

~~SENSITIVE BUT UNCLASSIFIED~~

United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General

Report of Inspection

Embassy Jakarta and
Consulate General Surabaya,
Indonesia

Report Number ISP-I-05-29A, September 2005

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KEY JUDGMENTS

- Despite strict restrictions on staffing because of the very real danger of terrorism against American interests, the embassy has grown 37 percent to 1,405 employees since September 11, 2001. Most of the growth reflects an increase in essential security and counterterrorist staffing.
- Embassy Jakarta experienced perhaps its finest hour during the tsunami crisis, displaying American values at their best. Under the Ambassador's hands-on leadership, the entire mission responded immediately during the Christmas weekend of 2004. The public affairs section in particular made an all out effort that contributed to enhancing a favorable opinion of the United States throughout Indonesia.
- The Ambassador understands the crucial role played by leadership at an embassy under a critical threat from terrorism. However powerful his position and reputation, the Ambassador's easy-going manner relaxes the post and contributes enormously to strong morale.
- Personnel are confident that if something could be done to improve security the regional security officer (RSO) would do it, and the Department of State (Department) would be supportive. This largely explains why American morale is relatively good at a post that is justifiably obsessed with security.
- The Ambassador rightly has assessed counterterrorism as the embassy's most urgent goal, engaging the combined efforts of the full mission. The Department's Antiterrorism Assistance Program (\$6 million for FY 2005) has had striking success in Indonesia, where U.S. trained personnel have contributed tangibly to prosecuting and preventing terrorism.
- Political and economic reporting is timely, sufficient, and analytical. It earns vocal appreciation by Washington readers.
- Notwithstanding the hard work and conscientious efforts of the consular section, consular services require improvement. In Jakarta, insufficient and poorly organized space, thin staffing, extensive fraud, and overwhelmed management characterize the section. Surabaya suffers some of the same problems. Public access is crowded, maze-like, and an eyesore at both posts. Executive leadership has not paid the attention consular activities require, if service to the public is to improve.

- U.S. facilities in Jakarta are far more secure than functional even though the embassy does not meet all standards. It is difficult to imagine an embassy that appears more unwelcoming to visitors than Jakarta's. Construction of a new embassy compound is the best overall solution.
- Administrative operations for the past three years have been managed well by a senior management counselor, a feat all the more remarkable because of an extended evacuation in 2003 and significant staffing gaps in several administrative functions.
- The embassy's information technology structure requires investment. (b) (2)
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- The U.S. Consulate General in Surabaya has distinguished itself in its outreach to the 110 million overwhelmingly Muslim people who live in its district. The new American presence post in Medan has proven critical to supporting tsunami reconstruction efforts and, over the long term, will ensure coverage of the second largest island, Sumatra.

The inspection took place in Washington, DC, between April 4 and April 29, 2005; in Jakarta, Indonesia, between June 2 and July 1, 2005; and in Surabaya, Indonesia, between June 13 16, 2005. Ambassador Fernando E. Rondon (team leader), John J. Eddy (deputy team leader), Alan Berenson, Maria Cunningham, E.J. Fischer, Mary Heard, Vickie Huss, Marjorie A. Lynch, and Michael Lynch conducted the inspection.

CONTEXT



If superimposed on a map of North America, the 17,000 islands of Indonesia would stretch from Oregon to Bermuda. The nation is important to the United States for its strategic location, population of 220 million, and resources. With more Muslims than the nations of the Middle East combined, Indonesia offers a singular opportunity for the United States to help persuade the Islamic world that the United States is a force for good.

Indonesia is the target of domestic and transnational terrorism, which seeks to thwart the country's first real attempt at democracy and intimidate the West. Terrorist bombings in Bali (2002), in Jakarta at the Marriott Hotel (2003), and at the Australian Embassy (2004) are reminders of the dangers faced daily by U.S. personnel in Indonesia.

Indonesia was at the epicenter of the December 2004 tsunami, losing upwards of 200,000 people. Thanks in part to mobilization by the U.S. mission in Indonesia, the traumatized nation immediately received an enormous outpouring of public and private support from the United States. The Ambassador's early insistence on using the U.S. military accounted for much of the rescue effort's extraordinary impact. As a result, the tide of Indonesian public opinion, put off by the U.S. invasion of Iraq, has shifted to a more positive view of the United States. In Aceh, gratitude and respect towards the United States is intense. Yet the balance of Indonesia's national attitudes towards the United States remains delicate, affected by the daily news cycle and perceived U.S. disrespect for Islam. Public diplomacy could not be more important.

Indonesia is troubled by systemic corruption, the abuse of human rights, the poorest educational system in Southeast Asia, and weak development indicators generally. Its bid for tiger status dissolved in the Southeast Asia financial crisis of the late 1990's, when it lost 14 percent of the gross domestic product in one year.

It is now seventeenth in the world as an exporter of petroleum. But its election last year of a new president for the first time ever by direct franchise has encouraged many in the government and private sector to supply the drive heretofore missing in economic reforms, including reforms in the crucial areas of the judiciary and law enforcement. An immediate benefit of reform was the letter of intent to purchase \$3.9 billion of Boeing aircraft, a sale in which the U.S. embassy played an active role.

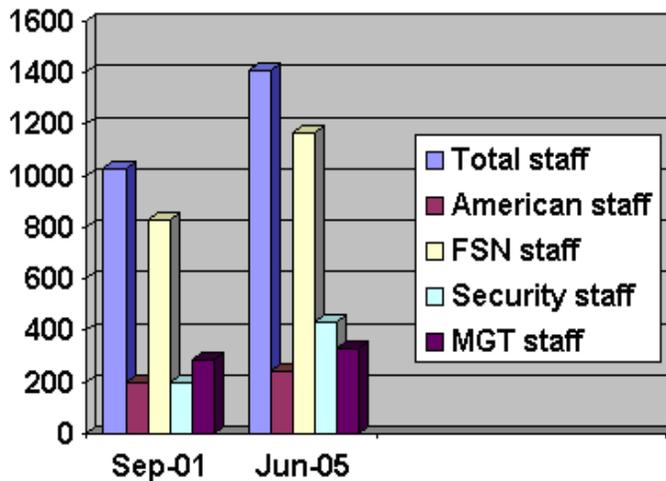
Indonesia's efforts to provide legislative clarity and consistency in applying the law should, if persevered, strengthen Indonesia's internal security, assist badly needed economic development, and help to coax private investment into productive channels. In all of these endeavors, U.S. agencies are supplying vigorous, effective support to Indonesia across a broad spectrum.

Mission Jakarta is one of the largest U.S. diplomatic missions worldwide. Staffing by the Department and 10 other agencies exceeds 1,400 U.S. and locally employed staff (LES). Funds managed for all clients in FY 2005 are estimated to exceed \$34 million. In addition, programs of the U.S. Agency for International Development (USAID) are estimated at \$129 million.

EXECUTIVE DIRECTION

Indonesia’s direct presidential elections and the U.S.’s dramatic response to the tsunami have positioned both countries to engineer a real change in a relationship that has experienced considerable volatility. In a way, the United States and Indonesia are trying to start over again, and the stakes are considerable as Americans reach out to this huge Muslim nation and Indonesians grasp a U.S. hand offered in friendship.

Notwithstanding strict restrictions on staffing because of the very real danger of terrorism against American interests, the embassy has grown 37 percent to 1,405 employees since September 11, 2001. Most of the growth reflects an increase in essential security and counterterrorist staffing, but there is also program and related employee growth in priority policy areas, such as USAID’s robust development and humanitarian reconstruction portfolios. Further information on staffing totals is in the Resource Management section of this report.



LEADERSHIP

A career officer with a lifetime of Eurasian and Department experience heads the U.S. effort in Indonesia. He is an Ambassador who knows how to get things done bureaucratically, as he demonstrated so convincingly during the rush to assist the tsunami victims. He is also an Ambassador who understands the crucial role played by leadership at an embassy under a critical threat from terrorism. However

safety but also understands the importance of their work. All praised what they perceived to be a highly effective security program. Personnel are confident that if something could be done to improve security the RSO would do it, and the Department would support him. This largely explains why American morale is relatively so good at a post that is justifiably obsessed with security. OIG was told there is no reason to assume that the terrorist threat will ebb anytime soon.

THE COUNTRY TEAM

The Ambassador and DCM provide strong country team oversight. Although he had been at post for only six months, the Ambassador took such rapid, effective command of the tsunami crisis that there was no doubt whatsoever who was in charge. He meets almost daily with senior personnel, knows how to listen or decide, and operates with a door that is really open. He does not get bogged down in minutiae.

Country team agencies, for the most part, work together cooperatively. The counterterrorist and law enforcement clusters are particularly effective. The economic and commercial grouping still needs a bit of reminding that the Department, USAID, and the Departments of Commerce and Agriculture should pull together. Mutual respect runs high among all members of what is an impressive group of U.S. officers across all agencies.

Mission Performance Plan

All sections and agencies were involved in the preparation of the FY 2007 Mission Performance Plan (MPP). The MPP earned the Department's compliments as well as some thoughtful commentary on many aspects of the plan. Washington participants highlighted the need to replace the chancery building, wanted corruption mentioned more prominently, and felt the embassy should have given itself more credit for 2004 accomplishments. Additionally, Department participants called for restructuring the economic growth and development goal, with logic on the Department's side, but the marginal value of more drafting is clearly questionable. Essentially, the busy embassy responded, "next year."

In Jakarta, one key embassy participant felt that the MPP process had become much too complicated and lengthy and consumes an inordinate amount of time and effort. The participant called for simplification and more emphasis on a good Chief

of Mission statement with some explanatory annexes. It is difficult to disagree with this assessment when a reader has to wrestle with Jakarta's 111-page document.

The Ambassador rightly has assessed counterterrorism as the embassy's most urgent goal, engaging the combined efforts of the full mission. The Department's Antiterrorism Assistance Program (\$6 million for FY 2005) has had striking success in Indonesia, where U.S. trained personnel have contributed tangibly to prosecuting and preventing terrorism. Under the International Criminal Investigative Training Assistance Program of the Department of Justice, the embassy is training maritime police (\$1 million annually) with the aim of interdicting terrorism, piracy, and other threats in the vital Straits of Malacca. Consular fraud is also receiving attention in an effort to prevent the infiltration of terrorists from Indonesia into the United States.

U.S. citizen protection ranks as the MPP's second goal, although this essential embassy responsibility naturally follows the first goal. Post leadership proactively reaches out to the American community throughout Indonesia, as discussed further under the consular portion of this report.

Building on Indonesia's 2004 elections, the third goal underlines democratic systems and practices. Little could be more important for Indonesia than its transformation into a functioning democracy with all that entails in terms of parliamentary, ministerial, police, and judicial institutions. USAID will contribute \$32.5 million to this goal in FY 2005. The promotion of civilian control over, and reform of, Indonesia's security forces is a key to a long-term bilateral relationship, one that is very difficult as an ongoing history of human rights abuses makes the United States cautious of the Indonesian security forces. Nonengagement of the Indonesian military would appear, however, to be an unwanted option for a United States that finds itself so embattled in other areas of the Islamic world and needs constructive dialogue with Islamic militaries. Nonlethal military training assistance will represent approximately \$2 million in FY 2005 and is subject to various legal restrictions. Indonesia, for example, needs to act more forcefully to find and arrest the murderers of two American teachers in Papua who some have thought were members of the Indonesian security forces.¹ Human rights issues are discussed more fully in the next section of this report.

¹ On August 31, 2002, unknown assailants attacked a group of Americans and Indonesians in Timika, Papua. Two Americans and an Indonesian were killed, and 11 persons were wounded. The Federal Bureau of Investigation is assisting Indonesia to discover the identity of the murderers. The Timika case, as well as Indonesian atrocities committed in East Timor in the late nineties, have led Congress to restrict assistance to the Indonesian security forces.

A fourth goal is basic to Indonesia's future: access to quality education. USAID's multi-year commitment to this program will total \$157 million. The public affairs section is an active participant in the education program, using about \$1.5 million in economic support funds to promote teacher training and student exchange programs.

The fifth goal promotes sustainable economic growth and development. USAID will support basic human services with \$48.5 million plus \$14 million in food aid in FY 2005. USAID will also contribute \$17 million to economic growth and employment creation. U.S. commercial interests are discussed in this category. Although Indonesia is an enormous country, to date it is not a major market for American exports. Two-way trade is about \$12 billion, but \$10 billion of that represents American imports. The 2005 \$3.9 billion sale of 60 Boeing aircraft represented a major embassy-commercial service team effort, a success that would have been unlikely a few years back.

A sixth goal calls for safe, secure, and functional facilities at this burgeoning mission. U.S. facilities in Jakarta appear far more secure than functional, a subject discussed under Resource Management. It is difficult to imagine an embassy that appears more unwelcoming to visitors than Jakarta's. Consular visitors not only have to face complex application documents, they first must traverse a cluttered and dirty holding area outside the chancery compound and then an obstacle course before encountering consular officers.

Although it is an integral component of almost every MPP goal, public diplomacy in what is the world's largest Islamic nation is featured perhaps unnecessarily as a seventh goal. The U.S. response to disaster prone Indonesia appears as an eighth, humanitarian goal. USAID's tsunami response will represent about \$750 million over five years, including a major road building effort. The public affairs section worked closely with the U.S. military assisting Indonesia after the tsunami. The public affairs section must now work cooperatively with USAID in assuring that this island country is aware of American generosity.

Entry-Level Personnel

Embassy Jakarta has 19 entry-level employees. The DCM invites all entry-level personnel to a monthly meeting with speakers and meets individually with the 10 entry-level officers. The latter have a comfortable, productive mentoring relationship with the DCM. At this large post, however, entry-level personnel are usually rated and reviewed in their individual sections.

AMERICAN CONSULATE GENERAL SURABAYA

Consulate General Surabaya has nine Department positions and an operating budget of somewhat under \$1 million. It has a distinguished history of providing U.S. presence, outreach, and reporting in the mass population centers and remote islands of eastern Indonesia. The consular district is home to 110 million people, of which most are Muslim, spread over an area the size of Europe.

The post's value today is more evident than ever as the United States seeks to enlist Muslim understanding of its policies in the global war on terror. Through good management and a culturally sensitive, vigorous communications program, the post has influenced great numbers of largely peaceful but skeptical Indonesians toward a more open-minded view of U.S. actions in places like Iraq. Tracked by an uninformed, sometimes hostile media, the post has succeeded beyond what one might expect of a very small staff traveling difficult island waters and terrain among murderous radicals. The Bali bombings of 2002 occurred within the consular district. Security is a large consideration at the post and is covered in a separate classified report.

Immediately after the election of the new chairman of the largest Muslim organization in Indonesia, the consul general met with him and reported his assessment of current Indonesian Muslim attitudes towards radical Islam. The staff has spoken in Bahasa Indonesian on Islamic radio, visited Islamic boarding schools, judged debates at Islamic high schools, and provided responsible consular services. All of these achievements are attributable in part to excellent morale fostered by the consul general's personal mentoring of American and FSN staff.

Reporting, though lacking in volume, has been very useful in such areas as the political dynamics in areas of potential unrest such as Sulawesi and Maluku, political parties, and economic issues related to decentralization.

Consulate General Surabaya closely supervises a reinvigorated consular agency in Denpasar, Bali. Approximately 60,000 Americans visit Bali during the tourist season, and about 400 U.S. citizens live in the area. The consular agency played an important role in the aftermath of the 2002 Bali bombings. A responsive consular agent visits arrested and imprisoned American citizens, assists with federal benefits, provides voting information, works on death and estate cases, and performs other consular services.

AMERICAN PRESENCE POST IN MEDAN

In 1996, the U.S. government closed the American Consulate in Medan, first established in 1851, for budgetary reasons. As early as 1998, the Department began trying to reopen the post, a position vindicated in a completely unexpected way when the tsunami struck. The Medan office sent in the first ground reports and has since proved that a U.S. presence in Medan can significantly support the reconstruction effort. Such a presence was always desirable because of the need to cover Indonesia's second largest island, Sumatra, a source of the country's leadership as well as a region rich in resources. The province of Aceh in the proposed consular district harbors a violent separatist movement.

Within a month of the tsunami Congress decided to reestablish the consulate, and in March the government of Indonesia concurred. The Department is now in the process of reopening the consulate as an American presence post with two American employees. The head of the office was officially reassigned as principal officer during the inspection.

There could hardly have been a head of the Medan office better equipped by skills and temperament to be the first responder to this unthinkable crisis. In the tumultuously confused circumstances, he called in what he thought was most urgently needed. For a critical period, he was the most informed U.S. government official and the only one on the ground. As the U.S. military quickly arrived, and the crescendo of U.S. and international aid swelled, he was able to direct new arrivals to needed materials and the right local Indonesian officials.

Assisted by an Indonesian employee, the head of the Medan office has continued to travel up and down Aceh and send in reports, not on reconstruction alone but on how reconstruction will impact the position of Aceh separatists in the ongoing Helsinki talks for reconciliation between the separatists and the Indonesian government. The separatists, who have employed violence in the past, are a strongly conservative group who want to impose Sharia law and have previously demanded independence. They have found it politically advantageous not to hinder reconstruction and had already moderated their claims to independence.

POLICY AND PROGRAM IMPLEMENTATION

At the time of the inspection Department operations were just returning to a degree of normalcy after the tsunami and its immediate aftermath. Notwithstanding the enormous workload generated by the tsunami response, the embassy continued to produce exceptional political and economic reporting and carry out its other duties. Security concerns were ever present and received full attention. No appreciation of the U.S. mission's overall performance is possible without a brief summation of its conduct during one of the greatest natural disasters in recorded history.

TSUNAMI CRISIS

Embassy Jakarta experienced perhaps its finest hour during the tsunami crisis, displaying American values at their best. Under the Ambassador's hands-on leadership, the entire mission responded immediately and fully during the Christmas weekend. One officer described the Ambassador's leadership as inspiring. No less impressive was the DCM's performance as crisis manager. Throughout the critical response period, he kept everyone's morale at high levels. The U.S. response was truly humanitarian and intended to help suffering people, yet it resulted in a measurable increase in positive attitudes towards the United States by Indonesians as described in the public diplomacy section of this report. The epicenter of the earthquake causing the tsunami was about 60 miles from the west coast of Aceh province on the northwest tip of Sumatra. Thirty-foot high waves hit the crowded center of the provincial capital of Banda Aceh and passed south down the Straits of Malacca. The result was a virtually



destroyed coastline. In many towns and villages concrete pads are all that was left of substantial structures, while scattered corrugated iron roofs crumpled like paper were the only evidence of flimsier houses. The Indonesian Ministry of Health confirmed 128,790 deaths with 37,063 missing and 532,898 displaced.

The devastating tsunami struck Indonesia on Sunday, December 26, 2004. Although the full extent of the devastation was unknown for over a week, the mission began preparations to address what it thought was a much smaller disaster on December 26. As the facts became known, the mission focused on relief assistance for about three months and continues to work toward long term rebuilding. USAID and the U.S. military were key players in the success, but virtually all embassy elements made significant contributions. The public affairs, political, economic, and management sections provided superb support. Most staff worked seven days a week for about the first six weeks.

The unprecedented natural disaster and ensuing humanitarian disaster relief operations attracted overwhelming media attention. It was like nothing the mission had seen before. The public affairs section tracked approximately 250 news reports from major international media on U.S. relief efforts in Aceh. There were 14 editorials in prominent Indonesian publications covering the U.S. assistance. Indonesian dailies ran 28 photographs depicting U.S. military humanitarian assistance to the tsunami victims. There were 25 general interest stories about U.S. government humanitarian relief activities carried by Indonesian print publications unrelated to embassy or military generated activities. Television broadcast 30 general interest stories about U.S. assistance. Many highlighted U.S. helicopter relief flights as an effective means to distribute aid to isolated areas, and to transport those injured to Banda Aceh for medical care. The reports often mentioned that there were approximately 13,000 U.S. troops deployed to help and 365 tons of food delivered through 450 flights.

On March 28, 2005, an earthquake struck the islands of Nias and Simeulue adding further devastation to Indonesia and resulting in 394 deaths with 34,000 others losing their homes. The United States quickly responded to this disaster. By early April, USAID had already provided \$585,000 for activities relating to health.

REPORTING

One Department official had this comment about political and economic reporting from Indonesia: “I wake up in the morning and wonder what I would say if someone were to call me on a particular issue. I get to the office to find an embassy cable with the answer.”

POLITICAL SECTION

Besides a stream of excellent, sustained reporting across Indonesia’s political spectrum, Jakarta’s large, 16-officer political section is deeply involved in the programmatic and operational aspects of counterterrorism. Section management is competent and knowledgeable and demonstrates concern for the development of subordinates. Ironically, the subordinates themselves seem unaware of the political counselor’s strong private advocacy for them. Morale is high based on the admiring comments received from outside the section.

The section is remarkable for the timeliness of its reporting. It has a tradition of same-day cables after a reportable event or conversation. Drafting is generally incisive, analytical, compact, and proportional. Biographic reporting is insufficient in volume, but some of it is among the best OIG has seen, especially on the leadership of Indonesia. Reporting officers travel widely. Representational work is targeted and frequent. Officers favor one-on-one luncheons as more cost effective than receptions. In June, one officer typically submitted eight representational vouchers for a two-week period, or, as he put it, \$20 a cable.

The section is unusually involved in operational matters; for example, the initiation and fiscal oversight of training seminars in counterterrorism. Political officers have brought together police and prosecutors in programs that led to the incarceration and successful prosecution of terrorists and have created major training opportunities in coordination with friendly governments for the criminal justice sector. The section designs, coordinates, and monitors multi-million dollar programs to combat trafficking in persons. It manages the U.S. role in the Aceh peace talks and is heavily engaged in promoting necessary changes in the military to military relationship to reflect current realities of Indonesian democracy. Working with U.S. and Indonesian law enforcement agencies, the section is actively facilitating Indonesian cooperation with U.S. investigation of the murder of two U.S. citizens in Timika, Papua in 2002.

The section is also somewhat unusual in the degree of its involvement in vetting or evaluation of Indonesian police and military who are candidates for training in the United States funded by U.S. security assistance. Since 1998, the Leahy Amendment has provided that Congressionally appropriated funds may not be made available to any unit of a foreign country's security forces if the Secretary of State has credible evidence that such a unit has committed gross human rights violations, unless certain conditions have been met. In practical terms the amendment has required a close look at Indonesian killings at the time of the United Nations referendum on the independence of East Timor, held in 1999. There have been other cases in which Indonesian security forces have been involved in, or suspected of, human rights abuses.

Vetting has reached a volume of 5,000 cases a year. The section is concerned that changes in procedures now being discussed in the Department might complicate the procedures unduly without necessarily making them more effective and result in the loss of unused program funds. The political section has been unsuccessful in its attempts to initiate a dialogue with the Department to discuss such matters. The Department has never answered the post's comments and queries on the planned changes.

Recommendation 1: Embassy Jakarta should resubmit its comments and questions on vetting Indonesian police and military who are candidates for U.S. training to the Department, and the Department should respond. (Action: Embassy Jakarta, in coordination with DRL, PM, and EAP)

RELIGIOUS FREEDOM, HUMAN RIGHTS

Despite having the largest Muslim population in the world, Indonesia is not an Islamic state. In general, the Indonesian government respects beliefs other than Islam. However, the Ministry of Religious Affairs extends official status to only five faiths: Islam, Catholicism, Protestantism, Hinduism, and Buddhism. The government bans proselytizing because it considers such activity disruptive. Given this constraint most of the population enjoyed a high degree of religious freedom. Shariah or Islamic law is authorized only in Aceh province. Sporadic incidents of sectarian violence occurred in Central Sulawesi and the Moluccas in 2004 but at lower rates than in previous years. Embassy staff regularly engage Indonesian government officials on religious freedom issues and also meet with religious leaders and human rights campaigners to promote respect for religious freedom.

They also provide clear reports to the Department on these issues as the situation warrants. Mission outreach emphasizes the importance of religious freedom and tolerance in a democratic society. Details of these efforts are described in the public diplomacy section of the report.

Indonesia's record on human rights issues is poor. Government agents committed abuses, particularly in areas of separatist conflict. Military and police officials used excessive force against rebels and suspected rebels resulting at times in death. However, during 2004, Indonesia held free, fair national presidential elections followed by a peaceful transition from the former government to the newly elected one. This strengthening of democracy bodes well for improvements in the area of human rights. The Ambassador and other embassy officials are actively advocating for the protection of human rights and monitoring the situation. The embassy reports on human rights at least monthly. USAID provides about \$1 million a year to local human rights groups for programs advocating tolerance and pluralism.

Trafficking in Persons

Trafficking in persons is a major problem for Indonesia, particularly of girls and women for the sex trade. The points of destination for trafficked individuals include domestic cities as well as Middle East and Asian countries with significant numbers going to Malaysia. Reliable figures are not available. The Indonesian government has an action plan to control trafficking in persons and is serious about addressing this issue. The mission is coordinating a \$13 million a year program to combat the problem with the public affairs section, USAID, and the Department of Justice cooperating in the effort. As part of an outreach campaign, the public affairs section developed a comic book and related announcement to be distributed with packaged food in an effort to reach the younger, less educated population most at risk of victimization in trafficking. On the governmental level, public affairs sent four international visitors who are working on trafficking to the United States in FY 2005.

ECONOMIC SECTION

The economic section is heavily engaged in activities related to reconstruction efforts after the tsunami. Though USAID has taken the lead position and borne the brunt of the work, the economic section has played an important coordinating role and has assisted various U.S. economic agencies in programming their funds.

Other significant operational areas for the economic section have been maritime security, health, and nuclear safeguards. An officer has regularly visited ports between visits of more technically qualified U.S. experts and checked on circumstances that might endanger the safety of cargo destined for the United States. For example, the officer protested to Indonesian authorities when the officer encountered teenagers lounging around restricted areas. The environment, science and technology, and health officer, who is completely integrated in the section, recently visited a pig farm to gauge for himself, as a nonexpert, the extent to which poultry in the cages with wire floors might infect the pigs kept below with deadly avian flu. The officer has also visited Indonesia's three nuclear sites to investigate the safeguarding of nuclear and radiological materials.

The economic counselor has demonstrated an exceptional ability and willingness to delegate. He visibly instills a great sense of responsibility in all of his officers and leaves them plenty of running room. His knowledge and general skills command great respect throughout the mission.

Economic reporting is analytical and thorough, with high-value mass. The section has sought within the time constraints to initiate think pieces, for example, a report on Indonesia's long-term future as an oil producer and another on illegal activities in the critical logging sector. OIG observed that, given the burden of operational responsibilities, which leaves less time for reporting, section management has shown good judgment in selecting topics for elective reporting. The fact that 90 percent of the section's reporting is elective rather than a required response to the Department, indicates that the section's submissions are meeting the Department's needs.

The DCM chairs an economic coordination or economic cluster meeting approximately every two weeks with representatives of the economic section, USAID, the Foreign Commercial Service, and the Foreign Agricultural Service. These are experienced officers who recognize the benefits of sharing information and coordinating their efforts, yet OIG observed that the exchange of information might be improved. The dynamic Foreign Commercial Service unit, for example, though well disposed towards interagency cooperation, is sometimes forgotten because of the distance between itself and the chancery. In efforts to assist Indonesia on port security, USAID was attempting to give equipment to ports at the same time the Foreign Commercial Service was trying to sell it. The well-qualified FSNs of the respective agencies seem barely to know each other. OIG recommended informally that the mission organize an economic off-site conference to encourage an even more unified mission approach to economic, commercial, agricultural, and developmental issues. This might help to diminish the sense of separateness that having offices in different buildings engenders.

The fact that economic coordination at the mission works in the most important instances got resounding proof in the recent sale of \$3.9 billion in Boeing aircraft to a private airline in Indonesia. The Foreign Commercial Service had the lead, but the Ambassador stepped in when critical intervention with the Indonesian government was necessary to ensure a fair decision, and other officers helped where they could.

ANTITERRORISM ASSISTANCE PROGRAM

The regional security officer monitors the multi-million dollar Antiterrorism Assistance Program launched in 2003 by the Bureau of Diplomatic Security (DS). Its purpose is to train members of the Indonesian National Police. The post has received about \$18 million in supplemental funding since inception of the in-country program. The program has trained and equipped 156 Indonesian national police officers, providing them with the capability to conduct and sustain their own antiterrorism training program.

Program graduates assisted in the arrest of over 165 Jemaah Islamiyah members, including almost all of the direct perpetrators of the Bali, Marriott, and Australian Embassy bombings. They have been involved in all major bomb blast investigations, tracking terrorist movements on the Malaysia/Indonesia border, and the Sukabumi bomb investigations, which led to the arrest of four perpetrators of the Australian Embassy bombing. OIG visited the Antiterrorism Assistance Program training facility and found the overall management and operational effectiveness excellent.

PUBLIC DIPLOMACY

The public affairs section responded enthusiastically and effectively during the tsunami crisis making an all out effort that contributed to enhancing a favorable opinion of the United States throughout Indonesia. Opinion polls conducted by the Department's Bureau of Intelligence and Research between December 30, 2004 and February 6, 2005, revealed a substantial increase in a favorable view of the United States among urban Indonesians. The survey showed 55 percent have an overall favorable opinion, up from a low of 30 percent in July 2003. In addition, 90 percent were aware of American assistance in tsunami relief. A Pew Global Attitudes Survey conducted between April 20 and May 31, 2005 found 79 percent of Indonesians had a more favorable view of the United States as a result of the

aid. Discussing anti-Americanism in various countries, the survey stated, “But there are some very positive signs of progress in India and Russia and Indonesia.” While these polls do not measure the performance of the public affairs section, they do highlight the opportunity that exists to achieve progress in influencing Indonesian public opinion. Moreover, anecdotal evidence indicates that efforts by the public affairs section positively contributed to poll results as described in the tsunami section of the report.

Public diplomacy is an integral part of MPP goals and objectives, and the section contributes positively to carrying them out. The public affairs officer meets with the Ambassador, DCM, and other key embassy players daily and has established good relations with them. In supporting mission goals, the section makes use of a full range of public diplomacy tools and is cognizant of and making efforts to meet Government Performance and Results Act (GPRA) requirements. The staff at Embassy Jakarta consists of the public affairs officer plus seven other American direct-hire positions, including a regional English language officer and a regional information resources officer, supported by 27 FSNs.

In 1997, the former U.S. Information Agency (USIA) removed a long-standing public diplomacy presence from Consulate General Surabaya because of severe budget constraints. Beginning in 2002, the principal officer began a sustained effort to reinstitute public diplomacy activities through outreach, media contact, targeted travel, and interaction with the public affairs section of Embassy Jakarta. An FSN was hired in September 2003, and an entry level American public diplomacy officer on a first tour arrived during the spring of 2005.

The combined budget for the public affairs sections in both Embassy Jakarta and Consulate General Surabaya is about \$680,000 supplemented by \$1.6 million in economic support funds, \$20,000 for representation, and \$143,000 for English language programs. Economic support funds are authorized by the President’s Education Initiative in Indonesia to improve education and are limited to a six-year period (2004-2010). In addition to money directly administered by post, another \$2.4 million goes to the Bureau of Educational and Cultural Affairs to administer mission-designated exchange activities. USAID and the Department are jointly tasked to use the money. The public affairs section has expanded its programs for scholarships and exchanges, training teachers, supporting English teaching, and translating books. The result is a significant boost in section capabilities.

Staffing levels are about right for section activities although stretched to handle the economic support funds supplement. No additional staffing is requested or recommended because the economic support funds are not permanent base in-

creases. Section funding is inadequate for continuing support of existing American Corners (see American Corners Section below).

Consolidation of U.S. Information Agency and the Department

USIA consolidated with the Department October 1, 1999; yet some loose ends relating to the merger remain. USIA had central funds that were available for the computer support of its entire staff. During the cross walk of functions into the Department, the situation of regional English language officers (RELO) with stand-alone computers was not addressed. All public diplomacy network computers were taken over by embassy/bureau information management sections, which converted them to Opennet and covers all support and replacement needs.

The RELO, who was an integral part of USIA, is viewed by mission management not as a member of the public affairs section but rather as a Bureau of Educational and Cultural Affairs representative. Although the RELO's small program budget is inadequate and never was intended to include computers, the officer was told that it now must. As a consequence, the RELO and two FSNs who work for him at an off-site location are struggling with obsolete, inadequate equipment and software. For example, one FSN is using a 1998 version of Microsoft Word. Another uses a commercial Internet service with only 40 Kilo-bytes available. There is also a need for cell phones. Officers in the public affairs section and the information management section are working with the RELO to solve the immediate problem. However, these efforts are a one-time fix that will not address the systemic issue. The Bureau of Educational and Cultural Affairs should revisit the consolidation cross walk and make appropriate provision for including funding or incorporation into base transfer for RELOs and their staffs. OIG will discuss this matter with the Department. It is not making a recommendation in this report because the problem is global and not specific to Embassy Jakarta.

Outreach to Muslims

Indonesia has the largest Muslim population of any country in the world. Consequently, engaging in dialogue with Muslims to inform them of U.S. values and culture as well as of its policies is a major thrust of the public diplomacy program at Embassy Jakarta. More than talking about respect for Islam, the public affairs section provides explanations about the tolerance of the United States for all religions and the freedom of all Americans to choose or change their religion.

According to the public affairs officer, the key is describing who Americans are and how tolerance thrives amidst diversity. Much of the material in the public diplomacy section of this report deals with U.S. efforts to reach out to Muslim audiences.

Information Advocacy

In general journalists in Indonesia lack the professionalism of their counterparts in the developed world. Some make up interviews, and in the process quote individuals with whom they have not talked. Some report material that has no factual basis. Public affairs is working to improve the quality of journalism through a variety of means. The section arranged for the translation of a text in basic journalism and distributed 7,000 copies at seminars and workshops. It also gave a grant to an Indonesian association to invite the author to Indonesia to conduct workshops in five cities. The grant included funds for an Indonesian speaking U.S. journalist to conduct workshops in four other cities. Another program sent 48 journalists to the United States on five reporting tours arranged by the Department's Foreign Press Centers. The section worked with the Bureau of Public Affairs to arrange seven TV cooperatives that resulted in 75 TV stories broadcast over 400 minutes, much of that during prime time news programs. The success of these continuing efforts can be seen in the reporting by individuals who participated in public affairs programs. Overall, there is a long way to go, but progress can be documented.

Cultural Affairs

The cultural affairs section engages in a wide variety of activities and is responsible for the information resource center and the American Corners. The section works closely with the Fulbright Binational Commission. Over 300 Indonesians traveled to the United States during the past year on a wide variety of exchange programs. Cultural affairs runs an effective international visitor program, which has 49 slots in FY 2005 chosen by a committee representing all elements of the mission. Another program, the Youth Educational Scholarship and Exchange, begun in 2002, sends secondary school student leaders to the United States for an opportunity to live with an American family and attend an American public high school. For FY 2005, 90 students are scheduled to participate. Indonesia's Youth Leadership Program sends groups of teachers with their secondary school students to the United States for four weeks of training in civic education. For FY 2005, 41 individuals will visit the United States on this program.

Information Resource Center

The information resource center (IRC) staff lacks the technological skills, and more importantly the mind-set, required for an information age facility. Although no longer a traditional lending library, the IRC is staffed by employees who tend to think in terms of one. The staff focus on research in response to inquiries and concentrate on long-time traditional contacts. The IRC should make greater efforts to increase its customer base, especially to younger audiences. The IRC also needs to better inform mission elements of the services it can provide to them. OIG has informally recommended that the IRC develop a plan to expand the use of its services to younger Indonesians and better inform mission elements. The Bureau of International Information Programs has assigned a regional information resources officer position to the now vacant slot at Embassy Jakarta, and one is scheduled to arrive during the fall of 2005. This officer will make a difference in modernizing the IRC.

American Corners

American Corners are a new tool developed several years ago by Embassy Moscow to reach a wide audience, especially young people. They are partnerships with local institutions such as universities, public libraries, chambers of commerce, and nongovernmental organizations often located outside the capital to provide information about U.S. values and visions to foreign audiences. Corners have collections of books, magazines, music, and on and off line databases from and about the United States. Most have computers, television, and some video conferencing capabilities. Many also provide readily accessible programming space. The American Corners are located in partners' facilities and operated by partners' staff.

Embassy Jakarta's public affairs section has established ten American Corners, five of which are in Islamic universities, and has an eleventh in the planning stages. These are a cost effective means of reaching large audiences, as they require about \$50,000 to start and about \$15,000 to \$20,000 annually to maintain. Reports to date show heavy usage of the corners, plus there is anecdotal evidence of positive change in users attitudes towards the United States. Continued support of this promising resource depends on identifying the relatively small amount of funds needed to provide the corners with yearly financial help. The Bureau of International Information Programs sponsors their establishment, but as of now, it does not fund yearly upkeep. The Bureau of East Asian and Pacific Affairs, which allocates the public affairs section budget, does not increase the base to account for

the costs of maintaining the American Corners. Both bureaus are aware of the dilemma and that it creates uncertainty for Embassy Jakarta and other missions with American Corners.

Fulbright Commission

The American Indonesian Exchange Foundation was established in 1992 as a binational commission to administer the Fulbright program in Indonesia. It annually awards more than 80 scholarships to Americans and Indonesians for study, research, and teaching. Resources come chiefly from the U.S. government through the Bureau of Educational and Cultural Affairs and economic support funds, and for FY 2005 total about \$4.6 million. The foundation also provides an academic advising service on its premises. The public affairs officer and the cultural affairs officer serve on the board and maintain active oversight of the organization's activities.

Regional English Language Officer

A RELO is based at Embassy Jakarta and spends about 50 percent of his time in various parts of Indonesia. The RELO has had significant success with the embassy's English Teaching Fellow program, which receives economic support funds as part of the President's Educational Initiative in Indonesia. Designed to use English teaching as a vehicle to provide instruction in critical thinking skills, civic education, ethnic and religious tolerance, conflict resolution, and rule of law, the program is welcomed in Indonesian universities. For the 2004-2005 school year, the embassy hosted eight fellows, and it plans to increase the number to 12 for the 2005-2006 scholastic year. Both the RELO and the fellows are regularly using the American Corners as locations for workshops and other programs, creating new synergies.

The RELO has initiated a promising "ACCESS" secondary school micro scholarship program. With a budget of \$240,000, over 700 disadvantaged, nonelite youths at three institutions are learning English language skills and receiving accurate information about American culture. The program selected students who had specific practical goals regarding how they would use English to empower themselves to improve their lives. Those chosen are enthusiastic and working hard for a brighter future.

BROADCASTING BOARD OF GOVERNORS

The Broadcasting Board of Governors has both an office of marketing and program placement and a Voice of America (VOA) Jakarta News Center located in Jakarta. The two are completely separate and each reports to supervisors in Bangkok. In addition, an English correspondent from the VOA newsroom is resident in Jakarta.

Two Indonesian contractors constitute the regional office of marketing and program placement with each operating out of the individual contractor's respective home. One is responsible for East Timor. They report to the regional marketing office in Bangkok and have few contacts with the embassy. The contractors provide the regional office with weekly reports of activities, and three times a year compile compliance reports covering each affiliate station.

The VOA Jakarta News Center opened in March 2005 and produces nine and a half hours of radio programming per day and an average of six hours of television per week. The center has two radio studios and one television studio. The staff consists of four Indonesian employees and an Indonesian service rotational correspondent from Washington. Three stringers contribute to the radio programs. The center rents space in a centrally located office building. It has an office available for the use of the English correspondent and the correspondent's assistant. The VOA Jakarta News Center is still in a start-up phase but looks promising.

CONSULAR OPERATIONS

Three consular entities—sections at Embassy Jakarta and Consulate General Surabaya along with a consular agency on Bali—serve the public and the mission. Statutory consular objectives include assisting and protecting U.S. citizens, and their interests and safeguarding American borders. The MPP includes explicit consular objectives, and the section enjoys positive relationships with other mission elements. Consular pages provide accurate, timely information via the mission web site. In Jakarta, consular section staff includes two mid-level Foreign Service officer positions, six and one half entry-level officers, 20 FSNs and two eligible family members. One half-time and two full-time Foreign Service officers and four FSNs staff Consulate General Surabaya consular section, and one consular agent and nine FSNs (including guards) work at the consular agency on Bali. The Department created an entry-level officer consular position in Jakarta based on the mission's 2004 MPP and consular package submissions.

About 10,000 U.S. citizens reside in Indonesia and over 75,000 visit each year. Embassy Jakarta's American citizens services unit provided approximately 2,000 notarial acts, 1,000 welfare/whereabouts inquiries, 10 death services, 15 prison assists, and adjudicated 5,500 passports plus 125 consular reports of birth abroad in FY 2004. The visa unit adjudicated approximately 45,000 nonimmigrant visa (NIV) s and 600 immigrant visas (IVs) during the same period. Consulate General Surabaya evaluated some 1,400 passport and 81 birth report applications, 20 death cases, and handled 60 welfare/whereabouts questions as well as processed 14,000 NIVs during FY 2004. The Bali consular agency, in the city of Denpasar, assisted nearly 2,000 Americans in FY 2004. Approximately 5,000 Americans registered with the embassy and 1,500 with the consulate general, including those using the consular agency. A memorandum of understanding obligates Embassy Jakarta to provide substantial support for the consular unit at the embassy in Dili, East Timor. Embassy Dili emphatically categorized the quality of this support as excellent, particularly noting the consul general's responsiveness and knowledge.

Consular Management

Consular morale is uneven in Jakarta where staff expressed trust in their supervisors' functional skills and willingness to share information but voiced concern over direction and management. American staffers cited, for example, uncertainties over working norms, poor on-the-job mentoring, and unexpected line officer transfers to other units within the embassy. They stated, for example, that allotting NIV workload to two and one-half officers, when the unit should have four positions, weakened unit performance and affected morale. Staffing gaps and intraembassy transfers plus a lack of section depth and unavailability of other commissioned consular officers to pick up shortfalls left the section on its knees. As mentioned earlier, executive leadership, particularly the DCM, needs to show a more active involvement in the management and service problems of the section. The DCM has been far from inert, meets regularly with the consul general, and occasionally visits the section. Given the size and persistence of the consular problems, the DCM could give more guidance.

A fundamentally strong group of FSNs enables the consular section to survive. Just one mid-level supervisor means the consul general must instruct entry-level officers on routine matters and fill gaps in the line herself, reducing her already severely constrained management time. OIG observed that, as of July 1, 2005, the section had just one experienced officer, the consul general. All but one of the potential eight and one half other American officers are first-tour, entry-level officers. Three of the entry-level officer positions are rotational, spending only one

year in the consular section. By mid-July 2005, all officers except the consul general and one vice consul will have less than four months at the embassy. This situation can only weaken the delivery of timely services.

Recommendation 2: The Bureau of Human Resources should assign entry-level officers to Jakarta's consular section for two-year tours of duty. (Action: DGHR)

The consul general observed that the need to “plug holes in the dike” undercuts her ability to do more than manage crises. For example, a consular management assistance team (CMAT) visited Indonesia in mid-2004 and offered suggestions for improving consular services. While some of the team's recommendations were implemented, a lack of personnel resources thwarted the consul general's ability to analyze, let alone apply, others. The press of business obviated or blocked the possibility of distance-learning or training at another embassy.

Although the consul general position has a 3/3 Indonesian language designation, the Department granted language waivers to the present and prior incumbents. With only one experienced supervisory officer, the consul general, it is imperative that the incumbent speaks Indonesian to adequately supervise and monitor the work of the six and a half first-tour vice consuls. This appears especially important given a high fraud environment, with almost all visa interviews conducted in Indonesian.

Recommendation 3: The Bureau of Human Resources, in coordination with the Foreign Service Institute, the Bureau of Consular Affairs, and the Bureau of East Asian and Pacific Affairs, should require that future consuls general meet the Indonesian language 3/3 standard. (Action: DGHR, in coordination with FSI, CA, and EAP)

OIG found that Embassy Jakarta and Consulate General Surabaya need to improve consular policy and functional coordination. Discrepancies involve internal practices, workflow, and training issues. The consul general, already designated as mission consular coordinator, needs time and funding to institute and manage common approaches and methodologies. OIG advocated techniques including development of country-specific, written consular standard operating procedures and the dovetailing of each consular section's formal outreach, representation, and reporting programs to close the gap.

Recommendation 4: Embassy Jakarta should standardize mission-wide consular activities. (Action: Embassy Jakarta)

Mission Indonesia's consular staff fields 200 Congressional inquiries, approximately 7,000 telephone calls, and 6,000 written questions each month. The 2004 CMAT recommended the mission establish a call center. Call centers serve many purposes. Some respond to telephonic inquiries, some make NIV appointments, and others do both and/or perform a variety of tasks. The Bureau of Consular Affairs standard operating instruction 51 offers guidance on establishing call centers. Call center use would greatly reduce mission workloads.

Recommendation 5: Embassy Jakarta should establish a consular call center operation. (Action: Embassy Jakarta)

Visa Clearances

The mission fully supports and implements regulatory measures that protect U.S. interests. American regulations require obtaining specific clearance before issuing visas to persons whose names, or close name matches, appear in a visa lookout system. As the world's largest Muslim country, many Indonesians have common Arabic-derived names. Indonesians who are neither criminals nor affiliated with terrorism therefore often have lookout system hits based on entries for suspected terrorists. When this occurs, special clearances must be sought before visa issuance. Exacerbating the issue, many Indonesians use only one name, making it impossible to rule out hits with a matching surname or first name.

Processing time for such clearances, now about two weeks for most applicants, recently improved dramatically. However, about 10 percent of applicants each month require a second clearance request due to new nonspecific hits. These additional hits enter the system between the time the mission makes an inquiry and the Department replies. About 20 percent of those requiring a second submission then require a third, fourth, or fifth query. Clearing visa applications for persons with common names can take six months or more. These instances, though relatively few in number, contribute greatly to perceptions of U.S. discrimination against Muslims. OIG referred this issue for further development, as it would appear to apply worldwide and not specifically only to visa applicants at the U. S. mission in Indonesia.

Exchange Visitor Reciprocity

Indonesians may qualify for maximum validity one-year exchange visitor (J) visas based on the present bilateral visa reciprocity schedule. About 600 persons sought J visas in FY 2004. Most J visa applicants, including Fulbright and other prestigious program scholars, pursue multi-year programs. Many visit home during summer vacations. Because they must obtain new visas to return to their programs, their visa reapplications create more work for the mission. Those with common names may find that the clearance issues described above delay return to the U.S before classes resume. In 2004, one student missed an entire semester. Such incidents destroy goodwill created by U.S. government-sponsored scholarship programs.

Increased Fulbright and other academic outreach efforts, particularly those designed to expose Muslim scholars to the United States, means that J visa application rates will rise in the next few years. Revising J visa validity from 12 to 24 months would reduce mission visa workload, help eliminate adverse publicity, and would not create harmful security implications. Changing the validity period could either be jointly negotiated, or the Department could unilaterally liberalize the reciprocity schedule as it has done in other instances. Amending J visa validity to 24 months would save mission resources and enable exchange visitors to complete their programs.

Recommendation 6: Embassy Jakarta should propose, and the Bureau of Consular Affairs should approve, the revision of the visa reciprocity schedule for Indonesia to extend validity of exchange visitor visas from 12 to 24 months. (Action: Embassy Jakarta, in coordination with CA)

Information Sharing with Australia

Due to its geographic location, Australia has a historically strong interest in Indonesian immigration and visa fraud. Australian immigration and police officials studied and tracked prospective terrorists and illegal immigrants well before September 11, 2001, because they believed such persons enter their country via Indonesia. Australia's well-developed immigration tracking system and police liaison work at Indonesian airports yields valuable fraud and potential terrorist information. The mission consular and RSO sections work closely with Australian officials on a variety of security and visa fraud issues. Such cooperation could be strengthened further, to the benefit of the United States, by the Department's authorizing information sharing with Australia as broad as is authorized with Canada.

Recommendation 7: The Bureau of Consular Affairs should issue guidance for sharing visa information with Australia similar to that delineated in 03 State 344544, Cooperation with Canada on Visa Processing. (Action: CA)

American Citizens Services

Unfortunately, natural disasters and terrorism afflict Indonesia regularly and can easily affect U.S. citizens. The American citizens services units maintain strong working relationships with Indonesian authorities. The mission's well-organized warden system meets requirements to orchestrate effective emergency safety and/or evacuation plans for Americans. Some of the latter expressed their appreciation for those efforts to OIG. Statistics describing the unit's workload are cited earlier in this report.

Visas

Embassy Jakarta's consular section provides both NIV and IV services. Consulate General Surabaya evaluates only NIV applications. Visa workload statistics may be found earlier in this report. Careful judgment of visa candidates in compliance with all pertinent laws and regulations protects U.S. borders by identifying and excluding terrorists, curbing illegal immigration, and sustaining bona fide travel to the United States. OIG found the NIV units uphold U.S. laws and regulations while providing civil, useful service. Roughly 45 percent of Indonesian first time visitor visa applicants do not qualify for visas. Seamen, notably prospective mariners on cruise ships operating near U.S. waters, form a large and economically important part of the NIV constituency. Consular section outreach results in first-rate relations with most organizations representing potential visiting seamen. In Jakarta, crewmen may apply for visas at specific times and receive expedited service. Similarly, the visa section facilitates legitimate business travel by offering particular times for visa applicants from preregistered companies without making appointments. By July 2005, some 180 firms registered for the Business Visa Program. This undertaking earns high marks from trade, industry, and chamber of commerce executives.

Applicants for NIVs pay a machine-readable visa fee. In Jakarta, an on-site bank branch collects the fee as applicants enter the embassy compound. This needlessly complicates visitor flow and adds to consular space congestion. This practice may contribute to the roughly 25 percent applicant no-show rate Embassy

Jakarta experiences as visa candidates pay the machine-readable visa fee after they make interview appointments. Visa seekers contact consular staff to make appointments for their interviews thus consuming resources. Consulate General Surabaya uses the same general procedure. The 2004 CMAT team recommended that the mission institute off-site machine-readable visa fee collection. Coincident with that, the bank could make appointments upon fee payment and perform data entry tasks. CA sanctions and advocates this approach. The MRV memorandum of understanding with Citibank expired in 2003. OIG strongly endorses the CMAT recommendation.

Recommendation 8: Embassy Jakarta should negotiate an agreement with a financial institution to collect machine-readable visa fees off site and perform initial data entry tasks for nonimmigrant visa applicants. (Action: Embassy Jakarta)

Fraud Prevention

Forty-five percent of first-time visitor visa applicants do not qualify for visas. This situation fosters fraud and led the Department to designate Indonesia formally as a high fraud country. As part of the campaign to strengthen border security, DS and CA signed a memorandum of understanding to create positions designated as assistant regional security officers with investigative powers. The primary responsibilities of these positions are to investigate instances of fraud threatening visa and passport issuance. One of these positions was assigned to Jakarta.

OIG found a superior working relationship between consular antifraud and regional security offices. In Jakarta, the recently arrived assistant regional security officer/investigator focuses his attention on uncovering and, in concert with Indonesian authorities, dismantling fraud rings. He and his colleagues authenticate family relationships, determine identity and citizenship, validate records, and investigate claims. Success to date includes destruction of a fraud ring as well as uncovering fake documents relating to individual applicants. In Surabaya, the RSO and consular employees investigate suspicious cases. Surabaya's RSO takes a commendably proactive role helping overstretched consular staffers. Positive results there include destroying several fraud rings and indictments followed by prosecutions through the Indonesian legal system. Both sections see a large amount of comparatively unsophisticated, detectable fraud at present. As forgery techniques get more sophisticated, however, detection will become more difficult.

OIG informally suggested that the antifraud workload be analyzed to determine whether Embassy Jakarta requires a consular FSN investigation position to help manage the mandate.

Consular Eyesore

Public access controls and undesirable locations make the consular sections an eyesore. In Jakarta, visa applicants wait outside in a humid, littered area under a railway line before entering the compound. All embassy staff and visitors share the compound entrance, adding to congestion. Then, snake-like queuing in a maze that runs close to 800 feet long precedes standing in a 10-person deep line before an acoustically useless interview window. Clients pass through security screening midway through the procession. Public toilets exist past that point. American citizens are permitted to bypass most of the line up process prior to entering the screening space. All clients share a cramped indoor waiting room before talking with consular staff. Steps and turnstiles pose continual obstacles for the handicapped.

Employee working space is crowded. When not at closely spaced interview windows, two or three FSNs share 12 by 10 foot cubicles while entry-level officers split 12 by 12 cubicles. Employees do their best, however, to maintain their space neatly.

Surabaya suffers from even worse space. Visa candidates wait alongside a very busy street exposed to pollution and reckless drivers before entering the compound. Once inside the building, again with only one entrance, people squeeze past each other to vie for space before meeting consular staffers. Conditions in the so-called waiting room resemble a Tokyo subway car at rush hour with people literally cheek by jowl. Staff area consists of one desk per FSN and two officers sharing a larger room. The third part-time consular officer thankfully shares another nearby office with a colleague or two.

The consular agency in Denpasar, Bali is more businesslike and client friendly. Located in a well-maintained bungalow, it projects a favorable image for the United States. The consular agent and his senior assistant have their own offices. Clients use a sparse but clean eight by 10 foot waiting room.

The 2004 CMAT described consular physical conditions in Jakarta and Surabaya and endorsed or suggested ways to improve client waiting and staff working areas. The mission obtained funds to upgrade facilities through a CA program aimed at improving consular space worldwide called the consular improve-

ment initiative. Consular improvement initiative money paid building costs for outdoor client waiting shelters in Jakarta and for improvements in customer flow-through. The consular improvement initiative supplied Consulate General Surabaya with \$25,000 used to add sound-deadening material in the consular waiting room. At the time of the inspection about \$250,000 of initiative money remained unspent in Jakarta. Consular managers said they expected to use about \$160,000 to build more outdoor waiting space and \$60,000 to hire a professional space designer to improve space usage. However, that planned construction now may be affected by possible changes to the embassy compound entrance.

Recommendation 9: Embassy Jakarta should determine whether changes to its compound perimeter foreclose needs for more protected waiting space. (Action: Embassy Jakarta)

Recommendation 10: Embassy Jakarta should expedite use of consular improvement initiative funds for remedial construction or return the funds to the Department for other consular improvement initiative uses. (Action: Embassy Jakarta)

RESOURCE MANAGEMENT

Agency	U.S. Direct-Hire Staff	U.S. Local-Hire Staff	Foreign National Staff	Total Staff	Total Funding (000s) FY 2005
Department of State	113	20	851	984	18.0
Foreign Commercial Service	2	0	16	18	.5
Defense Attaché Office	14	0	5	19	.6
U.S. Agency for International Development - Program					129.4
USAID - Operating Expenses	51	8	116	175	4.8
Library of Congress	1	0	39	40	1.3
Office of Defense Corporation	1	0	5	6	.2
Navy-HQCINCPAC	2	0	1	3	.04
Dept of Justice - Legal Attaché	1	0	0	1	.1
Dept of Justice - ICITAP	3	0	4	7	.5
Foreign Agricultural Svc	2	0	7	9	.3
Dept of Interior	1	0	2	3	
Navy Medical Research Unit	24	0	110	134	7.6
Air Mobility Command			1	1	.02
IBB Affiliates - VOA			5	5	.2
Totals	215	28	1162	1405	\$163.56

Data provided by Embassy Jakarta

Mission Jakarta is one of the largest U.S. diplomatic missions worldwide. Staffing by the Department and other agencies exceeds 1,400 U.S. and LES personnel. Funds managed for all clients in FY 2005 are estimated to exceed \$34 million.

The mission faces major challenges in the areas of shared services, operating in a totally inadequate compound, and establishing a viable American presence post in Medan.

ADMINISTRATIVE OPERATIONS

Administrative operations for the past three years have been well managed by a senior management counselor, a feat all the more credible because of an extended evacuation in 2002-2003 and significant staffing gaps in several administrative functions. Most notably, the embassy went seven months without a human resources officer and had FSNs that were in responsible positions that have now been replaced or are working under performance improvement plans. Additionally, the embassy has an administrative section that has not received an overwhelming number of bids for its various positions the past few years.

REAL PROPERTY

Embassy Jakarta manages a large portfolio of both office and residential government owned and leased properties. The government owned embassy compound with about 19 separate buildings is not adequate for present and future requirements. Completion of a new embassy compound is scheduled for 2010. A site evaluation is scheduled for late FY 2005 or early FY 2006. However, site acquisition will not be finalized until Embassy Jakarta completes a rightsizing requirement with the Office of Rightsizing (State 117166, 23 Jun 05).

The embassy received \$1 million as part of the Bureau of Overseas Buildings Operations (OBO) Wellness Program and has initiated 26 projects in both government owned stand-alone houses and apartments. An unconscionable lack of compassion by American management resulted in a handicapped employee being required to negotiate a steep flight of stairs at least twice a day for many years. An agreement with the Indonesian government for assistance in equivalent property that is the site for 20 houses and the American Employees' club ended in 2001. There is a government-owned resort property that is little used and overly expensive; it should be sold. Elimination of a little used commissary store will provide additional sorely needed space. Completion of a warehouse renovation project was being delayed due to poor performance by an American contractor. Due to funding limitations, when the renovation is completed, it still will not provide adequate

space to meet the requirements for warehousing the property of both Department and supported agencies. It is essential that the proposed new embassy compound project include adequate warehousing.

Accessibility for Disabled Employees



Stairway to the Financial Management Center

The chancery compound does not facilitate the work of disabled employees. OIG discovered an FSN employee, disabled by polio, who for over 11 years had been negotiating a 22-step staircase to enter or leave her office space. It took OIG's notice of this situation and the prompt action of the Ambassador to begin to redress what had been an

unconscionable disregard of handicapped needs. On June 21, 2005, Embassy Jakarta forwarded plans for a wheelchair lift for approval and funding. In July 2005, OBO provided funds to design and procure the installation of adequate facilities for the disabled.

Recommendation 11: Embassy Jakarta, in coordination with the Bureau of Overseas Buildings Operations, should design and procure the installation of a wheel chair lift at the medical/financial management center building. (Action: Embassy Jakarta, in coordination with OBO)

Field Operating Agency Compound

The government of Indonesia made the Field Operating Agency compound available to the embassy under a 20-year assistance in kind agreement in 1981. The compound was originally given to the U.S. government in 1952 pursuant to several bilateral agreements concerning economic and military assistance. The compound comprises 20 houses and the land on which the American Employees Club facilities are located. The embassy has occupied the property rent-free with an agreement that expired in 2001.

Recommendation 12: Embassy Jakarta should negotiate an agreement with the government of Indonesia for the use of the Field Operating Agency compound. (Action: Embassy Jakarta)

Recommendation 13: Embassy Jakarta should determine if a liability exists for unpaid rent since the expiration of the agreement in 2001. (Action: Embassy Jakarta)

Mirasole Property

The mission owns a property - Mirasole - in the Puncak area 92 kilometers from downtown Jakarta. The property has two houses that are available for use by mission personnel for a fee. During the last two years, post has collected approximately \$4,000 in rental fees and paid over \$25,000 for expenses and repairs. The collection of the fees will be discussed in the Management Controls section later in the report. The property is occupied most of the time by only the full-time household staff. The lack of interest by mission staff in making use of the property, coupled with the cost of maintaining it, does not justify its continued retention.

Recommendation 14: Embassy Jakarta, in coordination with the Bureau of Overseas Buildings Operations, should obtain an appraisal of Mirasole, property no. GO/OBO-R45061, obtain permission to sell the property, and place it for sale. (Action: Embassy Jakarta, in coordination with OBO)

Renovation Projects

OBO has not provided sufficient oversight of construction contractors on two major projects. The first, an often delayed and troubled replacement of the chancery air conditioning system, was finished months behind schedule by a less than competent contractor whose work resulted in roof damage and flooding in the chancery.

Renovation projects are, at best, costly temporary fixes in Jakarta. A new embassy compound, complete with adequate warehouse facilities, is sorely needed. A project estimated to cost about \$4 million to renovate the embassy warehouse is significantly behind schedule resulting in unnecessary costs to continue to lease a

temporary warehouse. Present lease costs are \$7,500 a month, and the lease will have to be extended for about six months after the expiration date of August 2005. Even when completed, the renovation project will not meet the needs of the chancery. Space will be woefully insufficient, and the Department (the service storage provider) will not be able to meet requirements for warehousing the property of supported agencies. Ceilings will be so low that only one level of furniture, furnishings, or equipment can be stored. Crossbeams for ceilings in both office and some storage spaces are so low that persons of less than average height can readily touch the beams. In areas where there is more space, available headroom is not sufficient to provide adequate storage capacity.



Embassy Jakarta Warehouse Upper Level Office Space

There are other significant flaws. The capacity of wiring and cabling to supply power will not be sufficient to permit maintenance shops to operate all necessary equipment. Ingress and egress are severely limited and constitute a safety hazard.



2004 Rainy Season

Access for deliveries is also severely limited. During the rainy season the entire area floods, and there is no apparent capability to pump excess water from the compound. In all probability, items in storage will be damaged.

At the time of the inspection (June 2005) there had not been a project director on site for six months. Both the contracting officer and the contracting officer's representative are located in Washington D.C. The only OBO employee associated with the project in Jakarta is a locally hired Indonesian secretary who has no responsibility for oversight or direction of the contractor. Facilities maintenance

managers or other embassy personnel were not delegated authority to oversee the contractor.

Recommendation 15: The Bureau of Overseas Buildings Operations should assign a project manager to review and oversee the final phases of contract number SALMEC-02-D-0022-0021. (Action: OBO)

Recommendation 16: The Bureau of Administration, Office of Acquisitions Management should designate an individual located in Jakarta as contracting officer's representative for contract SALMEC-02-D-0022-0021. (Action: A/LM)

Recommendation 17: Embassy Jakarta, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Administration, Office of Acquisitions Management, should determine and assess penalties for the contractor's failure to perform timely work on contract number SALMEC-02-D-0022-0021. (Action: Embassy Jakarta, in coordination with OBO and A/LM)

Recommendation 18: Embassy Jakarta, in coordination with the Bureau of Overseas Buildings Operations, should locate and lease warehouse space sufficient to store the property of supported agencies that cannot be warehoused in the government-owned warehouse (property number GO/OBO-R3400). (Action: Embassy Jakarta, in coordination with OBO)

Shared Services (Rightsizing)

Embassy Jakarta was one of four posts examined as part of a Department/USAID shared services study. Near-term recommendations made were to consolidate motor pools and leasing operations. Responsibility for residential leasing was assumed by USAID. Nonresidential leasing and leasing outside Jakarta remained with the Department. Motor pool operations, too, were only partly consolidated. The Department assumed responsibility for most operations, but USAID retained its program vehicles. Another four agencies still operate their own motor pools.

Currently SBU operations are housed in a lock-and-leave facility, which means that an American must be present during all after-hours operations. This responsibility is currently being borne by the two individuals that are assigned to the information support operations. This duty should be shared among all Americans in the information management operation.

Embassy Jakarta uses a variety of mechanisms to communicate IT processes and procedures. Both the unclassified and classified operations contain standard operating procedures manuals that are available to staff for guidance and reference. Specific guidance is promulgated through e-mail. The embassy uses management notices to inform all embassy personnel of general information management / information systems security requirements.

On the whole, these procedures are clear and comprehensive with the exception of some instructions in the classified standard operating procedures. There are multiple procedures with different dates and group accounts with passwords documented in the procedures. The instructions tell the information systems management center personnel to log on to any of the servers using either their administrator logon or a group account logon. This instruction is contrary to security standards that require system administrators to use their own accounts and not group accounts. These errors were corrected during the inspection. Other minor issues were noted during OIG's review of the documentation and informal recommendations were made to correct discrepancies. Much of the guidance provided through e-mail was not printed and maintained in a central file. Other notices referred to procedures that were no longer in effect.

The lack of written policies and procedures has led to confusion regarding the appropriate way to handle issues. For example, the human resources office was not notified when the Department identified that local security personnel visited sexually explicit web sites. OIG also found video and audio files that are not work related being stored on government equipment. Embassy Jakarta issued management instruction no. 58 on outlook mailbox size limits that resulted in the data backup of over six hours - much of this was attributed to items that were not work related, including picture and video files. Standard operating procedures need to be distributed reminding employees about the consequences of improper use of U.S. government equipment. Such procedures should define the process for identifying and reporting inappropriate use to the supervisor, human resources, and the employee. OIG made an informal recommendation to review and correct the procedures as necessary and to develop and document the missing key procedures.

In Jakarta, corrective actions in the form of terminations, retirements, and performance improvement plans have been initiated. While the incumbents may have met the educational level for the job, the educational level is not high enough to attract individuals that can successfully perform. A college degree should be required for virtually all human resources positions. Considerable effort is being expended to recruit, train, and retain qualified FSNs. In order to obtain the employees desired, human resources has attempted to raise the standards necessary to fill positions. These requirements have been discussed with the Bureau of Human Resources, Office of Overseas Employment. However, the bureau is reluctant to raise the standards. At the time of the inspection, human resources needed an employee to work with health insurance plans. The plans are complex and as discussed in the Management Controls section of this report, significantly increased oversight is required. In the current labor market the educational level evidenced by a college degree is necessary for virtually all embassy white-collar jobs.

Recommendation 22: The Bureau of Human Resources, in coordination with Embassy Jakarta, should raise job qualification standards for Foreign Service national employees to those necessary to recruit and retain qualified applicants. (Action: DGHR, in coordination with Embassy Jakarta)

FINANCIAL OPERATIONS

Staffing

The embassy's financial management center is adequately staffed with one American officer, two eligible family members, and 14 capable LES. With the support of the Bangkok financial service center, the section provides satisfactory accounting and disbursing services for the mission and Embassy Dili. Since his arrival in August 2004, the financial management officer has made changes to improve operations. The scores for the financial management center in OIG's workplace and quality of life questionnaire were high. However, some of the management controls in the financial operations need to be strengthened.

Accounts Receivable

The payment process for some personal services in Jakarta is cumbersome. The billing for telephone services by the Indonesian telephone company is late most of the time and the service suspended if the bills are not paid within a few days of issuance. To ensure that employees have continuous telephone service, the embassy pays a consolidated invoice and bills the individual employees for the cost of their telephone service. In addition, the embassy provides home-to-office transportation for a fee. Every month, employees receive a bill with the amount required to be paid. OIG's review of the accounts receivable aging report showed some accounts outstanding for over 60 days and some over 100 days, which is not in compliance with regulations found in 4 FAH 3-H-490. The financial management officer is in the process of establishing a new system that will produce a consolidated bill for each employee to facilitate collection.

Recommendation 23: Embassy Jakarta should establish procedures to consolidate and collect employee debts within 30 days of billing. (Action: Embassy Jakarta)

Recommendation 24: Embassy Jakarta should enforce debt collection provisions for accounts outstanding more than 90 days as required by Department regulations. (Action: Embassy Jakarta)

Banking

The agreement for the U.S. Disbursing Officer bank account is not current. The financial management officer has informed the Bangkok financial service center of the post's desire to rebid the banking services by September 30, 2005.

Cashiering

Embassy Jakarta and Consulate General Surabaya are not performing the required unannounced cash reconciliations for most subcashiers as required by the regulations. In the embassy, quarterly unannounced cash reconciliations were not made for the majority of the subcashiers. In Surabaya, two of the subcashiers with advances over \$1,000 were required to have monthly unannounced reconciliations;

instead, quarterly reconciliations were made. 4 FAH 3- H-397.2-3 requires monthly unannounced verifications when the advance amount is \$1,000 or more and quarterly verifications when the advance is under \$1,000. OIG informally recommended that unannounced reconciliation of advances be performed as required.

GENERAL SERVICES

General services operations, led by an experienced supervisory general services officer, provide adequate service to the mission.

The supervisory general services officer is supported by three assistant general services officers and two facilities maintenance managers. At the time of the inspection, there were two assistant general services officers, a mid-level officer performing the procurement function for the first time, and a facilities maintenance manager who was also filling in as assistant general services officer for supply and overseeing warehouse operations. Everyone is stretched thin at this large mission. Maintenance personnel also devoted considerable time and effort in support of Embassy Dili. As a result, there were several management control weaknesses.

Motor Pool

The motor pool in Jakarta is well managed by an FSN supervisor working under the general services officer in charge of transportation. The required records were properly maintained. The motor pool services received high scores in OIG's workplace and quality of life questionnaire.

The daily usage vehicle reports in Surabaya did not accurately show vehicle mileage usage. Some of the records showed a lower odometer count at the end of a trip than when the trip started; others had unrecorded mileage. An informal recommendation was made to address this issue.

International Cooperative Administrative Support Services

The ICASS council in Jakarta is comprised of 26 subscribers from nine U.S. government agencies. The council operates without a current signed charter and does not have memoranda of understanding establishing the terms and conditions

of the agreement between the ICASS council and the U.S. government service providers required by 6 FAH-5 H-101.1. An informal recommendation was made to draft and sign a charter and memoranda of understanding with service providers.

The ICASS council at post is not very effective. The council does not meet quarterly as recommended by 6 FAH-5 H-301.7(a), and only less than half the entities actively participate. Neither the DCM nor the ICASS Department representative have attended any meetings since their arrival, the former in July 2003 and the latter in August 2004. As stated in 6 FAH-5 H-309, “the presence of the DCM on the council represents post management’s commitment to ICASS and its role as a change agent in streamlining administrative operations and reducing costs. The DCM should keep the Ambassador fully informed on ICASS matters.” At the time of the inspection, a new ICASS Department representative was designated. OIG informally recommended that the DCM attend the ICASS meetings.

To be able to assess and comment on the overall performance of each service area as part of the accountability and feedback process, the Council Chairperson is required by 6 FAH-5 H-301.5 to prepare an annual assessment memorandum of service providers. No assessment has been made in the last three years. Informally, OIG recommended the preparation of an annual assessment memorandum of service providers by the ICASS Council Chairperson.

QUALITY OF LIFE

COMMUNITY LIAISON OFFICE

An OIG survey of mission personnel revealed that the overall level of morale is high. Embassy Jakarta's community liaison office (CLO) coordinator took over the position in April 2005; consequently, the office is in a state of transition. It has two positions, one 40 hour a week CLO and one 40-hour a week FSN assistant. The new coordinator has considerable prior experience, having served as CLO at several other missions including Embassy Seoul and Embassy Ljubljana. Clearly knowledgeable about the job's responsibilities, the coordinator is updating records and developing plans for an active fall season. The CLO office produces a weekly newsletter and has recently sponsored a series of dinners at a wide variety of restaurants in Jakarta. The CLO plans to work with the human resources office and other agencies at post to establish shared positions for family members at the mission. In addition, with the active involvement of the Ambassador, the DCM, and the management counselor, the CLO is trying to secure a bilateral work agreement with the government of Indonesia to expand choices and opportunities for family members

MEDICAL UNIT

The embassy's health unit provides medical counseling as well as first aid for all embassy staff and primary outpatient care for mission Americans. It occupies part of a chancery annex on the embassy compound. The unit provides care to over 1,400 employees, those who accompany them, and hundreds of temporary duty personnel each year. Health unit staffers oversee additional medical treatment or procedures requiring use of local services. The unit coordinates about 50 medical evacuations a year to facilities outside Indonesia so that employees may obtain U.S. quality health care. The unit also conducts food safety inspections at the recreation association sponsored restaurant and mission cafeterias, as discussed separately in this report.

The staff consists of a regional medical officer, a regional medical technologist, a Foreign Service health practitioner, a LES medical technician, an LES part-time physician, four LES nurses, a medical assistant, and two receptionists. The regional medical officer's geographic responsibilities include Indonesia, East Timor, New Zealand, Fiji, Samoa, Vanuatu, Tonga, and Kiribati. The regional medical technologist's area responsibilities encompass Indonesia, East Timor, the Philippines, Singapore, Malaysia, Australia, Fiji, New Zealand, Cambodia, Thailand, Laos, and Vietnam. The Department's Office of Medical Services supports the health unit.

OIG review confirmed that the unit satisfies regulations governing patient records and controlled drugs, properly keeping them in secure containers. Some employees expressed concern over the quality of laboratory blood work in Indonesia, especially with dengue fever risks. OIG informally recommended the embassy obtain an automated hematology analyzer to speed testing and alleviate anxieties.

MANAGEMENT CONTROLS

The annual certification of management controls for 2004 by the former Chief of Mission, reported only the under funding of the FSN defined benefit retirement program as a material weakness - a \$3 million problem that has been substantially resolved. There were and are, however, serious management control weaknesses in several operational areas, particularly in contract administration, inventory control, control of accountable forms, erroneous payment of invoices from schools in Jakarta and Surabaya, and the community support association. The most serious weaknesses are in contracting for health insurance.

Chief of Mission Certification

As required, the annual Chief of Mission certification was prepared, signed, and forwarded to the Department on July 16, 2004. However, OIG found several major reportable weaknesses that existed during the period for which the certification was prepared. A certification for 2005 is due in July. Conditions described below and corrective actions taken should be reported.

Contract Management

Contract management and administration need improvement. The health insurance contractor is reaping considerable profits. The value of the annual modifications to the contract exceeded the contracting officer's warrant, and designations to be the contracting officer's representative for the health insurance contract were not made. There was also no documentation available to show that scheduled fees paid under the terms of a revised pension plan agreement were negotiated, although it was stipulated in the agreement. Semi-annual account reports were to be prepared and submitted by the insurer, but the requirement was not enforced. In addition, payments to official residence expense employees were made although proper contracts were not in effect.

Health Insurance

The health insurance contractor is earning profits far in excess of norms. In order to provide health and life insurance to the mission's LES, the embassy has a contract with the Lippo General Insurance Company. Option year four of the contract for the period May 1, 2005, to April 30, 2006 was signed April 28, 2005. The value of the modification was about \$592,692 (9,500 Rupiah = \$1). The contracting officer's warrant is \$250,000. A waiver or approval as required by DOSAR 601.603-70(a)(1) had not been requested. The total value of the contract through the 2005-2006 modification is about \$3.3 million. Prior year modifications also exceeded the amount of the warrant.

Contract administration and oversight was virtually nonexistent. Reports of claims processed and paid by the contractor were not required by the embassy. As a result of OIG's request, the contractor provided a claims summary analysis for the period May 1, 2003, to April 30, 2004. During this period, the contractor showed a net gain of about \$270,000. One of the major categories of the contract was for a premium payment for catastrophic illness. Actual claims between 2002 and 2004 were only about 25 percent of the premium paid of about \$321,000.

Recommendation 25: Embassy Jakarta should renegotiate contract number S0ID320-01-C-0010 with the health insurance contractor to provide realistic premium payments for health insurance categories such as catastrophic coverage. (Action: Embassy Jakarta)

Recommendation 26: Embassy Jakarta should determine if the health insurance contractor's excessive profits on contract number S0ID320-01-C-0010 are recoverable. (Action: Embassy Jakarta)

Recommendation 27: Embassy Jakarta should initiate procedures to compare amounts paid by the health insurance contractor with premium payments made by the embassy to ensure reasonableness. (Action: Embassy Jakarta)

Pension Plan

There are two retirement plans in addition to a Civil Service retirement plan in effect in Jakarta. An agreement for a defined contribution plan was executed with an insurance company in September 2004. The agreement was negotiated to complement the defined benefit plan that had been seriously mismanaged to the point that the U.S. government was in a deficit position exceeding \$3 million. The new agreement for the contribution plan was with the same company that provided the benefit plan. There is no documentation to show that administrative fees, investment fees, and other charges were negotiated. In addition, provisions for monitoring the insurer, such as preparing and submitting semi-annual account reports, are not being fully complied with. Data provided by the insurer has been inaccurate and rejected by the embassy.

Recommendation 28: Embassy Jakarta should determine if the fees charged by the pension plan insurer for the defined contribution plan are reasonable and appropriate. (Embassy Jakarta)

Ratification

The contracting officer's warrant is for \$250,000. The contract for health insurance was originally awarded in 2002 and renewed annually, the latest in April 2005. The initial contract was valued in excess of \$250,000. Contract files are not well maintained. Although there is documentation to show that the Office of the Procurement Executive disapproved the initial solicitation, there is no documentation to show that the contract was approved. In addition, waivers permitting the contracting officer to exceed his warrant in the subsequent years when the modifications exceeded \$250,000 each year were not requested, therefore not provided by the Office of the Procurement Executive (paragraph (a) (1) DOSAR 601.603-70). Ratification of the award is required by 14 FAM 215e.

Recommendation 29: Embassy Jakarta should forward a request for ratification of all modifications of contract S0ID320-01-C-0010 to the Office of the Procurement Executive in accordance with Department regulations. (Action: Embassy Jakarta, in coordination with A/OPE)

Contracting Officer's Representative

A contracting officer's representative is appointed to assist in the administration of contracts (paragraph 642.2 Department of State Acquisition Regulations). A contributing factor to the weaknesses in the administration of the health insurance contract was the lack of a contracting officer's representative. Neither the human resources officer nor the assistant human resources officer had been designated as the contracting officer's representative for the health insurance contract.

Recommendation 30: Embassy Jakarta should designate a contracting officer's representative for the health insurance contract. (Action: Embassy Jakarta)

Leased Vehicles

For the last 15 months, the embassy has leased vehicles for use by the Bureau of Diplomatic Security's Office of Antiterrorism Assistance Programs without advance approval by the Department. 14 FAM 418.8-3 requires that leases of program vehicles in excess of 60 days be approved in advance.

Recommendation 31: Embassy Jakarta should request advance approval for vehicle leases exceeding 60 days in accordance with Department regulations. (Action: Embassy Jakarta)

Control of Accountable Forms

The officer in charge of the transportation section controls the U.S. government transportation requests used to procure transportation. The Foreign Affairs Manual requires the designation of an accountable officer to be responsible for safeguarding and controlling the issuance of government transportation requests. The transportation officer has not been designated as an accountable officer as required by 14 FAM 517.4. In Surabaya, the administrative officer is in possession of the blank transportation requests, although he is not a designated accountable officer. According to the embassy's records, 100 government transportation request blanks that were sent to the consulate general could not be accounted for and were not reported to the Department as required by 14 FAM 517.4(b).

Recommendation 32: Embassy Jakarta should designate an accountable officer responsible for safeguarding and controlling the issuance of government transportation requests in Jakarta and Surabaya as required by Department regulations. (Action: Embassy Jakarta)

Recommendation 33: Embassy Jakarta should investigate and account for the missing 100 government transportation requests and should report any lost forms to the Department as required by Department regulations. (Action: Embassy Jakarta)

The transportation officer also transferred accountability of 100 blank government transportation requests to the local travel assistant to be used as needed. In addition, blank government bill of lading forms have been in due custody of an FSN since his arrival in 1999. Controlled forms should be in possession of the designated accountable officer.

Recommendation 34: Embassy Jakarta should account for and collect blank government transportation requests and government bills of lading from the Foreign Service nationals. (Action: Embassy Jakarta)

An inventory of government transportation requests was not done until November 2004, over a year after the arrival of the transportation officer. When performing the inventory, the officer found that a request was missing. At the time of the inspection the missing form had not been reported to the Department as required in 14 FAM 517.4(c).

Recommendation 35: Embassy Jakarta should report the lost government transportation request to the Department as required by Department regulations. (Action: Embassy Jakarta)

School Grants

For the last two years, the (b) (6)(b) (6)(b) (6)(b) (6) and the (b) (6)(b) (6) (b) (6)(b) (6) have received grants for security upgrades. Both schools submitted invoices that predated the grants award date for payment. The (b) (6)(b) (6) (b) (6)(b) (6) submitted an invoice for over \$40,000 for the installation of window

film that was dated prior to the grant period. The film is authorized in the grant but was purchased eight months earlier with embassy approval after the 2002 Bali bombings. The (b) (6)(b) (6)(b) (6)(b) (6)(b) (6) also submitted an invoice for over \$3,000 for installation of a fence that preceded the time period of the grant.

While the grants to the (b) (6)(b) (6)(b) (6)(b) (6)(b) (6)(b) (6) should have contained an express provision indicating that it was covering pre-grant costs, both the grant officer and the grantee apparently agreed that the grant would cover the costs for the window film and the fence. One remedy would be to issue a unilateral grant modification document that the grant was intended to permit costs previously incurred by the School for physical security enhancements to be reimbursed. The post had not reviewed existing guidance to ensure that grant agreements expressly provide for the payment of pre-award costs when appropriate.

Recommendation 36: Embassy Jakarta should issue a unilateral grant modification document that the grant was intended to permit costs previously incurred by the School for physical security enhancements to be reimbursed. (Action: Embassy Jakarta)

Recommendation 37: Embassy Jakarta should implement mission wide procedures to only process invoices submitted for payment of school grants that are dated within the time period of the grants or can be paid pursuant to other grant provisions. (Action: Embassy Jakarta)

American Embassy Commissary and Recreation Association

The American Embassy Commissary and Recreation Association was created in April 2005 with the merger of the American Embassy Recreation Association and the U.S. Embassy Association. The association provides a broad range of services and activities primarily for the benefit and welfare of the employees of the embassy and their families. Included in its operations are a commissary, a snack bar located in the embassy compound, and an American club located in the Field Operating Agency compound.

The 2003 and 2004 audited financial statements are not reliable. Losses and expenses are overstated. The independent auditor's report included the building occupied by the American Club located on the Field Operating Agency compound as an asset in the balance sheet, but the building is owned by the U.S. government. The auditor's report also included depreciation expense in the income statement further distorting the results of the association's operations. In addition, the number of members was overstated, resulting in reported revenues that did not exist.

Recommendation 38: Embassy Jakarta should reissue the financial statements of the American Embassy Commissary and Recreation Association to reflect the correct value of its assets, liabilities, and net income. (Action: Embassy Jakarta)

The commissary store occupies space on the embassy compound that could be put to official use. The store sells very few products and many of these or similar items are sold in modern local supermarkets at comparable prices. Some of the items in the commissary may not be available or may be highly taxed such as alcoholic beverages.

Recommendation 39: Embassy Jakarta should reduce the commissary store operation to the sale of alcoholic beverages and any other items not available or which are highly taxed on the local market, move operations to a smaller facility, and release present store space for official use. (Action: Embassy Jakarta)

Fee Collection

The rental fees received from the Mirasole property have been improperly credited to a Bureau of Overseas Buildings Operations fund cite. 4 FAH-3 H-321.2(a)(1) requires amounts collected for goods or services furnished to be credited to the appropriation originally charged, in this case Diplomatic and Consular Programs. OIG informally recommended that rental fees from the Mirasole property be credited to the Diplomatic and Consular Programs appropriation and not to a Bureau of Overseas Buildings Operations fund cite.

Representation Expenses

Representation expenses were paid that were not allowed or were above the per person limits established by post. A voucher was paid for Marine Ball tickets purchased for a foreign diplomat. 3 FAM 3241.3(2) states “expenses for attending fund-raising dinners, concerts, balls, or other strictly social functions normally do not meet the criterion for the representation allowance and typically are prohibited.” Purchasing tickets for the Marine Ball would normally be prohibited unless the “highest levels of host country officials are present.” Some vouchers were paid that exceeded the per person guidelines as established in Management Instruction no. 13. An informal recommendation was made to pay only allowable representation expenses and expenses within the mission’s established guidelines.

Inventory Control

Embassy Jakarta maintains a nonexpendable inventory for serviced clients and itself valued at over \$8 million. A physical inventory (the first in many years) completed in March 2005 showed that record keeping had been poor and controls weak. Items valued at over \$500,000 had not been previously recorded, and items valued in excess of \$50,000 were deemed to be lost. Until 2004, required inventory control procedures had not been implemented. Bar coded labels and scanning equipment had not been used. Record keeping still needs monitoring. OIG found furniture items in one location - a cargo container - that were shown to be in a warehouse. There were no procedures in place to verify the accuracy of the locations shown for items in storage. An informal recommendation was made to establish procedures for periodic locator surveys.

Official Residence Expenses

Official residence expense staff has received salary payments although contracts were not in existence or were unsigned. The contracts between the Ambassador and official residence expense staff members have not been drafted for eight months. The DCM signed two contracts at his arrival in July 2003, but two official residence expense employees do not have a contract. The principal officer has unsigned contracts drafted in Bahasa Indonesian. During the inspection, the human resources section was in the process of drafting the contracts. An informal recommendation was made to ensure that valid contracts for official residences household staff are in place and signed in a timely manner.

FORMAL RECOMMENDATIONS

- Recommendation 1:** Embassy Jakarta should resubmit its comments and questions on vetting Indonesian police and military who are candidates for U.S. training to the Department, and the Department should respond. (Action: Embassy Jakarta, in coordination with DRL, PM, and EAP)
- Recommendation 2:** The Bureau of Human Resources should assign entry-level officers to Jakarta's consular section for two-year tours of duty. (Action: DGHR)
- Recommendation 3:** The Bureau of Human Resources, in coordination with the Foreign Service Institute, the Bureau of Consular Affairs, and the Bureau of East Asian and Pacific Affairs, should require that future consuls general meet the Indonesian language 3/3 standard. (Action: DGHR, in coordination with FSI, CA, and EAP)
- Recommendation 4:** Embassy Jakarta should standardize mission-wide consular activities. (Action: Embassy Jakarta)
- Recommendation 5:** Embassy Jakarta should establish a consular call center operation. (Action: Embassy Jakarta)
- Recommendation 6:** Embassy Jakarta should propose, and the Bureau of Consular Affairs should approve, the revision of the visa reciprocity schedule for Indonesia to extend validity of exchange visitor visas from 12 to 24 months. (Action: Embassy Jakarta, in coordination with CA)
- Recommendation 7:** The Bureau of Consular Affairs should issue guidance for sharing visa information with Australia similar to that delineated in 03 State 344544, Cooperation with Canada on Visa Processing. (Action: CA)
- Recommendation 8:** Embassy Jakarta should negotiate an agreement with a financial institution to collect machine-readable visa fees off site and perform initial data entry tasks for nonimmigrant visa applicants. (Action: Embassy Jakarta)

Recommendation 9: Embassy Jakarta should determine whether changes to its compound perimeter foreclose needs for more protected waiting space. (Action: Embassy Jakarta)

Recommendation 10: Embassy Jakarta should expedite use of consular improvement initiative funds for remedial construction or return the funds to the Department for other consular improvement initiative uses. (Action: Embassy Jakarta)

Recommendation 11: Embassy Jakarta, in coordination with the Bureau of Overseas Buildings Operations, should design and procure the installation of a wheel chair lift at the medical/financial management center building. (Action: Embassy Jakarta, in coordination with OBO)

Recommendation 12: Embassy Jakarta should negotiate an agreement with the government of Indonesia for the use of the Field Operating Agency compound. (Action: Embassy Jakarta)

Recommendation 13: Embassy Jakarta should determine if a liability exists for unpaid rent since the expiration of the agreement in 2001. (Action: Embassy Jakarta)

Recommendation 14: Embassy Jakarta, in coordination with the Bureau of Overseas Buildings Operations, should obtain an appraisal of Mirasole, property no. GO/OBO-R45061, obtain permission to sell the property, and place it for sale. (Action: Embassy Jakarta, in coordination with OBO)

Recommendation 15: The Bureau of Overseas Buildings Operations should assign a project manager to review and oversee the final phases of contract number SALMEC-02-D-0022-0021. (Action: OBO)

Recommendation 16: The Bureau of Administration, Office of Acquisitions Management should designate an individual located in Jakarta as contracting officer's representative for contract SALMEC-02-D-0022-0021. (Action: A/LM)

Recommendation 17: Embassy Jakarta, in coordination with the Bureau of Overseas Buildings Operations and the Bureau of Administration, Office of Acquisitions Management, should determine and assess penalties for the contractor's failure to perform timely work on contract number SALMEC-02-D-0022-0021. (Action: Embassy Jakarta, in coordination with OBO and A/LM)

Recommendation 18: Embassy Jakarta, in coordination with the Bureau of Overseas Buildings Operations, should locate and lease warehouse space sufficient to store the property of supported agencies that cannot be warehoused in the government-owned warehouse (property number GO/OBO-R3400). (Action: Embassy Jakarta, in coordination with OBO)

Recommendation 19: Embassy Jakarta should include the information technology infrastructure resource needs in the Mission Performance Plan and the Bureau of East Asian and Pacific Affairs should provide sufficient funding to meet those needs. (Action: Embassy Jakarta, in coordination with EAP)

Recommendation 20: Embassy Jakarta should ask the Bureau of Information Resource Management to correct the errors in the reports generated by the system management server, and the Bureau of Information Resource Management should make the corrections. (Action: Embassy Jakarta, in coordination with IRM)

Recommendation 21: Embassy Jakarta should designate the information program officer as the information systems security officer for the unclassified system and the information systems officer as the information systems security officer for the classified system. A regional security officer should be designated as an alternate information systems security officer. (Action: Embassy Jakarta)

Recommendation 22: The Bureau of Human Resources, in coordination with Embassy Jakarta, should raise job qualification standards for Foreign Service national employees to those necessary to recruit and retain qualified applicants. (Action: DGHR, in coordination with Embassy Jakarta)

Recommendation 23: Embassy Jakarta should establish procedures to consolidate and collect employee debts within 30 days of billing. (Action: Embassy Jakarta)

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Recommendation 26: Embassy Jakarta should determine if the health insurance contractor's excessive profits on contract number S0ID320-01-C-0010 are recoverable. (Action: Embassy Jakarta)

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Recommendation 31: Embassy Jakarta should request advance approval for vehicle leases exceeding 60 days in accordance with Department regulations. (Action: Embassy Jakarta)

Recommendation 32: Embassy Jakarta should designate an accountable officer responsible for safeguarding and controlling the issuance of government transportation requests in Jakarta and Surabaya as required by Department regulations. (Action: Embassy Jakarta)

Recommendation 33: Embassy Jakarta should investigate and account for the missing 100 government transportation requests and should report any lost forms to the Department as required by Department regulations. (Action: Embassy Jakarta)

Recommendation 34: Embassy Jakarta should account for and collect blank government transportation requests and government bills of lading from the Foreign Service nationals. (Action: Embassy Jakarta)

Recommendation 35: Embassy Jakarta should report the lost government transportation request to the Department as required by Department regulations. (Action: Embassy Jakarta)

Recommendation 36: Embassy Jakarta should issue a unilateral grant modification document that the grant was intended to permit costs previously incurred by the School for physical security enhancements to be reimbursed. (Action: Embassy Jakarta)

Recommendation 37: Embassy Jakarta should implement mission wide procedures to only process invoices submitted for payment of school grants that are dated within the time period of the grants or can be paid pursuant to other grant provisions. (Action: Embassy Jakarta)

Recommendation 38: Embassy Jakarta should reissue the financial statements of the American Embassy Commissary and Recreation Association to reflect the correct value of its assets, liabilities, and net income. (Action: Embassy Jakarta)

Recommendation 39: Embassy Jakarta should reduce the commissary store operation to the sale of alcoholic beverages and any other items not available or which are highly taxed on the local market, move operations to a smaller facility, and release present store space for official use. (Action: Embassy Jakarta)

INFORMAL RECOMMENDATIONS

Informal recommendations cover operational matters not requiring action by organizations outside the inspected unit and/or the parent regional bureau. Informal recommendations will not be subject to the OIG compliance process. However, any subsequent OIG inspection or on-site compliance review will assess the mission's progress in implementing the informal recommendations.

Economic Section

Coordination among the economic cluster of sections and agencies at the U.S. mission is good but could be better. Some of the FSNs working in related fields hardly know each other.

Informal Recommendation 1: Embassy Jakarta should organize an off-site economic conference to encourage an even more unified mission approach to economic, commercial, agricultural, and developmental issues. Such a conference might help to diminish the sense of separateness that offices in different buildings engender. Consulate General Surabaya should be included.

Public Diplomacy

Although no longer a traditional lending library, the IRC is staffed by employees who tend to think in terms of one. The staff focuses on research in response to inquiries and concentrates on long-time traditional contacts. The IRC should make greater efforts to increase its customer base, especially to younger audiences. The IRC also needs to better inform mission elements of the services it can provide to them.

Informal Recommendation 2: The Embassy Jakarta public affairs section should develop and implement a plan to expand the use of its information resources center services to younger Indonesians and to better inform mission elements of the services it can provide.

Consular Section

Consular staffers in Jakarta and Surabaya would benefit from exchanging work-places. They could better understand dynamics in each section and standardize services countrywide. FSNs in Surabaya have worked in Jakarta but reciprocal visits have not yet taken place.

Informal Recommendation 3: Embassy Jakarta should organize a consular work-exchange program with Consulate General Surabaya.

Consular procedures differ between Embassy Jakarta and Consulate General Surabaya.

Informal Recommendation 4: Embassy Jakarta should upgrade consular coordination by preparing and using more written consular standard operating procedures countrywide.

The consular sections do not have formal outreach, representation, or reporting plans linked to the MPP. They lack a written training strategy. Such plans help organize consular responsibilities and provide a framework for relating consular activities to larger embassy goals. They also improve task scheduling and completion.

Informal Recommendation 5: Embassy Jakarta should devise formal training, outreach, representation and reporting plans linked to the Mission Performance Plan.

Visa applicants sometimes do not have correct format photos. The nearest shop cannot always produce photos quickly which results in appointment postponement. This further slows down visa processing.

Informal Recommendation 6: Embassy Jakarta should obtain a public automatic photo machine/booth to help with visa processing.

Information Management

Currently SBU operations are housed in a lock-and-leave facility that means that an American must be present during all after-hours operations. This responsibility is currently being borne by the two individuals that are assigned to the information support operations.

Informal Recommendation 13: Embassy Jakarta should develop reports on help-desk activities that demonstrate if agreed-upon measurements are satisfied, identify trends, and identify potential problem areas.

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Informal Recommendation 17: Embassy Jakarta should establish special procedures to protect medical information maintained on the system.

International Cooperative Administrative Support Services

The ICASS council operates without a current signed charter and does not have memoranda of understanding establishing the terms and conditions of the agreement between the council and the U.S. government service providers.

Informal Recommendation 18: Embassy Jakarta should update the International Cooperative Administrative Support Services charter and memorandum of understanding with the service providers.

ICASS at post is not very effective. The attendance of the DCM to the ICASS meetings will show post management commitment to ICASS and its role as an agent of change.

Informal Recommendation 19: Embassy Jakarta should require the deputy chief of mission to attend all International Cooperative Administrative Support Services council meetings.

To be able to assess and comment on the overall performance of each service area as part of the accountability and feedback process, the council chairperson is required to prepare an annual assessment memorandum of service providers. No assessment has been made in the last three years.

Informal Recommendation 20: Embassy Jakarta should require the preparation of an annual assessment by the International Cooperative Administrative Support Services council chairperson.

Official Residence Expenses

Official residence staff has received salary payments although contracts were not in existence or were unsigned. During the inspection, the human resources section was in the process of drafting the official residence expense staff contracts.

Informal Recommendation 21: Embassy Jakarta should require that valid contracts for official residence expense staff be in place and signed in a timely manner.

Fee Collection

The rental fees received from the Mirasole property have been improperly credited to a Bureau of Overseas Buildings Operations fund cite. 4 FAH-3 H-321.2(a)(1) requires amounts collected for goods or services to be credited to the appropriation originally charged, in this case diplomatic and consular programs.

Informal Recommendation 22: Embassy Jakarta should credit the rental fees from the Mirasole property to the diplomatic and consular programs appropriation and not to a Bureau of Overseas Buildings Operations fund cite.

Representation Expenses

Representation expenses were paid that were not allowed or were above the per person limits established by post.

Informal Recommendation 23: Embassy Jakarta should pay only allowable representation expenses and expenses within the mission's established guidelines.

Inventory Control

Locations of warehouse furniture items shown on inventory records are inaccurate. Procedures were not in place to periodically verify the accuracy of locator records.

Informal Recommendation 24: Embassy Jakarta should implement procedures for periodic locator surveys.

Health Unit

Some Embassy Jakarta employees expressed worries about the quality of laboratory blood work and the time required to get results in Indonesia. They specifically cited anxieties over the time it takes to perform analysis for diseases like dengue fever. Even a day's delay in finding results could seriously affect patients. An automated hematology analyzer installed in the medical unit would speed testing, help alleviate anxieties, provide more useful data, and hasten proper treatment.

Informal Recommendation 25: Embassy Jakarta should obtain an automated hematology analyzer for the health unit.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Ambassador	B. Lynn Pascoe	10/04
Deputy Chief of Mission	W. Lewis Amselem	07/03
Consul General Surabaya	Phillip L. Antweiler	08/02
Principal Officer Medan	Paul S. Berg	08/03
Consular Agent Bali	Joshua N. Finch	11/03
Chiefs of Sections:		
Consular	Mary E. Grandfield	02/04
Economic	William A. Heidt	08/04
Management	J. Patrick Truhn	06/02
Political	Marc Desjardins	07/04
Public Affairs	Charles N. Silver	08/03
Regional Affairs	A. Thys DeBruyn	09/03
Regional Security Office	Earl R. Miller	07/04
Other Agencies:		
Agency for International Development	William Frej	07/03
Defense Attaché Office	Col. Joseph Judge III	07/03
Office of Defense Cooperation	Col. Benny E. Woodard	05/03
Naval Medical Research Unit-2	Captain Mark T. Wooster	07/04
Department of Agriculture	Fred Kessel	08/04
Department of Commerce	Margaret Keshishian	09/02
Department of Interior, Office of Surface Mining	Alfred E. Whitehouse	05/95
Department of Justice, International Criminal Investigative Training Assistance Program	Vacant	

Department of Justice, Legal Attaché Office	Eric Gerstein	03/05
Department of Justice, OPDAT	Benjamin Wagner	05/05
Library of Congress	James Armstrong	05/03
Voice of America	Nancy Collins	04/05

ABBREVIATIONS

CA	Bureau of Consular Affairs
CLO	Community liaison office
CMAT	Consular management assistance team
DCM	Deputy chief of mission
Department	Department of State
DS	Bureau of Diplomatic Security
FISMA	Federal Information Security Management Act
FSN	Foreign Service national
ICASS	International Cooperative Administrative Support Services
IRC	Information resource center
IRM	Bureau of Information Resource Management
IT	Information technology
IV	Immigrant visas
LES	Locally employed staff
MPP	Mission Performance Plan
NIV	Nonimmigrant visas
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
RELO	Regional English language officer
RSO	Regional security officer
SBU	Sensitive-But-Unclassified
USAID	United States Agency for International Development
USIA	United States Information Agency
VOA	Voice of America