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

# Report of Inspection

## Compliance Follow-Up Review of Embassy Podgorica, Montenegro

Report Number ISP-C-10-46, March 2010

### ~~IMPORTANT NOTICE~~

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## PURPOSE, SCOPE AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspections, issued by the President's Council on Integrity and Efficiency, and the Inspector's Handbook, issued by the Office of Inspector General for the U.S. Department of State (Department) and the Broadcasting Board of Governors (BBG).

### PURPOSE

The Office of Inspections provides the Secretary of State, the Chairman of the BBG, and Congress with systematic and independent evaluations of the operations of the Department and the BBG. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are effectively achieved; whether U.S. interests are accurately and effectively represented; and whether all elements of an office or mission are adequately coordinated.
- **Resource Management:** whether resources are used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

### METHODOLOGY

In conducting this inspection, the inspectors: reviewed appropriate records; circulated, reviewed, and compiled the results of a survey; conducted on-site interviews; and reviewed the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.



**United States Department of State  
and the Broadcasting Board of Governors**

*Office of Inspector General*

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H. W. Geisel".

Harold W. Geisel  
Deputy Inspector General

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## INTRODUCTION

Compliance follow-up reviews (CFR) by the Office of Inspector General (OIG) provide Department of State (Department) senior managers with progress reports on the status of inspection recommendations and provide OIG with a quality assurance assessment of its work.

This review took place in Washington, DC, between November 16 and December 4, 2009, and in Podgorica, Montenegro, between December 7 and 11, 2009.

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## OVERVIEW

Montenegro was Yugoslavia's smallest republic and became independent in 2006. It has a population of about 684,000. The U.S. bilateral relationship with Montenegro is strong. The country's solidly pro-American leadership views the U.S. as a "strategic partner" and generally supports U.S. goals in the Balkans. The mission concentrates its efforts on promoting Montenegro's path toward market-based prosperity and democracy, integration into the North Atlantic Treaty Organization and the European Union (EU), and strengthening the rule of law. Assistance programs total \$13 million and include Rule of Law, US Agency for International Development (USAID) and Foreign Military Financing programs.

The United States first opened its embassy in Podgorica in 2006, with eight Americans, housed in buildings owned by USAID. At the time of the CFR review, the embassy staff was comprised of 21 American direct-hires, three contract and eligible family member employees, and 71 locally employed (LE) staff, including 25 local guards.

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## COMPLIANCE

The Embassy Podgorica inspection report, dated November 2009 (ISP-I-10-10A), contained 31 formal recommendations and eight informal recommendations, on a wide variety of managerial and operational issues. The Embassy did not have the opportunity to submit a formal compliance response because of the short period between the final report issuance and the commencement of the CFR fieldwork. In its review of formal recommendations and the compliance response that the Embassy provided to the CFR team upon its arrival, the team closed 25 recommendations. It reissued six as formal CFR recommendations, concerning rightsizing and the National Security Decision Directive 38 process, and various administrative issues. The team issued six new formal recommendations, relating to overall management of the Embassy. In its review of the eight informal recommendations from the earlier report, the CFR team found satisfactory compliance.

In assessing the OIG Embassy Podgorica inspection, the CFR team concluded that the OIG inspection team managed the inspection process in a professional manner. The formal recommendations dealt appropriately with major issues and procedural matters. In its compliance, the Embassy responded positively to most recommendations, as reflected in the high rate of recommendation closures. The CFR team found the Embassy's compliance responses well organized, comprehensive, and informative, particularly in light of the short time since the inspection. In its review, the CFR team found that the Embassy also handled the informal recommendations appropriately and documented its actions.



## KEY ISSUES

### Executive Direction

The OIG inspection report highlighted two major facets of the front office performance. The first was the high praise for the Ambassador's performance in representing the United States in Montenegro. His extensive background in the area, language facility, and public diplomacy skills made him an effective operator, and he is aggressive in pursuing U.S. interests. The CFR team confirmed the high praise given the Ambassador in the original inspection report. He remains a most impressive representative of the United States.

At the same time, the OIG inspection report outlined significant problems in terms of the internal management of the Embassy, focusing on the front office. It described the front office as having failed to moderate the heavy workload, prioritize clearly, make decisions expeditiously, and delegate adequate authority. (b) (2)  
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The dialogue between the OIG inspection team and the embassy front office appeared to result in the front office paying increased attention to the communication, prioritization, and morale issues identified in the report. However, OIG remained concerned about follow-up to the serious management problems identified in the 2009 inspection report. There was also concern emanating from the post about possible retribution to those who were perceived as being most critical of the leadership's managerial style. OIG decided in November to dispatch a CFR team to assess the embassy's compliance with the inspection recommendations. Coincident with the CFR team preparations to visit Podgorica, there erupted a serious controversy at post over the draft employee evaluation reports (EER) that had been written on two senior embassy officers. In the case of one officer in particular, there was a letter signed by several members of the country team, protesting what they saw as a serious injustice to the officer involved. Just before the team arrived, the Ambassador

had already reached agreement with the officers involved regarding redrafts of both EERs. Consequently, tensions arising out of that issue have eased, although they confirmed the presence of continuing strains within the Embassy.

In the course of the CFR interviews, the team found that problems identified in the original report were attenuated, but still present. For a period of time during the summer, there was a general impression that the front office was adjusting its leadership in light of the OIG inspection. Specifically, the CFR team had the impression that the work burdens cited in the OIG inspection report had lessened. Also, summer personnel changes brought in new officers who had not been caught up in the tensions identified during the OIG inspection report. By early fall, however, the Embassy started to move back to daily meetings involving the staff, and some employees had the sense of being singled out for renewed criticism. The controversy over the negative draft EERs gave particular point to those concerns. The 2009 OIG inspection report concluded that the Embassy was near a crisis point. The CFR inspectors concluded that, while the Embassy was not dysfunctional, it was essential that the Embassy put behind it the tensions and suspicions that still existed and were painfully demonstrated in the EER controversy. At the same time, in interviews throughout the Embassy, the CFR team gained a general sense that, given the opportunity, all elements in the mission were ready to focus on the future, not a painful past.

The CFR team dealt candidly with the Embassy regarding the problems still facing it and the need to move past them. In discussions with the Ambassador and DCM, there was agreement that resolution of the EER issue offered the opportunity for the post to move to a more normal, stable pattern of relationships. The arrival of a new DCM, particularly, is a very positive development, and in his initial period he enjoys both the confidence of the Ambassador and the mission staff.

In reviewing specific measures the embassy might employ in moving beyond the antagonisms and tensions of the past, the Ambassador and the team focused on the following areas:

- Establishing the DCM as the Ambassador's chief operating officer, reversing the attenuation of that role, which had previously taken place. The Ambassador indicated his intention to do all he can to be sure that the DCM is seen as the major focus for coordination in the Embassy and his alter ego.
- Reviewing the Embassy's patterns of decision making, coordinating, and communicating, in order to ensure that all these processes facilitate embassy operations and provide a regularized structure for dealing with mission issues.

- Managing interpersonal relationships within the Embassy, recognizing that past tensions have left scars that will take time to fade.

In specific terms, the CFR inspectors also focused on the embassy's pattern of daily morning meetings involving all embassy sections and agencies. The Ambassador holds press briefing sessions three days a week; there is a weekly country team meeting, as well as a Mission Strategic Plan review meeting. This is a heavy burden on a small embassy. Moreover, these meetings, whatever their designation, can too easily become ad hoc venues for policy discussions and decisions.

**CFR Recommendation 1:** Embassy Podgorica should rewrite and implement the deputy chief of mission's work requirements statement, emphasizing the deputy chief of mission's role as the mission's chief operating officer, with responsibility for coordination, communication, and for effective mission support for the front office. (Action: Embassy Podgorica)

**CFR Recommendation 2:** Embassy Podgorica should review the Embassy's decision making, coordination, and communication patterns to facilitate embassy operations and provide a regularized structure for dealing with issues, paying particular attention to strengthening interpersonal relationships amongst embassy staff. (Action: Embassy Podgorica)

**CFR Recommendation 3:** Embassy Podgorica should review and revise its meeting schedule to reduce the number of meetings that staff must attend. (Action: Embassy Podgorica)

## Rightsizing

Embassy Podgorica is overcrowded, and will remain so even after construction of the classified module and unclassified annex, scheduled for completion in early 2010 and August 2011, respectively. The Embassy and the Bureau of Overseas Buildings Operations (OBO) have taken the first steps toward constructing a new chancery, by purchasing land adjacent to the current compound. Completion of the new chancery currently is slated for 2021. Although post management believes a new chancery is needed earlier than 2021, it has yet to complete the required, and long-overdue, rightsizing report.

**CFR Recommendation 4:** Embassy Podgorica, in coordination with Embassy Zagreb and the Office of Management Policy, Rightsizing and Innovation, should revise and resubmit Embassy Podgorica's rightsizing report. (Action: Embassy Podgorica, in coordination with Embassy Zagreb and M/PRI)

## Model Embassy

When Embassy Podgorica first opened in 2006, the Department designated Podgorica as a model embassy, in which staffing would remain lean and many management support duties would be handled by neighboring, and larger, embassies. The embassy made the model embassy concept one of its five major Mission Strategic Plan goals. With the arrival of another two much-needed management positions, scheduled for this fiscal year, the Embassy will have grown to 21 American employees, from five agencies. Podgorica now resembles a traditional small embassy. In discussions with the Bureau of European and Eurasian Affairs (EUR) and Embassy Podgorica, it is clear that the model embassy concept has outlived its usefulness, and should be dropped.

**CFR Recommendation 5:** Embassy Podgorica, in coordination with the Bureau of European and Eurasian Affairs, should remove references to the model embassy concept from its next Mission Strategic Plan. (Action: Embassy Podgorica, in coordination with EUR)

## Embassy Growing Pains

Embassy Podgorica has experienced rapid growth in the past three years, as mentioned above. There are now 21 Americans and 71 LE personnel on the staff. An information management officer (IMO) is scheduled to arrive in January 2010, and assigning a general services officer to the Embassy is high on EUR's priority list. These much needed positions, recommended in the OIG inspection report, will enhance the embassy's ability to provide good management support. A second full-time consular officer also has been proposed. Embassy management is anticipating the arrival of an officer from the Office of Defense Cooperation, one from USAID, and two from the Federal Bureau of Investigations. While three of these four positions would be located outside the chancery, they will still require management

support. Another five OBO positions have been approved to oversee construction of the annex, with the understanding that only minimal management support would be provided. If all these positions materialize, the Embassy will have a total of 28 permanent and five temporary Americans.

The CFR team discussed with embassy management the need to review support and other requirements placed on embassy staff by additional personnel. The team believes the Embassy and EUR should consider taking a hiatus from further growth, until the embassy can adequately absorb and support additional personnel.

**CFR Recommendation 6:** Embassy Podgorica, in coordination with the Bureau of European and Eurasian Affairs, should consider support requirements when approving new positions and consider whether there should be a hiatus in staff growth until the Embassy can effectively support additional personnel. (Action: Embassy Podgorica, in coordination with EUR)

## OTHER ISSUES

### Management

The busy management section has done an excellent job completing 13 of the 17 inspection report recommendations for which it had primary responsibility. Two outstanding recommendations are awaiting the arrival of the IMO in early 2010, and are reissued below (Recommendations 7 and 8). The other two involve space-planning and reinforcing a glass partition at the chief of mission residence (Recommendations 9 and 10). In addition, the embassy is awaiting the assignment of a general services officer — a position that is urgently needed (Recommendation 11).

The arrival of the IMO will provide much needed support to the management section. Having an IMO, along with the arrival of anticipated general service officer, will enable the section to focus on customer service and contingency planning. Functional training, in response to an OIG inspection report recommendation, should be augmented by customer service and similar skills training. Embassy Zagreb provides human resource and financial management support for Embassy Podgorica, obviating the need for large human resource and budget offices. While this causes some difficulty and delays, overall it has been a success.

The unclassified annex, scheduled for completion in August 2011, will help ease the overcrowding problem in the embassy. However, anticipated increases in American or LE staff could leave the chancery even more overcrowded. OBO should finalize its plans to send a space planner to Embassy Podgorica to maximize available space in the current building.

**CFR Recommendation 7:** Embassy Podgorica should develop and implement a contingency plan for the unclassified OpenNet system. (Action: Embassy Podgorica)

**CFR Recommendation 8:** Embassy Podgorica should design, develop, and maintain an intranet website. (Action: Embassy Podgorica)

**CFR Recommendation 9:** Embassy Podgorica, in coordination with the Bureau of Overseas Buildings Operations, should develop and implement a plan to alleviate functional space shortages that will continue to exist even after the scheduled completion of modular offices in spring 2010 and a three-story annex in 2011. (Action: Embassy Podgorica, in coordination with OBO)

**CFR Recommendation 10:** Embassy Podgorica should review the construction of the glass partition located between the swimming pool and dining room of the chief of mission residence to comply with safety requirements because of its location in a high-traffic representational area. (Action: Embassy Podgorica)

**CFR Recommendation 11:** Embassy Podgorica, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should approve and fill a general services officer position in Podgorica as soon as possible. (Action: EUR, in coordination with Embassy Podgorica and DGHR)

## Consular Issues

There were no recommendations in the OIG inspection report relating to the consular section. The section, with one officer (serving also as the backup security officer) and two staff employees, occupies a cramped, inadequate workspace. However, they work together easily and have worked creatively to rationalize workflow within the confined area. There are three backup consular officers: the economic, public affairs, and management officers.

At the time of the OIG inspection, the consular section provided American citizen services, but no visa services. However, at the time of the CFR review, besides the full range of American citizen services, the section is providing limited nonimmigrant visa (NIV) services, processing about 50 applicants a week. Visa applicants now can schedule appointments through an online appointment system created by the Department. Applicants who have difficulty scheduling an appointment in Podgorica in the necessary timeframe usually apply at Embassy Belgrade.

Visa issuance, however, is hampered by a technical problem in one database. Because Montenegro is a relatively new country, its citizens are being issued new passports; as a consequence, the software for the visa lookout accountability procedure (9 FAM Appendix G, 101.1-4) does not always reveal instances when an applicant has been refused a visa at another location, under a different passport. The consular officer, therefore, must search for such data independently, using a more general database, slowing down nonimmigrant visa issuance. The consular officer brought this problem to the attention of the Department during a recent Consular Affairs conference.

**CFR Recommendation 12:** The Bureau of Consular Affairs, in coordination with Embassy Podgorica, should configure the Embassy's consular lookout and support system database so that the system can find previously issued or denied visas for Montenegrin passports; this database configuration should be similar to the accommodations programmed into the consular lookout and support system for Serbian applicants. (Action: CA, in coordination with Embassy Podgorica)

## Political/Economic Section

Inspection report Recommendation 7, relating to the funding of an LE staff position for economic and commercial outreach in Montenegro, has been resolved, with ongoing coordination with EUR/EX.

The political/economic section is comprised of two officers and three LE staff members. Both officers arrived in the last four months. Although located in cramped and inconvenient workspace, the section works well together in a relaxed atmosphere. Coordination with embassy sections and other agency offices is close and productive.

The Ambassador, the Defense attaché, and the political/economic section worked in concert for Montenegro's accession to the Membership Action Plan (MAP), a milestone on the road to North Atlantic Treaty Organization membership. Accession took place on December 4, 2009, and the event constituted a major success for the embassy.

The political/economic section required no new recommendations.

## Public Affairs

The Ambassador, a fluent Montenegrin speaker, continues to engage actively in public outreach, strongly supporting the public affairs goals. His efforts are ably supported by the public affairs officer. The OIG inspection team noted the outsize media sector in Montenegro, and that the section, staffed by one American officer and three LE staff members, was "woefully understaffed." The inspection team supported the Embassy's request for an additional LE staff position to manage the embassy's website and exchange program alumni. That position was filled in October 2009. The OIG report had made an informal recommendation that the embassy encourage staff members to participate in outreach activities to develop their public diplomacy and language skills. Since then, almost every American officer has participated in several events over the past few months. The public affairs section, led by an effective and active public affairs officer, works well with other embassy units. The public affairs officer also serves as a back-up consular officer.

## Department of Justice Programs

The Bureau of International Narcotics and Law Enforcement Affairs in effect closed inspection report Recommendation 8 relating to the two Justice Department programs, the International Criminal Investigative Training and Assistance Program

and the Overseas Prosecutorial Development, Assistance and Training Program. The Bureau of International Narcotics and Law Enforcement Affairs agreed that both programs should continue.

Both of these programs are run by representatives of the Department of Justice. They are housed in an office building located about ten minutes from the embassy. The programs are well run, and the representatives have good access to Montenegrin officials, who welcome both the representatives themselves and the content of their programs.

## Management Controls

The Embassy has taken major steps toward implementing the OIG inspection report recommendations regarding management controls, resulting in the closure of Recommendations 10, 13, 15, 16, 17, 18, 19, 22, 26, and 27. Progress toward compliance included: moving to a new, larger warehouse with a separate receiving area; designating receiving officers; and implementing standard operating procedures in the embassy's financial management and general services operations.

The addition of a general services officer position, which EUR anticipates filling in 2010, will help strengthen internal controls even further, by increasing separation of duties and enabling the embassy to provide greater oversight in the extremely busy, and complicated, general services operation.

## Regional Security Office

The CFR team reviewed the status of the OIG report's recommendations regarding the regional security office. Follow-up on those recommendations will be handled through OIG's regular compliance process.



## COMPLIANCE FOLLOW-UP REVIEW FORMAL RECOMMENDATIONS

**CFR Recommendation 1:** Embassy Podgorica should rewrite and implement the deputy chief of mission's work requirements statement, emphasizing the deputy chief of mission's role as the mission's chief operating officer, with responsibility for coordination, communication, and for effective mission support for the front office. (Action: Embassy Podgorica)

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**CFR Recommendation 3:** Embassy Podgorica should review and revise its meeting schedule to reduce the number of meetings that staff must attend. (Action: Embassy Podgorica)

**CFR Recommendation 4:** Embassy Podgorica, in coordination with Embassy Zagreb and the Office of Management Policy, Rightsizing and Innovation, should revise and resubmit Embassy Podgorica's rightsizing report. (Action: Embassy Podgorica, in coordination with Embassy Zagreb and M/PRI)

**CFR Recommendation 5:** Embassy Podgorica, in coordination with the Bureau of European and Eurasian Affairs, should remove references to the model embassy concept from its next Mission Strategic Plan. (Action: Embassy Podgorica, in coordination with EUR)

**CFR Recommendation 6:** Embassy Podgorica, in coordination with the Bureau of European and Eurasian Affairs, should consider support requirements when approving new positions and consider whether there should be a hiatus in staff growth until the embassy can effectively support additional personnel. (Action: Embassy Podgorica, in coordination with EUR)

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**CFR Recommendation 9:** Embassy Podgorica, in coordination with the Bureau of Overseas Buildings Operations, should develop and implement a plan to alleviate functional space shortages that will continue to exist even after the scheduled completion of modular offices in spring 2010 and a three-story annex in 2011. (Action: Embassy Podgorica, in coordination with OBO)

**CFR Recommendation 10:** Embassy Podgorica should review the construction of the glass partition located between the swimming pool and dining room of the chief of mission residence to comply with safety requirements because of its location in a high-traffic representational area. (Action: Embassy Podgorica)

**CFR Recommendation 11:** Embassy Podgorica, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should approve and fill a general services officer position in Podgorica as soon as possible. (Action: EUR, in coordination with Embassy Podgorica and DGHR)

**CFR Recommendation 12:** The Bureau of Consular Affairs, in coordination with Embassy Podgorica, should configure the Embassy's consular lookout and support system database so that the system can find previously issued or denied visas for Montenegrin passports; this database configuration should be similar to the accommodations programmed into the consular lookout and support system for Serbian applicants. (Action: CA, in coordination with Embassy Podgorica)

## PRINCIPAL OFFICIALS

<b>Officer</b>	<b>Name</b>	<b>Arrival Date</b>
Ambassador	Roderick W. Moore	09/07
Deputy Chief of Mission	Bennett Y. Lowenthal	11/09
<b>Chiefs of Sections:</b>		
Consular	Corey X. Gonzalez	05/09
Political Economic Management	David Muniz	08/09
Political Military	Debra D. Taylor	08/08
Public Affairs	Jan Kozubski	07/09
Regional Security	Alexander J. Titolo	08/08
	Kevin K. Hamilton	07/08
<b>Other Agencies:</b>		
Department of Defense	Douglas Faherty	09/09
Department of Justice	Johnathan S. Haub	10/08
Bilateral Affairs Office	Darrell Davis	10/08
U.S. Agency for International Development	Ramsey C. Day	02/09

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## ABBREVIATIONS

CFR	Compliance follow-up review
DCM	Deputy chief of mission
EER	Employee evaluation report
EUR	Bureau of European and Eurasian Affairs
ICASS	International Cooperative Administrative Support Services
IMO	Information management officer
LE	Locally employed
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
USAID	U.S. Agency for International Development



## APPENDIX

### STATUS OF 2009 INSPECTION FORMAL RECOMMENDATIONS

**Recommendation 1:** The Bureau of European and Eurasian Affairs should rewrite the Ambassador's work requirements to include attention to prioritization, balancing workload with staff size, and improving morale as key objectives. (Action: EUR)

**Embassy Response:** Chief of mission work requirements statement has been rewritten and specifically addresses prioritization, balancing workload, and improving morale.

**CFR Findings:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 2:** Embassy Podgorica should arrange to use a professional facilitator to assist in an off-site meeting in which the embassy develops a plan to reduce workload, delegate more authority, and streamline decision making. (Action: Embassy Podgorica)

**Recommendation 3:** The Bureau of European and Eurasian Affairs, in coordination with the Bureau of Human Resources and the Foreign Service Institute, should send a team to Podgorica in the fall of 2009 to evaluate progress on workload and morale issues, and report their assessment to the Under Secretary for Political Affairs and the Under Secretary for Management. (Action: EUR, in coordination with HR and FSI)

**Embassy and EUR Response:** Post has sent an exploratory request for a facilitator to FSI. EUR believes that a facilitator may no longer be needed following arrival of new deputy chief of mission, who has been charged with regularizing the workload, delegation of authority and decision-making processes. In addition, EUR and the Bureau of Human Resources (HR) have visited post.

**CFR Finding:** OIG has concluded that the previous visits by EUR and HR officers, the arrival of a new DCM, and the CFR team visit itself have obviated the need for additional assistance.

**CFR Status:** Closed.

**Recommendation 4:** Embassy Podgorica, in coordination with the Bureau of European and Eurasian Affairs, should conduct a review by the Ambassador of the deputy chief of mission's performance and take all appropriate steps. (Action: Embassy Podgorica, in coordination with EUR)

**Embassy Response:** The deputy chief of mission has departed post.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 5:** Embassy Podgorica, in coordination with Embassy Zagreb and the Office of Management Policy, Rightsizing, and Innovation, should revise and resubmit Podgorica's rightsizing report. (Action: Embassy Podgorica, in coordination with Embassy Zagreb and M/PRI)

**Embassy Response:** Post is continuing to work with Zagreb and M/PRI on the rightsizing report.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Reissued as CFR 4.

**Recommendation 6:** Embassy Podgorica, in coordination with the Bureau of European and Eurasian Affairs, should reconcile its current staffing pattern, its National Security Decision Directive-38 actions and process, and the target model embassy staffing, and use the resulting information to develop and implement a rational plan to form the human resources and physical infrastructure needed to meet mission requirements. (Action: Embassy Podgorica, in coordination with EUR)

**Embassy Response:** Post believes that the only positions on the horizon are the information management and general services officers, a second consular officer, one Office of Defense Cooperation officer, one USAID officer, and two FBI officers.

**CFR Finding:** This issue is encompassed in CFR 6 regarding a hiatus in hiring, and rightsizing.

**CFR Status:** Closed.

**Recommendation 7:** The Bureau of European and Eurasian Affairs should approve Embassy Podgorica's request to fund the locally employed staff position that supports economic and commercial outreach in Montenegro. (Action: EUR)

**EUR Response:** This position was transferred to the Department of State beginning in FY2010. Funding has yet to be identified, but the Bureau of European and Eurasian Affairs is working with the regional financial management officer to secure funding for this position.

**CFR Finding:** While funding has yet to be identified, OIG recognizes the bureau's determination to provide the needed funding.

**CFR Status:** Closed.

**Recommendation 8:** Embassy Podgorica, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, should clarify in writing what the relationship of the International Criminal Investigative Training and Assistance Program will be to the Overseas Prosecutorial Development, Assistance and Training Program for as long as both programs continue to operate in Embassy Podgorica. (Action: Embassy Podgorica, in coordination with INL)

**Embassy Response:** Embassy Podgorica has issued a memo, to which all parties agree, that clarifies the relationship between the offices and their relationship with embassy management.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 9:** Embassy Podgorica, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Human Resources, should establish and fill an additional locally employed staff position in the public affairs section to manage the embassy website and alumni relations. (Action: Embassy Podgorica, in coordination with EUR and HR)

**Embassy Response:** This position was filled in October 2009.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 10:** The Bureau of European and Eurasian Affairs, in coordination with the Bureau of Administration and Embassy Podgorica, should install and make operational the Web Post Administrative Software Suite and Integrated Logistics Management System applications. (Action: EUR, in coordination with A and Embassy Podgorica)

**EUR and Embassy Response:** The Integrated Logistics Management System application has been installed, training has been provided, and it is now being used. The Web Post Administrative Software Suite is in the process of being set up and should be completed by February 2010.

**CFR Finding:** OIG concurs in the EUR and embassy response.

**CFR Status:** Closed.

**Recommendation 11:** The Bureau of European and Eurasian Affairs, in coordination with Embassy Podgorica, should provide embassy management section personnel with professional development training and expert subject matter assistance, including in business process improvement. (Action: EUR, in coordination with Embassy Podgorica)

**EUR and Embassy Response:** RSC Frankfurt has begun providing regular training to embassy management personnel. Post has proposed a schedule that will provide for all management LE staff to receive necessary training by 2012.

**CFR Finding:** OIG concurs in the EUR and embassy response.

**CFR Status:** Closed.

**Recommendation 12:** Embassy Podgorica, in coordination with the Bureau of Overseas Buildings Operations, should develop and implement a plan to alleviate functional space shortages that will continue to exist even after the scheduled completion of modular offices in the fall of 2009 and a three-story annex in 2011. (Action: Embassy Podgorica, in coordination with OBO)

**Embassy and OBO Response:** OBO has tentatively scheduled that a space planner visit post in January 2010, although the plans have yet to be confirmed.

**CFR Finding:** The modular offices, which are tentatively scheduled for occupancy in March 2010, will provide, at most, two extra desks in the chancery. A space planner is needed to assist embassy management to determine how best to use the available space until the annex is completed in two years.

**CFR Status:** Reissued as CFR 9.

**Recommendation 13:** Embassy Podgorica should develop and implement standard operating procedures and process maps for its general services operations. (Action: Embassy Podgorica)

**Embassy Response:** The majority of the standard operating procedures and process maps have been written. The remainder should be completed by February 2010.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 14:** The Bureau of European and Eurasian Affairs, in coordination with Embassy Podgorica and the Bureau of Human Resources, should approve and fill a general services officer position in Podgorica as soon as possible. (Action: EUR, in coordination with Embassy Podgorica and HR)

**EUR Response:** Embassy Podgorica's ICASS council has approved the general services officer position. The bureau has included this position in the DIP 3.0 exercise and funding is promising, although a final decision has yet to be made.

**CFR Finding:** The pressing need for a general services officer to help relieve the management officer of the heavy workload in leading and managing the section remains. The addition of this position would also help to separate duties and therefore improve internal controls.

**CFR Status:** Reissued as CFR 11.

**Recommendation 15:** Embassy Podgorica should develop and implement standard operating procedures to document appropriate procurement competition and approvals. (Action: Embassy Podgorica)

**Embassy Response:** SOP drafts have been prepared and are scheduled to be completed in December 2009.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 16:** Embassy Podgorica should establish acquisitions guidelines that include appropriate means of procurement. (Action: Embassy Podgorica)

**Embassy Response:** Post has developed a long-term acquisitions plan, and has established guidelines for the use of different procurement instruments, including cash, purchase card and blanket purchase agreements.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 17:** Embassy Podgorica should establish procurement guidelines to close out purchase orders in a timely manner. (Action: Embassy Podgorica)

**Embassy Response:** Post has implemented a procedure to close out all FY2009 purchase orders by the end of FY2010. Post needs guidance from the Bureau of European and Eurasian Affairs on how to handle purchase orders issued in FY2008 and before.

**CFR Finding:** USAID was the ICASS service provider prior to the Department of State assuming that role in FY 2009. Post has contacted EUR for assistance in developing procedures to close out purchase orders issued in FY 2008 and before.

**CFR Status:** Closed.

**Recommendation 18:** Embassy Podgorica should establish and distribute a vehicle policy that is subject to an annual review. (Action: Embassy Podgorica)

**Embassy Response:** A Vehicle Safety Policy was issued in August 2009. The Use of Official Vehicle Policy is scheduled to be issued in December 2009.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 19:** Embassy Podgorica should establish guidelines that require drivers to properly complete Optional Form 108 (Daily Vehicle Use Record) for all government-owned vehicles and to retain the forms for the required length of time. (Action: Embassy Podgorica)

**Embassy Response:** Procedures are in place and are being followed by all drivers. A formal policy is scheduled to be issued in December 2009.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 20:** Embassy Podgorica should establish access to the Integrated Logistics Management System, complete all required information regarding its vehicles, and comply with reporting requirements regarding its fleet. (Action: Embassy Podgorica)

**Embassy Response:** The Integrated Logistics Management System training and deployment was completed in November 2009. The vehicle report has been completed.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 21:** Embassy Podgorica, in coordination with Embassy Belgrade and the Bureau of Overseas Buildings Operations, should develop and implement a memorandum of understanding that addresses support provided by the regional facilities manager in Belgrade. (Action: Embassy Podgorica, in coordination with Embassy Belgrade and OBO)

**Embassy Response:** A draft memorandum of understanding (MOU) has been agreed upon by Embassies Belgrade and Podgorica but has yet to be signed. The MOU is scheduled to be signed by January 2010. The Belgrade facilities manager will visit Podgorica quarterly.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 22:** Embassy Podgorica, in coordination with the Bureau of European and Eurasian Affairs, should develop and implement a plan for the design and fit-out of the embassy's soon-to-be leased warehouse with emphasis on functionality and safety. (Action: Embassy Podgorica, in coordination with EUR)

**Embassy Response:** The new warehouse is now being occupied. Shelving units have been ordered and will be installed upon delivery.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed

**Recommendation 23:** Embassy Podgorica should begin regular meetings of the safety, health, and environmental management committee, and develop and implement a safety program. (Action: Embassy Podgorica)

**Embassy Response:** The post safety, health, and environmental management committee met in August 2009, and is planning to meet quarterly during the Embassy Belgrade facilities manager's quarterly visit. Several management policies regarding safety concerns have been issued.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 24:** Embassy Podgorica should review the construction of the glass partition located between the swimming pool and dining room of the chief of mission residence for compliance with safety requirements and risk management, given its location in a high-traffic representational area. (Action: Embassy Podgorica)

**Embassy Response:** A design has been proposed but has yet to be approved by the chief of mission. The work is scheduled to be completed in January 2010.

**CFR Finding:** This is a serious safety concern, especially due to the many visitors at the chief of mission residence for both representational events and embassy meetings.

**CFR Status:** Reissued as CFR 10.

**Recommendation 25:** Embassy Podgorica should develop and implement a plan that requires proper storage for flammables and other hazardous materials in the warehouse. (Action: Embassy Podgorica)

**Embassy Response:** Post has purchased and is using fire-proof cabinets to store flammable and other hazardous materials.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 26:** Embassy Podgorica should centralize receiving and designate receiving officers for goods and services. (Action: Embassy Podgorica)

**Embassy Response:** Standard operating procedures for receiving are in place and receiving officers have been designated.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 27:** Embassy Podgorica should develop and implement a plan that requires complete residential inventories, to include signing of inventory forms by residents to acknowledge their responsibility and accountability. (Action: Embassy Podgorica)

**Embassy Response:** The Integrated Logistics Management System's (ILMS) asset management program has been deployed and residential inventories using ILMS are in progress. This should be completed in January/February 2010.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 28:** The Bureau of European and Eurasian Affairs, in coordination with Embassy Podgorica and the Bureau of Human Resources, should approve an information management officer position and assign an officer to it. (Action: EUR, in coordination with Embassy Podgorica and HR)

**Recommendation 29:** The Bureau of European and Eurasian Affairs, in coordination with Embassy Podgorica and Embassy Belgrade, should develop and implement a memorandum of understanding that addresses all aspects of information management support of Embassy Podgorica for the interim period until an information management officer arrives in Podgorica. (Action: EUR, in coordination with Embassy Podgorica and Embassy Belgrade)

**Embassy Response:** The information management officer is scheduled to arrive in early 2010.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Closed.

**Recommendation 30:** Embassy Podgorica should develop and implement a contingency plan for the unclassified OpenNet system. (Action: Embassy Podgorica)

**Recommendation 31:** Embassy Podgorica should design, develop, and maintain an intranet website. (Action: Embassy Podgorica)

**Embassy Response:** Post is awaiting arrival of the information management officer. Estimated completion of the contingency plan and website is summer 2010.

**CFR Finding:** OIG concurs in the embassy response.

**CFR Status:** Reissued as CFR 7 and CFR 8.

## STATUS OF 2009 INSPECTION 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**

The deputy chief of mission has weak skills using the computer, including managing email.

**Informal Recommendation 1:** Embassy Podgorica should develop and implement a plan to improve the deputy chief of mission's electronic communication skills.

**CFR Finding:** The former DCM has departed post. The current DCM has familiarized himself with all existing electronic requirements for filing, clearances, etc., at post.

### **Public Affairs**

The Ambassador is very active in public diplomacy, using his fluent Montenegrin to engage with the media and in other outreach activities on a daily basis. Other members of the embassy staff participate in outreach much less frequently and have limited opportunity to use their language skills.

**Informal Recommendation 2:** Embassy Podgorica should continue to encourage more members of the embassy staff to engage in outreach activities, as time permits, to develop both their public diplomacy and language skills.

**CFR Finding:** Several events in recent months have included public diplomacy participation from other embassy staff, including the DCM, office management specialist, public affairs officer, political/economic section, Defense attaché, USAID, and the consular section.

### **Management Section**

Required information is not displayed outside the cashier's office.

**Informal Recommendation 3:** Embassy Podgorica should display required information outside the cashier's office, per the Cashier User guide.

**CFR Finding:** This information is prominently displayed.

The ICASS council has not established a post budget committee, which can be identical to the council membership and meet concurrently or can be comprised of different membership and meet separately, at the council's discretion.

**Informal Recommendation 4:** Embassy Podgorica should require that the International Cooperative Administrative Support Services council establish a budget committee.

**CFR Finding:** A budget committee has been established. The committee includes the ICASS council, plus the consular officer and the embassy's budget analyst.

The ICASS council did not fulfill its responsibility to provide input to the management counselor's employee evaluation report.

**Informal Recommendation 5:** Embassy Podgorica should require that the International Cooperative Administrative Support Services council provide input to the management counselor's employee evaluation report.

**CFR Finding:** Input was provided for the management counselor's interim employee evaluation report.

Last year, several U.S. direct hires' employee evaluation reports were submitted late to the Bureau of Human Resources; this year's American employees' work requirement statements are not current.

**Informal Recommendation 6:** Embassy Podgorica should require compliance with timelines for American employee evaluation report and work requirement statements.

**CFR Finding:** All embassy American employee evaluation reports were submitted on time in April 2009. Work requirements statements have been completed for all but two American employees. Those are scheduled to be done once the interim evaluation reports are completed.

Overdue LE staff employee performance reports have become commonplace.

**Informal Recommendation 7:** Embassy Podgorica should establish procedures for locally employed staff employee performance reports to be completed as required.

**CFR Finding:** Post issued a management notice in October 2009 regarding performance evaluations and work plans regarding locally employed staff. The Human Resources Office in Zagreb sends regular emails to regarding late evaluations, but this remains an on-going issue.

The contracting officer did not display her certification of appointment as required by 14 FAM 214 e., nor did the procurement section have a copy of the certifications proving that she is authorized to execute the duties of a contracting officer.

**Informal Recommendation 8:** Embassy Podgorica should require that the contracting officer display her certification of appointment as required and retain copies of the contracting officer certifications.

**CFR Finding:** Certificate of appointment has been posted.

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