting several target audiences, the wide range of programs includes: photography workshops, American films and discussion, marketing for entrepreneurs, career development skills, and project management. Registered visitors and library members often must wait in line for more than an hour to gain access, because space is limited. The Public Affairs Section is currently working with the Regional Security Office to help make the entry process faster and smoother. To deal with the overflow crowds and to expand its impact, the Information Resource Center is exploring alternative sites and procedures consistent with the ICS goals and security constraints.

Grants

Longer Term Planning for Grants

The Public Affairs Section has revised its grants proposal solicitation process, issuing clear and detailed guidelines and calling for two solicitation periods annually, rather than accepting rolling applications. This process will allow more lead time in making strategic choices and budget planning for the more than \$1 million allotted for grants with Egyptian partners, such as professional media producers, think tanks, arts organizations, civic organizations, and educational institutions. The guidelines require all proposals to support ICS objectives.

Grants Records Are in Order

OIG reviewed spreadsheets listing all public diplomacy grants from 2013 to 2015, totaling approximately \$4 million, and found them in order with all essential information, including the Grants Officer, the Grants Officer Representative, the purpose of the grant in accord with ICS objectives, the amount, and the current status of the grant. OIG reviewed each unliquidated obligation (grant funds obligated but not yet spent) and determined that explanations for the unspent funds were reasonable and satisfactory. Out of a total of 193 grants files, OIG selected

for in-depth review files for grants greater than \$100,000 (13 files) and where the stated purpose of the grant was unclear (11 files). OIG found all records in order.

Consular Affairs

As with most other sections in the embassy, the political and security turmoil that prompted ordered departures in 2011 and 2013 affected long-term management and oversight of Cairo's Consular Section. Staff drawdowns and curtailments resulted in repeated, lengthy staffing gaps that left units to be managed either by entry-level officers with little consular experience or by a series of temporary managers sent from Washington who had no local experience.

OIG found that in the approximately 14 months since Cairo's current consular leadership arrived, the section made substantial progress in re-establishing internal controls, standardizing processes, providing staff training, and managing workload. Consular managers set and communicated clear goals and expectations, actively sought input from LE and American staff members, and instilled a sense of teamwork and shared responsibility. The section's interlocutors in the Bureau of Consular Affairs also noted that the section had made significant progress toward reestablishing normal operations after several years of staffing shortages.

The Consular Section still has work to do to fully overcome the legacy of the past 4 years. OIG discussed with consular managers ways to improve the efficiency of consular processes, comply fully with regulatory and procedural requirements, and improve the section's ability to protect and provide efficient, effective services to U.S. citizens in Egypt. Specifically, OIG discussed with consular leadership—and the Consul General and unit managers began to address—the need to:

- Implement a recent requirement (7 FAM 1368.1) to conduct electronic review of passport adjudications.
- Ensure that appropriate information is entered into lookout databases when consular reports of birth abroad applications are denied.
- Develop a strategy for reducing the backlog of visa applications awaiting fraud investigations.

Consular Crisis Preparedness

The Consular Section has improved its ability to assist private U.S. citizens in a crisis. Consular personnel are focusing renewed attention on the network of volunteer private American "wardens" throughout Egypt who assist the embassy in maintaining contact with other private U.S. citizens. The section recently invited wardens to the embassy for a training and information session, during which they engaged with the Ambassador and Consular Section leadership. The value of that effort was demonstrated on October 31, 2015, when a Russia-bound airliner crashed in the Sinai shortly after take-off from the seaside resort city of Sharm El-Sheikh. One of the three wardens in Sharm El-Sheikh played a critical role in providing the embassy with information in the early hours after the plane was reported missing.

Although this and other efforts have improved the Consular Section's crisis readiness, OIG identified additional ways crisis preparedness could be further strengthened.

Consular Personnel Do Not Receive Sufficient Crisis Training

OIG found that many consular staff members were unfamiliar with the roles they might fill in a crisis. Consular managers, faced with many competing demands for their time, had not yet provided sufficient section-wide crisis-specific training to consular staff to make them crisis-ready. As a result, many consular personnel were unprepared to respond quickly and confidently to crises. Language in 7 FAM 1812.3-3 recommends that consular sections provide training for staff members on use of emergency communication equipment and in skills needed to perform crisis roles and that personnel test these skills with periodic drills and exercises. Additionally, Cairo's ICS includes an objective to provide world-class assistance to U.S. citizens in a crisis.

Recommendation 4: Embassy Cairo should provide training in operation of emergency communication equipment and other crisis skills to American and locally employed consular staff members and implement a policy of regular, periodic drills to test the effectiveness of this training. (Action: Embassy Cairo)

Consular Section Does Not Engage with Other Stakeholders

OIG found that the consular staff was not knowledgeable about the crisis plans of other foreign missions, international organizations, and non-governmental organizations. According to 7 FAM 1813.6, consular planners should liaise with these outside missions and organizations, which often have resources useful in an emergency. Consular managers are encouraged to meet with these other stakeholders to understand their disaster preparations and to see whether their plans could fit with consular crisis plans. Additionally, 7 FAM 1813.6 recommends holding regular emergency preparation meetings with other foreign missions. OIG discussed with consular managers the need to liaise with other foreign missions, international organizations, and non-governmental organizations in Egypt in order to understand each other's crisis plans.

American Citizens Services

In February 2015, the Consular Section workload increased after the Bureau of Consular Affairs designated Cairo as the primary processing post for American citizen and visa services for applicants from Yemen, following closure of the embassy in Sanaa. The extra work coincided with unanticipated staffing gaps in two consular officer positions. OIG found that the section could have more adroitly managed the impact if the section had clear standards for completion of American citizens services casework.

Consular Section Lacks Clear Standards for Processing Passport and Citizenship Services

The Consular Section lacks specific standards for how quickly passport and consular reports of birth abroad services should be provided and concluded. This has led to inefficiencies that delay completion of case processing. As a result, American citizen customers sometimes wait several weeks to get an appointment, and many wait additional months before they receive citizenship

documentation. Consular management did not include standards in its passport and citizenship processing standard operating procedures because of competing demands on its time. Language in 7 Foreign Affairs Handbook (FAH)-1 H-821 requires consular services to be "provided without needless delay," and requires that applicants "should have to wait no longer than absolutely necessary to accomplish the service." In addition, 7 FAH-1 H-825.1 encourages posts to set standards for timely service delivery. In addition, Embassy Cairo's ICS calls for establishing specific customer service and performance standards and for reducing wait times for citizenship and passport services.

Recommendation 5: Embassy Cairo should establish specific standards for the provision and processing of passport and citizenship services. (Action: Embassy Cairo)

Management Operations

The management platform includes 559 International Cooperative Administrative Support Services (ICASS) LE staff members and 17.5 U.S. direct-hire supervisors who support administrative and building operations in 6 U.S. Government-owned compounds located in 7 neighborhoods in the Cairo metropolitan area. Four years of political turbulence and ordered departures led to curtailments, shortened tours, and staffing gaps in key supervisory positions in the Management Section. For example, the newly arrived management chief is the fourth officer to fill the position in 3 years.

OIG found a backlog of incomplete internal control-related tasks. The new management team is continuing steps taken by the previous management chief to strengthen oversight and institute effective management controls across the ICASS platform.

The November 2013 Vital Presence Validation Process recommended the relocation or elimination of U.S. direct-hire positions to reduce risk. An Office of Management Policy, Rightsizing and Innovation review dated March 10, 2014, recommended identifying additional opportunities to reduce direct hire and LE staff positions. Since that time, the embassy has conducted ICASS analyses and staffing reviews to identify vacant positions that have not been filled for prolonged periods. The embassy's management team has reached out to all sections seeking concurrence to eliminate vacant positions. Since 2014, 73 direct-hire and 86 LE staff positions have been abolished. This process remains ongoing.

OIG reviewed the operations of the Financial Management, Human Resources, Facility Management, General Services, and Information Management offices and determined they were performing in accordance with Department regulations and policies, with the exception of areas noted below.

Financial Management Operations

Interim Advances Are Overdue

The Consulate General Alexandria Class B Cashier is not closing interim advances made to travel, customs, and shipping staff within 72 hours of issuance, as required by 4 FAH-3 H-394.4(b). Because of security restrictions, staff members work limited schedules making it difficult to close advances within the required 72 hours. Given the inherent risk of fraud in cash operations, OIG advised the embassy's Financial Management staff to increase oversight by conducting more than one cash count per month to help manage the risk.

Human Resources

Performance Evaluation Reports are Overdue

At the time of the inspection, performance evaluations for one American Eligible Family Member and nine LE staff members were overdue. As required by 3 FAH-2 H-135.5(2), performance evaluation reports are due annually. During the course of the inspection, the Human Resources Office brought up the overdue evaluations with the management chief and the Ambassador, who raised the issue in a Country Team meeting. Delinquent evaluations can delay salary increases.

Grievance Policy is Unclear

The embassy's grievance policy is unclear, which may be preventing LE staff members from submitting grievances. Although the embassy has a grievance policy in place, it does not state clearly how a grievance should be filed and with whom, nor what staff should expect from the process. Furthermore, the policy is only available on the embassy's SharePoint site. Non-desk position employees such as Local Guard Force and Motor Pool staff maybe unaware that the process is available to them. During the inspection, the embassy updated and clarified the grievance policy and disseminated it via email and told OIG it will translate the policy into Arabic for the LE staff.

Local Compensation Plan and Local Employee Handbook are Out of Date

Sections of the Local Compensation Plan are out of date. In FY 2015, the Office of Overseas Employment approved salary increases and salary advances, but updates to the reduction in force, retirement benefits, and local leave sections of the plan have been pending with that office for 6 to 8 months. The Office of Overseas Employment attributes delays in benefits analyses to staffing shortages and the prioritization of compensation analyses since the lifting of the wage freeze. An out-of-date Local Compensation Plan may not accurately reflect conditions of employment and may prevent the LE staff from receiving proper compensation. The embassy cannot complete updates to the Local Employee Handbook until the Office of Overseas Employment updates the Local Compensation Plan.

Equal Employment Opportunity

At the time of the inspection, the embassy had one formal EEO case pending Office of Overseas Employment review. In April 2015, the Office of Civil Rights provided the embassy with EEO refresher training. The embassy also held a mandatory, mission-wide LE staff EEO training session during the same time frame. EEO briefings are included in new-hire orientation sessions. OIG advised the Management Office to continue mandating annual, embassy-wide EEO training, translate EEO documents to Arabic, and diversify the pool of EEO liaisons, as most are male supervisors in the Management Section.

General Services Operations

Procurement Unit Lacks Training

The Procurement Unit does not operate efficiently nor fully comply with Federal and Department regulations and guidelines. The staff of 12 procurement agents annually process more than 3,000 annual purchase requests with a value of \$24.5 million. However, OIG observed deficiencies in acquisition processes and procedures. Procurement staff has not adequately developed skills to maximize the benefits of the Department's Integrated Logistics Management System⁴ (ILMS) Ariba Procurement module. During the inspection, the procurement direct-hire supervisor increased staff professional development through in-house training. ILMS personnel conducted procurement training in December 2015.

Missing Acquisition Plan

The embassy does not have an annual acquisition plan. Management officers do not prepare annual plans, as required by 14 FAM 221.1. OIG's review of FY 2015 procurements identified purchase orders that collectively could be service contracts or indefinite delivery/indefinite quantity contracts. The embassy issued office supplies and services for FY 2015 totaling \$5.5 million but did not consider General Services Administration programs, as required by Federal Acquisition Regulation Part 8.4. Without an annual acquisition plan, the embassy does not carry out market research that can result in the best contract method with greater competition and possible cost savings.

Recommendation 6: Embassy Cairo should prepare an annual acquisition plan including market research to identify the best contract method for competition and possible cost savings. (Action: Embassy Cairo)

⁴ILMS is the Department's enterprise supply chain management system. It is a global logistics platform supporting the requisition, procurement, distribution, transportation, receipt, asset and fleet management, diplomatic pouch and mail, and tracking of goods and services both domestically and overseas.

No Reviews of Annual Purchase Card Program

Over the last 2 years, the embassy did not conduct annual reviews of its purchase card program and evaluate cardholder training, internal controls, and compliance with established procedures. In FY 2015, the embassy had 305 purchase card transactions totaling \$613,000. Management officers did not carry out their responsibility as post program coordinators to oversee the post purchase card program and perform annual purchase card reviews, as required by 4 FAM 455.3a(4). By not conducting the annual purchase card review, management cannot ensure that purchase card holders are not misusing U.S. Government funds.

Recommendation 7: Embassy Cairo should conduct an annual purchase card review as required by Department regulations. (Action: Embassy Cairo)

Contracting Officer's Representatives Not Designated for All Contracts

Contracting Officers had not designated Contracting Officer's Representatives for 7 of the existing 25 contracts at the beginning of the inspection, primarily for IT services. Post Contracting Officers did not comply with 14 FAH-2 H-143a and designate Contracting Officer's Representatives to act as authorized representatives to assist in the technical monitoring or administration of a contract. Inadequate oversight of contract management constitutes a failure to monitor the contractor's technical progress and the expenditures of resources relating to the contract. As of October 2015, Contracting Officer's Representatives with active contracts had completed the required training and certification requirements. During the inspection, Contracting Officers appointed Contracting Officer's Representatives for the remaining seven contracts.

Unauthorized Commitments Continuing at Post

In the past 3 years, unauthorized commitments resulted in delays in the procurement process. Embassy staff made 5 unauthorized commitments in FY 2013 and 72 in FY 2014. During FY 2015, GSO staff members made 73 unauthorized commitments, primarily in housing for residential make-ready projects. Staff in the Housing Unit was unaware of an expired indefinite delivery/indefinite quantity contract covering residential make-ready projects. An unauthorized commitment may result in personal liability and disciplinary action for the individual who made the commitment and is a potential violation of the Anti-Deficiency Act. The embassy can ratify all but one unauthorized commitment and has forwarded that to the Bureau of Administration Office of the Procurement Executive for ratification under the guidelines in 14 FAM 215e. During the inspection, the embassy reissued guidance and provided training on the procurement process and the avoidance of unauthorized commitments.

Leases for Vacant Residences in Alexandria Should Be Terminated

Consulate General Alexandria's housing pool consists of three operating leases that remain vacant except for sporadic short-term stays by American staff. These properties have been vacant since July 3, 2013, when Mission Egypt was placed on ordered departure status. Although

Consulate General Alexandria's staff was reassigned to Cairo on December 17, 2013, the embassy committed to a new lease of one of these properties on February 1, 2015. The total annual lease cost for the three properties is \$133,200. According to 15 FAM 113.3-2 (11), the mission's real property manager is responsible for ensuring that all funds provided to support the real property program are properly spent and accounted for. The embassy can renegotiate leases once the staff returns to Consulate General Alexandria full time. Funding vacant leased properties is not cost-efficient and is contrary to the Department's guidance on the most effective use of Government resources.

Recommendation 8: Embassy Cairo should terminate the residential leases located in Alexandria and renegotiate new leases when U.S. staff return to the consulate general. (Action: Embassy Cairo)

Supply and Property Inventory Shortages

Property management units manage \$27 million in nonexpendable and \$5 million in expendable inventories. The FY 2015 certificate of inventory reconciliation reported shortages at 2.58 percent, which exceeds the Department's 1-percent threshold. The embassy convened a property survey board to discuss the losses and agreed to take corrective action in accordance with 14 FAM 428.1-2c.

Cost-Saving Initiative

The upholstery shop re-covers 35 sets of furniture per year, deferring the need to acquire new furniture sets. The estimated annual cost savings are more than \$500,000. With low labor costs, the property management unit maximizes the skills of the LE staff, ensuring the most effective use of Government resources as stated in 1 FAM 014.1a.

Improvements Made to Fuel Controls

The Motor Pool adopted internal control for fuel after a recent theft by an embassy driver. The FY 2015 fuel records and vehicle mileage statistics in ILMS and Fleet Management Information System⁵ were not accurate or complete for all reporting categories. Inaccurate data resulted from motor pool staff entering data incorrectly into the Fleet Management Information System and ILMS system problems. Although FY 2015 data were not fully corrected, FY 2016 motor pool procedures should increase accountability of fuel use, vehicle maintenance, and vehicle reporting statistics.

⁵FMIS tracks the vehicle usage for the fleet of all in-service Department vehicles. FMIS captures key operational data, including vehicle, dispatch, maintenance, and fuel information.

OBO Unable to Address Needed Elevator Repairs Over a 7-Year Period

Over the last 7 years, elevators in the 15-story embassy building and other U.S. Government-owned buildings have experienced operational difficulties causing significant inconvenience to embassy staff. The delay in repairs resulted from various factors such as the age of the elevators, security constraints, and capabilities of local contractors. But OBO, which manages the elevator program, also stopped and re-started the process to approve and fund the repairs several times. During the OIG inspection, when only two of three elevators in the 15-story building were working, OBO elevator program staff visited the embassy to conduct a survey that may lead to an elevator repair contract in 2016, that is, in the eighth year of this problem.

Information Management and Information Security

The Information Management Section supports more than 1,000 computer users working in widely dispersed office buildings and locations in Cairo and Alexandria. The information management program consists of classified and SBU networks, dedicated internet networks, radio, telephone, Army post office, mail, and classified and unclassified pouch operations. Classified computer and pouch operations are limited to the embassy. The embassy is planning a major chancery upgrade to fiber optic network backbones, redistribution of switches, and replacement of all telephone wiring to accommodate a new telephone system. OIG concurs with the FY 2017 Mission Resource Request to immediately increase embassy support staffing by adding an information management telephone technical specialist. At the start of this inspection, all Information Management Section managers were newly arrived at Embassy Cairo.

Inadequate Oversight of Unclassified and Classified Computer Operations

Information Management Section managers do not adequately monitor unclassified and classified computer operations. LE and newly arrived U.S. managers are focused on maintaining day-to-day computer services availability. However, the operations lack procedures and internal control to ensure effective, efficient, and secure operations.

OIG reviews of the embassy computer operations revealed several deficiencies. For example, routine systems administration duties, such as reviewing computer-generated systems logs or maintaining a log of systems maintenance activities are not performed as required by 12 FAM 632.5. Standard operating procedures are outdated or nonexistent. Completed and tested unclassified and classified network IT contingency plans are nonexistent. Furthermore, the unclassified network cabling is not done to the Department's 5 FAH-9 standard, which causes information security vulnerabilities and delays in resolving network issues. The Information Management staff has adequate training to do its job but requires guidance and oversight from managers. OIG advised managers to implement standard operating procedures and monitor the unclassified and classified computer operations. During the inspection, IT managers began to draw up plans to address these issues.

Officers Not Performing Information Systems Security Reviews

Information Systems Security Officers are not performing regular reviews and analysis of information systems audit logs, user libraries, emails, workstations, servers, and hard drives for indications of inappropriate or unusual activity, as required by 12 FAM 613.4. The officers are not performing these duties because of competing priorities. Neglect of these duties may leave the embassy vulnerable to cyber security attacks.

Recommendation 9: Embassy Cairo should develop and implement standard operating procedures for information systems security officer duties. (Action: Embassy Cairo)

Ineffective Local IT Configuration Control Board

The Local IT Configuration Control Board does not review, approve, document and report in iMATRIX⁶ locally developed applications, as required by 5 FAM 862.1 and 5 FAM 864. The board has not consistently instituted and enforced its own charter and processes for controlling changes to the local network. As a result, no established framework exists for the identification, control, and accounting of all IT assets operated on the local network.

Recommendation 10: Embassy Cairo should implement standard operating procedures requiring the Local IT Configuration Control Board to review and approve all locally developed software applications before deployment for operation on Department information system networks. (Action: Embassy Cairo)

Inadequate Maintenance of Official Records

The embassy is not maintaining and retiring official records⁷ in accordance with 5 FAM 414.5. The embassy circulated a management notice regarding the use of record emails just prior to OIG's arrival, but has yet to issue comprehensive procedures for maintaining official records. The lack of proper records management reduces the Department's ability to perform its functions and recover from a disaster.

Recommendation 11: Embassy Cairo, in coordination with the Bureau of Administration, should implement procedures to maintain and retire official hard copy and electronic records. (Action: Embassy Cairo, in coordination with A)

⁶ iMATRIX is the Department's integrated IT portfolio management and asset tracking application.

⁷ Official records in 44 U.S.C. Section 3301 "includes all books, papers, maps, photographs, machine readable materials, or other documentary materials, regardless of physical form or characteristics, made or received by an agency of the U.S. Government under Federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data in them."

Incomplete Mobile Devices Inventory

Embassy Cairo does not have an accurate inventory of its mobile devices and has no record of the encryption status of laptops, as required in 5 FAM 881. The embassy has not established standard operating procedures for managing and tracking mobile devices, as required in 14 FAM 414.3b. Mobile devices must be controlled to prevent data and financial losses. Inadequate inventory controls create the potential for fraud and mismanagement of Government property, as well as potential security vulnerabilities.

Recommendation 12: Embassy Cairo should implement standard operating procedures for managing mobile devices that include authorization, issuance, tracking and inventory. (Action: Embassy Cairo)

Outdated and Untested IT Contingency Plans

The embassy and consulate general do not have valid IT contingency plans for the corporate unclassified and classified systems, as required by 5 FAM 1064, 12 FAM 622.3-2, and 12 FAM 632.3. Information systems managers have assigned a low priority to contingency planning and have not been doing it. Outdated and untested contingency plans leave embassies and consulates vulnerable to disruptions in systems and services continuity of operations.

Recommendation 13: Embassy Cairo should update and test IT contingency plans for the unclassified and classified systems. (Action: Embassy Cairo)

Embassy Not Performing Monthly Satellite Contingency Tests

The embassy does not perform monthly tests of portable satellite equipment per 5 FAH-2 H-653.2 because managers gave higher priority to other IT operational requirements. Lack of monthly testing may inhibit the embassy's ability to use portable satellite communications equipment during telephone and data circuit outages or support remote emergency field operations.

Recommendation 14: Embassy Cairo should perform monthly tests on all portable satellite terminals and associated contingency equipment. (Action: Embassy Cairo)

Embassy Not Training Key Personnel On Satellite Contingency Systems

The embassy does not train key personnel on the use and maintenance of portable satellite equipment per 5 FAH-2 H-653.2 because of a lack of scheduling and delegation. The lack of training and familiarization degrades the embassy's ability to effectively respond to a crisis situation that may require use of contingency portable satellite communications equipment.

Recommendation 15: Embassy Cairo should train key personnel to operate and maintain portable satellite terminal and associated contingency equipment. (Action: Embassy Cairo)

Emergency Action Plan Communications Appendix Are Inaccurate

The embassy and consulate general do not have an accurate communications appendix in the emergency action plan, as required in 12 FAH-1 Appendix 7 and 12 FAH-1 H-024.8b. In particular, the embassy has not updated recent changes to the emergency and evacuation radio networks nor documented portable satellite assets. Without a properly documented and tested emergency action plan, embassies and consulates cannot effectively mitigate the risks that a disaster or unforeseen incident poses to embassy operations.

Recommendation 16: Embassy Cairo, in coordination with the Bureau of Information Resource Management, should update and test the communications appendix in the emergency action plan. (Action: Embassy Cairo, in coordination with IRM)

MISSION SUPPORT SERVICES

OIG inspectors found that the Health Unit and Community Liaison Office operates in accordance with Department standards. In order to correct a deficiency identified in the September 2015 Annual Chief of Missions Management Control Statement, the General Services Office instituted an inventory system to account for non-expendable Health Unit property,

MANAGEMENT CONTROLS

The embassy's most recent Annual Chief of Mission Management Controls Statement of Assurance, dated September 2015, stated that the embassy completed all required internal management control reviews. The embassy's evaluation of the systems of management control provided reasonable assurance that the embassy achieved the referenced management control objectives.

Deficiencies identified in Management, Financial Management, Information Management, and General Services Offices and in the Health Unit were reviewed and rectified. OIG observed and concurred with the embassy's continuing actions to correct deficiencies. OIG found several other areas that need attention, detailed below.

Incomplete Housing Record Files

The Post Occupational Safety and Health Officer and Regional Security Officer did not complete mandatory inspections or document the certifications in the residential leasing files. Because of a lack of oversight and prolonged gaps in staffing, the Housing Office did not coordinate with them to inspect residences during the acquisition process. In accordance with 15 FAM 432.2.9a and b, safety, health, and environmental hazards must be addressed during the selection of housing with certifications and Regional Security Officer approvals placed in the lease file. Without proper certifications, the Post Occupational Safety Health Officer and Regional Security Officer cannot identify and eliminate critical safety and health hazards or address security

vulnerabilities that put U.S. personnel at risk. During the course of the inspection, the Housing Office established a plan with a tentative schedule to inspect and bring all existing residences in compliance with certification requirements.

Incomplete Residential Inventory Files

Occupants do not provide signatures acknowledging receipt of residential inventory. OIG reviewed 26 of the 266 residential files maintained by the embassy. Seventeen did not contain inventory listings signed by the occupants. Staffing gaps in the General Services Office required staff members to focus on correcting FY 2014 inventory deficiencies, leaving little time to follow up on incomplete files. Now that the section is appropriately staffed, warehouse employees are reminding occupants to sign and return the residence inventory list, but not all mission residents comply. According to 14 FAM 416.3f, when the residence is inventoried for an incoming occupant, the occupant must sign and date. inventory listing, acknowledging receipt of the property inventory. Absent such statements, the embassy may be unable to hold occupants financially liable for missing or damaged items.

Recommendation 17: Embassy Cairo should obtain from each resident of mission housing a signed statement of receipt and condition of residential household inventory. (Action: Embassy Cairo)

Incomplete Contract Files

Information in the ILMS Ariba procurement module is not complete and does not fully comply with documentation and records requirements in Federal Acquisition Regulation 4.803. In FY 2015, the Procurement Unit processed 754 actions, of which 36 totaling \$401,266 were not competed. OIG reviewed 10 of the 36 FY 2015 procurement actions that were greater than \$10,000 and found that 5 of the 10 did not have certified sole source justifications on file. The Contracting Officer did not certify the sole source justifications and complete the necessary review that would enable other officials to make informed recommendations to award acquisitions. In accordance with Federal Acquisition Regulation 6.303-1(a)(2)(3), the Contracting Officer must certify the accuracy and completeness of sole source justifications. Without properly documenting sole source justifications in contracting files, the Contracting Officer cannot ensure full transparency in awarding acquisitions.

Recommendation 18: Embassy Cairo should establish internal controls to bring procurement files in compliance with Federal regulations. (Action: Embassy Cairo).

Unannounced Cash Counts Are Predictable

Unannounced cash counts of Consulate Alexandria's Class B Cashier are predictable. The embassy's Financial Management Office staff conducts the cash counts; however, because of security restrictions, travel to Alexandria must be approved by the Regional Security Office in advance. In addition, the cashier's work schedule changes weekly and must be verified before travel is scheduled. According to the Cashier User Guide, cash counts must be unannounced, random, and can be conducted by the Financial Management Officer, Management Officer, or a

LE staff Cash Verification Officer. Predictability diminishes the effectiveness of cash counts, which ensure proper care and control of funds and records.

Recommendation 19: Embassy Cairo should assign unannounced cash count responsibilities to personnel in Consulate General Alexandria. (Action: Embassy Cairo)

American Employee Cooperative and Welfare Association Lacks Financial Planning

The American Employee Cooperative and Welfare Association does not have a management plan and financial strategy for its excess retained earnings totaling about \$885,000. According to 6 FAM 531.4, employee associations with excessive amounts of retained earnings may be required to provide the Office of Commissary and Recreation Affairs with a management plan for the use of such funds. Members of the Association Board of Directors have not estimated costs for improvement of facilities, replacement furniture, or employee severance and retirement and so cannot estimate the amount of funds available for investment. During the inspection, the Board acknowledged the value of financial planning for its excess funds. Without a capital investment strategy, excess funds remain in low-yield accounts with little benefit to present or future Association members. The Office of Commissary and Recreation Affairs scheduled a visit for January 2016.

Recommendation 20: Embassy Cairo, in coordination with the Bureau of Administration, should require the American Employee's Welfare Association to develop and submit to the Office of Commissary and Recreation Affairs a management plan and financial strategy for use of its excess funding. (Action: Embassy Cairo, in coordination with A)

CONSULATE GENERAL ALEXANDRIA

Executive Direction

The Consul General arrived 6 months after his predecessor left and is credited with reviving operations at the consulate general, providing direction to the staff, and working with the embassy to address long-standing problems. He is also characterized as being an active representative of the United States, meeting with a variety of people and promoting public diplomacy activities. His travel from Cairo to the Alexandria consular district is governed by security procedures mandated from Washington and overseen by the Regional Security Office.

Although the Consul General is generally well regarded by his staff, inspectors advised him to provide his performance feedback to them privately and consider how to elicit performance, rather than issue reprimands. Inspectors found evidence the Consul General's wife was directing consulate general staff on a public diplomacy activity with which she has professional experience. Inspectors advised the Consul General that such activity was not permitted and must cease.

The consulate general does not have a strategic plan beyond Embassy Cairo's ICS to guide its work or shape its public diplomacy activities. It does have a reporting plan that is generally consistent with the embassy reporting plan and the ICS. Inspectors advised the Consul General to work with his staff to prepare a consulate general strategic plan linked to the embassy's ICS to guide work and public diplomacy activities in the consular district.

Policy Implementation

The consulate general has two Political/Economic Officers who are currently based in Embassy Cairo's Political Section and make brief visits to the consular district a few times a month. Since their arrival in summer 2015, formal reporting has been light but of good quality. Although the Consul General travels more often to Alexandria, he has produced no reporting. OIG urged the Consul General to place greater emphasis on increased presence in the consular district for his reporting officers as well as on his own reporting efforts.

Public Diplomacy

The consulate general has a full-time public affairs officer position because the consular district is large and important to the Egyptian economy and higher education. At the time of the inspection, the Consul General had taken on the public diplomacy portfolio, pending the arrival of a new Public Affairs Officer in summer 2016. This was not satisfactory, given the Consul General's other responsibilities and the challenges of conducting public diplomacy in a difficult security and political environment. OIG advised the Consul General and embassy leadership to fill the gap until the assigned officer arrives in summer 2016 with a full-time public diplomacy officer and suggested how this could be done.

Management

Consulate General Alexandria LE management staff members perform duties and responsibilities with little oversight from their American supervisor. Despite working under restrictions in an unstable environment, they continue to carry out their work obligations. The Alexandria Management Officer visits twice a month, but OIG advised embassy and consulate general leadership that greater attention and communication are needed to direct and certify the efficiency of administrative functions.

RECOMMENDATIONS

Recommendation 1: Embassy Cairo, in coordination with the Bureau of Near Eastern Affairs, should disseminate Department-wide a written procedure for ambassadorial review and approval of all foreign assistance activities where Egypt is a place of performance. (Action: Embassy Cairo, in coordination with NEA).

Recommendation 2: The Bureau of Educational and Cultural Affairs, in coordination with the Office of the Under Secretary for Public Diplomacy and Public Affairs, should develop and implement a standardized, on-line application form for its exchange programs. (Action: ECA, in coordination with R/PPR)

Recommendation 3: Embassy Cairo should develop and implement a policy for consistent branding of U.S-sponsored public events that takes into consideration the complex security situation in Egypt. (Action: Embassy Cairo).

Recommendation 4: Embassy Cairo should provide training in operation of emergency communication equipment and other crisis skills to American and locally employed consular staff members and implement a policy of regular, periodic drills to test the effectiveness of this training. (Action: Embassy Cairo)

Recommendation 5: Embassy Cairo should establish specific standards for the provision and processing of passport and citizenship services. (Action: Embassy Cairo)

Recommendation 6: Embassy Cairo should prepare an annual acquisition plan including market research to identify the best contract method for competition and possible cost savings. (Action: Embassy Cairo)

Recommendation 7: Embassy Cairo should conduct an annual purchase card review as required by Department regulations. (Action: Embassy Cairo)

Recommendation 8: Embassy Cairo should terminate the residential leases located in Alexandria and renegotiate new leases when U.S. staff return to the consulate general. (Action: Embassy Cairo)

Recommendation 9: Embassy Cairo should develop and implement standard operating procedures for information systems security officer duties. (Action: Embassy Cairo)

Recommendation 10: Embassy Cairo should implement standard operating procedures requiring the Local IT Configuration Control Board to review and approve all locally developed software applications before deployment for operation on Department information system networks. (Action: Embassy Cairo)

Recommendation 11: Embassy Cairo, in coordination with the Bureau of Administration, should implement procedures to maintain and retire official hard copy and electronic records. (Action: Embassy Cairo, in coordination with A)

Recommendation 12: Embassy Cairo should implement standard operating procedures for managing mobile devices that include authorization, issuance, tracking and inventory. (Action: Embassy Cairo)

Recommendation 13: Embassy Cairo should update and test IT contingency plans for the unclassified and classified systems. (Action: Embassy Cairo)

Recommendation 14: Embassy Cairo should perform monthly tests on all portable satellite terminals and associated contingency equipment. (Action: Embassy Cairo)

Recommendation 15: Embassy Cairo should train key personnel to operate and maintain portable satellite terminal and associated contingency equipment. (Action: Embassy Cairo)

Recommendation 16: Embassy Cairo, in coordination with the Bureau of Information Resource Management, should update and test the communications appendix in the emergency action plan. (Action: Embassy Cairo, in coordination with IRM)

Recommendation 17: Embassy Cairo should obtain from each resident of mission housing a signed statement of receipt and condition of residential household inventory. (Action: Embassy Cairo)

Recommendation 18: Embassy Cairo should establish internal controls to bring procurement files in compliance with Federal regulations. (Action: Embassy Cairo).

Recommendation 19: Embassy Cairo should assign unannounced cash count responsibilities to personnel in Consulate General Alexandria. (Action: Embassy Cairo)

Recommendation 20: Embassy Cairo, in coordination with the Bureau of Administration, should require the American Employee's Welfare Association to develop and submit to the Office of Commissary and Recreation Affairs a management plan and financial strategy for use of its excess funding. (Action: Embassy Cairo, in coordination with A)

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Chief of Mission:		
Ambassador	R. Stephen Beecroft	12/2014
Deputy Chief of Mission	Thomas H. Goldberger	9/2014
Constituent Post:		
Consulate General Alexandria, Principal Officer	Stephen G. Fakan	8/2014
Chiefs of Sections:		
Management	Kevin Blackstone	8/2015
Consular	Sean Murphy	6/2014
Political	Eric V. Gaudiosi	7/2015
Economic	William Weinstein	9/2015
Public Affairs	Adnan A. Siddiqi	7/2014
Regional Security	Jan D. Abbott	7/2015
Other Agencies:		
Department of Defense	Charles W. Hooper	7/2014
Department of Treasury	Celine Senseney	4/2014
Foreign Commercial Service	James Sullivan	7/2015
U.S. Agency for International Development	Sherry Carlin	3/2015
Customs and Border Protection	Douglass Eckhardt	9/2014
Immigration and Customs Enforcement	Bryan Lewis	7/2014
Drug Enforcement Agency	Leon Palmer	4/2015
Federal Bureau of Investigations	Mark Green	8/2015
Foreign Agricultural Service	Ron Verdonk	11/2013

APPENDIX A: PURPOSE, SCOPE AND METHODOLOGY

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 OIG for the Department and the Broadcasting Board of Governors.

Purpose and Scope

The Office of Inspections provides the Secretary of State, the Chairman of the Broadcasting Board of Governors, and Congress with systematic and independent evaluations of the operations of the Department and the Broadcasting Board of Governors. 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, OIG reviews 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, OIG conducted 96 formal interviews in Washington, DC, and 405 in Cairo and Alexandria, Egypt. They reviewed 388 surveys from Embassy Cairo and Consulate General Alexandria American and LE staff members and 2,134 other documents.

APPENDIX B: RESOURCE MANAGEMENT

Table 1: FY 2014 Staffing and Funding, by Agency

Agency	U.S. Direct- hire Staff ^a	U.S. Locally Employed Staff ^a	Foreign National Staff ^a	Total Staff	Funding (\$)
Department of State					
Diplomatic & Consular Programs	106	2	57	165	4,764,941
Consular	16	2	37	55	1,303,030
ICASS	19	26	1079	1124	31,996,700
Public Diplomacy	12	2	47	61	2,659,404
Diplomatic Security	16	0	38	54	1,569,678
Marine Security Guard	22	0	6	28	132,100
Representation	0	0	0	0	79,538
Overseas Buildings Operations	3	0	0	3	5,608,349
Bureau of Administration, Logistics Management (Washington, DC, funded)	0	0	1	1	0
Population, Refugees and Migration Affairs	0	0	0	0	22,640
Educational and Cultural Affairs	0	0	0	0	158,830
Ambassador's Grant 1972	0	0	0	0	75,100
International Narcotics and Law Enforcement Affairs	1	0	1	2	481,500
Broadcasting Board of Governors	0	0	4	4	120,000 ^b
Department of Agriculture					
Foreign Agriculture Service	3	0	6	9	484,670
Animal and Plant Health Inspection Service	1	0	3	4	542,879
Department of Defense					
Defense Attaché Office	12	0	4	16	879,478
Naval Medical Research Unit	36	0	130	166	30,000,000

^aAuthorized.

^bAccording to Voice of America, Broadcasting Board of Governors funding for FY 2014 was \$273,349.

Agency	U.S.			Total Staff	Funding (\$)
	U.S. Direct-hire Staff ^a	Locally Employed Staff ^a	Foreign National Staff ^a		
Office of Military Cooperation	63	0	40	103	5,200,000
Force Protection Detachment	2	0	2	4	87,000
Army Corps of Engineers	11	0	17	28	770,000
Department of Justice					
Drug Enforcement Administration	3	0	2	5	140,000
Federal Bureau of Investigation	5	0	2	7	132,000
Department of Homeland Security					
Customs and Border Protection	1	0	2	3	90,000
Immigration and Customs Enforcement	3	0	3	6	257,550
Other Agencies					
Foreign Commercial Service	3	0	9	12	1,029,914
USAID	45	0	170	215	200,000,000
Library of Congress	1	0	34	35	1,937,963
Centers for Disease Control & Prevention	0	0	0	0	18,000
Department of the Treasury	1	0	0	1	65,000
Other Foreign Assistance	0	0	0	0	1,365,717,679
Total	384	32	1694	2110	1,656,323,943

Source: Generated by OIG from data provided by the Department.

ABBREVIATIONS

DCM	Deputy Chief of Mission
EEO	Equal Employment Opportunity
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FAST	First- and Second-Tour
ICASS	International Cooperative Administrative Support Services
ICS	Integrated Country Strategy
ILMS	Integrated Logistics Management System
LE	Locally employed
OBO	Bureau of Overseas Buildings Operations
USAID	U.S. Agency for International Development

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