



# OIG

## Office of Inspector General

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

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ISP-I-17-08A

Office of Inspections

January 2017

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# Inspection of Embassy Belgrade, Serbia

## BUREAU OF EUROPEAN AND EURASIAN AFFAIRS

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# OIG HIGHLIGHTS

January 2017  
OFFICE OF INSPECTIONS  
Bureau of European and Eurasian Affairs

Inspection of Embassy Belgrade, Serbia

ISP-I-17-08A

## What OIG Found

### What OIG Inspected

OIG inspected U.S. Embassy Belgrade from May 4 to 24, 2016.

### What OIG Recommended

OIG made six recommendations to Embassy Belgrade to address issues related to record emails; electronic files organization; timely reporting of grants awards; adequate safeguards and controls and annual inventory reconciliation of facility stock and supplies; and fire safety standards for residential properties.

- The Ambassador and the Deputy Chief of Mission formed a cohesive team and ensured that employees worked together to accomplish Embassy Belgrade's goals.
- Staffing shortages and insufficient embassy oversight of the local guard force resulted in unnecessary overtime work, causing inefficiencies and morale problems.
- Embassy Belgrade's Public Affairs Section was not in compliance with Department of State standards on grants management.
- The Management Section followed Department guidance for most required procedures, but was not maintaining inventory controls.
- Embassy Belgrade employees did not use record emails, and electronic records were not organized in accordance with Department standards.
- Spotlights on Success: Consular managers created an effective and simple mechanism for monitoring consular management controls, and the Customer Service Center improved service.

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## CONTEXT

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Serbia is the largest, in land area and population, of the seven countries formed after the break-up of the former Yugoslavia. It is slightly smaller in area than South Carolina and has a population of 7.1 million people. Belgrade, the capital, is home to 1.2 million people. The population is 83 percent Serb; the rest are a mix of Hungarian, Romani, Bosniak, and other undeclared groups. Eighty-five percent of the population identify as members of the Serbian Orthodox faith.

Serbia is landlocked and bordered by Hungary, Romania, Bulgaria, Macedonia, Kosovo, Montenegro, Bosnia and Herzegovina, and Croatia. Serbia has a long history of conflict with all of them. Serbia is still transitioning from a centrally planned, state-directed economy to a market driven one, although the state continues to control significant sectors, including power, telecommunications, and natural gas. Unemployment is approximately 19 percent, but the economy grew about 0.8 percent in 2015, a rate better than initially projected by the World Bank. The United States is not a significant trade partner for Serbia; bilateral trade in 2015 was less than \$1 billion.

Former Serbian President Slobodan Milosevic's legacy of efforts to establish a "Greater Serbia" in the 1990s continues to affect the bilateral relationship. These efforts led to regional conflict, more than 100,000 deaths, and the 1999 NATO bombing of Belgrade, including by U.S. Air Force aircraft. More recently, a mob burned the U.S. Embassy in reaction to the declaration of Kosovo independence in 2008. Serbia is now a democracy but faces corruption, restrictions on the media, and an inefficient judicial system. The government has begun the multi-year process of joining the European Union, but it also seeks to maintain strong relations with Russia. In 2015, more than 1 million refugees seeking asylum in the European Union transited Serbia.

Embassy Belgrade's 2016-2018 Integrated Country Strategy (ICS) has three policy goals: "Serbia Better Integrated into Euro-Atlantic Institutions; Serbia Consolidates Peace and Stability; and Serbian Public Supports U.S. Policies." The United States has a bilateral assistance program implemented by the Department of State (Department), the U.S. Agency for International Development (USAID), and the Department of Justice. In FY 2015, the total assistance was \$14,460,000, concentrating on programs to promote democracy and rule of law, combat corruption, and improve the business climate. The total for the Stabilization Operations and Security Sector Reform was \$5,250,000, which include \$1,800,000 for the Foreign Military Financing funds and \$1,050,000 for the International Military Educational and Training funds. The assistance includes a program for those displaced by the Serbian conflict. The United States also has a security assistance program totaling approximately \$4.3 million, focusing on improving defense professionalization and expanding Serbia's international peacekeeping forces.

The New Embassy Compound opened in 2013. At the time of the inspection, the mission was composed of 80 U.S. direct-hire employees, 331 locally employed (LE) staff members, and 11 eligible family member employees. Other agencies represented at post are Department of

Defense, USAID, Department of Justice, Department of Commerce, and Department of Agriculture.

OIG evaluated the embassy's policy implementation, resource management, and management controls consistent with Section 209 of the Foreign Service Act<sup>1</sup>. OIG also assessed security, which is covered in a classified annex to this inspection report. The annex discusses the embassy's security program and issues affecting the safety of mission personnel and facilities.

## EXECUTIVE DIRECTION

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OIG based the following assessment of the embassy's leadership on the results of 191 documented interviews at the embassy, including 53 which elicited comments on the Ambassador and the Deputy Chief of Mission (DCM), 78 meetings in Washington and Serbia, and 231 questionnaires completed by American and LE staff in Belgrade that included comments on embassy leaders. OIG also reviewed 1,405 documents and observed dozens of meetings and activities during the inspection.

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

OIG observed the leadership styles of both the Ambassador, who arrived in February 2016, and the DCM throughout the inspection and concluded that their collaborative styles reflect the qualities outlined in 3 Foreign Affairs Manual (FAM) 1214. Embassy employees consistently told OIG that the two leaders formed a cohesive team. Both officers showed by their actions that they were focused on the development of the American and LE staff.

The Chief of Mission, pursuant to the President's Letter of Instruction, is responsible for developing and implementing policies and programs that unify the programs of all agencies represented within the mission. Agency representatives interviewed by OIG consistently reported that the Ambassador and the DCM supported them and ensured that the mission worked cohesively to accomplish the goals within the ICS. OIG witnessed the Ambassador and the DCM reaching out to American and Serbian audiences to explain U.S. policy goals and promote U.S. policy interests on rule of law, stability in the region, and an open society. The mission established several practices that have enhanced its overall performance: one involved the oversight of Consular Section management controls while the other three were in the Regional Security Office (described in the classified annex). In addition, senior leadership effectively used a customer service center and policy working groups to enhance the day-to-day collaboration of mission elements in multiagency working groups<sup>2</sup> led by the DCM.

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<sup>1</sup> See Appendix A.

<sup>2</sup> Inter-agency working groups include counterterrorism, anti-corruption, law enforcement, and migration.

## Execution of Foreign Policy Goals and Objectives

### *Integrated Country Strategy Reflected the Goals of all Agencies*

Embassy Belgrade involved all mission elements, the Department, and agencies represented at post in drafting the ICS, in compliance with 1 FAM 013.2. The DCM asked all mission offices to provide monthly updates on their efforts toward the mission's goals. The Ambassador's priorities, based on the ICS, were: promotion of Serbia's efforts to meet European Union membership criteria; normalization of relations with Serbia's neighbors, including Kosovo; and supporting Serbia's reform agenda regarding the rule of law, reforming the economy, and promoting a strong democratic state. The mission formed working groups on each of these topics that incorporated multiple elements of the country team. The law enforcement working group involved members of the Department of Justice, the Political Section, the Regional Security Office, the Regional Refugee Coordinator, and the USAID mission. The economic working group, with members from USAID, the Department of Commerce, and the Economic Section, focused on the economic reforms necessary for Serbia to gain membership in the European Union. All agencies indicated to OIG that there was a strong convergence of interests and consensus on goals and strategy.

OIG found that the process of introducing the ICS goals to the entire mission had not reached everyone, such as midlevel officers in other agencies and the LE staff. OIG advised the Ambassador and the DCM to take steps to remedy this issue.

The embassy communicated weekly with the Bureau of European and Eurasian Affairs and appropriate functional bureaus as well as interested agencies in Washington. The embassy participated in an established weekly classified video conference with the U.S. Embassy in Pristina, Kosovo, and the regional bureau.

### **First- and Second-Tour Program**

OIG concluded that the First- and Second-Tour (FAST) program addressed the mission's needs. The DCM was the focal point of the program. He met monthly with FAST employees, hosted brown bag lunches, and sponsored no-host lunches on various topics and with guest speakers. In addition, he mentored the FAST officers as needed. During the inspection, OIG witnessed both the Ambassador and the DCM interacting with FAST employees in a clear and effective manner—leadership attributes set forth in 3 FAM 1214. OIG concluded that FAST employees were engaged in the full range of responsibilities in their sections. In interviews with OIG, all FAST employees praised the DCM for his engagement and leadership.

### **Adherence to Internal Controls**

#### *DCM Engaged in Active Oversight*

The Ambassador and the DCM, in adherence with 2 FAM 113.1c (4), took steps to validate the embassy's system of internal controls. The 2015 Department guidance on the Chief of Mission

Statement of Assurance required the DCM to certify that he personally had undertaken a check of internal controls. In compliance with this requirement, the DCM mandated that each section review its own internal controls through the use of OIG questionnaires. The DCM and the Management Officer followed up with unannounced spot checks. OIG reviewed the key elements of the embassy's internal control system and found minor deficiencies that are detailed in the Resource Management section of this report.

## Security of the Mission

### *Embassy Leadership Actively Engaged in Mission Security*

The OIG review of the security program found no major problems other than the local guard program, which is discussed in the Human Resources section of this report. The DCM and the Regional Security Officer met once a week in addition to the weekly senior staff meetings. In compliance with 2 FAM 113.1c (5), the DCM was engaged in the oversight of the embassy's security program. His weekly review of guard posts reflected that engagement. He participated on a periodic basis in various security drills carried out by the Regional Security Officer that tested the mission warden system and the Marine Security Guards' reaction capabilities. The DCM also directed the annual review of the Emergency Action Plan.

## POLICY AND PROGRAM IMPLEMENTATION

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### Advocacy and Analysis

#### *Political, Economic Reporting Satisfactory*

Washington end-users, including bureau officials, expressed satisfaction with the reporting of the Political and Economic Sections, stating that they provide the information needed to understand the U.S.-Serbian relationship. Both sections developed a quarterly reporting plan based on the key ICS elements. OIG reviewed 154 cables prepared in the 7 months prior to the inspection and determined that the messages were well-sourced and incorporated input from a wide variety of embassy offices, including other agencies.

#### *Embassy Did Not Use Record Emails*

At the time of the inspection, Embassy Belgrade was not using record emails, even when the exchanges contained information that facilitated decision-making and documented policy formulation and execution. Language in 5 FAM 443.2 contains Department guidelines on designating and preserving record emails through the State Messaging and Archive Retrieval Toolset. Failure to use this system hinders the Department's ability to make and preserve records as required by the Federal Records Act.<sup>3</sup> Embassy staff said that they had not received

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<sup>3</sup> Federal Records Act of 1950, as amended, 44 U.S.C. Chapters 31 and 33.

clear guidance or training on the use of record emails. The Management Section issued a staff notice during the inspection providing such guidance, with links to Department training.

**Recommendation 1:** Embassy Belgrade should transmit official record correspondence using State Messaging and Archive Retrieval Toolset archive record emails in compliance with Department guidance. (Action: Embassy Belgrade)

### ***Embassy Complying with Leahy Vetting Requirements***

Embassy Belgrade followed the requirements for Leahy human rights vetting. The embassy processed more than 550 cases in 2015 in accordance with Leahy laws and policies<sup>4</sup>.

## **Public Diplomacy**

### ***Public Affairs Section Supports Mission's Strategic Goals***

Embassy Belgrade's Public Affairs Section (PAS) operated in accordance with Department standards. It managed an appropriate balance of information and cultural programs throughout the country. Its media outreach and educational and cultural programs helped to promote ICS goals. The section used these programs, including English-language programs, a network of organizations of alumni of American universities, exchange programs, and social media to reach youth audiences. The mission executed these programs in the context of a significant Russian media campaign that contributed to a long-term trend in which 60 percent or more of Serbs express unfavorable views of United States policies.

PAS worked closely with the Ambassador and the DCM to engage with the media and draw attention to American assistance and educational and cultural initiatives in Serbia. OIG found that the embassy effectively communicated the U.S. Government's priority messages, based on a review of media coverage of the Ambassador and mission programs, including newspaper excerpts, reports of television and radio coverage, and social media postings. OIG observed several programs at two of the American Corners<sup>5</sup> and reviewed 2016 Mission Activity Trackers reports on programs at the network of eight American Corners across Serbia. OIG concluded that the American Corners actively promote mission goals.

### ***PAS not Using Department Speaker Program and Culture Offerings***

OIG found that PAS was not using speakers programs or cultural offerings from the Department, although PAS contacted the Department during the inspection to address this issue. The embassy programs over 20 speakers a year and issues grants that bring American artists and

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<sup>4</sup> The Leahy Amendment to the Foreign Assistance Act of 1961 prohibits the Department of State from furnishing assistance to foreign security forces if the Department receives credible information that such forces have committed gross violations of human rights. See 22 USC 2378d.

<sup>5</sup> American Corners are open-access facilities used to engage foreign audiences overseas.

exhibits to Serbia. The embassy made use of target-of-opportunity speakers and artists and grants programs in support of institutions promoting American culture.

## Grants Management

### *Political Section Foreign Assistance Grants Files Complete*

OIG reviewed the two grants files totaling \$270,000 for which a political officer serves as a Grants Officer Representative and found no discrepancies. The Grants Officer Representative had completed the appropriate training.

### *PAS not Complying with Guidance on Grants Management*

PAS grants and program managers did not report or record awards as outlined in the Department's Federal Assistance Policy Directive sub-chapters 1.09B and 1.10B. OIG conducted a detailed file review of 26 of the 371 FY 2015 and FY 2016 grants awarded prior to May 19, 2016. This review included large and small grants, open and completed grants, grants drawing on Economic Support Funds and Public Diplomacy funds, and files handled by different LE staff members. OIG also performed random checks on other grants files and identified minor omissions in grants reporting and recordkeeping that required greater attention by American and LE staff members. In explaining why these omissions occurred, staff cited the high volume of grants, particularly small grants, issued during busy program seasons and the end of fiscal year periods. When grants are not reported in accordance with Department standards, the embassy and the Department are not fully informed of grants monitoring or funds expended on grants. This increases the risk of inaccurate decision making in the Department on grants awards.

**Recommendation 2:** Embassy Belgrade should implement procedures to comply with Department reporting requirements for the management of grants by the Public Affairs Section. (Action: Embassy Belgrade)

## Consular Affairs

OIG reviewed the full range of Embassy Belgrade's consular operations, including immigrant visas, American citizen services, and consular anti-fraud programs, and concluded that the Consular Section performed its responsibilities in compliance with Department standards and provided courteous and efficient service to its customers.

### *Section Effectively Managed Increase in Nonimmigrant Visa Demand in Spring 2016*

The Consular Section effectively managed the challenge of a surge in nonimmigrant visa demand between March and May 2016. During that time, visas demand doubled from what is typical during the rest of the year. In spring 2016, more than 4,000 students applied to work in seasonal jobs in the United States under the Summer Work Travel program. With four consular officer positions in the section, managers scheduled nonimmigrant visa interviews for approximately 8 hours each day during this 3-month period. LE staff members from other

Consular Section units also provided assistance. By doing this, the staff succeeded in keeping the wait times for nonimmigrant visa appointments to no more than 11 days, well within the standards set by the Department of 21 days or less.

### **Spotlight on Success: Regular Consular Management Controls Checklists**

Consular managers in Embassy Belgrade created consular management controls checklists that staff completes on a daily, weekly, and monthly basis to ensure that all checks are performed as required. Soon after his arrival at the embassy, the new Consular Section chief identified deficiencies in internal controls that need to be tightened. To improve controls, he created the daily, weekly, and monthly checklists that accountable consular officers initial to certify that they have performed the applicable controls. The section chief performs spot checks to verify compliance. OIG's review of consular management controls involving consular cash collection, nonimmigrant visa adjudication reviews by supervisors, in-person wait times, and inventories of accountable items showed that all complied with Department standards.

## **RESOURCE MANAGEMENT**

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### **Management Operations**

OIG reviewed all major functions of Embassy Belgrade's management operations, including the General Services, Human Resources, Facility Management, and Financial Management offices. With the exceptions discussed below, the embassy was managing them in accordance with Department guidance.

### **Spotlight on Success: Customer Service Center Promotes Efficiency**

Embassy Belgrade's Customer Service Center acts as a clearing house for service requests, saving time and improving efficiency. First established in 2009, the center's three employees manage all requests dealing with facilities, maintenance, housing, IT, and travel services. Incoming requests from customers are taken in person, by phone, or by email, but the center's employees enter all requests in the travel services system for tracking. The center handled approximately 10,000 requests in 2015, including both complex requests involving multiple offices and those requiring action by a single unit. Agency representatives and individual Americans and LE staff members consistently reported that the center's support had led to improved service.

### **General Services Operations**

#### ***Embassy took Corrective Actions on Inventory Controls***

OIG's review of the oversight and controls for receiving, inventorying, and warehousing of U.S. Government assets found that, overall, the embassy had proper systems in place and that the property management unit was operating in accordance with Department guidelines. However, the embassy lacked written standard operating procedures for the property management function. During the inspection, the General Services Officer took steps to document the

relevant procedures and controls. He also established a work space in the warehouse and began working there on a regular basis to increase oversight.

OIG found that the embassy was not recording items arriving by pouch directly to the classified access area. Because of this, the embassy had not inventoried or labeled the items appropriately or recorded their disposition. The embassy worked quickly to resolve these issues while the inspection was underway. In particular, it designated an employee in the Information Management Office as the property officer responsible for managing the receipt and control of all items arriving in the classified access area.

## **Financial Management**

### ***Suspense Deposit Abroad Accounts***

OIG identified approximately \$13,700 in the embassy's suspense deposit abroad accounts dating back to 2003, contrary to the requirement in 4 Foreign Affairs Handbook (FAH)-3 H-326.3. Suspense deposits abroad transactions are official collections for payments on behalf of, and as directed by, the depositors. The embassy is responsible for ensuring that amounts received are appropriately disbursed or returned, and must ensure adjustments or changes are processed as soon as possible to clear the entry and credit the appropriate official accounts. During the inspection, the embassy initiated action to correct these accounts and worked with Global Financial Services in Charleston to either transfer the remaining balance to the U.S. Treasury or to the correct accounts.

### ***Embassy Did Not Comply with FAM on Official Residence Expense Staff Payments***

The embassy paid Official Residence Expense staff directly, contrary to 3 FAM 3257, which states that Official Residence Expenses staff members are employees of the principal representative, and not of the U.S. Government. The guidance makes clear that the principal representative is responsible for paying Official Residence Expense staff. OIG issued a Management Assistance Report<sup>6</sup> that addressed this improper practice and recommended that the Department issue a directive that prohibits an embassy's direct payment to the official residence expenses staff. Department management was reviewing this issue at the time of the inspection. OIG is not making a recommendation in this report on this matter.

## **Human Resources**

### ***Department Decision Pending on Seniority Pay for Local Staff***

At the time of the inspection, the Department told OIG that it was in the process of evaluating the implementation of seniority pay for Embassy Belgrade's LE staff, which is mandated by local labor law. The Bureau of Human Resources, Office of Overseas Employment, told OIG that it is

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<sup>6</sup> OIG, *Management Assistance Report - Direct Payment of Official Residence Expenses Staff Salaries* (ISP-I-14-08, April 3, 2014).

considering whether to implement seniority pay in light of the impending introduction of merit based compensation. The embassy provided the Department with the relevant supporting documentation and was waiting for the Department to make a final decision on this matter.

### ***Staffing Shortages in the Local Guard Force***

Staffing shortages combined with insufficient oversight of the local guard force resulted in the embassy's decision to mandate overtime. This resulted in scheduling inefficiencies and morale problems for local guards. In addition, the embassy did not compensate five guards for additional hours worked. OIG advised embassy personnel to review local guard force staffing and overtime compensation and schedule regular meetings with the local guard force.

### ***No Representative from the Local Guard Force on the LE Staff Association***<sup>7</sup>

The local guard force was the largest section of Embassy Belgrade at the time of the inspection, totaling 40 percent of all LE staff. Historically, two local guard force members have served on the LE Staff Association. In 2012, the LE Staff Association changed from proportional representation for each section and agency to election of representatives at large. The association members told OIG that, due to a misunderstanding of the guard force status, there were no representatives from the guard force on the LE Staff Association. OIG advised the embassy to facilitate representation of this group. The classified annex to this report discusses issues involving the local guard force in greater detail.

## **Facility Management**

### ***Inadequate Internal Controls over Facility Supplies and Stock***

Embassy Belgrade lacked adequate internal controls over the management of facility supplies and routine stock inventory. The embassy was not strictly controlling access to the areas where supplies and stock were kept. In addition, the embassy did not have safeguards and controls in place to ensure that stock and supplies were issued for official use only, as required by 14 FAM 414.4. It did not monitor high-value and pilferable items, as required in 14 FAH-1 H-313.2-7. Failure to account properly for and safeguard these supplies and stock left the embassy vulnerable to loss.

**Recommendation 3:** Embassy Belgrade should establish adequate internal controls for the disbursement of facility stock and supplies for official use only. (Action: Embassy Belgrade)

Following the move to the new embassy building in 2013, the embassy never established the proper inventory systems required by 14 FAM 416.1. The embassy told OIG it had not prioritized

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<sup>7</sup> The Local Employee Staff Association is an elected body that acts as representatives of the local workforce. They raise issues on behalf of the workforce with senior management and air grievances. They also act as an advisory group for management.

this activity. The lack of this property accountability and inventory controls increased the risk of waste, fraud, and mismanagement.

**Recommendation 4:** Embassy Belgrade should conduct annual inventory reconciliations of its facility stock and supplies. (Action: Embassy Belgrade)

### ***Embassy Did Not Comply with Department Fire Safety Standards***

Embassy Belgrade had not evaluated appropriately all of its residential properties to determine compliance with the Office of Fire Protection's fire safety standards. OIG found that the embassy had not surveyed all apartments in its inventory that are located in high-rise buildings as required by the standards contained in Department cables 13 State 110614<sup>8</sup> and 14 State 97942<sup>9</sup> or in the Fire Protection Guide-Residential Fire Safety issued by the Bureau of Overseas Buildings Operations (OBO). The embassy was unaware of OBO's minimum equivalencies for fire standards for its mid- to high-rise buildings. The Department recognizes that some missions might not be able to meet fire safety requirements. In such cases, the ambassador or the DCM must communicate to the Department the justification for leasing properties that do not comply with standards. OIG found no evidence that Embassy Belgrade had done this, or that it had recorded its efforts to mitigate fire safety issues. Failure to adhere to the relevant OBO fire safety standards and minimum equivalencies risks employee life and safety.

**Recommendation 5:** Embassy Belgrade should assess and report to the Bureau of Overseas Buildings Operations all leased high-rise residential properties not in compliance with Department fire safety standards. (Action: Embassy Belgrade)

## **Information Resource Management**

OIG's inspection of the Information Resource Management programs included reviews of the physical, environmental, and technical security protection of classified and sensitive computer networks and dedicated internet networks. The OIG also examined radio and telephone systems, diplomatic post office and mail, classified and unclassified pouch, mobile computing, communications security, records management, equipment inventories, and emergency operations.

OIG validated that most embassy Information Resource Management programs and services effectively met customer needs and complied with guidance in 5 FAM 120. OIG noted minor deficiencies in mail screening safety equipment, the lack of mail and pouch standard operating procedures, and the absence of consular immigration information recordings that answer callers' basic questions. The embassy resolved these issues during the inspection. In addition, OIG noted deficiencies in cyber security, contingency readiness, electronic records organization, and asset management, which are discussed below.

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<sup>8</sup> Cable 2013 STATE 110614, "Guidance on Acquiring High Rise Property," July 29, 2013.

<sup>9</sup> Cable 2014 STATE 97942, "Restatement of Guidance on Acquiring High Rise Property," August 12, 2014.

### *Cyber Security Needs Continuous Monitoring*

The February 2016 Diplomatic Security Regional Cyber Security Officer Assessment identified information systems vulnerabilities that required immediate embassy corrective measures. OIG found that although American supervisors and LE information management staff members were successfully maintaining day-to-day computer and communications services, they had not carried out the Information Systems Security Officer examination as required by 12 FAM 632.1-11. The embassy promptly corrected this matter during the inspection by using the Department's official Information Systems Security Officer checklist.

In addition to validating the completed and pending acceptable solutions, OIG reviewed all post technology systems and operations for compliance with standard operating environment, contingency plans and configuration control board records, appropriate maintenance activity, device accountability and customer support.

### *Embassy Takes Contingency Readiness Seriously*

Information Resource Management staff members operated emergency portable satellite systems correctly and tested them monthly, as required by 5 FAH-2 H-653.2. Newly installed land-mobile radio equipment and residential antennas for the emergency and evacuation radio network were also operating well. The embassy tested the antennas weekly. This preparation enhanced the embassy's ability to operate effectively in the event of a disaster or unforeseen incident.

As a result of the OIG's review, the embassy created a facility planning details worksheet on destruction of classified equipment and incorporated it into the destruction of sensitive material annex of the emergency action plan as outlined in 12 FAH-1 Annex E 4.2.

### *Electronic Records not Organized Correctly*

The embassy records management program did not meet Department requirements. With the exception of a model document filing structure in the Regional Security Office, OIG's review of other section electronic files revealed that most were improperly organized. The Information Management Officer had circulated guidance on correct file organization, but the mission had neither developed nor enforced a policy on records management. In order to improve an understanding of proper records management procedures, employees needed to complete available Foreign Service Institute subject matter distance learning courses. According to 5 FAM 400 and 5 FAH-4 H-200, electronic files should be organized according to traffic analysis by geography and subject. Lack of good records management increases the risk that information may not be retrievable or may even be lost.

**Recommendation 6:** Embassy Belgrade should implement a records management program in accordance with Department standards. (Action: Embassy Belgrade)

*Inadequate Inventory Management in Controlled Access Areas*

Excess and spare equipment was not organized or stored within controlled access areas. The embassy did not have enough cleared personnel to keep accurate inventories of sensitive computer and telephone assets. The mission complied with annual reporting requirements and had a corrective action plan in effect to improve equipment bar coding and record keeping within the Integrated Logistics Management System. The section planned to assign these duties to the new Information Management Assistant upon his arrival.

## RECOMMENDATIONS

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**Recommendation 1:** Embassy Belgrade should transmit official record correspondence using State Messaging and Archive Retrieval Toolset archive record emails in compliance with Department guidance. (Action: Embassy Belgrade)

**Recommendation 2:** Embassy Belgrade should implement procedures to comply with Department reporting requirements for the management of grants by the Public Affairs Section. (Action: Embassy Belgrade)

**Recommendation 3:** Embassy Belgrade should establish adequate internal controls for the disbursement of facility stock and supplies for official use only. (Action: Embassy Belgrade)

**Recommendation 4:** Embassy Belgrade should conduct annual inventory reconciliations of its facility stock and supplies. (Action: Embassy Belgrade)

**Recommendation 5:** Embassy Belgrade should assess and report to the Bureau of Overseas Buildings Operations all leased high-rise residential properties not in compliance with Department fire safety standards. (Action: Embassy Belgrade)

**Recommendation 6:** Embassy Belgrade should implement a records management program in accordance with Department standards. (Action: Embassy Belgrade)

## PRINCIPAL OFFICIALS

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Title	Name	Arrival Date
<b>Chiefs of Mission:</b>		
Ambassador	Kyle Scott	2/2016
Deputy Chief of Mission	Gordon Duguid	8/2013
<b>Chiefs of Sections:</b>		
Management	Steven Rider	7/2015
Consular	Matthew Flannigan	8/2015
Political	Cherrie Daniels	8/2014
Economic (Acting)	Jeremy Long	8/2014
Public Affairs	William Henderson	7/2015
Regional Security	Robert Eckert	7/2013
Population, Refugees, and Migration	Sam Healy	8/2015
<b>Other Agencies:</b>		
Department of Defense	Taft Blackburn	8/2015
Office of Defense Cooperation	Corey Shea	9/2014
Foreign Commercial Service	Robert Dunn	9/2014
Department of Justice	Walter Perkel	1/2015
U.S. Agency for International Development	Azza El-Abd	8/2014

**Source:** Embassy Belgrade

## APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

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

### Objectives 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 uses risk-based models to prepare for each inspection; reviews pertinent records; reviews, circulates, and compiles the results of survey instruments, as appropriate; conducts interviews; and reviews the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by the review.

OIG conducted 217 individual interviews in Washington and in Belgrade. It reviewed 1,405 records during this time. OIG also reviewed 228 survey responses from both American and LE staff members and attended 48 separate meetings while in Belgrade.

## 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 <sup>10</sup>	Funding (\$)
<b>Department of State</b>					
Diplomatic and Consular Programs	29	1	12	42	2,149,600
International Cooperative Administrative Support System	6	13	234	253	10,977,200
Public Diplomacy	4		11	15	2,713,585
Consular	4	4	7	15	676,089
Diplomatic Security	6	2	7	15	758,631
Marine Security	8		3	11	141,000
Representation				0	30,300
OBO	1		3	4	2,795,275
International Narcotics and Law Enforcement				0	2,764,966
Export Control and Related Border Security (EXBS)	1		1	2	610,000
Population, Refugees and Migration	1		2	3	267,779
<b>Subtotal</b>	<b>60</b>	<b>20</b>	<b>280</b>	<b>360</b>	<b>23,884,425</b>
<b>Department of Agriculture</b>					
Foreign Agricultural Service			2	2	116,091
<b>Subtotal</b>			<b>2</b>	<b>2</b>	<b>116,091</b>
<b>Department of Defense</b>					
Defense Attaché Office	7		2	9	421,902
Office of Defense Cooperation	2		4	6	261,200
<b>Subtotal</b>	<b>9</b>		<b>6</b>	<b>15</b>	<b>683,102</b>
<b>Department of Justice</b>					
Office of Overseas Prosecutorial Development Assistance and Training Program (OPDAT)	2		3	5	1,068,284
International Criminal Investigative Training Assistance Program (ICITAP)	1		1	2	150,000

<sup>10</sup> Authorized staff.

Agency	U.S. Direct- hire Staff	U.S. Locally Employed Staff	Foreign National Staff	Total Staff <sup>10</sup>	Funding (\$)
Legal Attaché	1			1	25,675
<b>Subtotal</b>	<b>4</b>		<b>4</b>	<b>8</b>	<b>1,243,959</b>
<b>Foreign Commercial Service</b>					
Foreign Commercial Service	1		3	4	366,970
<b>Subtotal</b>	<b>1</b>		<b>3</b>	<b>4</b>	<b>366,970</b>
<b>USAID</b>					
USAID	6	1	36	43	10,000,000
<b>Subtotal</b>	<b>6</b>	<b>1</b>	<b>36</b>	<b>43</b>	<b>10,000,000</b>
<b>Total</b>	<b>80</b>	<b>21</b>	<b>331</b>	<b>432</b>	<b>36,294,547</b>

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

## ABBREVIATIONS

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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
LE	Locally Employed
OBO	Bureau of Overseas Building Operations
PAS	Public Affairs Section
USAID	U.S. Agency for International Development

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