



OIG

Office of Inspector General

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

ISP-I-16-21A

Office of Inspections

August 2016

# Inspection of Embassy Tegucigalpa, Honduras

## BUREAU OF WESTERN HEMISPHERE AFFAIRS

**IMPORTANT NOTICE:** This report is intended solely for the official use of the Department of State or the Broadcasting Board of Governors, or any agency or organization receiving a copy directly from the Office of Inspector General. No secondary distribution may be made, in whole or in part, outside the Department of State or the Broadcasting Board of Governors, by them or by other agencies or organizations, without prior authorization by the Inspector General. Public availability of the document will be determined by the Inspector General under the U.S. Code, 5 U.S.C. 552. Improper disclosure of this report may result in criminal, civil, or administrative penalties.



# OIG HIGHLIGHTS

ISP-I-16-21A

## What OIG Inspected

OIG inspected U.S. Embassy Tegucigalpa from February 3 to 25, 2016.

## What OIG Recommended

OIG made 8 recommendations to Embassy Tegucigalpa to improve management operations and internal controls.

OIG also made one recommendation to the Department's Bureau of Information Resource Management to complete the installation of the private branch exchange system.

August 2016

OFFICE OF INSPECTIONS

Bureau of Western Hemisphere Affairs

## Inspection of Embassy Tegucigalpa, Honduras

### Key Findings

- Embassy Tegucigalpa was a well-functioning mission, with leadership focused on advancing U.S. interests and maintaining a collegial atmosphere.
- The embassy did not conduct risk assessments or develop monitoring plans for its public affairs Federal assistance awards, leaving the U.S. Government vulnerable to loss.
- The International Narcotics and Law Enforcement section was not appropriately staffed. The embassy was finalizing plans to engage U.S. direct-hire, eligible family member, and locally employed staff to improve program continuity and increase oversight.
- The embassy lacked sufficient internal controls in four areas related to travel advances, overtime, night differential, and the duty officer program.
- The Political and Economic Sections did not archive non-reporting cable information. Although the embassy had recently issued a management memorandum outlining the Department's Record Email requirement and where to receive relevant training, neither section had adjusted its record keeping accordingly.

\_\_\_\_\_  
Office of Inspector General  
U.S. Department of State • Broadcasting Board of Governors

# CONTENTS

---

CONTEXT .....	1
EXECUTIVE DIRECTION .....	2
Tone at the Top and Standards of Conduct.....	2
Execution of Foreign Policy Goals and Objectives.....	3
Security of the Mission .....	4
Developing and Mentoring Future Foreign Service Leadership.....	4
POLICY AND PROGRAM IMPLEMENTATION.....	4
Advocacy and Analysis: Political and Economic Reporting .....	4
International Law Enforcement and Narcotics Lacks Sufficient Staff.....	6
Public Diplomacy .....	7
Consular Affairs .....	8
RESOURCE MANAGEMENT .....	9
Management Operations .....	9
Financial Management Operations.....	10
Information Management.....	12
RECOMMENDATIONS .....	15
PRINCIPAL OFFICIALS.....	16
APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY .....	17
APPENDIX B: FY 2015 STAFFING AND FUNDING BY AGENCY .....	18
ABBREVIATIONS .....	20
OIG INSPECTION TEAM MEMBERS .....	21

## CONTEXT

---

The United States and Honduras cooperate on transnational challenges, including poverty reduction, narcotics trafficking, money laundering, illegal migration, trafficking in persons, and the environment. The United States is the chief trading partner of Honduras.

Since coming into power in January 2014, the Honduran administration has made a number of advances on the domestic front and subscribed to a regional “Plan of the Alliance for Prosperity in the Northern Triangle” to address endemic issues like crime, corruption, and poverty. In the wake of unprecedented anticorruption marches in mid-2015, the Government of Honduras has increased the number of investigations into corruption. It has also turned its attention to violent crime; today, the murder rate is still high, but it has decreased from 86 per 100,000 persons a few years ago to the high 50s today. The budget deficit has decreased from approximately 8 percent to about 3 percent of the gross domestic product, and tax revenues have increased by more than 20 percent. However, Honduras remains one of the poorest countries in the Western Hemisphere, suffering from unequal distribution of income as well as high underemployment. An estimated 1 million Hondurans—600,000 of whom are believed to be undocumented—reside in the United States. Honduras is also one of the three Central American nations that fueled the 2014 and 2015 mass migrations of unaccompanied children to the United States. An average of 800,000 U.S. citizens visit Honduras annually, and about 22,000 Americans reside there.

To address these challenges, Embassy Tegucigalpa’s Integrated Country Strategy (ICS) focuses on the following goals:

- Achieve sustainable economic growth to reduce poverty, create employment for Hondurans and Americans, and encourage Hondurans to build their futures in Honduras.
- Reduce corruption so that Hondurans have more effective, transparent, accountable, and inclusive government institutions.
- Improve security to diminish the impetus for migration.

In 2015, the Obama Administration announced the U.S. Strategy for Engagement in Central America,<sup>1</sup> intended to match U.S. assistance to the objectives of the “Plan of the Alliance for Prosperity in the Northern Triangle.” At the time of the inspection, foreign assistance funding totals were not yet final, but the embassy is likely to see foreign assistance totals under its active management increase substantially in the next few years.

Embassy Tegucigalpa authorized staffing, including all agencies, is 131 U.S. direct hires, 42 U.S. local hires, and 303 locally employed (LE) staff members. The mission’s FY 2015 budget,

---

<sup>1</sup> White House Fact Sheet on the U.S. Strategy for Engagement in Central America, dated January 14, 2016, describes the U.S. strategy and its support for the Alliance for Prosperity.

including all agencies, was approximately \$150 million. This total includes \$29 million in International Narcotics and Law Enforcement (INL) managed foreign assistance and \$93 million in U.S. Agency for International Development assistance. Several factors challenge embassy operations. The chancery was built 60 years ago; space in the chancery is very cramped; and staffing levels continue to grow to implement the administration's engagement strategy. In addition, the security environment severely restricts personal and professional freedom of movement.

OIG also assessed security in an annex to this Sensitive But Unclassified inspection report. The annex discusses the security program and issues affecting the safety of mission personnel and facilities and is classified.

## EXECUTIVE DIRECTION

---

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

Embassy Tegucigalpa was a well-functioning mission, with the leadership team focused on advancing U.S. interests while maintaining a collegial atmosphere. OIG conducted 139 interviews of U.S. embassy staff, 87 of which included comments on the Ambassador and the Deputy Chief of Mission (DCM). Interviewees consistently described the Ambassador as collegial, thoughtful, and approachable, attributes of leadership emphasized in 3 Foreign Affairs Manual (FAM) 1214. The Ambassador's scores in OIG's pre-inspection survey, which evaluates ambassadors on more than a dozen leadership attributes, were substantially higher in seven categories than the average range seen in embassy inspections over the past 5 years. These leadership categories included vision, communication, coordination, and interpersonal relations—all crucial factors in ensuring a well-managed embassy. Staff members described the DCM as well organized and a good manager. Embassy employees consistently referred to the Ambassador and the DCM as a good team that worked closely to ensure a collaborative atmosphere. The Ambassador and the DCM visited personnel in their work spaces regularly and were available whenever any staff member sought a meeting.

Although OIG observations and employee interviews indicated a busy, hard-working mission, section chiefs reported that the Ambassador encouraged a good work-life balance among his staff. For example, personnel told OIG that he did not burden them with unnecessary demands for briefing materials, kept meetings short and to the point, and largely drafted his own speeches based upon informal staff input.

The Ambassador's sense of service was exemplified in the aftermath of a bus accident that killed three Americans and seriously injured several others. The Ambassador had been scheduled to participate in a high-profile, ceremonial event in a neighboring country the day of the accident. Instead, he chose to remain in Honduras to meet with survivors and family members of the deceased and ensure that their needs were being met—an action that demonstrated his commitment to the historic diplomatic priority of protecting American citizens abroad.

Interagency coordination was good, and the Ambassador received unanimously high marks for his efforts to foster cooperation throughout the mission. During a 2-year period (2014–2016), the Ambassador and the DCM held four town hall meetings to interact with and learn about the concerns of the wider embassy community. Similarly, the Ambassador and the DCM arranged four country team off-sites to sustain interagency efforts.

An OIG review of the Ambassador's and the DCM's claims for official residence and representational expenses determined that they both adhered to applicable regulations and to the 3 FAM 1214 principles directing all employees to model integrity.

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

The entire mission pursued the three major policy objectives outlined in the ICS: promoting sustainable economic growth, reducing corruption, and improving security. The Ambassador had cultivated a close, cooperative relationship with the Honduran president as well as with members of the opposition and the cabinet. In 2015, he met formally with the president approximately 12 times. He held informal meetings with the president at least weekly and more frequently with the Foreign Minister and other cabinet members. This ready access to the highest levels of the Honduran Government, coupled with his and his staff's good access to all other levels and facets of Honduran society, enabled them to promote U.S. Government interests.

The embassy promoted and improved the image of the United States among Hondurans through a variety of cultural events, such as hosting a Harlem Gospel Choir concert. The Ambassador's Twitter account has doubled in popularity to almost 33,000 followers since his arrival in August 2014. Similarly, the embassy's Facebook account has increased from fewer than 25,000 to approximately 134,000 followers since the Ambassador's arrival.

## **Internal Control**

The Obama Administration's Strategy for U.S. Engagement in Central America, with prospects for hundreds of millions of dollars in new assistance to Honduras, will expand the work of the embassy and require substantial increases in personnel. The embassy and the Bureau of Western Hemisphere Affairs anticipated adding at least 45 new Foreign Service and LE staff positions during the next 3 years.

The most recent Annual Chief of Mission Management Controls Statement of Assurance, dated August 2015, stated that the embassy had completed all required internal management control reviews. The evaluation of the systems of management control provided reasonable assurance that the embassy had achieved the management control objectives. Nonetheless, OIG found four areas of embassy operations that required stronger internal control, as detailed later in the report. Those areas were travel advances, overtime, night differential, and the duty officer program.

## Security of the Mission

The Department has rated Honduras critical for crime and high for political violence. OIG surveys and interviews confirmed that the Ambassador and the DCM supported the embassy security program as required by the President's Letter of Instruction and 2 FAM 113.1c(5). The Ambassador and the DCM underscored the importance of personal security in meetings and during introductory calls with new personnel. The embassy was up-to-date on all drills, and the Ambassador and the DCM participated in them.

## Developing and Mentoring Future Foreign Service Leadership

The Ambassador and the DCM ensured that the mission's 15 First- and Second-Tour (FAST) Officers, including specialists, were well trained, properly counseled, and appropriately evaluated, as required by 3 FAM 2242.4. The Ambassador and the DCM initiated monthly "guided discussions," and the DCM scheduled informal one-on-one lunches with FAST employees.

FAST Officers expressed a broad range of views about the value of the current program. Some expressed satisfaction and support for the program, praising the Ambassador and the DCM for having an open door. Others voiced frustration with the absence of a FAST coordinator, the lack of subject matter mentors, and the paucity of opportunities beyond their formal work responsibilities. The Ambassador and the DCM agreed to reassess the FAST program to increase note taker and control officer opportunities, public speaking engagements, cable drafting, and community service activities.

## POLICY AND PROGRAM IMPLEMENTATION

---

### Advocacy and Analysis: Political and Economic Reporting

#### *Political and Economic Reporting is Capital-Focused*

During OIG's pre-inspection survey, Washington policymakers and analysts conveyed satisfaction with the quality of the embassy's reporting, although they also expressed interest in obtaining more information on political and economic conditions outside the capital, the impact of U.S. assistance, and host nation capacity for improvement in governance and social stability. Washington interest in developments in Honduras is high because of the 2015 authorization of the U.S. Strategy for Engagement in Central America, which includes \$750 million in foreign assistance.

#### *Political Reporting Needs Broadening*

In addition to expanding coverage of developments outside the capital, Washington analysts cited interest in follow-up reporting on issues that were previously addressed by embassy reporting and in-depth analytical think pieces. The embassy's reporting plan developed for 2016

took into account ICS goals. OIG reviewed with section leadership how it could leverage the expanding reach of other embassy sections—particularly, INL, U.S. Agency for International Development, and Department of Defense sections—to develop new sources of information and broaden the perspective of its reporting. OIG also suggested that section leadership shift more of the section’s cyclic work, such as annual reports and the collection of analytical data, to the LE staff.

### ***Economic Section Priorities Were Appropriate***

The United States committed to assist Honduras and its two partners, Guatemala and El Salvador, in the Alliance for Prosperity to attain their goals by aligning U.S. foreign assistance to their priorities. As a result, the Economic Section focused its reporting resources on economic developments in Honduras, because they provide a measure of success of the Alliance’s objectives. OIG noted high-quality reporting on energy, host country progress in reaching Alliance for Prosperity goals, and the impact of the Zika virus.

### ***Record Keeping Does Not Comply with Archiving Requirements***

A review of the embassy’s archive database showed that the Political and Economic Sections archived only cable information in 2015 and 2016. Guidance in 5 Foreign Affairs Handbook (FAH)-1 H-212.2 requires the capture of essential, official evidence of an organization’s business, if it is not otherwise incorporated in a formal cable. Most officers were not aware of this requirement. Although the embassy had recently issued a management memorandum outlining the Department’s record email requirement and where to receive relevant training, neither section had adjusted its record keeping accordingly.

**Recommendation 1:** Embassy Tegucigalpa should use record emails and provide relevant training to reporting officers. (Action: Embassy Tegucigalpa)

### **Leahy Vetting Section is Understaffed**

The embassy’s Leahy vetting<sup>2</sup> workload was large, complex, and increasing in volume. In 2015, the Leahy coordinator submitted 10,474 cases for vetting, compared with 1,767 cases in 2012. In addition to conducting required Leahy vetting, the embassy screened cases for individuals and organizations that did not fall under Leahy legislation. This additional screening accounted for 27 percent of the total vetted cases in 2015. Statistics for January 2016 indicated an expected increase of at least 14 percent over 2015 figures. Because the U.S. Strategy for Engagement in Central America will likely lead to increased funding for programs that will, in turn, lead to an increased need for Leahy and related vetting, it is also likely that the embassy’s lone vetting

---

<sup>2</sup> The Leahy Amendments to the Foreign Operations Appropriations Act and the Department of Defense Appropriations Acts prohibit the use of U.S. foreign assistance funds to aid foreign security forces where credible evidence shows that such forces have committed gross human rights violations. The U.S. Government requires that candidates for all U.S.-sponsored assistance authorized by the Foreign Assistance Act be evaluated for a number of disqualifying factors that are contrary to U.S. Government policies and goals.

officer will face substantial challenges in meeting these obligations for the next several years. The embassy did not have a staffing plan to keep up with program growth. Unless the embassy provides adequate staffing for Leahy vetting, Leahy-designated foreign assistance programs are at risk. OIG discussed with embassy leadership the need to provide sufficient staffing to conduct Leahy vetting.

## **International Law Enforcement and Narcotics Lacks Sufficient Staff**

The INL Section did not have sufficient U.S. direct-hire, supervisory personnel. The Federal Internal Control Standards, issued by the Government Accountability Office, require management to establish the organizational structure necessary for the entity to plan, execute, control, and assess the organization in achieving its objectives.<sup>3</sup> INL has been unable to increase staffing quickly enough to support its growth in the past 36 months. In 2013, the section had two officers implementing \$10 million in program funds. At the time of the inspection, 4 U.S. direct-hire staff members were responsible for supervising more than 50 staff members and 16 programs, with a 2015 budget of \$32 million. The 2016 budget was expected to exceed \$49 million. This rapid expansion in personnel was achieved in large measure by the widespread use of third-party contractors and personal service contracts. The embassy was finalizing plans to shift to U.S. direct-hire, eligible family member, and LE staff to improve program continuity and increase oversight. This lack of sufficient staff resulted in the section's inability to monitor and evaluate programs' effectiveness, risking waste, fraud, or mismanagement of U.S. Government funds.

The project management and support sections were also understaffed. INL was evaluating a proposal for two additional U.S. direct-hire and two personal services contract staff members. However, the embassy had not submitted National Security Decision Directive 38 requests. The embassy also was considering the addition of seven or eight local-hire positions.

**Recommendation 2:** Embassy Tegucigalpa, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should provide the appropriate staff to supervise and manage International Narcotics and Law Enforcement Affairs operations. (Action: Embassy Tegucigalpa, in coordination with INL)

### ***Program Files Incomplete***

INL does not keep required records on its foreign assistance programs and grants. Without proper documentation, it was unable to assess its programs and ensure that it expended funds properly. The Department's Federal Assistance Policy Directive details grants file requirements. OIG reviewed 3 of the 15 programs and both grants. Grants files lacked risk assessments, a deficiency the section was addressing during the inspection. OIG and the embassy attributed the

---

<sup>3</sup> *Standards for Internal Control in the Federal Government* (known as the Green Book), GAO-14-704G, provides the overall framework for establishing and maintaining an effective internal control system. It states that management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.

lack of required documentation to rapid program growth and insufficient staffing. Before the inspection, INL had begun an INL-approved and funded, seven-phase training cycle in project management for all U.S. direct-hire and project management staff members. As of February 2016, all section staff members had completed the first two phases of this course, which includes specific instruction on maintaining INL program files.

**Recommendation 3:** Embassy Tegucigalpa should include required documentation in International Narcotics and Law Enforcement program files, in accordance with Department guidelines. (Action: Embassy Tegucigalpa)

### ***Program Monitoring and Evaluation is Lacking***

INL lacked standardized monitoring and evaluation systems to assess the performance and value of its programs. For example, INL used Government of Honduras crime statistics to measure program effectiveness. INL acknowledged that using host government statistics is not a sufficient measure of program effectiveness. INL did not have a uniform, acceptable process to evaluate its programs. INL was in the process of developing such a system, with implementation anticipated by the end of 2016.

### **Public Diplomacy**

The Ambassador considered public diplomacy a key element in achieving the mission's ICS goals. The Public Affairs Section informed, engaged, and influenced Honduran audiences through messaging in social media and by alumni and English-language programs. The section also reached Honduran citizens through a Tier One American Space in San Pedro Sula, the second largest city in Honduras and its commercial center.

The Public Affairs Section worked with the interagency community to carry out public diplomacy programs in support of mission goals. To facilitate discussion on the mission's strategic messaging, the section conducted a daily media briefing for the Ambassador and the DCM to review Honduran media coverage of bilateral and local issues. During the inspection, the section participated in two standing interagency meetings that coordinated the mission's implementation of ICS goals. In FY 2015, the section supported 62 interagency programs.

In addition to the Twitter and Facebook outreach, 2,189 persons participated in 21 Public Affairs Section alumni and English-language programs that reached audiences all over Honduras in 2015. During the same time, the American Space in San Pedro Sula reached 66,513 audience members through its education advising, English-language, informational, alumni, and community engagement programs.

In consultation with the Public Affairs Officer, OIG made suggestions for improving the section's operations by: expanding outreach by the Information Resource Center; having a back-up Grants Officer Representative; balancing the workload of the Cultural Affairs Specialist; preparing an interagency strategic communications plan to support the U.S. Strategy for Engagement in Central America; and analyzing social media audiences.

### *Grants Files Incomplete*

The embassy does not conduct risk assessments or develop monitoring plans for its public affairs grants as required by the Department's Federal Assistance Policy Directive, Sections 2.03-A. and 3.01-A. OIG reviewed 19 of the 82 Public Affairs Section FY 2015 grants and fixed amount awards and 4 of the 15 FY 2016 Federal grants, representing 72 and 64 percent of the total value of grants, respectively. Of the files reviewed, one had a risk assessment and none had required monitoring plans. Although required by the Directive, the Public Affairs Section neglected to prepare written risk assessments and monitoring plans for Federal assistance awards. Failure to assess a grantee's risk leaves the U.S. Government vulnerable to loss of funds, grantee fraud, or grantee failure to perform. Failure to develop and carry out a monitoring plan leaves the mission without the ability to verify that the grant objective is being carried out in the interest of the U.S. Government.

**Recommendation 4:** Embassy Tegucigalpa should conduct risk assessments and develop monitoring plans on Federal grants awarded by its Public Affairs Section in accordance with Department guidelines. (Action: Embassy Tegucigalpa)

### **Embassy Partnership with Honduran Bank to Expand its Fulbright Program is Innovative**

The embassy signed a cooperative agreement in 2014 with the Honduran bank Banco Atlantida to fund two Honduran students per year between 2016 and 2018 to undertake master's level studies at U.S. universities under the Fulbright academic exchange program. The bank's \$600,000 financial contribution to the Fulbright grants consists of airfare, a monthly maintenance allowance for 2 years, and tuition support. Grantees are chosen using the merit-based and transparent criteria established by the Fulbright Foreign Scholarship Board and approved by the Bureau of Educational and Cultural Affairs. Among Fulbright programs run by an embassy in the Western Hemisphere Affairs region, this program is the only private-sector cost-share program. The two grants awarded by the Fulbright-Banco Atlantida Scholarship Program represent a 25-percent increase in the embassy's annual number of Fulbright grants for Hondurans. OIG considers this private-sector, cost-share program to expand the embassy's Fulbright academic exchange program to be innovative.

### **Consular Affairs**

OIG reviewed consular management and operations, including management controls, and found that they complied with Department standards. OIG reviewed the San Pedro Sula consular agency, the special immigrant visa program, fraud prevention programs, and nonimmigrant visa referrals and found no major deficiencies. The Ambassador, the DCM, consular officers, LE staff members, and Bureau of Consular Affairs managers cited the Consul General for his leadership skills and substantive knowledge.

### ***Number of Visa Interview Windows Limits Projected Growth***

The Consular Section was nearing its full production capacity for nonimmigrant visas, but the number of interview windows available for current levels of applicant intake limited productivity.

Workload grew from 41,530 in FY 2010 to 78,395 in FY 2015, and consular managers projected growth at a similar rate in coming years. Inspectors, consular managers, and the embassy facilities manager reviewed options to add up to three interview windows within the existing space. An interior office renovation project in progress during the inspection is expected to create six additional workspaces for additional officer and LE staff. These adjustments should accommodate both workload and staff growth until construction of a new facility is completed.

### ***Emergency Preparedness Getting New Focus***

The Consular Section had increased its focus on emergency preparedness and response in the wake of a fatal bus accident that occurred a few weeks prior to the OIG team's arrival. The section was updating its warden network, preparing a warden training session, and seeking ways to extend warden outreach to minor U.S. citizen children in areas not currently included in the network. Although staff participated in a mission-wide crisis management exercise in March 2015, consular management planned to ask the Bureau of Consular Affairs to include them in a consular-focused desktop crisis exercise as well. Given the history of hurricanes, mudslides, and seismic activity in Honduras, OIG concurs with the section's priority on developing improved emergency response capacity.

## **RESOURCE MANAGEMENT**

---

### **Management Operations**

The Management Section was challenged with supporting the growth of embassy staff and family members. The embassy added 54 direct-hire positions in the past 5 years. The embassy lost a number of its most experienced LE staff because of retirement and emigration, and they reported it had harmed productivity and continuity. In 2015, the embassy had 95 LE staff vacancies, 51 of which were in the Management Section.

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 the areas noted below.

### ***Duty Officer Program Not in Compliance with the Foreign Affairs Manual***

The embassy's duty officer program was geared solely to the provision of emergency consular services. Duty officers were not always reachable when the Marine Security Guard called them. According to 2 FAM 115.3-1, embassies are required to arrange for personnel to be available at all times outside regular office hours. Furthermore, according to 2 FAM 113.8, the Management Section is responsible for developing and maintaining a duty officer guide that includes information about each of the mission's programs, embassy and host country contact information, and scenarios for a range of frequently encountered after-hour services. The duty guide did not include this information. It included no reference material other than American

Citizens Services-provided materials and how to handle after-hour telegrams. All information on the duty officer tablet dated from 2012. Management's role in the program was limited to developing the quarterly duty roster and transferring custody of the duty tablet and cell phone. The duty officer recently failed to provide appropriate after-hours assistance to a Honduran Government official. Absent program oversight and updated guidance, the embassy risks being unable to provide appropriate emergency services in other cases affecting the welfare of American citizens or embassy employees.

**Recommendation 5:** Embassy Tegucigalpa should implement a duty officer program that includes Management Section oversight and an up-to-date duty officer guide. (Action: Embassy Tegucigalpa)

## Financial Management Operations

The Financial Management Office had a higher than average score of 4.20 out of 5.00 on the 2015 International Cooperative Administrative Support Services customer satisfaction survey. OIG's analysis of operations showed that the accounting, vouchering, cashiering, and payroll units were working well. The section reported that its major challenge is keeping up with INL unliquidated obligations.

### *Outstanding Travel Advances*

INL had 299 open advances for invitational travel dating back to 2011, with a value in excess of \$1.1 million. Travelers are required to submit timely travel reimbursement vouchers, as prescribed in 4 FAH-3 H-465.1-1a. According to INL, some of the travelers had received a fixed stipend for incidental expenses. The E2 Solutions<sup>4</sup> program requires that a travel advance be issued for such payments. The system cannot reconcile the advance if the traveler does not file a voucher. It is difficult to find host government employees and require them to submit vouchers through the unfamiliar E2 Solutions system after their return. Since reconciliation can only be done through the travel voucher process, OIG was unable to determine the amount of open travel advances owed the traveler or the Department.

Fifty-eight non-INL travel advances—totaling \$30,300—were more than 60 days old at the time of inspection. The Financial Management Office was working with the Bureau of the Comptroller Global Financial Services to clear many of the vouchers and was following up with employees to submit vouchers to reconcile their advances. If initial efforts to contact delinquent travelers are not successful, attempts must be made to collect outstanding debts, in accordance with 4 FAM 493. The embassy had no written procedures outlining the steps to seek collection of outstanding debts.

Under 31 C.F.R. 903.3(a)(1), agencies may terminate collection activity when the agency is unable to collect any substantial amount through its own efforts or through the efforts of others. The

---

<sup>4</sup> E2 Solutions is a web-based end-to-end travel and expense management tool.

Department of State delegated the authority under 4 FAM 494.1b to the principal officer at post. Under that authority, the embassy may suspend or terminate action for collection of debts up to and including \$500.

**Recommendation 6:** Embassy Tegucigalpa, in coordination with the Bureau of the Comptroller and Global Financial Services, should reconcile the outstanding travel vouchers, including initiating collection action for individual travelers' indebtedness. (Action: Embassy Tegucigalpa, in coordination with CGFS)

### *Advance Approval of Overtime*

Time and attendance records showed that some supervisors were not approving overtime in advance. According to 4 FAH-3 H-523.2, overtime must be authorized in advance. Employees and supervisors were not aware that requests for overtime must be approved in advance with a valid reason justifying the additional hours. In FY 2015, the embassy paid a total of \$160,100 in overtime for local staff and U.S. direct hires combined. Approximately 77 percent was for local staff overtime, much of it attributed to staffing shortages. OIG advised the Financial Management Officer to issue a management notice reminding supervisors that all overtime must be approved in advance. Failure to approve overtime in advance is an internal management control weakness that may lead to fraud, waste, and abuse of resources.

**Recommendation 7:** Embassy Tegucigalpa should require authorizing officials to approve mission staff requests for overtime in advance. (Action: Embassy Tegucigalpa)

### **Automatic Payroll Notifications Enhance Fiscal Reporting**

Embassies worldwide have problems terminating post differential allowances promptly when employees travel to the United States. To address the problem of timely reporting, Embassy Tegucigalpa developed an electronic form called the "Away From Post Reporting Form for Payroll." The form is available on the embassy's SharePoint site. As soon as the traveler completed the form, the Financial Management Office produced a cable to notify American Payroll.

### *Improper Payment of Night Differential*

LE staff members working nights were being paid for hours worked beyond those prescribed in the Local Compensation Plan. The plan authorized a 35-percent night differential rate for work between the hours of 7:00 p.m. and 5:00 a.m. However, employees were receiving night differential for work until 8:00 a.m. Timekeepers were unaware of night differential policies in the Local Compensation Plan. Salary overpayments waste embassy resources, especially if the embassy continues to augment individual salaries for unauthorized hours of night differential. The responsible timekeeper changed night differential reporting to conform with the local compensation plan during this inspection, which OIG confirmed with the time and attendance report submitted by the financial management office.

## *Human Resources*

### *Pension Payments to Retirees Under the Defined Benefit Plan*

The Human Resources Office has requested that the Office of Overseas Employment authorize a cost-of-living adjustment to pension payments for eight former LE staff members. Since 2004, \$1.1 million from their Defined Benefit Plan had been held in escrow in a local bank. The embassy first made this request in 2012 on the basis of the provision for future U.S. obligations and the fact that the U.S. Government incurred no additional cost. The existing plan rules do not allow a cost-of-living allowance, nor are cost-of-living allowances a prevailing practice in Honduras. Absent Department approval, retirees will continue to lose purchasing power to offset inflation if no adjustment is agreed to.

### *Equal Employment Operations*

During OIG's visit, the Office of Civil Rights had no pending Equal Employment Opportunity cases for review. Two designated Equal Employment Opportunity counselors received training in December 2015. Equal Employment Opportunity briefings were included in new-hire orientation sessions. The local policy and procedures for the local staff to file a grievance were included in the employee handbook. OIG reminded the Human Resources Office that signs posted on bulletin boards displaying the names of the Equal Employment Opportunity counselors and local staff liaisons should be translated into Spanish.

## **Information Management**

OIG reviewed computer network, telephone, radio, mail, pouch, and emergency communications operations and identified several areas for improvement, notably in the performance of information systems security officer duties, the telephone system installation, and mail screening. The Information Management Officer had developed a strategic plan to address increased demand for IT services and the office's recent loss of experienced personnel and institutional knowledge. He was overseeing a number of initiatives to meet demand with technological innovation while also pursuing greater staffing resources. The Information Management Office upgraded the telephone system, improved the wiring infrastructure, and renovated the Post Communications Center. The office frequently had volunteered for Bureau of Information Resource Management pilot projects that brought new technology to the embassy.

### *Insufficient Resources Devoted to Information Systems Security Officer Duties*

The Information Management Office was unable to devote sufficient resources to formal information systems security officer oversight duties, as required by 12 FAH-10 H-112.9-2 and H-122.5-2. The November 2015 regional computer security officer report cited this same

deficiency. Although the Information Management Office has maintained an average iPost<sup>5</sup> rating of "A" for OpenNet during recent months, that score was a result of operational practices such as following up on inactive accounts and unapplied patches. However, without frequent reinforcement through formal oversight, system users can become inattentive toward intrusion attempts such as spear phishing. OIG advised the Information Management Officer of strategies to improve adherence to oversight requirements but acknowledged that effective performance of information systems security officer duties as a collateral function will likely become more difficult as embassy staffing grows.

### ***New Telephone System Incomplete***

Embassy Tegucigalpa recently upgraded its telephone private branch exchange system. However, OIG identified several deficiencies in the new system that hindered the embassy's ability to make full use of this technology. Many of these deficiencies related to required capabilities or available spare equipment, which is required by 5 FAH-2 H-812.1. The contracted installation team did not install all the included modules, and the embassy still did not have all the battery packs for its back-up system. The installation did not include threat recorder modules. Therefore, the embassy continued to rely on universal serial bus port add-on products that are no longer made and for which it had no spares. Similarly, operator console equipment was not included in the new system, so the office used old equipment from previous systems—with no spares—and software from the 1990s. The missing components of the upgrade and use of legacy devices in telephone system operations increases the workload for staff to maintain the system, as well as the likelihood of significant downtime in the event of an emergency.

**Recommendation 8:** The Bureau of Information Resource Management, in coordination with Embassy Tegucigalpa, should complete the installation of the private branch exchange system. (Action: IRM, in coordination with Embassy Tegucigalpa)

### ***Mail Screening Shower Facilities Inadequate***

Mail screening met standards according to 14 FAH-4 H-121.1 in regard to location and design of the facility, as well as general procedures. However, mail room personnel did not have sufficient expendable screening supplies such as gloves and masks. In addition, the screening facility did not include an emergency shower when the modular screening facility was constructed. Instead, embassy procedures call for Marine Security Guards to hose down any personnel who come into contact with hazardous materials. In the event of such exposure, the lack of a readily accessible emergency shower risks serious injury.

**Recommendation 9:** Embassy Tegucigalpa should install an emergency shower in the mail screening facility. (Action: Embassy Tegucigalpa)

---

<sup>5</sup> iPost is a configuration and inventory tracking tool used to verify compliance with various systems security mandates through compiling reports from queries of Active Directory configuration, tenable scans and other tests of various servers, workstations, switches, and other devices on both OpenNet and ClassNet.

### ***Diplomatic Post Office Decrease in Deliveries***

Diplomatic Post Office inbound deliveries via the U.S. Postal Service contracted carrier had decreased in frequency from four times per week to two or three. Less frequent delivery was causing customer hardship, as well as uncertainty for Diplomatic Post Office staff, who did not know when a delivery would occur or the size of the shipment. As a result, the staff could not provide reliable estimates to customers or plan their work. The Information Management Officer was meeting with the contract company to discuss improving delivery services.

### ***System Maintenance Logs Deficient***

Information management systems maintenance logs were deficient in several areas. Although iPost scores and the recent regional computer security officer report reflected sound operational processes in patch and configuration management, server maintenance logs were not used to record administrator actions taken to maintain those postures. The only records typically kept were emails describing actions taken. Information Programs Center staff also did not keep a maintenance log of service on the telephone system. Undocumented maintenance activities can lead to greater resource requirements in future troubleshooting efforts. OIG advised information management personnel of their responsibilities to maintain current systems documentation, as required by 12 FAM 632.1-10, 12 FAM 632.5, 12 FAH 10 H-182.3, and 12 FAH 2 H-642.2.

## RECOMMENDATIONS

---

**Recommendation 1:** Embassy Tegucigalpa should use record emails and provide relevant training to reporting officers. (Action: Embassy Tegucigalpa)

**Recommendation 2:** Embassy Tegucigalpa, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should provide the appropriate staff to supervise and manage International Narcotics and Law Enforcement Affairs operations. (Action: Embassy Tegucigalpa, in coordination with INL)

**Recommendation 3:** Embassy Tegucigalpa should include required documentation in International Narcotics and Law Enforcement program files, in accordance with Department guidelines. (Action: Embassy Tegucigalpa)

**Recommendation 4:** Embassy Tegucigalpa should conduct risk assessments and develop monitoring plans on Federal grants awarded by its Public Affairs Section in accordance with Department guidelines. (Action: Embassy Tegucigalpa)

**Recommendation 5:** Embassy Tegucigalpa should implement a duty officer program that includes Management Section oversight and an up-to-date duty officer guide. (Action: Embassy Tegucigalpa)

**Recommendation 6:** Embassy Tegucigalpa, in coordination with the Bureau of the Comptroller and Global Financial Services, should reconcile the outstanding travel vouchers, including initiating collection action for individual travelers' indebtedness. (Action: Embassy Tegucigalpa, in coordination with CGFS)

**Recommendation 7:** Embassy Tegucigalpa should require authorizing officials to approve mission staff requests for overtime in advance. (Action: Embassy Tegucigalpa)

**Recommendation 8:** The Bureau of Information Resource Management, in coordination with Embassy Tegucigalpa, should complete the installation of the private branch exchange system. (Action: IRM, in coordination with Embassy Tegucigalpa)

**Recommendation 9:** Embassy Tegucigalpa should install an emergency shower in the mail screening facility. (Action: Embassy Tegucigalpa)

## PRINCIPAL OFFICIALS

Title	Name	Arrival Date
<b>Chiefs of Mission:</b>		
Ambassador	James Nealon	08/2014
Deputy Chief of Mission	Julie Schechter Torres	08/2012
<b>Chiefs of Sections:</b>		
Management	Paula Bravo	09/2014
Consular	Theodore Coley	08/2013
Political	Stewart Tuttle	07/2014
Economic	Cecilia Choi	09/2015
INL	Andrea Lewis	04/2012
Public Affairs	Eric Turner	08/2014
Office of Regional Affairs	Douglas L. Popovich	08/2015
Regional Security	Phillip Nazelrod	07/2015
<b>Other Agencies:</b>		
U.S. Agency for International Development	James Watson	08/2012
Drug Enforcement Administration	Alvaro Agrelo	06/2015
Overseas Prosecutorial Development Assistance and Training	Luis Peral	02/2014
Federal Bureau of Investigation	Luis Rosa	06/2015
<b>Department of Defense:</b>		
Defense Attaché Office	Steven Stanley	08/2015
Office of Security Cooperation	John Marshall Groves	08/2015
Technical Analysis Team	Roberto Ortiz	12/2010
Corps of Engineers	Carlos Roberto Solorzano	06/2015
Join Task Force-Bravo	Albert J. Marckwardt	02/2015
Force Protection Detachment	Jules Cabeen	09/2014
Department of Homeland Security	Carlos Gamarra, Acting	08/2012
Department Of Treasury	Arturo Girona	07/2014
<b>Regional Agencies:</b>		
Foreign Agricultural Service (El Salvador)	Richard T. Drennan	
Foreign Commercial Service (Guatemala)	Aileen Nandi	
Centers for Disease Control and Prevention (Guatemala)	Jode Baker	

## 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, circulates, reviews, and compiles the results of survey instruments; conducts onsite interviews; and reviews the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by the review.

For this inspection, the inspectors reviewed 90 personal questionnaires, 115 work and life-quality questionnaires, and 200 questionnaires from LE embassy staff members. In Washington, the inspectors conducted 47 interviews with Department and other U.S. Government officials engaged in work in Honduras. In Tegucigalpa, OIG conducted 151 interviews. OIG carried out a physical inspection of three U.S. Government facilities that comprised the mission, along with the residences of the Ambassador, the DCM, Marine Security Guards, and four staff members.

## APPENDIX B: FY 2015 STAFFING AND FUNDING BY AGENCY

Agency	U.S. Direct- Hire Staff	U.S. Local- Hire Staff	Foreign National Staff	Total Staff	Total Funding FY 2015 \$
Department of State					
Diplomatic and Consular Programs	29	5	14	48	1,778,382
International Cooperative Administrative Support Services	6	14	139	159	8,517,075
Public Diplomacy	3		10	13	861,700
Diplomatic Security	6	1	6	13	816,735
Consular Affairs	12	9	19	40	1,819,557
INL	4	5	16	25	*30,987,864
Representation					30,355
Overseas Buildings Operations					3,424,826
Department of Agriculture					
Foreign Agricultural Service			2	2	149,704
Department of Defense					
Defense Intelligence Agency			3	3	475,932
Defense Security Cooperation Agency	1		3	4	150,000
SOUTHCOM/SOCSOUTH, CTS/Georgetown	7			7	75,120
U.S. Army South			1	1	82,506
SOUTHCOM/SOCSOUTH, CTS	25			25	3,643
SOUTHCOM - Security Assistance Officers & Traditional CINC ACT/CAT			5	5	112,000
SOUTHCOM - Counterdrug Teams/Technical Analysis Teams	3			3	19,000
Army Corps of Engineers			5	5	383,500
U.S. ARMY INSCOM	2		1	3	162,900
Department of Justice					

Drug Enforcement Administration	8		2	10	353,000
Prosecutor Development Assistance and Training	1		1	2	903,276
Legal Attaché	2		1	3	300,000
Department of Homeland Security					
Immigration and Customs Enforcement - International Affairs Office	4		3	7	551,514
Customs and Border Protection - Container Security Initiative	2		1	3	218,139
Department of Commerce					
Foreign Commercial Service			3	3	13,348
Centers for Disease Control and Prevention					Unavailable
Global Aids Program (Including the President's Emergency Plan for AIDS Relief)			1	1	67,837
U.S. Agency for International Development	14	8	67	89	*96,931,042
Department of the Treasury					
Office of Technical Assistance	2			2	940,043
Department of Labor					
<b>Total</b>	<b>131</b>	<b>42</b>	<b>303</b>	<b>476</b>	<b>150,128,998</b>

\* Includes foreign assistance.

Source: U.S. Embassy Tegucigalpa

## ABBREVIATIONS

---

DCM	Deputy Chief of Mission
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FAST	First- and Second-Tour
ICS	Integrated Country Strategy
INL	International Narcotics and Law Enforcement
LE	Locally employed

## OIG INSPECTION TEAM MEMBERS

---

Joseph A. Mussomeli, Team Leader

John Philibin, Deputy Team Leader

William Booth

John Bush

Ronda Capeles

Calvin Carlsen

Darren Felsburg

Leslie Gerson

Michael Greenwald

Edward Messmer

Matthew Ragnetti

Colwell Whitney



# HELP FIGHT

## FRAUD. WASTE. ABUSE.

1-800-409-9926

**[OIG.state.gov/HOTLINE](https://oig.state.gov/HOTLINE)**

If you fear reprisal, contact the  
OIG Whistleblower Ombudsman to learn more about your rights:

**[OIGWPEAOmbuds@state.gov](mailto:OIGWPEAOmbuds@state.gov)**

**[oig.state.gov](https://oig.state.gov)**

Office of Inspector General • U.S. Department of State • P.O. Box 9778 • Arlington, VA 22219