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Office of Inspector General

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

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September 2016

Inspection of Embassy Quito, Ecuador

BUREAU OF WESTERN HEMISPHERE AFFAIRS

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OIG HIGHLIGHTS

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What OIG Found

- The Ambassador's and the Deputy Chief of Mission's leadership and engagement during the volcanic activity of Cotopaxi in 2015 demonstrated their commitment to the security and welfare of the mission.
- Public Affairs Section grants files did not comply with Department of State guidance on the administration of Federal assistance awards.
- Mission Ecuador lacked an effective records management program.
- The mission's end-use monitoring rate in 2015 was the third lowest of the 70 posts required to monitor items donated to host governments.
- An imbalance in the allocation of public affairs resources limited outreach capacity at Consulate General Guayaquil.
- Embassy Quito and Consulate General Guayaquil integrated mission-wide consular activities.
- Mission Ecuador's professional development programs built key skills and improved integration of all mission elements.
- Embassy Quito's termination process for locally employed staff members was not in accordance with local labor law.

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CONTEXT

Ecuador is a South American democracy of nearly 16 million people that borders Colombia, Peru, and the Pacific Ocean. Ecuador takes its name from the Equator, which traverses the country. After several decades of civilian rule marked by political instability and mid-term ousters of elected presidents, Rafael Correa took office as the elected president in 2007. He won election under a new constitution in 2009, and in 2013 was reelected to a second 4-year term.

Broadly characterized as populist, President Correa's government at times uses political rhetoric disparaging U.S. influence in the region as "imperialist." Ecuador's expulsion of the U.S. Ambassador in 2011 strained the bilateral relationship. Although the two countries restored full diplomatic relations the following year, Embassy Quito's offices of the U.S. Agency for International Development, Security Cooperation, and Narcotics Affairs suspended operations in 2014. Periodic tensions remain, as in the case of U.S. statements of concern over human rights abuses in Ecuador, including restrictions on freedom of expression and freedom of association. Cooperation has continued, however, in counternarcotics efforts, with the U.S. Drug Enforcement Administration maintaining an official presence. In addition, the Ecuadorian military remains interested in securing parts for U.S.-supplied weapons systems.

Ecuador's economy, which adopted the U.S. dollar as its official currency in March 2000, relies heavily on commodity exports such as petroleum, bananas, shrimp, cocoa, and cut flowers. High crude oil prices and reliance on China as Ecuador's largest foreign lender subsequently enabled the Correa government to increase public-sector spending, but plummeting oil prices have forced budget and subsidy cuts over the past 2 years. Concerns over the transparency of Ecuador's judicial system and regulatory environment have pushed the country's levels of foreign direct investment to one of the lowest in the region. The United States is Ecuador's largest trading partner, purchasing more than 40 percent of the country's exports and supplying as much as one-third of its imports. More than 100 U.S. companies operate in Ecuador.

U.S. Mission Ecuador's Integrated Country Strategy (ICS) goals include increased Ecuadorian support for U.S. policies, strengthened democratic institutions, reduced international crime, a more favorable business environment, and increased environmental protection. The mission includes a consulate general in Guayaquil, which is the country's commercial center, media capital, and largest city. Its consular district includes 10 of 25 provinces and more than half of the nation's population. Demand for visas increased dramatically in the past 3 years, with Consulate General Guayaquil's non-immigrant visa workload 270 percent larger in 2014 than in 2012. More than 86,000 American citizens, many of them retirees, live in Ecuador.

Both Embassy Quito and Consulate General Guayaquil relocated to new office buildings in 2008 and 2014, respectively. At the time of the inspection, Embassy Quito employed 84 U.S. direct-hire staff members, 144 locally employed (LE) staff members, and 11 eligible family members. Consulate General Guayaquil had 34 U.S. direct-hire employees, 79 LE staff members, and 5 eligible family members. Other mission agencies are the Drug Enforcement Administration,

Homeland Security Investigations, and the Department of Defense. There were approximately 110 Peace Corps volunteers in Ecuador at the time of the inspection. The hardship differential is 10 percent in Quito and 15 percent in Guayaquil. The cost-of-living allowance is 30 percent in both cities.

EXECUTIVE DIRECTION

OIG based the following assessments of the embassy's leadership on the results of 282 documented interviews, 67 of which elicited comments on the Deputy Chief of Mission (DCM); meetings in Washington and Ecuador; 100 questionnaires completed by American and LE staff members that included comments on Front Office performance; and OIG review of documents and observations of embassy meetings and activities during the course of the on-site inspection.

Change in Mission Leadership

The current Ambassador arrived 2 weeks before the inspection began and was accredited to the Government of Ecuador during the inspection. The previous Ambassador departed Ecuador in September 2015. The DCM, who arrived in July 2014, served as Chargé d'Affaires during the gap between ambassadors. This section accordingly focuses on the impact of the current DCM. The new Ambassador made a point upon his arrival to provide a clear vision of a positive and proactive plan for engagement with the host government and to emphasize his desire for honest and candid interaction with mission staff. OIG observed him reinforcing these goals in senior staff and country team meetings as well as during his inaugural representational event with senior Ecuadorian Government officials.

Tone at the Top and Standards of Conduct

Front Office Models Department Leadership Principles

OIG observed the Ambassador's and the DCM's collaborative style and strategic thinking in settings ranging from representational events and interagency meetings to formal and informal meetings and one-on-one encounters. These traits are part of the Department of State's (Department) Leadership and Management Principles detailed in 3 Foreign Affairs Manual (FAM) 1214. The staff consistently characterized interaction with mission leadership as engaged, interested, open, and decisive. American and LE personnel expressed to OIG in interviews and questionnaires their satisfaction regarding the direction and involvement of senior management and their accessibility to staff. The DCM traveled to Consulate General Guayaquil almost every month, and First- and Second-Tour (FAST) personnel said that on each visit he engaged in professional development activities with the staff.

Pursuant to the President's Letter of Instruction, the Chief of Mission is responsible for developing and implementing policies and programs that provide for the protection of all U.S. Government personnel and their accompanying dependents. A majority of American and LE employees expressed appreciation for the mission's leadership in this area, especially during the emergency action planning related to the threatened August 2015 eruption of the local volcano Cotopaxi. Embassy leadership ensured that the process was open and transparent and involved American and LE staff members, Ecuadorian Government officials, American citizens, and

American businesses. The Mission Contingency Plan addressed each community's needs and concerns.

When leadership or management issues arose at either the embassy or consulate general, the DCM intervened directly through counseling, problem solving, or directing the appropriate senior officer to address the issue and monitor the outcome, per the requirements of 1 FAM 013.2. Since the DCM's arrival in July 2014, Consulate General Guayaquil terminated six of its nine contract employees for improper use of influence, and the embassy terminated four contractors (including the Guard Force Commander and a shift supervisor) in its 128-person guard force for malfeasance. The DCM's candor and decisive intervention were well received by the members of the mission. Recognizing that not all issues can be resolved quickly or easily, he established a pattern of follow-up and maintained an appropriate level of engagement..

Execution of Foreign Policy Goals and Objectives

In accordance with the responsibilities stated in 2 FAM 113.1, the DCM engaged the entire mission in developing the 2014–2016 ICS. This document outlines mission-wide program goals as well as incorporating input from the Department. The mission's overarching goal is to engage the Correa government on a collaborative agenda based on mutual interests, such as transnational crime, regional security, migration issues, terrorism, trade and investment, and environmental protection. At the same time, the mission seeks to mitigate the effects of the contentious political environment created by the Ecuadorian Government.

The mission's engagement strategy recognized the critical role played by other agencies in creating opportunities for interaction with the host government. The country team told OIG the ICS reflected their respective goals and that the mission provided active support in their execution. For example, mission collaboration with law enforcement helped Ecuadorian police seize large amounts of illicit narcotics and disrupt transnational criminal networks.

The mission's senior leadership actively engaged with civil society leaders and non-governmental organizations to increase Ecuadorian awareness of and support for U.S. policies and values, promote Ecuadorian civil society and government accountability, and strengthen environmental initiatives.

Internal Control

OIG did not find any significant internal control issues during the inspection. However, OIG found minor deficiencies detailed in the Policy and Program Implementation and Resource Management sections of the report.

Entire Mission Participated in Statement of Assurance Process

The 2015 Chief of Mission Statement of Assurance exercise reflected embassy leadership's commitment to management oversight of internal controls. The DCM tasked the Management Counselor in Quito and the Consul General in Guayaquil to organize the review process for their respective locations. The DCM then verified every section's submissions with the appropriate officers, ensuring their accuracy in accordance with his responsibilities in 2 FAM 021.1. Minutes of country team meetings highlighted the DCM's effort to impress on the country team the

importance of this mission-wide effort. OIG reviewed the submission, which included a separate statement from Consulate General Guayaquil, and found it to be thorough and comprehensive.

Professional Development Emphasized at All Levels Throughout the Mission

The DCM and the Consul General emphasized professional development. Shortly after his arrival, the DCM formed a Professional Development Steering Committee. This program sought to develop among mission employees the full range of professional competence, such as drafting cables, organizing events, managing staff, and developing leadership traits, consistent with 3 FAM 1214 b (8) "Value and Develop People". In addition to participating in mission-wide programs, FAST staff members developed programs and activities targeted to their unique professional development needs. Both embassy and consulate general leadership invited the FAST staff to participate in activities, serve as control officers, and plan representational events linked to ICS goals. FAST and mid-level staff members without exception told OIG that the DCM's active participation in professional development programs had a positive impact on morale and improved integration of all mission elements.

Professional Development Program Encompasses FAST and Mid-level Staff

The Professional Development Steering Group, established in 2014, led Mission Ecuador's professional development program. The DCM chaired the group, which included the Guayaquil Consul General, FAST staff representatives, mid-level generalists and specialists, and the Human Resources and Management Officers. The group's programs target three main areas: 1) building solid foundations for success; 2) developing key leadership skills; 3) furthering Mission Ecuador's goals and priorities. The group developed checklists of activities for both entry- and mid-level personnel that would help develop key Foreign Service skills. To assist in executing the activities, the group created a list of "subject matter experts" willing to provide advice. The group had a "Meet the Sections" program, which promoted staff awareness of how different sections contributed to the country team and achieved ICS goals. The mid-level officers and specialists also had a reading group and started an individualized mentoring program in January 2016. Consulate General Guayaquil participated in all activities through digital video conferencing.

Security of the Mission

The DCM's leadership and engagement during the emergency surrounding the threatened Cotopaxi 2015 eruption demonstrated embassy leadership's concern and engagement in the welfare of the mission as well as protecting, advising, and assisting U.S. citizens, consistent with 2 FAM 113.1c(5) and c(14). No issue was too small for the DCM's consideration and no affected group was left out of the 3-month planning process, from the LE staff to the American business community. Mission leadership involved all stakeholders, including the private sector, representatives from the diplomatic community, and the Ecuadorian Government. They maintained constant contact throughout the period with Washington experts and resident non-governmental organizations. Country team members and LE staff elected representatives told OIG that mission employees appreciated the clear direction and involvement of senior management throughout this period.

Records indicated that the DCM was attentive to the security of the schools, emergency drills, and Marine Security Guard issues and met weekly with the Regional Security Officer. The DCM

was focused on the mission's security program and augmented these discussions by walking through the embassy and consulate general, speaking with employees about their concerns.

OIG did not review the embassy's security programs during this inspection.



Figure 1: Mount Cotopaxi, late August 2015. **Source:** Ricardo Coronel Ruiz (www.ricruiz.com)

Emergency Planning in the Face of a Possible Natural Disaster

In summer 2015, when Mount Cotopaxi began to spew volcanic ash and debris and threatened to erupt, the Ambassador mobilized the entire mission in preparation for emergency action activities.

- The mission provided information to the staff through management and security notices outlining the need for sections and individuals to make contingency plans.
The embassy established a public website, providing necessary information to mission personnel as well as the public.

- The Emergency Action Committee began meeting immediately and continued to do so throughout the summer and late fall, providing clear and practical information to the Department and other agencies.

Mission leadership briefed mission and community groups, including American citizens and business leaders, LE staff members, their families, U.S. direct-hire employees and their families, the diplomatic community, and the host government.

The mission partnered with the Ecuadorian Government and became a clear leader in crisis management within the international community.

The mission established a taskforce that included all sections and agencies to develop contingency plans that addressed possible exigencies from health hazards to airport and hospital closures.

Senior leadership provided clear, decisive, and candid guidance throughout the process and provided real-time information to interested parties.

Once the crisis was over, the mission joined with the Department for a lessons-learned review of their actions in order to fine tune their action plan for future reference.

Consulate General Guayaquil

Consulate General Guayaquil relocated to a new consulate compound in December 2013. The second phase of construction—a Marine Security Guard Residence and workshops—was underway during the inspection. OIG found that coordination between the Management Section and the Bureau of Overseas Buildings Operations (OBO) Project Manager ensured that construction activities did not impede the consulate general’s day-to-day operations. Additional resources from the Bureau of Consular Affairs assisted in managing a surge¹ of non-immigrant visa applications from FY 2013 to FY 2015.

POLICY AND PROGRAM IMPLEMENTATION

Advocacy and Analysis

Political and Economic Sections Fulfilling Advocacy and Reporting Functions

To fulfill their reporting and policy advocacy duties, Mission Ecuador officers engaged with a broad range of contacts, including federal, provincial, and local governments; private-sector; opposition; and non-governmental organizations. These outreach efforts informed mission reporting on the host nation’s political and economic climate. Washington offices expressed appreciation for advocacy and reporting, with several agencies and bureaus describing mission reporting as thorough. OIG reviewed 6 months of political and economic reporting cables and found them to be properly sourced, timely, addressed to key issues of the day, and relevant to ICS goals.

¹ The Guayaquil Consular Section processed 270 percent more applications in FY 2014 than FY 2012. Figure 3 depicts NIV workload in Quito and Guayaquil from FY2010 to FY 2015.

Consulate General Guayaquil Reporting and Advocacy Support

The Guayaquil consular district includes the largest city in Ecuador and contains approximately 57 percent of the population. It is also the center of political opposition to the government. Notwithstanding Guayaquil's importance, the consulate general had only one rotational entry-level officer and one LE staff member devoted to political and economic reporting and supporting the Consul General's outreach efforts. The entry-level officer changed yearly because of the rotational nature of the Consular-Political position. The embassy told OIG it planned to request a mid-level officer position in the next Mission Resource Request to support the consulate general's reporting. OIG advised the Consul General to request temporary duty support from Embassy Quito's political and economic sections in the interim.

End-Use Monitoring Needs Improvement

The mission's end-use monitoring rate was the third lowest in the Department and needed to improve. End-use monitoring is the process of verifying that equipment donated to the host government—such as vehicles, communications gear, and weapons for anti-narcotics programs—is used for its intended purpose. The Bureau of International Narcotics and Law Enforcement Affairs (INL) requires missions that have donated equipment to develop a plan to monitor its use. In 2015, Embassy Quito was responsible for monitoring approximately 33,000 items. Although this list included vehicles, weapons, and other high-value items, it included many more low-value, disposable items, such as paper targets, tactical belts, and gun cleaning kits. The mission's monitoring rate was 1.62 percent of the total items, both high value and disposable. This was the third lowest rate of the 70 posts required to conduct end-use monitoring.

Several factors hindered the mission's ability to monitor equipment in 2015. INL's embassy office closed in 2014, and the Political Section assumed responsibility for the program in 2015. Despite assistance from the Defense Attaché Office and the Drug Enforcement Administration, the Government of Ecuador limited the embassy's access to equipment. Moreover, INL's 2015 guidance on end-use monitoring did not make clear if missions without INL offices had to develop monitoring plans.

In December 2015, the Political Section, in coordination with INL, concentrated on reducing the end-use monitoring inventory. The office identified disposable items of low individual value that no longer needed to be monitored. In addition, the Drug Enforcement Administration and the Defense Attaché Office volunteered to assist in end-use monitoring with their counterparts, which greatly facilitated the process. As of February 2016, the Political Section reported that it had reduced the end-use monitoring inventory by about 25,000 items. With clear guidance from INL in place, the Political Section understood the importance of crafting and executing a monitoring plan for 2016.

Political Section Properly Administers Federal Assistance Awards

OIG reviewed the section's one grant and one cooperative agreement and found that they complied with Department standards regarding the awards process and monitoring responsibilities, with minor omissions of documentation in one award file. One of the section's

two Grants Officers was scheduled to depart in April 2016, leaving one officer whose grants authority was insufficient to manage the cooperative agreement. Section personnel acknowledged the need to increase the remaining Grants Officer's warrant authority before the other officer departed and to ensure the replacement officer had a warrant at the proper level.

Public Diplomacy

Public Affairs Active in Policy Advocacy and Strategic Planning

The Public Affairs Section effectively used a full range of outreach, exchange, and online tools to promote an informed public understanding of U.S. policy priorities and the breadth of the bilateral relationship. The section was integrally involved in formulating and implementing the mission's ICS, which assigns priority to highlighting existing areas of cooperation, engaging civil society, and strengthening people-to-people ties. These outreach functions were of particular importance in light of strained diplomatic relations with the Correa government, which used political rhetoric that disparaged U.S. influence in the region.

Partnerships with Binational Centers Include Major Upgrade Project

Six American Spaces, including partnerships with Binational Centers in Guayaquil, Loja, and Cuenca, enhanced the section's operations. Binational Centers are non-profit, autonomous organizations that collaborate with U.S. missions in English-language teaching, educational advising, and cultural programming. Centers that meet the Department's American Spaces standards are eligible for U.S. Government funding support. The Public Affairs Section administered a \$260,750 allocation from the Bureau of International Information Programs to renovate the Abraham Lincoln Binational Cultural Center in Cuenca. This project entailed hiring new staff, refurbishing its library, and constructing a multipurpose auditorium. OIG reviewed the section's monitoring of this project and found its internal controls to be sufficient.

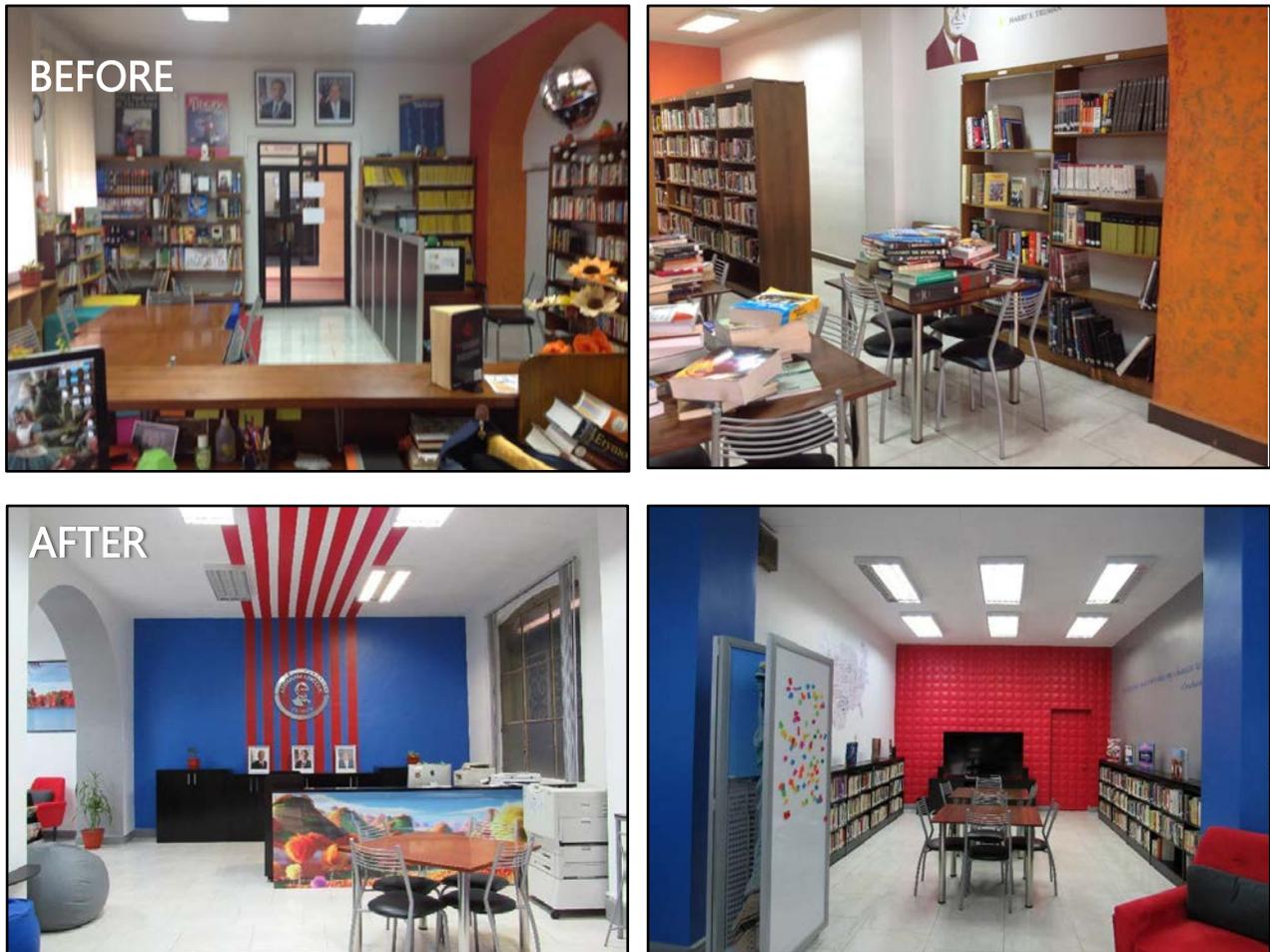


Figure 2: Before and After: U.S. Mission Ecuador-sponsored Renovation of the Abraham Lincoln Binational Cultural Center in Cuenca (December 2015) (Source: Embassy Quito)

Grants Administration Needs Improvement

OIG reviewed all 17 FY 2015 public affairs grants files with an award value exceeding \$10,000 and found none fully complied with the Department’s Federal Assistance Policy Directive. At the time of inspection, all five officers in the section—two of whom were also certified Grants Officer Representatives—held grant warrants, and four LE staff members held Grants Officer Representative certifications. Until early 2016, however, grants files had been managed primarily by staff members who had not completed the required training and whose position descriptions did not accurately reflect the workload associated with grants administration. In addition, the section lacked a country-specific standard operating procedure detailing the awards life cycle. Notable areas of non-compliance included a lack of risk assessments and monitoring plans, and failure to use the SF-270 “Request for Advance or Reimbursement” form to disburse funds, all of which are mandated by the Federal Assistance Policy Directive. These deficiencies increased the risk of inadequate oversight and the loss or misuse of U.S. Government funds. OIG discussed these vulnerabilities with the embassy Public Affairs Officer, who had initiated corrective actions prior to the inspection. These actions included arranging Grants Officer Representative training

for both the American and LE staff, developing a SharePoint site to host current directives and guidelines, and chairing the inaugural meeting of the embassy's quarterly grants committee in January 2016.

Recommendation 1: Embassy Quito, in coordination with the Bureau of Administration, should correct deficiencies in Public Affairs Section grants. (Action: Embassy Quito, in coordination with A)

Embassy-Consulate Coordination Requires Clarification

The Public Affairs Section staff in Quito and Guayaquil collaborated successfully on programs but worked without formal guidance on the division of labor for programs and outreach in Guayaquil's consular district. The two teams communicated daily and convened weekly meetings, but program coordination was done on an ad hoc basis. This increased the risk of miscommunication and diminished working relationships, which could impede program implementation and undermine team cohesion. OIG discussed with the embassy Public Affairs Officer the importance of reinforcing a mission-wide team approach for the public affairs staff at both posts and the need for clear guidelines on shared responsibilities.

Lack of Adequate Staffing Limits Outreach Capacity in Guayaquil

Consulate General Guayaquil's Public Affairs Section has too few staff members to support its outreach, maintain local contact networks, engage online audiences, and administer public diplomacy programs. Guayaquil's consular district is home to more than half of the country's population, but its Public Affairs Section has 16 percent of the mission's public affairs LE staff members, 9 percent of total financial resources, and a Foreign Service officer to LE staff member ratio of 1:3, which is below the global average of 1:4.5 for public affairs sections..

The Guayaquil section's three LE staff members handled several areas of responsibility, each of which usually is covered by a single person at other posts. At the same time, Quito-based personnel often flew to Guayaquil's consular district to organize, support, or attend programs and events. In addition to incurring travel expenses that might be put to better use, the lack of permanent staff in Guayaquil prevented the section from developing outreach and program opportunities tailored to its consular district, which features historical, political, and cultural characteristics that differ significantly from the provinces covered exclusively by Embassy Quito. According to the Government Accountability Office *Standards for Internal Control in the Federal Government*², "Only when the right personnel for the job are on board and are provided the right training, tools, structure, incentives, and responsibilities is operational success possible."

In this context of limited resources, OIG discussed with the Consul General in Guayaquil the importance of prioritizing outreach opportunities and ensuring public affairs activities are clearly linked to ICS goals and objectives.

² Government Accountability Office, *Standards of Internal Controls in the Federal Government*, (GAO-14-704G, September 2014), Principle 10.03

Recommendation 2: Embassy Quito, in coordination with the Bureau of Western Hemisphere Affairs, should reallocate its resources to optimize Consulate General Guayaquil's public affairs operations. (Action: Embassy Quito, in coordination with WHA)

Consular Affairs

Mission Ecuador's two Consular Sections operated as a team, with country-wide standard operating procedures. The embassy's Consular Section served 15 provinces, including the capital city of Quito. Consulate General Guayaquil served 10 provinces, including the Galapagos Islands. Both sections provided non-immigrant visa and American Citizen Services, but only Guayaquil processed immigrant visas.³

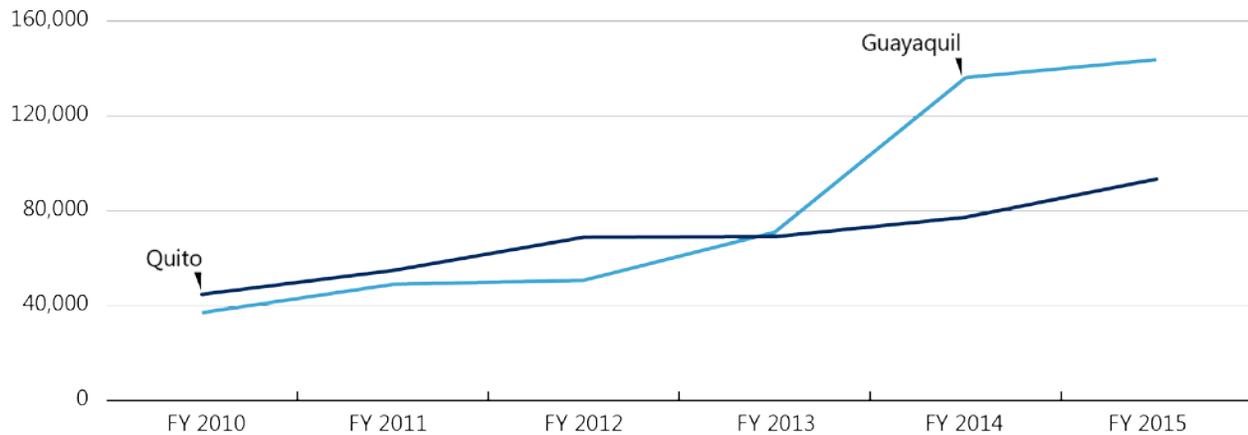
Both posts complied with cashiering and fee collection documentation. However, several of the consular systems user roles had designated officers who were either no longer at post or inappropriately assigned. Consular management updated user roles and corrected the issue during the inspection. Guayaquil also updated a consular subcashier designation that dated from 2007 during the inspection. OIG examined adjudication reviews for non-immigrant visa, immigrant visa, and passport applications. Both sections complied with all adjudication review requirements. The sections also complied with the requirements of the non-immigrant visa referral policy. OIG advised consular managers that non-immigrant visa personnel would benefit from ongoing training to ensure continued compliance with all referral program procedures.

Non-immigrant Visa Workload Increased Substantially

The non-immigrant visa workload grew substantially from FY 2010 to FY 2015, averaging 16.2-percent annual growth in Quito and more than double that in Guayaquil. The Bureau of Consular Affairs provided approximately 65 weeks of temporary duty support in 2014. In FYs 2014 and 2015 the bureau created and filled four entry level positions and three mid-level manager positions to clear backlogs and process the additional workload.

³ During FY 2011 to FY 2015, demand for immigrant visas dropped 1 percent to 7,364 applicants. U.S. citizen passport applications in Quito remained stable over the same period, averaging 1 percent annual growth to 1,832 applications in 2015. Guayaquil averaged 10 percent annual growth in passport applications during the same period to 3,040 applications in 2015.

Figure 3: Mission Ecuador Non-Immigrant Visa Workload, Number of Adjudications, FY 2010–FY 2015



Source: OIG analysis of Department data.

Embassy Workspace Does Not Permit Line of Sight of All Work Stations

Embassy Quito’s Consular Section workspace did not fully comply with the "open and visible" work environment line-of-sight standard in 7 Foreign Affairs Handbook (FAH)-1 H-281(e) under "Space Management." Work stations and offices for adjudicating officers were not located throughout the section to provide the greatest possible range of overlapping lines of sight. Instead, all consular managers’ offices were at one end of the section with a wall dividing it from the main work area and obscuring line of sight between the two areas. Only one FAST officer sat in the main area; the consular chief and other FAST officers sat in the back area. OBO had approved and funded a space reconfiguration plan for the section, which the Facilities Manager estimated would take a year to complete. OIG advised consular management that until the OBO project is completed, intermingling officer work stations in the main work area would improve line of sight control. Consular managers started planning a new seating arrangement during the inspection.

Consulate General Does Not Comply with Random Interview Process

Consulate General Guayaquil did not comply with 7 FAH-1 H-263.7 "Queuing Systems," on the random assignment of applicants to adjudicators. At the time of the inspection, contract "greeters" directed non-immigrant visa applicants to an interview window. Having the greeters in control of assigning applicants to adjudicators increases the risk of malfeasance. In 2015, the consulate general dismissed six of its nine greeters for unethical behavior. An automated system reduces the risk of malfeasance and provides information about wait times. Consulate General Guayaquil’s automatic applicant queuing system (Q-Flow) was never operational, but, as of the inspection, post had taken no action to replace it.

Recommendation 3: Embassy Quito, in coordination with the Bureau of Consular Affairs, should replace the automatic queuing system in Consulate General Guayaquil. (Action: Embassy Quito, in coordination with CA)

“Consular Mission Ecuador” Stimulates Embassy-Consulate Coordination

Consular managers in Quito and Guayaquil in May 2015 launched “Consular Mission Ecuador”, a program for intra-mission consular coordination to increase communication, collaboration, innovation, and creativity within and between the two sections. Managers established teams of LE staff and FAST adjudicators from both posts and served as team mentors. The teams’ projects included improving outreach, monitoring consular management controls, and improving the public website. One team developed countrywide standard operating procedures and a comprehensive internal website for consular information.

This program had already improved service for consular clientele. In July 2015, the visa chiefs introduced an Interview Waiver Program for visa renewals, saving applicants the need to make a trip to the embassy or consulate general. This program also provided more time for adjudicators to interview first-time visa applicants and review complex applications. “Consular Mission Ecuador” gave FAST and LE staff members the opportunity to develop leadership skills and a means to make contributions to consular operations.

RESOURCE MANAGEMENT

Mission Ecuador Management Operations

OIG examined management section processes in Embassy Quito and Consulate General Guayaquil and found that, overall, most processes and procedures were documented and oversight and supervision of controls were maintained. However, some areas required attention. These are discussed below.

Human Resources

Local Labor Law Requires Employer Payment of Arrears

Local labor law requires employers to pay a thirteenth-month bonus and provide a “reserve fund” payment. These benefits are included in the local compensation plan. The embassy believed that payments were miscalculated from 1999 to 2010. In 2010, the calculation formula was changed to correct the possible error, but the matter of retroactive payment of possible arrears from the prior 11-year period had yet to be resolved. The embassy asked the Department to review the issue and make appropriate retroactive payments. The mission’s local employee council informed embassy management that Ecuadorian labor law states that any arrears owed an employee do not expire. The matter had been pending since 2011 with the Bureau of Human Resources Office of Overseas Employment and the Office of the Legal Adviser. During this inspection, the embassy obtained a copy of Ecuadorian labor law that explicitly requires payment of employer obligations in arrears.

Lack of Open Communication Creates Confusion

Elected representatives of the LE staff and individual LE staff members told OIG that the lack of communication between the Human Resources Office and the LE staff—and apparent inconsistencies in the application of mission employment policies—created confusion about

mission practices. They reported a lack of transparency regarding policies related to grievances, position classification, and termination.

The embassy had made efforts to improve communication. The DCM and the Management Officer met bimonthly with the LE staff council. In addition, the Human Resources Office began a program in 2015 to conduct information sessions about policies, but the meetings were poorly attended.

Lack of Management Policies on Position Classifications, Terminations, and Grievances

OIG reviewed management policies from 2009 to February 2016 and found none related to position classifications, terminations, or grievances. Per 2 FAM 021.3, policies and procedures are important tools of management control. In addition, the General Accounting Office *Standards for Internal Control in the Federal Government*⁴ states that management should implement control activities through policies. The mission's employee handbook stated that "Position descriptions not only provide a basis for classification, that is, for determining the title and grade of a position, but also for recruitment, training, performance appraisal, and promotion." The handbook stated that supervisors—whether LE or U.S. direct-hire—should draft and discuss with the employee the position description and any changes. LE staff members told OIG that some supervisors did not have these discussions, preventing employees from providing input. In addition, although the employee handbook required an LE Staff Grievance Appeal Board, none existed. A lack of commonly understood standards led to the mission's inconsistency in adhering to its own position classification policy and risked inconsistencies in administering terminations and grievance procedures. Undocumented or unevenly applied policies can result in unfair or discriminatory treatment of employees.

Recommendation 4: Embassy Quito should issue management directives explaining position classifications, the employee grievance process, and the employee termination process.
(Action: Embassy Quito)

Post's Termination Process Does Not Adhere to Local Labor Law

In 2002, the Department approved a mission request to stop participating in the Ecuadorian local social security system, a decision reflected in the local compensation plan. An unintended consequence of this action was the mission's inability to terminate employees for cause without paying severance.

Ecuadorian labor law specifies that the termination of an employee for cause must be approved in advance by the Ministry of Labor. Local law also specifies that an employer must participate in the local security system in order to have the access necessary to apply for consideration to legally withhold severance payments. The lack of access means that the mission is legally obligated to make severance payments to employees terminated for cause. OIG advised Embassy Quito to notify the Department that by not participating in the Ecuadorian social security system, the U.S. Government risks being obligated to make severance payments to

⁴ GAO-14-704G, Principle 12

employees terminated for cause, which is inconsistent with the mission's local compensation plan.

Facility Management

Building Maintenance Staffing Does Not Meet OBO Recommendations

OBO provided Embassy Quito with recommended staffing plans in 2007 and again in 2012, which would ensure the embassy had the correct LE staff to maintain the New Embassy Compound. As of the inspection, the embassy had not obtained local International Cooperative Administrative Support Services⁵ Council support for augmenting the maintenance section's staffing to meet OBO recommendations. The New Embassy Compound's complex, multi-million-dollar automated building systems require employees with specialized training and certifications. OIG advised post management to work with the council to develop a plan to ensure that the mission has employees with the necessary skills to protect the U.S. Government's investment in the facility.

Several Key Preventative Maintenance Contracts Are Not In Place

Both Embassy Quito and Consulate General Guayaquil lacked maintenance contracts for components of their building automated systems because of a lack of qualified LE supervisors to draft the necessary scopes of work. Rather than hire more senior staff, the embassy tried to convert existing staff without the necessary qualifications as a cost-saving measure. According to 15 FAM 613, each mission must establish and implement a comprehensive preventive, routine, and special maintenance program for all major building support systems. The lack of preventive and routine maintenance contracts increases the risk that these systems could fail, leaving post vulnerable to disruptions in operations and requiring additional financial resources.

Recommendation 5: Embassy Quito should ensure that all necessary building maintenance engineering contracts are in place for Embassy Quito and Consulate General Guayaquil.
(Action: Embassy Quito)

General Services Operations

Required Data Not Systematically Entered into Real Property Application

Embassy Quito had not entered all required supporting documentation into the Real Property Application inventory database, the Department's system to track U.S. Government-owned and leased properties overseas, as mandated by 15 FAM 171.2 and 15 FAM 352 (4). This occurred because the housing office lacked sufficient time due to competing needs. OBO uses the application to prepare its leasing budget. The absence of data leaves OBO and the embassy vulnerable to funding shortfalls.

⁵ International Cooperative Administrative Support Services is the principal means by which the U.S. Government provides and shares the cost of common administrative support at its more than 250 diplomatic and consular posts overseas.

Recommendation 6: Embassy Quito should upload the missing required property records and documentation into the Real Property Application System. (Action: Embassy Quito)

Information Management

Mission Lacks Effective Records Management Program

Mission Ecuador's records management program did not meet Department requirements in 5 FAM 400 and 5-FAH 400. Records management officers, coordinators, and administrators were not trained as required by 5 FAH-4 H-215.1-2 and did not understand their responsibilities. More than 10 officers confirmed that the record email function of the State Messaging and Archive Retrieval Toolset was not used to capture important correspondence. In addition, shared filing systems in reporting sections were not organized in accordance with Department guidelines and were difficult to navigate. Department guidance detailed in 5 FAH-4 H-215.3-2 states that each section that maintains program files must assign a trained person to manage access to and monitor the operations, integrity, and disposition of file data. The mission's lack of a proper records management program created confusion and inhibited speedy transitions for successive employees. Failure to use the record email function risks important correspondence and documentation not being captured for position continuity, historical significance, and legal requirements. In addition, background information related to important decisions may be unavailable for policy makers, and the Department risks not fulfilling its legal duty to preserve information.

Recommendation 7: Embassy Quito should implement a records management program that includes employee training on records management and the State Messaging and Archive Retrieval Toolset application and complies with Department standards (Action: Embassy Quito).

IT Equipment Reporting Deficiencies Corrected

Consulate General Guayaquil's 2014 IT equipment inventory indicated a 2.47-percent shortage, which is above the Department's 1 percent threshold. The consulate general took timely and appropriate action to resolve the problem through a corrective action plan, which ensured that accountability processes were more stringently applied. Consulate general property clerks completed the January 2016 IT equipment inventory with no unrecorded, missing, or displaced items.

Information Management Section's Internal Controls

Mission Ecuador's Information Management Section of 12 U.S. and 17 LE staff members provided information management support and services for both the embassy and consulate general. Scores from International Cooperative Administrative Support Services surveys were above average for the region and worldwide, and the Executive Office and Regional Security Office commented positively to OIG about the section's emergency actions preparations

However, staff members in both the embassy and the consulate general told OIG that they were unsure of the correct delegation of roles and responsibilities to the embassy or the consulate general. OIG advised post management on their roles and the Department's and suggested

methods for developing positive and supportive relationships in both directions of the reporting chain. Relations between the Embassy Quito and Consulate General Guayaquil information management offices were considered mutually supportive.

RECOMMENDATIONS

Recommendation 1: Embassy Quito, in coordination with the Bureau of Administration, should correct deficiencies in Public Affairs Section grants. (Action: Embassy Quito, in coordination with A)

Recommendation 2: Embassy Quito, in coordination with the Bureau of Western Hemisphere Affairs, should reallocate its resources to optimize Consulate General Guayaquil's public affairs operations. (Action: Embassy Quito, in coordination with WHA)

Recommendation 3: Embassy Quito, in coordination with the Bureau of Consular Affairs, should replace the automatic queuing system in Consulate General Guayaquil. (Action: Embassy Quito, in coordination with CA)

Recommendation 4: Embassy Quito should issue management directives explaining position classifications, the employee grievance process, and the employee termination process. (Action: Embassy Quito)

Recommendation 5: Embassy Quito should ensure that all necessary building maintenance engineering contracts are in place for Embassy Quito and Consulate General Guayaquil. (Action: Embassy Quito)

Recommendation 6: Embassy Quito should upload the missing required property records and documentation into the Real Property Application System. (Action: Embassy Quito)

Recommendation 7: Embassy Quito should implement a records management program that includes employee training on records management and the State Messaging and Archive Retrieval Toolset application and complies with Department standards (Action: Embassy Quito).

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Chiefs of Mission:		
Ambassador	Todd C. Chapman	1/2016
Deputy Chief of Mission	Douglas Koneff	7/2014
Constituent Post(s):		
Consulate General Guayaquil, Principal Officer	Patricia Fietz	8/2014
Chiefs of Sections:		
Management	Scott McDonald	7/2015
Consular	Jennifer L. Schools	9/2014
Political	Timothy Peltier	7/2014
Economic	Michael Taylor	7/2015
Public Affairs	Susan Bridenstine	7/2015
Regional Security	Vacant	
Other Agencies:		
Department of Defense	COL Ernest Drake	8/2013
Drug Enforcement Administration	Gene Hawk	11/2015
Homeland Security Investigations	Stephan Richardson	6/2013

Source: Embassy Quito

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 the 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.
- **Internal 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

OIG applied a risk-based approach to this inspection consistent with Comptroller General of the United States Standards for Internal Control in the Federal Government. OIG collected and analyzed data from multiple sources and used various survey instruments and methods to assess risk and plan its fieldwork:

- Risk indicators and priorities developed by OIG.
- Questionnaires administered to major stakeholders, including Department functional and regional bureaus, key embassy leaders/managers, and individual U.S. direct-hire and locally employed staff members;
- Consultations with Washington-based Department and interagency bureaus and offices.

In conducting this inspection, OIG validated information obtained during the risk assessment; reviewed 1,203 pertinent records and 100 survey instrument results; conducted 282 documented Washington and on-site interviews; observed 25 meetings in Quito and Guayaquil; and reviewed the substance of the draft report and its findings with offices, individuals, organizations, and activities affected by this review. OIG did not inspect the embassy's security programs.

APPENDIX B: FY 2015 STAFFING AND FUNDING BY AGENCY

Agency	U.S. Direct-Hire Staff	U.S. Locally Employed Staff	Foreign National Staff	Total Staff ⁶	Funding (\$)
Department of State					
Diplomatic & Consular Programs	40	1	12	53	3,231,621
ICASS	9	19	124	152	12,278,739
Public Diplomacy	5	1	18	24	2,042,609
Consular Affairs	21	6	35	62	2,660,497
Diplomatic Security	6		17	23	1,641,957
INL					557,830
Marine Security	8		4	12	144,000
Representation					38,957
Overseas Buildings Operations	1		6	7	4,669,183
Subtotal	90	27	216	333	27,265,393
Department of Agriculture					
Foreign Agriculture Service			2	2	186,213
Animal and Plant Health Inspection Service			1	1	149,500
Subtotal			3	3	335,713
Department of Defense					
Defense Attaché Office	8		2	10	378,303
Technical Advisory Group	3			3	70,000
Army Corps of Engineers	0		4	4	220,000
Subtotal	11		6	17	668,303
Department of Justice					
Drug Enforcement Administration	22	2	6	30	1,819,000
Subtotal	22	2	6	28	1,819,000
Department of Homeland Security					
Homeland Security Investigations	3		2	5	407,788
Subtotal	3		2	5	407,788
Peace Corps	3		1	4	3,623,824
Total	126	29	233	391	34,120,021

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

⁶ Authorized positions.

ABBREVIATIONS

DCM	Deputy Chief of Mission
Department	Department of State
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FAST	First- and Second-Tour
ICS	Integrated Country Strategy
INL	Bureau of International Narcotics and Law Enforcement Affairs
LE	Locally Employed
OBO	Bureau of Overseas Buildings Operations

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Donald Hays, Team Leader

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