

UNCLASSIFIED



**OIG**

Office of Inspector General

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

---

ISP-I-18-04

Office of Inspections

December 2017

---

# Inspection of Embassy Beijing and Constituent Posts, China

BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS

---

UNCLASSIFIED



# OIG HIGHLIGHTS

ISP-I-18-04

## What OIG Inspected

OIG inspected U.S. Embassy Beijing from April 21 to May 24, 2017. The inspection included Consulates General Chengdu, Guangzhou, Shanghai, Shenyang and Wuhan.

## What OIG Recommended

This report includes 29 recommendations. OIG made 24 recommendations to Embassy Beijing to improve operations and address deficiencies in the Public Affairs, Consular, and Management Sections. OIG made recommendations to the Bureau of Educational and Cultural Affairs on the Regional Educational Advising Program; to the Bureau of Consular Affairs and the Bureau of Democracy, Human Rights and Labor on advisory opinions; to the Bureau of Administration on contracting officer warrants, and to the Bureau of Overseas Buildings Operations on seismic surveys of residential buildings.

In its comments on the draft report, the Department concurred with all 29 recommendations. OIG considers the recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations Section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

UNCLASSIFIED

December 2017

OFFICE OF INSPECTIONS

Bureau of East Asian and Pacific Affairs

## Inspection of Embassy Beijing and Constituent Posts, China

### What OIG Found

- The Chargé d'Affaires, ad interim and Acting Deputy Chief of Mission led Mission China in a professional and collaborative manner while it was between ambassadors, providing input to the new Administration as it engaged China.
- The Front Office's oversight of internal controls lacked rigor. Review processes did not identify management control deficiencies in motor pool operations, grant and contract oversight, post allowances, human resources, and the residential leasing programs.
- Media and internet controls, as well as Chinese Government interference, impeded professional and academic exchanges, civil society engagement, and outreach to universities.
- Embassy Beijing's \$5.1 million American Cultural Center grants program was ineffective as an outreach tool and required a formal evaluation.
- Spotlight on Success: Embassy Beijing created an intranet platform for U.S. missions around the world to collaborate in developing information and analyzing China's growing global economic impact and its use of economic tools to achieve political objectives.
- Spotlight on Success: Consulate General Guangzhou's fraud prevention unit developed a protocol to improve prescreening of nonimmigrant visa applicants. Mission China consular officers also worked together to improve consular crisis readiness by consolidating into one document Department guidance on assisting U.S. citizens in a disaster, local contact information, and designated roles and training requirements for consular staff.
- Spotlight on Success: First- and Second-Tour officers assigned to Consulate General Shanghai served as team leaders to assist consular managers to deploy consular resources for maximum efficiency in the nonimmigrant visa unit.

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

UNCLASSIFIED

# CONTENTS

---

CONTEXT .....	1
EXECUTIVE DIRECTION .....	2
Tone at the Top and Standards of Conduct.....	2
Execution of Foreign Policy Goals and Objectives.....	3
Adherence to Internal Controls.....	3
Developing Future Foreign Service Professionals.....	5
Security of the Mission.....	5
POLICY AND PROGRAM IMPLEMENTATION.....	6
Advocacy and Analysis .....	6
Foreign Assistance .....	7
Public Diplomacy.....	7
Consular Affairs.....	11
RESOURCE MANAGEMENT .....	15
Management Operations .....	15
Financial Management.....	16
Human Resources.....	17
General Service Operations .....	18
Facilities Management.....	23
RECOMMENDATIONS .....	24
PRINCIPAL OFFICIALS.....	33
APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY.....	34
APPENDIX B: MANAGEMENT RESPONSES.....	35
APPENDIX C: FY 2016 STAFFING AND FUNDING BY AGENCY .....	52
ABBREVIATIONS .....	53
OIG INSPECTION TEAM MEMBERS.....	54

## CONTEXT

---

The People's Republic of China is the world's most populous country (1.4 billion people) and second largest economy and source of outward foreign investment. According to the World Bank, since launching market reforms in 1978, China's gross domestic product growth averaged nearly 10 percent a year, which lifted more than 800 million people out of poverty. China's 2015 per capita income of \$14,160 places it in the ranks of middle income countries. Rapid economic growth has brought challenges, including income inequality, internal migration of labor, excess capacity, and environmental sustainability concerns. China is governed as an authoritarian state in which the Communist Party is paramount. Freedom House rated China as "not free" in 2017, with a composite score of 15 out of 100 for a series of political rights and civil liberties.

The United States and China have extensive economic relations, with areas of cooperation and disagreement. Although China is the United States' largest trading partner, with overall two-way trade at \$659 billion in 2015, it enjoys a \$336 billion bilateral trade in goods surplus. China imposes restrictions on market access for U.S. companies. For example, U.S. investors reported inconsistent regulatory interpretation, unclear laws, protectionism, and intellectual property rights infringement among the challenges of doing business in China. The United States Trade Representative placed China on its 2016 Special 301 Priority Watch List because China does not effectively protect intellectual property. In addition, the Chinese Government restricts companies' ability to purchase technology of their choice and to store and send data as they see fit.

In FY 2015, Mission China surpassed Mission Mexico in processing the largest number of nonimmigrant visa applications, representing approximately 20 percent of applications worldwide. According to the Department of Commerce's 2015 report on international visitation and spending, Chinese tourists numbered 2.6 million in 2015 and were the fifth largest group of international tourists to the United States. Visitors from China spent \$30.2 billion in the U.S. in 2015, injecting nearly \$83 million a day into the U.S. economy. More than 300,000 Chinese citizens study in high schools and universities in the United States, the largest number of foreign students from any country.

Even as record numbers of Chinese travel to the United States, China's government has restricted U.S. diplomats' outreach to Chinese society. China has been reluctant to press North Korea to stop its nuclear weapons and missile programs, and its assertion of claims in the South and East China Seas challenges U.S. and regional countries' interests. In April 2017, the President hosted President Xi's visit to the United States, and the two agreed to create the U.S.-China Comprehensive Dialogue Mechanism, consisting of four dialogues led at the cabinet level: civilian-military, economic, law enforcement and cybersecurity, and social and cultural issues.

Mission China's FY 2015-2017 Integrated Country Strategy (ICS) has three goals:

- Increase U.S. prosperity through greater trade and investment and China's expanded participation in global and regional economic institutions.

- Promote U.S. national security through greater cooperation with China within the current rules-based international system to address transnational, global, and regional challenges.
- Promote improved responsiveness of the Chinese government to the fundamental rights and desires of its own people with implications for human rights, public health, and the environment.

At the time of the inspection, Mission China included the embassy in Beijing and consulates general in Chengdu, Guangzhou, Shanghai, Shenyang, and Wuhan. As of May 2017, the mission had representatives from 33 U.S. Government agencies and an authorized staff of 729 U.S. direct-hire employees and 168 American and 1,807 non-American locally employed (LE) staff members. Total funding for Mission China in FY 2016 was approximately \$197 million.

Mission China's American direct-hire staff received differential pay ranging from 10 percent in Shanghai to 25 percent in Shenyang and Wuhan. Staff contended with severe air pollution and associated health risks, the absence of employment rights for spouses in the local economy, and intrusive surveillance by Chinese authorities.

The Department of State's (Department) Bureau of Overseas Buildings Operations (OBO), at the time of the inspection, was seeking agreement with China to acquire new properties in Shanghai, Shenyang, and Chengdu in exchange for China obtaining new properties for its missions in Chicago, Los Angeles, and San Francisco.

OIG evaluated the mission's policy implementation, resource management, and management controls consistent with Section 209 of the Foreign Service Act.<sup>1</sup> A related classified inspection report discusses the mission's security program and issues affecting the safety of mission personnel and facilities, the information management and security programs, and certain aspects of the advocacy and analysis program.

## **EXECUTIVE DIRECTION**

---

OIG assessed leadership on the basis of 82 on-site interviews that included comments on Front Office performance; 676 questionnaires completed by U.S. direct-hire and LE staff; and OIG's review of documents and observations of office meetings and activities during the course of the on-site inspection. Interviews consistently described leadership as engaged and proactive in soliciting input, feedback, and differing points of view—attributes of leadership in 3 Foreign Affairs Manual (FAM) 1214.

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

The Chargé d'Affaires, ad interim and Acting Deputy Chief of Mission (ADCM) led Mission China in a professional, collegial, and collaborative manner consistent with 3 FAM 1214 during a transition period between ambassadors and with limited guidance from the new Administration

---

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

in Washington. OIG confirmed by observation in scheduled meetings, staff personal questionnaires, and interviews that the Front Office leadership effectively guided discussion, encouraged exchange of information, and provided mission direction. Staff commended both officers for their commitment to ethics and the Department's Equal Employment Opportunity and diversity goals. Each led regular meetings or attended events with mission staff and dependents through entities such as the Community Liaison Office, the mission's Women's Leadership Group, and regular sports events with the Marine Security Guard detachment and embassy staff. OIG found that the consuls general were well-respected by their respective staffs. They set similar tones of collegiality, fairness, and commitment to high ethical standards and diversity. OIG's review of embassy and consulates general representation and official expense vouchers found they complied with Department standards.

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

The Front Office provided excellent support to help guide relations with China in the first four months of the new U.S. Administration, including a visit to Beijing by the new Secretary of State and a summit meeting in the United States between the President and China's president. According to Washington senior officials, embassy staff, and OIG's observation, the Chargé oversaw preparation of suggestions from throughout the embassy and used those suggestions to shape and plan structured bilateral discussions consistent with the mission's ICS objectives. In the run-up to these high level meetings, the embassy engaged Washington on host country expectations for bilateral relations and proposed elements of a U.S. policy agenda. For example, the embassy developed proposals on market access issues that Washington incorporated into its negotiating positions; these were reflected in the agreement announced on May 12, 2017, that resulted in access to China for U.S. beef and certain financial services. During his tenure as acting chief of mission, the Chargé made seven internal trips within China to promote U.S. commercial opportunities, highlight bilateral health cooperation, meet with mission staff, and dedicate new U.S. facilities projects. In preparation for the arrival of the incoming Ambassador and his review and development of a new ICS, the ADCM and sections and agencies involved in economic and trade issues began to re-examine those aspects of the existing ICS.

## **Adherence to Internal Controls**

The Front Office's reviews of internal controls lacked sufficient rigor. In August 2016, the then-Chief of Mission, the then-Deputy Chief of Mission, and the consuls general reviewed their respective submissions to the 2016 Chief of Mission Annual Management Control Statement of Assurance. However, OIG was unable to confirm assurances related to IT planning, as detailed in the related classified inspection report. OIG found other internal control deficiencies, including grant and contract oversight, motor pool operations, the residential leasing program, and human resources operations. These are described in the Public Diplomacy and Resource Management sections of this report. The Chargé and consuls general told OIG they would strengthen their oversight going forward.

### ***Shanghai Deputy Principal Officer Role Unclear***

At Consulate General Shanghai, section heads and more junior staff told OIG they were confused about the Deputy Principal Officer's role in helping lead the consulate general. Three of six section heads did not report to the Deputy Principal Officer, yet her duties, as specified in her employee evaluation report, include oversight of "post operations and management." For example, she chaired the post emergency action committee, for which the Regional Security Officer was responsible, but he did not report to her. OIG also found that the Department classified the position as an economic officer, not as a deputy principal officer position. However, the incumbent's position description and work requirements largely focused on non-economic duties, such as external event coordination related to representational and outreach events. The lack of clearly defined senior management responsibilities hindered Consulate General Shanghai's ability to plan, execute, control, and assess its ICS goals.

**Recommendation 1:** Embassy Beijing, in coordination with the Bureau of East Asian and Pacific Affairs, should determine whether Consulate General Shanghai requires a deputy principal officer, and if so, formally establish the position and delineate its duties, including supervisor responsibilities. (Action: Embassy Beijing, in coordination with EAP)

### ***"Outreach Officer" Function Not Coordinated or Evaluated***

OIG found that Mission China's three mid-level officers formally designated as "outreach officers"—one each in Embassy Beijing and Consulates General Guangzhou and Shanghai—had differing work responsibilities, goals, and objectives. Together, the three positions received support from six LE or U.S. family member staff and had combined FY 2017 travel funds of approximately \$152,000. These positions originally were created in 2006 as American Presence Post<sup>2</sup> positions but the host government never approved opening these offices. OIG heard conflicting views from mission staff about the value of their outreach trips, contact development, and results in achieving mission objectives. OIG examined information and results generated by these activities and found that they lacked consistent quality or value and that outcomes, such as regular reporting cables or after-action assessments of completed trips, were not adequately measured.

The Government Accountability Office's *Standards for Internal Control in the Federal Government*,<sup>3</sup> Principle 3.05, requires management to evaluate organizational structure; Principle 9.01 states that "management should identify, analyze, and respond to significant changes that could impact the internal control system" regarding resource use. In addition, guidance in 2 FAM 113.1 b. and 2 FAM 113.9 states that the chief of mission and principal officers are responsible for ensuring effective operation and supervision of programs and resources. In accordance with these Principles, Mission China should have, but did not evaluate its outreach

<sup>2</sup> American Presence Posts are small diplomatic facilities, usually staffed by one U.S. direct-hire officer, focused on narrow objectives and with limited capabilities. See 2 FAM 133.

<sup>3</sup> Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, April 2014).

officer function. As a result, it was unable to determine whether program objectives are being met.

**Recommendation 2:** Embassy Beijing, in coordination with the Bureau of East Asia and Pacific Affairs, should review the outreach officer function to determine whether these positions directly and substantially support mission objectives. (Action: Embassy Beijing, in coordination with EAP)

## **Developing Future Foreign Service Professionals**

First- and Second-Tour (FAST) employees at Embassy Beijing and the consulates general in Chengdu, Guangzhou, Shanghai, and Shenyang reported satisfaction with the support and mentoring they received from the Beijing Front Office and their respective principal officers. (There were no FAST employees at Consulate General Wuhan.) As of May 2017, Mission China had approximately 210 FAST employees, among the largest number of any U.S. overseas mission. FAST committees at Embassy Beijing and Consulates General Guangzhou and Shanghai, which included officers and specialists from other agencies in their programs, demonstrated substantial organizational depth and offered a range of development activities supported by mission leadership.

### **Spotlight on Success: FAST Officers as Team Leaders at Consulate General Shanghai**

FAST officers assigned to Consulate General Shanghai served as team leaders to assist consular managers in using staff effectively to process nonimmigrant visas efficiently. For example, team leaders rotated as line leaders on each interviewing shift; in this role, they monitored workflow, modified work assignments as necessary, and handled visa applicants' special needs. The team leaders also created daily work assignment schedules, factoring in issues such as leave, temporary duty assignments to other posts, and outreach events. This program allowed consular managers to spend more time on other supervisory responsibilities while providing FAST officers opportunities to enhance their own management skills.

## **Security of the Mission**

Mission staff told OIG the Chargé and the ADCM provided leadership on mission security. The ADCM chaired five counter-intelligence working group meetings since assuming her duties in January, 2017. The Chargé, during his earlier period as deputy chief of mission, chaired seven counter intelligence working group meetings from June through December 2016. He or the ADCM led regular weekly meetings or met as issues warranted with the mission's Senior Regional Security Officer. Both the Chargé and the ADCM participated in an embassy 2-day crisis management exercise in March 2017. The embassy also held three emergency action committee meetings between July 2016 and the time of this inspection to ensure preparedness for special events. Consuls general and their respective regional security officers told OIG they met regularly and had professional, supportive relationships. All officers in executive leadership positions participated in post security drills.

## POLICY AND PROGRAM IMPLEMENTATION

---

OIG reviewed the embassy and the consulates general Political, Economic, and Environment, Science, Technology and Health (ESTH) Sections' leadership and management, policy implementation, reporting and advocacy, Leahy vetting,<sup>4</sup> grants, commercial promotion, and foreign assistance functions, and found them to be in compliance with Department standards. OIG found reporting was relevant to mission goals. The three embassy sections collaborated well with counterparts in the consulates general and with other agencies and regularly engaged with Washington on policy formulation.

### **Advocacy and Analysis**

OIG reviewed 14 of 40 key activities that support the political, economic, and ESTH ICS objectives and found the mission made reasonable efforts to implement those activities in accordance with Department guidance. In addition, two-thirds of the respondents in OIG's survey of embassy and consulates general staff stated that the ICS gave direction to their efforts. Washington consumers in the Department and other agencies told OIG they rated Mission China's political, economic, and ESTH reporting highly<sup>5</sup> and that mission reporting was routinely briefed to the President. However, the host government's practice of restricting U.S. diplomats' access contributed to a challenging operating environment.

### ***Embassy and Consulates General Coordinated Effectively***

OIG found that mission staff largely agreed that the embassy and consulates general collaborated well, striking a reasonable balance between embassy oversight and consulates' general autonomy. The embassy's Political, Economic, and ESTH Sections each held annual conferences for mission reporting staff and disseminated reporting themes. The political or economic minister counselors in Beijing served as reviewing officers for performance evaluations for the chiefs of combined political-economic sections at the consulates general. Consulates general and embassy staff produced several joint cables.

### ***Quality of Reporting Plans Varied***

Although Embassy Beijing's sections disseminated reporting themes to their counterparts in the consulates general, reporting plans across the mission varied in their level of detail, and overall quality. OIG's review of the reporting plans found that the embassy's Political and Economic Sections effectively prepared reporting plans that listed precise topics and assignments several months ahead. However, Consulate General Shanghai's reporting plan had no deadlines and some topics were too general to be meaningful. Consulates General Guangzhou and Shenyang, and Embassy Beijing's ESTH section had no reporting plans. OIG advised the embassy to

---

<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> The related classified inspection report includes additional comments on mission reporting.

collaborate with the consulates general to set mission-wide standards for political, economic, and ESTH reporting plans.

## **Foreign Assistance**

### ***Leahy Vetting Met Department Requirements***

Embassy Beijing vetted 169 individuals in 2015, 44 in 2016, and 6 through March 18, 2017, for gross human rights abuses, in accordance with applicable laws and Department standards. The Bureau of Democracy, Human Rights and Labor approved the embassy's standard operating procedure for Leahy vetting in March 2017. During the inspection, the Leahy coordinator completed the requisite training to use the International Vetting and Security Tracking system.

### ***Effective Collaboration on Foreign Assistance Grants***

Embassy staff supported the Bureau of Democracy, Human Rights and Labor's Washington-based program officers who managed grants to support rule of law, civil society, and transparency. OIG found that the bureau and embassy consulted and collaborated effectively from the pre-award through post-award phases of the grants.

### **Spotlight on Success: China Economic Diplomacy Initiative**

Embassy Beijing designed the China Economic Diplomacy Initiative (CEDI) as a platform for U.S. missions around the world to collaborate in developing information and analyzing China's growing global economic impact and its use of economic tools to achieve political objectives. Cables and media summaries were posted to an intranet site and routed to designated CEDI officers in the field and to Washington consumers. The site identified cooperative and competitive elements in the U.S.-China relationship and provided a platform for discussion and collaboration among U.S. missions across geographic areas. Several senior Department officials commended CEDI as an important program for sharing information across missions about China's economic strategy and for engaging Chinese and third-country officials.

## **Public Diplomacy**

Despite Chinese Government-imposed barriers to public engagement, the Public Affairs Section (PAS) used a full range of tools and programs to advance ICS goals, with an emphasis on trade and investment, security cooperation, human rights, public health, and the environment. OIG found the Minister Counselor for Public Affairs and Deputy Public Affairs Officer, who were responsible for mission-wide public diplomacy operations, effectively managed resources and promoted collaboration across the mission. OIG reviewed public diplomacy strategic planning, financial management, alumni outreach, English language programs, and social media engagement and found these areas to be in compliance with Department standards. However, OIG identified deficiencies in management of American Spaces, grants administration, and educational advising, as described below.

### ***Challenging Outreach Environment***

OIG interviews with PAS staff found operational challenges that stemmed mainly from the Chinese Government's efforts to counter what it termed "hostile foreign forces." Staff told OIG that joint programs with host government and non-governmental organizations were regularly subject to last-minute cancellations. They also said the Chinese Government often denied permission for visits to university campuses to discuss academic or professional exchanges or to offer the opportunity to meet visiting experts or artists from the United States. From January 2016 to April 2017, PAS documented 153 cases involving denial of permission to meet an official, cancellation of an event with a partner institution or organization, withdrawal from a Department exchange program, or intimidation of Chinese citizens who had contact with mission personnel.

Citing pressure from supervisors or government officials, some Chinese citizens who enrolled in Department exchange programs cancelled their participation immediately prior to their scheduled departure to the United States. In FY 2015, 34 percent of nominees eventually withdrew from the International Visitor Leadership Program,<sup>6</sup> 58 percent of which Embassy Beijing attributed to official interference. In FY 2016, the cancellation rate was 36 percent, of which the embassy attributed 60 percent to official interference. In the eight FY 2017 programs held prior to this inspection, 12 of 41 nominees canceled their participation. Some Department exchange program participants also reported being harassed or surveilled upon their return from the United States.

The Chinese Government's control of print, broadcast, and electronic media, as well as the internet, also posed challenges, but OIG found PAS effectively used both traditional and social media to engage Chinese audiences. PAS primarily used platforms unique to China—such as WeChat, Weibo, and Youku—all of which are subject to government monitoring and censorship.<sup>7</sup> These platforms are largely incompatible with the Department's established methods of aggregating analytics, granting administrative access to Washington-based personnel, and authenticating official accounts. OIG found that at the time of the inspection, PAS was working with the Bureau of International Information Programs to accommodate these unique circumstances.

### ***American Spaces Active but Only Beijing Facility had an Annual Plan***

Against the backdrop of these challenges, OIG found that Mission China's five American Spaces<sup>8</sup> played a positive role in presenting U.S. policy and society to local audiences. OIG visited the

---

<sup>6</sup> The International Visitor Leadership Program is a Department-managed professional exchange program that offers current and emerging leaders short-term visits to the United States, where participants gain first-hand experience in the United States and network with American counterparts. Embassy Beijing administers the Department's largest International Visitor Leadership Program, with funding available for 151 participants in FY 2017.

<sup>7</sup> Globally popular social networking services such as Facebook, Twitter, and YouTube are blocked in China.

<sup>8</sup> American Spaces are Department-operated or -supported public diplomacy facilities that host programs and use digital tools to engage foreign audiences in support of U.S. foreign policy objectives. Activities at the Centers fall under five core areas: English language learning, alumni engagement, educational advising, information about the United States, and community outreach.

five facilities, located in Beijing, Chengdu, Guangzhou, Shanghai, and Shenyang, and found they conducted policy-relevant activities that advanced ICS goals. OIG determined they all met or exceeded Department requirements. However, only the Beijing center had an annual plan, even though the Bureau of International Information Programs' Standards for American Spaces requires the preparation of an annual plan for resource development and programming. OIG determined that consulate general personnel were unaware of this requirement. The lack of annual plan increases the risk that an American Space will host or organize activities inconsistent with mission priorities.

**Recommendation 3:** Embassy Beijing, in coordination with the Bureau of International Information Programs, should require the consulates general to develop annual resource development and program plans for their American Spaces. (Action: Embassy Beijing, in coordination with IIP).

### ***American Cultural Center Program Ineffective***

OIG found Mission China's American Cultural Center program largely ineffective in achieving its stated goal of promoting a greater understanding of U.S. culture and policies through outreach to Chinese students and the general public. Since 2010, PAS disbursed \$5.1 million in grants to support 29 partnerships, known as American Cultural Centers, between U.S. educational institutions and Chinese universities. Ten of these partnerships have since dissolved due to pressure from Chinese government authorities, with some never moving beyond signing an agreement. The Department's evaluation policy in 18 FAM 301.1-1 cites the importance of critically examining the characteristics and outcomes of ongoing programs, as well as the factors affecting them, in order to improve the effectiveness of current and future activities. In an environment where access to university campuses and officials is subject to host government approval, mission personnel consistently reported difficulty visiting these centers, whose activities or even existence in some cases could not be verified. As a result, mission personnel were often unable to monitor progress towards a grant's goals and objectives, as required by Section 3.01 of the Federal Assistance Policy Directive.<sup>9</sup>

**Recommendation 4:** Embassy Beijing, in coordination with the Bureau of East Asian and Pacific Affairs, should suspend new funding for American Cultural Centers and conduct a formal evaluation of the American Cultural Center program. (Action: Embassy Beijing, in coordination with EAP)

### ***Late Adoption of Risk Assessments for Grants***

OIG reviewed all 28 PAS Federal assistance awards (grants) above \$20,000 awarded in FY 2016 and FY 2017 (totaling \$1,942,053), and found that 8 lacked risk assessments. Section 2.03-A of

---

<sup>9</sup> Grants reviewed by OIG were subject to the Department's Federal Assistance Policy Directive (issued March 2015, revised January 2016) and the Procedural Guide for Grants and Cooperative Agreements to Non-Federal Entities Not Recognized as Foreign Public Entities (issued December 2015). On May 20, 2017, the Office of the Procurement Executive consolidated these two documents into the updated Federal Assistance Directive.

the Federal Assistance Policy Directive requires the completion of a risk assessment worksheet for all competitive and non-competitive grants, but the warranted grants officers had not verified that all grant files contained this document. PAS began using a risk assessment template from the Department's Office of the Procurement Executive in January 2017, after receiving a survey questionnaire as part of an OIG management assistance review on the overseas use of risk assessments and monitoring plans.<sup>10</sup> OIG emphasized to PAS grants managers the importance of conducting risk assessments to assist in the development of Department-mandated monitoring plans and to mitigate the risk of loss, waste, or mismanagement of Federal funds.

### ***Insufficient Grants Training for Consulate General Chengdu Staff***

OIG found that the three Consulate General Chengdu LE staff members involved in administering PAS grants had not received sufficient training to fulfill this responsibility, nor were these duties reflected in their position descriptions. Two of the three employees had not completed mandatory training, and none had received training in the use of the State Award Management System, whose use at Mission China became mandatory in June 2016. According to 13 FAM 022.5(1), supervisors are responsible for determining the specific needs of their employees and ensuring they receive the training needed for effective job performance. OIG determined, however, that the LE staff members' supervisors, who as warranted grants officers are ultimately accountable for the grants, did not arrange for the necessary training. This lack of training led to delays in grants processing and risked inadequate oversight.

**Recommendation 5:** Embassy Beijing, in coordination with the Bureau of Administration, should require all Public Affairs Section locally employed staff with responsibility for grants management at Consulate General Chengdu to complete introductory grants training, including training on the use of the State Award Management System. (Action: Embassy Beijing, in coordination with A)

### ***Interaction between EducationUSA Personnel and Regional Educational Advising Coordinator Was Unclear***

Although EducationUSA<sup>11</sup> activities were an integral part of the mission's public diplomacy efforts, OIG found PAS lacked a common frame of reference for the responsibilities of the Beijing-based Regional Educational Advising Coordinator (REAC).<sup>12</sup> This is inconsistent with the Government Accountability Office's *Standards for Internal Control in the Federal Government*,<sup>13</sup>

---

<sup>10</sup> OIG, *Management Assistance Report: Improved Oversight Needed to Standardize the Use of Risk Assessments and Monitoring Plans for Overseas Grants* (ISP-17-33, July 2017).

<sup>11</sup> EducationUSA is a Department-funded network of international student advising centers that promote U.S. higher education opportunities by offering accurate, comprehensive, and current information about opportunities to study at accredited post-secondary institutions in the United States.

<sup>12</sup> Via cooperative agreement with the Bureau of Educational and Cultural Affairs, the Institute for International Education employs REACs to support a global network of EducationUSA centers and advisors. The REAC based in Beijing covers China (including Hong Kong and Macau) and Mongolia.

<sup>13</sup> GAO-14-704G, September 2014, Principle 3.04.

which explain that management should establish reporting lines within an organizational structure so that units can communicate the quality of information necessary for each unit to fulfill its overall responsibilities. Mission China has an education officer supervising a team of advisers responsible for EducationUSA activities, but PAS did not have a written policy on coordinating with the REAC. The lack of an internal policy on this area of shared responsibility led to inefficiencies in communication and disparate expectations between PAS staff and the REAC.

**Recommendation 6:** Embassy Beijing, in coordination with the Bureau of Educational and Cultural Affairs, should implement a written policy on how the Regional Educational Advising Coordinator should support Mission China's EducationUSA activities. (Action: Embassy Beijing, in coordination with ECA)

### ***Regional Educational Advising Coordinator Site Visit Reports Inconsistently Disseminated***

The REAC reported conducting nine official visits to Mission China locations from August 2014 to April 2017, but prepared only two site visit reports, neither of which was shared with PAS until the time of inspection. According to the Institute of International Education's Regional Educational Advising Coordinator Handbook, site visit reports must be submitted to the section, relevant educational advisers, and the advisers' immediate supervisors within 2 weeks of a visit. The REAC told OIG she lacked clear guidance on when or how to prepare such reports. In the absence of such documentation, PAS was unable to follow up on recommendations or fully benefit from the REAC's advice on the efficient and effective use of EducationUSA resources.

**Recommendation 7:** The Bureau of Educational and Cultural Affairs should clarify and reissue guidance on the preparation and distribution of EducationUSA site visit reports and enforce compliance with this requirement. (Action: ECA)

## **Consular Affairs**

Mission China has one of the largest consular operations in the world. It includes the consular sections in the embassy and at consulates general Chengdu, Guangzhou, Shanghai, and Shenyang. Consulate General Wuhan is scheduled to open for American citizen services and nonimmigrant visa services in 2018.

OIG found that the Minister Counselor for Consular Affairs and the consular managers throughout Mission China provided strong leadership and resource management. Officers, consular fellows, eligible family members, and LE staff collaborated effectively to provide consular services that included processing more than 2.6 million nonimmigrant visas in FY 2016—the highest production worldwide. Consulate General Guangzhou, which handles all immigrant visa services, also processed more than 54,000 immigrant visas in FY 2016, making it the third busiest immigrant visa unit in the world.

The Consular Sections provided services to a community of U.S. citizens, both residents and visitors, which the embassy estimated to be as many as 800,000 on any given day. Factors affecting American citizen services included a growing demand for notarial services and chronic difficulties in obtaining Chinese government permission to visit the approximately 100 U.S. citizens imprisoned in China.

OIG reviewed consular operations, including American citizens' services, fraud prevention programs, nonimmigrant and immigrant visa services, and internal controls. OIG found several innovative practices that enhanced consular efficiency and effectiveness. Except as described below, Mission China's consular operations met Department standards.

### **Spotlight on Success: Improving Consular Crisis Readiness**

Beijing's Minister Counselor for Consular Affairs recognized a need to improve crisis readiness in the mission's six different consular sections and to ensure that the different sections could work together and support each other in a crisis. She appointed Consulate General Wuhan's consular chief to coordinate the effort to develop a consular-specific crisis plan to augment the mission's Emergency Action Plan. A mission-wide consular crisis working group, with representatives from each post, created a document that consolidated the Department's guidance on consular crisis responsibilities and provided detailed local information. The plan established roles, responsibilities, and training requirements for consular sections in China and included links to the Department's guidance on assisting U.S. citizens affected by earthquakes, aviation disasters, hurricanes, and pandemics. The plan included contact information for Chinese government offices, airlines, police, and other local authorities organized by consular district. The Minister Counselor posted the plan on the mission's SharePoint site in April 2017, where it was readily accessible to all consular staff throughout the mission.

### ***Some Consular Processes Inconsistent Among Posts***

The Minister Counselor for Consular Affairs worked to harmonize nonimmigrant visa adjudication standards at all posts, but OIG found some inconsistent policies and processes. For example, the process used to interview visa applicants who required more detailed interviews differed among consular sections. Officers at Consulate General Guangzhou referred those applicants to a specialized unit for an immediate interview. At Consulate General Shanghai, however, the consular officer required the applicant to return on a separate day for a more detailed interview with the same officer. In another example, Consulate General Shanghai created a 3-week training program for newly arrived officers assigned to process nonimmigrant visas. FAST officers there praised the program as comprehensive and effective. In contrast, Consulate General Shenyang FAST officers told OIG their training program was ad hoc and disorganized. OIG encouraged consular managers in Shenyang to adapt the Consulate General Shanghai program to their needs. OIG also advised the Minister Counselor to coordinate greater sharing of successful strategies among consular sections to bring cohesion to the mission's consular sections and keep operations consistent, as called for in 7 Foreign Affairs Handbook (FAH-1 H-135(1)).

### *Insufficient Guidance for Adjudication of Forced Abortion, Sterilization Visa Cases*

The Department has not issued specific criteria for consular officers to determine whether Chinese applicants are potentially ineligible for visas under 8 U.S.C. 1182e.<sup>14</sup> This 1999 law prohibits the issuance of a visa to any individual who had “been directly involved in the establishment or enforcement of population control by forced abortion or sterilization.”<sup>15</sup> Guidance in 9 FAM 302.7-9 directs consular officers to submit an advisory opinion to the Department if the officer believes the applicant is ineligible but does not explain further what criteria to use in assessing ineligibility. The Departments responsible for establishing such guidance: according to 2 FAH-1 H-111.3, Executive Order 12866,<sup>16</sup> dated September 30, 1993, federal agencies are “responsible for developing regulations and assuring that the regulations are consistent with applicable law.” The Bureau of Consular Affairs told OIG that draft FAM guidance was in the clearance phase at the time of the inspection. In the meantime, consular officers lacked the necessary guidance to identify applicants who might be ineligible.

**Recommendation 8:** The Bureau of Consular Affairs should issue guidance in 9 Foreign Affairs Manual for consular officers explaining how to determine potential visa ineligibilities under 8 U.S.C. 1182e. (Action: CA)

### *Some Forced Abortion, Sterilization Visa Cases Unresolved for Years*

On a related issue, when consular officers at Mission China sought advisory opinions on whether an individual is precluded from obtaining a visa pursuant to 8 U.S.C. 1182e because of involvement in forced abortion or sterilizations, the Department sometimes waited several years before providing responses. The Bureau of Consular Affairs told OIG that more than 200 such advisory opinion requests were pending in the Bureau of Democracy, Human Rights and Labor, to which the Secretary delegated this responsibility. The Bureau of Democracy, Human Rights and Labor, in turn, told OIG that, with its current resources, it was unlikely to make much progress in clearing this backlog in the foreseeable future. Notwithstanding these resource constraints, the Department’s failure to adjudicate these issues is inconsistent with its obligation to provide visa services in a “vigilant, efficient, and timely manner.”<sup>17</sup> Because of the backlog in processing advisory opinion requests, visa applicants can wait for several years for a decision on their eligibility.

**Recommendation 9:** The Bureau of Democracy, Human Rights and Labor, in coordination with the Bureau of Consular Affairs, should implement a plan to eliminate the backlog of advisory opinion requests for visa applicants who are potentially ineligible under 8 U.S.C. 1182e. (Action: DRL, in coordination with CA)

---

<sup>14</sup> 8 U.S. Code 1182e, “Denial of entry into the United States of foreign nationals engaged in establishment or enforcement of forced abortion or sterilization policy.”

<sup>15</sup> This law does not specifically mention China, but the legislative history indicates the law was directed at China’s coercive family planning policies, commonly referred to as “the One Child Policy.”

<sup>16</sup> Executive Order 12866, “Regulatory Planning and Review,” September 30, 1993.

<sup>17</sup> Strategic Objective 2.1, Bureau of Consular Affairs Functional Bureau Strategy, FY 2015-2017, November 2013.

### ***Embassy Beijing Lacked Line-of-Sight Control of Consular Subcashier Booth***

Consular managers at Embassy Beijing could not visually monitor the work of the consular subcashier, a key internal control. The subcashier booth in the American Citizens Services Unit is located around a corner from the consular managers' office area. This is inconsistent with guidance in 7 FAH-1 H-281e, which states that "the essential element of 'line-of-sight' is the ability of cleared American supervisors to physically observe work areas." The lack of line-of-sight of the cashier's booth from the officers' office area increases the risk of malfeasance.

**Recommendation 10:** Embassy Beijing should provide a closed-circuit TV monitoring system or other means to enable consular managers to visually observe the activities within the Consular Section's subcashier booth. (Action: Embassy Beijing)

### ***No Wheelchair Accessible Interview Window at Consulate General Chengdu***

Consulate General Chengdu's consular waiting room lacked a wheelchair-accessible interview window as required by 7 FAH-1 H-282(23). The lack of an interview window low enough for clients using wheelchairs prevents equal access to this federal facility and increases the difficulty for both the applicant and the interviewing officer during an interview.

**Recommendation 11:** Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Consular Affairs, should provide a wheelchair-accessible interview window for consular applicants at Consulate General Chengdu. (Action: Embassy Beijing, in coordination with OBO and CA)

### ***Consulate General Chengdu Lacked Privacy Booth for Interviews***

Consulate General Chengdu's consular waiting room lacked a privacy booth. Consular staff use privacy booths for sensitive cases and fraud interviews. Additionally, there are times when the assistant regional security officer investigator requires privacy to conduct interviews. Guidance in 7 FAH-1 H-282(4) states that privacy booths should be considered in consular section space, design, and layout. Without a privacy booth, officers cannot conduct sensitive interviews within the Consular Section and instead must use the building's library, a less secure environment.

**Recommendation 12:** Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Consular Affairs, should provide a privacy booth in the consular waiting room at Consulate General Chengdu. (Action: Embassy Beijing, in coordination with OBO and CA)

### ***Consulate General Chengdu Assistant Regional Security Officer Investigator Spent Insufficient Time on Consular Activities***

The Assistant Regional Security Officer Investigator assigned to Consulate General Chengdu's Consular Section devoted insufficient time to consular activities. According to the 2012 memorandum of agreement between the Bureau of Diplomatic Security and the Bureau of Consular Affairs, a person in this position should spend at least 80 percent of his or her time

working on consular fraud prevention activities. OIG found that the Consulate General investigator was also the backup to the Regional Security Officer and dedicated significant time to Regional Security Officer duties and, as a result, spent less than 80 percent of his time working on consular-related matters. This detracted from the assistant regional security officer investigator program and limited his ability to focus on consular fraud prevention work.

**Recommendation 13:** Embassy Beijing should realign responsibilities for the Assistant Regional Security Officer Investigator at Consulate General Chengdu to ensure the requirements in the 2012 memorandum of agreement are met. (Action: Embassy Beijing)

### **Spotlight on Success: Fraud Prevention Tool Flags High-Risk Applicants**

Consulate General Guangzhou's fraud prevention unit developed a data analysis tool that enabled consular staff to prescreen nonimmigrant visa applications to identify similarities between current applicants and previous applicants linked to fraud. This tool, which all consular sections in China adopted, helped consular officers more easily spot possible fraud cases and make more informed decisions.

### ***Systems Problems Create Significant Risk to Visa Operations***

During OIG's inspection, Consulate General Guangzhou's Consular Section experienced problems with the automated systems used to process nonimmigrant and immigrant visas. The problems affected more than 49,000 nonimmigrant and 3,700 immigrant cases and had the potential to halt or delay the travel of thousands of Chinese citizens each week. The Bureau of Consular Affairs' systems division in Washington implemented a temporary solution that averted these delays. The systems failures, which were beyond the control of the local consular managers, posed a significant risk to efficient and timely visa processing. These failures were similar to those experienced by consular sections worldwide when the Department's Consular Consolidated Database failed in the summers of 2014 and 2015.

## **RESOURCE MANAGEMENT**

---

### **Management Operations**

Staffing growth across Mission China generated multiple major infrastructure projects, all of which contributed to a challenging work environment for management operations. Commercial-space upgrades ongoing at the time of the inspection included a \$20 million lease fit-out at Consulate General Shanghai, a \$17 million expansion at Consulate General Shenyang, and a new \$29 million office space for Consulate General Wuhan. At the same time, Embassy Beijing supported an on-compound \$17 million renovation while also coordinating multiple maintenance projects at the chancery and at its peripheral locations. Since 2015, Chengdu has been working with local authorities on an OBO-approved electrical upgrade for the Consulate compound. Consulate General Guangzhou moved into a new building in 2013 but faced ongoing structural challenges, including falling facade blocks, leaking fuel tanks, and flooding manholes. The Chinese Government's limitations on incoming shipments and restrictive policies on taxes and tariffs made these facility-based challenges more complex. In

addition, the Department's hiring-freeze has begun to cause gaps in management operations staffing, particularly in positions typically held by eligible family members.

It was in this complex and challenging environment that OIG reviewed operations in the human resources, financial management, general services, facility management, information management,<sup>18</sup> health unit, and Equal Employment Opportunity programs. OIG found that Management Sections implemented most required processes and procedures in accordance with applicable laws and Department guidance, with the exceptions described below.

## Financial Management

### *Embassy and Consulates General Directly Paid Official Residence Expenses Salaries*

Embassy Beijing and Consulates General Chengdu, Guangzhou, and Shanghai paid official residence expenses staff directly through electronic fund transfer. This practice violated 3 FAM 3257 (a), which requires the principal representative or the household manager to pay the official residence staff. OIG issued a Management Assistance Report in April 2014<sup>19</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. Because the Department did not implement the recommendation in OIG's 2014 report, OIG recently conducted a compliance follow-up review that made two new recommendations to the Department to address the manner in which official residence expenses staff should be paid.<sup>20</sup> In response to OIG's new recommendations, the Department reported that direct payments to official residence expenses staff—via post cashier, electronic funds transfers, or in cash directly from a post cashier—will be discontinued and the Department will update its policy guidance accordingly. As a result, OIG did not make a recommendation in this report.

### *Supervisors Did Not Conduct Subcashier Quarterly Unannounced Cash Verifications*

The Consulates General in Chengdu and Shenyang did not conduct quarterly unannounced cash verifications of subcashiers as required by 4 FAH-3 H-397.2-3. The subcashier supervisors did not make the time to perform the cash counts, given other priorities. Failure to conduct unannounced cash counts increases the risk of fraud or misuse of funds. Embassy Beijing addressed the problem during the inspection and issued a management instruction stressing the importance of supervisor cash verifications as an important internal control.

### *Deobligation of Prior Year Obligations Resulted in Funds Put to Better Use*

In reviewing the post's prior year unliquidated obligation balances, OIG found that the Financial Management Office did not have the documentation to determine whether the obligations were

---

<sup>18</sup> Information Management operations are detailed in the related Embassy Beijing classified report.

<sup>19</sup> OIG, *Management Assistance Report – Direct Payment of Official Residence Expenses Staff Salaries* (ISP-I-14-08, April 3, 2014).

<sup>20</sup> OIG, *Compliance Follow-up Review: Department of State Has Not Implemented Recommendations Pertaining to Official Residence Expense Staff Salaries* (ISP-C-17-32, August 2017).

still valid. The unliquidated obligations included \$497,000 in the FY 2012 International Cooperative Administrative Support Services (ICASS)<sup>21</sup> allotment; \$45,093 in FY 2012-13 diplomatic and consular program allotments for secure procurement of computer equipment and accessories; and \$39,541 in public diplomacy grant funding. Guidance in 4 FAM 225 d and e requires periodic reviews to verify that unliquidated obligation balances and disbursements remain valid; had Embassy Beijing conducted such reviews, these issues might well have been identified in a timely manner.

**Recommendation 14:** Embassy Beijing should deobligate unliquidated obligations totaling \$581,634 and put the funds to better use. (Action: Embassy Beijing)

During the inspection, the Financial Management Officer successfully deobligated the invalid prior year obligations listed above. Specifically, the FY 2012 ICASS allotment for \$497,000 and the public diplomacy grants of \$39,541 were both de-obligated on April 28, 2017, and the \$45,093 allotments for secure procurements was de-obligated on May 4, 2017. As a result, this recommendation was closed, and the funds involved (\$581,634) were put to better use.

## Human Resources

### *Inconsistent Embassy Human Resources Support for Consulates General*

OIG found that the level of human resource support provided by the embassy to the five constituent posts was inconsistent. None of the consulates general had U.S. direct hire human resources officers, and instead depended on the embassy's four human resources officers for support. However, the embassy did not have a documented agreement describing its human resources responsibilities for the consulates general, including support visits. An undated and unsigned standard operating procedure stated that Embassy Beijing's American human resource officers should provide quarterly documented visits to each consulate general, but OIG found that these visits either had not occurred or had not been documented.

OIG found that management inattention and competing priorities caused this inconsistent support to the consulates. Pursuant to 2 FAM 113.1, however, chiefs of mission are responsible for integrating the activities of all posts under their supervision. Visits by embassy staff help ensure that the constituent posts receive the necessary support and resources to operate effectively. Failure to do so can prevent the mission from meeting its objectives.

**Recommendation 15:** Embassy Beijing should implement procedures outlining the human resource support services provided and the frequency of visits at each of the five constituent posts. (Action: Embassy Beijing)

---

<sup>21</sup> ICASS, established in 1997, is the principal means by which U.S. Government agencies share the cost of common administrative support services at more than 250 diplomatic and consular posts overseas. Through ICASS, which operates a working capital fund, service providers recover the cost of delivering administrative support services to other agencies at overseas missions, in accordance with 6 FAM 911 and 6 FAH-5 H-013.2.

### ***Consulate General Wuhan Did Not Submit Post Allowance Reports***

Consulate General Wuhan inaccurately based its cost of living allowance on the rate used by Embassy Beijing and its post differential rate on that used by Consulate General Shenyang. The Department of State Standardized Regulations, Section 061, lists Consulate General Wuhan as an individual post for the purposes of calculating the cost of living allowance and differential pay; as a result, it is responsible for reporting its own location-specific survey data for these allowances. Consulate General Wuhan told OIG that it had not had the time to submit location-specific reports. Survey data that fails to accurately reflect the actual cost of goods and services and living conditions in Wuhan creates a risk that the Department will incorrectly fund employee allowances.<sup>22</sup>

**Recommendation 16:** Embassy Beijing, in coordination with the Bureau of Administration, should require Consulate General Wuhan to report its own location-specific survey data for post allowances. (Action: Embassy Beijing, in coordination with A)

### ***Out-Dated Consumables Allowance Data for Consulates General Chengdu and Wuhan***

Although Consulates General Chengdu and Wuhan receive consumable allowances,<sup>23</sup> they did not submit timely consumable allowances justifications in accordance with Department guidelines. Consulate General Chengdu submitted its most recent justification for a consumables allowance in March 2012, and Consulate General Wuhan's most recent submission was in November 2009. Guidance in 14 FAM 613.6-2a, however, requires all consumables allowance posts to submit a new justification every 2 years. Failure to submit timely justifications does not allow the Department to evaluate if conditions still warrant a consumables allowance.

**Recommendation 17:** Embassy Beijing, in coordination with the Bureau of Administration, should require Consulates General Chengdu and Wuhan to submit updated post consumables allowances justifications. (Action: Embassy Beijing, in coordination with A)

## **General Service Operations**

### ***Inconsistent Calculations of Non-Rent Costs***

OBO requires<sup>24</sup> that posts conduct a thorough review of leases to ensure that non-rent expenses are itemized separately in the lease costs. Department policy requires that some non-rent costs, be charged to the bureau or agency to which the unit is assigned. Non-rent expenses include building operating expenses (BOEs), utilities, landlord-provided furniture, and upgrades

---

<sup>22</sup> OIG's recent report (*Audit of Select Cost-of-Living Allowances for American Employees Stationed in Foreign Areas* (AUD-FM-17-51, August 2017)) recommends eliminating the location-specific survey data process for individual posts. Notwithstanding this recommendation, since the current process is still in place, the Department should ensure that it is followed correctly, which is why OIG is making a specific recommendation to address the problem at Consulate General Wuhan.

<sup>23</sup> A consumable allowance is intended to recognize extreme conditions at posts and provide employees with adequate consumables (food stuffs and personal and household maintenance items) to be used while at post.

<sup>24</sup> Cable 2015 State 114976, "Non-Rent Operating Expenses in Overseas Leased Properties," October 2, 2015.

performed by the landlord. Examples of BOEs include the cost of condo fees, service charges, management fees, maintenance of common spaces, government assessments, and non-value-added tax property taxes. A cable addressing this issue recommends an annual audit of expenses performed by local experts. Embassy Beijing and Consulates General Guangzhou, Shanghai, Shenyang and Wuhan told OIG they were unable to obtain detailed BOEs of their leased apartments and therefore estimated these costs at 12 to 15 percent. However, Consulate General Chengdu collected detailed reports from each landlord that documented BOE at between 45 and 65 percent of lease costs.

The lack of accurate accounting for base rent and non-rent costs creates inequities in the distribution of costs between OBO, the bureaus, and agencies. If Embassy Beijing used Consulate General Chengdu's BOE average cost of 50 percent, rather than its estimate of 15 percent, agencies and bureaus would be responsible for an additional \$1.6 million in non-rent costs per year and the Department would save a corresponding amount.

**Recommendation 18:** Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations, should review Mission China residential leases to ensure an accurate determination of non-rent and building operating expenses costs. (Action: Embassy Beijing, in coordination with OBO).

### ***Employees Did Not Pay for Landlord Provided Services in Leased Apartments***

Mission China did not have a standard operating procedure to ensure that employees paid for landlord-provided services that should be the occupants' responsibility. According to 3 FAM 3255.4 (4), the U.S. Government can pay for telephone and internet service only if required for official use. With the exception of Consulate General Chengdu, many apartments in the mission's housing pools included services such as telephone, internet, satellite television, weekly cleaning, home-to-office shuttle transportation, daily breakfast, and executive lounge access. The cost of these services was bundled into the lease cost, which is paid by the U.S. Government.

Embassy Beijing told OIG that, despite efforts to exclude many of these services from lease costs, the landlords refused on the grounds that telecommunications and cleaning services were unavoidable expenses for tenants. Notwithstanding this explanation, the Government Accountability Office's Principles of Federal Appropriations Law, Volume 1, Chapter 4, B.1.b. limits the use of appropriated funds for authorized and necessary expenses that are not otherwise prohibited. Allowing these services to remain part of the lease agreement creates a risk the U.S. Government will pay excessive rental costs.

**Recommendation 19:** Embassy Beijing should implement a standard operating procedure for employees to pay for housing-related services that are not the responsibility of the U.S. Government. (Action: Embassy Beijing)

### ***Excessive Furniture and Appliance Pool Collections***

Embassy Beijing and the consulates general provided inaccurate data on their furniture and appliance pool<sup>25</sup> needs because the embassy's annual assessment of program needs did not take into account the fact that landlords provided furniture and appliances for most new housing units. As a result, Mission China charged participating agencies excessive buy-in and annual assessment charges. Specifically, in FY 2017, Mission China had \$4.9 million in funds for furnishings and appliances (\$3.2 million carried over from earlier years plus another \$1.7 million to be collected from agencies in FY 2017), but there was only \$880,000 in assets due for replacement. As stated in 6 FAH-5 H-512.3-3a and g, the General Services Office should conduct an annual assessment of the furniture and appliance pool program, including replacement cycle and spending plan. Doing so in this case could have identified the inaccurate data. Moreover, the absence of a comprehensive plan can lead to an inefficiencies and excessive charges to participating agencies.

**Recommendation 20:** Embassy Beijing should conduct an annual assessment of its furniture and appliance pool and, if deemed necessary, reduce its furniture and appliance pool charges. (Action: Embassy Beijing)

### ***Lack of Annual Acquisition Plan***

Mission China did not establish an acquisition plan as part of its annual fiscal year budget planning process. As a result, the embassy and consulates general awarded duplicative purchase orders for packing and shipping services rather than using a single contract. This is inconsistent with Federal Acquisition Regulation 7.102 (a), which requires agencies to perform acquisition planning and conduct market research for all acquisitions. Without an annual acquisition plan, the mission may not be able to determine optimal contracting methods, consolidate services, increase competition, or provide cost savings.

**Recommendation 21:** Embassy Beijing should establish an annual acquisition plan and include the consulates general in the planning process. (Action: Embassy Beijing)

### ***Mission China Lacks Contract Oversight***

OIG reviewed contracting officer's representative (COR) and government technical monitors (GTM) files for nine contracts with a combined value of more than \$16.9 million and found that CORs did not consistently review and approve the contractors' vouchers or evaluate and document the contractors' performance in the Contractor Performance Assessment Reporting System. This is inconsistent with the designated responsibilities of a COR. In particular, according to 14 FAM 222 c (1) (2), the COR is the primary individual assigned to monitor a contract and

---

<sup>25</sup> Furniture and appliance pools were introduced in FY 2012 and became mandatory in FY 2015 under a policy approved by the ICASS Executive Board. Since FY 2015, all agencies under Chief of Mission authority who are members of the post housing program are required to participate and pay assessed one-time buy-in costs as well as annual assessment charges. Furniture and appliance pool funding can only be used by the post for the purchase of furniture and appliances. See cable 2012 State 103579, "Worldwide Furniture and Appliance Pool Policy: New Policy Guidance," October 13, 2012.

evaluate the contractor's performance, while the GTM assists the COR in these efforts. OIG found that some CORs and GTMs failed to adequately perform their duties due to other priorities, while others did not receive the required training. It is important to address these deficiencies, as a COR's failure to monitor and document a contractor's technical progress and expenditure of funds may result in overpayment to contractors and waste of U.S. Government funds.

**Recommendation 22:** Embassy Beijing should require that all contracting officer representatives and government technical monitors be properly trained and administer their contracts in accordance with Department standards. (Action: Embassy Beijing)

### ***Improper Contracting Warrant Led to \$1.4 Million in Unauthorized Commitments***

Consulate General Shenyang's contracting officer processed procurement transactions from 2015 through April 2017 under an invalid contracting warrant. This resulted in unauthorized commitments totaling \$1.4 million during that period. Although the Bureau of Administration's Office of the Procurement Executive informed the contracting officer of this issue in June 2015, the officer did not address the deficiency until February 2017. This lack of timely resolution is inconsistent with guidance in 14 FAM 214 (c) (1), which states that posts must use the contract warrant application system to request new or revised contracting officer warrants, and all information requested by the system must be updated before the Office of the Procurement Executive issues a new warrant. During the inspection, the consulate general began the process to ratify the unauthorized commitments. It is important to address this issue more systematically, however, as failure to ensure that contracting officers have contracting warrants for their specific posts increases the risk that unauthorized commitments will occur in the first place.

**Recommendation 23:** The Bureau of Administration, in coordination with Embassy Beijing, should require that all contracting officers in Mission China have the correct warrants. (Action: A, in coordination with Embassy Beijing)

### ***Embassy Beijing's Warehouse Lacked Access Control***

Embassy Beijing's offsite warehouse lacked access restrictions or records that documented who entered or left the facility. The warehouse has six unsecured exit doors that the landlord could readily access, and the accountable property officer was unaware that the landlord had such access. This lack of access control does not comply with standards in 14 FAM 413.7 (a), which include guidelines that the property management officer must implement to maintain an efficient warehouse operation. These include requiring secure or controlled areas for storing equipment and supplies and limiting access only to persons who have a valid need. Failure to control access in warehouse facilities increases the risk of theft.

**Recommendation 24:** Embassy Beijing should institute access controls at its offsite warehouse in accordance with Department standards. (Action: Embassy Beijing)

### ***Embassy Beijing Motor Pool Operations Inadequately Managed***

Due to poor recordkeeping, Embassy Beijing's motor vehicle accountable officer failed to ensure that only properly trained and medically cleared drivers operated official vehicles. As stated in 14 FAM 432.4 (c) (1), (2), posts that employ chauffeurs or authorize incidental operators (employees other than chauffeurs who have been assigned to operate an official vehicle incidental to their primary job) to self-drive official vehicles must implement the Department's Overseas Motor Vehicle Safety Management Program.<sup>26</sup> In addition, all U.S. Government agencies under chief of mission authority also must comply with these requirements for their chauffeurs and incidental operators. Inadequate oversight of motor pool operations can lead to motor vehicle accidents and increase the risk of liability to the embassy.

**Recommendation 25:** Embassy Beijing should implement a corrective action plan to bring all chauffeurs and incidental drivers into compliance with the Department's Motor Vehicle Safety Management Program. (Action: Embassy Beijing).

### ***Mission Drivers Lacked Medical Clearances***

At the time of the inspection, 26 drivers at Embassy Beijing, 22 drivers at Consulate General Guangzhou and 1 at Consulate General Wuhan lacked medical clearances. A lack of coordination between the health and motor pool units at each post contributed to these gaps in medical clearances. Guidance in 14 FAM 432.4 states that all drivers are required to receive a medical exam before being hired, and they must be re-cleared every 2 years. Failure to require that all drivers maintain a current medical clearance increases the risk of motor vehicle accidents.

**Recommendation 26:** Embassy Beijing should require that all mission drivers have valid medical clearances in order to operate official vehicles. (Action: Embassy Beijing).

### ***Consulates General Chengdu and Shanghai Drivers Lacked Armored Vehicle Training***

At the time of the inspection, five drivers each at Consulates General Chengdu and Shanghai did not have armored vehicle training. As stated in 12 FAM 389 (b), supervisors must ensure that any driver assigned to regularly drive an armored vehicle attend armored vehicle training. Failure to provide armored vehicle training increases the risk of motor vehicle accidents.

**Recommendation 27:** Embassy Beijing should require that all drivers assigned to operate armored vehicles complete required Department training. (Action: Embassy Beijing)

---

<sup>26</sup> The Department's Motor Vehicle Safety Program, as detailed by OBO, requires drivers to receive safety training for all chauffeurs and incidental operators upon initial assignment of an official vehicle and at least every 2 years thereafter. The program also requires that all chauffeurs be medically cleared every two years and that incidental drivers be medically cleared every four years.

## Facilities Management

### *Embassy Did Not Conduct Residential Seismic Surveys in Beijing*

The embassy did not conduct seismic safety assessments of its residential properties located in Beijing. Facility managers at Embassy Beijing assumed that any unit built since China introduced new seismic standards in 2010 would also meet OBO requirements. However, guidance in 15 FAM 252.6 d (3) requires posts in high-seismic areas, such as Beijing, to perform seismic assessments using a structural engineer approved by OBO. Leasing properties without approved seismic safety assessments poses significant risk to the lives and safety of occupants.

**Recommendation 28:** The Bureau of Overseas Buildings Operations, in coordination with Embassy Beijing, should implement a long-term strategy to evaluate seismic safety of residential buildings in the embassy housing pool. (Action: OBO, in coordination with Embassy Beijing)

### *Designated Post Occupational Safety and Health Officers Inadequately Trained Across the Mission*

OIG found that just one of six designated post occupational safety and health officers had received required training, and even this training occurred more than 5 years ago. This is inconsistent with guidance in 15 FAM 931 (b), which requires that, within 1 year of being assigned as a post occupational safety and health officer and every 5 years thereafter, the post administrator must ensure that the designated officer attends the required OBO seminar. The officers failed to receive proper training due to inadequate attention to this requirement by the designated officers, post administration, and OBO. The lack of training contributed to the fact that multiple residential properties at Embassy Beijing and Consulate General Wuhan lacked post occupational safety and health certifications and, in general, could increase risks to the lives and safety of all employees.

**Recommendation 29:** Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations, should require that all designated post occupational safety and health officers receive required training. (Action: Embassy Beijing, in coordination with OBO).

## RECOMMENDATIONS

---

OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to the Bureau of Administration; Consular Affairs; Democracy, Human Rights and Labor; Educational and Cultural Affairs; Overseas Buildings Operations and to Embassy Beijing. The Department's complete responses can be found in Appendix B.

**Recommendation 1:** Embassy Beijing, in coordination with the Bureau of East Asian and Pacific Affairs, should determine whether Consulate General Shanghai requires a deputy principal officer, and if so, formally establish the position and delineate its duties, including supervisor responsibilities. (Action: Embassy Beijing, in coordination with EAP)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with the recommendation. The embassy noted that it reviewed the issue with the Bureau of East Asian and Pacific Affairs and concluded the volume of work, lack of co-location of facilities, and a heavy visitor load justified identifying an officer who will assume the deputy principal officer function. An International Relations Officer-General position was advertised in the summer 2018 bidding cycle and the embassy is working to realign supervisory responsibilities appropriately and delineate the duties of the position.

**OIG Reply:** OIG considers the recommendation resolved because Embassy Beijing and the Bureau of East Asian and Pacific Affairs concluded that the workload in Shanghai justified a deputy principal officer. However, OIG questions why the embassy and bureau did not establish a deputy principal officer position and chose to use an International Relations Officer-General position instead. OIG is concerned that this action will not address the issues discussed in this report. The recommendation can be closed when OIG receives and accepts documentation that a deputy principal officer position has been formally established to ensure a clear delineation of duties and supervisory responsibilities.

**Recommendation 2:** Embassy Beijing, in coordination with the Bureau of East Asia and Pacific Affairs, should review the outreach officer function to determine whether these positions directly and substantially support mission objectives. (Action: Embassy Beijing, in coordination with EAP).

**Management Response:** In its November 20, 2017, response, Embassy Beijing noted that the Executive Office, in conjunction with the Principal Officers of constituent posts, reviewed and determined the positions directly and substantially support mission objectives. The embassy has taken measures to ensure consistent evaluation of the positions and renamed the positions to Provincial Relations Officers. The embassy also noted that these positions support a range of Integrated Country Strategy-identified mission goals and objectives.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the review of the outreach officer function.

**Recommendation 3:** Embassy Beijing, in coordination with the Bureau of International Information Programs, should require the consulates general to develop annual resource development and program plans for their American Spaces. (Action: Embassy Beijing, in coordination with IIP).

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted that it has received FY 2018 annual resource and development plans from the consulates general currently operating American Spaces. Consulate General Wuhan will develop its own plan prior to the American Space opening in December 2018.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of Mission China's American Spaces' annual resource development and program plans.

**Recommendation 4:** Embassy Beijing, in coordination with the Bureau of East Asian and Pacific Affairs, should suspend new funding for American Cultural Centers and conduct a formal evaluation of the American Cultural Center program. (Action: Embassy Beijing, in coordination with EAP)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with the recommendation. The embassy noted that a program evaluation was warranted; however, it disagreed that the American Cultural Center Program has been "largely ineffective." The embassy, in coordination with the Bureau for Public Diplomacy and Public Affairs Research and Evaluation Unit initiated a formal evaluation of the program. The embassy has not funded any new cultural centers and will base additional funding of cultural centers in FY 2018 based on the results of the formal evaluation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the evaluation of the American Cultural Centers.

**Recommendation 5:** Embassy Beijing, in coordination with the Bureau of Administration, should require all Public Affairs Section locally employed staff with responsibility for grants management at Consulate General Chengdu to complete introductory grants training, including on the use of the State Award Management System. (Action: Embassy Beijing, in coordination with A)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted that all Public Affairs Section locally employed staff were registered for the required online grants administration training. Additionally, the consulate general will schedule remote training on the use of the State Award Management System.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of locally employed staff completing the required grants training.

**Recommendation 6:** Embassy Beijing, in coordination with the Bureau of Educational and Cultural Affairs, should implement a written policy on how the Regional Educational Advising Coordinator should support Mission China's EducationUSA activities. (Action: Embassy Beijing, in coordination with ECA)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted that it was developing a written plan, in coordination with the Bureau of Educational and Cultural Affairs and the Regional Educational Advising Coordinator, which will be completed by the end of 2017.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the written policy on how the Regional Educational Advising Coordinator supports Mission China's EducationUSA activities.

**Recommendation 7:** The Bureau of Educational and Cultural Affairs should clarify and reissue guidance on the preparation and distribution of EducationUSA site visit reports and enforce compliance with this requirement. (Action: ECA)

**Management Response:** In its December 31, 2017 response, the Bureau of Educational and Cultural Affairs concurred with the recommendation. The bureau noted that it has updated and reissued the site visit report template as well as guidance on timely submission of the reports. Additionally, the bureau reported it created a cloud-based, electronic filing system for site visit reports.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the new guidance on EducationUSA site visit reports.

**Recommendation 8:** The Bureau of Consular Affairs should issue guidance in 9 Foreign Affairs Manual for consular officers explaining how to determine potential visa ineligibilities under 8 U.S.C. 1182e. (Action: CA)

**Management Response:** In its October 19, 2017, response, the Bureau of Consular Affairs concurred with the recommendation.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of issued guidance on how to determine potential visa ineligibilities under U.S.C 1182e.

**Recommendation 9:** The Bureau of Democracy, Human Rights and Labor, in coordination with the Bureau of Consular Affairs, should implement a plan to eliminate the backlog of advisory

opinion requests for visa applicants who are potentially ineligible under 8 U.S.C. 1182e. (Action: DRL, in coordination with CA)

**Management Response:** In its October 27, 2017, response, the Bureau of Democracy, Human Rights and Labor concurred with this recommendation. The bureau noted that, in coordination with the Bureau of Consular Affairs, it has begun a process to eliminate the backlog.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the backlog of advisory opinion requests for visa applicants has been eliminated.

**Recommendation 10:** Embassy Beijing should provide a closed-circuit TV monitoring system or other means to enable consular managers to visually observe the activities within the Consular Section's subcashier booth. (Action: Embassy Beijing)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted it will use machine readable visa funds to install a closed-circuit TV system that can monitor work activities within the section's subcashier area. The installation of the system will be completed in FY 2018.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the installation and operation of closed-circuit TV system to monitor consular subcashier operations.

**Recommendation 11:** Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Consular Affairs, should provide a wheelchair-accessible interview window for consular applicants at Consulate General Chengdu. (Action: Embassy Beijing, in coordination with OBO and CA)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted it was working with the Bureaus of Consular Affairs and Overseas Buildings Operations to plan and fund the project. The embassy estimates the project will be completed within one to two years.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the installation of the wheelchair-accessible interview window at Consulate General Chengdu.

**Recommendation 12:** Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Consular Affairs, should provide a privacy booth in the consular waiting room at Consulate General Chengdu. (Action: Embassy Beijing, in coordination with OBO and CA)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted it was working with the Bureaus of Consular Affairs

and Overseas Buildings Operations to plan and fund the project. The embassy estimates the project to be completed within one to two years.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the installation of the privacy booth in the consular waiting room at Consulate General Chengdu.

**Recommendation 13:** Embassy Beijing should realign responsibilities for the Assistant Regional Security Officer Investigator at Consulate General Chengdu to ensure the requirements in the 2012 memorandum of agreement are met. (Action: Embassy Beijing)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted that the Regional Security Officer and Consular Section Chengdu have conferred on the realignment of the Assistant Regional Security Officer Investigator responsibilities to ensure the requirements of the 2012 memorandum of understanding are met.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the realignment of the Regional Security Officer Investigator responsibilities.

**Recommendation 14:** Embassy Beijing should deobligate unliquidated obligations totaling \$581,634 and put the funds to better use. (Action: Embassy Beijing)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted that it will continue to monitor unliquidated obligations and deobligate as needed.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the deobligation of \$581,634 of unliquidated obligations.

**Recommendation 15:** Embassy Beijing should implement procedures outlining the human resource support services provided and the frequency of visits at each of the five constituent posts. (Action: Embassy Beijing)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted it will update the existing standard operating procedures to outline the frequency and nature of Embassy Beijing's human resources support.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the updated standard operating procedures.

**Recommendation 16:** Embassy Beijing, in coordination with the Bureau of Administration, should require Consulate General Wuhan to report its own location-specific survey data for post allowances. (Action: Embassy Beijing, in coordination with A)

**Management Response:** In its November 20, 2017, response, Embassy Beijing noted that Consulate General Wuhan concurred with this recommendation. The consulate general will perform a location-specific survey by the end of 2018.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of Consulate General Wuhan's location-specific survey data for post allowances.

**Recommendation 17:** Embassy Beijing, in coordination with the Bureau of Administration, should require Consulates General Chengdu and Wuhan to submit updated post consumables allowances justifications. (Action: Embassy Beijing, in coordination with A)

**Management Response:** In its November 20, 2017, response, Embassy Beijing noted that Consulates General Chengdu and Wuhan concurred with this recommendation. The consulates general will, in coordination with Embassy Beijing, submit updated justifications by the end of 2018.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the updated post consumables allowances justifications.

**Recommendation 18:** Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations, should review Mission China residential leases to ensure an accurate determination of non-rent and building operating expenses costs. (Action: Embassy Beijing, in coordination with OBO)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted it has reviewed residential leases, in coordination with Consulate General Chengdu, and where necessary revised building operating expenses data. Additionally, Mission China will reconcile building operating expenses costs on an annual basis.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the residential lease review.

**Recommendation 19:** Embassy Beijing should implement a standard operating procedure for employees to pay for housing-related services that are not the responsibility of the U.S. Government. (Action: Embassy Beijing).

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted that it, and all consulate generals, are developing standard operating procedures to exclude employees, where possible and practical, from those services for which the U.S. Government has no obligation to pay. However, the embassy also noted that landlords in China generally refuse to itemize services and do not offer commensurate lease reductions when asked to eliminate the services. Mission China will still try to develop a mechanism to charge employees for services explicitly excluded from post's leases.

All leases signed after November 30, 2017 will include the exclusionary language, subject to the Bureau of Overseas Buildings Operations approval.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the standard operating procedure.

**Recommendation 20:** Embassy Beijing should conduct an annual assessment of its furniture and appliance pool and, if deemed necessary, reduce its furniture and appliance pool charges. (Action: Embassy Beijing)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted it had reviewed furniture purchase requirements of the furniture and appliance pool. The review resulted in a reduction of the annual assessment from \$5,600 per unit in FY 2017 to \$3,700 per unit for FY 2018.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the furniture and appliance pool assessment.

**Recommendation 21:** Embassy Beijing should establish an annual acquisition plan and include the consulates general in the planning process. (Action: Embassy Beijing)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted that the General Services Office will hold the first acquisition development plan meeting prior to December 31, 2017 and each consulate general will develop its own acquisition plan based on its own needs. All of the plans will be discussed quarterly during a mission-wide teleconference.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the annual acquisition plan for Mission China.

**Recommendation 22:** Embassy Beijing should require that all contracting officer representatives and government technical monitors be properly trained and administer their contracts in accordance with Department standards. (Action: Embassy Beijing)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted it was developing a training program and that any contract that is not covered by a properly certified contracting officer representative will have one assigned by March 31, 2018.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the training program and administration of contracts in accordance with Department standards.

**Recommendation 23:** The Bureau of Administration, in coordination with Embassy Beijing, should require that all contracting officers in Mission China have the correct warrants. (Action: A, in coordination with Embassy Beijing)

**Management Response:** In its November 2, 2017, response, the Bureau of Administration concurred with this recommendation. The bureau noted that it was working with the embassy to correct the issue.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that all contracting officers in Mission China have correct warrants.

**Recommendation 24:** Embassy Beijing should institute access controls at its offsite warehouse in accordance with Department standards. (Action: Embassy Beijing)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted it will improve IT access controls at the warehouse, including the relocation of the server room.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that access controls at the offsite warehouse that meet Department standards.

**Recommendation 25:** Embassy Beijing should implement a corrective action plan to bring all chauffeurs and incidental drivers into compliance with the Department's Motor Vehicle Safety Management Program. (Action: Embassy Beijing).

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted it has implemented Smith Safe Driver training and the use of hands-free phones, reduced working hours, and staggered drivers' shifts.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the corrective action plan to bring all drivers into compliance with the Department's Motor Vehicle Safety Management Program.

**Recommendation 26:** Embassy Beijing should require that all mission drivers have valid medical clearances in order to operate official vehicles. (Action: Embassy Beijing).

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted that was in the process of addressing the medical clearance process.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that all mission drivers have valid medical clearances.

**Recommendation 27:** Embassy Beijing should require that all drivers assigned to operate armored vehicles complete required Department training. (Action: Embassy Beijing)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted that all drivers requiring training have completed or will complete it by May 2018.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the Department required armored vehicle training.

**Recommendation 28:** The Bureau of Overseas Buildings Operations, in coordination with Embassy Beijing, should implement a long-term strategy to evaluate seismic safety of residential buildings in the embassy housing pool. (Action: OBO, in coordination with Embassy Beijing)

**Management Response:** In its October 16, 2017, response, the Bureau of Overseas Buildings Operations concurred with the recommendation. The bureau noted that it was coordinating with the embassy for a seismic team visit in FY 2018.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of a long-term strategy to evaluate the seismic safety of residential buildings in the embassy housing pool.

**Recommendation 29:** Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations, should require that all designated post occupational safety and health officers receive required training. (Action: Embassy Beijing, in coordination with OBO)

**Management Response:** In its November 20, 2017, response, Embassy Beijing concurred with this recommendation. The embassy noted that all post occupational safety health officers have received the required training as of July 2017.

**OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of required training completed by all post occupational safety and health officers.

## PRINCIPAL OFFICIALS

---

Title	Name	Arrival Date
<b>Chiefs of Mission:</b>		
Chargé d'Affaires, a.i.	David H. Rank	1/2016
Acting Deputy Chief of Mission	Julie L. Kavanagh	8/2015
<b>Constituent Posts:</b>		
Consulate General Chengdu, Principal Officer	Raymond Greene	9/2014
Consulate General Guangzhou, Principal Officer	Charles Bennett	8/2015
Consulate General Shanghai, Principal Officer	Hanscom Smith	9/2014
Consulate General Shenyang, Principal Officer	Gregory C. May	8/2016
Consulate General Wuhan, Principal Officer	Joseph E. Zadrozny	9/2014
<b>Chiefs of Sections:</b>		
Management, Acting	James A. Forbes	3/2017
Consular, Acting	Edward Grulich	8/2014
Political	William Klein	7/2016
Economic	Jonathan Fritz	8/2014
Environment, Science, Technology and Health	John Whittlesey	6/2014
Public Affairs	Lisa Heller	8/2012
Regional Security	Gregary Levin	7/2013
<b>Other Agencies:</b>		
Department of Agriculture	Bruce Zanin	8/2014
Department of Commerce, Acting	Scott Shaw	8/2015
Department of Defense, Acting	Mark W. Gillette	5/2017
Department of Energy	Helena Fu	4/2013
Department of the Treasury	Brendan Kelly	2/2014
Drug Enforcement Administration	Justin T. Schoeman	1/2011
Federal Bureau of Investigation	T. Holden Triplett	11/2014
U.S. Trade Representative	James B. Green	8/2013

**Source:** Embassy Beijing

## APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

---

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

### 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 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 a risk-based approach to prepare for each inspection; reviews pertinent records; as appropriate, circulates, reviews, and compiles the results of survey instruments; conducts onsite interviews; and reviews the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by the review. OIG uses professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop findings, conclusions, and actionable recommendations

For this inspection, OIG conducted approximately 600 interviews (some people were interviewed more than once) and reviewed 676 personal questionnaires.

## APPENDIX B: MANAGEMENT RESPONSES

---

October 24, 2017

UNCLASSIFIED

THRU: EAP/EX Executive Director – Kevin Blackstone

TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: Embassy Beijing -- Ambassador Terry Branstad

SUBJECT: Response to Draft OIG Report – Inspection of Embassy Beijing

**Recommendation 1:** Embassy Beijing, in coordination with the Bureau of East Asian and Pacific Affairs, should determine whether Consulate General Shanghai requires a deputy principal officer, and if so, formally establish the position and delineate its duties, including supervisor responsibilities. (Action: Embassy Beijing, in coordination with EAP)

**Management Response:** Mission China has reviewed the issue with EAP and concluded that the volume of work, the lack of co-location of our facilities, and a heavy visitor load justifies identifying an officer who will assume the DPO function. In line with the OIG's recommendation, a position was advertised as IROG in the summer 2018 bidding cycle. We are now working to realign supervisory responsibilities appropriately and will clearly delineate the duties of the position.

**Recommendation 2:** Embassy Beijing, in coordination with the Bureau of East Asia and Pacific Affairs, should review the outreach officer function to determine whether these positions directly and substantially support mission objectives. (Action: Embassy Beijing, in coordination with EAP).

**Management Response:**

Embassy Beijing EXEC, in conjunction with Principal Officers at Mission China's five constituent posts, reviewed the outreach officer function and determined that these positions directly and substantially support mission objectives. In the process, we identified ways in which the three positions' roles had evolved since their creation in 2006, and have since taken measures to ensure consistent evaluation of their function. These measures included identifying a common strategic vision for the positions and regularizing exchanges among officers encumbering those positions. In order to better reflect the essential work Mission China's outreach officers currently do, they have been renamed provincial relations officers. Provincial relations officers lead teams that develop, foster, and maintain relationships with China's provincial Foreign Affairs Offices (FAOs) in order to increase access for Embassy and Consulate personnel in the provinces. These relationships are critical given that FAO approval is required for any official provincial, municipal or local government meetings, as well as access to universities, state-owned enterprises, economic trade and industrial zones, and many segments of

civil society including non-governmental organizations and cultural centers. Provincial relations officers also develop strategic plans to strengthen the U.S. Government's advocacy with, and its reporting on, Chinese provinces and cities where the United States currently maintains no diplomatic presence. Working closely with other sections and agencies at Post, these positions support a range of ICS-identified mission goals and objectives, including engaging beyond the Chinese state to cultivate public support for U.S. values, promoting efficient and effective consular services, supporting U.S. economic engagement with China, and enhancing good governance and respect for human rights.

**Recommendation 3:** Embassy Beijing, in coordination with the Bureau of International Information Programs, should require the consulates general to develop annual resource development and program plans for their American Spaces. (Action: Embassy Beijing, in coordination with IIP).

**Management Response:**

Embassy Beijing concurs with this recommendation. Embassy Beijing has received FY18 annual resource and development plans from the consulates in Guangzhou, Shenyang and Chengdu. Consulate Wuhan does not currently operate an American Space. Before the American Space opens (estimated, December 2018), Consulate Wuhan will develop a resource and development plan of its own. Consulate Shanghai's American Space has been closed since July 2017 as it does not currently provide the required screening facilities as required by 17 STATE 45948. In advance of this space's reopening, Consulate Shanghai will complete a resource and development plan.

**Recommendation 4:** Embassy Beijing, in coordination with the Bureau of East Asian and Pacific Affairs, should suspend new funding for American Cultural Centers and conduct a formal evaluation of the American Cultural Center program. (Action: Embassy Beijing, in coordination with EAP)

**Management Response:**

Embassy Beijing does not agree that the American Cultural Center program has been "largely ineffective" as stated in the report. The Embassy agrees that there are concerns related to the stability of specific Centers due to active interference by the Chinese government as well as limitations in visiting individual centers. However, existing Embassy engagement as well as reliable metric reporting demonstrates that programs and events operated through the American Cultural Centers have directly reached thousands of Chinese students, the vast majority of whom would otherwise have limited direct exposure to American culture.

At the same time, Embassy Beijing agrees with the recommendation that a program evaluation is warranted. To that end, the Embassy, in coordination with the Research and Evaluation Unit within the R Bureau, is in the process of initiating a formal evaluation of the American Cultural Center program. The objective is to complete the evaluation in FY18, subject to complexities of conducting such an evaluation in China. The Embassy did not provide funding to establish new American Cultural Centers in FY17 and will not do so pending review of the formal evaluation. The Embassy did provide supplemental funding for existing American Cultural Centers through a competitive grant competition in FY17 before the issuance of the OIG report. FY18 support for this program, if any, will be determined based on the results of the formal evaluation.

**Recommendation 5:** Embassy Beijing, in coordination with the Bureau of Administration, should require all Public Affairs Section locally employed staff with responsibility for grants management at Consulate General Chengdu to complete introductory grants training, including on the use of the State Award Management System. (Action: Embassy Beijing, in coordination with A)

**Management Response:**

Embassy Beijing concurs with the OIG recommendation. As of October 18, 2017, all Public Affairs Section locally employed staff at Consulate General Chengdu with responsibility for grants administration have registered for the required online grants management training courses offered by FSI, and have been directed to study several hours each week, as their normal work schedules allow, in order to complete the full course of training (PY220, PY222, and PY224) in a timely manner. Additionally, Consulate General Chengdu is coordinating with the Bureau of Administration to schedule a full remote training on the State Assistance Management System (SAMS Overseas) for these staff members at the earliest availability. Lastly, we plan on making sure all new staff that will have grants administration responsibility get trained in grants management and SAMS Overseas.

**Recommendation 6:** Embassy Beijing, in coordination with the Bureau of Educational and Cultural Affairs, should implement a written policy on how the Regional Educational Advising Coordinator should support Mission China's EducationUSA activities. (Action: Embassy Beijing, in coordination with ECA)

**Management Response:**

Embassy Beijing concurs with the recommendation to create a written plan to coordinate with the Regional Education Advising Coordinator (REAC). Post is actively developing a written plan in cooperation with ECA and the REAC which will be complete by the end of the 2017 calendar year.

**Recommendation 7:** The Bureau of Educational and Cultural Affairs should clarify and reissue guidance on the preparation and distribution of EducationUSA site visit reports and enforce compliance with this requirement. (Action: ECA)

**Management Response:**

Post has verified that ECA/A/S/A accepts the recommendation and has updated the site visit report template. ECA/S/A has also established and communicated a new procedure for completing, submitting, and circulating completed site visit reports and created a cloud-based, electronic filing system in which existing and future site visit reports will be stored.

**Recommendation 8:** The Bureau of Consular Affairs should issue guidance in 9 Foreign Affairs Manual for consular officers explaining how to determine potential visa ineligibilities under U.S. law 8 U.S.C. 1182e. (Action: CA)

**Management Response:**

The Embassy accepts this recommendation. The embassy notes that this requires action by the Bureau of Consular Affairs, and is willing to provide support as necessary.

**Recommendation 9:** The Bureau of Democracy, Human Rights and Labor, in coordination with the Bureau of Consular Affairs, should implement a plan to eliminate the backlog of advisory opinion requests for visa applicants who are potentially ineligible under 8 U.S.C. 1182e. (Action: DRL, in coordination with CA)

**Management Response:**

The Embassy accepts this recommendation. The embassy notes that this requires action by the Bureau of Consular Affairs and the Bureau of Democracy, Human Rights and Labor, and is willing to provide support as necessary.

**Recommendation 10:** Embassy Beijing should provide a closed-circuit TV monitoring system or other means to enable consular managers to visually observe the activities within the Consular Section's subcashier booth. (Action: Embassy Beijing)

**Management Response:**

The Embassy accepts this recommendation. Embassy Beijing plans to rectify the deficiency by installing a closed circuit TV system to monitor work activities in the Consular Section's sub cashier's cage. The plan includes installing four separate cameras, two each inside and outside, to monitor and record the person(s) going in and out of the cage and work activities occurring in the cage. The CCTV system also includes a standalone computer server that records activities up to 30 days continuously, and two display monitors located in the designated locations in the Consular area to observe and monitor work activities in the cage by consular officers.

The monitors are already present as they were pre-installed as part of the NOX construction. Post is awaiting quotations from the contractors that came to post on October 13, 2017 for a site visit. Once a contractor is chosen, a date will be chosen and the installation of the CCTV system will proceed. Consular management has also confirmed with CA/EX that it is permissible to use MRV funds under object code 3100 to pay for the system and the installation. Work should be completed in FY2018.

**Recommendation 11:** Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Consular Affairs, should provide a wheelchair-accessible interview window for consular applicants at Consulate General Chengdu. (Action: Embassy Beijing, in coordination with OBO and CA)

**Management Response:**

The Embassy and Consulate General Chengdu accept this recommendation. Embassy Beijing and Consulate General Chengdu are in dialogue with CA and OBO to seek funding and planning support for this project with a view to completion within one-to-two years. Consulate General Chengdu will submit estimated project costs in the FY 2018 CA budget request and proceed with project completion as funding allows.

**Recommendation 12:** Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Consular Affairs, should provide a privacy booth in the consular waiting room at Consulate General Chengdu. (Action: Embassy Beijing, in coordination with OBO and CA)

**Management Response:**

The Embassy and Consulate General Chengdu accept this recommendation. Embassy Beijing and Consulate General Chengdu are in dialogue with CA and OBO to seek funding and planning support for this project with a view to completion within one to two years. Consulate General Chengdu will submit an estimated project cost in its FY 2018 CA budget request and proceed with project completion as funding allows.

**Recommendation 13:** Embassy Beijing should realign responsibilities for the Assistant Regional Security Officer Investigator at Consulate General Chengdu to ensure the requirements in the 2012 memorandum of agreement are met. (Action: Embassy Beijing)

**Management Response:**

Embassy Beijing concurs with the recommendation. MCCA, RSO and Consular Section Chengdu have conferred on the realignment of the A/RSO-I responsibilities at Consulate General Chengdu to ensure the responsibilities contained in the 2012 CA/DS Memorandum of Understanding are met. Additional review procedures have been put in place to ensure stricter accountability under the MOU.

**Recommendation 14:** Embassy Beijing should deobligate unliquidated obligations totaling \$581,634 and put the funds to better use. (Action: Embassy Beijing)

**Management Response:**

Embassy Beijing agrees with the recommendation. The Financial Management Section will continue to diligently monitor ULOs and deobligate as needed when they are no longer necessary.

As noted in the text of the report: “During the inspection, the Financial Management Officer successfully deobligated the invalid prior year obligations listed above. Specifically, the FY 2012 ICASS allotment for \$497,000 and the public diplomacy grants of \$39,541 were both de-obligated on April 28, 2017, and the \$45,093 allotments for secure procurements was de-obligated on May 4, 2017. As a result, this recommendation was closed, and the funds involved (\$581,634) were utilized.

**Recommendation 15:** Embassy Beijing should implement procedures outlining the human resource support services provided and the frequency of visits at each of the five constituent posts. (Action: Embassy Beijing)

**Management Response:**

Embassy Beijing concurs with the recommendation, and will update the existing SOP to outline the nature and frequency of Beijing HR support to the consulates. However, Embassy Beijing notes that the HR section supports the consulates to the extent possible within existing resources. Beijing HR works with constituent posts to provide support visits that accommodate their schedule; each post receives at least one visit per quarter. Beijing HROs, LE Staff, and EFM support consulate operations, provide informal classroom and on-the-job training, and visit key personnel to address pending issues.

**Recommendation 16:** Embassy Beijing, in coordination with the Bureau of Administration, should require Consulate General Wuhan to report its own location-specific survey data for post allowances. (Action: Embassy Beijing, in coordination with A)

**Management Response:**

Consulate General Wuhan accepts this recommendation and will perform a location-specific survey data for post allowances in coordination with Embassy Beijing. This will be completed within one year.

**Recommendation 17:** Embassy Beijing, in coordination with the Bureau of Administration, should require Consulates General Chengdu and Wuhan to submit updated post consumables justifications. (Action: Embassy Beijing, in coordination with A)

**Management Response:**

The Consuls General in Wuhan and Chengdu accept this recommendation and will perform location-specific surveys for post allowances in coordination with Embassy Beijing. This will be completed within one year.

**Recommendation 18:** Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations, should review Mission China residential leases to ensure an accurate determination of building operating expenses costs. (Action: Embassy Beijing, in coordination with OBO).

**Management Response:**

Embassy Beijing concurs with the recommendation. After a review of Chengdu's BOE costs, some major inaccuracies were discovered in the details provided by their landlords. Working in close coordination with Chengdu, Embassy Beijing helped identify those inaccuracies and they have since been revised. Chengdu's BOE costs now range between 10 and 15 percent. The majority of landlords at Embassy Beijing were able to provide detailed and accurate BOE data, and those costs typically range from 11 to 13 percent. Where landlords had to estimate those costs because they could not provide detailed data, the average estimate was 12 percent. For these leases, Post added OBO approved language that BOE costs shall be reconciled annually.

**Recommendation 19:** Embassy Beijing should implement a standard operating procedure for employees to pay for housing-related services that are not the responsibility of the U.S. Government. (Action: Embassy Beijing).

**Management Response:**

Embassy Beijing concurs with the recommendation. The embassy and each consulate is actively working on a standard operating procedure to exclude employees, where possible and practical, from those services for which the U.S. Government has no obligation to pay.

It is common in China for the services mentioned in recommendation 19 to be part of the business model established by the landlords. These companies do not break out these services and fold them into their brand. These companies generally refuse to itemize the services and do not offer commensurate lease reductions when asked to eliminate the services. As a minority-lessee, Mission China has little influence on how individual landlords choose to market and lease their properties and the services they choose to include as integral parts of their offerings.

In the majority of Mission China housing, tenants are required to and have the ability to set up and pay for their own telecom services. However, in some residential compounds, telecom services are bundled through a single pipeline that services the entire building or complex. In these types of compounds there is no mechanism to parse individual telecom costs to or charge individual units. Thus, in those types of compounds, it is not possible to require an employee to pay for a telephone service to which they cannot be individually charged.

Cutting off services for which the U.S. Government bears no responsibility is unlikely to produce any cost savings. That said, Post understands the question of the appropriateness of paying for such services. With the understanding that, despite our negotiating efforts, rents will not likely be reduced and there will be no actual cost savings to the U.S. Government, Mission China will approach landlords to develop a mechanism to charge our tenants should they decide to continue those services once they are explicitly excluded from Post's leases. All leases signed after November 30, 2017, shall include such exclusionary language, subject to OBO approval.

**Recommendation 20:** Embassy Beijing should conduct an annual assessment of its furniture and appliance pool and, if deemed necessary, reduce its furniture and appliance pool charges. (Action: Embassy Beijing)

**Management Response:**

Embassy Beijing concurs with this recommendation. The Embassy's General Services Office (GSO) and Financial Management Office (FMO) in cooperation have reviewed furniture purchase requirements of the furniture and appliance pool (FAP) for both short term requirements and for long term sustainability in order to determine a base line funding requirement. . For the largest of the Mission's FAP pools – Beijing - the results of this review are in agreement with the citing of the OIG, namely that the assessment was too high and resulted in excess amounts of fenced FAP carryover. This result was shared with the subject matter expert in the Washington ICASS Service Center, who agreed to our reduction in the annual assessment from \$5,600 per unit last year down to \$3,700 for the FY-2018 budget year. We will continue to monitor the long term purchase requirements in order to assure that the annual assessment rate is as low as possible while sufficient to fund a sustainable level of furniture purchases from year to year.

**Recommendation 21:** Embassy Beijing should establish an annual acquisition plan and include the consulates general in the planning process. (Action: Embassy Beijing)

**Management Response:**

Embassy Beijing concurs with the recommendation. GSO is drafting a Management Notice to set up the first meeting for acquisition plan development, to take place NLT December 31, 2017. Each consulate has a separate Program and ICASS allocation, and will develop their acquisition plans independently based on their own needs. We will discuss the acquisition plans quarterly in a Mission-wide Management DVC.

**Recommendation 22:** Embassy Beijing should require that all contracting officer representatives and government technical monitors be properly trained and administer their contracts in accordance with Department standards. (Action: Embassy Beijing)

**Management Response:**

Embassy Beijing concurs with the recommendation. The Procurement GSO is putting together a training program now. The SGSO will be responsible for ensuring all CORs are appropriately trained and certified, and any contract that is not covered by a properly certified COR will have one assigned NLT March 31, 2018.

**Recommendation 23:** The Bureau of Administration, in coordination with Embassy Beijing, should require that all contracting officers in Mission China have the correct warrants. (Action: A, in coordination with Embassy Beijing)

**Management Response:**

Embassy Beijing concurs with the recommendation. Post plans to work with the A Bureau to ensure that each Contracting Officer's warrant is valid Mission-wide, rather than for the specific duty location. This will enable us to have maximum flexibility in terms of coverage for contracting throughout China and ensure that properly trained and certified COs can utilize their skill set throughout Post's widely scattered locations.

**Recommendation 24:** Embassy Beijing should institute access controls at its offsite warehouse in accordance with Department standards. (Action: Embassy Beijing)

**Management Response:**

Embassy Beijing concurs with the recommendation. GSO has coordinated a joint effort between Facilities, ISC, and ESC to improve IT access controls at the warehouse. The current server room was located in a non-concrete enforced, non-climate controlled area of the warehouse. The new proposed location will be a climate-controlled, enclosed structure within a concrete-enforced office space where warehouse computers workstations are currently located. Facilities has taken a lead role in developing the design plans for the relocation, and will coordinate efforts with ISC to re-route all computer lines and secure the area per ESC and State department standards. GSO will provide on-site support and liaise with the warehouse owner, as needed, to negotiate alterations to the building and temporarily relocate staff members and adjust warehouse operations as necessary.

**Recommendation 25:** Embassy Beijing should implement a corrective action plan to bring all chauffeurs and incidental drivers into compliance with the Department's motor vehicle safety management program. (Action: Embassy Beijing).

**Management Response:**

Embassy Beijing concurs with the recommendation. Smith Safe Driving Training: Since March 2017, we have trained 26 incidental and professional drivers from other agencies and sections via the Smith System. These drivers are from DEA, DAO, FAC, FAS, FCS, ICE, Mailroom, MSG, P&P, PTO, Shipping and VOA. Steps have been taken to reduce working hours and stagger more shifts. Regular meetings stress the importance of ensuring that seatbelts are fastened before departures. The Executive Drivers now have hands-free phones so they can answer emergency phone calls/get instructions for Ambassador pickup or drop off.

**Recommendation 26:** Embassy Beijing should require that all mission drivers have valid medical clearances in order to operate official vehicles. (Action: Embassy Beijing).

**Management Response:**

Embassy Beijing concurs with the recommendation.

Medical Certifications: At the end of July, we compiled a list of local staff requesting Smith Training who did not have valid medical clearances. We submitted that list to HR, and HR is making the arrangements for them to receive their required medical exams. Once Motor Pool can verify that they have a valid medical certification, they will enroll the drivers in the Smith Safe Driving Training. Motor Pool will continue to submit the list of people needing updated or new medical certification to HR at the beginning of the quarter, and the requests are processed as quickly as possible through the quarter. It was agreed with HR that if driving duties were not listed in the Position Description, then HR will process additional requests for medical certification on a quarterly basis.

Quarterly Reminders: In July and October, we sent out reminders to all Mission China Section/Agency Heads that it is their responsibility to ensure that their drivers have valid driver's licenses, valid medical certifications to drive USG vehicles, and valid Smith Safe Driving Training certification. We plan to send out these notices every quarter to ensure that each section/agency ensures their drivers (American and LES) meet the certification requirements and work with their post GSOs to keep up to date records regarding their valid certifications.

Record Keeping: Embassy Beijing has taken significant steps to track certification requirements. As recommended by the OIG, we are keeping the Motor Pool Driver Records in the FMIS System, and tracking other section and agency drivers in a separate spreadsheet. We cannot put all driver records in the system as then all drivers would appear in our dispatch system -- regardless of whether incidental drivers or drivers for other agencies. Embassy Beijing also plans to have ILMS trainers come out to work with both the Procurement Team and Motor Pool to help us better understand how to use ILMS/FMIS to help with record keeping.

**Recommendation 27:** Embassy Beijing should require that all drivers assigned to operate armored vehicles complete required Department training. (Action: Embassy Beijing)

**Management Response:**

Embassy Beijing concurs with the recommendation. In May 2017, Shanghai sent both its EXEC drivers and a backup driver to the AVDT training. All four of Beijing's EXEC drivers have completed AVDT training. Chengdu's two backup drivers have valid certificates and the EXEC driver will attend the Mandarin Chinese training in May 2018. Beijing has copies of the valid Chengdu, Shanghai and Beijing certificates.

**Recommendation 28:** The Bureau of Overseas Buildings Operations, in coordination with Embassy Beijing, should implement a long-term strategy to evaluate seismic safety of residential buildings in the embassy housing pool. (Action: OBO, in coordination with Embassy Beijing)

**Management Response:**

Embassy Beijing accepts the recommendation. The Natural Hazards Program Manager at OBO/PDCS/DE has informed Post that a planned visit by a seismic survey team in November 2017 to conduct the seismic assessment of all the buildings that are in Post's RPA data will be delayed until late January 2018.

**Recommendation 29:** Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations, should require that all designated post occupational safety and health officers receive required training. (Action: Embassy Beijing, in coordination with OBO)

**Management Response:**

Embassy Beijing accepts the recommendation and is in compliance with the recommendation as all the FMs designated as POSHO in Mission China have attended the required training at FSI in the States as per the following:

Beijing (Shaun Hill): 07/17 – 07/21/2017  
Chengdu (Ben Glerum): 09/28 – 10/02/2015  
Guangzhou (Ed Eng): 07/17 – 07/21/2017  
Shanghai (Omar Ching): 07/17 – 07/21/2017  
Shenyang (Michael Haws): 07/17 – 07/21/2017

**UNCLASSIFIED**



United States Department of State

Washington, D.C. 20520

UNCLASSIFIED  
MEMORANDUM

OCT 16, 2017

TO:           OIG/ISP – Ms. Sandra Lewis

FROM:        OBO/RM – Jürg Hochuli \s\

SUBJECT:     Formal Review and Comment – Draft OIG Report: Inspection of Embassy Beijing, China (ISP-I-17-46)

OBO has reviewed the draft OIG Inspection report and is providing the following comments in response to the recommendations provided by OIG.

**OIG Recommendation 28:** The Bureau of Overseas Buildings Operations, in coordination with Embassy Beijing, should implement a long-term strategy to evaluate seismic safety of residential buildings in the embassy housing pool. (Action: OBO, in coordination with Embassy Beijing)

**Management Response:** OBO concurs with this recommendation. OBO's Natural Hazards Program is coordinating with Post for a Seismic Team Visit in fiscal year 2018.

**OBO General Comments – Recommendation 18:**

For clarification, Post is frequently renting furnished units and the cost of landlord-provided furniture is a Non-Rent Cost, not a Building Operating Expense (BOE). Beijing is not including land-lord provided furniture in their BOE calculation at 12-15%; the difference between Beijing and Chengdu, calculated at 45-60%, may include other Non-Rent Costs, such as landlord-provided furniture. Beijing and constituent posts need to review non-rent costs, particularly landlord-provided furniture, to ensure appropriate funding.

OBO requests that the language in recommendation 18 be revised to the following:

**Inconsistent Calculations of ~~Building Operating Expenses~~ Non-Rent Costs**

OBO requires that posts conduct a thorough review of leases to ensure that non-rent expenses are itemized separately in the lease costs. **Department policy requires that some non-rent costs, including BOEs, be charged to the bureau or agency to which the unit is assigned. Non-rent expenses include BOEs, utilities, landlord-provided furniture, and upgrades performed by the**

landlord. Examples of BOEs include the cost of **condo fees, service changes, management fees, maintenance of common spaces, government assessments, and non-VAT property taxes.**

The lack of accurate accounting for **base rent and non-rent costs** creates inequities in the distribution of costs between OBO, the bureaus, and agencies. If Embassy Beijing used Consulate General Chengdu's Non-Rent average cost of 50 percent, rather than its estimate of 15 percent, agencies and bureaus would be responsible for an additional \$1.6 million in **non-rent** costs per year.

**Recommendation 18: Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations, should review Mission China residential leases to ensure an accurate determination of non-rent and building operating expenses costs. (Action: Embassy Beijing, in coordination with OBO).**



United States Department of State

*Bureau of Consular Affairs*

*Washington, D.C. 20522*

October 19, 2017

UNCLASSIFIED

TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: CA – Carl C. Risch

SUBJECT: Response to Draft OIG Report – Inspection of Embassy Beijing and Constituent Posts, China

The Bureau of Consular Affairs (CA) has reviewed the draft OIG Inspection report. We provide the following comments in response to the recommendations provided by OIG:

**OIG Recommendation 8:**

The Bureau of Consular Affairs should issue guidance in 9 Foreign Affairs Manual for consular officers explaining how to determine potential visa ineligibilities under 8 U.S.C. 1182e. (Action: CA)

**Management Response:** CA agrees with the recommendation.

**OIG Recommendation 9:**

The Bureau of Democracy, Human Rights and Labor, in coordination with the Bureau of Consular Affairs, should implement a plan to eliminate the backlog of advisory opinion requests for visa applicants who are potentially ineligible under 8 U.S.C. 1182e. (Action: DRL, in coordination with CA)

**Management Response:** CA agrees with the recommendation.

**OIG Recommendation 10:**

Embassy Beijing should provide a closed-circuit TV monitoring system or other means to enable consular managers to visually observe the activities within the Consular Section's subcashier booth. (Action: Embassy Beijing)

**Management Response:** CA agrees with the recommendation.

**OIG Recommendation 11:**

Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Consular Affairs, should provide a wheelchair-accessible interview window for consular applicants at Consulate General Chengdu. (Action: Embassy Beijing, in coordination with OBO and CA)

**Management Response:** CA agrees with the recommendation.

**OIG Recommendation 12:**

Embassy Beijing, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Consular Affairs, should provide a privacy booth in the consular waiting room at Consulate General Chengdu. (Action: Embassy Beijing, in coordination with OBO and CA)

**Management Response:** CA agrees with the recommendation.

**OIG Recommendation 13:**

Embassy Beijing should realign responsibilities for the Assistant Regional Security Officer Investigator at Consulate General Chengdu to ensure the requirements in the 2012 memorandum of agreement are met. (Action: Embassy Beijing)

**Management Response:** CA agrees with the recommendation.

The point of contact for this memorandum is Heather Shkliarova, 202-485-7671.



United States Department of State

Washington, D.C. 20520

October 26, 2017

UNCLASSIFIED

THRU: DRL – Randy Berry, Senior Bureau Official

TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: DRL/MLGA – Lynn Sicade, Director

SUBJECT: Response to Draft OIG Report – Inspection of Embassy Beijing

DRL/MLGA has reviewed the draft OIG Inspection report. We provide the following comments in response to the recommendations provided by OIG:

**OIG Recommendation 9:** The Bureau of Democracy, Human Rights and Labor, in coordination with the Bureau of Consular Affairs, should implement a plan to eliminate the backlog of advisory opinion requests for visa applicants who are potentially ineligible under 8 U.S.C. 1182e. (Action: DRL, in coordination with CA)

**Management Response:** DRL and CA agree with the recommendation. Officers in DRL/MLGA, DRL/EAP, L/HRR, and CA have already begun a process to eliminate the backlog. With approximately 250 existing cases, and at least ten more coming from post every month, it is estimated that together we will need to process 30+ cases per month to eliminate the backlog in one year. DRL currently has 102 draft human rights assessment memos in response to advisory opinions in the clearance process. DRL and L/HRR are working together to update the template for human rights assessment memoranda and to streamline procedures for processing them.

DRL/MLGA Greg Staff is the point of contact for this memorandum.



United States Department of State

*Bureau of Educational and Cultural Affairs  
Washington, D.C. 20547*

*www.state.gov*

October 31, 2017

UNCLASSIFIED

TO:            OIG – Sandra Lewis, Assistant Inspector General for Inspections  
FROM:         ECA – Alyson L. Grunder, Senior Bureau Official  
SUBJECT:     Response to Draft OIG Report – Inspection of Embassy Beijing

ECA has reviewed the draft OIG Inspection report. We provide the following comments in response to the recommendations provided by the Office of the Inspector General (OIG):

**OIG Recommendation 6:** Embassy Beijing, in coordination with the Bureau of Educational and Cultural Affairs, should implement a written policy on how the Regional Educational Advising Coordinator should support Mission China's EducationUSA activities. (Action: Embassy Beijing, in coordination with ECA)

**Management Response:** ECA accepts the recommendation to implement a written policy on how the Regional Educational Advising Coordinator (REAC) should support Mission China's EducationUSA activities. ECA's Office of Global Educational Programs, Embassy Beijing, and the REAC are coordinating on the development of a written plan, which will be completed by the end of the 2017 calendar year. Henceforth, the Office of Global Educational Programs will utilize the existing annual strategic planning process to seek input from posts to clarify the role of assigned REACs within overall Mission activities.

**OIG Recommendation 7:** The Bureau of Educational and Cultural Affairs should clarify and reissue guidance on the preparation and distribution of EducationUSA site visit reports and enforce compliance with this requirement. (Action: ECA)

**Management Response:** ECA accepts the recommendation and has updated and reissued the site visit report template, as well as guidance on timely completion and submission of reports. ECA has also established and communicated a new procedure for completing, submitting, and circulating site visit reports, and created a cloud-based, electronic filing system in which existing and future site visit reports will be stored and listed.

The point of contact for this memorandum is EducationUSA Branch Chief Alfred Boll, [BollAM@state.gov](mailto:BollAM@state.gov) .

UNCLASSIFIED

Approved: Senior Bureau Official Alyson Grunder (ok)  
Acting DAS Marianne Craven (ok)

Drafted: ECA/A/S/A – Alfred Boll, 632-6353

Cleared: ECA/A – David Plack (ok)  
ECA/A/S –Anthony Koliha (ok)  
ECA/A/S – Heidi Manley (ok)  
ECA/FO – Sharon Cooke (ok)

## APPENDIX C: FY 2016 STAFFING AND FUNDING BY AGENCY

	U.S. Direct- hire Staff	U.S. Locally Employed Staff	Foreign National Staff	Total Staff	Funding (\$)
<b>Department of State</b>					
Diplomatic & Consular Programs	106	12	68	186	19,738,504
Consular	212	40	347	599	22,723,017
ICASS	112	83	1015	1210	58,461,469
Public Diplomacy	27	12	91	130	7,966,280
Diplomatic Security	41	12	8	61	2,904,208
Marine Security	48	0	0	48	575,395
Representation	0	0	0	0	206,720
Overseas Buildings Operations	2	0	4	6	53,041,429
Broadcasting Board of Governors	2	0	2	4	0
<b>Department of Agriculture</b>	17	0	49	66	5,309,662
<b>Department of Commerce</b>	32	3	110	145	12,439,790
<b>Department of Defense</b>	44	0	6	50	2,737,771
<b>Department of Energy</b>	4	1	4	9	934,000
<b>Department of Justice</b>	9	1	3	13	278,025
<b>Department of Health and Human Services</b>	40	4	48	92	7,294,811
<b>Department of Homeland Security</b>	20	0	26	46	2,097,674
<b>Department of the Interior</b>	1	0	0	1	0
<b>Department of Transportation</b>	1	0	2	3	0
<b>Department of the Treasury</b>	2	0	4	6	296,320
Consumer Product Safety Commission	1	0	1	2	0
National Science Foundation	1	0	2	3	415,378
Peace Corps	3	0	0	3	0
United States Trade Representative	2	0	2	4	250,198
USAID	1	0	2	3	0
U.S. Trade and Development Agency	1	0	0	1	101,991
Other Foreign Assistance	0	0	13	12	103,815
<b>Total</b>	729	168		2703	197,227,845
		1807			

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

## ABBREVIATIONS

---

ADCM	Acting Deputy Chief of Mission
BOE	Building Operating Expenses
CEDI	China Economic Diplomacy Initiative
COR	Contracting Officer's Representative
ESTH	Environment, Science, Technology and Health
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FAST	First- and Second-Tour
GTM	Government Technical Monitor
ICASS	International Cooperative Administrative Support Services
ICS	Integrated Country Strategy
LE	Locally Employed
OBO	Bureau of Overseas Buildings Operations
PAS	Public Affairs Section
REAC	Regional Educational Advising Coordinator

## OIG INSPECTION TEAM MEMBERS

---

Douglas A. Hartwick, Team Leader  
Lisa Piascik, Deputy Team Leader  
Richard Behrend  
William Booth  
Paul Cantrell  
Robert David  
Martha Fikru  
Todd Fontaine  
Thomas Furey  
Daniel Gershator  
Hanane Grini  
Sarah Hall  
Paul Houge  
Richard Kaminski  
Tanya Manglona  
James Norton  
John Philibin  
Charles Rowcliffe

UNCLASSIFIED



# HELP FIGHT FRAUD. WASTE. ABUSE.

1-800-409-9926

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

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

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

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

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

UNCLASSIFIED