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

Report of Inspection

Embassy Riga, Latvia

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TABLE OF CONTENTS

	PAGE
KEY JUDGMENTS	1
CONTEXT	3
EXECUTIVE DIRECTION	5
POLICY AND PROGRAM IMPLEMENTATION	9
Political/Economic Section	9
Nonproliferation	12
Public Diplomacy	13
Consular Operations	16
Security	20
RESOURCE MANAGEMENT	21
Overview	21
Management Operations	22
New Embassy Compound	23
Embassy Mission Residence	25
Rightsizing and Regionalization	25
Human Resources	25
Financial Management	27
General Services	28
Information Management and Information Security	31
QUALITY OF LIFE	35
Housing	35
Community Liaison Office	35
Schools	36
Medical Unit	36
Local Intolerance of Racial and Religious Minorities	36
MANAGEMENT CONTROLS	39
FORMAL RECOMMENDATIONS	41
INFORMAL RECOMMENDATIONS	43
PRINCIPAL OFFICIALS	49
ABBREVIATIONS	51

KEY JUDGMENTS

- The Ambassador pursues U.S. policy objectives in Latvia effectively, using public diplomacy as an essential instrument in this regard. The embassy is vigorously committed to strengthening U.S. commercial ties with Latvia and recently played a key role in the U.S.-Baltic Trade and Investment Conference, which attracted 60 American firms.
- Overall, the embassy's component elements have performed exceptionally. The political/economic section has been the driving element in managing the bilateral relationship under the Ambassador's direction. The consular section is well run and provides good customer service. The management section receives high marks for its support to the mission. Meanwhile, the troubled public affairs section (PAS) is being restructured to reflect better the embassy's public diplomacy priorities.
- The Ambassador's centralized management style has led to blurred lines of communication and coordination, which affects morale. She recognizes the need for a more disciplined approach to tasking and that internal coordination mechanisms need greater structure.
- The embassy continues to face major challenges, including Latvia's October 2006 national elections and the need to support the November summit of the North Atlantic Treaty Organization (NATO), which will be held in Riga. In anticipation of that event, the embassy will need temporary duty assistance for its PAS, regional security office (RSO), and the political/economic section.
- The embassy must soon identify a site for a new embassy compound (NEC) and find a new residence for the Ambassador.
- Latvia's intolerance towards minorities has led to incidents directed against mission staff and dependents. The embassy has been exemplary in handling this challenge.
- The embassy's security program has been revitalized and is in excellent shape, thanks to the efforts of the regional security officer.

CONTEXT



U.S.-Latvian bilateral relations are excellent. Latvia, home to 2.3 million people, is a reliable and significant partner in promoting freedom, democracy, and market-based economics. Since regaining its independence in 1991, Latvia has undergone an extraordinary transformation. It has deployed troops to Iraq, Afghanistan, and the Balkans and works closely with

the United States and the European Union (EU) to support and promote democracy in the former Soviet states of Ukraine, Belarus, Moldova, and Georgia. Latvia has also moved steadily to increase interoperability with NATO forces and its support for foreign investment and market opening. Despite these promising developments, Latvia remains the poorest country in the EU. Its other problems include corruption, social integration of the sizable Russian minority, and promoting tolerance in an increasingly diverse society.

The highest U.S. policy priorities are encouraging Latvia's contribution to regional stability and freedom and democracy, and ensuring the continuation of public and political support for Latvia's regional engagement, particularly in Iraq and Afghanistan. The embassy has made public diplomacy a self-standing goal, which is essential to pursuing U.S. objectives such as improving racial and religious tolerance. Other U.S. priorities include supporting an open, agile, and expanding market-oriented economy and strengthening Latvia's law enforcement and judicial institutions.

EXECUTIVE DIRECTION

The embassy has done a fine job over the past year and has a notable success record. The Ambassador brings energy, intelligence, and commitment to promoting U.S. goals in Latvia and, because she is a noncareer officer, often offers a fresh look at issues. The Ambassador headed the successful effort to secure the Latvian parliament's approval for continuation of the Latvian troop deployment to Iraq in 2007, action that entailed political representations at senior government levels and the use of public diplomacy to address the Latvian public's reluctance. The embassy also worked in close coordination with the Treasury Department in addressing the involvement of Latvian banks in money laundering, largely by Russian criminals. As a result, two Latvian banks were cited under the USA Patriot Act¹ for money laundering, setting the stage for adoption of significant anti-money laundering legislation and the enactment of enhanced banking controls. National Security Council officers have praised the embassy for its outstanding job of arranging and supporting the President's May 2005 visit to Riga.

The Ambassador has a keen sense of the importance of public diplomacy and is constantly working to promote America's image and its commitment to Latvia. She has also established a close personal relationship with Latvia's president that has proven effective in bringing the president into active collaboration with the United States. The Ambassador has focused on strengthening the bilateral commercial relationship, and she took a behind-the-scenes leadership role that was essential in pulling off the May 2006 Baltic Trade and Investment Conference in Riga. She deals directly and frequently with senior Washington officers and her congressional contacts. Regarding the coming November 2006 NATO summit, the Ambassador is often on the phone to senior National Security Council staff and the United States' NATO Ambassador in Brussels.

The Ambassador is a hands-on manager who has a highly personal, dominating management style. She has persuaded the mission to think outside of well-trodden bureaucratic strictures and engage in new initiatives. This makes working for her, at times, an adventure. The mission staff acknowledges the pluses of this arrange-

¹ P.L. 107-56.

ment (she has a good batting average) and of her energetic, effective pursuit of U.S. policy objectives. The Ambassador relies on the chief and the staff of the political/economic section for a wide range of tasks, essentially using the section as a unit of her staff. She also directly tasks other mission officers, sometimes approaching officers outside of their functional areas. While the Ambassador has an impressive list of successes, her centralized management style has also created problems and has blurred lines of communication and coordination within the mission. Her multiple direct-tasking of individual officers has led to a pattern of stove-piping in which officers tend to report only to her, hindering adequate coordination. Responding, the Ambassador said she will establish mechanisms under which action officers will inform other affected mission elements when they are assigned responsibilities. OIG also suggested that the Ambassador adopt a more disciplined personal approach to tasking and implement additional structured mechanisms for coordination and communication. She agreed. The deputy chief of mission's (DCM) supporting role for the Ambassador will also inevitably be expanded as the mission deals with its major personnel turnover this summer.

The Ambassador has limited the DCM's role to overseeing issues that are not on the Ambassador's agenda. The Ambassador does not involve the DCM in the major policy/program issues on her agenda, and he carries out his responsibilities in a disciplined manner, focusing on management, personnel, consular, and security issues. In that role, the DCM has had to handle several difficult curtailments. The DCM is well respected within the mission for his professionalism, but needs to be more engaged in support of the Ambassador's policy agenda so that he can act effectively as *chargé d'affaires*.

Embassy Riga has only two entities from outside of the Department of State (Department), the Defense attaché office and the Office of Defense Cooperation. Both are headed by experienced military officers who work well with the Ambassador and their embassy peers. Consequently, there are no major country team issues, and both offices are well integrated into the mission.

Mission Performance Plan

The embassy's 2008 Mission Performance Plan (MPP) was carefully considered and is thorough. The Department's review/feedback message regarding the MPP correctly describes its chief of mission (COM) statement, "as a model for other COM statements." In preparing the 2008 MPP, the embassy engaged in a thorough recasting of its previous performance goals, which moved the Ambassador to pro-

Equal Employment Opportunity

The mission has no Equal Employment Opportunity (EEO) issues. Its attention and concern for the embassy personnel affected by Latvian society's intolerance to minorities has been exemplary and is described later in this report. The embassy has a newly designated EEO officer, who is scheduled for training, and a Federal Women's Program coordinator. The EEO liaison is a locally employed staff (LES) member who is also scheduled to receive EEO training. However, the embassy's LES handbook does not contain EEO or harassment information, and a number of LES were unaware that basic EEO principles apply to them. OIG informally recommended that the embassy include EEO and sexual harassment information in the handbook and that the EEO officer and Federal Women's Program coordinator brief the LES on their rights and responsibilities regarding these issues.

POLICY AND PROGRAM IMPLEMENTATION

POLITICAL/ECONOMIC SECTION

The political/economic section has played a major operating role within the embassy and in carrying out the Ambassador's programs and policies. Despite a five-month continuing gap in the section chief's job, the section has performed admirably and has taken on a wide range of challenges. The acting section chief is the Ambassador's de facto chief of staff on substantive issues, and the section's officers have been given a variety of tasks, within and outside of their formal responsibilities. Latvia's 2004 accession to full EU and NATO membership raised Latvia's profile and increased the section's workload. Embassy Riga, and especially the Ambassador and section, have demonstrated exceptional access to their Latvian counterparts. The Ambassador takes the lead in interactions with the Latvian president, prime minister, and ministers, and the section officers ably carry out their responsibilities with their ministry counterparts. The officers also maintain links with key representatives in Latvia's multiparty parliamentary democracy and with key civil servants, such as the head of the Riga Port Authority, and with members of the business community, and nongovernmental organizations (NGO).

Section Staffing Gaps

The departure from post in 2004 of the Foreign Commercial Service added to the political/economic section's workload. In its FY 2008 MPP, the embassy requested a new position so that the section could handle the commercial workload. OIG does not support this request. The section has successfully adjusted to its increased demands by devolving greater responsibility to FSNs. The senior FSN covers the weekly plenary session of the Latvian Parliament and briefs the Ambassador and key officers the following morning. The post used its funds to hire the senior FSN in the former commercial section, which had been run by the Foreign Commercial Service, and this FSN takes much of the lead in day-to-day commercial activity. Another FSN in the section, whose portfolio is primarily economic, has been given the lead role for environment, science, and technology matters including those regarding the medical industry.

Reporting and Analysis

During the Washington survey phase of its inspection, OIG heard universal accolades within Department bureaus and from other agencies regarding the quality of the embassy's reporting. However, with one exception, all of these sources also noted a drop-off in the quantity of reporting, especially since the December 2005 departure of the political/economic section chief and the subsequent staffing gap. The embassy acknowledges that the volume of its reporting has suffered under the press of operational demands. OIG believes prolonged staffing gaps and the overburdening of key officers led to the reduced reporting. The economic officer has had the quasi-permanent role of acting section chief for the combined section since December 2005. Nonetheless, the section is not remiss on any scheduled or required reports, although it has missed opportunities to keep Washington better informed using front-channel communications. In addition, despite frequent high-level contacts, Washington sources do not always receive reporting of the substance of those contacts. Sometimes, issues have been covered only by e-mails or telephone calls. The drop off in reporting has been understandable, given the demands on the section and the staffing gaps. With the return to full staffing in July 2006, the embassy must review and strengthen the reporting plan. OIG left an informal recommendation addressing this issue.

Anticorruption and Financial Crimes

Latvia has a history of opaqueness in official and private business affairs. Therefore, the mission and Washington agencies have made establishment of money laundering and banking controls a major target. With strong and persistent pressure from the Ambassador and the Treasury Department, Latvia enacted significant anti-money laundering legislation, and the banking sector has demonstrated improved controls and greater adherence to international norms for monetary transfers. The acting chief of the political/economic section has won well-deserved praise from the Department and the Treasury Department for his work on these matters. Treasury Department action in the context of the Patriot Act was pending at the time of this inspection and was being carefully coordinated by the embassy to strengthen U.S. influence and not damage U.S. interests. Although work remains to be done, this is a major achievement. With the help provided by the Treasury Department and the nonresident legal attaché at Embassy Tallinn, this has also been a team effort, involving participation at the highest levels.

Trade and Investment

Latvia has a small but rapidly growing economy. The nation's rate of growth in gross domestic product has averaged over seven percent in recent years and topped 10.2 percent in 2005, the highest in the Baltics. The United States is a major trading partner but lags behind Russia, which has traditional trade links to Latvia and depends on Latvia's all-weather ports to transship a large quantity of exports. There are also blossoming links between Latvia and its new EU trading partners. Nevertheless, two-way U.S.-Latvian trade has steadily grown, and the negative U.S. trade balance with Latvia has steadily shrunk from \$253.7 million in 2003 to \$185.4 million in 2005. U.S. foreign direct investment in Latvia has also grown steadily from \$195 million in 2002 to \$332 million in 2004. However, EU direct foreign investment in Latvia totals 85 percent of Latvia's total direct foreign investment of approximately \$4.8 billion. Thus, the U.S. stake has room to grow. It is in the U.S. interest to see economic prosperity advance in Latvia, particularly through expanded opportunities for American business, strengthening the U.S.-Latvian partnership. The political/economic section has advocated for U.S. companies, worked for protection of intellectual property rights and to ensure fairness in business disputes, and has promoted an environment conducive to the involvement of U.S. companies.

Embassy Riga played a key role in the success of the U.S. Business Investment and Trade Mission to the Baltic States, which was held in Riga during the inspection. When it became clear that preparations were lagging for the Riga conference, sponsored by the investment and development agencies of the three Baltic states, Embassy Riga, under the determined leadership of the Ambassador, stepped in to coordinate and cajole, including holding a weekly conference call of key parties. The result was a great success in participation and media coverage. The president of the Latvian American Chamber of Commerce praised the close working relationship it has enjoyed with the political/economic section and, in particular, its acting section chief.

Upcoming Demands - National Elections and the NATO Summit

EU accession and NATO membership have increased the tempo and importance of substantive work at Embassy Riga. As the political/economic section did with the visit of President Bush in May 2005 and the visits of other senior Administration officials, the section will take a lead coordinating role on the accession and

NATO membership matters. However, the section is at half strength and will have a major turnover of personnel, with only one officer remaining by the time of the October 2006 national elections and the November 2006 NATO summit. Therefore, help must be provided during the NATO summit and in the lead up to the summit. Although the section will nominally be near full strength as demands on it intensify in the late autumn of 2006, the post and the Bureau of European and Eurasian Affairs (EUR) must address the section's interim staffing need.

Recommendation 1: Embassy Riga should request that the Bureau of European and Eurasian Affairs provide one temporary duty officer for the embassy's political/economic section to cover the demands of the summit of the North Atlantic Treaty Association. (Action: Embassy Riga, in coordination with EUR)

NONPROLIFERATION

The Export Control and Related Border Security Office is the U.S. focal point in the Baltics for assisting foreign government agencies involved in border security and investigations regarding preventing the proliferation of weapons of mass destruction. This assistance takes the form of training and equipment donations to these agencies to increase their efforts to inspect, interdict, investigate, and prosecute the illegal movement of weapons of mass destruction, man-portable air defense systems, and strategic technology. This office is being phased out because the Baltic countries have, in effect, "graduated" from the Export Control and Related Border Security program and are near full accession into the EU. EU support for the Baltic countries is expected, to continue training to prevent the proliferation of weapons of mass destruction and strategic technology and to supply specialized support equipment. The two LES in the office will continue to be paid by the Bureau of Customs and Border Protection of the Department of Homeland Security using no-year funding for that part of FY 2007 beyond the departure of the program advisor. There has been no new Export Control and Related Border Security program funding for this office since FY 2005. The American program advisor, who heads the office at Embassy Riga and who reports to the DCM, is on a contract that will terminate in January 2007.

PUBLIC DIPLOMACY

The Ambassador and other mission senior officers view public diplomacy as a fundamental instrument in the achievement of U.S. goals and objectives in Latvia. In the latest MPP, the mission consciously made public diplomacy its second-ranked free-standing goal paper, and public diplomacy is integrated in all embassy external activities. Despite the embassy's public diplomacy success, the PAS has been a continuing problem. Over the past two years, the section has suffered long gaps in the public affairs officer (PAO) position and, most recently, there have been tensions over the management of the section, including over its resource priorities. With the recent departure of the PAO tensions have eased, and there is clear agreement on shifting PAS resources to allow greater attention to the media and information activities. The embassy intends to let the acting PAO, a mature, Latvian-speaking, untenured officer, run the section until his transfer in June 2007. In the meantime, the embassy wants to identify a new PAO and put that person into Latvian language training so that he or she would arrive in the summer of 2007. OIG supports the embassy's approach. At the same time, faced with the upcoming November NATO summit, the acting PAO must be given temporary duty assistance in the period prior to the summit, to cover the gap left by the PAO's departure.

Recommendation 2: Embassy Riga should request, and the Bureau of European and Eurasian Affairs should provide, one temporary duty officer for the embassy's public affairs section to assist the mission's public diplomacy efforts during the preparation period for the North Atlantic Treaty Organization's summit. (Action: Embassy Riga, in coordination with EUR)

PAS Restructuring

The PAS is not colocated in the chancery, but operates from a stand-alone facility that is a short walk from the embassy. Under the NEC plan, PAS will be colocated. When fully staffed, PAS has a PAO, an assistant public affairs officer, and nine LES. In 2004, Latvia became the first of the three U.S. embassies in the Baltics to be given an assistant PAO. A rightsizing exercise by the Department has now resulted in embassies Riga, Vilnius, and Tallinn all having assistant PAOs. The LES complement of the Riga PAS is the largest among the Baltic and Nordic countries and is not explainable by the size of the country, the mission, or the PAS budget. The NEC plans envision adding a tenth LES position for the PAS. In fact, the section's LES staff needs to be reduced from nine to eight. The PAS previously increased its

number of LES to nine at the expense of funds available for programming, leaving it with a small program budget. The PAS has changed in the last few years by eliminating most of the holdings of its library and restricting visitors to appointment-only access to the information resources center (IRC). It has also greatly reducing grant activity, because Latvia graduated from the Support for Eastern European Democracy program in 2004, and it has increased its media activity in support of MPP objectives and has been tasked with greater demands for translation and interpretation services. Furthermore, in FY 2006 the embassy's I-Bucks funding was slashed by a third, action taken with embassies worldwide to fund greater outreach in Iraq and Afghanistan. This reduced the funds available for the speakers program. Also, in FY 2006, the number of Fulbright senior specialists was reduced from 10 to five. A restructuring of the PAS is needed to ensure the correct number of LES and that those LES have the appropriate skills.

Recommendation 3: Embassy Riga should review the size and skills of its public affairs section's locally employed staff, eliminating one position and restructuring the staff to increase the utility and efficiency of the section. (Action: Embassy Riga)

Recommendation 4: Embassy Riga, in coordination with the Bureau of European and Eurasian Affairs, should seek the bureau's permission to retain the savings derived from any locally employed staff reductions in the public affairs section so that it may use the funds for public affairs programming. (Action: Embassy Riga, in coordination with EUR)

Press and Media

The media in Latvia has Latvian- and Russian-language components. Within each media outlet there is a spectrum of political orientations, including the political center. Therefore, the embassy's media assistants must have good Latvian, Russian, and English capability. Because the Ambassador frequently requests translation of press items about her and the embassy, the media assistant often performs that duty. Embassy Riga has elevated and intensified its interaction with and use of the media. OIG witnessed a media event at the residence of the acting PAO, events featuring the Ambassador during the U.S.-Baltic States Trade and Investment Conference, and the presentation of items during the morning press briefings for the Ambassador. To better staff this effort, a vacant position was reprogrammed from the IRC to establish a second media assistant position during the inspection. OIG supports the action.

Program Impact Using Cultural and Educational Exchanges

Embassy Riga has taken an activist, transformational diplomacy approach to assisting Latvia, which is only 15 years out of former Soviet control. Areas where change is being sought include human rights, racial and religious tolerance, and upholding democratic norms. Given the Department's interest in holding up Latvia as a regional role model of democratic ideals, the Department needs to help Latvia achieve social tolerance, so that it has credibility in promoting the same changes among its regional neighbors such as Belarus. PAS has used greatly expanded programming during the U.S. Black History Month, focusing attention on human rights and democratic norms. This emphasis also followed up on incidents of intolerance that had been directed at minority members of the mission staff and their dependents. A Holocaust education curriculum project was also completed, providing Latvian instructors with additional resources to teach about and commemorate this element of Latvian history.

As an EU member, Latvia can let its students study in other EU member countries. That change and the perception of difficulty in obtaining U.S. visas have reduced the number of Latvian students training in the United States. As part of its strategy to promote better long-term U.S.-Latvian relations among the nation's younger generation, Embassy Riga has advised Latvian schools that embassy officers will be coming to visit, and PAS worked closely with the consular section to produce a CD-ROM titled Education in the United States. The project was financed jointly by PAS, the consular section, and EducationUSA, an NGO that promotes study in the United States. This program was launched in April 2006. As a follow-up, PAS has worked with the consular section to hold briefings with the media and events at schools. In the meantime, the budget for the Fulbright student exchange program must be protected, and this is being done. Another positive note is the work of EducationUSA, which operates a scholarship program covering the fees of needy Latvian students applying to U.S. universities. In the past year six of these students were accepted into U.S. universities, and four won full scholarships.

American Corners

Embassy Riga has made good use of its two American Corners, which are located outside of Riga to support outreach to youth outside of the capital. However, if, as projected, the embassy moves outside of Riga's urban center, it will be left without a readily accessible presence in central Riga unless a third American Corner

is established and located there. Ideally, the partner for an American Corner in Riga would be one with the capability and willingness to accommodate occasional PAS programming.

Recommendation 5: Embassy Riga, in coordination with the Bureau of European and Eurasian Affairs and the Office of the Under Secretary for Public Diplomacy and Public Affairs, should seek an appropriate partner for the establishment of an American Corner in the urban center of Riga. (Action: Embassy Riga, in coordination with EUR and R)

Information Resources Center

The IRC has gone from being an openly accessible library to operating on an appointment-only basis. The IRC director has developed her own distribution database and uses it to reach out electronically to various groups of embassy contacts. She has made good use of support from the Department's Ralph Bunche Library to reduce the number of research database services that PAS subscribes to directly and coordinates contributions from mission elements for the embassy Internet web site. During the inspection, when the second of two positions in the IRC became vacant, the embassy reprogrammed that position to the PAS media unit. OIG supports that initial step at restructuring PAS.

CONSULAR OPERATIONS

The small, but busy consular section is well managed by an experienced consular officer and provides good customer services. Consular work has a high profile in Latvia, where the nation's possible inclusion in the Visa Waiver Program is an important bilateral issue. The Ambassador, consular chief, and the Assistant Secretary for Consular Affairs have held three road-map meetings with Latvian authorities regarding the program. Although Latvia's membership in the Visa Waiver Program is not imminent, the embassy has managed to keep Latvian expectations realistic.

The consular section also has a good reputation for public service. The section is involved in the implementation of several MPP goals, including fostering respect for American values and combating trafficking in persons. The embassy front office provides appropriate oversight and has weighed in with the local government on consular matters when necessary.

The visa referral system follows Department guidelines and works well. The DCM meets biweekly with the section chief and monitors his visa decisions as required. The section works well with other embassy offices, especially on sharing the information the section needs to fulfill its border security responsibilities.

Staff and Facilities

With three officers and four LES, the section has sufficient staff for the near future. One eligible family member (EFM) position has been unfilled for over a year. The section's LES is fully engaged, but OIG discussed with the section chief the importance of reducing the LES workload by increasing use of the electronic visa application form (EVAF) and introducing a commercial visa passback system. This should enable the section to start processing certain categories of immigrant visas (IV) without increasing staff.

The consular section's space is barely adequate, and it has limited line-of-sight views from the officers' desks to the work area and cashier. The section could use another interview window, a larger waiting room, and more file space, but because there are no easy options for expansion of the chancery, the section must wait until the NEC is completed. In the meantime, the section chief is reviewing several options to create enclosed booths, a low-cost way to increase interview privacy.

Consular Management

The section chief implements the standard good-management practices recommended by the Bureau of Consular Affairs. The section has written local standard operating procedures for all aspects of consular operations. The LES are cross-trained, and all but those who have just been hired have received training at FSI. All of the officers are actively engaged in public outreach activities covering a variety of consular issues, from fraud matters to study in the U.S. They work well with the PAO and make use of the embassy's public diplomacy resources. All consular officers give talks to Latvian students and give press interviews on visa topics. The consular web site is useful, and the section is improving it. Many consular files have been retired to the Kentucky Consular Center, but some still remain to be scanned and shipped. Public and congressional inquiries are handled quickly and responsively.

Nonimmigrant Visas

The consular section has procedures to expedite student, business, and emergency visas, and the wait for an appointment is usually less than two days for any applicant. Use of the EVAF is less than 12 percent, although the worldwide average use is close to 48 percent. However this figure does not include the many applications from shipping companies and other businesses that are completed by remote data entry. Because Latvians are highly computer literate, and the EVAF saves considerable LES data-entry time, OIG informally recommended that the section increase its efforts to encourage applicants to use EVAF. Another potential timesaver would be to return visaed passports to recipients by courier, rather than having applicants return to the embassy the next day. The section chief has already taken the first steps toward introducing such a system.

Another issue is that the section's interviewing officers are Latvian speakers, but as many as a quarter of the applicants must be interviewed in Russian. Because interpreters must be used so frequently, the section keeps them at the interview window to do some Latvian interviews as well. This makes many interviews longer than necessary and is not an efficient use of LES time. In addition, it increases the public perception of the role played by LES in the visa process, raising the potential for malfeasance. However, because of the local sensitivity to the dual-language situation in Latvia, it is not advisable to segregate the applicants into different interview periods. OIG informally recommended that the officers do all interviews in Latvian to the extent possible.

Immigrant Visas

Currently, Embassy Warsaw handles all IV applications for Latvians. The workload averages about 150 cases each year. Embassy Riga would like to begin processing IV's in Latvia. There would be several benefits to doing so. First, Embassy Riga is in a better position to monitor IV fraud. Although the embassy has worked with Embassy Warsaw on IV fraud, Embassy Riga's own fraud prevention unit can operate more effectively if the cases are handled completely in Riga. Secondly, the embassy would generate considerable goodwill by eliminating the need for IV applicants to travel to Warsaw. Finally, the consular section is staffed sufficiently to handle a certain portion of the IV workload without additional staff or space. The section should start by processing only adoption cases and those immediate-relative cases in which the form I-130 was filed at Embassy Riga.

Recommendation 6: Embassy Riga, in coordination with the Bureau of Consular Affairs, should phase-in processing of Latvian immigrant visas by arranging immigrant visa training for one Foreign Service national, scheduling the installation of immigrant visa processing equipment, and authorizing the consular section to begin processing immediate relative immigrant visas for applicants who have filed I-130 petitions at Embassy Riga and for adoption cases. (Action: Embassy Riga, in coordination with CA)

Antifraud and Border Security

With a part-time officer and one full-time LES, the embassy's fraud prevention unit (FPU) is adequately staffed for the moderate level of fraud in Latvia. The unit has completed validation studies on all referrals (100 percent return rate), on sailors (100 percent return rate), and on tourists/businessmen (96 percent return rate). It also has a good working relationship with the RSO and with local law enforcement authorities. For example, when Uzbekistan Airlines started a direct flight to the United States via Riga, the FPU monitored all the initial flights for fraud until local authorities were ready to take over the responsibility. One of the FPU's goals is to encourage the local government to prosecute perpetrators of visa and document fraud. The most serious fraud/border security concern stems from the presence of Russian organized crime in Latvia. As the embassy's Trafficking in Persons officer, the consular section chief is engaged in all embassy efforts to work with local government on issues related to organized crime. The embassy is planning to meet representatives of other embassies to discuss organized crime issues. The Visas Viper committee is chaired by the DCM and meets monthly. The core emergency action committee, which includes the consular chief, is the embassy counterterrorism group.

American Citizens Services

There are about 1,500 American citizens resident in Latvia, and 300 are registered at the embassy. The consular section dispatches emergency messages through 15 wardens and directly by e-mail to registrants and has held town hall meetings for all American citizens. A large number of American citizens are dual nationals and have little contact with the consular section. The population can be reached in an emergency by radio, and OIG informally recommended that the section work with the PAO to establish contacts with a few local radio stations.

The section has identified the officials who would play a key role in managing a major accident or disaster. They have a good knowledge of Latvia's disaster response capabilities as well as the nation's limitations and have prepared an emergency

response kit that includes a laptop computer. OIG discussed with the consular staff some of the next steps it could take to complete its local disaster assistance handbook.

SECURITY

The security program of Embassy Riga is excellent. The RSO is a dedicated professional, and her experience and capabilities are recognized by the front office. Security, however, has been dormant in many areas, including personal security awareness, and the RSO has been instrumental in revitalizing the program. Her talents are recognized by the front office, and security initiatives are readily endorsed by the Ambassador and DCM. The Ambassador's security directives are post specific and consider the threat in the region. The RSO has also responded appropriately to the rise of hate crime in Latvia.

Management of the security office also receives high marks. The local guard and surveillance detection programs are on track, despite a 10-percent budget cut. The RSO has a solid relationship with the Marine security guards' detachment commander, and morale among the Marine guards is high. (A full report on embassy security is in the classified annex to this report.)

Best Practice: Partnering for Security with the American Chamber of Commerce

Issue: On her own initiative, the RSO at Embassy Riga established the first Overseas Security Advisory Council in Latvia and the Baltic states. The RSO negotiated for the American Chamber of Commerce to serve as a base of support and successfully invited other members of the American community into the council.

Response: The council has representatives from the international schools, the often forgotten U.S. missionary community, and other NGOs in Latvia.

Result: The embassy and the American community are better able to communicate and coordinate in enhancing the community's security.

RESOURCE MANAGEMENT

OVERVIEW

Embassy Riga has 38 Americans and 108 LES. (See Table 1.) The mission's budget includes \$1.6 million in Diplomatic and Consular Programs (D&CP) funding; \$2.1 million in International Cooperative Administrative Support Services (ICASS) funding; \$800,000 in funding from the Bureau of Overseas Buildings Operations (OBO); and, \$27,000 representation funding. All embassy property, including the chancery facility and all housing, is leased on a short-term basis. EUR has provided the mission with ample program funding, ICASS funding, and representation funding over the last few years, and there are few remaining unfunded requirements. The embassy's office and residential furniture are new and well stocked, the chancery carpeting was recently replaced, vehicles are in good condition, and information technology equipment was recently upgraded. Some upgrades could have better represented the United States by better conserving taxpayer dollars. The Ambassador also frequently contributes personal funds to enhance representational events, such as the Fourth of July celebration, or to fund her own travel. In addition to the funding shown in Table 1, the mission has \$115,000 in Bureau of International Narcotics and Law Enforcement Affairs funds from FY 2003 that are available for established projects and \$3,000 in FY 2003 funding from the Support for Eastern European Democracy program. Embassy employees currently receive a 10-percent post differential due to the post's poor medical facilities, rising crime rate, and poor weather. They also receive a 20-percent cost of living allowance.

Table 1: FY 2006 Staffing and Funding at Embassy Riga (Source: Embassy Riga)

Program/Agency	U.S. Direct-hire Staff ²	Locally Employed Staff	Total Funding (\$ in thousands)
D&CP Program	21	9	802
D&CP - Security ³	7	37	477
D&CP - Public Diplomacy	2	8	262
ICASS	3	49	2,091
Export Control and Related Border Security Assistance	1	2	0
Foreign Military Financing Program			4,455
International Military Education and Training Program			1,800
OBO			843
Representation			27
Other Machine Readable Visas			30
Partnership for Peace			5
Suspense Deposit Account			39
Unconditional Gift Fund			5
Defense attaché office	2	1	136
Office of Defense Cooperation	2	2	136
Totals	38	108	\$11,208

Responses to OIG's workplace and quality of life questionnaire demonstrate that the management section has done an excellent job of supporting the mission. The biggest impediments to mission operations are largely outside the control of the management section and include problems inherent to the current chancery building, poor internal mission communications (discussed in the executive direction section), and changing Latvian local labor laws and wage rates.

MANAGEMENT OPERATIONS

On OIG's workplace and quality of life questionnaire, mission employees rated most management operations above four on a scale of one to five; additionally, most scores were well above the averages for the last 34 posts OIG inspected. The management section also received excellent scores on the most recent ICASS customer survey. The two areas needing the management officer's attention include human resources operations and the cafeteria.

² Includes personal service contractors

³ Includes RSO, local guard program, and Marine security guards

The management officer is supported by a direct-hire general services officer (GSO) and an experienced cadre of LES, many of whom have been with the mission since it opened. A constant challenge for the section has been dealing with liberal labor laws, which allow local staff to take long-term family leave. Although the mission is not required to pay the salaries of employees on leave, hiring temporary staff to fill in has been a challenge and keeps the FSN in the human resources (HR) area busy. Embassy staff also reports that Latvia is experiencing a six-percent inflation rate, and embassy wages have not kept pace with those of local companies. Therefore, the mission needs to complete a comparator survey.

NEW EMBASSY COMPOUND

The chancery building is located on a major thoroughfare (b) (2)(b) (2) (b) (2)(b) (2) The building is also old and plagued with infrastructure problems due to its location on top of an underground riverbed. (b) (2) (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2) (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2) (b) (2)(b) (2)(b) (2)(b) (2)(b) (2) Additionally, the chancery does not contain adequate space to house all mission elements. The PAS, for example, is off compound. There are also cracks in the chancery walls caused by settlement and the effects of street traffic. (See Figure 1.)

OBO plans to start construction on a costly NEC in Riga in FY 2007. According to mission staff, OBO, and EUR's executive office, the site's purchase and the



Figure 1: Some of the many cracks in chancery walls

construction start date are on schedule. In January 2005, the mission provided OBO with the projected number of desk and non-desk positions needed in the NEC. After the bureau approved the mission's January 2005 staffing projections, OBO requested FY 2007 funding from Congress to build a \$99.3 million NEC. OIG reviewed the mission's January 2005 staffing projections and found that operational needs have changed, and the numbers of desk and non-desk positions requested are no longer current. For example, the 2005 plan

demonstrated a need for five export control and border security positions. This program has been discontinued, and the desk positions are no longer needed. Only eight of the 10 public affairs LES positions in the plan are needed. Additionally, the plan includes desks for a financial management officer and an American administrative assistant that Embassy Riga does not need. The Embassy Riga section of the OBO Long Range Building Plan refers to future “expansion of the Embassy.” Although the Federal Bureau of Investigation may move regional staff to Embassy Riga, OIG would not characterize the future direction of the mission as an expansion.

Embassy staff acknowledged that operational needs have changed and said that in March 2006 they provided OBO with revised numbers of desk and non-desk positions needed for the NEC. The embassy provided the revised figures in conjunction with the Capital Security Cost-Sharing program (CSCS), the program through which OBO bills other agencies for the cost of new embassy construction. OBO staff received the mission’s updated desk and non-desk positions; however, OBO does not necessarily use the number of CSCS positions to establish a NEC’s size, even if the CSCS figures are more up to date. There is a significant discrepancy between the number of desk positions requested in January 2005 and the smaller number requested in March 2006. OIG is concerned that OBO may construct a NEC that will be larger and more expensive than needed.

In response to a draft copy of this report, OBO provided the Office of Rightsizing the United States Government Overseas Presence (M/R) a copy of the mission’s revised CSCS desk and non-desk position requirements and requested an M/R review. EUR/EX staff are concerned that the mission’s CSCS figures are not projections and do not reflect the need for three regional positions that the FBI may assign to Riga when the NEC is constructed. OBO staff said, under special circumstances, the NEC’s size could be adjusted downward until OBO issues the NEC construction solicitation, which OBO expects to issue in 2007. Based on revised projections it is possible that the NEC’s cost and size category will be reduced.

Recommendation 7: The Office of Rightsizing the United States Government Overseas Presence, in coordination with the Bureau of European and Eurasian Affairs, should evaluate Embassy Riga’s revised new embassy compound desk and non-desk position requirements and provide the results to the Bureau of Overseas Buildings Operations. (Action: M/R, in coordination with EUR)

EMBASSY MISSION RESIDENCE

For reasons explained in the classified annex to this report, a new embassy mission residence must be found, and some of the options available may require waivers. It is important that this need be met.

RIGHTSIZING AND REGIONALIZATION

Overall, the embassy's staffing is appropriate. The mission has done a commendable job of weathering a significant number of staffing gaps over the last few years. Outstanding regional consular, financial management, facilities management, HR, medical, and psychiatric support has made a solid contribution to mission operations. In its FY 2008 MPP, the mission requested three Department positions, including an assistant RSO, an economic officer, and a facilities maintenance position. OIG supports the requests for the assistant RSO position and the OBO-funded facilities maintenance position but not that for the new economic officer position.

HUMAN RESOURCES

Despite its lack of an American HR officer, the HR section is well managed. The embassy management officer oversees the section, and the regional HR officer out of Frankfurt provides strong support. For the past year, one of the two permanent LES employees in HR has been on maternity leave, and the local HR manager has had to rely on temporary hires. Despite this disruption, the level of service was acceptable, and ICASS service standards were being met. With the regional HR officer visiting only annually and the management officer fully occupied, it would be useful for the HR manager to be able to assist in more of the HR needs of American officers. OIG informally recommended that the HR manager take the Foreign Service Institute course PA-235, American HR Management.

There are no EFM issues because every family member who wants to work is employed. OIG found that local recruitment and hiring practices, especially for LES positions, are not as transparent and well documented as they should be. OIG informally recommended that the HR manager maintain copies of all applications for all vacant positions and keep a record of the decisionmaking process, including any of the post employment committee's notes or scores. The embassy solicits annual training requests from each section. The HR section has an efficient computer-train-

ing program that includes each employee's past training and each section's training requests for the next year. The embassy's orientation plan for newly hired LES could use improvement. Currently, it basically consists of a walk-through provided by the employee's supervisor or the HR manager. OIG informally recommended that the embassy organize at least one meeting each year for all LES, but especially new hires. At these meetings, embassy sections could explain their work and answer questions and explain visa policy and EEO/harassment regulations. Work requirements and evaluations are monitored via a computer system and have been completed on time. No LES has had a pay step increase or promotion delayed due to an overdue evaluation.

The embassy is currently revising the LES handbook. Local labor law was substantially amended in 2002. The HR manager and regional HR officer have analyzed the changes and identified possible amendments to the handbook. Where appropriate, they will submit changes to the Bureau of Human Resource's Office of Overseas Employment for approval.

The embassy pays close attention to local compensation issues. The LES received a pay raise of 1.6 percent in December 2005, and there will be a pay review by the Office of Overseas Employment in July 2006. The embassy is also planning a comparator survey since two of the four past comparator companies no longer operate in Latvia. The embassy realizes that recruitment and retention are important because in the last 12 months 14 LES have left the embassy, and the number of new applicants for vacant positions is dropping. In 2007, the Bureau of Human Resources will receive a full compensation survey from a commercial compensation survey company. The bureau will select new comparators for the embassy from this report and then ask the embassy to conduct an employee benefits survey using the new comparators.

The awards committee is active and takes its formal responsibilities seriously. OIG found that many LES are not convinced that the awards system is fair, partly because they believe some supervisors nominate more people than do others. The committee is currently reviewing its policies and procedures. OIG informally recommended that the committee monitor award nomination trends and advise the DCM of any sections whose employees appear underrepresented.

OIG found that officers and LES employees' overtime is not excessive. Also, all overtime except emergency overtime is approved in writing and in advance by a supervisor.

FINANCIAL MANAGEMENT

Financial management operations are well run. An experienced and competent FSN supervises all four employees, also FSNs, two of which are on extended leave. Although temporary employees have been hired to fill in, the supervisory FSN spends much of his time training the temporary staff. The regional financial management specialist from Frankfurt recently visited the mission and gave the section high marks.

Funds are managed effectively. Because Latvia's value-added taxes (VAT) are so high (18 percent), the mission strives to make year-end purchases in June or July, allowing reimbursements of the tax to be recovered and used during the same fiscal year. At the fiscal year's end, the mission obtains wish lists from each section and makes a number of purchases. As noted, the mission has been well funded and most sections receive the majority of the items on their wish lists. OIG identified a few anomalies in prior-year suspense deposit accounts, including balances of \$7,993; \$360; \$7,560; and one of \$8,264 that dates back to 2002. These accounts are not meant to serve as long-term clearing accounts, and there is no reason for these balances. OIG left an informal recommendation on the matter.

The supervisory FSN certifies most voucher payments. The management officer conducts the required spot checks of the certifications, and all vouchers sampled contained the proper supporting documentation, were within the supervisory FSN's certifying limit, and demonstrated that funds' availability had been checked before funds were obligated. Representation and official representation expense vouchers have been handled properly. Cashiering operations are outstanding, and both the regional financial management specialist and the Charleston-based cashier monitor said that the embassy cashier could provide cashier training worldwide.

Grants Management

The Bureau of Administration's Office of Overseas Schools issued two grants to Embassy Riga schools in FY 2005, including an \$8,000 grant for security upgrades. Under this grant, the RSO was responsible for inspecting the security upgrades and certifying to the grant officer representative, the management officer, that the work was adequate. A vendor performed a portion of the requested security upgrades; however, the grant officer representative did not approve the vendor's payment. The grant officer representative was responsible for ensuring that the grant terms were met and that the RSO approved the adequacy of security upgrades. The grant of-

ficer representative acknowledged that she has never had grants training, and OIG informally recommended that the management officer take this training. Additionally, the embassy does not track the amount of overseas school grant funds that are available and expended. Although the grant funds are Washington-held allotments, the mission still must ensure that the amount of the grant is not exceeded. In FY 2003, the embassy paid the school \$5,000 more than the amount of the school grant, which caused the Office of Overseas Schools to have to modify the amount of the grant. A backup certifying officer certified the payment. OIG informally recommended that the financial management section, when certifying funds availability, ensure that all obligating documents charging Office of Overseas Schools' funds are supported by valid grant documents with adequate funding. OIG also informally recommended that the mission track the amount of funds available and expended for overseas school grants, using the Regional Financial Management System or manual "cuff records."

Premium Travel

The embassy's only premium travel in the 12 months leading up to the inspection was four trips authorized and paid for by the Department of Homeland Security's Bureau of Customs and Border Protection and one permanent change-of-station trip authorized by the Department. The premium travel of Department employees includes another pending permanent-change-of-station trip and has been justified using form DS-4087.

GENERAL SERVICES

The general services section does a good job of supporting mission operations, and all of its services except for the cafeteria received high marks on OIG's questionnaire. The GSO supervises four of the section's 28 LES. The two FSN supervisors have been with the embassy since it opened, and both are both very customer service oriented. The GSO relies heavily on the supervisors. Since arriving, the GSO has implemented a number of system modules to improve management controls and facilitate GSO report preparation. For example, all procurements are now initiated within GSO and tracked through the funding process using WEBPASS. The section also now uses Workorders for Windows software to track and summarize all maintenance, motor pool, and supply requests. OIG informally recommended that the office develop milestones for implementing the remaining WEBPASS modules, including those that require mission staff to submit requests electronically.

The procurements that OIG sampled were executed in a timely manner, contained proper approvals, and met competition requirements. Supply and maintenance requests were also timely and motor pool operations met the embassy's needs. The housing board also functions effectively. Although the majority of GSO operations run smoothly, the snack bar needs attention, the gardener and drivers' overtime need to be reviewed, and more frequent spot checks are needed of general services documentation.

The embassy snack bar received the lowest score of all 53 items on the OIG questionnaire. Although cafeterias are frequently rated at the bottom for satisfaction on the questionnaire, OIG found that the snack bar's menu selection was extremely limited. The licensee who operates the snack bar targets LES staff when developing the menu and setting prices. She generally offers four Latvian dishes, fresh fruit, and salad. However, standard American dishes, such as hamburgers or grilled ham and cheese sandwiches, are not routinely offered. The GSO has worked with the licensee and some improvements have been made; for instance, fresh fruit is now on the menu. However no significant changes have been made. The GSO and management officer are soliciting for a new licensee.

The gardener and drivers work overtime regularly. The gardener's overtime, for example, averages 14 hours per pay period, and although the work is generally welcomed, OIG informally recommended that the GSO review assignments to determine if another FSN could pick up some of the work or if work hours could be staggered.

The mission's inventory of motor vehicles has been incorrect since FY 2002. Although the mission contacted the Bureau of Administration's motor vehicles branch, corrections have not been made. Additionally, the mission did not obtain the required prior approval from the bureau of Administration's motor vehicles branch before selling one of its vehicles, as required in 14 FAM 418.9. Furthermore, daily usage reports were not always signed by passengers, as required in 14 FAH-1 Exhibit H-814.1. OIG informally recommended that the GSO conduct and keep a record of spot checks of motor pool operations.

Translation Services

Embassy Riga uses a series of ad hoc devices to meet its translation needs. Latvian is not a world language, and the embassy must meet its translation needs internally or contract out for those services. In addition, the majority of the popula-

tion of Riga speaks Russian, and Russian is the major minority language in Latvia. The largest recurring need for translation services is related to the PAS, both on its own behalf and in support of the executive office. However, the political/economic section is also a user, consumer, and provider of those services. In addition, translation services are required for real property leases and documents associated with the NEC and residential property, including the Ambassador's residence. These services are supposed to be charged to an OBO account or to ICASS. The use of political/economic section LES for translations for work unrelated to their section is not a good use of their time, and the section is already overburdened. Likewise, PAS should not be using its program funds, as it has previously, to contract for such services, which are unrelated to its function. Since the need for these services is insufficient to fill a full-time position, OIG informally suggested that the post contract out for the services. In the meantime, OIG suggested that PAS, as it restructures, ensure that these skills are represented among its LES at a sufficient level.

Avian Influenza

Embassy Riga has taken seriously the need for avian influenza (AI) preparedness. The emergency action committee, which is chaired by the DCM and includes the embassy nurse, drafted a series of trip wires addressing different levels of a possible pandemic. The embassy has also upgraded its emergency supplies. The embassy nurse recently attended the annual nurses conference hosted by the Office of Medical Services, where she was told more supplies would be forthcoming. The consular section distributes information to the American community via the warden system and direct e-mail to American citizens registered at the embassy. The section held a town hall meeting for Americans when the regional medical officer was visiting, allowing him to answer questions about AI. The front page of the embassy web site has a direct link to the Department's AI web page.

Embassy officers have met with various local authorities responsible for AI planning, including those of the Ministry of Health, Crisis Management Council, and Food and Veterinary Services. Latvia conducted a tabletop AI crisis exercise in November 2005, and since April 2006 has conducted active surveillance for AI in the poultry industry and among wild birds. The Latvian government distributes a pamphlet addressing myths and facts about AI in all grocery stores. Embassy officers continue to monitor the nation's preparations closely, and the embassy has made a comprehensive effort to prepare for any AI pandemic.

INFORMATION MANAGEMENT AND INFORMATION SECURITY

Embassy Riga's information management (IM) staff meets the needs of its 120 customers and addresses most Department IM and information security requirements. The section pays good attention to information security, and the embassy has one of the Department's few unclassified networks with 100-percent patch management compliance. Additionally, the configuration management documentation, contingency plan documentation, and system security plans are well drafted. These necessary documents contain complete and relevant information needed to secure and operate Embassy Riga's networks. However, OIG found a few areas where the information management officer (IMO) needs to make improvements to maximize the section's operation and security, and made formal and informal recommendations.

Information Management

The IM staff is responsible for the operation, maintenance, and security of the Department's unclassified network (OpenNet), classified local area network, dedicated Internet network, pouch and mailroom, and classified pouch. The OpenNet network consists of 106 workstations and 15 servers; the classified local area network consists of four workstations and five servers; and the dedicated Internet network has eight workstations and three servers. The section is well managed and largely adheres to Department IM guidelines and the industry's common practices. The IM staff consists of an IMO, an IM specialist who serves as the information systems officer and communications security custodian, three systems-support LES employees, and one mailroom/telephone LES member.

Most of the embassy's PAS staff work on two local area networks, the dedicated Internet network and OpenNet. This is contrary to the Department's directive to consolidate the legacy public diplomacy network with OpenNet. Each PAS employee has two workstations for conducting his or her day-to-day duties. OIG found that the dedicated Internet network provides PAS staff with an alternate means for e-mail and web browsing. The network is justifiably used for audio/visual production and web development, but there is a duplication of effort and resources involved in maintaining it. OIG informally recommended that e-mail capability be removed from the dedicated Internet network and that the mailbox contents be transferred to OpenNet mailboxes.

Recommendation 8: Embassy Riga should create and execute a plan to migrate the remaining dedicated Internet network capabilities from the legacy public diplomacy network to OpenNet, leaving only a few workstations and a server for use with audio/visual production and web development. (Action: Embassy Riga)

Although the IM section received overall high marks on the OIG questionnaire, some respondents noted a lack of responsiveness. This problem may be alleviated when the section implements a help desk tracking or ticketing tool to help manage workload. Currently, the GSO clerk creates work orders based on a customer's request and gives a hardcopy of the work order to an IM staff member to carry out. This does not allow the IMO to analyze recurring systemic problems that may be related to hardware, software, or training deficiencies. It also does not provide the IMO and post management a means to monitor the IM staff's workload to ensure equal distribution of duties or to intervene on overdue customer requests or analyze future staffing needs. OIG informally recommended that the embassy implement a help desk tracking tool to help prioritize and manage the IM section's workload.

Information Security

Embassy Riga has a successful information security program. The IMO and the information systems officer are, respectively, the embassy's primary and alternate information systems security officers. They conduct many of their duties while maintaining day-to-day IM operations. OIG reviewed the network for excessive personal use and inappropriate material and found very few instances of either problem. OIG also reviewed all audit logs and security documentation available at post. The IMO is concerned that he cannot complete his duties as the information systems security officer because he does not have access to all of the network's audit logs that he must review monthly per 12 FAM 629.

When the embassy converted to Microsoft Accelerated Active Directory Deployment in the summer of 2004, its systems staff lost access to all domain controller audit files. In addition to not having the ability to troubleshoot software or hardware problems with the domain controllers, the information systems security officer needs this access to review unauthorized network account creation, modification, and deletion and other security anomalies.

In April 2006, the IMO requested that the Bureau of Information Resource Management provide Embassy Riga's systems administrators with access to the audit logs on both domain controllers. The bureau has not yet responded to this request.

Recommendation 9: Embassy Riga, in coordination with the Bureau of Information Resource Management, should establish the capability to conduct monthly reviews of audit logs on all of Embassy Riga's unclassified and classified domain controllers. (Action: Embassy Riga, in coordination with IRM)

QUALITY OF LIFE

Although this inspection identified management-related morale problems, Embassy Riga scores very high on the usually sensitive quality of life issues. Mission personnel are generally extremely happy with their housing, all apartments, and the post's spousal employment is high. (EFM positions are vacant only for want of applicants.) In addition, the two schools available to mission families received high marks on the survey.

HOUSING

The embassy's housing profile is short-term-leased, high quality and within the size and price limits. With all but the rare exception, staff and dependents are pleased with their housing. All mission staff can walk to work at the chancery or PAS. Post satisfaction with housing is reflected in the high scores for housing on the OIG questionnaire.

COMMUNITY LIAISON OFFICE

The Community Liaison Office (CLO) is an excellent example of such an operation. It is well staffed and has an innovative, energetic CLO coordinator, supported by a 12 hour/week administrative assistant and an embassy spouse who puts out a high quality newsletter. The CLO has an active program identifying the numerous job opportunities available to spouses and has received universal praise in the mission for well-organized programs for incoming personnel and their sponsors. The coordinator has organized a sponsorship-training program and has prepared a written guide that walks the sponsors through their responsibilities in welcoming newcomers. For the newcomers, there is an exceptionally good welcome binder that provides detailed information on Riga and the mission. The office has also identified "good neighbors," mission families living near the newcomers and gets equally high marks for community liaison work and events training.

SCHOOLS

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(b)(2)(b)(6) is an Office of Overseas Schools-assisted school. The management officer serves as the Ambassador's representative on the school board. (b)(2)(b)(6)
(b)(2)(b)(6)(b)(2)(b)(6)(b)(2)(b)(6) The embassy maintains required financial documents for all grant funds, and it files its reports on time. The schools have received Department funding for security upgrades. The regional education officer has been responsive to embassy needs and visited Riga in November 2005.

MEDICAL UNIT

The medical unit is well run, and the embassy community is relatively satisfied with the services provided. The embassy receives good support from the regional medical officer, who visits quarterly; the regional psychiatrist, who visits twice each year; and the regional medical technician, who visits every year or so. The medical unit consists of a part-time nurse and a part-time administrative assistant and is assisted by a local physician advisor. The nurse will leave in 2006, and the embassy may have difficulty replacing her. The medical unit handles routine services and referrals to local hospitals, but all cases requiring serious evaluation or major treatment are med-evaced. In the past 12 months, five cases required a medical evacuation. The unit handles from 10 to 50 patients each week, and its supplies and medical files are maintained in accordance with regulation. The only controlled substance on hand is a flu vaccine. No issues warranting Office of Medical Services action were brought to OIG's attention.

LOCAL INTOLERANCE OF RACIAL AND RELIGIOUS MINORITIES

Some Latvians have intolerance towards racial and religious minorities, which is a quality of life issue for affected mission employees and dependents. The embassy's response to a racially motivated attack by local youths on an African American EFM demonstrated appropriate EEO sensitivity and action. As a result of the Ambassador's initiative, the country's president wrote a letter of apology. This was not

the only incident or the only employee who has suffered, but it was the most egregious. When local authorities intended to charge the assailants simply with a lesser misdemeanor, the embassy drew the authorities' attention to Latvian laws on racial harassment, resulting in a stiffer punishment. The Ambassador spearheaded a very substantive program during Black History Month to help improve racial sensitivity in Latvia.

In another Embassy Riga initiative to combat intolerance, in January 2006 the RSO arranged for the embassy to host a seminar on racism and hate crime in the Baltics. The seminar was co-hosted by the Latvian Ministries of the Interior and of Social Integration and by the chief of Protective Intelligence Investigations of the Department's Bureau of Diplomatic Security, who made a presentation at the seminar. Attendees also included law enforcement officials from the neighboring Baltic countries of Lithuania and Estonia. The seminar's outcome was recognition that racist groups pose an unacceptable threat to stability, community, individual security, and the national image and that these matters should be addressed by enforcing existing laws and developing community policing. The successful seminar received positive comments in the Latvian press.

MANAGEMENT CONTROLS

The embassy's management controls are adequate. The embassy completed a Bureau of Resource Management risk assessment questionnaire shortly before the inspection, and all embassy sections received acceptable scores. In its 2005 Annual Chief of Mission Certification, Embassy Riga identified no reportable management control weaknesses. The mission's LES staff is experienced and implements new management control measures readily. For example, the supervisory financial management FSN developed a comprehensive checklist for the management officer to use when spot-checking voucher payments. OIG identified a number of relatively minor internal control weaknesses related to management operations and left informal recommendations. Although Latvia's main port is known for corrupt activities, the corruption has not yet affected embassy shipments.

The consular section complies with Bureau of Consular Affairs requirements and guidelines for management controls. During a visit in March 2006, the regional consular officer identified two management control items that needed to be addressed: the need for up-to-date written designations of cashier responsibilities and for the use of the inventory control ledger. OIG found that the consular section had made these corrections, and there are no other management control weaknesses.

FORMAL RECOMMENDATIONS

Recommendation 1: Embassy Riga should request that the Bureau of European and Eurasian Affairs provide one temporary duty officer for the embassy's political/economic section to cover the demands of the summit of the North Atlantic Treaty Association. (Action: Embassy Riga, in coordination with EUR)

Recommendation 2: Embassy Riga should request, and the Bureau of European and Eurasian Affairs should provide, one temporary duty officer for the embassy's public affairs section to assist the mission's public diplomacy efforts during the preparation period for the North Atlantic Treaty Organization's summit. (Action: Embassy Riga, in coordination with EUR)

Recommendation 3: Embassy Riga should review the size and skills of its public affairs section's locally employed staff, eliminating one position and restructuring the staff to increase the utility and efficiency of the section. (Action: Embassy Riga)

Recommendation 4: Embassy Riga, in coordination with the Bureau of European and Eurasian Affairs, should seek the bureau's permission to retain the savings derived from any locally employed staff reductions in the public affairs section so that it may use the funds for public affairs programming. (Action: Embassy Riga, in coordination with EUR)

Recommendation 5: Embassy Riga, in with coordination the Bureau of European and Eurasian Affairs and the Office of the Under Secretary for Public Diplomacy and Public Affairs, should seek an appropriate partner for the establishment of an American Corner in the urban center of Riga. (Action: Embassy Riga, in coordination with EUR and R)

Recommendation 6: Embassy Riga, in coordination with the Bureau of Consular Affairs, should phase-in processing of Latvian immigrant visas by arranging immigrant visa training for one Foreign Service national, scheduling the installation of immigrant visa processing equipment, and authorizing the consular section to begin processing immediate relative immigrant visas for applicants who have filed I-130 petitions at Embassy Riga and for adoption cases. (Action: Embassy Riga, in coordination with CA)

Recommendation 7: The Office of Rightsizing the United States Government Overseas Presence, in coordination with the Bureau of European and Eurasian Affairs, should evaluate Embassy Riga's revised new embassy compound desk and non-desk position requirements and provide the results to the Bureau of Overseas Buildings Operations. (Action: M/R, in coordination with EUR)

Recommendation 8: Embassy Riga should create and execute a plan to migrate the remaining dedicated Internet network capabilities from the legacy public diplomacy network to OpenNet, leaving only a few workstations and a server for use with audio/visual production and web development. (Action: Embassy Riga)

Recommendation 9: Embassy Riga, in coordination with the Bureau of Information Resource Management, should establish the capability to conduct monthly reviews of audit logs on all of Embassy Riga's unclassified and classified domain controllers. (Action: Embassy Riga, in coordination with IRM)

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.

Political/Economic Section

The political/economic section has a limited reporting plan and has reduced the nonscheduled reporting arising from staffing gaps and the press of operational tasks.

Informal Recommendation 1: Embassy Riga should review and upgrade its reporting plan once the political/economic section returns to full strength.

Public Affairs Section

The PAS and the Latvian media are the major sources of documents requiring translation, yet the nine-LES section has no one with the skills to perform this function easily and quickly as a collateral duty. This needs to be addressed as the section restructures.

Informal Recommendation 2: Embassy Riga should ensure that the public affairs section gives a priority to translation skills when filling future vacancies.

Equal Employment Opportunity

The LES handbook does not contain EEO or sexual harassment information, and a number of LES were unaware that basic EEO principles apply to them.

Informal Recommendation 3: Embassy Riga should include in the locally employed staff handbook equal employment opportunity and sexual harassment information and have the equal employment opportunity officer and federal women's program coordinator brief the locally employed staff on their rights and responsibilities regarding these issues.

Consular Operations

The embassy's use of the EVAF is less than 12 percent, although worldwide usage averages close to 48 percent. (However, this figure does not include the many applications from shipping companies and other businesses that are completed by remote data entry.) Furthermore, Latvians are highly computer literate, and the use of EVAF saves considerable LES data entry time.

Informal Recommendation 4: Embassy Riga should increase its efforts through public outreach to encourage visa applicants to use the electronic visa application form.

The visa interviewing officers are Latvian speakers, but as many as a quarter of the applicants must be interviewed in Russian. Because interpreters must be used so frequently, the section keeps them at the interview window to do Latvian interviews as well. OIG found that this makes many interviews longer than necessary and is an inefficient use of LES time.

Informal Recommendation 5: Embassy Riga should have the visa interviewing officers conduct interviews with Latvian speakers without the use of interpreters to the extent possible.

A large number of American citizens are dual nationals who are not reachable by e-mail and have little contact with the consular section.

Informal Recommendation 6: Embassy Riga should establish contacts with a few local radio stations to arrange for the dissemination of emergency messages when necessary.

Human Resources

The regional HR officer visits only annually and the management officer is fully occupied. Therefore, it would be useful for the HR manager to be able to assist in more of the HR needs of American officers.

Informal Recommendation 7: Embassy Riga should have the locally employed staff human resources manager take Foreign Service Institute course PA-235, American Human Resources Management.

Local recruitment and hiring practices, especially for LES positions, are not as transparent and well documented as they should be.

Informal Recommendation 8: Embassy Riga should maintain copies of all applications for all vacant positions and keep a record of the decisionmaking process, including any of the post employment committee's notes or scores.

The embassy's orientation plan for newly hired LES could use improvement. Currently, it consists basically of a walk-through provided by the employee's supervisor or the HR manager.

Informal Recommendation 9: Embassy Riga should establish a locally employed staff orientation program that includes at least one meeting each year for all locally employed staff especially new hires, so that embassy sections may would explain their work and answer questions.

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Financial Management

Suspense deposit accounts, including one dating to 2002, show these balances: \$7,993, \$360, \$7,560, and \$8,264. These accounts are not meant to serve as long-term clearing accounts, and there is no reason the balances should exist.

Informal Recommendation 11: Embassy Riga should review prior-year suspense deposit account balances and determine where charges are properly applied.

Although the management officer has been conducting regular spot checks of FSN-certified vouchers, she does not yet know how to print out the universe of FSN-certified payments under the post's recently upgraded accounting system.

Informal Recommendation 12: Embassy Riga should contact the Charleston Global Financial Services Center to determine the best way of identifying the universe of Foreign Service national-certified vouchers.

Embassy Riga's alternate cashier is on long-term leave. Although the mission has identified an employee to serve as a temporary alternate cashier, that employee is rarely assigned cashiering duties and is not comfortable with the operation. This puts the embassy at risk if the primary cashier is out sick and or wants to take vacation.

Informal Recommendation 13: Embassy Riga should assign the temporary alternate cashier with cashiering responsibilities a few times a month so that she is trained and comfortable with the role.

ICASS and program fund obligations, such as those for shipping and salaries, are sometimes over or underestimated by more than 20 percent.

Informal Recommendation 14: Embassy Riga's financial management section should review the source of over-obligations and under-obligations from FY 2005 and work with the embassy's general services and human resources sections to better estimate obligations.

Although travel authorizations are entered into Travel Manager, the travel specialist does not always annotate the record when business class travel has been authorized or approved.

Informal Recommendation 15: Embassy Riga should ensure that all authorized business class travel is designated as such in Travel Manager and in travel orders.

Embassy Riga paid a school \$5,000 more than the amount of the school grant. The mission does not track grant funds available and expended and does not ensure that school-related obligations are supported by valid grant documents with adequate funding.

Informal Recommendation 16: Embassy Riga should track the amount of overseas school funds available and expended and should ensure that all obligating documents charging Office of Overseas Schools' funds are supported by valid grant documents with adequate funding.

Embassy Riga's management officer serves as the grant officer representative for all overseas school grants but has never had training.

Informal Recommendation 17: Embassy Riga's management officer should take grants training.

General Services

The need for translation of documents is being met in an ad hoc and less-than-optimal fashion.

Informal Recommendation 18: Embassy Riga should contract out for translation services.

The general services section plans to implement additional WEBPASS modules, but timelines for this have not been established.

Informal Recommendation 19: Embassy Riga should develop milestones for implementing the remaining WEBPASS modules, including those that require mission staff to submit requests electronically.

Daily Vehicle Use Record forms (OF-108) are not always signed by the embassy personnel who use motor pool vehicles.

Informal Recommendation 20: Embassy Riga should require all motor pool passengers to sign the Daily Vehicle Use Record form (OF-108) in accordance with 14 FAH-1 Exhibit 814.1.

The mission's gardener and drivers work overtime regularly.

Informal Recommendation 21: Embassy Riga should review general services staffing to determine whether other staff or trade helpers can be assigned to limit overtime.

Vehicle inventory records are not up to date, and the GSO could not locate some motor pool records because the FSN who is responsible for those records was on leave.

Informal Recommendation 22: Embassy Riga should conduct regular spot checks of daily use motor pool records and vehicle inventories, as required in 14 FAM 418.1-1(B).

The warehouse contains excess and unusable expendable supplies, including old printer paper. Although the mission has held a number of sales recently, it still has unusable equipment. The mission should sell as much excess equipment as possible so that the amount of required short-term-leased warehouse space is not overestimated.

Informal Recommendation 23: Embassy Riga's appropriate officials should tour the embassy warehouse, identify all unusable or excess equipment, and hold a sale.

Embassy Riga does not have any record of having conducted periodic spot checks of expendable and nonexpendable inventories, as required in 14 FAM 411.2-2.

Informal Recommendation 24: Embassy Riga should ensure that the accountable property officer personally periodically spot-checks the nonexpendable and expendable inventories.

The embassy collects payments for employees' personal use of government long-distance telephones. Under 5 FAM 523, employees must use calling cards for toll calls, **except in emergencies.**

Informal Recommendation 25: Embassy Riga should determine whether calling cards for toll calls are a viable option in Riga. If they are, the embassy should issue an administrative notice to employees informing them of the restrictions on personal use of government telephones for long-distance calls and instructing them to use calling cards for personal long-distance calls.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Ambassador	Catherine Todd Bailey	01/05
Deputy chief of mission	Phillip L. Antweiler	09/05
Chiefs of Sections:		
Community Liaison	Margaret Catt	08/05
Consular	Landon Taylor	06/02
General Services	Harold Zappia	08/03
Information Programs	Alan Knabe	12/04
Political/Economic/Commercial	Mark Draper	06/02
Non-Proliferation	Ron Kresock	01/05
Management	Mary Teirlynck	09/04
Public Affairs	Raymond Stephens	06/05
Regional Affairs	Mike Catt	08/05
Regional Security	Vida Gecas	07/05
Other Agencies:		
Defense Attaché Office	Lt. Col. Leigh Sumner, USMC	06/04
Office of Defense Cooperation	Lt. Col. Mike Brogan, US Army	06/04
Legal Attaché	John Sylvester	Resident in Tallinn

ABBREVIATIONS

AI	Avian influenza
CLO	Community liaison office
COM	Chief of mission
CSCS	Capital Security Cost-Sharing program
DATT	Defense attaché
DCM	Deputy chief of mission
EEO	Equal Employment Opportunity
EFM	Eligible family member
EU	European Union
EUR	Bureau of European and Eurasian Affairs
EVAF	Electronic visa application form
FPU	Fraud prevention unit
FSN	Foreign Service national
GSO	General services officer
HR	Human resources
ICASS	International Cooperative Administrative Support Services
IM	Information management
IMO	Information management officer
IRC	Information resource center
IRM	Bureau of Information Resource Management
IV	Immigrant visa
LES	Locally employed staff

MPP	Mission Performance Plan
M/R	Office of Rightsizing the United States Government Overseas Presence
NATO	North Atlantic Treaty Organization
NEC	New embassy compound
NGO	Nongovernmental organization
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
PAO	Public affairs officer
PAS	Public affairs section
RSO	Regional security officer

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