



OIG

Office of Inspector General

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

ISP-I-18-21

Office of Inspections

March 2018

Inspection of Yemen Affairs Unit

BUREAU OF NEAR EASTERN AFFAIRS

Summary of Review

The Yemen Affairs Unit was established in March 2015, following the suspension of operations and evacuation of Embassy Sanaa, Yemen, in February 2015. Due to the ongoing civil war in Yemen, the embassy has been unable to resume operations in Sanaa. Although the Yemen Affairs Unit's operating environment has changed considerably since it was established, OIG found the Department of State had not reviewed the unit's functions or structure to determine whether they were aligned with current goals and whether funds expended were appropriate.¹ OIG recommended that the Department reassess the Yemen Affairs Unit's location, function and size; conduct a cost-benefit analysis of a leased property in Sanaa; and review the embassy's outstanding unliquidated obligations. OIG notes that prompt attention to these recommendations is particularly important in light of the ongoing U.S. policy debates on Yemen and the upcoming relocation of U.S. Consulate General Jeddah, where the Yemen Affairs Unit is currently based. In its comments on this draft report, the Department concurred with the three recommendations. The Department's response to each recommendation, and OIG's reply can be found in the Recommendations section of this report. OIG considers the three recommendations resolved. The Department's formal written response is reprinted in its entirety in Appendix D.

BACKGROUND

The Republic of Yemen has struggled with national unity issues since the separate states of the Republic of Yemen (North Yemen) and the People's Democratic Republic of Yemen (South Yemen) unified in 1990. In September 2014, Houthi tribal militant groups allied with forces loyal to ex-President Ali Abdullah Saleh² defeated government forces and entered the capital, Sanaa, sending the government of President Abdo Rabo Mansour Hadi into exile in Riyadh, Saudi Arabia. A Saudi-led coalition of 10 countries in March 2015 initiated an air campaign to oust the Saleh/Houthi forces, which was ongoing at the time of this inspection in fall 2017. UN efforts to mediate a resolution of the conflict, begun in December 2015, were continuing.

Yemen remains deeply divided, with pockets of ongoing violent conflict that occasionally spill over the country's borders. At the time of the inspection, the Houthis controlled much of northwest Yemen, including Sanaa, while the exiled Hadi government had re-established an intermittent presence centered on the southern port city of Aden. The fighting accelerated Yemen's economic decline and exacerbated already high levels of humanitarian need, pushing the country into an ongoing crisis. In response, the United States increased humanitarian assistance to Yemen by 98 percent in FY 2017, to \$637.5 million. Terrorist groups, including Al Qaeda in the Arabian Peninsula, took advantage of wide swaths of ungoverned territory to expand their presence and operations in Yemen.

¹ As noted in the methodology section, this inspection focused specifically on issues associated with the Yemen Affairs Unit's location, structure, and staffing.

² Saleh was assassinated by Houthi forces on December 4, 2017, following a breakdown of the alliance between those forces and his own loyalists.

Because of the conflict and to ensure the safety of mission personnel, U.S. Embassy Sanaa suspended operations, and the embassy evacuated in February 2015. While all American personnel left, more than 800 locally employed (LE) staff remained in Sanaa. The Department of State (Department) established the Yemen Affairs Unit (YAU), headed by the U.S. Ambassador to Yemen, at the Consulate General compound in Jeddah, Saudi Arabia, in March 2015. YAU—a non-traditional diplomatic operation established to sustain U.S. diplomacy in response to unusual circumstances—is responsible for maintaining U.S. diplomatic engagement with the Yemeni Government and other parties concerned with the conflict and for managing Embassy Sanaa’s resources. YAU initially consisted of 13 American staff officially assigned to Embassy Sanaa but on temporary duty in Jeddah, and one LE staff member who relocated from Embassy Sanaa. YAU was designed to be a small, temporary operation that could return to Yemen on short notice if diplomatic efforts succeeded in producing conditions that would allow Embassy Sanaa to resume normal operations.

Although operations in Yemen are suspended, the U.S. Government maintains an embassy compound, a leased property, and, as noted previously, 812 LE staff in Sanaa. The LE staff members’ employment status is discussed later in this report. At the time of the inspection, the continued fighting in Yemen and the fact that Sanaa was under rebel control limited the ability of U.S. government personnel to enter Yemen to supervise embassy staff and assets or to conduct and monitor foreign assistance, public diplomacy, and other programming.³

Figure 1: Map of Yemen and Saudi Arabia



Source: OIG

³ Due to the difficult security environment in Yemen and out of concern for the safety of LE staff, YAU officers intentionally limit contact with LE staff who remain in Yemen.

Establishment of the Yemen Affairs Unit in Jeddah

The Department located YAU in Jeddah because the consulate general had space within its secure compound that could be adapted quickly to accommodate the unit. One of YAU's first tasks was to prepare an Integrated Country Strategy (ICS) for Yemen. Issued in 2015, YAU based its ICS on the assumption that Yemen's security environment would not permit reopening the embassy in the near term. As a result, YAU identified the following ICS goals:

- Sustain the implementation of political transition agreements arising from UN mediation efforts.
- Help Yemen build institutional capacity to sustain economic growth and improve social development.
- Enhance U.S. security by strengthening Yemeni security institutions, countering the spread of violent extremism, and remotely assisting the U.S. citizen population in Yemen.

Additionally, in the first months after YAU was established, the Ambassador engaged with the exiled Republic of Yemen Government and other parties in the region in pursuit of an end to the fighting. At the same time, other YAU staff worked to re-create financial and other records destroyed in the embassy's evacuation and to establish processes to support the Ambassador's diplomatic activities and to oversee, to the extent possible, Embassy Sanaa's assets and LE staff.

Yemen Affairs Unit Leadership, Activities, and Current Staffing

OIG found the Ambassador modeled the Department's leadership principles in 3 Foreign Affairs Manual (FAM) 1214. Staff reported he was inspirational, supportive, and accessible, despite a heavy travel schedule. Washington officials told OIG the Ambassador was the leading senior U.S. Government expert on Yemen and a key player in policy development and implementation. Washington consumers valued the YAU's comprehensive, timely, and insightful coverage of diplomatic engagement on the Yemen peace process.

Washington officials credited the Ambassador with shaping and supporting UN mediation efforts that led to direct talks between Yemen's warring factions in Kuwait in April 2016. These talks broke down in August 2016 without producing an agreement. Since then, U.S. diplomacy has been directed at reducing violence in Yemen, supporting humanitarian relief efforts in the country, and promoting a negotiated resolution to the conflict.

While YAU is located in Jeddah, the Republic of Yemen Government and politically active Yemenis are established in Riyadh, almost 600 miles away. The Ambassador and most YAU staff accordingly spent much of their time traveling from Jeddah to Riyadh to engage with those parties. YAU permanently assigned one American staff member to Riyadh, principally to support the Ambassador's frequent diplomatic engagements in that city. In addition, the Bureau of Conflict and Stabilization Operations detailed one staffer on long-term temporary duty in Amman, Jordan, to help YAU engage with the UN special envoy's office and the Central Bank of Yemen, whose staff is located there.

By the time of the inspection, YAU staff had expanded to 16 Americans from the Departments of State and Defense and U.S. Agency for International Development (USAID), all but one of whom are located in Jeddah. Since YAU's inception, the Department has had difficulty filling unit positions, with many going vacant for considerable periods. For example, the Public Affairs Officer position has never been filled by an at-grade officer and has been vacant for up to 4 months at a time. At the time of the inspection, a reemployed annuitant was on his second temporary assignment as YAU's Public Affairs Officer. During the inspection, the Bureau of Near Eastern Affairs "normalized"⁴ YAU assignments by extending the length of tours to 24 months and allowing staff to bring their dependents, beginning with the FY 2018 assignments cycle.

FINDINGS

Yemen Affairs Unit's Location, Costs, Functions, and Staffing Should be Reassessed

Since 2015, there have been substantial changes in the underlying circumstances in Yemen—including evolving security developments and a growing humanitarian crisis—and similarly significant changes in YAU's operating environment. Notwithstanding these changes, neither YAU leadership nor the Department have reassessed YAU's location, functions, or staffing and resources to ensure they are aligned with strategic goals and that the benefits derived are commensurate with the costs expended. As discussed below, OIG identified a number of reasons that warrant a prompt review of YAU's operations.

Location Hindered, Rather Than Helped, Productivity

YAU's location in Jeddah hindered, rather than facilitated, its work. Most staff told OIG that their responsibilities required them to spend a substantial portion of their time outside of Jeddah. For example, in FY 2017, the Ambassador spent 67 percent of the time away from Jeddah in order to pursue diplomacy associated with Yemeni matters. His most frequent destination was Riyadh, where he traveled 26 times and spent 71 days. Other agency representatives and YAU staff told OIG their work on Yemen-related issues took place somewhere other than Jeddah and that the unit would be more productive if based in Riyadh.

OIG observed that Embassy Riyadh, at the time of the inspection, lacked sufficient space to host YAU staff. OIG suggested that YAU consider alternatives such as Eskan Village, a secure compound for the U.S. military in the Riyadh suburbs, as a potential new YAU location.

Yemen Affairs Unit Location Increased Travel and Other Costs

YAU's location in Jeddah resulted in costs that could have been avoided if it were located in Riyadh. YAU spent \$184,000 in FY 2017 travel to Riyadh, including \$32,000 for the Ambassador's trips. YAU rented a residence in Riyadh at an annual cost of \$141,000 to support the

⁴ Before normalization, YAU staff were assigned to Embassy Sanaa and on long-term temporary duty to the YAU for one year. Under normalization, bidders will be assigned to Consulate General Jeddah.

Ambassador's frequent multi-day stays. (The Ambassador also has a residence in Jeddah.) Consulate General Jeddah is scheduled to move to a new location in 2018. When that occurs, YAU's offices are slated to occupy five staff housing units on the new compound. However, this will displace the consulate general staff who ordinarily would occupy those units and require the consulate general to lease off-compound housing at an estimated annual cost of \$264,000.

Unit Assumed Most, But Not All, Traditional Embassy Functions

YAU formally assumed most of the responsibilities of a traditional embassy,⁵ but in practice did not fully execute them. The Ambassador led YAU staff in diplomatic engagement to execute foreign policy priorities in the region and with Washington officials. However, YAU was less involved in other areas that would typically be part of an embassy's work. For example, the Bureau of Near Eastern Affairs, rather than the YAU's Political-Economic Section, produced Congressional and other mandated reports on Yemen, relying on information from non-governmental and international organizations and other sources in Yemen. The acting YAU Public Affairs Officer largely functioned as a press officer, preparing daily media reaction reports and engaging western media and exiled Yemeni journalists in Riyadh in support of reconciliation efforts. Unlike a public affairs officer at most embassies, he did not work on exchanges, cultural programs, and other traditional public diplomacy activities, all of which essentially ceased due to security concerns. YAU also had not produced strategic documents to plan or monitor political-economic or public diplomacy activities, although these would typically be the responsibilities of the political-economic officers and the public affairs officer assigned to the unit.

Rightsizing Review of Yemen Affairs Unit Staffing Never Conducted

The Department's Office of Management Policy, Rightsizing, and Innovation last conducted a rightsizing review of Embassy Sanaa in January 2009 and had never conducted one for YAU. OIG found no evidence that YAU's staffing increase from 12 to 16 American direct-hire employees was based on a workload analysis. For example, YAU originally had two political-economic reporting officers. It had four at the time of the inspection, but OIG could not determine if the increase was due to either an increase in the volume of reporting or the need to perform or support the travel required to report on Yemen-related developments.

Following the 2015 evacuation, the Department placed 379 of the embassy's 817 LE staff members who remained in Sanaa on paid administrative leave through November 2017. Of the remaining 451 local employees, 50 provided updates to YAU on developments within Yemen and handled other tasks related to the embassy section in which they worked. The other 401 retained staff were local guard force members designated to guard the embassy compound and the leased Diplomatic Transit Facility Sanaa (DTFS). In October 2017, the Department began Reduction-in-Force procedures to eliminate the 361 positions placed on administrative leave and retain the 451 positions designated as caretakers and as essential to operations. The Department estimated that the Reduction-in-Force would save more than \$5.7 million annually in salary and benefits.

⁵ YAU did not assume the consular functions of Embassy Sanaa, and there are no consular employees assigned to YAU.

Although the Reduction-in-Force described above may ultimately be part of an appropriate strategy, it has not been undertaken as part of a more systematic assessment of YAU as a whole. Guidance in 18 Foreign Affairs Manual (FAM) 301.1-2 through 301.1-4⁶ encourages Department bureaus to conduct periodic evaluations of ongoing programs to examine performance and outcomes, and determine whether adjustments are needed to improve efficiency or effectiveness. Continuing the status quo with respect to YAU's location, operations, and staffing without assessing its current circumstances and operational requirements risks a misallocation of U.S. Government resources.

Recommendation 1: The Bureau of Near Eastern Affairs, in coordination with the Office of Management Policy, Rightsizing, and Innovation and the Yemen Affairs Unit, should assess the Yemen Affairs Unit's location, functions, and staffing. In doing so, it should consider lessons learned since the Yemen Affairs Unit opened in 2015 and expected future requirements to meet U.S. foreign policy objectives in Yemen. (Action: NEA, in coordination with M/PRI and YAU)

Cost-Benefit Analysis Needed for the Diplomatic Transit Facility Sanaa

Following the 2015 departure of U.S. direct-hire personnel from Sanaa, the Department did not conduct a formal study or cost-benefit analysis to determine whether to continue to operate and maintain the DTFS facility, which had been used for housing U.S. personnel. The DTFS building is an 8-story former hotel situated on a 14.5 acre compound overlooking both the city and embassy compound. The UN subleased the facility after the 2015 evacuation. There are four major costs associated with DTFS: lease, operations and maintenance contract expenditures, a local guard force, and generator fuel. These costs are shown in the table in Appendix C and described below.

In 2013, the Department leased the facility at an annual cost of \$1.2 million for 2013-2015, a cost that increased to \$1.3 million for 2016-2018 and to \$1.4 million for 2019-2022. The U.S. Government can terminate the lease for convenience with 6 months advance notice to the landlord. Also in 2013, the embassy entered into a 5-year, \$65.4 million contract with a U.S. company to operate and maintain the DTFS facility. The Department awarded a follow-on contract to the same company on June 1, 2017. The first task order issued under the follow-on contract has a period of performance of June 1, 2017, to May 31, 2018, and a value of \$12.4 million, of which the Department funded \$6.9 million through December 31, 2017. The operations and maintenance contract can be terminated for the convenience of the U.S. Government at any time.

At the time of the inspection, the UN, which subleased the facility in June 2015, was in the process of vacating it and was expected to terminate its sublease on December 31, 2017. The UN sublease offset approximately \$29.2 million in costs incurred by the Department in operating and maintaining the facility from FY 2015 through FY 2017. Even with the offset, maintaining and operating the DTFS facility cost YAU \$52 million during this time frame. YAU estimated that the

⁶ 18 FAM 301.1-2 through 301.1-4, "Department of State Evaluation Policy," February 6, 2015.

UN offset for the first three months of FY 2018 would be approximately \$3 million. After the UN's departure, YAU will bear the entire estimated DTFS cost of approximately \$23.6 million for FY 2018 and FY 2019.

Approximately 303 of the embassy's 401 local guard force members are assigned to guard the DTFS facility.⁷ They provide continuous protection inside the DTFS compound and around its outside perimeter. YAU estimates that this protection will cost approximately \$8.4 million annually in FY 2018 and FY 2019. In addition, YAU estimated the cost of generator fuel for the DTFS facility at between \$1.7 million and \$4.4 million in FY 2015 through FY 2017. As the UN was expected to occupy the building for only 3 months in FY 2018, YAU estimated that generator fuel would cost \$600,000 in FY 2018. YAU anticipated that the cost will drop to approximately \$60,000 in FY 2019, when the facility is expected to be vacant for the entire year.

At the time of the inspection, the Department was considering whether to retain the DTFS facility. However, the Department had not conducted a cost-benefit analysis to help determine whether it would be in the U.S. Government's best interest to continue to lease, maintain, and secure the DTFS facility. OIG found that Department officials did not conduct a cost-benefit analysis because they believed that Yemen security conditions would improve and that the suspension of operations would be temporary. Even assuming this to be the case, though, a cost-benefit analysis—a systematic approach to estimating the strengths and weaknesses of alternatives—could help determine options that provide the best approach to achieve benefits while preserving savings. Whatever the course it decides to take, the Department may not have critical information necessary to make informed resource decisions and may also incur unnecessary costs if it determines the future of the DTFS facility without engaging in such analysis.

Recommendation 2: The Bureau of Near Eastern Affairs, in coordination with the Bureaus of Overseas Buildings Operations and Diplomatic Security and the Yemen Affairs Unit, should (a) conduct a cost-benefit analysis to determine whether the Department should continue to lease, maintain, and secure the Diplomatic Transit Facility and, (b) if the Bureau of Near Eastern Affairs does not continue to lease, maintain, and secure the Diplomatic Transit Center, it should put \$23.5 million in projected future costs to run the facility to better use. (Action: NEA, in coordination with OBO, DS, and YAU)

Review of Embassy Sanaa's Prior Year Unliquidated Obligations Needed

YAU reduced Embassy Sanaa's unliquidated obligation balances by \$17.3 million in FY 2017 by recreating records destroyed during the March 2015 evacuation, contacting vendors, consulting with embassy LE staff, and using Department records. Notwithstanding these efforts, at the time of the inspection, OIG determined that Embassy Sanaa still had unliquidated obligation balances of \$4.89 million dating from FY 2012 through FY 2015 that required more research to validate. According to 4 FAM 225(e), at the end of each fiscal year all unliquidated obligations must be

⁷ The other members of the local guard force are assigned to provide round-the-clock protection of the embassy compound's outside perimeter.

validated and supported by documentary evidence as specified in Title 31 of the United States Code section 1501. While OIG understands that, due to scant documentary evidence, it is challenging and labor-intensive for YAU to research older unliquidated obligations, it must be completed so funds that cannot be validated can instead be de-obligated and put to better use.

Recommendation 3: The Yemen Affairs Unit should review Embassy Sanaa's balance of \$4.89 million in unliquidated obligations and validate or de-obligate the funds to put them to better use as applicable. (Action: YAU)

RECOMMENDATIONS

OIG provided a draft of this report to the Department for its review and comment on the findings and recommendations. OIG issued the following recommendations to the Bureau of Near Eastern Affairs and Yemen Affairs Unit. The Department's complete response can be found in Appendix D. The Department also provided technical comments that OIG incorporated, as appropriate, into this report.

Recommendation 1: The Bureau of Near Eastern Affairs, in coordination with the Office of Management Policy, Rightsizing, and Innovation and the Yemen Affairs Unit, should assess the Yemen Affairs Unit's location, functions, and staffing. In doing so, it should consider lessons learned since the Yemen Affairs Unit opened in 2015 and expected future requirements to meet U.S. foreign policy objectives in Yemen. (Action: NEA, in coordination with M/PRI and YAU)

Management Response: In its February 20, 2018, response, the Bureau of Near Eastern Affairs concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the bureau's assessment of the Yemen Affairs Unit.

Recommendation 2: The Bureau of Near Eastern Affairs, in coordination with the Bureaus of Overseas Buildings Operations and Diplomatic Security and the Yemen Affairs Unit, should (a) conduct a cost-benefit analysis to determine whether the Department should continue to lease, maintain, and secure the Diplomatic Transit Facility and, (b) if the Bureau of Near Eastern Affairs does not continue to lease, maintain, and secure the Diplomatic Transit Center, it should put \$23.5 million in projected future costs to run the facility to better use. (Action: NEA, in coordination with OBO, DS, and YAU)

Management Response: In its February 20, 2018, response, the Bureau of Near Eastern Affairs concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the cost-benefit analysis and subsequent status of the Diplomatic Transit Facility.

Recommendation 3: The Yemen Affairs Unit should review Embassy Sanaa's balance of \$4.89 million in unliquidated obligations and validate or de-obligate the funds to put them to better use as applicable. (Action: YAU)

Management Response: In its February 20, 2018, response, the Yemen Affairs Unit concurred with the recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the validation or de-obligation of funds for Embassy Sanaa's unliquidated obligations.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Chiefs of Mission:		
Ambassador	Matthew Tueller	5/2014
Deputy Chief of Mission	Ana Escrogima	6/2017
Chiefs of Sections:		
Management	Brad Page	6/2017
Political/Economic	Margaret Diop	8/2017
Public Affairs	Haynes Mahoney ⁸	6/2017
Regional Security	Heath Ward	11/2016
Other Agencies:		
USAID	David Harden	10/2017
Department of Defense	John Zavage	9/2017

Source: Yemen Affairs Unit

⁸ Position was filled by a Reemployed Annuitant at the time of the inspection.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This review was conducted between September 5, 2017, and January 8, 2018, 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.

The Office of Inspections provides the Secretary of State, the Chairman of the Broadcasting Board of Governors, and the Congress with systematic and independent evaluations of the operations of the Department and the Broadcasting Board of Governors.

OIG's specific inspection objectives were to determine whether, given its location, structure and staffing, the Yemen Affairs Unit was exercising its executive direction, policy and program implementation, and resource management responsibilities consistent with Section 209 of the Foreign Service Act and Department regulation.

Methodology

In conducting inspections, OIG uses a risk-based approach to prepare for each inspection; reviews pertinent records, circulates, and compiles the results of survey instruments, as appropriate; conducts interviews with Department and on-site personnel; observes daily operations; and reviews the substance of the report and its findings and recommendations with offices, individuals, and organizations affected by the review.

For this inspection, OIG reviewed 12 electronic survey results and conducted 95 telephone and in-person interviews in Washington, Riyadh, and Jeddah. It also conducted an on-site visit to Jeddah and Riyadh but was unable to travel to Yemen due to the security conditions there. Finally, OIG used professional judgment, along with documentary, testimonial, and analytical evidence collected or generated, to develop its findings and actionable recommendations.

This inspection was conducted by Kenneth C. Brill (team leader), Scott Boswell (deputy team leader), Brent Byers, Amanda Marsh, Teresa Rusch, and Timothy Wildy.

APPENDIX B: FY 2018 YEMEN AFFAIRS UNIT STAFFING

Agency	U.S. Direct-hire Staff	U.S. Locally Employed Staff	Locally Employed Staff	Total Staff
Department of State				
Diplomatic & Consular Programs	8	0	1	9
International Cooperative Administrative Support System	3	0	0	3
Public Diplomacy	1	0	0	1
Diplomatic Security	1	0	0	1
Subtotal	13	0	1	14
Other Agencies				
Defense Attaché Office	2	0	0	2
USAID	1	0	0	1
Subtotal	3	0	0	17
Total	16	0	1	17

Source: Yemen Affairs Unit

APPENDIX C: COSTS FOR DIPLOMATIC TRANSIT FACILITY SANAA

Fiscal Year	Lease (\$)	Operation, Maintenance Contract (\$)	Local Guard Force (\$)	Generator Fuel (\$)	United Nations Offset (\$)	Total (\$)
2015	1,200,000	16,558,258	8,181,896	2,146,972	(4,132,344)	23,954,782
2016	1,296,000	13,168,855	7,618,466	4,364,991	(13,499,765)	12,948,547
2017	1,296,000	15,439,323	8,387,787	1,680,000	(11,559,262)	15,243,848
Subtotal	3,792,000	45,166,436	24,188,150	8,191,963	(29,191,371)	52,147,178
2018 ⁹	1,296,000	6,500,000	8,387,787	600,000	(3,000,000)	13,783,787
2019	1,399,480	0	8,387,787	60,000	0	9,743,787
Total	6,487,680	51,666,436	40,963,724	8,851,963	(32,191,371)	75,778,432

Source: Yemen Affairs Unit

The figures above for costs and United Nations offset represent maximums and may change. The operation and maintenance contract is paid from, and the United Nations offset is returned to, International Cooperative Administrative Support Services¹⁰ funds. As a result, costs and reimbursements are shared among represented agencies.

FY 2018 are estimated amounts because the dates for separation of locally employed staff subject to the Reduction in Force, termination date for the operation and maintenance contract, and future status of the Diplomatic Transit Facility Sanaa compound were unknown at the time of the inspection. Final FY 2018 figures, and thus potential funds put to better use, may be lower.

⁹ Figures for FY 2018 and FY 2019 are estimates.

¹⁰ The International Cooperative Administrative Support System (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 Foreign Affairs Handbook 5 H-013.2.

APPENDIX D: MANAGEMENT RESPONSE



*Embassy of the United States of
America Sana'a, Yemen
Yemen Affairs Unit
Jeddah, Saudi Arabia*

February 20, 2018

UNCLASSIFIED

THRU: NEA – David M. Satterfield, Senior Bureau Official

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

FROM: Embassy Sana'a – Ambassador Matthew Tueller

SUBJECT: Response to Draft OIG Report – Inspection of Embassy Sana'a, Yemen Affairs Unit (YAU)

Embassy Sana'a, Yemen Affairs Unit, and the NEA Bureau have reviewed the draft OIG Inspection report. We provide the following comments in response to the recommendations provided by OIG:

OIG Recommendation 1: The Bureau of Near Eastern Affairs, in coordination with the Office of Management Policy, Rightsizing, and Innovation and the Yemen Affairs Unit, should assess the Yemen Affairs Unit's location, functions, and staffing. In doing so, it should consider lessons learned since the Yemen Affairs Unit opened in 2015 and expected future requirements to meet U.S. foreign policy objectives in Yemen. (Action: NEA, in coordination with M/PRI and YAU)

Management Response: The YAU and NEA Bureau accept this recommendation. The YAU began a review process of its expeditionary presence in Saudi Arabia in November 2017 and shared the Country Team's collective view via front channel cable (*3 Yemen Affairs Unit 18*) on January 23. This collaborative Country Team assessment reviewed lessons learned since the Yemen Affairs Unit's inception in 2015, highlighting that the YAU's location in Saudi Arabia and agile presence and function enabled this Mission to meet operational requirements in pursuing U.S. objectives amid the fluid security, political and humanitarian crisis in Yemen.

NEA has established a working group to evaluate the YAU's location, functions, and staffing. The YAU has reviewed and refreshed its Integrated Country Strategy (ICS) goals, and section heads are in the process of identifying optimal staffing levels required to meet strategic objectives. The YAU will provide a Mission Resource Request in March 2018, a submission to M/PRI for preparation of a Rightsizing Review in April 2018, and a revised ICS document in May

2018 that will reflect the Country Team's vision for future staffing and resource requirements in support of U.S. objectives in Yemen.

OIG Recommendation 2: The Bureau of Near Eastern Affairs, in coordination with the Bureaus of Overseas Buildings Operations and Diplomatic Security and the Yemen Affairs Unit, should (a) conduct a cost-benefit analysis to determine whether the Department should continue to lease, maintain, and secure the Diplomatic Transit Facility and, (b) if the Bureau of Near Eastern Affairs does not continue to lease, maintain, and secure the Diplomatic Transit Center, it should put \$23.5 million in projected future costs to run the facility to better use. (Action: NEA, in coordination with OBO, DS, and YAU)

Management Response: The YAU and NEA Bureau accept this recommendation. Following six months of deliberation and cost-benefit analysis by the YAU, NEA, DS, and OBO on the merits of maintaining the Diplomatic Transit Facility-Sana'a (DTFS) after the United Nations vacated it November 2017, NEA put forward a recommendation to terminate the lease. On December 26, 2017, the Acting Director General (M) signed an Action Memo authorizing the termination of the lease. Notice was provided to the landlord on the same day, with termination effective June 30, 2018, along with a one-half year payment, saving \$650,000. The Office of Acquisitions proceeded to terminate the life support contract for the DTFS effective December 31, 2017. The YAU is currently working on the timeline and close down procedures with LE staff in Sana'a.

OIG Recommendation 3: The Yemen Affairs Unit should review Embassy Sana'a's balance of \$4.89 million in unliquidated obligations (ULOs) and validate or de-obligate the funds to put them to better use as applicable. (Action: YAU)

Management Response: The YAU accepts this recommendation. The YAU has made significant efforts to improve the management and administration of ULOs and in recent months has advanced its ULO validation efforts. Since April 2016, the number of ULOs from FY2015 and earlier has been reduced 77 percent, with a goal of complete clearance by April 2018. Of the remaining \$4.89 million in ULOs, two ULOs related to the DTFS management contract account for \$4.18 million. Post is working with A/LM/AQM to closeout this contract and obtain final vouchers.

The YAU has limited staffing to administer unliquidated obligations (ULOs). These ULOs run the gamut of simple payroll obligations through complex contract and grant ULOs, many of which were originally obligated in Sana'a and whose available supporting documentation is limited due to suspension of operations in Sana'a. Administering and maintaining a portfolio of this complexity, in a compliant and cost-effective manner, is complex task.

The YAU will continue to steadily review and close (deobligate) all ULOs for which post has determined no further payments, disbursements, and/or 477 liquidations will be made and no outstanding advances remain. All prior-year ULOs will be reviewed to ensure that obligations reflect bona fide requirements. Adjustments will be recorded, as necessary, to reflect exchange rate variations, cancelled orders, changes in scope of work, etc.

The point of contact for this memorandum is Suzanne Inzerillo.

Attachments:

Tab 1 – January 2018 OIG Inspection of Yemen Affairs Unit

Tab 2 – List of errors in draft OIG Report on YAU for OIG’s correction

Approved: NEA: David M. Satterfield, Senior Bureau Official (DMS)

Drafted: NEA-SCA/EX – Emily Nolte, 7-1482, 202-803-3945

Cleared:	NEA/FO	JPolaschik	OK
	NEA/FO	TLenderking	OK
	NEA/EX	SInzerillo	OK
	YAU	AEscrogima	OK
	NEA/ARP	RWadhvani	OK
	M	JFields	OK
	OBO	MPhillips	OK
	MPRI	MSims	OK

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oig.state.gov

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