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

Report of Inspection

Embassy Santiago, Chile

Report Number ISP-I-06-45A, September 2006

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KEY JUDGMENTS

- Embassy Santiago, led by a dynamic career Ambassador, has met or exceeded the Department of State's (Department) policy advocacy goals to include greater Chilean leadership in support of democracy and free markets and continued Chilean participation in UN peacekeeping activities in Haiti and elsewhere. Implementation of the U.S.-Chile Free Trade Agreement (FTA) has generated an increase in bilateral trade of more than 80 percent.
- Public diplomacy programming is strong and well rounded. It would have more impact if it were linked more closely to the mission's strategic priorities. Media outreach is well targeted, active, and effective, taking full advantage of the Ambassador's talent for public speaking. Internal management of the public affairs section should be strengthened.
- Washington consumers give substantive reporting produced by Embassy Santiago high marks. Law enforcement entities at post readily share information on their respective programs but greater coordination is warranted in order to maximize the impact of these programs.
- The embassy facilitates high-value bilateral cooperation in science, technology, and the environment.
- Consular management is proactive and thoughtful. The consular section plans several initiatives in the coming months, including the review and updating of its visa appointment and fee collection arrangements to increase efficiency and rectify inherited management and control deficiencies.
- All major management systems are in place and functioning. However, poor delivery of many administrative support services continues. This will not improve until mission management finds a way to end interpersonal strife and to foster teamwork among the management staff. There is no serious duplication of administrative support services among U.S. agencies.

CONTEXT

Chile is a narrow ribbon of land stretching 2,650 miles along the west coast of South America. Protected by the Andes mountain range on its east, the Pacific Ocean on its west, arid desert lands on its northern border with Peru, and the wilds of Patagonia and the Antarctic to its south, Chile is one of the earth's more geographically and climatically diverse countries. Almost one-third of its 16 million citizens live in the greater Santiago region.



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President Michelle Bachelet, the country's first democratically elected female head of state, took office in January 2006. Over the past 16 years, Chile has successfully managed its transition to democracy and begun to put the divisive legacy of the 1973 military coup and the Pinochet military government behind it. It has a vibrant multiparty democratic system, an independent judiciary, and a recognized low rate of official corruption.

Chile stands today as South America's best economic success story. Its adoption of free market practices and sound macroeconomic policies has led to consistent economic growth, low inflation, declining poverty rates, and a vibrant export sector. Bilateral trade between Chile and the United States has grown by over 80 percent since the FTA came into force on January 1, 2004. The United States is Chile's largest trading partner, with nearly \$10 billion in bilateral trade in goods and services.

With its stable, democratic government and its 15-year record of economic growth and poverty reduction, Chile has an influential voice in international circles. Chile shares many of our key values – democracy, free trade, and regional stability – and has been one of the United States' most reliable partners in the region in recent years. The Chilean government has contributed election monitors in Iraq and in Haiti, sent peacekeepers that took a leading role in the UN peacekeeping mission

in Haiti, and has played a positive role in promoting international trade liberalization. The embassy's most important goal is to raise the level of Chilean leadership on the international stage and to ensure that this higher profile furthers the overarching U.S. government key goals of democracy, open markets, and stability throughout the region.

Embassy Santiago had 270 positions filled at the time of the inspection, including 83 U.S. direct-hire employees, 174 Foreign Service nationals (FSN), and 13 LES who are American citizens. The Departments of State, Agriculture, Commerce, Justice, and Defense all maintain representatives at the embassy. The Department of Homeland Security/Immigration and Customs Enforcement covers Chile from a regional office located in Montevideo, Uruguay. The Department of Defense military group operates an active security assistance program. A small extension of the military group is located in the city of Valparaiso, about 90 miles from Santiago. Chile received \$640,000 in International Military Education and Training in FY 2006, has \$2 million in its Foreign Military Financing account, and has \$18 million in pending grants for excess defense articles.

EXECUTIVE DIRECTION

A dynamic career Ambassador and dedicated DCM lead Embassy Santiago. The Ambassador has demonstrated strong policy advocacy skills and exhibits a keen understanding of how to work the Washington policy apparatus. In the two years since this front office team arrived in Chile, the embassy has supported numerous high-level visits, including the November 2004 visit of President Bush for the Asia-Pacific Economic Cooperation (APEC) Summit and the March 2006 visit of Secretary Rice for President Bachelet's inauguration. The Ambassador outlines to embassy staff the mission's role in implementing U.S. government policy in regularly scheduled town hall, country team, and issue-focused meetings. Both the Ambassador and the DCM invite heads of other agencies and Department officers to discuss with them any issues or concerns that cannot be resolved in the normal chain of authority.

Interagency cooperation at Embassy Santiago is collegial and professional, but agencies still approach issues from their own parochial viewpoint rather than from a government-wide perspective. The twice-weekly country team meetings are crisp and informative, all heads of agencies are invited to attend, and an officer is designated each week to circulate a written summary to those officers who do not attend the country team meeting. The law enforcement working group (LEWG) is a work in progress – currently more of an information sharing process but not yet an operational working group where heads of law enforcement entities come together to chart out optimal interagency strategies for the resolution of law enforcement challenges. The section on law enforcement cooperation will cover this issue in more depth.

Parts of the FY 2008 Mission Performance Plan (MPP) do not correspond to current guidance from the Bureau of Resource Management's Office of Strategic and Performance Planning. The order of the MPP's goal papers does not reflect overall mission effort. Tactics in most goal papers are not organized in priority order; many are repetitive. Action sections/agencies are not clearly identified in two of the goal papers. Performance indicators are often based on output, not outcome; few are quantifiable or able to be measured objectively; and only some can be used for more than one year, preventing trend analysis. The mission needs to revise its MPP once the Department issues guidance for the strategic performance planning process for FY 2009.

Recommendation 1: Embassy Santiago should prepare its FY 2009 strategic performance plan so that it includes effective performance indicators and then periodically review the plan. (Action: Embassy Santiago)

To its credit, the mission created an “out-of-the-box” group to explore new opportunities to promote U.S. interests. It also convenes an annual day-long retreat of all section and agency heads to review policy. However, the mission does not use the current MPP process as effectively as it should. Sections and agencies that work on issues included in a given goal paper do not meet to review progress periodically. Nor are they responsible for working together to update the goal papers. Instead, for the past two years, a four-member MPP committee revised each goal paper, with varying degrees of cooperation from sections and agencies. As a result, the mission lost the opportunity to forge stronger and clearer working relationships among sections and agencies supporting each goal paper. The Office of Inspector General (OIG) team suggested that the mission designate working groups to support each MPP goal, led by the section or agency that has primary action to support that goal. Those working groups should refine tactics and performance indicators and meet periodically as a group and with the front office to review progress.

The Ambassador has placed a high priority on public diplomacy activities. For example, he decided to create an innovative American Academy of Science and Technology to foster high-value bilateral cooperation. He has sought to improve the opinion of the United States held by the average Chilean – especially younger Chileans – with a variety of cultural and sporting initiatives. The Ambassador has taken to heart the Department’s desire that missions develop innovative public diplomacy programs to influence the hearts and minds of host country nationals. He and his family have dedicated their personal time to the creation of a youth baseball program in Chile that is officially chartered by Little League International and has a particular focus on disadvantaged youth. The program has generated positive reactions from Chilean officials and the media. The Ambassador is the honorary chair of the Little League board, and his spouse and one officer from the economic-political section (EPOL) were initially members of the board. The Little League board has an active fundraising program to generate seed money to outfit new teams and to subsidize the costs of the program in those areas where the players themselves cannot afford to pay the activity or equipment fees. In accordance with 2 FAM 960, the Ambassador has been very careful to get approval from the Office of the Legal Adviser (L/EMP/Ethics) for his association with the Chilean Little League, for his spouse’s

and the EPOL officer's participation on the Little League board, and for the proposal that his spouse assist with the fundraising activities of the Little League board. Subsequently both the Ambassador's spouse and the EPOL officer withdrew from the Little League Board.

Some embassy staff have been ambivalent about the utility of the Little League and several similar initiatives, in the absence of a clear vision of how the initiatives relate to MPP goals and the initiatives' priority in the competition for increasingly scarce resources. Other staff members found the Ambassador's vision to be highly commendable, but they expressed concerns about the blurring of lines between personal voluntary activities and official U.S. government public diplomacy activities, especially when there is fundraising involved. The Ambassador has made clear that he wants all appropriate approvals from L/EMP/Ethics and the regional bureau for both his personal involvement and for any use of U.S. government resources in connection with these initiatives. The mission has been conducting an extensive dialogue with L/EMP/Ethics since mid-2005 seeking clarification on a number of questions relating to the use of U.S. government resources in support of these initiatives. To date, the embassy has not received a response, even after several follow-up messages and calls from the executive office of the regional bureau to L/EMP/Ethics. The lack of clear Department guidance has impeded the mission's ability to come to closure on these divisive issues and has had a deleterious impact on mission morale.

Recommendation 2: Embassy Santiago, in coordination with the Under Secretary for Public Diplomacy and Public Affairs, should resubmit for review to the Bureau of Western Hemisphere Affairs, all outstanding questions relating to the use of U.S. government resources in support of proposed and/or existing public diplomacy voluntary activities. (Action: Embassy Santiago, in coordination with WHA and R)

Recommendation 3: The Bureau of Western Hemisphere Affairs, in coordination with the Under Secretary for Public Diplomacy and Public Affairs, and the Office of the Legal Adviser, should respond in writing expeditiously and comprehensively to Embassy Santiago's request for guidance on the appropriate use of U.S. government resources in support of proposed and/or existing public diplomacy voluntary activities at Embassy Santiago. (Action: WHA, in coordination with R and L)

Both the Ambassador and the DCM are very supportive of the post security program. The embassy maintains a good posture for emergency preparedness; and, like all posts in high seismic activity zones, the management staff is vigilant in briefing employees on emergency procedures in the event of an earthquake. This subject is covered in greater detail in the classified annex to this report.

The Ambassador and the DCM express strong support for the Equal Employment Opportunity (EEO) program. There were no formal EEO complaints in process during the OIG inspection; however, the FSN workforce did not exhibit confidence in the integrity of the post EEO system. Many FSNs perceive that embassy management wishes to separate all “old” FSNs. This issue is discussed in greater detail in the human resources section of this report.

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The four entry-level officers (ELO) at Embassy Santiago were uniformly positive about the direction the DCM and the Ambassador give to their development. These ELOs, all second-career officers who entered the Foreign Service after spending substantial time in the non-Department work force, require far less mentoring and guidance than ELOs who enter the Foreign Service with little work experience. Though the post does not have a formal, written entry-level officer program, the ELOs reported that post management had included them in a wide range of activities such as note-taking for official visitors, participation in representational events, and control officer duties for the most recent visit to Chile of the Secretary of State. They were appreciative of the time the DCM devoted to counseling and mentoring, particularly during the bidding and assignment season. The Ambassador offered to

assist all employees, especially ELOs, in the bidding process. The ELOs noted that they would value more opportunities to hear directly the Ambassador's views on key U.S. policy trends. The OIG team suggested informally to the ELOs that they consult with ELO groups at nearby posts to learn of best practices, and then work with the DCM to develop a written ELO development plan for use by their successors.

POLICY AND PROGRAM IMPLEMENTATION

ECONOMIC AND POLITICAL AFFAIRS

The chief of the combined economic-political (EPOL) section, a senior officer with extensive experience in economic work, is very effectively leading this section. A senior political officer and a senior economic officer head the section's political and economic units, respectively. A mid-level political officer covers political-military affairs and labor/human rights issues. In the economic unit, a mid-level officer is responsible for law enforcement/ counternarcotics, and an ELO handles environment, science and technology issues. Two LES, a translator, and a research associate assist them.

The existence of a combined EPOL section with colocated staff helps ensure the accuracy and completeness of reporting, advocacy and briefings. The section holds formal staff meetings twice each week. In the absence of weekly embassy-wide coordination meetings to address economic/commercial and political-military developments, EPOL serves as de facto coordinator when such issues arise. In addition, there is frequent interaction between EPOL and PAS, and EPOL officers frequently perform outreach to groups at events organized by PAS.

Washington consumers of the section's reporting are very pleased with both quantity and quality. This is especially true with regard to the issues of greatest concern to the Department's policymakers and analysts: close ties with the new Bachelet administration; Chile's leadership in the international arena; tensions with neighboring countries; trends in the copper sector; regional and global security cooperation; energy dynamics of the Southern Cone; and China's rising profile in the hemisphere. The section's high marks for reporting are testimony both to the Ambassador's keen sense for Washington appetites and the EPOL reporting officers' skills in selectively targeting aspects and events that are not captured by the foreign press. On topics such as President Bachelet's first official visit to the United States and Venezuela's fervent bid for a rotating seat on the UN Security Council, the section drafts, clears, and sends messages out the same day. The reports are concise and usually include

comment sections with nuanced insights for policy makers. A detailed review of the embassy's reporting plans for FY 2005 and the first quarter of FY 2006 indicated that EPOL had largely met its requirements.

The section's morale is very good, one of the best of all sections in the embassy. However, the steady stream of high-level visits to Santiago weighs heavily upon the section, as the front office turns first to EPOL when assigning control officers. Although the major visits afford invaluable opportunities to advocate on key issues and to support U.S. business, they also detract from the time available for reporting, for developing future contacts, and for provincial travel -- a key component of any comprehensive effort to stay abreast of developments in a country as diverse as Chile. EPOL also has limited surge capacity to take on new or unexpected assignments.

With the bilateral FTA negotiated and fully operational, much of the focus in the U.S.-Chilean relationship at the macro level is shifting from the economic to the political side. At the micro level, the officer handling the science and technology and the law enforcement portfolio - who did almost no substantive reporting last year because of control officer duties with visitors and the heavy operational nature of her portfolio -- recently departed for her onward assignment. There will be extended staffing gaps before her replacements arrive. Meanwhile, the section's new counselor brings a strong political reporting background. The OIG team informally recommended that the front office carefully review and then realign work requirements and reporting responsibilities within the section to account for the shift in focus and personnel.

BUSINESS SUPPORT AND ADVOCACY COORDINATION

The embassy's business support and advocacy team is providing assertive and dynamic backing for U.S. business interests in Chile. The team includes the commercial section, the agricultural section, the Animal and Plant Health Inspection Service (APHIS) office, and the EPOL section. The public affairs section (PAS), regional security officer (RSO), Defense attaché office (DAO), and the military group often lend important support, too. In lieu of holding regular weekly meetings, the business support team coordinates its on-going efforts at the Ambassador's twice-weekly country team meetings. When more pressing business support issues arise, there are ad hoc gatherings to strategize and map out responses.

Business is booming between the United States and Chile. In the first two years of the FTA, two-way trade in goods and services rose 80 percent -- spurred by open markets, steady domestic growth in Chile, and strong world copper prices. It jumped

another 28 percent in the first quarter of 2006. While the flow of U.S. direct investment in Chile has tapered off, the United States remains the top total investor in Chile over the past 30 years, and there are no significant outstanding investment disputes.

The other agencies described the MPP process as a collaborative exercise in which each of them had a seat at the table and actively participated in shaping goal papers and defining performance metrics. They give the Ambassador high personal marks for advocating on behalf of U.S. companies and assisting state trade delegations with briefings and representational events.

A very knowledgeable and aggressive commercial counselor leads the U.S. Commercial Service's (USCS) efforts in Chile. Besides the standard commercial service platform, USCS maintains a virtual library on the embassy's web site, for an established fee provides customized marketing plans for new U.S. firms contemplating entering the local market, promotes approximately 25 international buyer program shows annually, and hosts regular video conferences to brief potential investors. In addition, USCS conducts innovative outreach activities, such as running U.S. movie premieres to highlight intellectual property rights issues and provides guidance on how to choose the right supplier when buying in the United States. Every Friday morning, the commercial counselor provides the Ambassador with a weekly highlights report that summarizes achievements and outstanding concerns.

The agricultural section and APHIS are both headed by experts who coordinate closely with other members of the business support team to open Chilean markets. Breaking into Chile's relatively small market for agricultural consumer goods is an uphill struggle, and local producers often stand as direct competitors to U.S. suppliers. Food safety inspection standards, which are not consistent with international standards, and daunting documentary requirements, frequently block U.S. products from entering Chile.

There is a large and quite active American Chamber of Commerce in Chile. The Ambassador attends many of its activities; the chamber admires his efforts to advance the commercial interests of U.S. companies, especially the intellectual property rights of pharmaceutical firms. The commercial counselor is a member of the chamber's governing board, as well as most of its committees. The chamber indicated it would warmly welcome involvement of other embassy personnel, especially EPOL and PAS representatives.

U.S. companies benefit from a robust Overseas Security Advisory Country Council coordinated by the RSO with active support from the Ambassador. The council has 45 members and meets quarterly or more often as necessary. This relationship promotes regular and timely interchange of security information between U.S. companies in Chile and the embassy. The embassy sponsorship of the council helps U.S. businesses in Chile remain competitive and secure through the dissemination of vital security-related information.

POLITICAL-MILITARY AFFAIRS

The DAO, the military group, and EPOL - who together constitute the embassy's political-military affairs team - work together in a collegial and effective manner. They use twice-weekly country team meetings to brief the Ambassador and coordinate the work of their sections. Between country team meetings, EPOL serves as the daily de facto coordinator of the embassy's political-military team, drafting cables and orchestrating ad hoc team coordination meetings as, as necessary.

The bilateral military relationship has blossomed since a formal agreement was signed in 1996. Security cooperation with Chile is among the very best that the United States has with countries in Latin America. The main tools for advancing that relationship are active engagement with the civilian and military leadership, extensive use of joint exercises, and wise application of limited funds available for interoperability enhancement and peacekeeping training.

There are presently two large political-military issues at play. First, Chile is likely to ratify the International Criminal Court convention soon but refuses to conclude an Article 98 agreement.¹ A cut-off of bilateral military assistance funding appears increasingly likely. To avoid that setback to military cooperation and a symbolic blow to political relations, the embassy is pressing the Chileans to explore creative but feasible solutions. Second, on a related note, Chile does not have a Status of Forces Agreement with any country, so the United States and Chile have exchanged a series of diplomatic notes to secure limited protections for uniformed personnel in Chile for military exercises. Although Chile has signaled interest in an eventual long-term Status of Forces Agreement, recurring negotiations are necessary in the meantime to conclude interim six-month arrangements. EPOL has the lead in conducting those time consuming negotiations with the Foreign Ministry.

¹A bilateral non-surrender agreement protecting American citizens from jurisdiction of the International Criminal Court.

DAO and the military group are extremely pleased with the Ambassador's keen personal interest and strong support for the military relationship with Chile. They are also pleased with their ability to go directly to the Ambassador whenever needed and with the energetic and professional support that EPOL brings to the embassy's political-military team. DAO reports that it participated actively in the MPP process this year, providing input and clearing drafts of several papers of interest to them.

LAW ENFORCEMENT AFFAIRS

Coordination Among Law Enforcement Entities

During the inspection, the Ambassador and DCM readily agreed to institute a number of steps aimed at improving coordination among law enforcement entities and related sections represented at Embassy Santiago. The embassy is a medium-sized mission with an increasing law enforcement presence. Four law enforcement entities have personnel permanently assigned to the embassy:

- Federal Bureau of Investigations, with a legal attaché
- Drug Enforcement Agency (DEA), with a DEA country attaché
- Department of Defense, Force Protection Detachment, with a force protection detachment attaché
- Department of State, Diplomatic Security, with an RSO

In addition, the Department of Homeland Security (DHS) provides regional law enforcement coverage to Embassy Santiago:

- U.S. Immigration and Customs Enforcement at Embassy Montevideo
- U.S. Citizenship and Immigration Service at Embassy Lima
- U.S. Transportation Security Administration at Embassy Buenos Aires
- U.S. Secret Service at Miami, Florida

All members of the law enforcement entities represented in the embassy report that they have immediate access, when needed, to the DCM and Ambassador. However, there was insufficient mission coordination. The OIG team informally suggested the embassy invite the force protection detachment attaché to country team meetings. The soon-to-be monthly LEWG is the embassy's formal forum for coordinating law enforcement issues, with representatives from key non-law enforcement entities and sections also participating. The DCM implemented OIG's suggestions to improve the LEWG's effectiveness. At the inspection team's recommendation, the Ambassador also convened the first meeting of an interagency core working

group. He committed to chair weekly core working group sessions, which should also enhance mission coordination.

International Narcotics and Law Enforcement Issues

An ELO has conscientiously handled the international narcotics and law enforcement portfolio of the EPOL section. In that capacity, she planned and helped to manage programs in Chile funded by the Department's Bureau of International Narcotics and Law Enforcement Affairs (INL), and also drafted periodic reports mandated by the Department. In addition, she also served as staff coordinator of the LEWG. These narcotics and law enforcement duties collectively accounted for the lion's share of that officer's work.

EPOL was the primary drafter of the MPP performance goal paper that neatly lays out the embassy's narcotics and law enforcement objectives and details its performance measures. In a nutshell, the embassy channels available INL funding into four areas: training for prosecutors, police, judges, and public defenders so that they can perform effectively in the newly reformed Chilean criminal justice system; demand reduction programs aimed at discouraging initial and recurrent illicit drug use; enhanced police investigation capabilities; and programs to bolster the ability of Chilean authorities to combat money laundering. The embassy recently received an end-of-year allotment of \$47,000 in INL funds, contingent upon the signing of a new letter of agreement with Chilean authorities prior to October 1, 2006. EPOL is now pressing Chilean authorities to conclude their internal review so that formal signing can take place prior to the deadline. Meanwhile, DEA has also assigned \$53,000 of its Andean Initiative funds for use by the embassy in the coming fiscal year.

Two front office efforts during the past year merit special mention. First, in March, the DCM led - and the ELO supported - an offsite to review in depth the LEWG's efforts and make specific recommendations to the front office on ways to improve the LEWG's impact. Second, in April-May, the Ambassador and the DEA representatives in Santiago approached a major Chilean mining/chemical company that is the largest producer of iodine in the world. When authoritatively informed that shipments of their product to Mexico were being diverted to illegal drug labs and used to produce illicit methamphetamine, the company's senior leadership agreed to take active steps to cooperate with U.S. authorities in investigations of the suspect purchasers. This breakthrough has dealt a major setback to methamphetamine "super labs" in Mexico, which until now have been the largest suppliers of this illicit drug to the U.S. market.

ENVIRONMENTAL, SCIENTIFIC AND TECHNOLOGICAL AFFAIRS

An officer in EPOL's economic unit has done a good job of handling the embassy's environmental, scientific and technological affairs portfolio. Most recently, that officer devoted a considerable amount of time to administering eight environmental cooperation agreements funded by the U.S. Environmental Protection Agency. In June 2006, the embassy expended the last of the funding for those agreements. In 2005, the Department's Bureau of Oceans and International Environmental Scientific Affairs funded two projects to develop the framework of a bilateral work plan for future bilateral environmental, scientific and technological cooperation. At the time of the OIG team's visit, though, there was no funding stream for the proposed work plan.

A bilateral science and technology agreement, signed in 1992, provides the basis for important science work in Chile conducted by a number of U.S. agencies. The agencies' three largest and best known programs are the National Science Foundation's Antarctic support operation at Punta Arenas, its Atacama observatory and astronomical telescopes in northern Chile, and the National Oceanic and Atmospheric Agency's testing center on Easter Island.

In response to widespread interest in environmental, scientific and technological issues within the embassy, the mission created a quarterly science and technology working group, chaired by the DCM, that held its first meeting in March 2006. Seven agencies and sections - EPOL, the Foreign Agricultural Service, USCS, APHIS, Office of Naval Research (ONR), the U.S. Army's International Technology Center, and PAS - are members of the working group.

The American Academy of Science and Technology serves as a conduit for sharing scientific and technological information between U.S. and Chilean researchers and as a conference venue for visiting scientists and scholars. After a board member of the Binational Center (BNC) in Santiago suggested that the embassy should capitalize on strong bilateral cooperation in science and technology, the Ambassador proposed an academy to publicize cutting-edge, but previously little known cooperation in astronomy, Antarctic research, energy policy, disaster relief, avian influenza, and other areas. PAS coadministers the academy, established in September 2005, with the Santiago branch of the University of Talca, where the academy is located. During the inspection, it convened a seminar on "Avian Influenza: Global Response" - with experts attending from the Pan American Health Organization, Chile, and the United States - that received extensive local media coverage.

The embassy's representatives from ONR and the U.S. Army's International Technology Center coordinate regularly with the environment, science and technology officer and actively support the American Academy of Science and Technology's activities. Also during the inspection, the Department of Defense -- through the U.S. Army's International Technology Center office in the embassy -- presented the Chilean Minister of Defense with a draft engineer and scientist exchange program agreement. Early and successful negotiations on the agreement are likely.

Finally, the embassy has nominated Goldman Sachs for the 2006 Secretary of State award for corporate excellence. In 2004, Goldman Sachs donated the deed to a large parcel of virgin Patagonia wilderness, the size of Rhode Island, to the Wildlife Conservation Society along with \$6 million for the initial operating costs of the new reserve. The embassy worked closely with Goldman Sachs and the Wildlife Conservation Society in the establishment of the new nature reserve.

PUBLIC DIPLOMACY AND PUBLIC AFFAIRS

Chile and the United States share many core values. While Chileans generally respect and even admire Americans, the Chilean public largely opposes U.S. policy in the Middle East. The Chilean government has been reluctant to break with regional consensus and appear too close to the United States due to the lack of domestic support for U.S. policies, criticism from Latin American neighbors, and a historical isolationism. PAS takes full advantage of the Ambassador's impressive media outreach skills by arranging a wide variety of speaking opportunities for him. It keeps the front office well informed of media developments, and conducts effective media outreach. The section's cultural programming is strong and well rounded.

PAS actively promotes English-language teaching, works closely with the 12 BNCs in country, and has moved aggressively to open American Corners, with five scheduled to be operating by the end of the year. But the impact of the section's programming is not as great as it could be because the mission has not determined in what key areas it wants to focus its public affairs and public diplomacy muscle. An experienced, senior Foreign Service public affairs officer (PAO) heads the 23-member public affairs section staff. Department public diplomacy officials praised the section's results reporting as well as the section's senior FSNs, whom they cited as running the section like clockwork. The two-year vacancy of the cultural affairs officer (CAO) has forced the PAO to take on a large part of the CAO's functions, in turn leading the Ambassador to request the DCM's more extensive supervision of priority PAS projects as well as those with interagency implications. Embassy

Santiago's FY 2006 public diplomacy budget target was \$1,841,000 with an additional \$13,900 in public diplomacy representational funds and \$18,500 of Department funding.

Strategic and Operational Planning, Performance Assessment, and Mission Coordination

It stands to reason that public affairs and public diplomacy programming will be critical to advancing what the Ambassador has identified as the mission's primary challenge over the next few years -- encouraging the new Chilean government to maintain, and where appropriate, to increase Chile's level of global leadership. But the majority of PAS programming is developed solely within PAS and is focused on mutual understanding, the sixth MPP goal paper. PAS needs greater strategic direction so that it can shift its programming to support critical mission priorities more effectively and increase impact. When the mission revises its MPP, as recommended in the executive direction section of this report, it should specify for what key tactics it wants PAS to develop focused programming. This will allow PAS to develop an operational plan, indicating how budget resources will be deployed against programming priorities.

The section was not the driving force in the revision of the public affairs and public diplomacy-related portions of the MPP. Few PAS local staff actually use the MPP; some LES do not know that they have access to it. Given broad Chilean public support for U.S. values and the lack of historic anti-Americanism, the mission may want to reconsider whether its choice of mutual understanding is the most appropriate public diplomacy goal. Substituting a goal paper on influencing international public opinion would appear to reflect overall mission needs and current section efforts more accurately.

Once it has clear strategic direction, the section should act to strengthen both its planning and routine interaction with other sections and agencies. The OIG team informally recommended that PAS convene meetings with the various agencies and sections involved in each MPP goal paper to develop influence analysis and then agree on (operational) campaigns that will form the core of PAS's annual operational plan. PAS works effectively on public affairs issues with other sections and agencies, participates in the LEWG, and hosted a pizza with PAS session to acquaint embassy newcomers with the section's work. But cultural affairs office staff is usually not aware of non-PAS initiatives that would gain from public diplomacy programming. PAS would benefit from resuming its monthly meetings with EPOL, which petered out in the spring, and from meeting with consular section management to improve coordination on the consular section's active public outreach. PAS may also want to

consider assigning specific local staff members to partner with appropriate agencies and sections.

After it is able to determine its audience and target its programming more effectively, PAS needs to develop tools to measure its performance, readjusting programming or resources as necessary. Washington consumers rightly lauded PAS's prolific results reporting. However, PAS has neither useful MPP performance indicators nor effective performance measurement tools to allow it to do more than anecdotal results reporting. Most performance indicators in the MPP's mutual understanding goal paper are not specific, cannot be measured objectively, are only tangentially influenced by the mission's work, and focus on output, rather than outcomes. The two public diplomacy-related performance indicators in the other goal papers are outputs, not outcomes and are not measurable. In addition to improving MPP performance indicators, the section needs to develop and implement tools to conduct formal performance measurement. Its performance measurement is currently limited to informal press section discussion of shifts in editorial tone and assessments submitted by exchange visitors after their return. As a result, the section cannot conduct trend analysis, determine when programming is ineffective, or allocate additional resources to areas where programming is yielding great dividends.

Recommendation 4: The Office of Policy Planning Resource in the Office of the Under Secretary for Public Diplomacy and Public Affairs should provide suggestions to Embassy Santiago on effective Mission Performance Plan performance measurement indicators as well as on tools to allow the embassy to capture and track the impact of its public diplomacy and public affairs programming. (Action: R/PPR)

The Ambassador and DCM, an experienced public diplomacy officer, take great interest in PAS work and actively shape PAS activities. Due in part to the lack of clarity on the section's strategic direction, the front office and PAS have had some operational disagreements. The Ambassador is keen to garner as much favorable media coverage as possible for the embassy's many activities. He willingly hosts and participates in PAS events. At the Ambassador's direction, the DCM took on important PAO responsibilities, in some measure to compensate for staffing gaps in PAS. The DCM plays an active role in directing the conduct of PAS programming for priority projects or those with interagency implications, working some issues independently with PAS Department contacts and tasking PAS staff directly. In January 2005, the Ambassador named the DCM to the binational Fulbright Scholarship Board as senior embassy representative, where she rotated into the chairmanship after six months.

The PAO needs to shift her focus from personally conducting operational cultural programming to greater strategic section management and outreach. This will no doubt be easier once the new CAO arrives in September 2006. After the PAO begins to manage the section more strategically, the DCM can reduce her operational coordination of PAS activities. To free herself up to take on the full range of PAO-level responsibilities, the PAO needs to empower and then coordinate far more with the information officer (IO) and acting cultural affairs officer (A/CAO) until the arrival of the CAO. In addition to the IO and CAO, the PAO is responsible for supervising six LES, including two in the information resource center (IRC). However, the PAO has not had the time to supervise so many LES employees effectively. The OIG team recommended that the PAO take a number of steps to allow her to strengthen section management and effectiveness.

Recommendation 5: Embassy Santiago should implement steps to allow the public affairs officer to function more effectively. (Action: Embassy Santiago)

Information Advocacy and Media Outreach

The press office, led by the IO, includes nine locally hired staff. It is characterized by strong teamwork and professionalism. The White House press office highly praised its skillful handling of the press during President Bush's visit. The Ambassador highly values the press office's advice. The inspection team was impressed with the comprehensiveness and analytical precision of the daily morning briefings press office LES conduct for the Ambassador and DCM. The office skillfully identifies opportunities to influence media coverage on issues of importance to the embassy and conducts active and effective outreach to journalists, including monthly press conferences with the Ambassador. The office reports that, thanks to its strong contacts and careful planning, it is generally successful in placing materials in Chilean media. At the team's suggestion, the office agreed to begin conducting formal analysis of its success in media placement as well as to consider tracking changes in editorial content resulting from mission outreach efforts.

Press office media summaries, supported by extensive paper press clippings, are well written and sophisticated. To allow the office to make better use of its time and of public diplomacy funding, the OIG team informally recommended that the IO work with the front office to prune back the media summary and press clippings to focus on public affairs and public diplomacy-related topics. Procuring a high performance scanner might help reduce the amount of time the office spends preparing and distributing press clippings. Scanning would also permit the clippings to be archived and searched electronically. The team proposed that the office include its

media and television analysis on the embassy's Intranet site and work to increase its dissemination.

The office prepares and conducts in its radio studio two weekly radio programs that are disseminated by Internet and disk and carried by over 100 radio stations the length of Chile. It also conducts regular digital videoconferences and press conferences with sophisticated wireless simultaneous interpretation. Once new, long-awaited equipment arrives, the press office will include audio and video streaming on the mission's public web site.

The press and cultural affairs offices collaborate to train and then program U.S. direct-hire speakers. A press office LES conducts classes with role playing to help embassy staff gain confidence in public speaking. The cultural affairs office then identifies speaking venues and prepares a monthly report on outreach for the front office. The consular section and EPOL have been particularly active in speaking. Once the mission clarifies its public diplomacy priorities, PAS will be better placed to work with speakers to make them comfortable with the subject matter. The mission might want to consider putting public speaking in the job requirements for each U.S. direct-hire employee.

Although teamwork and communication are strong, the office would benefit from using an Outlook calendar to identify potential conflicts for its technical staff and to keep the PAO and cultural affairs office better apprised of the office's activities. The IO agreed to include the technical staff more frequently in office staff meetings. The PAO agreed to attend press office staff meetings occasionally to allow her to interact more directly with press office staff, understand their various roles, and convey her priorities. As in the case of PAS Buenos Aires, Santiago's PAS press office noted that it would like to receive greater numbers of and quicker turn-around on Spanish-language translations of Washington File articles, selective dissemination information, and products the Bureau of International Information Programs prepares for special events such as World Press Day.

Public Diplomacy Outreach and Programming

The cultural affairs office, co-managed by the PAO and a first-tour A/CAO, includes six FSNs. It uses a nice mix of speakers, including live and virtual from the United States, targets of opportunity traveling in Chile, and officials stationed at the embassy. Although most of its programming supports mutual understanding, it has had important success with democracy and environmental programming. The office is programming 18 international visitors for FY 2007 and the embassy's international

visitor committee works well. PAS nominates three-quarters of the international visitors. The OIG team proposed that PAS consider working with sections and agencies supporting priority MPP areas to develop single country programs, for which the sections and agencies would be more active in nominating and working with international visitor grantees. PAS receives strong support from the Voluntary Visitor Division of the Office of International Visitors but noted that when programs are not ready a few days before the visitor departs for the United States, the visitor has no opportunity to modify programming suggestions. The mission worked closely with the Fulbright Commission under the DCM's chairmanship to ensure that its grantees reflect Chile's regional and socio-economic diversity.

Cultural affairs programming is strong and varied but does not appear to be as active as one would expect with the caliber and number of cultural affairs LES and the relatively easy programming environment in Chile. Cultural affairs office local staff need more active management and better teamwork to perform to the level of their abilities. Reporting relationships are blurred, with the PAO, DCM, and occasionally IO tasking and coordinating the work of LES who report to the A/CAO. Cultural affairs office members act as autonomous units because the structure does not foster team spirit or communication. Portfolios have not been adjusted to reflect current MPP priorities. There are substantial work and portfolio imbalances and no written primary or secondary back-up relationships. Responsibilities of support staff are unclear, occasionally causing friction. When the PAO recently moved an American Corners coordinator from the IRC to PAO supervision, the PAO did not explain to cultural affairs office staff how they should work with the American Corners coordinator. The OIG team recommended that PAS take a number of steps to improve cultural affairs office management.

Recommendation 6: Embassy Santiago should implement steps to allow the cultural affairs office to function more effectively. (Action: Embassy Santiago)

Embassy Santiago benefits from a wealth of programming force multipliers. Chile has 12 self-sustaining binational centers (BNCs) with autonomous boards of Chilean volunteers. Some have been in existence for over 60 years. The BNCs offer English-language courses for a fee, public-access libraries, and a useful programming platform. Unfortunately, the BNCs cannot currently benefit from the Department's American Corner funding. However, PAS does provide the BNCs with grants, as noted in the grants management portion of the resource management section of this report. PAS also provides grants and equipment to support its American Corners but did not request funds in a timely manner in FY 2006 to receive Department funding. PAS has invested considerable effort in creating American Corners, with

three established since 2005 and another two planned by the end of 2006. The flagship American Corner is the American Academy of Science and Technology in Santiago, described in the environment, scientific and technological affairs subsection of this report. Department interlocutors requested that OIG explore the sustainability of the mission's American Corners. PAS has taken a number of steps to ensure that its American Corners will be sustainable, such as colocating them with universities and choosing active directors who can generate programming and foot traffic. According to PAS, the two BNCs and one American Corner in Santiago work together and do not see each other as rivals.

PAS has actively supported the Chilean government's ambitious plan, announced at the end of 2004, to make the country bilingual by 2010. The challenge is daunting -- currently fewer than three percent of Chileans speak English. PAS devotes most of an FSN position, a Bureau of Education and Cultural Affairs-funded English-language fellow, and substantial A/CAO, PAO and front office time to this effort. PAS has strong cooperation with the Ministry of Education, particularly the ministry's teacher-training efforts. English-language teachers appreciate the PAS-organized summer school. PAS is also supporting textbook and curriculum reform to embed U.S. content in teaching materials. The OIG team informally recommended that PAS develop performance measurement tools with the Ministry of Education so that the section can evaluate the effectiveness of its programs. The embassy secured the Department's agreement to transfer the regional English language officer position to Embassy Santiago. The embassy expects the new regional English language officer, who is scheduled to arrive in November 2006, will devote approximately half of his or her time to bilateral activities.

Information Resource Center

Although the PAO currently is responsible for supervising the IRC, her many other responsibilities leave her little time for active management of the IRC director and two LES positions, one of which is currently vacant. The regional information resource officer visited the IRC in April and left a number of suggestions to improve the IRC's effectiveness, including increasing its outreach to BNCs and American Corners.

Section Administration

Few PAS employees regularly use the Goldmine contact management database. A number of LES employees indicated that they would like training to use it more easily. Apart from the protocol section, few other sections or agencies appear to use

Goldmine. The inspection team noted that if there is not funding to bring a trainer to Chile, as suggested by the information resource officer, PAS should explore arranging this training by digital video teleconference or by phone.

PAS Santiago has been generous in hosting regional training events, such as the April 2006 regional PAO conference and the American Corners workshop, scheduled for August. However, a number of PAS staff indicated that they need additional training to work more effectively. The OIG team informally recommended that supervisors work with each employee to create an individual development plan.

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The section has experienced a number of procurement problems, resulting in a loss of public diplomacy funds. The most glaring example was in July 2005, when PAS requested that the general services office (GSO) procure poster cabinets at a cost of over \$1,200. When the cabinets did not arrive, PAS followed up with GSO in October/November 2005. GSO did not inform PAS where they were. PAS did additional research and discovered in March/April 2006, that the cabinets had arrived at customs. Because no one went to pick them up, the Chilean government had auctioned the cabinets off as unclaimed property. The OIG team informally recommended that the PAO meet regularly with the management officer and the GSO to review PAS operational requirements and the status of its requests. PAS will be better able to do this once the administrative specialist begins to compile a spreadsheet on the shared network drive, as the team suggested, to allow PAS to track procurement requests. The team's informal recommendation that GSO migrate to Web.Pass, included in the procurement portion of the resource management section of the report, would also help.

CONSULAR AFFAIRS

Overview

Santiago's medium-sized consular section is productive, proactive, and ably led. This characterization is even more impressive given the unanticipated curtailments of four of its five ELOs during the past several months—all volunteers for assignments in Iraq. The consular section has not yet returned to its normal officer staffing level following these curtailments and was relying, during the inspection, on a rehired annuitant to supplement the depleted officer staff. Despite this situation, consular management never lost its focus on its broader goals. Where many consular teams would have become consumed by the demands of the backlogged nonimmigrant visa (NIV) workload that resulted from the staffing shortages, Santiago's team maintained considerable focus on its American citizens services (ACS) workload and its outreach efforts. The consul general manages by a consultative team process that involves both officers and local staff. Despite the pressures of the daily workload, one officer described the meeting schedule as "almost sacred." The entire consular team buys into the consul general's vision for the section, and morale is generally high.

The consul general has three collateral nonconsular duties that take a significant portion of his time and attention. He is the EEO counselor, the president of the interagency housing board, and the chair of the employee association. Embassy leadership asked the consul general to fill two of these roles, and he is juggling his responsibilities successfully.

Consular Management

The current management team, an FS-01 consul general and an FS-03 consul who is the visa chief, inherited a section that is adequate in terms of space but not optimally configured, and an inefficient NIV process. Additionally, there is an atypical combination of very experienced consular local staff and others, who while new to the consular section, have over 30 years of embassy experience. They are making deliberate strides to address all of these issues.

Space and Workflow

The amount of work and waiting space is adequate for Santiago's current workload, but consular management is in the process of improving the allocation of that space. The original design of the consular section envisioned privacy booths for the

ACS unit and a cashier's cage for the consular subcashier.

Santiago's consular section has a memorandum of understanding with a local courier service for the offsite collection of machine-readable visa (MRV) fees, courier return of passports, and the maintenance of an Internet-based NIV appointment system. Fourteen travel agencies, including the primary provider, have access to the on-line appointment system and actually schedule NIV appointments for applicants. These same agencies then complete remote data entry of the visa application information and forward diskettes containing that information, along with paper files and passports, to the consular section three days before an applicant's actual appointment. Although the use of contract service providers to collect visa application fees, manage appointment systems, and provide remote data entry can be a consular management best practice and free up scarce resources for other functions, Santiago's workflow is in some ways less efficient because of its current NIV application process. Consular management is exploring a call center contract more in line with that used at many consular sections worldwide. The OIG team recommended in the management controls section of this report that consular management work expeditiously with the Bureau of Consular Affairs (CA) to come under CA's umbrella user-pays visa information contract or locally negotiate such an agreement for a number of reasons including:

- There is little quality control over the remote data entry of the 14 agencies currently providing service, and the staff spend almost as much time reviewing and correcting data entry as they would if they entered data on the cases themselves.
- There is no contract with the primary service provider, only a memorandum of understanding, and no agreement at all about the scale of fees or quality standards with the other agencies.

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- The system for alphabetizing and reordering each day's applications from several sources so that they can be retrieved easily when an applicant appears for appointment is time-consuming.
- There is no requirement for agencies to use the electronic visa application form that can be scanned into the consolidated consular database quickly and will eventually form the basis for a paperless application process.
- The current appointment process does not give consular management maximum flexibility to adjust its appointment system quickly when needed (i.e. change to appointments by case versus individual when circumstances warrant).
- The ratio of LES to NIV caseload is higher than that in other similar consular sections, in no small part because of the time required to parallel the existing appointment and remote data entry system. Revamping the system should eventually free up FSN resources for ACS and immigrant visa (IV) work where staffing is tight.

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Recommendation 7:

The consul general signed the current memorandum of understanding with the courier/visa appointment company. The consul general does not have authority to enter into contracts, and one of the three components of the memorandum obligates the embassy to pay for the collection and deposit of MRV fees, requiring the signature of the contracting officer. Even while negotiations are underway for the creation of a more standard call center operation, the contract for existing services needs to be signed by an authorized officer, and the existing memorandum of understanding must be submitted to CA for review and approval, as outlined on both the CA and Office of the Procurement Executive websites. There is a recommendation on this issue in the management controls section of the report.

Consular Training

Persistent staffing gaps in the ELO contingent and the rapid growth of LES NIV staffing in the wake of post-September 11, 2001, changes in visa processing have challenged management's efforts to ensure appropriate training. Newly arrived ELOs have been able to spend only a couple of days checking in at post and a few hours observing the interview process before they begin interviewing. The consular section has no training manual to serve as a guide for new officers or local staff, although there is a compilation of standard operating procedures for reference. Most of the NIV LES hired in the past three years have not taken on-line consular training.

Characteristically, consular management is not only aware of this situation but is taking steps to resolve the training problem. The visa chief is overseeing the course work of four visa LES, including the FSN-10 visa supervisor, in an effort to increase the uniformity of the unit's substantive and procedural knowledge. The next four will begin their study shortly. Several are enrolled in embassy courses to upgrade their computer skills, and all will be trained up to the intermediate level in Excel and Word by the summer of 2006. One of the IV LES is fully trained as an ACS backup and also lends assistance in consular emergencies requiring travel to remote sites. One of the NIV LES is cross training on the IV process. The remaining NIV LES rotate portfolios, including diplomatic visas and the e-mail inquiry functions, to

ensure maximum flexibility. Consular management has set aside one day a month as a training day and holds an all hands meeting to discuss activities section-wide. In addition, the consul general has crafted an ambitious ELO training program that spans the two years of an officer's consular assignment and includes nonconsular mentoring, tutorials in drafting and public speaking, representational events, and exchange opportunities with other posts in the region.

Outreach

Consular management has put enormous and productive effort into its consular outreach. During the inspection, the consular section joined with PAS to host a program on studying in the United States for high school guidance counselors. Through concerted outreach to the academic community, Santiago's issuance rate for student and exchange visitor visas has increased by 29 percent in the past two calendar years, and Chile now sends the largest number of students from South America to study in the United States. While the inspection was underway, the consular section also sponsored a seminar for representatives of several Chilean government agencies that send official travelers to the United States.

All of the ELOs have made speeches on American culture, the consular process, and other current topics to groups countrywide, sometimes with the support of PAS and sometimes independently. PAS provided public speaking training to the consular officers to prepare them better for their outreach program. The DCM ensured that consular officers had sufficient funds to expand regional outreach. The consul general hopes to establish an even closer relationship with PAS so that the consular ELOs can lend their public speaking skills on a broader range of embassy issues. The consular outreach program, combined with the consul general's participative and consultative management style, has contributed to a greater sense of ELO integration into process and policy than OIG normally finds in busy consular sections.

American Citizens Services

The embassy's third MPP goal paper is on assistance to U.S. citizens. Most consular sections now weave their priorities into an umbrella goal on border security, and Santiago is to be congratulated on its emphasis on the protection of Americans in the MPP. Consular management does not just pay mere lip service to this goal. It devotes considerable attention to the updating and maintenance of its warden system. It plans to extend its ACS customer service hours so that applicants for consular reports of birth and federal benefits can make appointments for service during nonpeak hours. Under current consular management, the ACS unit designed an annual customer service survey and initiated a quarterly newsletter. Consular

officers travel to the hinterlands to provide limited consular services and identify new wardens in conjunction with prison visits and public speaking engagements.

At the time of the inspection, the ACS unit and the consul general personally were spearheading the embassy's efforts at the Ambassador's direction to revive the Chilean government's attention to a years-old case of a missing American. They had, in fact, just completed arrangements for the new Chilean president to visit with the family of that American citizen on her first official visit to the United States. The consul general in particular has devoted a significant amount of time and attention to this sensitive case and has developed a positive relationship with the family.

In calendar year 2002, the Chilean national tourism agency reported 130,000 U.S. tourist arrivals in Chile. Calendar year 2005's statistics show over 180,000 U.S. arrivals, a 38 percent increase. Many of the visitors are older citizens, arriving on cruise lines and disembarking at remote ports. Similarly, the number of federal beneficiaries increased from 600 to 1,500 in the same period, and passport applications grew by 34 percent, with the number of replacements for lost and stolen passports up 86 percent. LES staffing has however, remained constant. The three ACS LES, each with over 20 years experience in the unit, are detail oriented and particularly thorough, but they cannot keep up with the steadily increasing workload. Consular management has taken several steps to address the workload.

Santiago does not have a Social Security Administration-funded and dedicated federal benefits LES. One of Santiago's ACS LES assists walk-in federal benefits clients, most of them elderly, with the benefits application process and the completion of often confusing forms; and he also responds to requests from the "hub" federal benefits office in Buenos Aires for local investigations and beneficiary follow up. Because the federal benefits responsibility is a collateral duty for this ACS employee, he must find creative ways to keep pace with the steady stream of federal benefits tasks. During the inspection, consular management took the bold step of pulling the federal benefits employee off other tasks for an entire week and assigned him a consular associate full-time so that their team could whittle away at the year-long backlog of requests from Buenos Aires. This weeklong push went far to building the morale of the beleaguered LES and better serving the federal benefits clients, although it put more pressure on the remaining two ACS LES. The OIG team informally recommended that consular management consider the judicious and periodic use of overtime or similar quarterly team efforts to keep this backlog under control. The team learned that there would be a federal benefits training opportunity in Fort Lauderdale before the end of FY 2006. Posts are expected to fund travel for this course, and the team discussed the setting aside of sufficient funding for Santiago's participation.

Santiago has one of the most organized warden systems that the OIG team has seen in recent inspections. The maintenance and improvement of the warden system is featured prominently in the MPP. One of the three ACS LES devotes any time she has after processing walk-in requests for service on the warden system. Recently, consular management assigned both an eligible family member (EFM) and an intern to assist with data entry and the identification of potential new wardens. The ACS LES uses the new ACS+ system to organize the warden regions, divide registrants by region, and communicate on a regular basis with all registrants who have e-mail addresses. In addition, the section has identified umbrella wardens in U.S. companies and at educational institutions to serve a transient U.S. population that is less likely to register with the embassy. The team informally recommended that the warden manager contact the Ministry of Tourism or other appropriate entity to get contact information for hotels, hostels, and tour companies, so that they could be incorporated into an emergency network that parallels the primary warden system. Post is to be commended for hosting a “warden appreciation” reception at the DCM’s residence.

The embassy requested an additional ACS LES position in its recent MPPs. The OIG team reviewed the staffing of ACS units at other posts in the region, and in light of Santiago’s workload growth, concurs with that request. In the meantime, the section is fortunate to have a bilingual, trained consular associate who is supporting the ACS staff and, in particular, is understudying the federal benefits portfolio. Consular associate resources are impermanent, however, and cannot be guaranteed when the current consular associate’s spouse leaves Santiago. The team also discussed with consular management the eventual need for a mid-level ACS officer. At present, a new ELO rotates into the ACS unit every four to six months, coordinating closely with the consul general on the unit’s overall direction. The need to train a new officer every few months is excellent for the officer’s career development, but does tax LES resources.

Nonimmigrant and Immigrant Visas

Santiago’s NIV workload is relatively steady at just under 50,000 adjudications per year. Consular management does not expect this number to increase dramatically in the next few years. NIV staffing, on both the officer and LES side, is adequate. As mentioned earlier, streamlining workflow and process will eventually free up NIV resources, but until that is accomplished and all LES are better trained, the unit requires its current LES staffing level.

Consular management is not hesitant to try new techniques to increase the number of clients handled each day and to reduce the amount of time clients spend

in the visa process. An EFM collects biometric fingerprints so that the officers have any adverse information available at the time of interview. There is a “hot seat” interview window for renewal cases and other low risk travelers. Officers have good language and interview skills.

Visa referrals follow the standard guidelines and are well documented. The consul general adjudicates class A referrals; the consul/visa chief interviews all class B cases. Special times are set aside for interviewing referral cases. During the inspection consular management was preparing updated referral guidance that would require referral applicants, as well as Ministry of Foreign Affairs applicants, to submit their applications using the electronic visa application form. This will be a welcome move towards the wider use of the electronic visa application form, even if travel agencies or a call center complete the applications.

Santiago’s IV workload is modest and expected to remain stable. The two LES in the IV unit provide a high level of service and are very knowledgeable about IV regulations. One of those is the official backup for the ACS unit, but the IV backup is not yet thoroughly trained. An ELO divides his time between IV and NIV processing, and consular management is seeking new ways to provide additional officer attention to this small unit. The IV unit also accepts immediate relative petitions from American citizens physically present in Chile. It provides a number of other routine services for DHS, mainly transportation letters in lieu of lost alien registration cards.

During the inspection team’s visit, the RSO advised consular management that they could change their public hours without incurring additional guard expenses. The visa units were opening to the public at 9:00 a.m. because the contract security guards at the public access control (PAC) were opening their doors between 8:30 and 8:45 a.m. In order for the small ELO contingent to interview its NIV applicants and still have lunch, they have to schedule interviews for both mornings and afternoons, limiting the amount of time available for other portfolios, training, correspondence, or outreach. Consular management intends to take advantage of earlier PAC availability to adjust its interview hours. The resultant flexibility will not only facilitate noninterview related consular activities but will also build surge interviewing capacity in the afternoons if needed.

Although the PAC area is large enough to admit several visa or ACS applicants at once, post policy is that only one applicant may enter the PAC at a time, except in exceptional circumstances involving minor children or handicapped persons. This slows down the admission of consular clients considerably, and the PAC will become a bigger bottleneck when the consular section concentrates its NIV applicants in the morning hours. The OIG team informally recommended that consular and diplo-

matic security managers identify mutually acceptable ways to ensure the speedy flow of consular clients, particularly the elderly and families, through the PAC.

Either the consul general or the consul attends the LEWG meetings. These meetings have a Visas Viper component, and participating agencies are not hesitant to share relevant information with their consular colleagues.

Fraud Prevention Unit

Santiago is a relatively low fraud post. The consul acts as the fraud prevention manager and has taken the appropriate training. One LES supports the fraud prevention program. Consular management takes advantage of the fact that its current process requires the travel agencies to submit visa applications for their clients three days before the scheduled interview. During that time an EFM identifies two percent of the incoming applications for an anti-fraud review. The LES then contacts employers, universities, and other entities before the applicant is even interviewed to confirm details provided in support of the visa application. Out of 322 cases screened in this process between October 2005 and June 2006, only five were determined to involve fraud. None of these checks revealed mid- or high-level fraud; they instead included inflated bank statements or false job letters.

The OIG team informally recommended that consular management review this process at the end of the first year to determine if the amount of time and effort to verify documents and maintain detailed spreadsheets is justified by the results or if the process could be streamlined. The team also suggested that the section's fraud prevention resources could be used more broadly in some of the following ways:

- to establish contacts at Chilean immigration to confirm actual return dates of travelers whose report of a lost/stolen passport might conceal overstay in the United States;
- to investigate patterns of lost or stolen U.S. passports; and
- to learn more about minor children traveling with grandparents to determine if there is a pattern of children traveling to join parents illegally present in the United States.

If an initial review of these or other fraud indicators suggests a greater incidence of fraud in either passport or visa processing, then consular management may wish to consider deploying additional resources to its fraud prevention program in the future. Consular management initiated an inter-embassy anti-fraud group that meets

periodically to discuss fraud trends. The information exchanged among like-minded consular and fraud managers is invaluable. The team discussed with the consul and an information technology (IT) liaison various possibilities for consolidated consular database mining to prepare for validation studies and to track any suspect travel patterns.

AVIAN INFLUENZA PREPAREDNESS

Avian influenza preparedness is a component of the embassy's emergency action committee responsibilities. The DCM chairs the interagency committee, which includes almost all embassy sections and agencies. The committee created an action plan, including first responses, and developed a series of tripwires with the approval of the regional medical officer (RMO) in Lima. Avian influenza preparedness was a component of the embassy's May 2006 Crisis Management Exercise.

Chile is one of two countries in South America that has a well-organized national animal health program. It is self sufficient in poultry; with a population of more than 99 million head of turkeys and chickens, Chile ranked fifth in poultry production in the continent, based on 2002-04 figures. It also has a large export poultry market. APHIS prepared a comparative chart for the continent and based on a scale of one (poor) to five (excellent) found Chile's overall avian influenza preparedness to be four to five. Chile ranked excellent on: the overall stability and strength of official service including border controls; legal framework; surveillance program; likelihood of detecting the disease, if present; likelihood of accurately diagnosing the disease, if present; its lab capability; and, its likelihood of transparently reporting the disease, if detected. It rated very well on producer buy-in and support and on avian influenza program financing. Chile has excellent medical facilities in Santiago and the larger regional cities. The two clinics most frequented by U.S. personnel are well equipped to handle a limited avian influenza outbreak (including negative pressure rooms). In short, Chile is among the most prepared countries for the animal health aspects of avian influenza.

The emergency action committee, as one of its crisis management exercise follow up items, is compiling a list of regional hospitals -- particularly military hospitals. Additional medical supplies are stored at the DCM residence, and the health unit will reissue its list for preparing at home for any avian influenza outbreak. At its next meeting the emergency action committee will review its avian influenza tripwires, which were approved by RMO Lima last year. The consular section has informed (and reminded) the larger American community that avian influenza preventive

measures are the responsibility of each individual U.S. citizen and that the embassy will not be in a position to provide medical care to private American citizens. This was done both at last December's annual countrywide wardens' meeting and through the ACS newsletter. The consular section is updating its warden system to be able to communicate quickly with all U.S. citizens resident in Chile.

LEAHY AMENDMENT COMPLIANCE

The embassy is making excellent progress on becoming fully compliant with the Leahy amendment's requirements for vetting host nation personnel selected for training at U.S. government expense. During the inspection, the LEWG formally approved and the DCM signed the embassy's first set of formal guidelines regarding vetting. These procedures outline a 13-step process that clearly specifies who within the embassy does what and in what sequence; they will eliminate earlier misunderstandings and greatly expedite the embassy's internal processing of names and submission of the names to the Department. The military group and DEA are likely to remain the largest submitters of names. If the United States and Chile successfully conclude a bilateral status of forces agreement, the military group will experience a dramatic increase in the number of submissions. Three additional embassy representatives -- the officer with the narcotics and law enforcement portfolio within EPOL, ONR, and the U.S. Army International Technology Center -- could be applying the new procedures if, as expected, on-going negotiations for an INL letter of agreement and a new agreement regarding exchange visits of military scientists are fruitful.

RESOURCE MANAGEMENT

Agency	U.S. Direct-Hire Staff Filled	US Local-Hire Staff	Foreign National Staff Filled	Total	Total Funding FY 2006 ³ (nearest thousands)
State – D&CP ⁴	30	7	33	70	2,430
State – ICASS ⁵	4	5	74	83	5,011
State – Public Diplomacy	3	1	19	23	1,841
State – Diplomatic Security	0	0	0	0	508 ⁶
State – Marine security guards	7	0	0	7	207
State – Representation	0	0	0	0	41
State – OBO ⁷	1	0	0	1	1,443
Foreign Agricultural Service	1	0	3	4	238
APHIS ⁸	2	0	24	26	2,554
U.S. Commercial Service	2	0	10	12	850
Department Of Justice – Drug Enforcement Administration	4	0	2	6	285
Department of Justice - Federal Bureau of Investigation	2	0	0	2	260
Defense Attaché Office	9	0	3	12	610
Department of Defense – Military Group	14	0	4	18	336
Department of Defense – Office of Naval Research	2	0	1	3	286
Department of Defense – International Technology Center – Americas	1	0	1	2	120
Department of Defense - Force Protection Detail	1	0	0	1	100
Totals	83	13	174	270 ⁹	17,120

³ Does not include salaries of U.S. direct-hire employees

⁴ Diplomatic and Consular Programs

⁵ International Cooperative Administrative Support Services

⁶ Cost of Local Guard Program

⁷ Bureau of Overseas Buildings Operations

⁸ Animal and Plant Health Inspection Service

⁹ Number of positions filled as of June 8, 2006.

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received three years worth of evaluations at the time of the rating officer's departure. This is unacceptable. The OIG team made an informal recommendation that once the embassy completes its work with a local law firm to adapt its policies on hiring, discipline, and termination for cause, that supervisors must be held accountable for their supervisory responsibilities.

The embassy has drafted a new Interagency Foreign Service National Employee Handbook. The handbook should incorporate the sexual harassment and consensual relationship policies under Standards of Conduct as well as make reference to the training policy and the performance evaluation policy. The team made an informal recommendation that the handbook be cleared by the management officer, translated into Spanish, and issued forthwith.

Two FSNs had requested and received permission for outside employment. The embassy's procedures for approving outside employment do not meet the requirements in 3 FAM 4126. The COM must approve a request for any embassy employee who wishes to work outside the embassy, unless the COM has delegated this authority to another embassy official. The LES handbook, published in March 2006, includes the general language in 3 FAM 4126, but does not provide specific procedures for requesting COM approval. Supervisors and management personnel, including the immediate supervisor, chief of section, management officer, and RSO should all play a role in advising the COM whether the outside employment poses no conflict of interest or security concerns. Embassy Santiago's existing procedures do not clearly document the scope of the requested outside employment or the COM's approval/disapproval of the request.

Recommendation 9: Embassy Santiago should develop a procedure to document clearly approval/disapproval of requests for outside employment, including clearance from the immediate supervisor, chief of section, management counselor, and regional security officer and incorporate this process in the embassy's interagency locally employed staff handbook. (Action: Embassy Santiago)

FSN employee evaluation reports were not filed in the individual employee's personnel folder and kept along side the administrative personnel documents. As a result it was difficult to review an employee's performance record over the past years. The OIG team informally recommended that the embassy use the 3 FAH-1 H-2350 system to file FSN administrative and performance files.

The FSN human resource management specialist signs letters offering employment on behalf of the embassy. The inspection team sees no problem delegating this responsibility to the specialist, but the personnel file should include a written request from the hiring office requesting that HR offer the position. This was done in most cases, but not documented in all files. The team made an informal recommendation to address this issue.

Spousal and member of household employment is a major morale factor at the mission, because there is no bilateral work agreement to allow family members to work on the local economy. Thirteen family members currently work in the embassy. The Department's March 2006 recruitment policy provides for a uniform and equitable interagency system that assures positions are staffed with qualified individuals, giving appropriate preference to U.S. citizen eligible family members and veterans. The inspection team's review of the mission's hiring practice revealed that the mission has implemented a process to comply with the policy. The team made an informal recommendation that the post use a standard qualifications worksheet to simplify the process of evaluating candidates' minimum qualifications for any positions.

The overall management of human resources received very low ratings from the embassy community. The OIG team received numerous complaints from Americans and FSNs about the quality and timeliness of customer service from the human resources office. The team found the HR processes to be in compliance with Department regulations and standard operating procedures, so it appears that it is the delivery of the service that is lacking. The incoming management counselor may be able to rectify this situation because of his extensive HR background. However, this will not negate the need for quarterly HRO visits. The embassy does not have a memorandum of understanding or a service standard with the Lima HRO. The HRO believes her responsibility for regional coverage will come to an end in fall of 2006. The OIG team made an informal recommendation that the embassy enter into a memorandum of agreement with the regional HRO to define what services it can expect.

Budget and Fiscal Office

Overall, the budget and fiscal office in Santiago provides good service to its

clients. The OIG questionnaires revealed general satisfaction with the provision of financial services. When the new voucher examiner position is filled, the section will be adequately staffed with one American officer and 11 FSNs. However, some of the management controls in the financial operations need to be strengthened.

Cashiering

The budget and fiscal office has one Class B cashier, three alternate cashiers, and seven designated subcashiers. Some of the subcashiers' supervisors have not performed and submitted the required unannounced cash reconciliations. According to 4 FAH-3 H-397.2-3, supervisors must conduct an unannounced verification of subcashier funds at least monthly if the advance is \$1,000 or more and quarterly if it is less than \$1,000. If the cashier is unable to obtain the required reconciliations, the cashier's supervisor should assist, and if necessary, terminate the subcashier's designation if verifications cannot be conducted and submitted in a timely manner.

Recommendation 10: Embassy Santiago should require the performance and submission of monthly or quarterly, as appropriate, unannounced subcashier cash reconciliations. (Action: Embassy Santiago)

Official Residence Telephones

The cost of telephones at the Ambassador and DCM official residences is being charged as an embassy telephone expense. Telephone service in official residences is listed in 3 FAM 3255.4 as part of the household operation and maintenance. Therefore, the cost of the telephone service at the Ambassador and DCM residences should be charged as an official residence expense. Any charges for personal long distance calls should be billed to the Ambassador or DCM. The OIG team made an informal recommendation to charge the cost of telephones in official residences to official residence expenses and to bill the occupants of the official residences for any personal long distance calls that may have been charged erroneously to the embassy telephone expense.

International Cooperative Administrative Support Services

The International Cooperative Administrative Support Services (ICASS) in Santiago provides services to 22 subscribers from five U.S. government departments (State, Department of Defense, Commerce, Agriculture, and Justice). The council was operating without a current signed charter and did not have memoranda of understanding between the ICASS council and the U.S. government service provider as

required by 6 FAH-5 H-211 and 212. The ICASS council updated these documents during the inspection.

Even though the ICASS council appears to work effectively and meets regularly, with the participation of the DCM, the mission's 2006 ICASS customer services survey scores were lower than the scores last year. The dissatisfaction expressed in the scores could be a result of the continuing interpersonal problems among the management operations staff that have caused a decrease in customer service and productivity. This issue is further discussed in the resource management section of the report. Another reason for the lower scores could be that the ICASS standards are not being met by the cost centers (i.e., the travel office, shipping and customs, etc.) The embassy does not have a mechanism in place to measure performance against the ICASS standards.

Recommendation 11: Embassy Santiago should establish a mechanism that will allow the International Cooperative Administrative Support Services service providers to measure performance against the established standards. (Action: Embassy Santiago)

General Service and Facilities Maintenance

Embassy Santiago has general services and facilities maintenance sections that are experienced and technically proficient. Both the GSO and the facility manager are well versed in their areas. In general, the two offices' employees follow proper procedures; most employees are competent; and the offices accomplish most tasks relatively effectively. Respondents to OIG's surveys rated a number of workplace services in the bottom quarter, including management of the general services section, efficacy of customs and shipping, equity and administration of the post housing program, and the management section's customer service orientation.

The general services section is not structured efficiently. For example, the FSN general services specialist reports to the GSO in his function to oversee contracts and the facility manager in his capacity as housing preparation coordinator. In effect he has two supervisors. (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

Position descriptions were not adjusted to reflect actual duties and responsibilities. As a result, employees are uncertain what is expected of them and of the parameters of their responsibilities. 3 FAM 2610 and 3 FAM 7510 stress the importance of good position management. The embassy should review the workload, division of responsibility, and supervisory chain of command to ensure every position in GSO has a valid need based on goals and objectives and workload.

Recommendation 12: Embassy Santiago should conduct a position management review of the entire general services section by reviewing the workload, division of responsibility, and supervisory chain of command beginning with position N52001, general services specialist, to determine if the positions are correctly structured. (Action: Embassy Santiago)

Recommendation 13: Embassy Santiago should update every general services Foreign Service national position description to reflect the actual duties and responsibilities and lines of authority and then reclassify each position accordingly. (Action: Embassy Santiago)

Motor Pool and Vehicle Policy

OIG questionnaire respondents made motor pool responsiveness the single highest rated embassy function. Maintenance and upkeep of vehicles came in third. The motor pool supervisor keeps accurate vehicle usage and condition records, manages an effective preventative maintenance program, and emphasizes continuous driver safety training for the embassy's 28-vehicle motor pool. The GSO can monitor gasoline usage records on-line in real time due to the sophisticated monitoring system attached to the embassy gas pump. The embassy reissued its vehicle policy in October 2005. The embassy also disseminates an extremely useful pamphlet on privately owned vehicles. The pamphlet covers the limitations imposed by the Chilean government on importing vehicles, describes the processes of buying and selling a vehicle in Chile, and other essential vehicle survival information.

Parking in the embassy lot has been historically problematic because the parking

area is not large enough to accommodate everyone. In particular, the administrative and technical staffs were precluded from parking where the diplomatically accredited officers parked. The embassy reexamined its policy and issued a new policy that opened up the parking significantly. The policy appears to no longer discriminate against the administrative and technical personnel and now seems able to accommodate the vast majority of parking needs. However, there is a residual perception that the parking policy is not enforced evenhandedly and that certain individuals abuse the car pool and covered/short-term parking areas and violate the ban on overnight parking. The OIG team informally recommended that the embassy enforce the parking policy fairly and consistently.

The embassy's vehicle policy is in accordance with 14 FAM 418 regulations. The COM's authorization for home-to-office transportation for the legal attaché, the Department of Defense Force Protection, and DEA had been issued within the past 12 months of the inspection. Although the embassy has been billing and the DCM has been paying all charges for her home-to-office transportation, the COM's authorization for the DCM's transportation dated back to 2002 and contained out-of-date FAM references. The 2002 authorization was the latest the team could find. 14 FAM 418 specifies that mission must review its vehicle policy, including other authorized uses, annually. The OIG team informally recommended that the COM approve a new authorization for the DCM's home-to-office transportation, per 14 FAM 418 and Section VI.D.7 of the Official Embassy Policy on Motor Vehicle Use.

The RSO and the assistant RSO are both using non-DS motor pool vehicles for home-to-office transportation. However, the team could not find a current COM "other authorized use" authorization, as required in Section VI.D.5 of the Official Embassy Policy on Motor Vehicle Use and by 14 FAM 418.2-2.

Recommendation 14: Embassy Santiago should determine whether the Chief of Mission should authorize the regional security officer or the assistant regional security officer "other authorized use" of official vehicles for home-to-office transportation in order to be available for emergency trips. (Action: Embassy Santiago)

Section VI.D.5 of the Official Embassy Policy on Motor Vehicle Use states that the GSO will determine applicable charges for home-to-office transportation. The embassy has billed the RSO and assistant RSO for these charges for the last year, but neither has yet paid.

Recommendation 15: Embassy Santiago should collect payment from the regional security officer and the assistant regional security officer for past charges

of home-to-office transportation as well as for any future charges, based on actual usage, if home-to-office transportation is authorized in the future. (Action: Embassy Santiago)

Warehouse

The embassy has a nearby GSO warehouse that is heavily stocked, well organized, and free of clutter. It was clearly a staging area for items for disposal. GSO has been aggressive in using an auctioneer for selling surplus items (after taking photos and offering them first to other agencies at post) and has realized good sales results on items that other posts might simply discard. With a few more auctions, the warehouse should have sufficient free space to be more accessible. A newly arrived stack of computer printers, monitors, and computer processors were stored in the open. At the team's suggestion, warehouse staff moved the items into an available high value cage to provide for improved control until the warehouse could issue them to the information management (IM) office. A member of the local guard force guards the warehouse during normal embassy working hours. The warehouse meets 12-FAH-6 security standards for a medium crime post.

Safety, Occupational Health, and Fire Protection

The embassy has been active in pursuing fire safety. All residences have been properly equipped with carbon monoxide alarms, smoke detectors, and fire extinguishers. The commander of the local fire department visited the embassy in April 2006 to coordinate action in case of a major fire. The last fire evacuation drills were in March and May 2006, with the last evacuation time being pared to five minutes.

The last OBO fire inspection was conducted in February 2002, and a new inspection is scheduled for July 2006. In anticipation of the upcoming inspection, and because the latest fire evacuation plan was dated January 21, 2004, the OIG team informally recommended that the embassy update the fire evacuation plan, adding the current floor wardens list.

The latest Safety, Health and Environment Management Division Training for Overseas Posts visit took place from September 19 to 23, 2005. The embassy has satisfied a number of the recommendations and is working to close out the remainder of the recommendations as soon as possible.

The Embassy Main Residence and the Deputy Chief of Mission Residence

The Ambassador and DCM residences are in excellent repair, with well-kept grounds and excellent facilities for representational events. The Office of Interior Furnishings is scheduled to replace some furniture and furnishings in the DCM's residence in late 2006. The backyard of the DCM's residence contains a shallow pond amidst some trees and bushes. The OIG team informally recommended that the facility manager discuss the pond with the OBO area representative when she visits next month to see if a small fence might be required for safety reasons.

Shipping and Customs

The shipping and customs unit has the unenviable task of trying to expedite incoming shipments of cars and household effects through a circuitous clearance and approval process. The unit has worked hard to document the multiple steps of the process that results in a minimum 41-working-day delay in clearing an automobile or sometimes a household effects shipment but which can easily expand to four months. The embassy warns newly assigned staff about these delays so that the employees have fair warning of what to expect. Although these delays are mentioned in the embassy's welcome telegram, they deserve special emphasis. They should also be stressed in the Santiago post report. The embassy has tried to work with a few Chilean government contacts to simplify the process but with little success.

The Ambassador, DCM, and management counselor have on their own - and in consultation with the Office of Foreign Missions and the Bureau of Western Hemisphere Affairs - raised Chilean discriminatory administrative and technical staff treatment, arbitrary restrictions on personally owned vehicle importation (must be the current-year model), and the nonreimbursement of Chile's 19 percent value added tax. Starting in early 2005, the embassy has raised these issues in person and via diplomatic note at least a dozen times - with three different Foreign Ministers and two different Deputy Foreign Ministers.

Given the deleterious effect on morale that these delays and arbitrary policies cause, the embassy should continue its intense all-out campaign to lobby and influence the Chilean authorities to help untangle these processing delays and arbitrary rulings. This becomes even more important as the Chilean government continues to apply new restrictions on privileges and immunities applied to embassy administrative and technical staff. The OIG team informally recommended that Embassy Santiago make judicious use of advocacy resources so that embassy personnel can

build stronger relationships and expand the embassy's influence with the appropriate Chilean decision makers who could improve these processes. The embassy should coordinate these efforts with other embassies also experiencing clearance delays and, as appropriate, jointly lobby the Chilean government.

Housing

In addition to the Ambassador and DCM residences, the embassy has 13 government-owned residences and 55 short-term lease residences. At 76 or 84 square meters, four of the owned residences are likely too small to be assigned to anyone. The housing manager requested and received from OBO permission to sell two of the properties and is in the process of doing so. He plans to discuss options for the remaining two small properties with the OBO area manager in July. The facility manager, who took on the responsibility as housing manager in April 2005, has dutifully submitted housing assignments requiring size or rental cost waivers to OBO. Thanks to his work, in March 2006, OBO approved an action plan to bring oversized embassy housing into compliance with the standards. He is now preparing the mission housing profile to submit to OBO for approval.

The interagency housing board meets regularly and has been involved actively in identifying new properties for the housing pool. Before voting, the board tours proposed properties and ensures that it knows the configuration and size of a potential housing assignments. The OIG team reviewed the board's minutes for the past 14 months and found the board to be very responsible in granting reassignments only when justifiable. Employees with children usually request housing in the residential areas in the hills overlooking Santiago, which is both near the schools and less subject to air pollution. Singles and childless couples usually favor the apartments in the city that are within walking distance of the embassy.

OIG questionnaires indicated some bad experiences with seemingly excessive time in temporary quarters, unwarranted changes to housing assignments, oversized housing assignments, and retention of vacant short-term lease properties beyond the 90 days allowed by OBO. The OIG team urged the housing officer and the board to minimize new arrivals' time in temporary quarters, to be transparent in explaining board-approved changes to assignments, and to work closely with the OBO area representative when extended vacancies arise. More time spent communicating with newly arrived personnel about their housing assignments and listening to their concerns will pay dividends in the future. Some employees at lower grades have been assigned to housing that is appropriately sized but that have swimming pools and/or large gardens or lawns. The financial burden of maintaining these properties can be considerable. The team informally recommended that the embassy establish a policy,

per 15 FAM 632.3-2, that enables the embassy to approve payment for periodic and seasonal care of the grounds of U.S. government-held single family property in excess of 720 square meters, exclusive of walks, driveways, and areas covered by buildings or structures, subject to financial availability. This could ameliorate some of the financial burden and improve morale.

In April 2006, the DAO informed the board that it would be leaving the housing pool and using overseas housing allowances, the military's equivalent of a living quarters allowance, in the future. Although the board assigned the incoming Defense attaché to housing that was within the housing standards, the DAO rejected the assignment. The team informally recommended that the housing manager and the board inform the DAO in writing that any property it considers for lease under overseas housing allowance must be submitted to the interagency housing board for examination to determine whether it is within the appropriate size standards. The RSO and the post occupational safety and health officer must also approve the property.

Maintenance and Repair

The embassy's housing handbook, issued in April 2006, is a valuable and well thought out reference for the embassy community. The comprehensive volume clearly displays information about maintenance emergencies, temporary housing, permanent housing, maintenance and repair assistance, and general survival techniques for Santiago. The OBO area representative is scheduled to visit the post in July 2006, and the facility manager plans a housing board meeting at that time to discuss the maintenance and repair aspects of housing board duties.

The embassy has benefited from OBO's acquisition of seven new houses in a new residential area in the hills. They are currently all assigned. Occupants complained that there are no mature trees to provide shade from the summer sun. To ameliorate the summer heat, the facility manager has retrofitted the attics with thick insulation material and outfitted the houses with additional ceiling fans and blackout curtains.

The chancery building is only 12-years-old and seems to be in excellent shape. Subject to OBO funding, the facility manager has plans to replace the cooling towers in the chancery, repair chancery walkways, and replace some over-voltage sensors as well as the elevator cars. The embassy has been fortunate to get excellent OBO financial support for maintenance and repair and has been judicious in using the funds.

The facility manager needs cleared escorts to accomplish projects in the chancery, especially in the controlled access areas. The facility manager could work with HR to add more responsibilities to the job descriptions for the escorts that would merit a higher grade and be more attractive to EFMs.

Procurement

Procurement functions are bifurcated. The FSN general services specialist does contracting while an FSN procurement assistant, with the help of a purchasing agent, does purchasing. Both the general services specialist and the procurement assistant report directly to the GSO. Most embassies have a procurement section that is responsible for contracting as well as purchasing. The OIG team made an informal recommendation that the embassy review the workload and determine if this division of responsibilities is warranted. The general services specialist's position is covered in the general services and facilities maintenance section of the report.

The embassy has a contract with a local travel company that will expire in August 2006. On OIG questionnaires, embassy customers rated travel services considerably below the overall OIG comparison average from previous inspections. The OIG team informally recommended that before the contract expires that the embassy conduct a survey of all options for travel services, including the General Services Administration contract that provides Carlson Wagonlit services to the Western Hemisphere.

The procurement section is using a locally developed software program rather than the Department standard procurement module of Web.Pass. The OIG team informally recommended that the embassy migrate to Web.Pass, the Department's integrated management application. Web.Pass is security approved and standardized. With consistent and proper data entry, the embassy can provide the data electronically to the financial management section, allowing for accurate tracking and follow up.

When preparing the seven newly purchased U.S. government-owned properties for occupancy, the embassy purchased telephone equipment and signed up for services on behalf of the future tenants. The service included four telephone extensions and an Internet connection for each residence. 15 FAM 166.3 limits payments for telephone installation to one standard telephone instrument and the trunk line unless the COM expressly determines otherwise.

Recommendation 16: Embassy Santiago should determine if its seven newly purchased residences require additional telephone service for official business or for security reasons and, if so, the Chief of Mission should issue a determi-

nation. (Action: Embassy Santiago)

As described in the management controls section of the report, a section head signed an unauthorized commitment. The OIG team was unable to find any recent administrative notices highlighting that only warranted contracting officers can sign purchase orders or contracts as well as commit U.S. government funds, per 14 FAM 214(a) and Department of State Acquisition Regulations 601.603. Accordingly, the team informally recommended that the management counselor issue an administrative notice to remind all embassy employees that only warranted contracting officers can commit U.S. government funds. The notice should describe the appropriate standard procedures that all embassy personnel must follow in pursuing a contract. The team counseled the properly warranted contracting officers to follow procurement procedures and regulations and exercise their supervisory responsibilities with their staff accordingly.

Financial Issue from the 2004 Asia-Pacific Economic Cooperation Summit

The OIG team observed that the embassy has at least one unresolved bill left-over from the 2004 APEC Summit. The transportation vendor submitted an additional and final invoice for approximately \$46,000, dated January 21, 2005. The team found a March 11, 2005, memo stating that the GSO and his staff could only find sufficient documentation to support approximately \$15,300 of the claim. The embassy processed payment for this smaller amount. On March 15, 2005, the vendor sent an e-mail expressing his concern at receiving a partial payment and explained why the full amount should be paid. Evidence of any further embassy correspondence with the vendor on this matter could not be found. The team informally recommended that the embassy fully research this outstanding bill and communicate with the vendor to resolve any discrepancy.

INFORMATION MANAGEMENT AND INFORMATION TECHNOLOGY SECURITY

(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2) it provides good support to approximately 270 embassy employees. IM's responsibilities include managing and securing the embassy classified and SBU networks as well as a dedicated Internet network. The office is also responsible for classified and unclassified pouch, mail, facsimile, radio, telex, telegraphic and telephony communi-

cations.

The team observed that the staff follows most Department policies and guidelines and generally meets their customers' needs. The areas that require immediate attention are: information technology (IT) budgeting, IT procurement, inventorying locally developed applications, and ISSO duties.

Information Management

The information management officer (IMO) oversees the information systems center (ISC) and the information processing center. The information systems officer (ISO) manages ISC day-to-day operations and reports directly to the IMO. The ISC staff supports the SBU network consisting of approximately 240 workstations and 14 servers. One information management specialist supports the classified network of 32 workstations and five servers.

Information Technology Budget

The IM office does not have a budget and does not create a mission specific budget plan each year. The IMO receives end of year money of varying amounts and procures resources in a last minute ad hoc manner. The mission does not include the IMO in the budget process. The lack of an IT budget leaves the embassy without a lifecycle replacement plan for mission-funded IT equipment and no budget for future projects as identified in the IT component of the MPP. The IMO should be included in the budget process and should create an annual budget plan per 5 FAM 121.

Recommendation 17: Embassy Santiago should include the information management officer in the budget process and develop an annual information technology budget plan. (Action: Embassy Santiago)

Information Technology Procurement

The IM office does not provide technical approval for IT equipment procured by the mission. The embassy has not created a process that requires the IMO to review and sign off on all IT equipment purchases. The IM office must review all IT equipment procurement requests to ensure that the equipment is on the IT con-

figuration control board (CCB) baseline to determine whether the equipment needs to be tested by the local CCB for compatibility with embassy systems and whether the equipment meets security requirements as stated in 5 FAM 861 and 5 FAM 862. Without IMO technical approval, offices within the embassy can introduce IT equipment that does not meet required security standards and is not compatible with embassy systems.

Recommendation 18: Embassy Santiago should create and implement a process of review and approval by the information management officer of all information technology equipment procurements. (Action: Embassy Santiago)

Locally Developed Applications

The IM office has created local applications to fulfill certain requirements of its users. These applications have been tested and approved by the local CCB and are approved for use on OpenNet but have not been entered into the information technology application baseline database as required by 5 FAM 864. The IM staff was not aware of this requirement. The Federal Information Security Management Act states that all applications must be inventoried so they can then be evaluated for security vulnerabilities.

Recommendation 19: Embassy Santiago should request access to the information technology application baseline database and should enter all locally developed applications into the database. (Action: Embassy Santiago)

Information Management Documentation

The embassy does not have a configuration management plan in place for OpenNet as required by 5 FAM 861 and 5 FAM 867. IM staff believed the requirement for a configuration management plan was superseded by the requirement to have a local CCB. The configuration management plan is used to document changes approved by the local CCB. Configuration management is a systematic process that provides assurance to mission officials that an information system operation is in the correct configuration and that any changes made are reviewed for security considerations. Also, it ensures that changes take place in an identifiable and controlled

fashion that does not adversely affect the functionality of an information system, including its security posture.

Recommendation 20: Embassy Santiago should develop and implement a configuration management plan. (Action: Embassy Santiago)

The embassy last updated the contingency plan and system security plan in March 2004. The IM staff stated that documentation is not current because staff is working on keeping the network operational and secure. IM documentation such as contingency plans is especially important in regions such as Chile where the risk of natural disasters is high. The OIG team made an informal recommendation to update all IM documentation.

Work Order Software

The IM staff does not use work order software to allow the submission and tracking of IT work order requests. Users currently request assistance through e-mail, and the information systems manager assigns tasks as they come in the group e-mail account. Work order software creates a standardized process that automatically tracks work order requests, provides follow up reminders when work orders are not closed, and produces work order reports for management. The embassy's lack of work order software increases the possibility of work orders not being completed in a timely manner. The team made an informal recommendation for the embassy to use work order software.

Supervisor Responsibilities

Embassy IM personnel are not receiving work requirements and counseling by their supervisor. Work requirements must be written and provided to the employee within the 45-day timeframe as stated in the DS-1829 instructions. Work requirements and counseling are vital to an employee's success in the workplace. Employees must know what is expected of them and how they are performing through the use of periodic counseling. The OIG team made an informal recommendation that management provide work requirements in a timely manner and perform periodic counseling.

Staffing Levels

Embassy IM staff includes one IMO, one ISO, two IMS positions, and 11 LES. The IMO supervises the ISO and the IMSs. The ISO supervises six local hire IT

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Telephone Switch Mismanagement

In 2004, the embassy requested a replacement for its antiquated telephone system from IRM. When responding to IRM's survey request, the embassy, without performing an evaluation of all its telephone systems, failed to include in its request any telephone system other than the one in the chancery although other systems were of the same vintage, missing the opportunity to secure at no cost an integrated state-of-the art telephone system. The legacy telephone systems have become costly and difficult to maintain because spare parts and programming expertise are scarce to nonexistent.

¹⁰ Technical Security Assessment report # 0105 conducted by ESC/SEO Montevideo, December 2004, classified Secret/Noforn

As a result of the failure to include all telephone systems in the 2004 upgrade, the embassy now must use program funds to replace the remaining outdated telephone systems. The embassy is not planning strategically for the replacement of all outdated telephone systems with an integrated system, i.e., those located at the DCM residence, warehouse, and Marine house. In its FY 2008 MPP, the embassy requested funds to replace only the embassy main residence telephone system. Consequently, this piecemeal approach will result in a greater total cost to the U.S. government in addition the risk that the telephone systems will be incompatible.

Recommendation 23: Embassy Santiago should evaluate all telephone systems and replace all outdated telephone systems with an integrated and compatible system. (Action: Embassy Santiago)

RIGHTSIZING AND REGIONALIZATION

Embassy Santiago was scheduled for a full rightsizing review in the fall of 2006 but requested and received an extension to spring of 2007. According to the Office of Rightsizing's analysis, current staffing appears to be generally appropriate, based on traditional criteria.

Duplication of services is not an issue at Embassy Santiago because the other agencies present do not have large administrative sections leading to redundancies. The embassy has requested five new positions in the FY 2008 MPP: an HR officer, an assistant GSO, a DHS/Immigration and Customs Enforcement officer, an ISSO (at the same time the embassy lost for one year the IMO position for service needs in Iraq), and a regional English language officer. During the summer 2006 transfer cycle, the regional English language officer position in Brazil will transfer to Santiago.

With regard to the request for an ISSO position, four American direct-hire positions in the information management office is the standard staffing model for a mid-sized embassy. Embassies with a full complement of Americans perform most of the ISSO duties contained in 12 FAM 600. Once Santiago is fully staffed, the Department can reasonably expect compliance with the recommendation in the information management section of the report on performing ISSO duties.

The OIG team does not consider Santiago as a prime candidate for an ad-

decision making from the current state of the files. The team made an informal recommendation that the files should be reviewed for relevant documentation and comprehensiveness.

EQUAL EMPLOYMENT OPPORTUNITY

The mission has an EEO counselor, an alternate, and two Federal Women's Program Coordinators. Their names are prominently displayed in several places around the embassy including on bulletin boards next to the elevators. The Ambassador and DCM have hosted mandatory town hall meetings on EEO and sexual harassment issues. The mission has disseminated information on discrimination and sexual harassment in both English and Spanish. The OIG team endorses the idea of adding an FSN as an alternate EEO counselor. The embassy does not have in place procedures for investigating and resolving harassment or discrimination complaints brought forward by FSNs. The team made an informal recommendation that the embassy should augment its sexual harassment policy to include a process for investigating and resolving cases.

GRANTS MANAGEMENT

PAS issued grants under the authority of the Fulbright Hayes and Smith Mundt acts. The PAO has a grants warrant for up to \$100,000 per grant, and the A/CAO has a warrant for up to \$25,000 per grant. The regional bureau must approve any grant in excess of \$10,000. The OIG team reviewed PAS grants for the past two years. The grants consisted of those for invitational travel and for support to BNCs, PAS programs, and equipment donations, all of which were in good order, were duly vetted against the Excluded Parties List web site, and entered into the grants management database system.

The only officers with grants warrants are in the public affairs section. Therefore, they are asked occasionally to sign grants for monies provided by other U.S. government entities in support of mission programs that are not public affairs programs. In 2001, for example, the Bureau of Diplomatic Security provided a \$5,400 counterterrorism grant. Although this has not happened often, this practice may leave the grants officer liable to committing funds in a manner that does not comply

with other entities or agencies' regulations or mandates. This is a Department-wide problem. The OIG team counseled the embassy that if a section other than PAS needs to enter into a grant agreement, the embassy should consult with the Office of the Procurement Executive to determine the best way to proceed. The international school grants are discussed in the management controls section.

QUALITY OF LIFE

AMERICAN COMMUNITY MORALE

American staff and family members rated their morale as low on OIG surveys due to a variety of internal and external reasons. Chile has much to offer in the way of sightseeing, travel, cultural activities, sports activities, and fine restaurants. As a result, the community does not enjoy the same community spirit and closeness that often characterizes hardship posts. Employees and their families have complaints and concerns about several issues: heavy smog in the winter and dust in the summer; increasing crime; the high cost of living due to the unfavorable exchange rate; the unreimbursed 19 percent value added tax; and a requirement that vehicles imported duty free be of the same model year as the year the employee arrives in Chile. It must be noted, however, that these factors are taken into account in post allowances and benefits. U.S. direct-hire employees receive ten percent cost of living and two rest and recuperation trips to the United States during a three-year tour of duty.

Recognizing that employees often expect Santiago to be like a European city with a Latin American cost of living, the embassy has rewritten its post report and welcome telegram to reflect more accurately the living conditions in Santiago. Although the embassy has taken some steps to convey the realities of life in Chile to prospective bidders, some new arrivals still have unrealistic expectations.

COMMUNITY LIAISON OFFICE

The embassy's community liaison office (CLO) co-coordinators served together for two years, but both recently resigned. This is unfortunate for a mission clearly

suffering from pervasive morale problems and ineffective communication. These two enthusiastic and articulate EFMs will remain at the embassy for nearly another year, but they decided that they had reached their “burn out” level and needed to move on.

The embassy did not fund CLO training for the co-coordinators after their appointment, which was a serious lost opportunity. However, the co-coordinators developed a program of activities to try to appeal to all facets of the community, with holiday parties targeted at singles and married couples, as well as the traditional family-oriented functions such as Easter and Christmas parties. The Ambassador and DCM have been generous in making their residences available to the co-CLOs for these activities. While some events like ski trips and white-water rafting were oversubscribed, other events had to be cancelled for lack of interest. Despite the complaints that the embassy does not have a sense of community, the breadth of diversions available in Santiago made it difficult for the co-coordinators to get the embassy community together for activities.

The co-CLOs have worked particularly hard on the embassy orientation program to make sure that newly assigned officers and their dependents receive accurate and timely prearrival information. As described in the American morale portion of the resource management section of the report, this is critical due to Chilean government restrictions on vehicle importation, including the requirement for a current model year car, and two- to three-month-long delays to get customs clearance for vehicles or household effects. They cajoled the right people to be sponsors for new arrivals and arranged newcomer potluck dinners to welcome them.

The co-CLOs foster the EFM employment program. EFMs are very interested in working in the embassy because there is no bilateral work agreement, and the few jobs there are on the economy are low paying. Therefore, there are sometimes three or four applications for the higher-paying EFM job openings. Also, the co-CLOs do their best to promote the embassy’s program to employ children of embassy officers during the summer, but the program has suffered recently from funding limitations.

In their roles as sounding boards for the American community, the CLOs learn a lot about the morale issues and pressures that plague many embassy officers. When the OIG team informally suggested seeking support from the regional psychiatrist on the morale issue, the CLOs noted that he has visited the embassy roughly twice per year. The CLOs have suggested stepping up the pace of visits by the regional psychiatrist, and the team endorsed this idea.

The CLOs find that many newcomers have not had language training before arriving. Particularly for the non-Spanish speaking family members, the mission needs to go the extra mile to make available Spanish speakers to help arrange connection of phones, Internet and television service, and to solve problems arising from clearance of cars and household effects. The embassy used to make limited transportation available to newcomers to help people get settled but discontinued the service. The OIG team informally recommended that the management section focus efforts on mobilizing language and transportation support for newly arriving families. The embassy is already investigating ways to work on this problem.

The embassy will have a tough time replacing these co-CLOs. Filling this CLO position with another motivated, resourceful self-starter will be one of the most effective means the embassy has to combat the morale problem. The team informally recommended the embassy fund the travel and per diem for the CLO training program for any newly hired CLO.

HEALTH UNIT

Two nurses who job share and a receptionist staff the health unit. One of the nurses left during the inspection. An incoming EFM arriving in late July will replace her. The second nurse will work full-time until the EFM's arrival. The ICASS council recently approved increasing the number of hours both nurses work. The RMO and regional psychiatrist in Lima provide periodic support. The unit is predominantly a walk-in clinic that provides vaccinations, sees patients for urgent care, and provides referrals to the local health providers. Medical care in Santiago is excellent -- many doctors and specialists are trained in the United States and speak English.

The Bureau of Resource Management's risk assessment questionnaire highlighted a number of deficiencies that the embassy is addressing. The embassy forwarded the annual inventory and medical certifications to the Bureau of Administration and completed a property disposal and survey report for the disposal of controlled drugs. There were no inventory shortages to document. The unit has only a very small supply of controlled drugs that are kept in a locked box in a bar-locked cabinet. The doctor, nurses, and receptionist all have access to the box. Because only the clinical staff can dispense prescription drugs, the receptionist should not have access to them. The OIG team made an informal recommendation that the health unit keep the box of controlled drugs in a combination safe, with access limited to only the clinical staff. The team inventoried the supply of controlled drugs and found no shortages or anomalies. The inventory book showed when out-of-date medicines

were destroyed and by whom. It was appropriately countersigned by the RMO.

The other material weakness was the adequacy of the medical facility. Although the space is adequate, there are patient privacy concerns. Patients walk directly into the health unit rather than using the waiting room across the hall. Facility maintenance is working with the health unit to replace the medical unit door, perhaps one with a window, and to install a bell in the waiting room to alert the receptionist when a client arrives. A recent change to reduce walk-in hours and increased emphasis on appointments should also help. The embassy should take care not to make the health unit look like an impenetrable fortress but at the same time allow the receptionist to make referrals and talk with patients about appointments without others in the waiting room overhearing. The team made an informal recommendation.

SCHOOLS

Most embassy children in Santiago attend _____ which is accredited by the Office of Overseas Schools. The remaining dependent children attend _____

The _____ received Department grants to assist with security enhancements and to pay for some direct expenses. (b)(2)(b)(6)(b)(2)(b)(6) (b)(2)(b)(6) received a security grant. In OIG's survey, respondents ranked the quality of education for family members second out of 53 categories.

AMERICAN EMBASSY RECREATION ASSOCIATION

The American Embassy Recreation Association (AERA) provides a wide range of services for the benefit of U.S. government employees. A U.S. resident alien general manager and a Chilean assistant manager run the association. See the management controls section of this report for further discussion.

MANAGEMENT CONTROLS

The 2005 annual COM certification of management controls, based on input from embassy sections, did not report any weaknesses. However, serious management control weaknesses exist in several operational areas, including contracting, property, consular operations, the American Embassy Recreation Association, school grants, and the local guard program.

The risk assessment questionnaire completed shortly before the inspection and scored by the Bureau of Resource Management showed acceptable scores in all sections, except for the health unit. This issue is addressed in the quality of life section of this report.

CHIEF OF MISSION CERTIFICATION

As required, the annual COM certification was prepared, signed, and forwarded to the Department on June 28, 2005. However, several major reportable weaknesses that existed during the period for which the certification was prepared were found. In accordance with 2 FAM 023.2, Reporting Accomplishments or Violations Relating to Management Controls, the embassy should submit to the Department a revised certification and report.

Recommendation 24: Embassy Santiago should prepare and forward a corrected certification of management controls in the format required by the Foreign Affairs Manual. (Action: Embassy Santiago)

UNAUTHORIZED COMMITMENTS

Since 2003, the embassy has had a memorandum of understanding (MOU) with a courier and visa appointment company. One component of the MOU obligates the embassy to pay for the collection and deposit of MRV fees. The consul general at the time signed this MOU without the proper authority. Therefore, he entered into an unauthorized commitment requiring ratification by the Office of the Procurement Executive per 14 FAM 215.e.

Recommendation 25: Embassy Santiago should request ratification of the unauthorized commitment resulting from the Memorandum of Understanding Between Chilexpress and the United States of America to the Bureau of Administration in accordance with the regulations. (Action: Embassy Santiago, in coordination with A and CA)

The MOU with the courier and visa appointment company expired in October 2005, but has been incrementally extended by mutual agreement. In accordance with Department standard practice as described on the CA web site (<http://intranet.ca.state.gov/CAExecutive/management>), the embassy immediately needs to separate out MRV off-site fee collection from the MOU with the courier and visa appointment company. MRV fee off-site collection must be covered in a separate MOU following the FAR 12.303 models on the CA Intranet web site. The embassy should also enter into a separate courier pass back agreement, as well as either come under CA's user-pays visa information umbrella contract or locally negotiate an agreement. Any new agreements that do not fall under existing CA umbrella contracts must be competed, as required by the regulations. Embassy Santiago should submit any agreements to CA's Executive Office, which will coordinate with the Office of the Procurement Executive for review and approval, as outlined on both the CA and Office of the Procurement Executive web sites.

Recommendation 26: Embassy Santiago should immediately work with the Bureau of Consular Affairs to develop, solicit, and then conclude separate agreements for the off-site collection of machine-readable visa fees, courier pass back, and user-pays visa information. (Action: Embassy Santiago, in coordination with CA)

PROPERTY AND INVENTORIES

The embassy has experienced some difficulties staying current with mandated inventories of property but is working to correct these deficiencies. 14 FAM 416.1a states that a physical inventory of all other personal property (including expendable and nonexpendable warehouse stock), repair and maintenance parts and supplies, and medical supplies and drugs must be taken annually and immediately reconciled with the property records. The residential inventories of the Ambassador and DCM residences had not been performed since 2003. The GSO completed and reconciled the 2006 Ambassador's and DCM's residential inventories as well as inventories of all the other residences. Residential furniture and furnishings inventory requirements are now up to date.

The mission properly submitted in July 2004 the 2003 physical inventory and reconciliation of all other personal property. The mission never submitted a physical inventory for 2004. The GSO section struggled to complete the 2005 inventory and reconcile it back to the 2003 report. Although the section finally completed the 2005 inventory in May 2006, it could not download data to submit the inventory to the Department because the nonexpendable property application reader would not download the data. The section was forced to perform manual counts and entries. In light of these difficulties, the Office of Logistics granted the embassy an extension of time until June 30, 2006, to submit the reconciliation.

Recommendation 27: Embassy Santiago should submit its overdue physical inventory for 2005, properly reconciled to its previously submitted 2003 inventory, and should institute procedures to meet future requirements for inventories. (Action: Embassy Santiago)

AMERICAN EMBASSY RECREATION ASSOCIATION

The embassy paid expenditures related to several (b)(2)(b)(6) security grants, even though the invoices predated the grants. If the grants are meant to include these charges, a provision indicating that the grants are covering pre-grant costs should be included.

Recommendation 31: Embassy Santiago should review all grants and request the Office of Overseas Schools to issue modifications to include pre-grant expenses, as necessary. (Action: Embassy Santiago)

Recommendation 32: Embassy Santiago should implement mission-wide procedures to process and pay invoices submitted for only those school grants that comply with the purpose of the grants, are dated within the time period of the grants, or can be paid pursuant to other grant provisions. (Action: Embassy Santiago)

LOCAL GUARD FORCE AND LOCAL GUARD CONTRACT

The local guard contract is with INTER-CON Security, Inc. For FY 2006, the total contract exceeds \$500,000. Under the terms of this contract, 45 guards provide security to the chancery compound and limited residential coverage at an annual cost of \$338,000. The Ambassador's residence and Marine house receive around-the-clock coverage, while the DCM's residence is covered from dusk to dawn. (b) (2) (b) (2)(b) (2)(b) (2)(b) (2)(b) (2) Two mobile patrols provide 20-hour (from noon to 8:00 a.m.) coverage seven days a week to all mission residences. The assistant RSO supervises the local guard force and attends to numerous guard issues that arise during and after normal business hours.

The guard force operates effectively as part of the mission security program, but requires closer monitoring of monthly invoices to ensure that services are rendered according to the contract language. The mission uses several methods to oversee the contract, including guard duty schedules, log books, visual spot checks, and the Guards Electronic Monitoring System (GEMS). The local guard force contract requires that the mission use GEMS to monitor two components of the contract, the residential mobile patrol and the static guards. The RSO has not been using GEMS reports routinely to ensure that actual hours worked by local guards agree with the hours charged by the contractor. A review of GEMS reports showed time gaps during several shifts. The embassy did not maintain written records to show the reason for the time gaps. For the last two years, the embassy has made no deductions from

the invoices, even though there is no assurance that billings accurately reflect the services rendered.

Recommendation 33: Embassy Santiago should reconcile monthly guard contract invoices with electronic guard monitoring reports to verify that mobile patrol and static guard charges are accurate, and if differences exist, that deductions from contract payments are made. (Action: Embassy Santiago)

USE OF OFFICIAL TELEPHONES

The mission is allowing staff to make personal local and long distance calls from official office and cellular telephones without using a personal calling card. According to 5 FAM 523 and Department Notice 2004 04 043, occasional personal calls are authorized provided a personal calling card is used and the call does not interfere with work. The regulations also state that employees must not make telephone calls that result in additional charges even with the intent for later reimbursement to the U.S. government. Every month, the financial management office sends the bills to every office to determine the number of personal local and long distance calls to be billed to the individual users. 5 FAM 526.1 requires posts to establish a policy on whether personal use of cellular telephones is permissible. As post has not yet issued a policy regarding the use of cellular telephones, the OIG team recommends they be treated the same as landlines.

Recommendation 34: Embassy Santiago should discontinue allowing employees to make personal local or long distance calls from office and cellular telephones without using a personal calling card. (Action: Embassy Santiago)

PREMIUM TRAVEL

The OIG team reviewed travel vouchers for the last two years. Premium travel, although approved properly, is not being documented as required by the regulations.

Form DS-4087 Authorization Request for Business-Class Air Travel is required to accompany all authorizations for business class in accordance with 14 FAM 567.2-2(B)(a)(2). An informal recommendation was made to require that form DS-4087 is submitted in all business travel requests.

SPONSORSHIP

The government of Chile almost always relieves a U.S. cultural organization of paying the over 19 percent value added tax if the embassy gives the organization written sponsorship. Embassy sponsorship makes the event an official government activity, thereby eliminating the value added tax, but does not obligate the embassy to any funding or logistical support. Until summer 2005, the mission only gave sponsorship to events organized by noncommercial organizations. Since then, however, the mission has given sponsorship to a few cultural events organized by commercial organizations for a profit. The mission's guidance on sponsorship does not include a standard for determining to which groups there is a clear foreign policy benefit to be gained by granting sponsorship. So that the mission is not seen as giving preferential treatment to certain organizations and not others, the OIG team informally recommended that it develop a written standard to use when determining to which events it will provide sponsorship. L/EMP/Ethics is prepared to provide comments on the

standard the mission develops. To enhance transparent decisionmaking, the mission may want to request that the Bureau of Western Hemisphere Affairs review events to which the mission intends to provide sponsorship. The mission should receive no benefit such as free tickets as a result of its policy decision to grant sponsorship.

FORMAL RECOMMENDATIONS

Recommendation 1: Embassy Santiago should prepare its FY 2009 strategic performance plan so that it includes effective performance indicators and then periodically review the plan. (Action: Embassy Santiago)

Recommendation 2: Embassy Santiago, in coordination with the Under Secretary for Public Diplomacy and Public Affairs, should resubmit for review to the Bureau of Western Hemisphere Affairs, all outstanding questions relating to the use of U.S. government resources in support of proposed and/or existing public diplomacy voluntary activities. (Action: Embassy Santiago, in coordination with WHA and R)

Recommendation 3: The Bureau of Western Hemisphere Affairs, in coordination with the Under Secretary for Public Diplomacy and Public Affairs, and the Office of the Legal Adviser, should respond in writing expeditiously and comprehensively to Embassy Santiago's request for guidance on the appropriate use of U.S. government resources in support of proposed and/or existing public diplomacy voluntary activities at Embassy Santiago. (Action: WHA, in coordination with R and L)

Recommendation 4: The Office of Policy Planning Resource in the Office of the Under Secretary for Public Diplomacy and Public Affairs should provide suggestions to Embassy Santiago on effective Mission Performance Plan performance measurement indicators as well as on tools to allow the embassy to capture and track the impact of its public diplomacy and public affairs programming. (Action: R/PPR)

Recommendation 5: Embassy Santiago should implement steps to allow the public affairs officer to function more effectively. (Action: Embassy Santiago)

Recommendation 6: Embassy Santiago should implement steps to allow the cultural affairs office to function more effectively. (Action: Embassy Santiago)

Recommendation 25: Embassy Santiago should request ratification of the unauthorized commitment resulting from the Memorandum of Understanding Between Chilexpress and the United States of America to the Bureau of Administration in accordance with the regulations. (Action: Embassy Santiago, in coordination with A and CA)

Recommendation 26: Embassy Santiago should immediately work with the Bureau of Consular Affairs to develop, solicit, and then conclude separate agreements for the off-site collection of machine-readable visa fees, courier pass back, and user-pays visa information. (Action: Embassy Santiago, in coordination with CA)

Recommendation 27: Embassy Santiago should submit its overdue physical inventory for 2005, properly reconciled to its previously submitted 2003 inventory, and should institute procedures to meet future requirements for inventories. (Action: Embassy Santiago)

Recommendation 28: (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
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Recommendation 30: Embassy Santiago should instruct the American Embassy Recreation Association to purchase immediately a commercial, off-the-shelf accounting software that will allow for proper recording of sales and inventories. (Action: Embassy Santiago)

Recommendation 31: Embassy Santiago should review all grants and request the Office of Overseas Schools to issue modifications to include pre-grant expenses, as necessary. (Action: Embassy Santiago)

Recommendation 32: Embassy Santiago should implement mission-wide procedures to process and pay invoices submitted for only those school grants that comply with the purpose of the grants, are dated within the time period of the grants, or can be paid pursuant to other grant provisions. (Action: Embassy Santiago)

Recommendation 33: Embassy Santiago should reconcile monthly guard contract invoices with electronic guard monitoring reports to verify that mobile patrol and

static guard charges are accurate, and if differences exist, that deductions from contract payments are made. (Action: Embassy Santiago)

Recommendation 34: Embassy Santiago should discontinue allowing employees to make personal local or long distance calls from office and cellular telephones without using a personal calling card. (Action: Embassy Santiago)

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.

Executive Direction

Post does not have a formal, written entry-level officer program. Nearby posts have a number of best practices that ELOs could first solicit and then incorporate into a written ELO development plan.

Informal Recommendation 1: Embassy Santiago should develop a written entry-level officer development program.

Policy and Program Implementation

Economic and Political Affairs

With the FTA fully operational, the U.S.-Chilean bilateral relationship's focus has steadily shifted from economic issues to political ones. While the continuing stream of high-level official visitors reduces the time that EPOL's staff can devote to reporting, the workload of the narcotics and law enforcement and EST portfolios is likely to decline in the coming year, and the replacement for the current EPOL counselor - who is an economic cone officer - has extensive political reporting experience.

Informal Recommendation 2: Embassy Santiago should carefully review and then realign work requirements and reporting responsibilities within the combined eco-

nomic-political section.

Public Diplomacy and Public Affairs

PAS does not meet with other agencies and sections to discuss influence analysis or to seek input on PAS campaigns to support primary MPP goals.

Informal Recommendation 3: Embassy Santiago should verify that the public affairs section meets with sections and agencies supporting mission performance plan goals to agree upon both influence analysis and operational campaigns to advance priority public diplomacy activities.

PAS is using very few performance measurement tools to determine the effectiveness of its programming. It also has not worked with the Chilean Ministry of Education to incorporate performance measurement tools in English-language teaching programs.

Informal Recommendation 4: Embassy Santiago should develop and then use performance measurement tools for public diplomacy and public affairs programs, assess progress periodically, and revise programming accordingly.

PAS's media summary and press clippings feature much non-public diplomacy and public affairs-related information. This takes the press office away from its primary mission.

Informal Recommendation 5: Embassy Santiago should restrict the written products prepared by the press office to public affairs and public diplomacy-related information.

A number of PAS LES employees indicated to OIG that they need more training to do their jobs effectively.

Informal Recommendation 6: Embassy Santiago should develop and implement individual development plans for locally employed staff in the public affairs section.

PAS is not able to provide the RSO office with lists of journalists attending press events more than 24 hours before the event is scheduled. Even when PAS provides the information to the RSO office the afternoon before the event, the information is often not relayed to guards at the site of the press event, causing some serious mis-

understandings with the journalists the embassy is trying to inform and influence.

Informal Recommendation 7: Embassy Santiago should verify that the public affairs section and the regional security office agree upon and implement standard procedures that take into consideration the inherent unpredictability of attendance at press events in order to avoid security incidents while maintaining security integrity.

Consular Affairs

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Santiago dedicates about 30 percent of the time of one ACS LES to federal benefits work. The backlog of requests for service is significant. During the inspection, consular management dedicated the federal benefits LES and a new consular associate to the backlog for a week and reduced pending correspondence by nearly half.

Informal Recommendation 9: Embassy Santiago should review the federal benefits correspondence periodically and consider the judicious use of overtime or similar quarterly team efforts to address the backlog.

Santiago has a well-managed warden system and dedicates considerable effort to improve the program through the recruitment of new wardens, the constant data entry of new registrants, and travel to the various regions. The emergency network does not include hotels, hostels, and tour companies that could be important contacts to locate transient Americans in the event of natural disaster.

Informal Recommendation 10: Embassy Santiago should contact the Ministry of Tourism or other appropriate entity to obtain a list of licensed hotels, hostels, and tour companies to incorporate into their emergency contact network.

Consular customers are required to pass through a public access control in order to enter the embassy compound. Contract guards allow only one person at a time into

the spacious screening area, resulting in lines of applicants, sometimes including elderly federal benefits applicants or families with small children, at peak hours.

Informal Recommendation 11: Embassy Santiago should review the security screening process for consular clients and find a solution to the bottleneck at the compound entrance that meets the needs of both the consular and security sections.

Santiago is a relatively low fraud post. One LES works under the direction of the consul/visa chief/fraud prevention manager. The consular section has implemented a program to review a cross section of the NIV applications for fraud indices.

Informal Recommendation 12: Embassy Santiago should revise its Mission Performance Plan goal to review incrementally increasing numbers of nonimmigrant visa cases for fraud or other anomalies at the end of a year and reevaluate its effectiveness in light of the resource implications.

Resource Management

Human Resources

Supervisors are not completing FSN employee evaluation reports in a timely fashion.

Informal Recommendation 13: Embassy Santiago must hold supervisors accountable for their supervisory responsibilities as defined in the mission performance evaluation policy.

The draft Interagency Foreign Service National Employee Handbook is only in English and does not include several key policies.

Informal Recommendation 14: Embassy Santiago should incorporate sexual harassment and consensual relationship policies into the Foreign Service national handbook under standards of conduct before translating and issuing it.

Human resource files do not always include a written request from the hiring office to offer the position to the selected candidate.

Informal Recommendation 15: Embassy Santiago should instruct staff that requests for hiring a candidate must be given to the human resources management specialist in writing.

The human resources office has a complex system to evaluate the qualifications of U.S. citizen EFM and veteran applicants for job openings.

Informal Recommendation 16: Embassy Santiago should use a simplified qualifications worksheet that on a single sheet clearly compares the qualifications of all candidates.

The embassy does not have a memorandum of understanding or a service standard with the regional HRO that details expected services.

Informal Recommendation 17: Embassy Santiago should enter into a memorandum of agreement with the regional human resources officer to define what services the mission can expect.

Budget and Fiscal

The cost of telephones at the Ambassador and the DCM official residences is being charged as an embassy telephone expense rather than as an official residence household operation and maintenance expense as required in 3 FAM 3255.4. The cost of any personal long distance calls placed on these lines, both past calls and future calls, by the occupants should be charged to the occupants.

Informal Recommendation 18: Embassy Santiago should charge the cost of telephones in official residences to official residence expenses.

General Services and Facilities Maintenance

There is a perception that the parking policy is not evenhandedly enforced and that certain individuals abuse the car pool, covered and short-term parking areas, and violate the ban on overnight parking.

Informal Recommendation 19: Embassy Santiago should enforce the parking policy fairly and consistently.

The COM's authorization for the DCM's home-to-office transportation dates back to 2002 and contains outdated FAM references. 14 FAM 418 specifies that the mission must review its vehicle policy, including other authorized uses, annually.

Informal Recommendation 20: Embassy Santiago should prepare a new authorization for the deputy chief of mission's home-to-office transportation.

The latest fire evacuation plan was dated January 21, 2004.

Informal Recommendation 21: Embassy Santiago should update the fire evacuation plan, adding the current list of floor wardens.

The backyard of the deputy chief of mission's residence contains a shallow pond amidst some trees and bushes that constitutes a potential safety hazard.

Informal Recommendation 22: Embassy Santiago should discuss the pond with the Bureau of Overseas Buildings Operations area representative to see if a small fence might be required.

The embassy does not give sufficient warning and advance notice to prospective and newly assigned staff about shipping delays.

Informal Recommendation 23: Embassy Santiago should stress more emphatically the shipping delays new arrivals can expect in its status of quarters and welcome to Santiago telegram as well as in the Chile post report.

Despite the mission's repeatedly raising customs and shipping delays at high levels of the Chilean government, it takes a minimum of 41 working days to clear an incoming car or household effects shipment in Chile. Administrative and technical employees have a much lower dollar value limit for importing effects and vehicles and there are regulations against importing vehicles of other than current model year.

Informal Recommendation 24: Embassy Santiago should continue its intense advocacy efforts and make optimal use of the post's advocacy resources at all levels to build stronger relationships and expand the embassy's influence with the Chilean decisionmakers who could improve customs and shipping treatment for the mission.

Some newly arrived employees spent excessive time in temporary duty quarters, experienced unexplained changes to housing assignments, and received oversized housing assignments. In addition, the embassy has held some vacant short-term lease properties beyond the 90 days allowed by the OBO.

Informal Recommendation 25: Embassy Santiago should minimize new arrivals' time in temporary duty quarters, be transparent in explaining board-approved changes to assignments, and work closely with the Bureau of Overseas Buildings Operations area representative when extended vacancies arise.

Some employees at lower grades have been assigned houses that are appropriately sized but which have swimming pools and/or large gardens that are a burden to maintain.

Informal Recommendation 26: Embassy Santiago should establish a policy, in accordance with Department regulations, that enables the embassy to approve payment for periodic and seasonal care of the grounds of U.S. government-held single fam-

ily property in excess of 720 square meters, exclusive of walks, driveways, and areas covered by buildings or structures, subject to financial availability.

Although the interagency housing board assigned the incoming Defense attaché to housing that was within the housing standards, the DAO rejected the assignment and decided to pull the DAO out of the housing pool and opt for an overseas housing allowance.

Informal Recommendation 27: Embassy Santiago should inform the Defense attaché office in writing that any property it considers for lease under the overseas housing allowance must be within the appropriate size standards and meet security and occupational health requirements.

Contracting and purchasing functions are bifurcated, with an FSN specialist handling each.

Informal Recommendation 28: Embassy Santiago should review procurement workload and determine if the division between contracting and purchasing is warranted.

The embassy has not issued an administrative notice advising staff that only warranted contracting officers can commit U.S. government funds.

Informal Recommendation 29: Embassy Santiago should issue an administrative notice reminding all embassy employees that only warranted contracting officers can commit government funds and describing the appropriate standard procedures that all embassy personnel must follow in pursuing a contract.

The embassy has what may be an outstanding invoice for transportation provided during the APEC Summit.

Informal Recommendation 30: Embassy Santiago should research this outstanding bill to the extent possible and communicate with the vendor in order to resolve the discrepancy.

Information Management and Information Technology Security

The embassy has not updated the contingency plan and system security plan in a couple of years.

Informal Recommendation 31: Embassy Santiago should update all information management documentation.

The embassy did not fund CLO training for the co-coordinators, who have both resigned, after their appointment, which was a serious lost opportunity.

Informal Recommendation 38: Embassy Santiago should fund travel and per diem for the community liaison office training program for the incoming community liaison office coordinator.

The health unit stores controlled drugs in a bar locked cabinet that is accessible to both the clinical staff and the receptionist.

Informal Recommendation 39: Embassy Santiago should provide the medical unit with a combination safe. Only the clinical staff should be given the combination to that safe.

Patients walk directly into the health unit rather than using the waiting room located across the hall.

Informal Recommendation 40: Embassy Santiago should replace the medical unit door and install a bell in the waiting room.

The embassy is not documenting authorization for premium travel as required by 14 FAM 567.2-2 (1).

Informal Recommendation 41: Embassy Santiago should only authorize business class travel when Form DS-4087 is submitted with the request.

The mission has given its sponsorship to a few cultural events organized by commercial organizations for a profit. Its current guidance on patrocinio does not include a standard for determining to which groups there is a clear foreign policy benefit to be

gained by granting patrocinio.

Informal Recommendation 42: Embassy Santiago should develop a clear written standard and process for determining to which cultural groups it will give its sponsorship.

PRINCIPAL OFFICIALS

	Name	Arrival
Ambassador	Craig A. Kelly	08/04
Deputy Chief of Mission	Emi Lynn Yamauchi	09/04
Chiefs of Sections:		
Consular	Sean Murphy	07/04
Economic/Political	Andrew G. Chritton	07/03
Environment, Science, and Technology Management	Jacqueline Ward	10/03
Public Affairs	Floyd S. Cable	08/03
Regional Affairs	Judith R. Baroody	07/04
Regional Security	Mark Sullivan	09/04
	Joseph A. Castro	07/04
Other Agencies:		
Commercial Service	Americo A. Tadeu	01/03
Foreign Agricultural Service		
Agricultural Attaché	Christine M. Sloop	08/02
Animal and Plant Health Service	Karen S. Sliter	10/05
Department of Defense		
Defense Attaché	Jorge R. Matos, Col.	08/03

Military Group	Jeffrey B. Smith, Col.	07/05
U.S. Army International Technology Center	Michael G. Padgett, Col.	08/04
Office of Naval Research	Elmer L. Roman (civ.)	11/05

Force Protection Detachment	Gary T. Malcolm (civ.)	01/06
Department of Justice		
Drug Enforcement Administration	James C. Kuykendall	12/01
Federal Bureau of Investigation	Paul Cha	07/05

ABBREVIATIONS

A/CAO	Acting cultural affairs officer
ACS	American citizens services
AERA	American Embassy Recreation Association
APEC	Asia-Pacific Economic Cooperation
APHIS	Animal and Plant Health Inspection Service
BNC	Binational Center
CA	Bureau of Consular Affairs
CAO	Cultural affairs officer
CCB	Configuration control board
CLO	Community liaison office
DAO	Defense attache office
DCM	Deputy chief of mission
DEA	Drug Enforcement Administration
DHS	Department of Homeland Security
EEO	Equal Employment Opportunity
EFM	Eligible family member
ELO	Entry-level officer
EPOL	Combined economic-political section
FSN	Foreign Service national
FTA	U.S.-Chile Free Trade Agreement
GEMS	Guards Electronic Monitoring System

GSO	General services office
HR	Human resources office
HRO	Human resources officer
ICASS	International Cooperative Administrative Support Services
IM	Information management
IMO	Information management officer
INL	Bureau of International Narcotics and Law Enforcement
IO	Information officer
IRC	Information resource center
IRM	Bureau of Information Resource Management
ISC	Information systems center
ISO	Information systems officer
ISSO	Information systems security officer
IT	Information technology
IV	Immigrant visas
LES	Locally employed staff
LEWG	Law enforcement working group
MOU	Memorandum of understanding
MPP	Mission Performance Plan
MRV	Machine-readable visa
NIV	Nonimmigrant visa
NSDD-38	National Security Decision Directive
OBO	Overseas Buildings Operations
OIG	Office of Inspector General
PAO	Public affairs officer
PAS	Public affairs section
RMO	Regional medical officer
RSO	Regional security officer

~~SENSITIVE BUT UNCLASSIFIED~~

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